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CHB
CHANG HWA BANK

NOTICE TO READERS

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

CHANG HWA BANK

ANNUAL REPORT 2021

CHB
CHANG HWA BANK
彰化銀行
SINCE 1905

Stock Code: 2801

2021
ANNUAL REPORT

Published date: March, 2022
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MOPS: https://mops.twse.com.tw

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Acting Spokesperson

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  Tel: (886) 2-2536-2951

Stock Transfer Agency

- Mega Securities Co., Ltd.
  Address: 1F., No.95, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 10058, Taiwan (R.O.C.)
  Tel: (886) 2-3393-0898
  Website: https://www.emega.com.tw

Credit Rating Agency

- Taiwan Ratings Corporation
  Address: 2F., No. 167, Dunhua N. Rd., Songshan Dist., Taipei City 10512, Taiwan (R.O.C.)
  Tel: (886) 2-2175-6800
- Standard & Poor's Hong Kong Limited
  Address: Unit 1, Level 69, International Commerce Centre, 1 Austin Road West, Kowloon, HK
  Tel: +852-2533-3547
- Moody's Investors Service Hong Kong Limited
  Address: 24 / F, One Pacific Place, 88 Queensway, Admiralty, HK
  Tel: +852-3758-1300

CPA-Auditor of the Financial Report

CPA Name: Amanda Wu, Titan Lee

Company: Deloitte & Touche

Address: 20F., No.100, Songren Rd., Xinyi Dist., Taipei, 11073, Taiwan (R.O.C.)

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Name of Any Exchanges Where the Company's Securities are Traded Offshore and Inquiry Method:

None.

Website:

https://www.bankchb.com

Awards & Honors

- Top 5% of TWSE Listed Company of the 8th term of Corporate Governance Evaluation; Top 4 in the Financial and Insurance Industry.
  ～ Taiwan Stock Exchange
- Awarded the Taiwan Intellectual Property Management System (TIPS) Level A Verification.
  ～ Industrial Development Bureau, Ministry of Economic Affairs
- The Global Top 500 Banking Brands of Year 2010～2013 & 2015～2022.
  ～ Brand Finance
- 2022 Golden Award for Credit Guarantee, Relief and Bail-out Loan Award, Government Policy Promotion Award and Collaborative Enterprise Award.
  ～ Ministry of Economic Affairs & Financial Supervisory Commission
- 2021 Banking for Woman Initiative of the Year-Taiwan.
  ～ Asian Banking & Finance Magazine
- 2021 Best CSR Bank-Taiwan and Best Corporate Team-Taiwan.
  ～ International Finance Magazine
- Top 6%–20% of TWSE Listed Company of the 7th term of Corporate Governance Evaluation.
  ～ Taiwan Stock Exchange
- 2021 "Model" award in the Banking Sector of 1st Taiwan Sustainable Investment Award.
  ～ Taiwan Institute for Sustainable Energy
- Management B score from Carbon Disclosure Project for Actions against Climate Change for 3 consecutive years.
  ～ Carbon Disclosure Project in Britain (CDP)
- "Achiever" award in the 1st Greater China Business Sustainability Index (GCBSI), ranking among the top 20 companies in Taiwan.
  ～ NCCU College of Commerce Sinyi School & CUHK Centre for Business Sustainability
- 2021 & 2020 BSI Excellence in Sustainability Award.
  ～ British Standards Institution (BSI)
- 2021 TCSA Taiwan Corporate Sustainability Awards for Corporate Sustainability Report Awards (Silver).
  ～ Taiwan Institute for Sustainable Energy
- 2021 & 2020 Best Corporate Social Responsibility Award in Non-Financial Holding Banks.
  ～ Excellence Magazine
- FTSE4Good Emerging Index for 5 consecutive years.
- Taiwan High Compensation 100 Index for 8 consecutive years.
- Taiwan Employment Creation Index 99 for the 5 consecutive years.
- The FTSE4Good TIP Taiwan ESG Index for 7th consecutive time.
- 2021 National Outstanding Healthy Workplace - Energetic and Active Award.
  ～ Health Promotion Administration, Ministry of Health and Welfare
- Outstanding Green Procurement Corporation for 4 consecutive years.
  ～ Department of Environmental Protection of Taipei City Government
- 2021 Golden Award as Happiness Enterprise (Financial and Management Consulting).
  ～ 1111 Job Bank
- 2021 Golden Award for Credit Guarantee, Government Policy Promotion Award, Outstanding Collection of Guarantee Cases.
  ～ Ministry of Economic Affairs & Financial Supervisory Commission
- Excellent-Performance of the Bank in Trust industry processing in Trust Assets for Elderly and Disabled for 3 consecutive years.
  ～ Financial Supervisory Commission
- 2021 Best Digital Product Award.
  ～ Mastercard
- 2021 HITCON DEFENSE 3rd place in the Enterprise Information Security Attack and Defense Competition.
  ～ Association of Hackers in Taiwan and Industrial Development Bureau, Ministry of Economic Affairs
- 2020 Financial Institution Promotion of ACH Business and Electronic Financial Collection System (eFCS) Business Incentive Awarded eDDA Internet Banking Dual Cause Business Promotion Award.
  ～ Taiwan Clearing House
- 2020 Evaluation of Bank Competitiveness: Improvement Award for Best Bank, Improvement Award for Best International Market Development.
  ～ NTU FinTech Research Center
- 2020 TCSA Taiwan Corporate Sustainability Awards for Corporate Sustainability Report Awards (Gold).
  ～ Taiwan Institute for Sustainable Energy
- 2020 Corporate Social Responsibility Yearbook - Benchmark Corporate.
  ～ Economic Daily News
- 2020 Golden Award for Credit Guarantee, Government Policy Promotion Award, Microenterprise Support Award.
  ～ Ministry of Economic Affairs & Financial Supervisory Commission
- 2020 & 2019 Outstanding Bank in Cooperation of Referral Export Insurance.
  ～ Ministry of Finance
- First Place of Rewarding Domestic Banks to Accelerate the Relief and Bail-out Loan Program Class C in Efficiency (Government Bail-out and Incentivizing Loan Program).
  ～ The Financial Supervisory Commission
- 2020 Outstanding Green Procurement Corporation.
  ～ Department of Environmental Protection of New Taipei City Government
- Top 5% of TWSE Listed Company of the 6th term of Corporate Governance Evaluation; Top 4 in the Financial and Insurance Industry.
  ～ Taiwan Stock Exchange
- 2019 & 2018 BSI Excellence in Sustainability Award.
  ～ British Standards Institution (BSI)
- 2019 & 2018 TCSA Taiwan Corporate Sustainability Awards for Corporate Sustainability Report Awards (Silver).
  ～ Taiwan Institute for Sustainable Energy
- 2019 Best Sustainability Award in Non-Financial Holding Banks.
  ～ Excellence Magazine
- 2019 & 2018 Best Innovative Services and Best Reliable System Awards in Electronic Cash Flow Business.
  ～ Financial Information Service Co., Ltd
- 2019 Golden Torch Award for Top 10 Outstanding Enterprises (Term 15).
  ～ Outstanding Enterprise Manager Association
- 2019 Healthy Workplace Certification.
  ～ Health Promotion Administration, Ministry of Health and Welfare

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I | Letter to Shareholders

A. 2021 Results of Operations

a. The domestic and overseas financial environments

The global economy and trade activities in 2021 were still under the shadow of the COVID-19 epidemic, coupled with the ultra-loose monetary policies in various countries, the significant delays due to port congestion, and the shortage of chips. The above issues have led to an imbalance in the supply chain and raised the risk of asset price bubbles and the global inflation crisis. With the increase in the vaccination rate and economic revitalization measures, the global economy is generally showing a steady recovery trend.

In Taiwan, with the whole country united to fight against the epidemic, the stabilization of the epidemic has enabled the people to live as usual, which helped rebound in domestic demand coupled with the government's measures to stimulate consumption, the increase in foreign trade exports, and the boom in private investment. In addition to providing financing funds, the Bank also assists in revitalizing the economy after the epidemic, rebuilding infrastructure, transforming and upgrading the manufacturing industry, increasing the loan balance, and improving operating profits.

Chairperson *Joanne Ling*

b. Bank organization and change

To deepen the information security governance, the Bank has approved the appointment of the Director of Information Security at the level of vice president at the 15th meeting of the 26th Board of Directors on July 22, 2021, for coordinating the information security policies and resources allocation.

c. Operational planning and implementation results of management strategies

1. In profit performance, with the concerted efforts of all employees, our net income before tax has returned to 10 billion in 2021, and net income after tax of NT$8.804 billion, an increase of 25.04% compared to 2020. EPS after tax was NT$0.84, and ROE was 5.23%. In terms of asset quality, as of the end of 2021, the Bank's nonperforming loan ratio was 0.33%, and the loan loss provision coverage ratio was 386.90%. It all shows the Bank's efforts in maintaining stable asset quality.
2. Business development:
   (1) Deposit/Loan business: To optimize the deposit/loan structure, the Bank actively increased the demand deposits ratio and made efforts to increase the proportion of credit ratio of the SME customer base simultaneously, resulting in the balance of SME loans growing by 11.78% compared to 2020. In addition, to

support youth entrepreneurship and small and micro enterprises, the Bank provided a wide range of loan products, including loans to more than 7,000 young entrepreneurs throughout the year, an increase of more than 950% compared to 2020; Furthermore, the Bank also targeted customers who have the need to buy a house for self-occupation to expand its mortgage loan business. In 2021, the Bank's deposit/loan volume witnessed a steady growth, increasing the average balance of total deposits by 11.31% and 4.80% in the average balance of total loans compared to 2020.

(2) Digital finance business: The epidemic has accelerated the development of contactless financial services, and the Bank has been actively enhancing various digital financial services, such as: web page for digital deposits to provide friendly financial services in compliance with accessibility regulations; video verification identity to enable the designated transfer settings of the internet banking; online application and automatic transfer function of labor relief loans; and cooperating with O'Pay Electronic Payment Co., Ltd. and ezPay Co., Ltd. to bind with the Bank's account for payment through their APPs.

(3) Wealth management business: In 2021, the Bank launched 90 new wealth management products to provide customers with diversified asset allocation options in response to the booming investment market and rising investment decisions; at the same time, the Bank introduced 2 exclusive "target date fund" investment link products, 8 ESG-themed funds, and 1 discretionary investment-oriented policy to in line with market trends; meanwhile, the Bank planned exclusive rights and benefits for our customers and provided differentiated, honorable, and high-quality services. In 2021, wealth management accounted for about 60% of the overall net fee income, increasing about 2% compared to 2020.

3. Sustainable development:

The Bank has been paying long attention to the international trend in sustainable finance and incorporated ESG factors into the core business and operational activities. The sustainable development work plan has been formulated every year and tracked and reviewed to implement it. In 2021, the Bank has achieved important goals in environmental, social and governance aspects.

(1) Environmental aspect:

To enhance the resilience of climate governance, the Bank has signed up as a TCFD supporter and received the highest level of "Excellence" certification through third-party verification. For the sustainable development of the environment, the Bank has formulated a water management policy and introduced the international standard of ISO 46001:2019 Water Efficiency Management System, verified by the British Standards Institute (BSI).

(2) Social aspect:

In response to the trend of internationalization and to enhance our sustainable competitiveness, the Bank has completed the bilingual services in 31 branches in Northern Taiwan, 12 branches in Central Taiwan, and 10 branches in Southern Taiwan. The Bank has established 53 bilingual branches to provide a bilingual environment and consulting services in both Chinese and English. In order to create a high-quality and healthy workplace to protect employees, the Bank has participated in the "Healthy Workplace Certification" organized by the Health Promotion Administration, Ministry of Health and Welfare, and was awarded the highest honor "National Outstanding Healthy Workplace – Energetic and Active Award", which shows the Bank's active efforts to implement workplace health management.

(3) Governance aspect:

In response to the development of digital financial technologies and strengthening of the corporate governance mechanism, the Bank established intellectual property (trademark) management system and passed the first application for the Taiwan Intellectual Property Management System (TIPS) Level A verification to improve the intellectual property risk protection capability.

d. Budget execution

1. The total deposits volume was NT$ 2,030,287,552 thousand or 106.65% of the budget target.
2. The total loans volume was NT$ 1,542,247,441 thousand or 99.71% of the budget target.

3. The total investment business (securities) average volume was NT$ 569,149,941 thousand or 119.85% of the budget target.
4. The foreign exchange transactions was US$ 158,054,845 thousand or 115.60% of the budget target.
5. The securities brokerage transactions was NT$ 244,419,471 thousand or 180.23% of the budget target.
6. Trust fund subscription was NT$ 49,908,990 thousand or 103.67% of the budget target.
7. The assets under custody was NT$ 280,682,268 thousand or 105.31% of the budget target.
8. The insurance agency transactions was NT$ 18,908,240 thousand or 101.81% of the budget target.
9. Card business (Volume of transaction) was NT$ 18,265,654 thousand or 97.00% of the budget target.

e. Financial highlights

1. Net interest income: NT$ 20,465,705 thousand.
2. Net income other than net interest income: NT$ 8,220,253 thousand.
3. Net revenue and gains: NT$ 28,685,958 thousand.
4. Bad debts expense, commitment and guarantee liability provision: NT$ 1,793,845 thousand.
5. Operating expenses: NT$ 16,771,674 thousand.
6. Income before income tax: NT$ 10,120,439 thousand.
7. Income tax expenses: NT$ 1,316,636 thousand.
8. Net income after tax: NT$ 8,803,803 thousand.
9. Other comprehensive income: NT$ 1,333,363 thousand.
10. Total comprehensive income: NT$ 10,137,166 thousand.
11. EPS after tax: NT$ 0.84.
12. Return on Assets (ROA): 0.36%.
13. Return on Equity (ROE): 5.23%.

President *Chao-Chung Chou*

f. Research and development

1. Innovative financial services

(1) Regarding R&D patents, the Bank continues to innovate in FinTech and obtained 24 utility model patents and 2 invention patents in 2021. In addition, there were 4 utility model patents and 20 invention patents in the submission for review.

(2) For customer service, the Bank launched the "Payroll Express Loan" online application service, new digital deposit application for minors, the second phase of "consumer information inquiry" service, etc., and optimized the easy transfer, mobile phone number transfer, etc.

2. Business research

To keep abreast of the latest industry and economic development trends, the Bank has set up a dedicated unit to collect and analyze the economic, industry, and market-related information and prepare overall economic and industry outlooks and research reports as a reference for business promotion and marketing interviews of all units in the Bank. In addition, to promote the business innovation and development, all employees are

encouraged to conduct research on current business development trends and financial-related issues, and a total of 24 business research reports have been issued in 2021.

3. Big data application and development

At present, big data applications have extended from machine learning to deep learning. The Bank regularly collects news and critical information from TWSE/TPEx-listed companies and uses semantic analysis and transfer learning to increase the accuracy of model training from 70% of the traditional model to 92%. Through model output, the Bank develops a new marketing and promotion model for the corporate finance business and uses artificial intelligence and automation in FinTech to integrate the resources into expanding core business volume, SME customer base, and loan volume and speeds up the "Market Penetration Rate" of the Bank's financial services.

B. 2022 Highlights of Business Plans

a. Business directions and operational policies

In 2022, the Bank will adhere to the strategy of the "Customer-oriented, Integrity and Sustainability" and will focus on five operating directions, including:

1. Optimize income and asset structure, and actively increase profits.
2. Deploy digital transformation and build a financial ecosystem.
3. Deepen legal compliance and implement three lines of defense for internal control.
4. Practice fair hospitality and commit to developing green finance.
5. Improve information and operational efficiency, and strengthen information security governance.

Important operating policies are as follows:

Operation

1. Optimize deposit/loan structure and improve loan to deposit spread to enhance profitability.
2. Maintain stable asset quality and promote green energy/circular industry development to seize related business opportunities.
3. Develop diversified financial products, focus on high-asset customers services, and facilitate the transformation of the wealth management business.
4. Secure the business opportunities in the post-epidemic and accelerate digital financial services' development to build a financial ecosystem.
5. Actively expand overseas operations to increase overseas business and profitability, and enhance overseas operational performance.

Management

1. Enhance bilingual and professional capabilities, cultivate human capital, and deepen the legal compliance and integrity culture.
2. Strengthen the inspection, monitoring, and risk management mechanisms and implement the three lines of defense for internal control.
3. Adopt a customer-oriented approach, implement the principles of fair customer treatment, and protect the rights and interests of financial consumers.
4. Optimize operational procedures, improve operational efficiency, and promote paperless operations.
5. Strengthen information security measures and control management and improve information security governance.

b. Business operational targets

1. Deposits Volume: NT$ 2,166,561,650 thousand.
2. Loans Volume: NT$ 1,659,120,274 thousand.
3. Investment Business (Securities): NT$ 637,529,953 thousand.
4. Foreign Exchange Transactions: US$ 159,131,072 thousand.
5. Securities Brokerage Transactions: NT$ 265,576,611 thousand.
6. Trust Fund Subscription: NT$ 54,988,763 thousand.
7. Assets under Custody: NT$ 300,502,161 thousand.
8. Insurance Agency Transactions: NT$ 19,867,019 thousand.
9. Card business (Volume of transaction): NT$ 19,600,000 thousand.

C. Future Development Strategy

Looking forward to 2022, the Bank will continue to expand the customer base of SMEs based on taking into account profit improvement and risk control and becoming an essential partner for capital allocation. At the same time, the Bank will target high-quality mortgage customers and expand its consumer loan and wealth management mortgage to build a solid foundation for the credit business. In addition, to enhance the synergy of wealth management and focus on serving high-asset customers, the Bank actively develops a high-end wealth management center, provides a full range of financial products and services to satisfy customers, and enhances sales momentum. On the other hand, the Bank accelerated its digital transformation, focused on cross-industry cooperation, expanded the scope of business applications and targeted marketing, and expanded the financial ecosystem to strengthen the stickiness between customers and the Bank.

Facing the post-epidemic era, the Bank will grasp the business opportunities of contactless financial services, drive-by digital technology, fully sprint core business, and actively develop multiple profit channels. At the same time, we will continue to strengthen our sustainable competitiveness, integrate ESG strategies into various operational activities, aiming to create a new future with steady and stable development for the next hundred years.

D. The Impact of the External Competitive Environment, Regulatory Environment and Macroeconomic Environment

a. External competitive environment

With the opening of three internet-only banks in Taiwan, the enabling of banks to enter the data-sharing stage, the integration of electronic payment and e-ticket management regulations, etc., the highly competitive banking industry is facing an increasingly fierce competition environment, coupled with the impact of the epidemic, which has accelerated the digital transformation of the banking industry. The advantages of traditional banks lie in the strong brand awareness and trust and the warmth when serving customers face-to-face. In order to enhance our competitiveness, the Bank continues not only to strengthen its existing advantages but also to make strategic alliances with different industries through the application of FinTech, develop differentiated financial products and services, innovate financial consumer experience, and strive to build a financial ecosystem and adhere to the professional and sustainable operation of "Service, Efficiency, and Innovation".

b. Regulatory environment

1. In August 2021, the Bankers Association amended the "Principles of Internal Control related to Preventing Misappropriation of Client Funds by Wealth Management Specialists", effective on January 1, 2022. The amendment mainly focuses on strengthening the regulations related to Article 9 - Prevention of Private Financial Dealings between Wealth Management Specialists and Customers and Article 11 - Prevention of Self-generated Statements by Wealth Management Specialists. To protect the interests of our customers, the Bank will continue to foster a culture of legal compliance and integrity, strengthen internal control measures, and implement risk management.
2. The Financial Conduct Authority (FCA) announced the withdrawal of the LIBOR rate from 2022, which will affect the interest rate pricing in the foreign monetary market. Therefore, the Bank has established a "Working Group on the Conversion Plan for the Termination of LIBOR" to evaluate the impact of LIBOR conversion and withdrawal. The Working Group has formulated a responding plan and schedule, and adjust the schedule promptly under the requirements of the national authorities and the actual business operation of the Bank to ensure the smooth implementation of the overall plan.

c. Macroeconomic environment

With the continuous increase of the vaccination rate in various countries, the global economy expects to continue the recovery trend from last year. However, the difference in vaccination progress has caused a gap between the progress of epidemic control and economic recovery in various countries, thereby resulting in a longer duration of bottlenecks in the global supply chain and higher inflationary pressure. The Russia-Ukraine war not only impacts on global energy market, supplies of metals and food supply chain, but also puts fragile recovery of global trade at risk. European countries, US and Japan have imposed economic and financial sanctions over

Russia. In addition, considering that the prices of assets such as stocks and real estate in various countries have reached historical highs, expecting the central banks of different countries take measures such as raising interest rates or reducing bond purchases to curb inflation, some assets may face the risk of bubbles. Furthermore, the global economy still faces many uncertainties, including the potential threat of a variant virus, the impact of China's regulatory policies on the economy and the real estate industry, the effect of global minimum corporate tax and international carbon reduction policies (such as the EU's carbon border adjustment mechanism) on the Economic and industrial impact, etc.

On the whole, the uncertainty of the overall economic environment depends on the development of the epidemic and inflation in various countries, and changes in monetary policy. Fortunately, the industry is driven by the continued strength of domestic demand, the recovery of consumption, the continued expansion and investment of semiconductor manufacturers, and the return of Taiwanese businesses. Looking forward to 2022, although it is difficult to match last year's rapid growth, still expected to remain positive.

E. Latest Credit Ratings

Credit Rating Agency	Release Date	International Rating		Domestic Rating		Outlook
		Long term	Short term	Long term	Short term	
Taiwan Ratings	2022/5	-	-	twAA+	twA-1+	Stable
S&P	2022/5	A	A-1	-	-	Stable
Moody's	2022/3	A2	P-1	-	-	Stable

Chairperson Joanne Ling

President

II | Bank Profile

A. Date of Establishment

Date of Registration: July 1950

ID: 51811609

B. The Bank's Profile and History

The origin of Chang Hwa Bank (the Bank) dates back to the colonial period under Japan's governance when Wu Ju-Hsiang founded the Kabushiki Kaisha Shoka Ginko in Chang Hwa on June 5, 1905, with initial capital of 220,000 Japanese yen raised from local businessmen and landlords. Kabushiki Kaisha Shoka Ginko relocated its head office from Chang Hwa to Taichung in 1910 to better coordinate its expansion efforts of setting up branches and offices in all major and prosperous cities in Taiwan. In 2021, the Bank celebrated its 116th anniversary for its firmness.

On October 25, 1945, Taiwan was restored and on October 16, 1946, the Bank established the Chang Hwa Commercial Bank Preparatory Office with Mr. Lin Hsien-Tang as the Director and the government took over the shares from the Japanese shareholders; in February 1947, the founding shareholders' meeting was held and the Board of Directors elected Mr. Lin Hsien-Tang as the Chairman. On March 1 of the same year, Chang Hwa Commercial Bank was formally reorganized and established with capital of 15 million old Taiwan dollar and was issued a license to register as a joint stock company by the Ministry of Economic Affairs in July of 1950.

In December of 1950, the Bank's capital was adjusted to NT$2.4 million and in December of 1997, the Taiwan Provincial Government made its shareholdings public for the Bank's common stock in order to implement the policy of privatizing the public sector. On January 1, 1998, it was formally restructured into private enterprise.

In response to the trend of cross-industry operation in the financial industry to enhance competitiveness, by the resolutions of the 2nd meeting of the 19th Board of Directors on January 12, 2001 and the 80th meeting of the 19th Managing Directors on November 14, 2002, the Bank reinvested to establish "CHB Life Insurance Agency Co., Ltd," and "CHB Insurance Brokerage Co., Ltd." In order to meet the market demand for "consumer finance, complex products and comprehensive wealth management" and to build a "one-stop-shopping" environment, the Bank provides customers with complete financial, insurance consulting and sales services; however, in order to reduce the business tax burden, comply with government policies and enhance consumer protection, the former companies were merged into the Bank on April 1, 2016 by way of a simple merger to establish an Insurance Agency Division, with the Bank assuming all rights and obligations, and at the same time operated the insurance agency business including life and non-life.

In 2005, the Bank issued 1.4 billion registered series B preferred stock in a private placement for domestic cash capital increase, which was awarded to Taishin Financial Holding Co., Ltd., with the record date for the cash subscription set for October 3, 2005. After the capital increase, the Bank's paid-in capital amounted to NT$63,594,756,000. On October 3, 2008, the shares were fully converted to common stocks at the expiry of 3 years after issued date in accordance with the Bank's Articles of Incorporation and the public offering procedure for listing was completed on March 31, 2020.

In order to expand the Bank's financial services in China, the Bank was approved by the China Banking and Insurance Regulatory Commission to establish the subsidiary "Chang Hua Commercial Bank, Ltd." The subsidiary is headquartered in Nanjing City, Jiangsu Province, China, with the existing branch offices of Kunshan branch, Kunshan Huaqiao sub-branch, Dongguan branch and Fuzhou branch, Nanjing branch was additionally set up. The Nanjing subsidiary was officially opened on December 11, 2018.

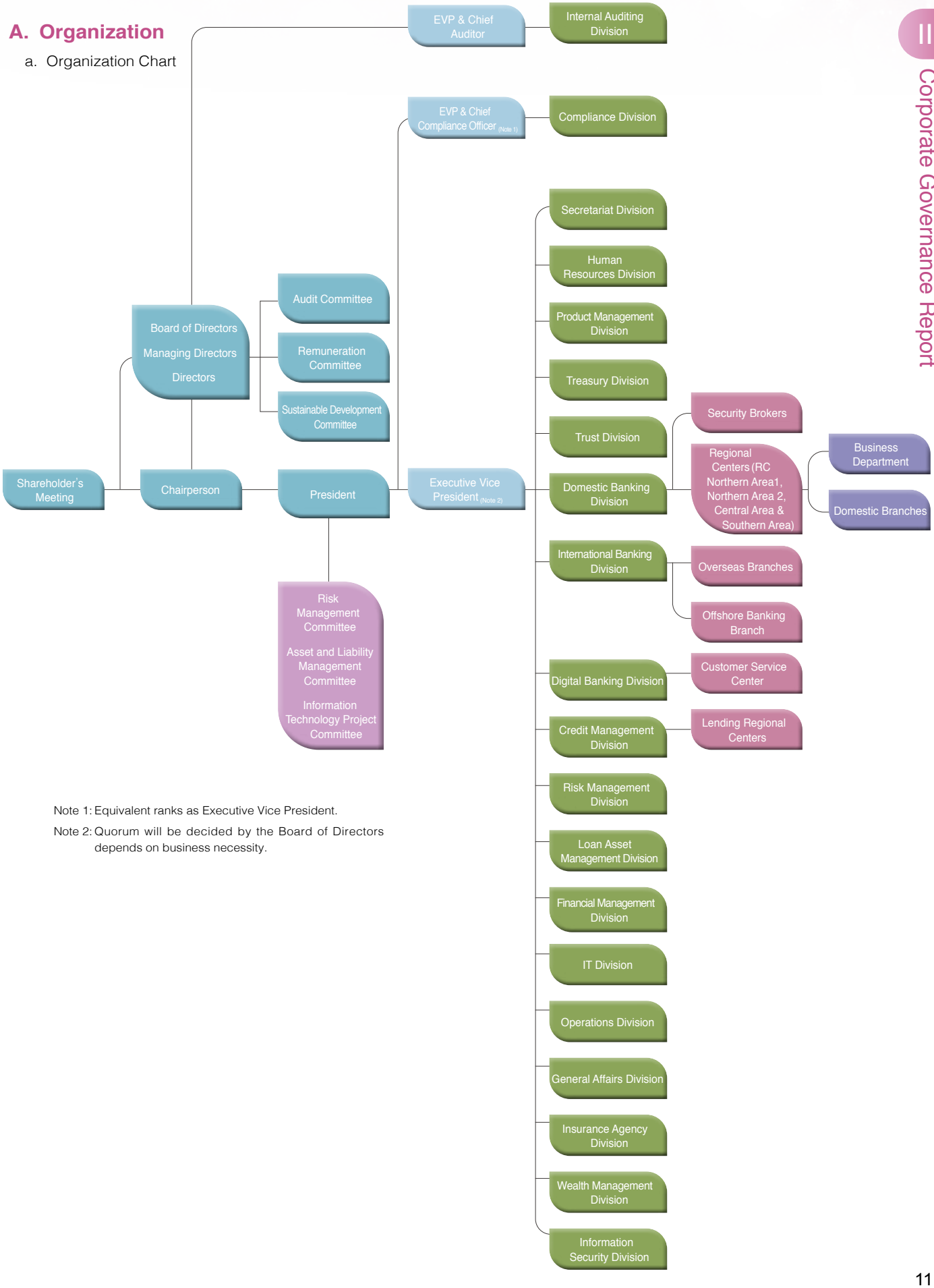
In order to actively assist domestic small and medium-sized enterprises to obtain the necessary funds for their development and to support the development of emerging industries and to expand the added value of the industry, the Bank reinvested in a wholly-owned subsidiary, CHB Venture Capital Co., Ltd. with capital of NT$0.6 billion, it was officially opened on May 16, 2019. Its main business is to directly provide funds to the invested enterprise and provide enterprise operation, management and consulting services.

As of the end of 2021, the Bank's authorized capital was NT$120 billion and its paid-in capital was NT$104,885,708,420. The Bank is one of the leading banks in Taiwan with strong capital and solid foundation.

III | Corporate Governance Report

A. Organization

a. Organization Chart



Note 1: Equivalent ranks as Executive Vice President.

Note 2: Quorum will be decided by the Board of Directors depends on business necessity.

Management Team of CHB

A Chairperson | Joanne Ling

B President | Chao-Chung Chou

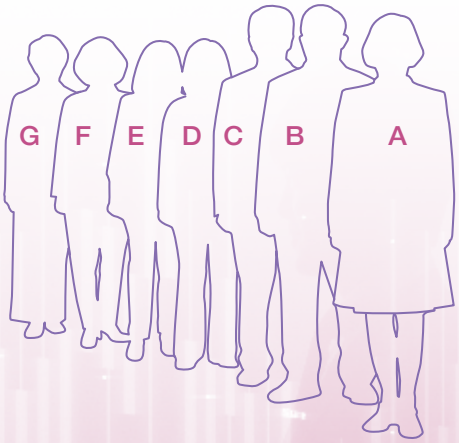
C Executive Vice President | Bin Chen

D Executive Vice President | Ya-Ling Lin

E Executive Vice President | Hsiu-Chuan Teng

F Executive Vice President | Shwu-Fang Wang

G EVP & Chief Auditor | Mei-Fang Wu



b. Major Business of Each Division

Division	Departmental Responsibilities
Internal Auditing Division	Managing internal control system and its implementation, audit and evaluation.
Compliance Division	Responsible for the management and execution of compliance system, anti-money laundering and counter financing of terrorism (AML/CFT) matters.
Secretariat Division	In charge of corporate governance development, legal affairs, paperwork, Board of Directors, Audit Committee, Sustainable Development Committee, public relations, and investor relations.
Human Resources Division	Responsible for human resources policies, human resources administration, employee training programs, performance appraisal standards, and compensation and benefits systems.
Product Management Division	Managing the operation planning of financial products such as credit, deposit and foreign exchange, including market study, product development and marketing strategy development.
Treasury Division	Managing capital deployment, financial instruments trading operations, client trading services, allocation, and management of long-term equity investments.
Trust Division	In charge of the management of trust business and its subsidiary business.
Domestic Banking Division	Responsible for the operation and management of domestic business operation units and securities brokers, syndicated loan business, and the evaluation of setting up business operation units and business development.
International Banking Division	In charge of the development strategies and business planning of overseas branches, the management of deposit/correspondent relationships, and the management and operation of foreign exchange backend control panel.
Digital Banking Division	Responsible for planning and development of digital finance and card business, marketing, management and assessment, customer service center operation and management, and social media management.
Credit Management Division	In charge of the formulation of credit-related regulations, supervise, support and control credit cases.
Risk Management Division	Responsible for the formulation and revision of risk management policies, the planning and monitoring of risk management mechanisms, and the formulation and integration of risk management rules and regulations.
Loan Asset Management Division	Overseeing the planning, execution, and management of overdue loans, collections, and bad debt collection.
Financial Management Division	Administrating issues including financial accounting, tax planning and management, MIS performance management and analysis, asset and liability planning and management, and account auditing.
IT Division	In charge of the research, analysis, planning and execution of information business, development, construction and maintenance of information systems.
Operations Division	Responsible for the management of NTD deposit and remittance business planning and management; centralized operations related to bills, remittances, collections, and off-bank ATM outsourcing.
General Affairs Division	Managing general affairs, cashier, procurement of goods, building maintenance, real estate revitalization management, leasing, security maintenance and occupational safety and health, etc.
Insurance Agency Division	Planning, promotion and execution of insurance agency business.
Wealth Management Division	Planning, promotion and execution of wealth management business.
Information Security Division	In charge of planning, monitoring, and execution of information security management; to establish information security protection mechanisms; and to compile information security notifications and evaluate and track subsequent improvements.
Regional Center	Supervise, assist, and support the operation and centralized operation of business units within the region.
Business Operation Units	Handle business operations as defined by the Bank's business projects or the business stipulated in the corporate charter.

B. Information on Directors, Senior Managers and Consultants

a. Director information

1. Director information (1):

Title	Nationality or Registration	Name	Gender Age	Inauguration Date	Tenure (YY)	Date of First Appointment Legal Representative / Legal person	Shareholdings at the time of appointment		Current Shareholdings		Current shareholdings of oneself, the spouse, and minor children		
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	
Chairperson	The Republic of China (R.O.C.)	Jong-Yuan Ling (Delegate of Ministry of Finance (MOF))	F 61~70	June 2020	3	April 2019 February 1947	1,217,507,539	12.19	1,278,869,918	12.19	0	0	
Managing Director	The Republic of China (R.O.C.)	Chao-Chung Chou (Delegate of MOF)	M 51~60	March 2021	3	March 2021 February 1947	1,217,507,539	12.19	1,278,869,918	12.19	101,000	0	
Managing Director (Independent Director)	The Republic of China (R.O.C.)	Jung-Chun Pan	M 71~80	June 2020	3	December 2014	0	0	0	0	0	0	
Director	The Republic of China (R.O.C.)	Chia-Chi Hsiao (Delegate of Chunghwa Post Co., Ltd.)	M 61~70	June 2020	3	October 2018 June 2020	599,161,144	6.00	629,358,864	6.00	0	0	
Director	The Republic of China (R.O.C.)	Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan)	M 51~60	June 2020	3	June 2018 November 2008 (Note)	274,555,117	2.75	288,392,694	2.75	0	0	
Director	The Republic of China (R.O.C.)	Wen-Siung Lee	M 61~70	June 2020	3	June 2020	0	0	0	0	0	0	

December 31, 2021

	Shareholdings in the name of others		Experience and Education	Other Current Positions	Second degree relatives who work as senior managers, directors or supervisors			The situation of the Chairperson or the President or persons with equivalent positions are not the same person, spouses or first-degree relatives.
	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
	0	0	Master of Public Finance, National Chengchi University Department of Public Administration, National Chengchi University Chairperson, Land Bank of Taiwan Chairperson, The Export-Import Bank of the Republic of China Supervisor, BankTaiwan Insurance Brokers Co., Ltd. Director, Mega Financial Holding Co., Ltd. Director-General, National Treasury Administration, MOF Supervisor, Mega Financial Holding Co., Ltd. Director-General, National Taxation Bureau of Taipei, MOF Director-General, National Taxation Bureau of the Northern Area, MOF Director, Land Bank of Taiwan Chief Secretary, MOF Director, Taxation Administration, MOF Deputy-Director, Taxation Agency, MOF	Director, CDIB & Partners Investment Holding Corp.	None	None	None	None
	0	0	Master of Business Administration, Da-Yeh University Chairman, First Financial AMC EVP, Risk Management Center of First Commercial Bank SVP & Division Head, Risk Management Division of First Financial Holding Co., Ltd. Spokesperson, First Commercial Bank EVP, General Administration Center of First Commercial Bank VP & GM, Phnom Penh Branch of First Commercial Bank VP & GM, Hsin-Wei Branch of First Commercial Bank VP&GM, Hsi-Chih Branch of First Commercial Bank	President, Chang Hwa Bank Director, Chang Hua Commercial Bank, Ltd. Director, Taiwan SMECF Director, Taiwan Asset Management Corporation Director, Taiwan Urban Regeneration & Financial Services Co. Ltd.	None	None	None	None
	0	0	Bachelor of Bank & Insurance, Feng Chia University Supervisor, Key Ware Electronics Co., Ltd. Director & President, Mega Asset Management Corp. Director & COO, Concord ASIA Finance Ltd. Assistant Vice President, Taishin International Bank Assistant Vice President, Da An Bank Deputy General Manager, Savings Department of Bank of Communications	Independent Director, TAIWAN MICROLOOPS CORP.	None	None	None	None
	0	0	Master of Management Science, National Chiao Tung University Vice Chairman, Institute of Internal Auditors-Chinese Supervisor, BankTaiwan Insurance Brokers Co., Ltd. Director, Department of Fiscal, Statistical and Financial Affairs, Executive Yuan Director, Mega Financial Holding Co., Ltd. Supervisor, Mega International Commercial Bank Co., Ltd. Deputy Director-general, National Treasury Administration, MOF Supervisor, Taiwan Financial Holdings Co., Ltd. Chief Accountant, MOF Senior BAS personnel & Executive Manager, Accounting Management Center, Directorate-General of Budget, Accounting and Statistics, Executive Yuan Director, Directorate-General of Budget, Accounting and Statistics, Executive Yuan Chief Accountant, Environmental Protection Administration, Executive Yuan Chief Accountant, Research, Development and Evaluation Commission, Executive Yuan	Director-General, National Treasury Administration, MOF	None	None	None	None
	0	0	Ph.D., Economics, National Taipei University Deputy Director, Research Division II, Taiwan Institute of Economic Research Associate Research Fellow, Taiwan Institute of Economic Research	President, Taiwan Institute of Economic Research Research Fellow, Taiwan Institute of Economic Research Director, Asia Pacific Emerging Industry Venture Capital Co., Ltd. Director, Yang Ming Marine Transport Corp. Member, Wholesale and Retail Committee, Taiwan Coalition of Service Industries Director, Central Bank of the Republic of China (Taiwan) Independent Director, United Renewable Energy Co.,Ltd.	None	None	None	None
	0	0	Ph.D., Business Administration, University of Houston Chairman, Land Bank Insurance Brokerage Co., Ltd. Managing Director, Land Bank of Taiwan Associate Professor, Finance Department, Chien Hsin University of Science and Technology Associate Professor, Finance Department, National Central University Director, Securities and Futures Bureau, FSC Director, Banking Bureau, FSC	Associate Professor, Finance Department, Chien Hsin University of Science and Technology Consultant, ELITENIC INTERNATIONAL CO., LTD. Consultant, 6sun care LONG-TERM CARE SERVICES	None	None	None	None

Title	Nationality or Registration	Name	Gender Age	Inauguration Date	Tenure (YY)	Date of First Appointment Legal Representative / Legal person	Shareholdings at the time of appointment		Current Shareholdings		Current shareholdings of oneself, the spouse, and minor children		
							Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	Number of shares	Shareholding ratio (%)	
Director	The Republic of China (R.O.C.)	Hwai-Chou Chen	M 81~90	June 2020	3	March 2006	160,804	0	168,908	0	168,908	0	
Director (Independent Director)	The Republic of China (R.O.C.)	Jong-Horng Lin	M 51~60	June 2020	3	June 2020	0	0	0	0	0	0	
Director (Independent Director)	The Republic of China (R.O.C.)	Chih-Jong Suen	M 71~80	June 2020	3	June 2020	0	0	0	0	0	0	

Note: The representative of the National Development Fund of Executive Yuan served as the supervisor of the Bank from November 2008 to December 2014.

2. Major shareholders of juristic person shareholders:

April 19, 2022

Juristic person shareholder	Major shareholder of juristic person shareholder
Ministry of Finance	Government institution
National Development Fund, Executive Yuan	Government owned (100%)
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications (100%)

December 31, 2021

	Shareholdings in the name of others		Experience and Education	Other Current Positions	Second degree relatives who work as senior managers, directors or supervisors			The situation of the Chairperson or the President or persons with equivalent positions are not the same person, spouses or first-degree relatives.
	Number of shares	Shareholding ratio (%)			Title	Name	Relationship	
	0	0	EMSF, Baruch College, The City University of New York Chairman, Managing Director, and President, Chang Hwa Bank President, Taishin Financial Holding Co., Ltd. Vice Chairman, Taishin International Bank Chairman, Taishin Bills Finance Co., Ltd. CFO, Taiwan High Speed Rail Corporation President, Taishin International Bank General Manager, Bank of America Shun San Br.	None	None	None	None	None
	0	0	Law School of Soochow University Attorney-at-Law, KO & LIN Law Office President, Keelung branch, Legal Aid Foundation Municipal consultant, legal affairs group, Taipei City Government Legal advisor, Keelung City Government Council Member, Advisory Committee of Soochow law foundation Member of the mediation committee, MLMPF President, Keelung Bar Association Director, the 9th term board of directors, Taiwan Bar Association 1st Secretary-General, the 8th term of Taiwan bar association Director, the 24th & 29th term board of directors, Taipei Bar Association 2nd Secretary-General, the 23rd term of Taipei Bar Association Coordinator, Securities and Futures Investors Protection Center Committee Member, labor dispute arbitration committee, Taipei County Government Attorney, Evergreen International Law Firm Attorney, LEIN Law Office	Partner of LIEN & PARTNERS LAW OFFICES, Attorneys-at-Law	None	None	None	None
	0	0	MBA, Youngstown State University, Ohio Bachelor of Business, Tamkang University Chairman, Pharma Engine, Inc. General Manager, EVP and SVP, China Development Industrial Bank Chief Auditor, VP and SVP, Taishin International Bank Senior Auditor, Section Head and Deputy Section Head, Central Deposit Insurance Corporation	None	None	None	None	None

3. If the major shareholder of a juristic person shareholder is a juristic person, its main shareholder:

April 19, 2022

Juristic person shareholder	Major shareholder of juristic person shareholder
N.A.	N.A.

4. Director information (2):

(1) Professional qualifications of Directors and independence of Independent Directors:

Name \ Criteria	Professional Qualifications and Experience / Independence Status	Number of Other Public Companies Where the Individual Serves as Independent Director Concurrently
Jong-Yuan Ling (Chairperson)	Professional Qualifications and Experience Ms. Jong-Yuan Ling has served in the Ministry of Finance (MOF) for more than 20 years, and as Director of the Taxation Administration and Chief Secretary of the MOF, Director-General of National Taxation Bureau of the Northern Area, Director-General of National Taxation Bureau of Taipei and Director-General of the National Treasury Administration of the MOF. During this period, she also served as the Supervisor and Director of Mega Financial Holding Co., Ltd. and the Supervisor of BankTaiwan Insurance Brokers Co., Ltd. After leaving the Ministry of Finance, she served as the Chairperson of the Export-Import Bank of R.O.C. in 2015, the Chairperson of the Land Bank of Taiwan in 2016, and the Chairperson of Chang Hwa Commercial Bank since 2019. Ms. Jong-Yuan Ling has a rich work experience as required by the bank's business, the ability to carry out tax accounting, business, leadership and corporate management, meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act, so as to improve the decision quality of our bank's board of directors, corporate governance, and sustainable development. She also serves as Chairperson of Board of Directors and Board of Managing Directors, and convener of Sustainable Development Committee. Independence Status In compliance with Paragraph 3 of Article 26-3 of Securities and Exchange Act. The Bank does not have any cases where the Chairperson and the President are the same person. There is no circumstance of a natural-person shareholder who holds shares, together with those held by the person's spouse, relative within the second degree of kinship, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Bank or is ranked in the top 10 in shareholdings.	0
Chao-Chung Chou (Managing Director and President)	Professional Qualifications and Experience Mr. Chao-Chung Chou has worked for the First Bank for more than 20 years, and successively served as VP &GM of Phnom Penh Branch of First Commercial Bank, SVP & Division Head, Risk Management Division of First Financial Holding Co., Ltd. and EVP, General Administration Center of First Commercial Bank. From 2017 to 2021, he served as the Chairman of First Financial AMC. He possesses solid business acuity, is familiar with the international financial market, and has rich experience in banking practice and risk management. Since 2021, he has served as the Managing Director and President of the Bank. Mr. Chao-Chung Chou possess working experience required for banking business, serves as President and Managing Director of the Bank and adheres to the resolutions of the Board of Directors to comprehensively manage the Bank's business. He serves as member of Sustainable Development Committee, Chairman of Asset and Liability Management Committee, Risk Management Committee and Information Technology Project Committee. He meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act. Independence Status In compliance with Paragraph 3 of Article 26-3 of Securities and Exchange Act. The Bank does not have any cases where the Chairperson and the President are the same person. There is no circumstance of a natural-person shareholder who holds shares, together with those held by the person's spouse, relative within the second degree of kinship, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Bank or is ranked in the top 10 in shareholdings.	0
Jung-Chun Pan (Managing Independent Director)	Professional Qualifications and Experience Mr. Jung-Chun Pan worked at the Bank of Communications for 18 years. From 1991 to 2002 he served as an Assistant Vice President of Da-An Bank, in 2002 as an Assistant Vice President of Taishin International Bank, from 2002 to 2003 as Chairman and COO of Concord Asia Finance Ltd., and from 2003 to 2013 as the Director and President of Mega Asset Management Corp. At present, in addition to serving as an Independent Director of the Bank, he has also served as an Independent Director of Taiwan Microloops Corp. since 2021. Mr. Pan's major was banking and insurance and served as senior managers in commercial banking, finance and asset management, possesses expertise in finance, industrial management, accounting, etc successively. Mr. Jung-Chun Pan has been an Independent Director of the Bank since 2014, the convener of the Audit Committee and the Remuneration Committee since 2020 and serves as the Bank's Managing Director and member of Sustainable Development Committee, possess working experience required for banking business. He meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act. Independence Status Not the person or the person's spouse, relative within the second degree of kinship serves as a Director, Supervisor or an employee of the Company or any of its affiliates; Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings. In compliance with subparagraph 5 to 9, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies of FSC.	1

Name \ Criteria	Professional Qualifications and Experience / Independence Status	Number of Other Public Companies Where the Individual Serves as Independent Director Concurrently
Chia-Chi Hsiao (Director)	Professional Qualifications and Experience	0
	During his 10-year service at the Executive Yuan, Mr. Chia-Chi Hsiao has served as the Chief Accountant, Research, Development and Evaluation Commission, Executive Yuan, Chief Accountant, Environmental Protection Administration, Executive Yuan, Director, Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Senior BAS personnel & Executive Manager, Accounting Management Center, Directorate-General of Budget, Accounting and Statistics, Executive Yuan, Director, Department of Fiscal, Statistical and Financial Affairs, Executive Yuan. Since 2011, he has served as Chief Accountant, MOF, Deputy Director-general, National Treasury Administration, MOF, Director-General, National Treasury Administration, MOF, Supervisor of Taiwan Financial Holdings Co., Ltd., BankTaiwan Insurance Brokers Co., Ltd., and Mega International Commercial Bank Co., Ltd. From 2014 to 2018, he also served as Director of Mega Financial Holding Company Limited. Since 2018, he has served as a Director of the Bank, and specializes in statistics and accounting. He also has profession in internal audit and satisfies the work experience requirements of the bank's business. He meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.	
	Independence Status	
	In compliance with Paragraph 3 of Article 26-3 of Securities and Exchange Act. There is no circumstance of a natural-person shareholder who holds shares, together with those held by the person's spouse, relative within the second degree of kinship, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Bank or is ranked in the top 10 in shareholdings.	
Chien-Yi Chang (Director)	Professional Qualifications and Experience	1
	Mr. Chien-Yi Chang is a Ph.D. in economics. After entering the Taiwan Institute of Economic Research, he has served as Research Fellow, Associate Research Fellow and Director of Research Division II , Taiwan Institute of Economic Research. He has been the President of the Taiwan Institute of Economic Research since 2019, and Director of Central Bank of the Republic of China (Taiwan) since 2020. He has been a Director of the Bank since 2018, specializes in emerging market venture capital, monetary policy, macroeconomics and microeconomic research, manufacturing and service industry issues, and industrial development and policy planning. He meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.	
	Independence Status	
	In compliance with Paragraph 3 of Article 26-3 of Securities and Exchange Act. There is no circumstance of a natural-person shareholder who holds shares, together with those held by the person's spouse, relative within the second degree of kinship, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Bank or is ranked in the top 10 in shareholdings.	
Wen-Siung Lee (Director)	Professional Qualifications and Experience	0
	Mr. Wen-Siung Lee has a Ph.D. in business administration. He has served as Director, Banking Bureau, FSC, Director, Securities and Futures Bureau, FSC, Chairman, Land Bank Insurance Brokerage Co., Ltd. Mr. Wen-Siung Lee has been a Director of the Bank since 2020 with his expertise in finance and insurance, supervision and management, business management and business ability. Mr. Wen-Siung Lee meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.	
	Independence Status	
	In compliance with Paragraph 3 of Article 26-3 of Securities and Exchange Act. There is no circumstance of a natural-person shareholder who holds shares, together with those held by the person's spouse, relative within the second degree of kinship, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Bank or is ranked in the top 10 in shareholdings.	
Hwai-Chou Chen (Director)	Professional Qualifications and Experience	0
	In 1992, Mr. Hwai-Chou Chen served as the General Manager of Bank of America Shun Shan Branch, in 1995, as the General Manager of Taishin International Bank, and in 2003, as the President of Taishin Financial Holding Co., Ltd. He served as the Chairman of the Bank from 2008 to 2014, and now he is a Director of the Bank. Mr. Hwai-Chou Chen is familiar with finance and accounting, has professional experience in business management and banking management. He meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.	
	Independence Status	
	In compliance with Paragraph 3 of Article 26-3 of Securities and Exchange Act. There is no circumstance of a natural-person shareholder who holds shares, together with those held by the person's spouse, relative within the second degree of kinship, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Bank or is ranked in the top 10 in shareholdings.	

Name / Criteria	Professional Qualifications and Experience / Independence Status	Number of Other Public Companies Where the Individual Serves as Independent Director Concurrently
Jong-Horng Lin (Independent Director)	Professional Qualifications and Experience	0
	Mr. Jong-Horng Lin is qualified as a professional lawyer. He was an Attorney-at-Law, KO & LIN Law Office from 2005 to 2020. He is currently a Partner of LIEN & PARTNERS LAW OFFICES, Attorneys-at-Law and has legal professional and practical experience. He has been an Independent Director and a member of the Audit Committee of the Bank since 2020. When performing the functions of the Independent Director and the Audit Committee, he provides advice on legal strategies and compliance with laws, and serves as a member of Sustainable Development Committee. He meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.	
	Independence Status	
	Not the person or the person's spouse, relative within the second degree of kinship serves as a Director, Supervisor or an employee of the Company or any of its affiliates; Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings. In compliance with subparagraph 5 to 9, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies of FSC.	
Chih-Jong Suen (Independent Director)	Professional Qualifications and Experience	0
	Mr. Chih-Jong Suen worked for the Central Deposit Insurance Corporation from 1985 to 1992; served as Chief Auditor, VP and SVP of Taishin International Bank from 1991 to 2000, as the General Manager, EVP and SVP of China Development Industrial Bank as the Chairman of Pharma Engine, Inc. from 2016 to 2020, and as Independent Director, member of the Audit Committee and the Remuneration Committee of the Bank since 2020. Mr. Chih-Jong Suen is proficient in financial accounting and commerce and has served as senior managers in financial institutions. He meets the qualification requirements of Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks and complies with Article 30 of the Company Act.	
	Independence Status	
	Not the person or the person's spouse, relative within the second degree of kinship serves as a Director, Supervisor or an employee of the Company or any of its affiliates; Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or is ranked in the top 10 in shareholdings. In compliance with subparagraph 5 to 9, Paragraph 1, Article 3 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies of FSC.	

(2) The Board of Director's Diversity and Independence：

① Implementation of Director Diversity Policy

I The Bank's Board of Directors consists of 9 Directors and 3 Independent Directors (33.3%), except Mr. Chao-Chung Chou serves as President and Director (11%), none of other Directors serve as the Bank's manager or employee. All the members have a professional background in law, accounting, finance, marketing, science and technology. Based on different professional backgrounds, they possess the abilities to make operational judgments, perform accounting and financial analysis, conduct management administration, risk management, and crisis management, the knowledge of the industry, an international market perspective, and the ability to lead and make policy decisions stated in Article 29 of the Bank's Corporate Governance Best Practice Principles which shows diversified and complementary results. The gender equality and professional background of board members are in line with the goal of the Bank's operations and development. There is one female member in the 26th Board of Directors (accounting for 11.1% of all Directors), two newly-elected Independent Directors, and there are two natural-person Directors in the Board of Directors. All the Directors are nationals of the Republic of China, three Directors aged 51-60, three aged 61-70, two aged 71-80, and one aged 81-90. All board members possess the necessary knowledge, skills, and accomplishments to perform their duties. They all meet the qualification requirements of "Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks."

Criteria / Name	Basic Composition								Professional Background						Professional Competence				
	Nationality	Gender	Age				Seniority as Independent Director		Accounting	Finance	Business	Banking	Insurance	Law	Business Strategy and Management	Economics and Monetary Market	Taxation, Administration and Asset Management	International Finance and Knowledge of the Industry	Internal Audit and Control and Compliance
			51-60years old	61-70years old	71-80years old	81-90years old	Less than 3 years	6years-9years											
Jong-Yuan Ling	R.O.C.	F		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chao-Chung Chou	R.O.C.	M	✓						✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Jung-Chun Pan	R.O.C.	M			✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chia-Chi Hsiao	R.O.C.	M		✓					✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Chien-Yi Chang	R.O.C.	M	✓						✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Wen-Siung Lee	R.O.C.	M		✓					✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Hwai-Chou Chen	R.O.C.	M				✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Jong-Horng Lin	R.O.C.	M	✓				✓				✓	✓	✓	✓			✓	✓	✓
Chih-Jong Suen	R.O.C.	M			✓		✓		✓	✓	✓	✓	✓		✓	✓	✓	✓	✓

II Specific management objectives and achievements on diversity policy of the Board of Directors of the Bank：

Specific management objectives: Board of Directors' members follow the principles of gender equality and have diverse professional backgrounds.

Current situation: Board of Directors' members of the Bank have backgrounds including banking, insurance, economics, accounting, finance, business, law, internal audit, and industry, etc., complies with the Bank's business development, and there is a female board member, meets the goal of the Bank's diversity policy and will be continuously enhanced and improved.

② Independence of the Board of Directors:

I Structure of the Board of Directors:

The Board of Directors consists of 9 Directors with 3 Independent Directors; the proportion of Independent Directors is 33.3%.

II Independence of the Board of Directors:

In accordance with the provisions on Securities and Exchange Act, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks, the Bank confirms the independence of each Director according to the information provided and disclosed by each Director or public information.

After checking the above regulations and information:

i None of the members of the Board of Directors of the Bank is related to each other as a spouse or relative within the second degree of kinship. There is no circumstance specified in paragraph 3 of Article 26-3 of the Securities and Exchange Act.

ii Apart from Mr. Chao-Chung Chou, serving as Managing Director and President, and Mr. Hwai-Chou Chen, serving as Director, the other Directors do not hold shares in the Bank, while Mr. Chao-Chung Chou, serving as Managing Director and President, and Mr. Hwai-Chou Chen, serving as Director, each holds far less than 1% of the total issued shares of the Bank.

iii Apart from Mr. Jung-Chun Pan, serving as the Managing Independent Director of the Bank and Independent Director of Taiwan Microloops Corp., and Mr. Chien-Yi Chang, serving as the Director of the Bank and Director of Yang Ming Marine Transport Corp. and Independent Director of United Renewable Energy Co., Ltd., no Directors are concurrently Directors or Independent Directors of other public companies.

In summary, all Directors of the Bank have the independence required to exercise their duties.

b. Major Managers

As of December 31, 2021

Name of Unit	Title	Name	Nationality	Gender	Effective Date (yy/mm/dd)	Shareholding Amount		Shareholding by Spouse & Minor Children		Shareholding Under Others' Title		Experience & Education	Services Concurrently with the Other Company	The Spouse or Relative within 2 Tiers of General Managers			Remark (Note 1)
						Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Head Office	President	Chao-Chung Chou	R.O.C.	M	2021/03/23	101000	0	0	0	0	0	MBA, Da-Yeh University	1.Director, Chang Hua Commercial Bank, Ltd. 2.Director, Taiwan SMECF 3.Director, Taiwan Asset Management Corporation 4.Director, Taiwan Urban Regeneration & Financial Services Co. Ltd.	None	None	None	None
Head Office	Executive Vice President	Bin Chen	R.O.C.	M	2017/03/01	140,000	0	0	0	0	0	1.Institute of Information Management, National Central University 2.Institute of Computer Science and Information Engineering, National Chiao Tung University	1.Director, Chang Hua Commercial Bank, Ltd. 2.Director, Taiwan Mobile Payment Co., Ltd. 3.Supervisor, Financial eSolution Co., Ltd.	None	None	None	None
Head Office	Executive Vice President	Ya-Ling Lin	R.O.C.	F	2021/01/18	1,488	0	0	0	0	0	EMBA, National Chengchi University	Director, Taipei Forex Inc.	None	None	None	None
Head Office	Executive Vice President	Hsiu-Chuan Teng	R.O.C.	F	2021/01/18	721	0	0	0	0	0	EMBA, National Chengchi University	Supervisor, Chang Hwa Bank Venture Capital Co., Ltd.	None	None	None	None
Head Office	Executive Vice President	Shwu-Fang Wang	R.O.C.	F	2022/01/01 (Note 2)	187,642	0	0	0	0	0	Department of Business Administration, Soochow University	None	None	None	None	None
Compliance Division	EVP & Chief Compliance Officer	Jih-Cheng Yang	R.O.C.	M	2015/02/01	16,561	0	0	0	0	0	Department of Economics, National Taiwan University	Director, Lan An Co., Ltd.	None	None	None	None
Head Office	EVP & Chief Auditor	Mei-Fang Wu	R.O.C.	F	2021/01/18	0	0	0	0	0	0	Department of Law, Fu Jen Catholic University	Supervisor, Taiwan Financial Asset Service Corporation	None	None	None	None
Internal Auditing Division	SVP & Division Head	Nell-H. Tseng	R.O.C.	F	2019/03/25	0	0	0	0	0	0	Department of Business Adminstration, National Chengchi University	None	None	None	None	None
Secretariat Division	SVP & Division Head	Hsueh-Ni Hsieh	R.O.C.	F	2018/10/04	42,762	0	0	0	0	0	LLM, National ChengChi University	Director, Chang Hua Commercial Bank, Ltd.	None	None	None	None
Human Resources Division	SVP & Division Head	Yu-Hsueh Liu	R.O.C.	F	2018/03/01	28,074	0	0	0	0	0	MBA, National Sun Yat-sen University	None	None	None	None	None
Treasury Division	SVP & Division Head	Chih-Chen Hsu	R.O.C.	M	2015/04/16	0	0	0	0	0	0	Department of Economics, National Taiwan University	Director, Chang Hwa Bank Venture Capital Co., Ltd.	None	None	None	None
Trust Division	SVP & Division Head	Li-Ling Lan	R.O.C.	F	2019/05/06	43,051	0	0	0	0	0	Department of Statistics,Tamkang University	None	None	None	None	None
Domestic Banking Division	SVP & Division Head	Yu-Chin Fan	R.O.C.	F	2021/01/18	15,051	0	0	0	0	0	Institute of Management, National Taiwan University of Science and Technology	None	None	None	None	None
International Banking Division	SVP & Division Head	Rueih-Hwa Cheng	R.O.C.	F	2019/05/01	226,709	0	0	0	0	0	Computer Science (Master of Science), Pace University	Director, Chang Hua Commercial Bank, Ltd.	None	None	None	None
Digital Banking Division	SVP & Division Head	Hsiu-Hsia Tsai	R.O.C.	F	2018/10/01	15,037	0	2,004	0	0	0	Master of Banking & Finance, Tamkang University	None	VP & GM	Yi-Ming Wang	Spouse	None

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						Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Credit Management Division	SVP & Division Head	Yu-Yeh Lin	R.O.C.	F	2021/08/01	262	0	0	0	0	0	Department of Ecomomics, National Chengchi University	None	None	None	None	None
Risk Management Division	SVP & Division Head	Yu-Fen Chen	R.O.C.	F	2021/08/01	24	0	0	0	0	0	Management of Information System (Master of Science), Fairleigh Dickinson University	None	None	None	None	None
Loan Asset Management Division	SVP & Division Head	Jui-Chun Wu	R.O.C.	F	2021/04/01	67,302	0	0	0	0	0	Department of International Business, Fu Jen Catholic University	None	None	None	None	None
Financial Management Division	SVP & Division Head	Fu-Jinn Chiou	R.O.C.	M	2020/03/01	479	0	0	0	0	0	Department of Business Administration, Chinese Culture University	Director, Chang Hwa Bank Venture Capital Co., Ltd.	None	None	None	None
IT Division	SVP & Division Head	Lung-Chun Wang	R.O.C.	M	2021/09/01	30	0	3,374	0	0	0	Mechanical Engineering Division, National Kaohsiung Institute of Technology	None	None	None	None	None
Operations Division	SVP & Division Head	Kuei-Mei Hsu	R.O.C.	F	2020/08/01	16,373	0	0	0	0	0	Department of Accounting, Fu Jen Catholic University	None	None	None	None	None
General Affairs Division	SVP & Division Head	Hsiang-Chun Wu	R.O.C.	F	2016/12/01	0	0	0	0	0	0	Department of Law, National Chengchi University	None	None	None	None	None
Insurance Agency Division	SVP & Division Head	Hui-Jen Wu	R.O.C.	F	2019/09/09	60,727	0	0	0	0	0	Department of International Business, Soochow University	None	None	None	None	None
Wealth Management Division	SVP & Division Head	Hui-Yu Chen	R.O.C.	F	2016/04/01	0	0	0	0	0	0	MBA, Tulane University	None	None	None	None	None
Information Security Division (Note 3)	SVP & Division Head (Note 4)	Yao-Ju Lu	R.O.C.	F	2018/09/28	48	0	0	0	0	0	Graduate Institute of Computer Science, National Chengchi University	None	None	None	None	None
Regional Center Northern Area 1	SVP & Center Head	Ruei-Jan Chen	R.O.C.	F	2019/09/09	66,009	0	0	0	0	0	Master of Finance & Banking, Fu Jen Catholic University	None	None	None	None	None
Regional Center Northern Area 2	SVP & Center Head	Chi-Min Chung	R.O.C.	M	2021/08/01	5,571	0	0	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taipei College of Business	None	None	None	None	None
Regional Center Central Area	SVP & Center Head	Jin-Yu Yeh	R.O.C.	F	2020/03/01	131,438	0	0	0	0	0	EMBA, Feng Chia University	None	None	None	None	None
Regional Center Southern Area	SVP & Center Head	Wen-Chung Huang	R.O.C.	M	2019/10/01	463	0	0	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taichung Institute of Technology	None	None	None	None	None
Offshore Banking Branch	VP & GM	Li-Min Cheng	R.O.C.	F	2021/04/15	3,809	0	0	0	0	0	Master of Science in Finance, Ming Chuan University	None	None	None	None	None
Business Department	VP & GM	Li-Fen Tzeng	R.O.C.	F	2020/05/01	27,027	0	0	0	0	0	Department of Public Finance, National Chung Hsing University	None	None	None	None	None
Central Branch	VP & GM	Fang-Yuan Wu	R.O.C.	F	2018/03/01	45,803	0	0	0	0	0	Department of Cooperative Economics, Tamkang University	None	None	None	None	None
Taipei Securities Broker	VP & GM	Jui-Mei Ho	R.O.C.	F	2021/07/01	806	0	0	0	0	0	Master of Business Administration, Soochow University	None	None	None	None	None
Taichung Securities Broker	VP & GM	Shuo-Hung Huang	R.O.C.	M	2016/05/01	45,384	0	0	0	0	0	Department of Food and Nutrition, Chinese Culture University	None	None	None	None	None
Chi-Hsien Securities Broker	VP & GM	Chuen-Lan Fu	R.O.C.	F	2020/08/01	0	0	0	0	0	0	Master of Money and Banking, National Kaohsiung First University of Science and Technology	None	None	None	None	None
Taichung Branch	VP & GM	Rong-Horng Way	R.O.C.	M	2019/03/11	19,745	0	0	0	0	0	Institute of Business and Management, Asia University	None	None	None	None	None

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						Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Pei-Taichung Branch	VP & GM	Yen-Chun Chen	R.O.C.	F	2019/03/11	16,258	0	0	0	0	0	Department of Foreign Languages and Literature, Providence University	None	None	None	None	None
Nan-Taichung Branch	VP & GM	You-Chen Lee	R.O.C.	M	2019/03/11	22,039	0	0	0	0	0	IMBA, National Changhua University of Education	None	None	None	None	None
Peitun Branch	VP & GM	Shiu-Hwa Chang	R.O.C.	F	2018/12/01	3,452	0	0	0	0	0	Department of Applied Business, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology	None	None	None	None	None
Chung-Kang Branch	VP & GM	Chiung-Hsiao Hung	R.O.C.	F	2020/03/01	74,968	0	0	0	0	0	International Business, National Taichung Institute of Commerce	None	None	None	None	None
Shuinan Branch	VP & GM	Mei-Ling Chiu	R.O.C.	F	2020/03/01	12,685	0	0	0	0	0	Executive Master's Program of Business Administration School of Management Development, Feng Chia University	None	None	None	None	None
Nantun Branch	VP & GM	Jiunn-Horng Lin	R.O.C.	M	2020/03/01	38,141	0	0	0	0	0	Department of Banking and Insurance, National Taichung College of Business	None	None	None	None	None
Hsitun Branch	VP & GM	Su-Min Hsin	R.O.C.	F	2018/07/09	12,912	0	24,804	0	0	0	Exexutive Master of Business Administration,Tunghai University	None	None	None	None	None
Keelung Branch	VP & GM	Ai-Ling Wang	R.O.C.	F	2020/05/01	35,375	0	0	0	0	0	Department of International Business, National Taipei University of Business	None	None	None	None	None
Jenai Branch	VP & GM	Yi-Ming Wang	R.O.C.	M	2021/03/08	2,004	0	15,037	0	0	0	Department of Finance, Ming Chuan University	None	SVP & Division Head	Hsiu-Hsia Tsai	Spouse	None
Dung-Keelung Branch	VP & GM	Shinn-Guang Duh	R.O.C.	M	2019/09/09	8,259	0	0	0	0	0	Master of Business Administration, Tamkang University	None	None	None	None	None
Yilan Branch	VP & GM	Kao-Jung Hsu	R.O.C.	M	2021/02/04	10,841	0	1,035	0	0	0	Master of Institute of Law, Chinese Culture University	None	None	None	None	None
Lotung Branch	VP & GM	Tung-Chia Lu	R.O.C.	M	2021/02/04	0	0	0	0	0	0	Department of Finance, Ming Chuan University	None	None	None	None	None
Suao Branch	VP & GM	Zih-Chang Lin	R.O.C.	M	2020/08/01	12,907	0	69,405	0	0	0	Department of Business, National Open University	None	None	None	None	None
Taipei Branch	VP & GM	Chi-Hsiang Chen	R.O.C.	M	2021/03/08	1,109	0	898	0	0	0	Master of Manegement & Sciences, Aletheica University	None	None	None	None	None
Chengnei Branch	VP & GM	Yu-Tang Shen	R.O.C.	M	2019/10/07	0	0	0	0	0	0	EMBA, National Sun Yat-Sen University	None	None	None	None	None
Dunhua Branch	VP & GM	Shu-Ju Tsai	R.O.C.	F	2018/09/01	43,376	0	0	0	0	0	Master of Business Management, Yuan Ze University	None	None	None	None	None
Wanhua Branch	VP & GM	Cheng-I Huang	R.O.C.	M	2018/03/01	0	0	0	0	0	0	Ph.D., Department of Electronic and Computer Engineering, National Taiwan University of Science and Technology	None	None	None	None	None
Shuangyuan Branch	VP & GM	Chien-Long Kuo	R.O.C.	M	2019/03/11	1,237	0	0	0	0	0	Department of Statistics, Tamkang University	None	None	None	None	None
Ximen Branch	VP & GM	Hui-Lan Yang	R.O.C.	F	2021/05/21	28	0	0	0	0	0	Department of English, Tamkang University	None	None	None	None	None
Peimen Branch	VP & GM	Li-Feng Shen	R.O.C.	F	2019/03/11	25,330	0	0	0	0	0	Department of Shipping & Transportation Management, National Taiwan College of Marine Science and Technology	None	None	None	None	None
Yunglo Branch	VP & GM	Shyh-Maw Wang	R.O.C.	M	2020/09/01	12,507	0	0	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taipei College of Business	None	None	None	None	None
Jiancheng Branch	VP & GM	Jui-Hui Hsu	R.O.C.	F	2021/03/08	13,430	0	7,927	0	0	0	Department of Public Finance, China University of Technology	None	None	None	None	None
Datung Branch	VP & GM	Chang-Ho Wang	R.O.C.	M	2019/08/01	40,187	0	0	0	0	0	Department of Business Administration, Soochow University	None	None	None	None	None
Mingsheng Branch	VP & GM	Lin-Ling Chen	R.O.C.	F	2021/04/01	20,702	0	0	0	0	0	Master of Science in Finance, Ming Chuan University	None	None	None	None	None

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						Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Zhongshan N. Rd. Branch	VP & GM	Chang-Cheng Chu	R.O.C.	M	2019/05/06	105,022	0	0	0	0	0	Department of International Tarde, Chinese Culture University	None	None	None	None	None
Ching-Kuang Branch	VP & GM	Hueih-Rur Shy	R.O.C.	F	2019/05/06	2	0	0	0	0	0	Department of Economics, Chinese Culture University	None	None	None	None	None
Chien-Kuo Branch	VP & GM	Hsueh-Wen Wang	R.O.C.	M	2019/11/18	1,496	0	0	0	0	0	Master of Financial & Economic Law, Chung Yuan Christian University	None	None	None	None	None
Chilin Branch	VP & GM	Kui-Fang Tsai	R.O.C.	M	2020/08/01	9,945	0	13,507	0	0	0	Departmenrt of Business Administration, Chung Yuan Christian University	None	None	None	None	None
Chang-An E. Rd. Branch	VP & GM	Kai-Hung Cheng	R.O.C.	M	2021/04/01	0	0	0	0	0	0	Institute of Industrial Management Science, National Cheng Kung University	None	None	None	None	None
Tungmen Branch	VP & GM	Chin-Li Lin	R.O.C.	F	2021/03/08	294	0	0	0	0	0	Master of Financial Management, Ming Chuan University	None	None	None	None	None
Chung-Cheng Branch	VP & GM	Jung-Chen	R.O.C.	F	2021/03/08	843	0	0	0	0	0	Department of Economics, Feng Chia University	None	None	None	None	None
Kuting Branch	VP & GM	Chia-Chen Shen	R.O.C.	F	2019/10/07	12,255	0	0	0	0	0	Department of Banking and Finance, Tamkang University	None	None	None	None	None
Chung-Hsiao Tung Lu Branch	VP & GM	Hui-Ling Lee	R.O.C.	F	2020/09/01	3,030	0	456	0	0	0	Master of Business Administration, Tamkang University	None	None	None	None	None
Yongchun Branch	VP & GM	Yung-Ping Lin	R.O.C.	F	2019/11/18	17,618	0	0	0	0	0	Master of Banking and Finance, Tamkang University	None	None	None	None	None
Wufenpu Branch	VP & GM	Ya-Cheng Chang	R.O.C.	F	2021/02/04	0	0	0	0	0	0	EMBA Department of Risk Management and Insurance, Ming Chuan University	None	None	None	None	None
Taan Branch	VP & GM	Hsi-Lung Wu	R.O.C.	M	2021/02/04	465	0	0	0	0	0	Executive Master of Business Administration, National Ilan University	None	None	None	None	None
Hsin-Yi Branch	VP & GM	Shu-Hsuan Lin	R.O.C.	F	2018/07/09	1,350	0	0	0	0	0	Department of Economics, National Chung Hsing University	None	None	None	None	None
Jen-Ho Branch	VP & GM	Ai-Fen Hu	R.O.C.	F	2019/05/06	11,932	0	0	0	0	0	EMBA Business Administration, Tamkang University	None	None	None	None	None
Taipei World Trade Center Branch	VP & GM	Pi-Chin Shao	R.O.C.	F	2021/01/18	3,374	0	0	0	0	0	Department of Shipping & Transportation Management, National Taiwan Ocean University	None	None	None	None	None
Guanglong Branch	VP & GM	Hui-Fang Chen	R.O.C.	F	2020/05/01	0	0	0	0	0	0	Department of Public Finance, Feng Chia University	None	None	None	None	None
Chengtung Branch	VP & GM	Cheng-Chi Chuang	R.O.C.	M	2020/08/01	751	0	0	0	0	0	Institute of Economics, Feng Chia University	None	None	None	None	None
Chunglun Branch	VP & GM	Chi-Hsin Chao	R.O.C.	F	2019/09/24	2	0	0	0	0	0	Department of Business Adminstration, Tung Hai University	None	None	None	None	None
Fu-Hsing Branch	VP & GM	Chi-Tsung Shih	R.O.C.	M	2019/03/11	0	0	0	0	0	0	Graduate Institute of Agricultural Economics, National Taiwan University	None	None	None	None	None
Sung-Chiang Branch	VP & GM	Ting-Feng Cho	R.O.C.	F	2020/02/01	24,061	0	0	0	0	0	Department of International Trade, Chihlee Institute of Technology	None	None	None	None	None
Chende Branch	VP & GM	Chih-Huang Huang	R.O.C.	M	2021/04/01	0	0	31,283	0	0	0	Graduate Institute of Finance, National Taiwan University of Science and Technology	None	None	None	None	None
Shihlin Branch	VP & GM	Szu-Yen Lin	R.O.C.	F	2019/10/07	110,121	0	2,136	0	0	0	Department of Accounting, Takming University of Science and Technology	None	None	None	None	None
Beitou Branch	VP & GM	Ying-Chin Chang	R.O.C.	F	2021/03/08	0	0	0	0	0	0	Department of History, Chinese Culture University	None	None	None	None	None
Tienmu Branch	VP & GM	Hui-Chen Tai	R.O.C.	F	2021/05/01	56,206	0	0	0	0	0	Department of Agricultural Economics, National Chung Hsing University	None	None	None	None	None
Sungshan Branch	VP & GM	Su-Man Hsueh	R.O.C.	F	2021/03/08	14,696	0	0	0	0	0	Department of Applied Business, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology	None	None	None	None	None

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Hsi-Sung Branch	VP & GM	Mei-Ching Chang	R.O.C.	F	2020/08/01	85,024	0	0	0	0	0	Master Program of Business Administration in Practicing, Chinese Culture University	None	None	None	None	None
Tung-Taipei Branch	VP & GM	Chien-Mei Yu	R.O.C.	F	2021/05/12	17,515	0	0	0	0	0	EMBA in International Business,Tamkang University	None	None	None	None	None
Dongxing Branch	VP & GM	Yu-Cheng Chang	R.O.C.	F	2021/05/01	567	0	0	0	0	0	Department of Economics, Soochow University	None	None	None	None	None
Hsi-NeiHu Branch	VP & GM	Mei-Fen Shieh	R.O.C.	F	2020/08/01	972	0	7,952	0	0	0	IEMBA, National Taipei University	None	None	None	None	None
Tachih Branch	VP & GM	Shu-Hua Tsai	R.O.C.	F	2021/01/18	52,362	0	0	0	0	0	Department of Cooperative Economics, Feng Chia University	None	None	None	None	None
Nei-Hu Branch	VP & GM	Shu-Fen Liu	R.O.C.	F	2019/09/09	13,507	0	0	0	0	0	Department of Business Administration College of Management, National Taipei University of Business	None	None	None	None	None
Tung-Hu Branch	VP & GM	Shen-Hui Lu	R.O.C.	M	2021/04/01	36,260	0	0	0	0	0	Department of Economics, Chinese Culture University	None	None	None	None	None
Sinhu Branch	VP & GM	Jinn-Sheng Wu	R.O.C.	M	2019/03/11	592	0	30	0	0	0	Department of Business, National Open University	None	None	None	None	None
Nankang Branch	VP & GM	Zhen-Dong Jian	R.O.C.	M	2020/09/01	787	0	0	0	0	0	Department of Accounting, Tamkang University	None	None	None	None	None
Mucha Branch	VP & GM	Chin-Shiang Ding	R.O.C.	F	2021/06/01	0	0	0	0	0	0	Department of Statistics, Tamkang University	None	None	None	None	None
Nankang Science Industrial Park Branch	VP & GM	Ying-Hui Hung	R.O.C.	F	2019/02/01	64,742	0	0	0	0	0	Department of International Business, TamKang University	None	None	None	None	None
Heping Branch	VP & GM	Tsung-Jen Wang	R.O.C.	M	2020/08/01	498	0	0	0	0	0	Master of Public Administration, Tamkang University	None	None	None	None	None
Hsi-Chih Branch	VP & GM	Shu-Fen Cheng	R.O.C.	F	2019/05/06	5	0	0	0	0	0	Master of Science in Finance, Ming Chuan University	None	None	None	None	None
Xike Branch	VP & GM	Ho-Hsiung Huang	R.O.C.	M	2020/05/01	28,496	0	0	0	0	0	Master of Business Administration for Executive, National Taipei University	None	None	None	None	None
Tanshui Branch	VP & GM	Chun-Nu Yeh	R.O.C.	F	2020/05/01	1,030	0	0	0	0	0	Department of Finance, China institute of technology	None	None	None	None	None
Juifang Branch	VP & GM	Chun-Yuan Chen	R.O.C.	M	2017/09/01	809	0	0	0	0	0	Department of Business Administration, Fu Jen Catholic University	None	None	None	None	None
Sanchungpu Branch	VP & GM	Ya-Fang Lee	R.O.C.	F	2021/04/01	12,950	0	0	0	0	0	EMBA Science in Technology Management, Fu Jen Catholic University	None	None	None	None	None
Pei-Sanchungpu Branch	VP & GM	Yao-Shen Hsieh	R.O.C.	M	2020/05/01	0	0	0	0	0	0	Print And Photography, Shih Hsin University	None	None	None	None	None
Tung-Sanchung Branch	VP & GM	Yi-Cheng Chu	R.O.C.	M	2020/05/01	0	0	0	0	0	0	MS in Finance, The University of Maryland, College Park	None	None	None	None	None
Hsi-Sanchung Branch	VP & GM	Tzy-Yun Chen	R.O.C.	F	2016/04/01	450	0	0	0	0	0	Department of Banking,Tamkang University	None	None	None	None	None
Nan-Sanchung Branch	VP & GM	Ya-Huei Hung	R.O.C.	F	2021/12/01	9,447	0	0	0	0	0	Department of Law, Tunghai University	None	None	None	None	None
San Ho Rd. Branch	VP & GM	Lih-Lan Yang	R.O.C.	F	2019/05/06	191	0	1,496	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taipei College of Business	None	None	None	None	None
Luchou Branch	VP & GM	Yi-Huei Chiu	R.O.C.	F	2020/05/01	16,396	0	0	0	0	0	Department of International Business Administration, Finance Management Section/Master of Business Administration, Chinese Culture University	None	None	None	None	None
Hsintien Branch	VP & GM	Cheng-Hua Yin	R.O.C.	M	2020/05/01	0	0	0	0	0	0	Master of Business Administration in Finance, National Taiwan University	None	None	None	None	None

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Name of Unit	Title	Name	Nationality	Gender	Effective Date (yy/mm/dd)	Shareholding Amount		Shareholding by Spouse & Minor Children		Shareholding Under Others' Title		Experience & Education	Services Concurrently with the Other Company	The Spouse or Relative within 2 Tiers of General Managers			Remark (Note 1)
						Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Pei Hsin Branch	VP & GM	Shu-Chen Yang	R.O.C.	F	2019/05/06	1,459	0	0	0	0	0	Department of Business Administration, Tamkang University Executive Master's Program of Business Administration (EMBA)	None	None	None	None	None
ChiCheng Branch	VP & GM	Quei-Ying Ho	R.O.C.	F	2020/05/01	72,557	0	0	0	0	0	Department of Banking, Tamkang University	None	None	None	None	None
Yungho Branch	VP & GM	Tsung-Ming Lai	R.O.C.	M	2020/02/01	0	0	0	0	0	0	Department of Banking Management, Tamsui Institute of Business Administration	None	None	None	None	None
Fuho Branch	VP & GM	Yin-Chao Liao	R.O.C.	M	2019/07/01	583	0	52,389	0	0	0	Department of Management, Fo Guang University	None	None	None	None	None
Chungho Branch	VP & GM	Hsiao-Hsia Lu	R.O.C.	F	2021/05/01	104,309	0	0	0	0	0	Executive Master of Business Administration, National Sun Yat-Sen University	None	None	None	None	None
Shuangho Branch	VP & GM	Kui-Min Hsiao	R.O.C.	F	2021/03/08	1,183	0	0	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taipei College of Business	None	None	None	None	None
Lide Branch	VP & GM	Feng-Pin Lu	R.O.C.	M	2020/08/01	1,790	0	0	0	0	0	Graduate Institute of Finance, Ming Chuan University	None	None	None	None	None
Hsinchuang Branch	VP & GM	Wen-Chieh Chang	R.O.C.	M	2021/01/18	391	0	0	0	0	0	Master of Business Administration,Tamkang University	None	None	None	None	None
Sinshu Branch	VP & GM	Meng-Chen Chiang	R.O.C.	F	2019/07/01	58,702	0	0	0	0	0	Master of Information Management College of Management,Fu Jen Catholic University	None	None	None	None	None
Wugu Industrial Park Branch	VP & GM	Chih-Feng Teng	R.O.C.	M	2020/05/01	7,306	0	0	0	0	0	Department of International Business, Feng Chia University	None	None	None	None	None
Nan-Hsinchuang Branch	VP & GM	Mei-Hsing Lin	R.O.C.	F	2018/10/08	17,150	0	0	0	0	0	Institute of Finance, National Taiwan University of Science and Technology	None	None	None	None	None
SyYuan Branch	VP & GM	Huey-Wen Chang	R.O.C.	F	2021/04/01	0	0	0	0	0	0	Department of Business Administration, National Taipei University	None	None	None	None	None
Taishan Branch	VP & GM	Mei-Lan Kuan	R.O.C.	F	2020/05/01	20,604	0	0	0	0	0	Master of Information Management, Fu Jen Catholic University	None	None	None	None	None
Linkou Branch	VP & GM	Ming-Thur Chen	R.O.C.	M	2020/05/01	29,979	0	17,513	0	0	0	Master's Program in Department of Business Administration, Lunghwa University of Science and Technology	None	None	None	None	None
New Linkou Branch	VP & GM	Yu-Ching Huang	R.O.C.	F	2021/12/01	612	0	0	0	0	0	EMBA, National Chengchi University	None	None	None	None	None
Shulin Branch	VP & GM	Chun-Feng Lee	R.O.C.	F	2021/03/08	11,698	0	0	0	0	0	Department of Finance, Jinwen University of Science and Technology	None	None	None	None	None
Panchiao Branch	VP & GM	Lin-Li Ku	R.O.C.	F	2019/09/09	24,487	0	62	0	0	0	EMBA in Department of Finance, Ming Chuan University	None	None	None	None	None
Kuang-Fu Branch	VP & GM	Shr-Jan Tzeng	R.O.C.	M	2020/08/01	838	0	0	0	0	0	Department of International Business, Soochow University	None	None	None	None	None
Chiang Tsui Branch	VP & GM	Jiun-Uei Lin	R.O.C.	M	2019/11/18	53,485	0	1,139	0	0	0	Risk Management & Insurance Department, EMBA, Tamkang University	None	None	None	None	None
Tucheng Branch	VP & GM	Wei-Shuo Luo	R.O.C.	M	2021/03/08	22,419	0	0	0	0	0	Department of International Business, Chung Yuan Christian University	None	None	None	None	None
Sanhsia Branch	VP & GM	Te-Cheng Pan	R.O.C.	M	2021/08/01	0	0	0	0	0	0	Institute of the Law of the Sea, National Taiwan Ocean University	None	None	None	None	None
Taoyuan Branch	VP & GM	Yueh-Chiu Lai	R.O.C.	F	2019/09/09	43,443	0	0	0	0	0	Department of Accounting, Tunghai University	None	None	None	None	None
Pei-Taoyuan Branch	VP & GM	Su-Jane Lin	R.O.C.	F	2021/05/01	0	0	0	0	0	0	Master of Business and Management, Lunghwa University of Science and Technology	None	None	None	None	None
Ba De Branch	VP & GM	Cheng-Chu Wang	R.O.C.	M	2020/02/01	134	0	1,050	0	0	0	Department of Accounting, Chung Yuan Christian University	None	None	None	None	None

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						Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Longtan Branch	VP & GM	Yuan-Kuang Pan	R.O.C.	M	2019/05/06	1,131	0	669	0	0	0	Department of Banking and Finance, Tamkang University	None	None	None	None	None
Nankan Branch	VP & GM	Pan-Der Chin	R.O.C.	M	2021/04/01	735	0	0	0	0	0	Department of Economics, Fu Jen Catholic University	None	None	None	None	None
Tung-Linkou Branch	VP & GM	Mei-Chun Tsou	R.O.C.	F	2020/02/01	0	0	0	0	0	0	Master of Business Administration, Soochow University	None	None	None	None	None
Chungli Branch	VP & GM	Su-Ming Cheng	R.O.C.	F	2021/04/01	19,048	0	0	0	0	0	Master of Finance, Chang Gung University	None	None	None	None	None
Pei-Chungli Branch	VP & GM	Chih-Ning Chang	R.O.C.	F	2021/04/01	1	0	0	0	0	0	Department of Economics, Shih Hsin University	None	None	None	None	None
Hsin-Ming Branch	VP & GM	Hsiu-O Hsieh	R.O.C.	F	2021/05/01	583	0	11,698	0	0	0	Department of Economics, National Chung Hsing University	None	None	None	None	None
Yangmei Branch	VP & GM	Pei-Fen Shieh	R.O.C.	F	2021/03/08	179,317	0	1,010	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taipei College of Business	None	None	None	None	None
Puhsin Branch	VP & GM	Su-Chen Cheng	R.O.C.	F	2021/04/01	391	0	0	0	0	0	Banking & Insurance, National Taichung Institute of Commerce	None	None	None	None	None
Hsinchu Branch	VP & GM	Jui-Yueh Wu	R.O.C.	M	2021/04/01	0	0	0	0	0	0	Department of Consturction Management, Chung Hua University	None	None	None	None	None
Pei-Hsinchu Branch	VP & GM	Shiow-Ling Kao	R.O.C.	F	2020/02/01	1,189	0	0	0	0	0	Department of Banking, TamKang University	None	None	None	None	None
Hsinchu Science-based Industrial Park Branch	VP & GM	Feng-Fuh Chang	R.O.C.	M	2021/04/01	997	0	0	0	0	0	Department of Electronic Data Processing, National Taichung College of Business	None	None	None	None	None
Jhubei Branch	VP & GM	Kun-Lin Lee	R.O.C.	M	2020/03/01	12,322	0	0	0	0	0	Executive Master of Business Administration, National Sun Yat-sen University	None	None	None	None	None
Chutung Branch	VP & GM	Kuo-Lung Lin	R.O.C.	M	2021/02/04	337	0	0	0	0	0	School of Management, EMBA, Ming Chuan University	None	None	None	None	None
Zhunan Branch	VP & GM	Chiu-Min Shen	R.O.C.	F	2018/03/01	2,048	0	0	0	0	0	Master of Business Administration, Providence University	None	None	None	None	None
Miaoli Branch	VP & GM	Shao-Mao Wang	R.O.C.	M	2016/11/21	99,958	0	58,969	0	0	0	EMBA Business Management Group, National Chung Hsing University	None	None	None	None	None
Yuanli Branch	VP & GM	Tsuey-Shya Jang	R.O.C.	F	2018/12/01	13,590	0	0	0	0	0	Master of Science in Technology Management, Chung Hua University	None	None	None	None	None
Tachia Branch	VP & GM	Pei-Chung Yang	R.O.C.	M	2017/11/01	48,764	0	0	0	0	0	Executive Master's Program of Business Administration (Senior Business Administration), Feng Chia University	None	None	None	None	None
Chingshui Branch	VP & GM	Chun-Hong Yeh	R.O.C.	M	2019/03/11	539	0	0	0	0	0	Executive Master of Business, National Changhua University of Education	None	None	None	None	None
Shalu Branch	VP & GM	Kuen-Shan Wang	R.O.C.	M	2019/03/11	3,526	0	0	0	0	0	Department of International Business, Tunghai University	None	None	None	None	None
Tatu Branch	VP & GM	Kuo-Heng Hsu	R.O.C.	M	2020/05/01	11,421	0	0	0	0	0	Executive Master of Business Administration, Feng Chia University	None	None	None	None	None
Taipin Branch	VP & GM	Wen-Ching Chen	R.O.C.	M	2018/07/09	42,068	0	0	0	0	0	Master of Finance, National Yunlin University of Science and Technology	None	None	None	None	None
Fengyuan Branch	VP & GM	Shu-Lin Liu	R.O.C.	F	2020/03/01	46,123	0	0	0	0	0	Executive Master of Business Adminstration, National Changhua University of Education	None	None	None	None	None
Daya Branch	VP & GM	Yu-Fang Chang	R.O.C.	F	2020/03/01	0	0	998	0	0	0	Bachelor's Program of Business, Feng Chia University	None	VP & GM	Chih-Hao Lo	Spouse	None
Tantzu Branch	VP & GM	Li-Mei Chang	R.O.C.	F	2020/03/01	24,900	0	0	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taichung Institute of Technology	None	None	None	None	None

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						Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Tungshih Branch	VP & GM	Tain-Maw Chang	R.O.C.	M	2017/08/01	6,199	0	0	0	0	0	EMBA Master of Finance, National Chung Hsing University	None	None	None	None	None
Wufeng Branch	VP & GM	Yuan-Fen Chen	R.O.C.	F	2018/12/01	14,173	0	0	0	0	0	Master of Finance, Chaoyang University of Technology	None	None	None	None	None
Dali Branch	VP & GM	Yi-Chen Wang	R.O.C.	F	2019/03/11	106,957	0	0	0	0	0	Department of International Business, Chung Yuan Christian University	None	None	None	None	None
Tsaotun Branch	VP & GM	Chia-Yu Chang	R.O.C.	F	2020/03/01	19,614	0	0	0	0	0	Department of Foreign Languages and Literature, Providence University	None	None	None	None	None
Nantou Branch	VP & GM	Chin-Ping Lai	R.O.C.	F	2019/07/01	48,435	0	0	0	0	0	IMBA, National Changhua University of Education	None	None	None	None	None
Puli Branch	VP & GM	Wen-Liang Wang	R.O.C.	M	2021/07/01	4	0	0	0	0	0	Department of Banking and Finance, Tamkang University	None	None	None	None	None
Shuilikeng Branch	VP & GM	Ming-Chuan Lin	R.O.C.	F	2017/08/01	101,446	0	5,686	0	0	0	Department of Business, National Open University	None	None	None	None	None
Changhwa Branch	VP & GM	A-R Liu	R.O.C.	F	2019/03/11	18,451	0	3,067	0	0	0	Executive Master of Business Adminstration, National Changhua University of Education	None	None	None	None	None
Lukang Branch	VP & GM	Chih-Hao Lo	R.O.C.	M	2018/07/09	998	0	0	0	0	0	EMBA, Feng Chia University	None	VP & GM	Yu-Fang Chang	Spouse	None
Hemei Branch	VP & GM	Weng-Chung Chen	R.O.C.	M	2020/05/01	52,154	0	0	0	0	0	EMBA, National Chung Hsing University	None	None	None	None	None
Yuanlin Branch	VP & GM	Ti-Tien Liao	R.O.C.	M	2021/07/01	2,351	0	25,353	0	0	0	Department of Business Admistration, Fu Jen Catholic University	None	None	None	None	None
Hsihu Branch	VP & GM	Ruei-Jui Chen	R.O.C.	M	2021/07/01	88,039	0	53,031	0	0	0	IMBA, National Changhua University of Education	None	None	None	None	None
Peitou Branch	VP & GM	Jui-Hung Weng	R.O.C.	M	2016/07/01	5,571	0	0	0	0	0	Department of Finance, Chaoyang University of Technology	None	None	None	None	None
Erlin Branch	VP & GM	Chiou-Shin Liang	R.O.C.	M	2020/05/01	0	0	0	0	0	0	Departmnet of Accounting, Fu Jen Catholic University	None	None	None	None	None
Hsiluo Branch	VP & GM	Wen-Ling Tsai	R.O.C.	M	2018/10/08	2,078	0	1,861	0	0	0	Department of Business Management, Chinese Culture University	None	None	None	None	None
Touliu Branch	VP & GM	Ming-Jer Lin	R.O.C.	M	2021/02/04	4,915	0	0	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taichung Institute of Technology	None	None	None	None	None
Tounan Branch	VP & GM	Lih-Lan Kuo	R.O.C.	F	2018/04/01	0	0	0	0	0	0	Department of Accounting, Chinese Culture University	None	None	None	None	None
Huwei Branch	VP & GM	Kung-Ming Chang	R.O.C.	M	2018/10/08	56,692	0	0	0	0	0	Department of Business Administration, Chaoyang University of Technology	None	None	None	None	None
Tukoo Branch	VP & GM	Tung-Sheng Huang	R.O.C.	M	2018/11/26	4,003	0	0	0	0	0	Department of Finance, National Chung Cheng University	None	None	None	None	None
Peikang Branch	VP & GM	Shinn-Huei Leu	R.O.C.	M	2017/09/01	13,186	0	0	0	0	0	Department of Finance, National Formosa University	None	None	None	None	None
Talin Branch	VP & GM	Pin-Shen Ho	R.O.C.	M	2020/05/01	0	0	0	0	0	0	Department of Business Management, Feng Chia University	None	None	None	None	None
Chiayi Branch	VP & GM	Chung-Shing Her	R.O.C.	M	2019/09/09	0	0	0	0	0	0	Department of Public Finance, Feng Chia University	None	None	None	None	None
Tung-Chiayi Branch	VP & GM	Show-Fone Lu	R.O.C.	F	2019/09/09	40,279	0	0	0	0	0	Department of Business, National Open University	None	None	None	None	None
Pei-Chiayi Branch	VP & GM	Shu-Hui Ke	R.O.C.	F	2020/10/01	0	0	0	0	0	0	Master of Money and Banking, National Kaohsiung First University of Science and Technology	None	None	None	None	None
*Hsinying Branch	VP & GM	Hsui-Chin Hsu	R.O.C.	F	2019/09/09	0	0	0	0	0	0	Department of Ecnomincs, National Chung Hsing University	None	None	None	None	None

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						Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Yungkang Branch	VP & GM	Chen-Ying Wu	R.O.C.	F	2018/11/26	3,893	0	0	0	0	0	EMBA Administration, Southern Taiwan University of Science and Technology	None	None	None	None	None
Chung-Hua Road Branch	VP & GM	Shu-Chuan Lin	R.O.C.	F	2020/05/01	1,122	0	0	0	0	0	Department of Business Administration, National Cheng Kung University	None	None	None	None	None
Tainan Branch	VP & GM	Mei-Hui Wu	R.O.C.	F	2017/12/01	11,536	0	73,895	0	0	0	EMBA, National Chiayi University	None	None	None	None	None
Yenping Branch	VP & GM	Shu-Hui Lin	R.O.C.	F	2019/05/06	0	0	0	0	0	0	Department of International Tarde, Chinese Culture University	None	None	None	None	None
Hsi-Tainan Branch	VP & GM	Yen-Yu Liu	R.O.C.	F	2020/05/01	636	0	0	0	0	0	EMBA, National Chiayi University	None	None	None	None	None
Tung-Tainan Branch	VP & GM	Fen-Lan Lu	R.O.C.	F	2018/11/26	38,433	0	23,229	0	0	0	Department of Business Administration, National Cheng Kung University	None	None	None	None	None
Nan-Tainan Branch	VP & GM	Lun-Jan Lan	R.O.C.	M	2019/12/01	17,664	0	5,060	0	0	0	Industrial Management Section, Southern Taiwan University of Science and Technology	None	None	None	None	None
Pei-Tainan Branch	VP & GM	Li-Chu Shu	R.O.C.	F	2020/05/01	0	0	0	0	0	0	Department of Business Administration, Fu Jen Catholic University	None	None	None	None	None
Guiren Branch	VP & GM	Yu-Tang Wu	R.O.C.	M	2020/08/01	0	0	0	0	0	0	Department of Business Administration, Tunghai University	None	None	None	None	None
AnNan Branch	VP & GM	Hsiu-Chih Huang	R.O.C.	F	2020/10/01	55,527	0	0	0	0	0	Executive Master of Business Administration, Southern Taiwan University of Science and Technology	None	None	None	None	None
Chishan Branch	VP & GM	Chen-Huan Liu	R.O.C.	F	2018/10/08	0	0	5,357	0	0	0	Department of International Trade, Chinese Culture University	None	None	None	None	None
Kangshan Branch	VP & GM	Shu-Li Chang	R.O.C.	F	2019/12/01	15,195	0	54,232	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taichung Institute of Technology	None	None	None	None	None
Fengshan Branch	VP & GM	Hui-Ju Lee	R.O.C.	F	2019/10/07	50,004	0	0	0	0	0	Department of International Business, National Taichung College of Business	None	None	None	None	None
Luchu Branch	VP & GM	Show-Ching Chen	R.O.C.	F	2020/02/01	42	0	0	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taichung Institute of Technology	None	None	None	None	None
TaFa Branch	VP & GM	Hsu-Lin Huang	R.O.C.	F	2019/11/18	195,766	0	0	0	0	0	Department of International Business, International Business College	None	None	None	None	None
Kaohsiung Branch	VP & GM	Su-Chuan Wang	R.O.C.	F	2019/10/07	2,899	0	0	0	0	0	Master of Money and Banking, National Kaohsiung First University of Science and Technology	None	None	None	None	None
Chi-Hsien Branch	VP & GM	Shwu-Ruu Lee	R.O.C.	F	2018/11/26	59,115	0	0	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taichung Institute of Technology	None	None	None	None	None
Yencheng Branch	VP & GM	Su-Wei Liang	R.O.C.	F	2018/09/01	25,196	0	0	0	0	0	Department of Banking and Insurance, Feng Chia University	None	None	None	None	None
Tung-Kaohsiung Branch	VP & GM	Chih-Ming Kuo	R.O.C.	M	2018/11/26	21,071	0	0	0	0	0	Department of Cooperative Economics, Tamkang College of Arts and Sciences	None	None	None	None	None
Nan-Kaohsiung Branch	VP & GM	Shu-Fen Wu	R.O.C.	F	2018/09/01	18,604	0	0	0	0	0	Department of International Business, National Chengchi University	None	None	None	None	None
Pei-Kaohsiung Branch	VP & GM	Chin-Hsien Shen	R.O.C.	M	2021/04/01	13,689	0	177	0	0	0	Master of Business Administration, Chaoyang University of Technology	None	None	None	None	None
Sanmin Branch	VP & GM	Shu-Fen Lee	R.O.C.	F	2020/09/01	79,355	0	0	0	0	0	Department of International Business, National Kaohsiung University of Science and Technolgy	None	None	None	None	None

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						Shares	%	Shares	%	Shares	%			Title	Name	Relationship	
Hsinhsing Branch	VP & GM	Che-Fang Hung	R.O.C.	M	2021/12/01	21,609	0	0	0	0	0	Master of Finance and Information, National Kaohsiung University of Applied Sciences	None	None	None	None	None
Chanchen Branch	VP & GM	Chia-Hsiang Tsai	R.O.C.	M	2020/02/01	0	0	3,127	0	0	0	Department of Business Administration, National Chung Hsing University	None	None	None	None	None
Chiu-Ju Lu Branch	VP & GM	Ying-Dai Chen	R.O.C.	F	2020/09/01	1,129	0	0	0	0	0	Department of Business Administration, Southern Taiwan University of Science and Technology	None	None	None	None	None
Chienhsing Branch	VP & GM	Shu-Mei Yeh	R.O.C.	F	2019/02/18	0	0	0	0	0	0	Department of International Business, National Chengchi University	None	None	None	None	None
Po-Ai Branch	VP & GM	Shu-Hei Chang	R.O.C.	F	2020/02/01	53,003	0	0	0	0	0	Department of International Business, Providence College of Arts and Sciences for Women	None	None	None	None	None
Lingya Branch	VP & GM	Wen-Ko Ho	R.O.C.	M	2020/05/01	0	0	0	0	0	0	Department of Cooperative Economics, National Chung Hsing University	None	None	None	None	None
Ta-Shun Branch	VP & GM	Chiang-An Chang	R.O.C.	M	2018/05/01	97,963	0	0	0	0	0	Business & Applied Commerce, Open Junior College of Continuing Education Affiliated with National Taichung Institute of Technology	None	None	None	None	None
Zuoying Branch	VP & GM	Ching-Chung Chen	R.O.C.	M	2018/08/06	999	0	0	0	0	0	Institute of Human Rseource Management, National Sun Yat-sen University	None	None	None	None	None
Pingtung Branch	VP & GM	Shu-Yun Hsu	R.O.C.	F	2019/10/07	3,731	0	0	0	0	0	Department of Business Administration, National Taiwan University of Science and Technology	None	None	None	None	None
Chaochou Branch	VP & GM	Hsiu-Yun Shih	R.O.C.	F	2020/09/01	1,070	0	0	0	0	0	Master of Finance, National Kaohsiung First University of Science and Technology	None	None	None	None	None
Tungkang Branch	VP & GM	Ming-Han Tsai	R.O.C.	M	2019/12/01	116	0	0	0	0	0	Master of Finance, National Kaohsiung First University of Science and Technology	None	None	None	None	None
Hengchuen Branch	VP & GM	Lien-Chen Shih	R.O.C.	F	2021/02/04	567	0	0	0	0	0	Department of Money and Banking, National Kaohsiung University of Science and Techology	None	None	None	None	None
Hualien Branch	VP & GM	Wen-Ching Chang	R.O.C.	M	2017/05/02	3,827	0	0	0	0	0	Department of International Business, Soochow University	None	None	None	None	None
Taitung Branch	VP & GM	Chia-Hsiung Tung	R.O.C.	M	2021/12/01	0	0	0	0	0	0	Department of International Business, Chung Yuan Christian University	None	None	None	None	None
New Work Branch	VP & GM	Chien-Shan Liu	R.O.C.	M	2018/03/01	0	0	0	0	0	0	Master of Business Administration, National Chung Cheng University	None	None	None	None	None
Los Angeles Branch	VP & GM	Wan-Chin Chang	R.O.C.	F	2016/12/01	198,569	0	0	0	0	0	MBA in Banking and Finance,Tamkang University	None	None	None	None	None
Tokyo Branch	VP & GM	Li-Fang Liu	R.O.C.	F	2019/03/11	0	0	0	0	0	0	Department of International Business, Tunghai University	None	None	None	None	None
London Branch	VP & GM	Cheng-Yi Hsieh	R.O.C.	M	2017/08/18	0	0	0	0	0	0	Department of Insurance, National Chengchi University	None	None	None	None	None
Hong Kong Branch	VP & GM	Huei-Jin Lin	R.O.C.	F	2021/05/11	6,684	0	0	0	0	0	Master of Business Administration for Executive, National Taipei University	None	None	None	None	None
Singapore Branch	VP & GM	Chin-Lung Pan	R.O.C.	M	2017/01/13	6,330	0	0	0	0	0	Graduate Institute of Finance, National Taiwan University of Science and Technology	None	None	None	None	None
Manila Branch	VP & GM	Kwang-Wu Liu	R.O.C.	M	2017/08/18	0	0	0	0	0	0	Department of Information Management, Tamkang University	None	None	None	None	None

Note 1: The Chairperson of the board of directors and the president or person of an equivalent position (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship.
Note 2: New appointment on Januray 1, 2022.
Note 3: Information Security Center was renamed Information Security Division. (Approved on the 22nd Meeting of 26th Board of Directors held on January 24, 2022.)
Note 4: Title was renamed on January 1, 2022.

c. Chairperson and President retired from the Bank or related companies returned to consultants: None.

C. Remuneration

a. Remuneration of Directors

Title	Name	Remuneration								
		Base compensation (A)		Severance pay and pension (B)		Directors' compensation (C) (Note 1, Note 2)		Business expense allowances (D)		
		The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	
Chairperson	Jong-Yuan Ling (Delegate of MOF)	10,289,357	10,289,357	0	0	42,787,892	42,787,892	0	0	
Managing Director	Chao-Chung Chou (Delegate of MOF) effective on 2021/3/12									
Managing Director	Jui-Mu Huang (Delegate of MOF) effective before 2021/3/12									
Director	Chia-Chi Hsiao (Delegate of Chunghwa Post Co., Ltd.)									
Director	Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan)									
Director	Wen-Siung Lee									
Director	Hwai-Chou Chen									
	MOF									
	National Development Fund, Executive Yuan									
	Chunghwa Post Co., Ltd.									
Managing Director (Independent Director)	Jung-Chun Pan	2,520,000	2,520,000	0	0	0	0	0	0	
Independent Director	Jong-Horng Lin									
Independent Director	Chih-Jong Suen									

1.Please describe the policy of payment, system, standards and structures of remuneration for Independent Directors, and determine the connection between their duties, risks, time input and the amount of remuneration:
In accordance with Article 20, Item 13 of the Bank's Articles of Incorporation, remunerations for independent directors have been approved by the Board of Directors in line with other financial institutions of equivalent size and scope to the Bank. As to the procedure of remuneration determination, it was totally based on the CHB "Rules of Performance Evaluation of the Board of Directors." In addition to overall operating performance of the Bank, quality of policies issued by functional committees and Board of Directors and effect of internal control system, the result of individual performance evaluation (including awareness of Directors' responsibilities, participation in the Bank's operations, management and communication) has been taken into consideration as well. In order to achieve the balance between sustainable development and risk management, adequacy of remuneration should be reviewed by both Remuneration Committee and Board of Directors.

2. In addition to the disclosure in above table, Board of Directors have received remuneration for providing services for all companies in financial statement (for instance, serving as consultants for the parent company, all companies in the consolidated financial statement, and reinvested companies' employee) in the last fiscal year:None.

Note 1: The Directors' remuneration for 2021 earnings appropriation is estimated by the proposed amount submitted to the Board of Directors for discussion before the Shareholders' Meeting multiplied by the actual allotment ratio last year.

Note 2: The scheme of non-salaried director remunerations for independent directors was approved by the 3rd meeting of the 26th Board of Directors of the Bank held on August 27, 2020.

Note 3: Appropriated amount of severance pay and pension expenses in 2021 (10% under the old pension system and 6% under the new pension system): NT$105,900.

January 1, 2021 ~ December 31, 2021 Unit: NT$; %

	Total amount of A, B, C and D to after-tax net income ratio (%)		Relevant remuneration received by directors who are also employees								Total amount of A, B, C, D, E, F and G to after-tax net income ratio (%)		Remuneration from reinvested companies other than subsidiaries or the parent company
			Salary, bonus and allowances (E)		Severance pay and pension (F) (Note 3)		Remuneration to employees (G)						
							The Bank		All companies in the financial statement				
	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	Cash	Stock	Cash	Stock	The Bank	All companies in the financial statement	
	53,077,249 (0.6029%)	53,077,249 (0.6029%)	5,539,760	5,539,760	105,900	105,900	0	0	0	0	58,722,909 (0.6670%)	58,722,909 (0.6670%)	235,000
	2,520,000 (0.0286%)	2,520,000 (0.0286%)	0	0	0	0	0	0	0	0	2,520,000 (0.0286%)	2,520,000 (0.0286%)	0

Directors' Remuneration Bracket

Remuneration bracket	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Bank	All companies in the financial statement	The Bank	The parent company and reinvested companies
Under NT$1,000,000	Chien-Yi Chang Chia-Chi Hsiao Jong-Horng Lin Chih-Jong Suen Chao-Chung Chou (effective on 2021/3/12)	Chien-Yi Chang Chia-Chi Hsiao Jong-Horng Lin Chih-Jong Suen Chao-Chung Chou (effective on 2021/3/12)	Chien-Yi Chang Chia-Chi Hsiao Jong-Horng Lin Chih-Jong Suen	Chien-Yi Chang Chia-Chi Hsiao Jong-Horng Lin Chih-Jong Suen
NT$ 1,000,000 ～ NT$ 2,000,000(exclusive)	Jung-Chun Pan	Jung-Chun Pan	Jung-Chun Pan Jui-Mu Huang (effective before 2021/3/12)	Jung-Chun Pan Jui-Mu Huang (effective before 2021/3/12)
NT$ 2,000,000 ～ NT$ 3,500,000(exclusive)				
NT$ 3,500,000 ～ NT$ 5,000,000(exclusive)	Chunghwa Post Co., Ltd. National Development Fund, Executive Yuan	Chunghwa Post Co., Ltd. National Development Fund, Executive Yuan	Chao-Chung Chou (effective on 2021/3/12) Chunghwa Post Co., Ltd. National Development Fund, Executive Yuan	Chao-Chung Chou (effective on 2021/3/12) Chunghwa Post Co., Ltd. National Development Fund, Executive Yuan
NT$ 5,000,000 ～ NT$ 10,000,000(exclusive)	Jong-Yuan Ling Wen-Siung Lee Hwai-Chou Chen	Jong-Yuan Ling Wen-Siung Lee Hwai-Chou Chen	Jong-Yuan Ling Wen-Siung Lee Hwai-Chou Chen	Jong-Yuan Ling Wen-Siung Lee Hwai-Chou Chen
NT$10,000,000 ～ NT$ 15,000,000(exclusive)				
NT$15,000,000 ～ NT$ 30,000,000(exclusive)	MOF	MOF	MOF	MOF
NT$30,000,000 ～ NT$ 50,000,000(exclusive)				
NT$50,000,000 ～ NT$100,000,000(exclusive)				
NT$100,000,000 (inclusive) or more				
Total (persons)	12	12	13	13

b. Remuneration of President and Executive Vice Presidents

January 1, 2021 ~ December 31, 2021 Unit: NT$; %

Title	Name	Salary (A)		Severance pay and pension (B) (Note 1)		Bonus and allowances (Note 2) (C)		Remuneration to employees (D)				Total amount of A, B, C and D to after-tax net income ratio (%)		Remuneration from reinvested companies other than subsidiaries or the parent company
		The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank	All companies in the financial statement	The Bank		All companies in the financial statement		The Bank	All companies in the financial statement	
								Cash	Stock	Cash	Stock			
President	Chao-Chung Chou (assigned on 2021/3/23)	19,220,850	19,220,850	11,707,092	11,707,092	12,640,679	12,640,679	1,804,131	0	1,804,131	0	45,372,752 (0.5154%)	45,372,752 (0.5154%)	534,000
President	Jui-Mu Huang (discharged on 2021/3/15)													
Executive Vice President	Bin Chen													
Executive Vice President	Chang-Hua Cheng (retired on 2021/12/1)													
Executive Vice President	Ya-Ling Lin (assigned on 2021/1/18, serving as Chief Auditor 2021/1/1~ 2021/1/17)													
Executive Vice President	Hsiu-Chuan Teng (assigned on 2121/1/18)													
EVP & Chief Compliance Officer	Jih-Cheng Yang													
EVP & Chief Auditor	Mei-Fang Wu (assigned on 2021/1/18)													

Note 1: The information of "severance pay and pension" is disclosed as the following notes:
(1) Actual paid amount of severance pay and pension in 2021: NT$10,372,206.
(2) Appropriated amount of severance pay and pension expense in 2021 (10% under the old pension system and 6% under the new pension system) : NT$1,334,886.
Note 2: Bonus and remuneration to employees for President and EVPs in 2021 are estimated in accordance with the Bank's rule.
Note 3: The remuneration for drivers of senior officers: The Bank paid the 8 drivers in total of NT$6,726,360 a year. They are not assigned to senior officers only; The Bank can assign them for other business needs.

President and Executive Vice Presidents' Remuneration Bracket

Remuneration bracket	Name of President and Executive Vice Presidents	
	The Bank	The parent company and reinvested companies
Under NT$1,000,000		
NT$ 1,000,000 ～ NT$ 2,000,000(exclusive)	Jui-Mu Huang (effective before 2021/3/12)	Jui-Mu Huang (effective before 2021/3/12)
NT$ 2,000,000 ～ NT$ 3,500,000(exclusive)		

Remuneration bracket	Name of President and Executive Vice Presidents	
	The Bank	The parent company and reinvested companies
NT$ 3,500,000 ～ NT$ 5,000,000(exclusive)	Chao-Chung Chou (effective on 2021/3/12) Bin Chen Ya-Ling Lin Hsiu-Chuan Teng Mei-Fang Wu Jih-Cheng Yang	Chao-Chung Chou (effective on 2021/3/12) Bin Chen Ya-Ling Lin Hsiu-Chuan Teng Mei-Fang Wu Jih-Cheng Yang
NT$ 5,000,000 ～ NT$ 10,000,000(exclusive)		
NT$10,000,000 ～ NT$ 15,000,000(exclusive)	Chang-Hua Cheng (retired on 2021/12/1)	Chang-Hua Cheng (retired on 2021/12/1)
NT$15,000,000 ～ NT$ 30,000,000(exclusive)		
NT$30,000,000 ～ NT$ 50,000,000(exclusive)		
NT$50,000,000 ～ NT$100,000,000(exclusive)		
NT$100,000,000 (inclusive) or more		
Total (persons)	8	8

c. Name of the managerial officers and employee bonus amount paid to managerial officers:

December 31, 2021 Unit: NT$; %

Title	Name				Stock	Cash	Total	Total amount to after-tax net income ratio (%)
President	Chao-Chung Chou				0	40,059,744	40,059,744	0.4550%
Executive Vice President	Bin Chen							
Executive Vice President	Ya-Ling Lin							
Executive Vice President	Hsiu-Chuan Teng							
EVP & Chief Compliance Officer	Jih-Cheng Yang							
EVP & Chief Auditor	Mei-Fang Wu							
Division Heads and General Managers	Nell-H. Tseng	Hsueh-Ni Hsieh	Yu-Hsueh Liu	Shwu-Fang Wang				
	Chih-Chen Hsu	Li-Ling Lan	Yu-Chin Fan	Rueih-Hwa Cheng				
	Hsiu-Hsia Tsai	Yu-Yeh Lin	Yu-Fen Chen	Jui-Chun Wu				
	Fu-Jinn Chiou	Lung-Chun Wang	Kuei-Mei Hsu	Hsiang-Chun Wu				
	Hui-Jen Wu	Hui-Yu Chen	Yao-Ju Lu	Ruei-Jan Chen				
	Chi-Min Chung	Jin-Yu Yeh	Wen-Chung Huang	Li-Min Cheng				
	Li-Fen Tzeng	Fang-Yuan Wu	Jui-Mei Ho	Shuo-Hung Huang				
	Chuen-Lan Fu	Rong-Horng Way	Yen-Chun Chen	You-Chen Lee				
	Shiu-Hwa Chang	Chiung-Hsiao Hung	Mei-Ling Chiu	Jiunn-Horng Lin				
	Su-Min Hsin	Ai-Ling Wang	Yi-Ming Wang	Shinn-Guang Duh				
	Kao-Jung Hsu	Tung-Chia Lu	Zih-Chang Lin	Chi-Hsiang Chen				
	Yu-Tang Shen	Shu-Ju Tsai	Cheng-I Huang	Chien-Long Kuo				
	Hui-Lan Yang	Li-Feng Shen	Shyh-Maw Wang	Jui-Hui Hsu				
	Chang-Ho Wang	Lin-Ling Chen	Chang-Cheng Chu	Hueih-Rur Shy				
	Hsueh-Wen Wang	Kui-Fang Tsai	Kai-Hung Cheng	Chin-Li Lin				
	Jung-Chen	Chia-Chen Shen	Hui-Ling Lee	Yung-Ping Lin				
	Ya-Cheng Chang	Hsi-Lung Wu	Shu-Hsuan Lin	Ai-Fen Hu				
	Pi-Chin Shao	Hui-Fang Chen	Cheng-Chi Chuang	Chi-Hsin Chao				
	Chi-Tsung Shih	Ting-Feng Cho	Chih-Huang Huang	Szu-Yen Lin				
	Ying-Chin Chang	Hui-Chen Tai	Su-Man Hsueh	Mei-Ching Chang				
	Chien-Mei Yu	Yu-Cheng Chang	Mei-Fen Shieh	Shu-Hua Tsai				
	Shu-Fen Liu	Shen-Hui Lu	Jinn-Sheng Wu	Zhen-Dong Jian				
	Chin-Shiang Ding	Ying-Hui Hung	Tsung-Jen Wang	Shu-Fen Cheng				
	Ho-Hsiung Huang	Chun-Nu Yeh	Chun-Yuan Chen	Ya-Fang Lee				
	Yao-Shen Hsieh	Yi-Cheng Chu	Tzy-Yun Chen	Ya-Huei Hung				
	Lih-Lan Yang	Yi-Huei Chiu	Cheng-Hua Yin	Shu-Chen Yang				
	Quei-Ying Ho	Tsung-Ming Lai	Yin-Chao Liao	Hsiao-Hsia Lu				
	Kui-Min Hsiao	Feng-Pin Lu	Wen-Chieh Chang	Meng-Chen Chiang				
	Chih-Feng Teng	Mei-Hsing Lin	Huey-Wen Chang	Mei-Lan Kuan				
	Ming-Thur Chen	Yu-Ching Huang	Chun-Feng Lee	Lin-Li Ku				
	Shr-Jan Tzeng	Jiun-Uei Lin	Wei-Shuo Luo	Te-Cheng Pan				
	Yueh-Chiu Lai	Su-Jane Lin	Cheng-Chu Wang	Yuan-Kuang Pan				
	Pan-Der Chin	Mei-Chun Tsou	Su-Ming Cheng	Chih-Ning Chang				
	Hsiu-O Hsieh	Pei-Fen Shieh	Su-Chen Cheng	Jui-Yueh Wu				
	Shiow-Ling Kao	Feng-Fuh Chang	Kun-Lin Lee	Kuo-Lung Lin				
	Chiu-Min Shen	Shao-Mao Wang	Tsuey-Shya Jang	Pei-Chung Yang				
	Chun-Hong Yeh	Kuen-Shan Wang	Kuo-Heng Hsu	Wen-Ching Chen				

Title	Name				Stock	Cash	Total	Total amount to after-tax net income ratio (%)
	Shu-Lin Liu	Yu-Fang Chang	Li-Mei Chang	Tain-Maw Chang				
	Yuan-Fen Chen	Yi-Chen Wang	Chia-Yu Chang	Chin-Ping Lai				
	Wen-Liang Wang	Ming-Chuan Lin	A-R Liu	Chih-Hao Lo				
	Weng-Chung Chen	Ti-Tien Liao	Ruei-Jan Chen	Jui-Hung Weng				
	Chiou-Shin Liang	Wen-Ling Tsai	Ming-Jer Lin	Lih-Lan Kuo				
	Kung-Ming Chang	Tung-Sheng Huang	Shinn-Huei Leu	Pin-Shen Ho				
	Chung-Shing Her	Show- Fone Lu	Shu-Hui Ke	Hsui-Chin Hsu				
	Chen-Ying Wu	Shu-Chuan Lin	Mei-Hui Wu	Shu-Hui Lin				
	Yen-Yu Liu	Fen-Lan Lu	Lun-Jan Lan	Li-Chu Shu				
	Yu-Tang Wu	Hsiu-Chih Huang	Chen-Huan Liu	Shu-Li Chang				
	Hui-Ju Lee	Show-Ching Chen	Hsu-Lin Huang	Su-Chuan Wang				
	Shwu-Ruu Lee	Su-Wei Liang	Chih-Ming Kuo	Shu-Fen Wu				
	Chin-Hsien Shen	Shu-Fen Lee	Che-Fang Hung	Chia-Hsiang Tsai				
	Ying-Dai Chen	Shu-Mei Yeh	Shu-Hei Chang	Wen-Ko Ho				
	Chiang-An Chang	Ching-Chung Chen	Shu-Yun Hsu	Hsiu-Yun Shih				
	Ming-Han Tsai	Lien-Chen Shih	Wen-Ching Chang	Chia-Hsiung Tung				
	Chien-Shan Liu	Wan-Chin Chang	Li-Fang Liu	Cheng-Yi Hsieh				
	Huei-Jin Lin	Chin-Lung Pan	Kwang-Wu Liu					

Note: Employee bonus for managerial officers in 2021 is estimated in accordance with the Bank's rule.

d. Analysis of the ratio of total remuneration paid to Directors, President, and EVPs in the last two years to the after-tax net income of the Bank and all companies in the financial statements, and remuneration policies, standards, packages, procedure for determining remuneration, and linkage thereof to business performance and future risk.

1. Analysis of the ratio of total remuneration paid to Directors, President, and EVPs in the last two years to the after-tax net income of the Bank and all companies in the financial statements:

Unit: NT$thousand; %

Item	2021				2020				Increase / decrease		Increase / decrease (%)	
	The Bank		All companies in the financial statements		The Bank		All companies in the financial statements		The Bank	All companies in the financial statements	The Bank	All companies in the financial statements
	Amount	Amount to after-tax net income ratio (%)	Amount	Amount to after-tax net income ratio (%)	Amount	Amount to after-tax net income ratio (%)	Amount	Amount to after-tax net income ratio (%)				
Remuneration of Directors	55,597	0.63	55,597	0.63	41,996	0.60	41,996	0.60	13,601	13,601	32.39	32.39
Remuneration of President and Executive Vice Presidents	45,087	0.51	45,087	0.51	47,600	0.68	47,600	0.68	(2,513)	(2,513)	-5.28	-5.28
Total	100,684	1.14	100,684	1.14	89,596	1.27	89,596	1.27	11,088	11,088	12.38	12.38

2. Remuneration policies, standards, packages, and procedure for determining remuneration:

(1) Remuneration of Directors:

Remuneration of Directors (including Chairperson and Independent Directors) is regulated by Item 13, Article 20 of the Bank's Articles of Incorporation. The remuneration of the Directors to be on par with the salary levels of Directors of financial institutions similar in size to the Bank. The Remuneration Committee and the Board of Directors will comply with Item 2, Paragraph 1, Article 7 of Rules of Performance Evaluation of the Board of Directors and the evaluation results (including five major aspects which are participation in the operation of the Bank, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the Directors and internal control) to evaluate (including Chairperson, Directors and Independent Directors) remuneration annually; and were reported to the 13th Meeting of the 5th Remuneration Committee held on June 16, 2021 and the 14th Meeting of the 26th Board of Directors held on June 24, 2021.

(2) Remuneration of President is determined by the Board of Directors in accordance with Item 14, Article 20 of the Bank's Articles of Incorporation. To comply with the assignment of the President by the 1st Interim Meeting of the 26th Board of Directors on March 15, 2021, was reported to the 11th Meeting of the 5th Remuneration Committee held on

April 7, 2021 and the 12th Meeting of the 26th Board of Directors held on April 20, 2021 for approval; and were reported to the 20th Meeting of the 5th Remuneration Committee held on February 16, 2022 and the 23rd Meeting of the 26th Board of Directors held on February 22, 2022 for regular evaluation of President.

(3) In accordance with Item 14, Article 20 of the Bank's Articles of Incorporation, remuneration of Executive Vice Presidents is determined by the Board of Directors within the scope of the Bank's "Salary Scales List for Personnel".

3. Correlations with business performance and future risks:

(1) Remuneration of Directors:

In accordance with Article 38 of the Bank's Articles of Incorporation, at the end of fiscal year, profit (profit refers to profit before tax and before the deduction of bonuses of employees and remuneration of Directors), if any, shall be distributed up to 0.8% as remuneration of Directors. Meanwhile, the Bank's operating results and the performance of the Directors' duties are considered, after deliberation by the Remuneration Committee and proposed to the Board of Directors for approval, Directors will be offered reasonable remuneration after reporting to the Shareholders' Meeting.

(2) Remuneration of President and Executive Vice Presidents:

In accordance with Article 38 of the Bank's Articles of Incorporation, at the end of fiscal year, profit (profit refers to profit before tax and before the deduction of bonuses of employees and remuneration of Directors), if any, shall be distributed with 1% to 6% of the profit as employees' bonuses, after deliberation by the Remuneration Committee and proposed to the Board of Directors for approval, President and Executive Vice Presidents will be offered remuneration after reporting to the Shareholders' Meeting.

(3) Performance Bonus of President and Executive Vice Presidents:

In accordance with the Bank's "Regulations for Bonus Payment to Employees", bonuses shall be paid to the President and Executive Vice Presidents based on their individual performance, after deliberation by the Remuneration Committee and submission to the Board of Directors for approval.

(4) The amount of Performance Bonus is determined based on the Bank's business performance, indicators are as follows:

Indicators, include the achievement rate of earnings targets, ROE, non-performing loan ratio, coverage ratio of allowances for non-performing loan, performance of innovation and research and specific performance of the reformation etc., after deliberation by the Remuneration Committee and submission to the Board of Directors for approval; if there is any policy or other significant factors beyond the control of the Bank, the Bank should provide a description of the specific facts.

4. Performance evaluation criteria for Directors, managers and business personnel:

(1) Directors:

The performance evaluation criteria of the Bank's Directors are based on the Bank's "Rules of Performance Evaluation of the Board of Directors", the scope of the evaluation of the Board of Directors contains the board as a whole, individual director and functional committees. Evaluations include the operational performance evaluation of the board, self-evaluation made by individual board members, and evaluation made by appointed external evaluation units, or other appropriate methods. The evaluation indexes are based on the Bank's practical operations and requirements, and the contents of the performance evaluation are appropriate for the implementation of the evaluation, such as participation in the operation of the Bank, improvement of the quality of the Boards of Directors' decision making, management of internal relationship and communication, the Director's professionalism and continuing education, and internal control etc. In the year in which the external evaluation unit conducts the external evaluation, the external evaluation unit determined the evaluation indexes (ESG performance included). Performances evaluation results will be used as a reference for setting or periodically reviewing the remuneration of the Directors in order to enhance the efficiency of the board's operations and the use of the results.

(2) Managers:

The performance evaluation criteria of the Bank's President, Executive Vice Presidents, EVP & Chief Auditor, EVP & Chief Compliance Officer, SVP & division heads of the Bank's head office, and the VP & GM of the branches are based on the Bank's "Employee Performance Appraisal Regulations", and appropriate ratings

are given based on the performance of individual duty, functional competencies and achievement of goals, and the business performance of their respective units.

(3) Business Personnel:

① The Bank provides bonuses for business personnel of financial product in accordance with external relevant remuneration system, and stipulates the "Distribution of Bonuses for Wealth Management Business." The calculation of remuneration is determined by performance index; the indexes include financial aspects such as wealth management fee income, goal achievement rate for the team, number of new customers, AUM maintenance rate, and non-financial indexes such as audit/financial examination findings, customer complaints, abnormal transactions, service quality, education and training to balance the possible risks brought by the customer rights or wealth management services which may influence the Bank and customers.

② The Bank follows the "Principles of Complying with the Remuneration System for Business Personnel of Insurance Agent Companies" stipulated by the Insurance Agency Association of the R.O.C., and external related remuneration regulation to stipulate "Measures for Remuneration Payments to Insurance Business Personnel" for business personnel of non-financial insurance products. The calculation of remuneration is based on a certain percentage of commission for the first year when product launches to the market, and then after a comprehensive evaluation of non-financial indexes to balance the possible risks brought by the customer rights, non-financial insurance products or services which may influence the Bank and customers.

D. Implementation Status of Corporate Governance

a. Board of Directors

A total of 15 Meetings of 26th Board of Directors were held in 2021, the attendance of Directors was as follows.

26th Board of Directors (2021/1/1 – 2021/12/31)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Remark
Chairperson	Jong-Yuan Ling (Delegate of MOF)	15	0	100	
Managing Director (President)	Chao-Chung Chou (Delegate of MOF)	13	0	100	Serves as the Bank's Director reassigned by MOF on March 12, 2021, approved and assigned as the Managing Director of the Bank by the 1st Interim Meeting of the 26th Board of Directors held on March 15, 2021, effective date of appointment approved by Competent Authority is March 23, 2021.
Managing Director (Independent Director)	Jung-Chun Pan	15	0	100	
Director	Chia-Chi Hsiao (Delegate of Chunghwa Post Co., Ltd.)	15	0	100	
Director	Chien-Yi Chang (Delegate of National Development Fund, Executive Yuan)	13	2	86.67	
Director	Wen-Siung Lee	15	0	100	
Director	Hwai-Chou Chen	14	1	93.33	
Director (Independent Director)	Chih-Jong Suen	15	0	100	
Director (Independent Director)	Jong-Horng Lin	14	1	93.33	
Managing Director (President)	Jui-Mu Huang (Delegate of MOF)	2	0	100	Dismissal of directorship on March 12, 2021, and dismissal of President on March 15, 2021.

Note: The actual attendance rate (%) is calculated based on the number of board meetings and the actual attendance during the term of their incumbency.

【Other mentionable items】

1. If the Board of Directors' meeting is held under any of the following circumstances, date, session, content of motion and opinions of Independent Directors and the Bank's handling of the opinions of the Independent Directors shall be stated:

   (1) Matters listed in Article 14-3 of the Securities and Exchange Act:

   Please refer to this chapter, D. Implementation Status of Corporate Governance, m. Important Resolutions of Board of Directors in 2021.

   (2) Except for the matters listed above, other resolutions of the Board of Directors that are opposed or reserved by the Independent Directors of which records or written statements are as follow:

   None.

2. The implementation of Directors' recusal to motion in conflicts of interests:

The implementation of Directors' recusal to motion in conflicts of interests of 26th Board of Directors (2021/1/1 –2021/12/31			
Issue	Name	Reason for Recusal	Voting Results
Regular evaluation of remunerations, benefits and the related matters for the Chairperson.	Chairperson Jong-Yuan Ling	The content of motion is related to the Director's personal conflicts of interests, he/she should recuse in accordance with Article 206 of the Company Act and Article 178 of the same Act.	Except for Directors with personal conflicts of interests should recuse, all other Directors in attendance unanimously approved the proposal.
Regular evaluation of the monthly remunerations of the Managing Directors (excluding Independent Managing Directors), and Directors (excluding regular Independent Directors).	Director Wen-Siung Lee Director Chia-Chi Hsiao Director Chien-Yi Chang Managing Independent Director Jung-Chun Pan was appointed by Director Hwai-Chou Chen to attend the meeting, and Managing Independent Director Jung-Chun Pan did not exercise his voting right on behalf of Director Hwai-Chou Chen.		
Regular evaluation of the monthly remunerations for Independent Directors.	Managing Independent Director Jung-Chun Pan Independent Director Jong-Horng Lin Independent Director Chih-Jong Suen		
Assigned the President as members of the Sustainability Committee.	Managing Director and President Chao-Chung Chou		
Remuneration resolution of Directors	Director Wen-Siung Lee Director Hwai-Chou Chen		
16 credit cases of stakeholder	Director Chien-Yi Chang	Content of the motion does not involve the personal conflicts of interests of Director. Recusal shall be applied from a highly rigorous corporate governance perspective.	With the exception of Director Chien-Yi Chang recused himself, all other Directors in attendance unanimously approved the motion as proposed.
The Bank's auditing plan for fiscal year 2022	Managing Director and President Chao-Chung Chou	Content of the motion does not involve the personal conflicts of interests of Director. However, due to the confidential nature of the case, the Director as President should recuse himself to maintain the confidentiality of the case.	With the exception of Managing Director and President Chao-Chung Chou recused himself, all other Directors in attendance unanimously approved the motion as proposed.
Regular evaluation of remunerations, benefits and the related matters for the President.	Managing Director and President Chao-Chung Chou	Managing Director and President Chao-Chung Chou only receive the President's remuneration, the content of motion is related to the Director's personal conflicts of interests, he should recuse in accordance with Article 206 of the Company Act and Article 178 of the same Act.	With the exception of Managing Director and President Chao-Chung Chou recused himself, all other Directors in attendance unanimously approved the motion as proposed.

3. Evaluation on the implementation of the Board of Directors:

Evaluation Period	Evaluation term	Evaluation Scope	Evaluation Method	Evaluation Content
Internal evaluations are conducted annually and external evaluations are conducted at least once every three years by an external professional independent organization or a team of external experts and scholars.	To evaluate the performance of the Board of Directors of the Bank from January 1, 2021 to December 31, 2021.	The performance evaluation of the Bank's Board of Directors includes the entire Board of Directors, the Functional Committees (including the Audit Committee, the Remuneration Committee and the Sustainable Development Committee), and individual members of the Board of Director.	The year 2021 performance evaluation of the Bank's Board of Directors was evaluated by external evaluation, which conducted once every three years. The Bank entrusted EY Business Advisory Services Inc. ("EY") to conduct the external evaluation of the Board of Directors. The evaluation was conducted through review documents, self-evaluation questionnaire survey and on-site visit.	1. There are eight major aspects to evaluate the performance of the Board of Director which are: "structure and process of the Board of Directors", "composition of the Board of Directors", "legal entity and group structure", "roles and responsibilities", "behavior and culture", "director training and development", "supervision of risk control", and "supervision of declaration, disclosure and performance". 2. (1) There are seven major aspects for Board of Directors' self-evaluation, including "Comprehension of the goals and missions of the Bank", "Awareness of the duties of a Director", "Participation in the operation of the Bank," "Internal management and communication", "Professionality and continuing education of Directors", "Internal control" and "ESG implementation (environmental protection, inclusive society, sustainable governance)". (2) There are three major aspects for the Functional Committees' self-evaluation, including."Participation in the operation of the Bank", "Awareness of the duties of the functional committee" and "Internal control".

4. Assessment of the objectives and implementation of enhancing the Board of Directors' functions for the current and last fiscal year:

(1) The Bank's official website has a "Corporate Governance" section, which discloses information on the Board of Directors, important resolutions of the Board of Directors, internal audit and internal control systems, and corporate governance-related rules and regulations.

(2) The Bank has three Independent Directors with financial and legal expertise to provide independent and professional advice on the supervision and management of the Bank's business; and three Independent Directors form the Audit Committee to consider major resolutions of the Bank in accordance with the Securities and Exchange Act to enhance the Bank's corporate governance.

(3) The Bank's Directors continue to attend courses and seminars on corporate governance related to finance, risk management, business, commerce, legal affairs, accounting, AML, fair trade policy, information security and sustainable governance (ESG) to enrich their professional knowledge and further strengthen the functions of the Board of Directors. All Directors have completed required training hours with rules in 2021.

(4) In order to strengthen corporate governance, the Bank has appointed a corporate governance officer who is responsible for providing information necessary for Directors to carry out their duties effectively. The "Rules of Procedures for Board of Directors Meetings" of the Bank stipulates the terms and conditions of standard procedures for handling Directors' requests in order to enhance the effectiveness of the Board of Directors.

(5) The Bank has established the "Sustainable Development Committee" under the Board of Directors, with the Chairperson as the convener and three Independent Directors and the President as members, to promote the integration of ethical corporate management, corporate ethics, sustainable development values into the Bank's business strategies and to oversee the implementation and effectiveness of ethical corporate management and sustainable development related issues. The Bank's Sustainable Development Committee held three meetings in 2021, with 100% attendance of committee members.

(6) In order to enhance the functions of the Board of Directors of the Bank, establish performance targets, and strengthen the efficiency of the Board of Directors, the Bank has formulated the "Rules of Performance Evaluation of the Board of Directors", The Bank entrusted EY to conduct the external performance evaluation of the Board of Directors of year 2021 for the first time, the overall evaluation results are "Advanced", the results were noted the report to the 22nd Meeting of the 26th Board of Directors on January 24, 2022, and were disclosed on the Bank's official website.

b. Operation of the Audit Committee

The 3rd Audit Committee held 13 meetings in 2021, and the attendance of Independent Directors was as follows:

3rd Audit Committee (2021/1/1 – 2021/12/31)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Remark
Independent Director	Jung-Chun Pan	13	0	100	
Independent Director	Jong-Horng Lin	13	0	100	
Independent Director	Chih- Jong Suen	13	0	100	

Note: The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee and the actual attendance in person of the Audit Committee during the term of incumbency.

【Other mentionable items】

1. If the Audit Committee is held under any of the following circumstances, date, session, content of motion, opposed opinion, qualified opinion or significant recommendation of Independent Directors, Audit Committee resolutions, and the Bank's handling of such resolutions shall be stated:

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

Date, terms of the meetings	Content of motion	Opposed opinion, qualified opinion or significant recommendation of Independent Directors	Audit Committee resolutions, and the Bank's handling of such resolutions
The 9th Meeting of the 3rd Audit Committee held on January 12, 2021	Amendments to the Bank's "Internal Control System for Securities Firms."		Approved by the unanimous decision of the Independent Directors present, and approved by the Board of Directors.
The 10th Meeting of the 3rd Audit Committee held on February 18, 2021	Proposal to acknowledge the 2020 annual business report and annual report.	It is recommended to amend the description of operation results of credit business and trust business to the business report.	Except for the amendment of the relevant descriptions of the business report according to the opinions of the Independent Directors; for the rest, all the Independent Directors present agreed to pass the proposal; hereby, the Board of Directors agreed to pass the proposal and acknowledged by the Shareholders' Meeting.
The 11th Meeting of the 3rd Audit Committee held on March 15, 2021	The Bank's 2020 "Internal Control System Declaration."		Approved by the unanimous decision of the Independent Directors present, and approved by the Board of Directors.
	Amendments to the Bank's "Internal Control System for Securities Firms."		
	The Bank's 2020 "Internal Control System Statements for AML/CFT."		
	The commissioning and fees for the Bank's 2021 annual finances and tax auditing accountant.		
The 12th Meeting of the 3rd Audit Committee held on April 7, 2021	Distribution of the Bank's 2020 earnings.		Approved by the unanimous decision of the Independent Directors present, and approved by the Board of Directors and acknowledged by the Shareholders' Meeting.
	The Bank's earnings capitalization proposal.		Approved by the unanimous decision of the Independent Directors present, and approved by the Board of Directors and voted for approval by Shareholders' Meeting.
	Amendments to the Bank's "Internal Control System for Securities Brokerage Firm's Auxiliary Business of Futures Trading."		Approved by the unanimous decision of the Independent Directors present and the Board of Directors agreed to ratify.
The 14th Meeting of the 3rd Audit Committee held on June 16, 2021	Amendments to the Bank's "Internal Control System for Trust Enterprises."	Please demonstrate to the Board of Directors after identifying the source of the law and the terminology, and state the implementation time after the amendment.	Approved by the unanimous decision of the Independent Directors present, the Board of Directors shall explain the basis of the law and the implementation time of the amendment, and approved by the Board of Directors.

The 14th Meeting of the 3rd Audit Committee held on June 16, 2021	To increase the construction budget of Urban Renewal Project of 764 and 764-1, Subsection 1, Changchun Sec., Zhongshan Dist., Taipei.	It is recommended to provide additional information regarding the increase of the project budget, the reasonableness of the estimated cost of the appraisal company, and the various costs before and after price adjustment.	Except for the proposed amendments; for the rest, approved by the unanimous decision of the Independent Directors present; and approved by the Board of Directors.
	Amendments to the Bank's "Internal Control System for Securities Investment Consulting Enterprises."		Approved by the unanimous decision of the Independent Directors present, and approved by the Board of Directors.
The 15th Meeting of the 3rd Audit Committee held on July 9, 2021	Amendments to the Bank's "Internal Control System for Securities Firms."		Approved by the unanimous decision of the Independent Directors present, and approved by the Board of Directors.
The 16th Meeting of the 3rd Audit Committee held on August 17, 2021	Amendments to the Bank's "Internal Control System for Futures Introducing Broker Business by Securities Broker."		Approved by the unanimous decision of the Independent Directors present, and approved by the Board of Directors.
	The Bank's 2021 semi-annual financial statement.	It is recommended to revise the text content of the relevant explanatory accountants' audit report in the appendix of the proposal of the Board of Directors.	Except for the proposed amendments; for the rest, approved by the unanimous decision of the Independent Directors present; and approved by the Board of Directors.
The 18th Meeting of the 3rd Audit Committee held on October 5, 2021	To increase the construction budget of Urban Renewal Project of 764 and 764-1, Subsection 1, Changchun Sec., Zhongshan Dist., Taipei.	It is recommended to provide some explanations in the proposal of the Board of Directors regarding the increasing period of price index and the appraisal time of the appraisal company.	Except for the proposed amendments; for the rest, approved by the unanimous decision of the Independent Directors present; and approved by the Board of Directors.
The 20th Meeting of the 3rd Audit Committee held on November 30, 2021	The Bank's draft budget for fiscal year 2022.	1. Independent Director Chih-Jong Suen considered that the budget target set for year 2022 is slightly conservative, and the target amount of net income before tax should be increased to meet shareholders' expectations. 2. Independent Director Jong-Horng Lin considered that in addition to the opinions raised by Independent Director Mr. Suen, the salary increasing rate of public servants in R.O.C. can also be included in the indicators considered when budgeting, and agreed with Independent Director Mr. Suen's proposal to increase the budget target of net income before tax. 3. Managing Independent Director Jung-Chun Pan recommended that the net income before tax target for the next year (2022) should be increased at a discretionary level.	In this case, except that the net income before tax target was increased according to the opinions of the Independent Directors, and the management department adjusted the allocation items; for the rest of the case, all the Independent Directors present agreed to pass the proposal; the Board of Directors agreed to pass the proposal.
The 21st Meeting of the 3rd Audit Committee held on December 13, 2021	Amendments to the Bank's "Internal Control System for Securities Firms."		Approved by the unanimous decision of the Independent Directors present, and approved by the Board of Directors.
	The Bank's auditing plan for fiscal year 2022.		

【The Bank's response to Audit Committee's opinion】The Bank complied with Audit Committee's opinion.

(2) In addition to the foregoing, other resolutions not approved by the Audit Committee and approved by two-thirds or more of all directors:

None.

2. The implementation of Independent Directors' recusal to motion in conflicts of interests, with his/her name, content of motion, reasons for recusal and voting participation that should be clearly stated.

None.

3. Communication between the Independent Directors and internal auditing officer and accountant (Should include the significant matters, methods and results of communication on the Bank's financial and business status, etc.):

(1) Between the Independent Directors and internal auditing officer:

① The Bank's internal audit reports are submitted to the Audit Committee and Independent Directors for review after the Chairperson's review in accordance with the regulations.

② The Internal Auditing Division proposes to the Board of Directors to report on the improvement of the external audit opinions, and the Independent Directors actively supervise and follow up on the improvement parts listed in the inspection reports.

③ The Chief Auditor reports to the Board of Directors and the Audit Committee on a quarterly basis on the execution of the audit.

④ The Independent Directors maintain close contact and well communication with the Chief Auditor and SVP & Division Head of Internal Auditing Division.

⑤ With respect to the deficiencies in the Bank's internal control system, the Bank's Directors (including Independent Directors) have regularly hold meetings with the internal auditors with discussions recorded for report to the Board of Directors.

(2) Between Independent Directors and CPAs:

The Independent Directors of the Bank have meeting with the CPAs at least three times a year through seminars on the status of the Bank's financial report audits; other issues such as business conditions and internal control system are discussed from time to time.

4. The work of the Audit Committee focuses on:

(1) To assist the Board of Directors on decision making and inspecting on proper financial statement, the selection (dismissal) and independence and performance of the certified public accountant (CPA), the effective implementation of internal controls, compliance with laws and regulations, and risk management, and to consider critical motions required by the Bank or the competent authorities.

(2) To make specific recommendations on the effectiveness of the Bank's internal control system, including the control practices of overseas subsidiaries and significant reported cases, and to request the managing department to handle the reports.

(3) To review the Bank's secured loans to interested parties under Article 33 of the Banking Act, if the amount of secured loan exceeds the amount required by the central competent authority and if the Bank's Directors have personal conflict of interest in the matter.

c. Information to be disclosed in accordance with the Corporate Governance Best-Practice Principles of the Bank

Please refer to the "Corporate Governance" section of the Bank's official website (https://www.bankchb.com) for the items that the Bank is required to disclose.

d. The Bank's corporate governance implementation status and the deviation from the Corporate Governance Best-Practice Principles for Banks and the reasons for deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
1. Shareholding structure and shareholders' equity				
1-1 Has the Bank established internal procedures to handle shareholders' proposals, questions, disputes and litigations, and implement them in accordance with the procedures?	✓		1-1 The Bank has a dedicated unit to handle shareholders' proposals, questions, disputes and litigations, and the contact information disclosed in "Investor Relations" section on official website.	1-1 No deviation.
1-2 Does the Bank maintain a list of the major shareholders with controlling power over the Bank and the ultimate controllers of the major shareholders?	✓		1-2 Based on the Bank's shareholders' register (after the book closure date) and the information on the changes of shareholding declared by the insiders and major shareholders according to regulations, the Bank has maintained its list of major shareholders which is disclosed on the Market Observation Post System (MOPS), the Bank's annual report or official website.	1-2 No deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
1-3 Has the Bank established and implemented risk control mechanism and firewall mechanisms between the Bank and its affiliates?	✓		1-3 The Bank has established the "Long-Term Equity Investment Business and Subsidiaries Management Principles" and "Overseas Subsidiary Bank Management Guideline" to regulate business transactions between the Bank and its subsidiaries or overseas subsidiaries in compliance with relevant laws and regulations; in the case of interested party transactions, the Bank's "Regulations for Handling of Transactions of Credit Extension with Interested Parties" and "Regulations for Handling of Transactions other than Credit Extension with Interested Parties" and relevant regulations of the competent authorities are followed. In addition, the Bank has established an information segregation mechanism between the Bank and its affiliates, and controls access to sensitive information under the need-to-know and separation of powers and responsibilities principles to maintain information security.	1-3 No deviation.
2. Composition and Responsibilities of the Board of Directors				
2-1 Does the Board of Directors have a diversity policy and specific management objectives?	✓		2-1 The Bank's diversity policy of Board of Directors is stipulated according to Paragraph 2 and Paragraph 3, Article 29 of the "Corporate Governance Best-Practice Principles" of the Bank. The Bank's specific management goals and implementation status of diversity policy of the Board of Directors, please refer to this chapter, B. a."4. Director information (2), The Board of Directors' Diversity and Independence" and are disclosed on the Bank's official website "Corporate Governance" section→Board of Directors.	2-1 No deviation.
2-2 In addition to the Remuneration Committee and the Audit Committee, does the Bank voluntarily establish other functional committees?	✓		2-2 In addition to the Remuneration Committee and the Audit Committee, the Bank's Board of Directors has also established the Sustainable Development Committee, which is responsible for promoting the ethical corporate management, corporate ethics and sustainable development values into the Bank's business strategies in order to implement the Bank's sustainable management philosophy.	2-2 No deviation.
2-3 Has the Bank established "Rules of Performance Evaluation of the Board of Directors" and its assessment methods, and conducted performance evaluations annually and regularly, and submitted the results of the performance evaluations to the Board of Directors for reference in the remuneration of individual Directors and their nomination for reappointment?	✓		2-3 The Bank has established the "Rules of Performance Evaluation of the Board of Directors," which stipulates that the Board of Directors of the Bank shall conduct an internal evaluation once a year and an external evaluation by an external professional and independent organization or a team of external experts and scholars at least once every three years, and shall complete and report to the Board of Directors before the first quarter of the following year. a. The performance evaluation methods include performance evaluation of the operation of the Board of Directors, self-evaluation of the performance of the members of the Board of Directors, appointment of an external evaluation unit or other appropriate methods for performance evaluation. b. The results of the performance evaluation of the Board of Directors of the Bank shall be used as a reference for the selection or nomination of candidates for election as Directors or for the Remuneration Committee to determine or regularly review the remuneration of Directors (including the Chairperson, Managing Directors, Independent Directors and Non-Independent Directors). The Bank has applied the results of the 2021 performance evaluation of the Board of Directors as a reference of regularly review the individual Directors' remuneration.	2-3 No deviation.
2-4 Does the Bank regularly evaluate the independence of Certified Public Accountants (CPAs)?	✓		2-4 When appointing the CPA, the Bank shall, in addition to confirming that the members of the audit team have no material financial interests or business relationships with the Bank that would affect independence, regularly (at least once a year) critically assess the independence of the CPA appointed for audit and submit to the Audit Committee and the Board of Directors for deliberation as the following matters:	2-4 No deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
			a. The CPA does not hold any shares, loans, co-investment or benefit-sharing relationship with the Bank. b. The CPA is not a responsible person, Director, manager or officer of the Bank. c. The CPA does not violate the "Code of Ethics No. 10 Integrity, Fairness, Objectivity and Independence" of the National Federation of Certified Public Accountants of the Republic of China.	
3. Does the Bank have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing information necessary for Directors and Supervisors to perform their business, assisting Directors and Supervisors to comply with laws and regulations, conducting Board of Directors and Shareholders' Meeting-related matters in accordance with the law, and preparing minutes of Board of Directors and Shareholders' Meetings, etc.)?	✓		3-1 The Bank has designated SVP & Division Head of Secretariat Division as the corporate governance officer, which was approved by the Bank's Board of Directors on June 21, 2019, and the corporate governance officer has more than 3 years of experience as a unit head of a financial institution or a public company engaged in legal affairs, conference logistics and compliance related matters. The Bank also has a suitable and appropriate number of staffs of corporate governance to handle corporate governance related matters. 3-2 The management matters on corporate governance are as follows: a. To handle matters related to the meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law. b. To prepare minutes of the Board of Directors' Meetings and Shareholders' Meetings. c. To assist Directors in their induction and continuing education. d. To provide information necessary for the Directors to carry out their business. e. To assist Directors in complying with laws and regulations. f. To manage stipulation and amendment of corporate governance regulations. g. Other matters as provided for in the Articles of Incorporation or contract. 3-3 Continuing education implementation is as follow: a. The Taiwan Corporate Governance Association, "The Behind the Scenes of Corporate Governance: Operational Practice of Corporate Governance Personnel" for 3 hours. b. Taiwan Academy of Banking and Finance, "2021 Green Finance Leaders Roundtable Forum - Climate Financial Trends and Risk Management" for 3 hours, "From the merger of electronic payment and electronic bills, on digital payment and financial business innovation" for 3 hours, "Corporate Governance Practice Workshop" for 7 hours. c. Independent Director Association Taiwan, "How the Board of Directors Review ESG Sustainability Reports - How to Connect with International TCFD and SASB Standards for Information Disclosure and Case Analysis" for 3 hours, "Code of Fair Treatment of Consumer Latest Trends and Practical Case Studies" for 3 hours. d. Financial Supervisory Commission, "13th Taipei Corporate Governance Forum" for 3 hours. e. Association of Corporate Governance Professionals, "Corporate Governance Advanced Practice Course" for 6 hours, "Enterprise Intellectual Property Management and Legal Compliance" for 6 hours. f. Securities and Futures Institute of R.O.C., "Key to becoming a sustainable enterprise: ESG substantial practice" for 3 hours. g. Taiwan Securities Association, "Corporate Governance 3.0 - Blueprint for Sustainable Development" for 3 hours. Total number of hours of continuing education completed by the Bank's corporate governance officer in FY2021 is 43 hours and is disclosed on the MOPS and the Bank's official website.	No deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
4. Has the Bank established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder section on the corporate's website, and appropriately responded to important CSR issues of concern to stakeholders?	✓		4-1 The Bank has set up a "Stakeholder Communication" section on its official website to provide a contact information for the general public, shareholders, employees, customers and suppliers as a channel to communicate with relevant stakeholders. The Bank's ESG implementations are disclosed in the "Sustainability" section, and material ESG issues stakeholders concern about are also disclosed in the ESG report. 4-2 The Bank's communication with various stakeholders in 2021 has been reported to the Bank's 4th Meeting of the 2nd Sustainable Development Committee on December 17, 2021 and the 21st Meeting of the 26th Board of Directors on December 28, 2021. 4-3 The Bank also compiled the English and Chinese versions of the 2021 ESG Summary, which is posted on the "Sustainability" section of the Bank's official website to provide real-time, summarized ESG information to enhance the Bank's multifaceted communication with stakeholders.	No deviation.
5. Information Disclosure				
5-1 Has the Bank set up a website to disclose information on financial operations and corporate governance?	✓		5-1 The Bank has set up "Investor Relations" and "Corporate Governance" sections on its official website to disclose detailed annual and quarterly financial statements, material business information and corporate governance-related information.	5-1 No deviation.
5-2 Has the Bank adopted other methods of information disclosure (e.g. setting up an English website, designating a person responsible for the collection and disclosure of corporate information, implementing a spokesperson system, placing the process of investor conference on the corporate website, etc.)?	✓		5-2 a. The Bank has English and Chinese version official websites, and the relevant units are responsible for collecting and disclosing financial information in accordance with their business responsibilities. Regarding material information, the Bank designates dedicated unit to conduct and dedicated person for making disclosure in both English and Chinese on the MOPS website. b. The Bank has a spokesperson system, and in accordance with the Bank's "Guidelines for Handling Disclosure of Material Information on the Market Observation Post System," the spokesperson will explain the Bank's financial, business and material information to the public within the scope of authorization. c. The Bank held four online investor conference in 2021, and the related video and presentation information were disclosed on the MOPS and the Bank's official website in accordance with the regulations.	5-2 No deviation.
5-3 Does the Bank announce and report its annual financial statement within the deadline after the end of the fiscal year in accordance with the Banking Act and the Securities and Exchange Act, announce and report its first, second and third quarterly financial statements and monthly operations well in advance of the prescribed deadline?	✓		5-3 a. The Bank's annual and quarterly financial statements of first, second, third and monthly operations are published on the MOPS and the Bank's official website in accordance with the regulations. b. The Bank's annual financial statement which was approved by the Bank's Audit Committee and Board of Directors, was audited and announced in February 2022 in advance.	5-3 No deviation.

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
6. Does the Bank have other important information that can help understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, stakeholder rights, Director and Supervisor on-the-job education, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Bank's purchase of liability insurance for Directors and Supervisors, donations to political parties, stakeholders and public welfare organizations, etc.)?	✓		6-1 Matters related to the Board of Directors a. The attendance of the Banks Directors (including Independent Directors) at the Board of Directors and the attendance of Independent Directors at the Audit Committee are disclosed on the MOPS in accordance with the regulations. b. The Bank's Directors (including Independent Directors) recuse themselves from the Board of Directors' meetings and do not participate in discussions or voting on matters in which they or the legal entities they represent have conflict of interests. c. In accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies," the Bank has established the "Directions for the Implementation of Continuing Education for Directors." In FY2021, the Bank's Directors (including Independent Directors) completed their continuing education hours in accordance with the aforementioned directions and disclosed their further education on the MOPS and the Bank's official website. d. In order to improve the corporate governance of the Bank and to reduce the business risk they bear for the Bank, the Bank has insured "Directors, Supervisors and Managers Liability Insurance" for its Directors and managers. e. All Directors completed a 6-hour fair treatment of consumer training course in 2021.	No deviation.
			6-2 Employee Rights and Benefits, and Employee Care Please refer to "V. Operational Overview, G. Labor-Management Relations, a. The Bank's employee welfare measures, retirement system and implementation status, as well as the agreements between employers and employees and measures to protect the rights and interests of employees." 6-3 Investor Relations The Bank's official website in English and Chinese include "Investor Relations," "Corporate Governance" and "Sustainability" sections, which provide financial, business, corporate governance and ESG-related information for domestic and foreign investors. 6-4 Stakeholder Rights a. The Bank conducts its business in accordance with the Banking Act and approved by the central competent authorities. Based on the overall benefits of the funding contributors (including clients, beneficiaries or shareholders of the Bank), the Bank has established "Stewardship Principles" and declares to comply with "Stewardship Principles for Institutional Investors" in order to implement shareholder actions to urge investee companies to strengthen their corporate governance. In addition, the Bank regularly discloses its stewardship activities on its official website, including interactions with investees and participation in voting at their shareholders' meetings and other material information. b. For stakeholder information, please refer to "4. Establish communication channels with stakeholders, set up a stakeholder section on the corporate's website, and appropriately respond to important CSR issues of concern to stakeholders" in this table.	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for Banks with Reasons
	Yes	No	Summary	
			6-5 Risk Management Policy and Implementation Status a. In order to establish a professional and complete risk management function, the Bank has established three risk management divisions, Credit Management Division, Risk Management Division, and Loan Asset Management Division. (1) Credit Management Division is responsible for credit case review, business unit credit case review, and management and maintenance of the e-Loan credit automation system, in order to strictly monitor the credit checking and credit review process; (2) Risk Management Division is responsible for policy stipulation and risk control of integrated risk, credit risk, market risk and operational risk; (3) Loan Asset Management Division is responsible for the control of overdue loans, collections, and bad debts, as well as non-performing debts (including the e-Loan Debt Management Subsystem). All divisions can execute in accordance with regulations. b. The Bank has Risk Management Committee, which is responsible for assessing and monitoring the Bank's risk capacity and current risk exposure, determining risk response strategies and compliance with risk management procedures, and submitting risk management reports to the Board of Directors on a quarterly basis. The Bank's risk management policies are reviewed and discussed by the Risk Management Committee and approved by the Board of Directors for implementation. 6-6 Implementation of Customer Policy In order to establish a corporate culture that values financial consumer protection, the Bank has established the "Code of Fair Treatment of Consumer," "Financial Consumer Protection Policy," "Financial Consumer Protection Practice Guidelines" and "Consumer Complaint Handling Guidelines" to protect the rights and interests of financial consumers and effectively handle financial consumer disputes. Regularly review and analyze the types and causes of disputes, and discuss relevant countermeasures or improvement measures and report to the Board of Directors to review the completeness of the Bank's financial consumer protection system. 6-7 Donations to political parties, stakeholders and public welfare organizations a. Donations to political parties: None. b. Donations to stakeholders: None. c. Donations to public welfare organizations: Please refer to "V. Operational Overview C. Corporate Responsibility and Moral Behavior."	

7. Please provide information on the results of the corporate governance assessment released by the Corporate Governance Center of the Taiwan Stock Exchange Corporation in last year, and propose priorities and measures for improvement.

7-1 The Bank was ranked top 6%–20% of TWSE Listed Company of the 7th term of Corporate Governance Evaluation; in order to continue to strengthen the Bank's corporate governance, the Bank has been actively reviewing and improving the indicators not scored in the 7th term Corporate Governance Evaluation, and the improvements are summarized as follows:

a. The Bank has disclosed the interim financial statement in English within two months after the filing deadline of the Chinese version of the interim financial statement.

b. Continuously strengthen the ethical corporate management, corporate social responsibility, internal control system and corporate governance, and strive to comply with relevant laws and regulations.

7-2 The Bank was ranked top 5% of TWSE Listed Company of the 8th term of Corporate Governance Evaluation; Top 4 in the Financial and Insurance Industry.

e. Compositions, duties and implementation status of the Remuneration Committee

1. Composition of the Remuneration Committee:

Term	Identity	Criteria / Name	Criteria (Note 1)			Independence Status (Note 2)										Numbers as Serving as the Member of Remuneration Committee for Other Public Companies	Note
			A	B	C	1	2	3	4	5	6	7	8	9	10		
The 5th term	Independent Director	Jung-Chun Pan			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
	Independent Director	Chih-Jong Suen			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	
	Remuneration Committee Member	Yu-Hsueh Wu	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	

Note 1: Members shall meet one of the following professional requirements, together with at least five-year work experience:

A. An instructor or higher in a department of business, law affairs, finance, accounting, or other academic department related to the banking business in a public/private junior college, college, or university.

B. A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist in a professional necessary for the banking business who has passed a national examination and has been awarded a certificate.

C. With work experience in the fields of business, law, finance, accounting, or other profession necessary for the banking business.

Note 2: For each member who has met the following criteria during the two years prior to and during his or her term of office, a " ✓ " is marked in the space below each criteria code.

1. Not an employee of the Bank or its affiliates.
2. Not a director or supervisor of the Bank or its affiliates. (Except in the case where the Bank and its parent company, subsidiary or subsidiary of the same parent company are serving as independent directors in accordance with the Securities and Exchange Act or local laws and regulations).
3. Not a natural person shareholder who holds more than 1% of the Bank's total issued shares or holds the top ten shares in the name of himself/herself, his/her spouse, minor children or others.
4. Not a manager listed in 1. or a spouse, a relative within the second degree of kinship or a relative within the third degree of kinship of a person listed in 2. or 3.
5. Shareholders that directly hold 5% or more of the total outstanding share amount of the bank, directors, supervisors, or employees of a juristic person shareholder that hold the total outstanding shares of the bank ranks among the top 5, or appointed delegates to be the Bank's Director or supervisor according to Paragraph 1 or Paragraph 2, Article 27 of Company Act among the juristic person shareholders are excluded. (This restriction does not apply to mutual independent director positions in the bank, its parent company, subsidiary, or subsidiaries belong to the same parent company, which have been appointed in accordance with Securities and Exchange Act or laws of the registered country.)
6. Directors, supervisors or employees of other companies not controlled by the same person as the Bank in terms of directorships or more than half of the voting shares (except in the case where the independent directors of the Bank or its parent company, subsidiary or subsidiary of the same parent company established under the Securities and Exchange Act or local laws and regulations are concurrently appointed).
7. The Bank's Chairperson and President or in line with position is the same person or spouse of the company or institution's directors, supervisors or employees, are excluded. (However, if the Bank and its parent company, subsidiary, or subsidiaries belong to the same parent company according to Securities and Exchange Act or Independent Director also served as each other set up of local Act are excluded.)
8. Directors, supervisors, the managerial officer, or the shareholder holding 5 % or more shares of a specific company or institution that also have financial or business dealings with the bank are excluded. (However, specific company or institution has outstanding shares of more than 20% and less than 50%, its parent company, subsidiary, or subsidiaries belong to the same parent company, which have been appointed in accordance with Securities and Exchange Act or laws of the registered country are excluded.)
9. A professional, owner, partner, director, supervisor, or the managerial officer and his/her spouse of a sole proprietorship, partnership, company, or institution that provides business, law affairs, finance, accounting or consulting related services of audit or accumulated profits reached less than NT$500 thousand in most recent two years to the bank or its affiliates is excluded. However, members implemented duties of Remuneration Committee and Public Tender Offer Review Committee or Merger/Consolidation and Acquisition Committee according to Securities and Exchange Act or Business Mergers and Acquisitions Act related Acts are excluded.
10. None of any circumstances stated in the subparagraphs of Article 30 of the Company Act.

Identity / Criteria / Name		Professional Requirements and Experience	Independence Status	Numbers as Serving as the Member of Remuneration Committee for Other Public Companies
Independent Director (Convener)	Jung-Chun Pan	Relevant job tenure, professional requirements and independence status please refer to this chapter, B. a. 4. Director information (2).		0
Independent Director	Chih-Jong Suen	Relevant job tenure, professional requirements and independence status please refer to this chapter, B. a. 4. Director information (2).		0
Remuneration Committee Member	Yu-Hsueh Wu	Mr. Yu-Hsueh Wu has acquired following three professional requirements, together with at least five-year work experience. 1. He has served as a lecturer in public and private colleges and universities including Ming Chuan University Department of Law and Central Police University. 2. He has obtained a certificate of passing the national examination for lawyers, and has served as the Atternry-at-Law of Jinyi Law Firm, and has been practicing lawyer business since 1998. 3. He has been a consultant to the Public Service Pension Fund Management Board, commissioner of Act of Council of Labor Affairs of the Executive Yuan, officer of the CTC, and has work experience required for business, legal affairs, finance, accounting or corporate business.	1. Not an employee of the Bank or its affiliates. 2. Not a director or supervisor of the Bank or its affiliates. 3. Not a natural person shareholder who holds more than 1% of the Bank's total issued shares or hold the top ten shares in the name of himself/herself, his/her spouse, minor children or others. 4. Person and his/her spouse, relatives within the second degree of kinship or lineal relatives within the third degree of kinship do not have any of the preceding three circumstances, and have no direct or indirect interest in the Bank. 5. Not serving as a director, supervisor or employee of a company with a specific relationship with the Bank that meets the requirements of Article 6, Paragraph 1, Subparagraphs 5 to 8 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". 6. Have not provided the Bank or its affiliates with business, legal affairs, finance, accounting and other services in the last 2 years and have not received relevant remuneration.	0

2. The Duties of te Remuneration Committee:

The members of the Remuneration Committee shall faithfully perform the following duties and responsibilities with the attention of good stewardship:

(1) To evaluate and review the Bank's overall salary and remuneration policy.

(2) To establish and periodically review the performance evaluation (including performance evaluation standards) and remuneration policies, systems, standards and structures of the Directors, President, Executive Vice Presidents, Chief Auditor, Chief Compliance Officer, consultants, and heads of head office divisions and branches of the Bank, and to fully disclose the performance evaluation standards to shareholders in the annual report.

(3) Periodically evaluate and set the remuneration of Directors, President, Executive Vice Presidents, Chief Auditor, Chief Compliance Officer, consultants, and heads of head office divisions and branches of the Bank.

(4) To establish performance evaluation standards and remuneration standards for the Bank's sales staff of various financial products and services, and to fully disclose the principles, methods and objectives of such standards or structures and systems to shareholders in the annual report.

(5) To deliberate the following matters of the Bank's subsidiaries:

① Decision on salary and remuneration levels of Directors, Supervisor, Chairperson, President, and Executive Vice Presidents.

② Formulation and revision of rules governing salary, bonus and remuneration for employees.

3. Implementation status of the Remuneration Committee:

(1) There are 3 members of the Remuneration Committee of the Bank. (More than half of the members of the 5th term are Independent Directors.)

(2) The term of the 5th Remuneration Committee members was from July 27, 2020 to June 18, 2023. A total of 11 Meetings of Remuneration Committee were held in 2021, and the attendance of members is as follows.

Implementation Status of the 5th Remuneration Committee (2021/1/1-2021/12/31)

Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note)	Remark
Convener	Jung-Chun Pan	11	0	100	Independent Director
Committee Member	Chih-Jong Suen	11	0	100	Independent Director
Committee Member	Yu-Hsueh Wu	11	0	100	

Note: The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the number of attendance in person during the period of incumbency.

4. The Remuneration Committee's 2021 meeting date, ordinal number of meeting, content of motion, the resolution result, and the Bank's dealing with the opinions of the Remuneration Committee:

(1) The 8th meeting of the 5th Remuneration Committee on January 12, 2021 (submitted by the 9th meeting of the 26th Board of Directors on January 28, 2021 for review).

Approved the "Employee Performance Bonus Ratio" of the employee performance bonuses for 2020 paid by the Bank and the "Annual Performance Appraisal Rating Weight" of employee remuneration. The current regulations will be followed, and the amendment will not be adjusted for the time being.

(2) The 9th meeting of the 5th Remuneration Committee on February 8, 2021 (submitted by the 10th meeting of the 26th Board of Directors on February 25, 2021 for review).

① Approved the proposal of remunerations and welfare of Ms. Yu-Ling Tang, President of the subsidiary - CHB Venture Capital Co., Ltd.

② Approved the proposal of subsidy of the subsidiary - CHB Venture Capital Co., Ltd.

③ Approved the regular assessment of the remunerations and welfares of the President of the Bank and other related matters.

④ Approved the remunerations and welfares of Mei-Fang Wu, Chief Auditor, and Ya-Ling Lin, Executive Vice President and Hsiu-Chuan Teng, Executive Vice President of the Bank.

⑤ Approved the proposal of employee performance bonus payment of the Bank for 2020.

⑥ Approved the Bank's 2020 special incentive fund allocation ratio and the ratio of business units and other units.

(3) The 10th meeting of the 5th Remuneration Committee on March 15, 2021(submitted by the 11th meeting of the 26th Board of Directors on March 26, 2021 for review).

① Approved the amendment to the "Regulations for Bonus Payment to Employees" of the subsidiary-Chang Hua Commercial Bank, Ltd.

② Approved the Bank's 2020 proposal to distribute the amount and ratio of Directors' and employees' remuneration.

(4) The 11th meeting of the 5th Remuneration Committee on April 7, 2021 (submitted by the 12th meeting of the 26th Board of Directors on April 20, 2021 for review).

① Approved the addition of "Other Bonus" proposal of remuneration and welfare of Chiao-Hsiang Chang, President of the subsidiary - CHB Venture Capital Co., Ltd., to subsidize his national health insurance premiums on a monthly basis.

② Approved the proposal of the "Principles of Staff Promotion and Salary Adjustment" of the subsidiary - Chang Hua Commercial Bank, Ltd.

③ Approved the proposal of the remunerations and welfares of Chao-Chung Chou, President of the Bank and other related matters.

④ Approved the proposal of the amount of the 2020 special incentives issued to the President, the EVP & Chief Auditor, the Executive Vice Presidents, the EVP & Chief Compliance Officer, and the division heads of head office, regional centers, and business units.

(5) The 12th meeting of the 5th Remuneration Committee on April 27, 2021 (submitted by the 13th meeting of the 26th Board of Directors on May 11, 2021 for review).

Approved the proposal of the Bank's "Hong Kong Financial Talent Performance Assessment and Bonus and Remuneration Payment Measures."

(6) The 13th meeting of the 5th Remuneration Committee on June 16, 2021 (submitted by the 14th meeting of the 26th Board of Directors on June 24, 2021 for review).

In accordance with 2020 Directors' performance evaluation, the evaluation index include "Awareness of the duties of directors", "Participation in the operation of the Bank", "Management and communication of internal relationship") and link the remuneration of Directors (including Chairperson, Directors, and Independent Directors) according to the results of performance evaluation of Directors:

① Approved the proposal of regular assessment of the remunerations and welfares of the Chairperson of the Bank and other related matters.

② Approved the proposal of regular assessment of the monthly remunerations of Managing Directors (excluding Managing Independent Directors) and Directors (excluding General Independent Directors) of the Bank.

③ Approved the proposal of regular assessment of the monthly remunerations of Independent Directors of the Bank.

④ Approved the amendment to provisions of the Bank's "Measures for Remuneration Payment for Wealth Management Business".

⑤ Approved the proposal of the amount of the 2020 special incentives issued to Jung-Chien Hu, the former President of the subsidiary - CHB Venture Capital Co., Ltd.

⑥ Approved the proposal of allocating consolation payments to employees of the Bank for diagnosis or quarantine on business in response to the COVID-19 epidemic.

⑦ Approved the proposal of the Bank's 2021 annual adjustment of employee salary.

(7) The 14th meeting of the 5th Remuneration Committee on July 9, 2021 (submitted by the 15th meeting of the 26th Board of Directors on July 22, 2021 for review).

Approved the Bank's amendment to "Regulations for Bonus Payment to Employees".

(8) The 15th meeting of the 5th Remuneration Committee on August 17, 2021 (submitted by the 16th meeting of the 26th Board of Directors on August 26, 2021 for review).

① Approved the amendment to the Bank's "Measures for Remuneration Payment to Insurance Business Personnel".

② Approved the proposal of the Bank's 2020 Distribution of Remunerations to Directors.

(9) The 16th meeting of the 5th Remuneration Committee on September 14, 2021 (submitted by the 17th meeting of the 26th Board of Directors on September 28, 2021 for review).

Approved the proposal of 2021 annual adjustment of employee salary of the subsidiary-CHB Venture Capital Co., Ltd.

(10) The 17th meeting of the 5th Remuneration Committee on November 2, 2021 (submitted by the 19th meeting of the 26th Board of Directors on November 11, 2021 for review).

① Approved the amendment to the "Regulations for Bonus Payment to Employees" of the subsidiary-Chang Hua Commercial Bank, Ltd.

② Approved the handling of 2021 adjustment of employee salary and remuneration adjustment of senior management officers by the subsidiary-Chang Hua Commercial Bank, Ltd.

③ Approved the amendment to the Bank's "Employee Remuneration Distribution Plans".

④ Approved the amendment to the Bank's amendment to "Employee Performance Appraisal Regulations".

(11) The 18th meeting of the 5th Remuneration Committee on December 17, 2021 (submitted by the 21st Meeting of the 26th Board of Directors on December 28, 2021 for review).

① Approved review of various assessment index of the Bank's "Rules of Performance Evaluation of the Board of Directors" on a regular basis to implement corporate governance and enhance the functions of the Bank's Board of Directors".

② Approved the proposal of providing hotel accommodation vouchers for employees of the Bank in 2022.

③ Approved the amendments to the Bank's "Salary Scales List for Personnel" and the "Supervisor Position Bonus and Payment Recipients and Standards".

【The Bank's handling of the Remuneration Committee's opinion】 The Bank has done as recommended completely.

【Other mentionable items】

1. If the Board of Directors does not adopt or revise the recommendations of the Remuneration Committee, the meeting date, ordinal number of meeting, content of motion, and resolution result of the Board of Directors as well as the Bank's handling of the Remuneration Committee's opinions (e.g. to state the differences and reasons if the remuneration adopted by the Board of Directors is better than that recommended by the Remuneration Committee) shall be all stated:

   None.

2. With respect to any resolution by the Remuneration Committee, if any member has dissenting or qualified opinion that is on record or in a written statement, the meeting date, ordinal number of meeting, and content of motion for the Remuneration Committee as well as all the members' opinions with whose handling shall all be stated:

   None.

f. Compositions, duties and implementation status of the Sustainable Development Committee

1. Composition of the Sustainable Development Committee:

   The Committee is composed of five members, including the Bank's Directors and senior managers, in which all Independent Directors are included. Chairperson Jong-Yuan Ling, Managing Independent Director and President Chao-Chung Chou, Managing Director Jung-Chun Pan and Managing Director Chih-Jong Suen all have extensive banking experiences, and Independent Director Jong-Horng Lin has professional legal affairs and compliance experience. The members of the committee have professional backgrounds in law, accounting, finance, business, banking and insurance. All members have ESG (environmental, social, and governance) and integrity management capabilities based on their professional backgrounds.

2. Terms of Reference of the Sustainable Development Committee:

   (1) To promote the integration of ethical corporate management, corporate ethics and sustainability values into the Bank's business strategy.

   (2) To oversee and coordinate the establishment of the Bank's ethical corporate management and sustainability related systems.

   (3) To supervise and review the implementation and effectiveness of the Bank's ethical corporate management and sustainability policies.

(4) To regularly review the implementation reports related to ethical corporate management and sustainability.

(5) Other related matters for consideration or review.

3. Implementation status of the Sustainable Development Committee:

A total of 3 Meetings of 2nd Sustainable Development Committee were held in 2021, and the attendance of the members is as follows:

Implementation Status of 2nd Sustainable Development Committee and related professional competencies (2021/1/1-2021/12/31)					
Title	Name	Attendance in Person	Attendance by Proxy	Actual Attendance Rate (%) (Note 1)	Professional Competencies
Chairperson (Convener)	Jong-Yuan Ling	3	0	100	Each committee member has the professional competences of corporate governance, green finance, fair treatment of consumers, environmental protection and labor rights and other aspects required for the sustainable development of the banking industry.
Managing Director and President	Chao-Chung Chou (Note 2)	2	0	100	
Independent Director	Jung-Chun Pan	3	0	100	
Independent Director	Jong-Horng Lin	3	0	100	
Independent Director	Chih-Jong Suen	3	0	100	
Managing Director and President	Jui-Mu Huang (Note 3)	1	0	100	

Note 1: The actual attendance rate (%) is calculated based on the number of meetings of the Sustainable Development Committee and the actual attendance in person of the Sustainable Development Committee during the term of incumbency.
Note 2: Appointed on April 20, 2021.
Note 3: Discharged on March 15, 2021.

4. The motions and resolution results of the Sustainable Development Committee in 2021:

Date, terms of the meetings	Content of motion	Resolution result	Remark
The 2nd Meeting of the 2nd Sustainable Development Committee held on January 14, 2021	Noted the report on implementation of the Bank's ethical corporate management best practice principles in 2020.	Noted.	Submitted to the 9th Meeting of the 26th Board of Directors on January 28, 2021 for recognition.
	Noted the report on the implementation of human rights due diligence in 2020.	Noted.	
	The Bank's corporate social responsibility working plan in 2021.	All Directors in attendance unanimously approved the proposal.	Submitted to the 9th Meeting of the 26th Board of Directors on January 28, 2021 for review and approval.
The 3rd Meeting of the 2nd Sustainable Development Committee held on November 2, 2021	Noted the report on the implementation results of the Bank's Corporate Social Responsibility in 2020.	Noted.	Submitted to the 19th Meeting of the 26th Board of Directors on November 11, 2021 for recognition.
	Noted the report on the Bank's Management Plan and Its Performance of IPs in 2021 and 2022.	Noted.	
	Noted the report on the implementation of the Bank's Task Force on Climate-related Financial Disclosures (TCFD) proposal in 2021.	Noted.	
The 4th Meeting of the 2nd Sustainable Development Committee held on December 17, 2021	Noted the report on the Bank's communication with various stakeholders in 2021.	Noted.	Submitted to the 21st Meeting of the 26th Board of Directors on December 28, 2021 for recognition.
	Noted the report on the Bank's implementation results of environmental sustainability.	Noted.	Submitted to the 22nd Meeting of the 26th Board of Directors on January 24, 2022 for recognition.

【The Bank's handling of the Sustainable Development Committee's opinion】 The Bank has done as recommeded completely.

g. Implementation of performing sustainable development and the deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons for deviation.

Promotion Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies with Reasons
	Yes	No	Summary	
1. Does the Bank establish a governance structure to promote sustainable development, set up a dedicated unit to implement sustainable development and have management appointed by the Board of Directors to be in charge of sustainable development and to report the implementation status to the Board of Directors?	✓		1-1 In December 2019, the Bank set up the "Sustainable Development Committee" under the Board of Directors. It is a dedicated unit for promoting sustainable development, the members are composed of senior managers and all Independent Directors, and the Chairperson serves as the convener; the committee is responsible for promoting the implementation of sustainable development, coordinating the establishment of relevant systems, supervising and reviewing the implementation of sustainable development policies and its effectiveness, and regularly reviewing relevant implementation reports. A total of 3 Meetings of Sustainable Development Committee were held in 2021, for the compositions, duties, implementation status and motions of the Sustainable Development Committee, please refer to this chapter, D. Implementation status of Corporate Governance, f. Compositions, duties and implementation status of the Sustainable Development Committee. 1-2 In order to achieve the goal of sustainable development, a cross-departmental "Sustainable Development Execution Team" is set up under the Sustainable Development Committee, the execution team consists of the head office management unit and grouped according to work (corporate governance, responsible finance, employee care, social integration and environmental sustainability). It is responsible for the implementation of sustainable development-related affairs, and regularly reporting the annual work plan, implementation results and stakeholders' communication status to the Sustainable Development Committee, and reporting to the Board of Directors in accordance with regulations. 1-3 The Board of Directors is responsible for supervising the Bank's practice of sustainable development and enhancing its business image and competitive advantage based on sustainable development, and stipulated the Bank's "Sustainable Development Best Practice Principles" and "Sustainable Development Policy". The aforementioned annual work plan, implementation results and stakeholders' communication status have been reviewed and inspected by the Board of Directors on January 28, 2021, November 11, 2021 and December 28, 2021.	No deviation.
2. Does the Bank conduct risk assessments on environmental, social and corporate governance issues related to the business operations and formulate relevant risk management policies or strategies based on the materiality principle?	✓		2-1 The risk assessment boundary of the Bank is mainly based on the Bank's operating activities in Taiwan, excluding overseas subsidiaries included in the consolidated financial statements. The disclosed information covers the sustainable development performance of the Bank's main bases from January to December 2021. 2-2 The Bank refers to GRI (Global Reporting Initiative) standard, identifies the Bank's stakeholder concerns about related environment of company business operation, social and corporate governance, correspond to GRI significant theme and conducts relevant risk assessment, and stipulates risk management policies as follows:	No deviation.

Major issues	Risk assessment item	Risk management strategy
Governance	Compliance	The Bank has established a good compliance system framework, stipulated "Compliance System Implementation Regulation" to implement legal compliance, and ensured effective management of legal compliance through publicity and education and training.
	Ethical Corporate Management	The Bank has established the "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Employee Code of Conduct," which specifically stipulate that the Bank's personnel should conduct business activities based on the principles of fairness, honesty, trustworthiness and transparency so as to create the corporate culture of ethical corporate management.

Promotion Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies with Reasons
	Yes	No	Summary	

Major issues	Risk assessment item	Risk management strategy
Governance	Corporate Governance	The Bank has established the "Corporate Governance Best Practice Principles," which specifically stipulates seven principles that the corporate governance system should uphold the establishment of an effective corporate governance structure, comply with laws and regulations, improve internal management, protect shareholders' rights and interests, strengthen the functions of the Board of Directors, and give full play to the functional committees under the Board of Directors, respecting the rights and interests of stakeholders, and enhancing the transparency of information, so as to promote the sustainable operation of the Bank.
	Operational Performance and Profitability	The Bank has formulated the "Implementation Regulations for the Operational Performance Assessment of the Management Units of the Head Office," "Key Points for the Implementation of the Operational Performance Assessment of the Regional Centers and Business Units" and "Key Points for the Implementation of the Operational Performance Assessment of the Overseas Business Units," specifying the Bank's annual operating performance targets, in order to supervise each unit to carry out business responsibilities and ensure that the assigned goals are achieved.
	Anti-Money Laundering / Countering the Financing of Terrorism	The Bank has established the "Anti-Money Laundering and Countering the Financing of Terrorism Policy" and "Precautions for Anti-Money Laundering and Countering the Financing of Terrorism" to establish consistent regulations for the Bank's anti-money laundering and countering the financing of terrorism.
Social	Information Security and Personal Information Protection	The Bank has formulated the relevant regulations for personal information management, respects the rights and interests of customers, exerts the duty of care of good stewardship, and implements the protection of personal information to ensure the safety of customers' personal information.
	Protection of Rights and Interests of Customers	The Bank has formulated "Guidelines for Fair Treatment to Customers," "Policies to Protect Financial Consumers," "Working Guidelines to Protect Financial Consumers" and "Consumer Complaint Handling Guidelines" to provide customers with a transparent complaint channel, which are expected to strengthen the protection of the rights and interests of financial consumers.
	Human Rights Protection and Gender Equality	The Bank has formulated "Human Rights Policy" and "Human Rights Due Diligence Procedures" to implement the Bank's responsibility to respect and protect human rights, improve the implementation of human rights policies, and build an honest, fair, respectful and open working environment.

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies with Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Major issues</th><th>Risk assessment Item</th><th>Risk management strategy</th></tr>
<tr><td>Social</td><td>Labor Relations</td><td>The Bank strictly adheres to the principle of suitable talent for the right place and fair and reasonable performance appraisal, attaches great importance to the career development of employees, establishes a perfect remuneration system, and provides employees with comprehensive health care and welfare measures. The Bank has signed a “Group Agreement” with the enterprise labor union of CHB to protect employees’ work rights.</td></tr>
<tr><td rowspan="2">Environmental</td><td>Climate Change</td><td>In response to international initiatives, the Bank identifies the risks and opportunities of climate change according to the framework of the “Climate-related Financial Disclosure Proposal” issued by the Task Force on Climate-related Financial Disclosures (TCFD) and establishes a response mechanism. Moreover, “Sustainable Development Best Practice Principles” and “Sustainable Development Policy” are also formulated to implement the Bank’s decision-making in response to climate issues, environmental protection and major environmental matters, in order to achieve the goal of developing a sustainable environment.</td></tr>
<tr><td>Greenhouse Gas Inventory and Reduction</td><td>The Bank has established the environmental protection policy of LOHAS Environmental Protection and Love the Earth, continued to promote energy conservation and carbon reduction plans, and voluntarily introduced ISO international management systems: ISO 14001, ISO 50001 and ISO 14064-1, in order to achieve the goal of environmental sustainability.</td></tr>
</table>
2-3 In addition, the Bank has also established a management mechanism for emerging risk issues, to identify emerging risks issues (including but not limited to infectious diseases, extreme climate, etc.) every year, assess their potential risks and opportunities, and formulate response strategies and establish risk monitoring mechanism to ensure the effective control of risks related to the Bank’s operations.
</td><td></td></tr>
<tr><td>3. Environmental Issues
3-1 Does the Bank establish an environmental management system proper to its industry’s characteristics?</td><td>✓</td><td></td><td>3-1 a. To implement the sustainable development of enterprises, by following “Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies”, the Bank has formulated “Sustainable Development Best Practice Principles”, established an appropriate environmental management system according to the characteristics of the financial industry, and set up a special environment management unit, which is responsible for formulating, promoting and maintaining relevant environmental management systems and specific action plans, and reviewing the effectiveness of their operation.</td><td>3-1 No deviation.</td></tr>
</table>

Promotion Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summary	
			b. The Bank has passed the relevant international verification standards as follows: (a) All business locations in Taiwan have passed ISO 14064-1 greenhouse gas inventory certification. (b) The Taipei Building of the Head Office has passed ISO 14001 environmental management system certification (certificate period is 2021/12/21~2024/12/20), ISO 50001 energy management system certification (certificate period is 2019/11/14~2022/10/24), ISO 46001 water efficiency management system certification (certificate period is 2021/11/11~2024/11/10) and ISO 20400 Sustainable Procurement Guidelines Compliance Check Statement.	
3-2 Does the Bank endeavor to utilize the energy more efficiently and use renewable materials that have low impact on the environment?	✓		3-2 a. In order to improve energy efficiency, the Bank has formulated energy policies and relevant reduction measures as follows: (a) Replace outdated and energy-consuming air-conditioning equipment, improve the use efficiency, and set the indoor temperature above 26 degrees to reduce the electricity load of the air-conditioner. (b) Replace the old energy-consuming lamps with high-efficiency LED lamps, appropriately adjust the on and off times of advertising signs, and install power sequence controllers in drinking water equipment to reduce energy consumption, etc. In 2020, the Bank's total electricity consumption is approximately 29,326,120 kWh, and in 2021, the Bank's total electricity consumption is approximately 28,711,779 kWh. b. In order to achieve the goal of environmental sustainability, the Bank continues to purchase environmentally friendly products. The implementation results are as follows: (a) In order to fulfill its social responsibility for environmental protection, the photocopying paper purchased by the Bank is environmentally friendly paper certified by international FSC or PEFC; the Bank has adopted the use of environmentally-friendly hand towels in the Bank's head office, Taipei building. (b) "Green building materials" paint is used in the decoration of each business unit or office space. (c) In response to the Environmental Protection Bureau's active promotion of green procurement (purchasing environmentally friendly products with environmental protection labels, carbon labels, energy-saving labels, water-saving labels, green building materials labels and sustainability labels), the purchase amount in 2021 reached NT$ 24.91 million, and the Bank has been awarded the Certificate of Appreciation for Outstanding Performance by the Environmental Protection Bureau of the Taipei City Government for participating in the "Green Procurement Program for Private Enterprises and Organizations" for four consecutive years.	3-2 No deviation.
3-3 Does the Bank assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	✓		3-3 a. In the face of climate change, the Bank has continued to participate in the international Carbon Disclosure Project (CDP) climate change questionnaire since 2018, and disclosed relevant risk assessments and responses to the risk impacts and development opportunities that may be brought about by climate change. The Bank has acquired recognition of management (B) level in the 2019~2021 CDP Climate Change Questionnaire. b. In addition, since 2020, the Bank has introduced the framework of the Task Force on Climate-related Financial Disclosures (TCFD) issued by the Financial Stability Board (FSB) year by year to regularly discuss the risks of climate change. Evaluate, manage and explore the business opportunities it brings, and propose relevant countermeasures and implementation status. In 2021, the Bank signed to become a TCFD Supporter, and the preparation of the TCFD report was reviewed and completed by the British Standards Institute (BSI), and was awarded the highest level "Level-5: Excellence". The TCFD report was disclosed in the official website of the Bank → "Sustainability" section.	3-3 No deviation.

Promotion Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies with Reasons
	Yes	No	Summary	
			c. In order to reduce the possible impact of climate risks, the Bank recognized the top 5 risks, identified possible opportunities and developed countermeasures. The Bank evaluated possible impacts and identified relevant opportunities for products and services, resource efficiency and markets. At the same time, corresponding management measures were taken for various projects such as greenhouse gas emissions, water resources and waste; and continuous improvement of energy resources such as electricity, water resources, renewable energy and green buildings was promoted. d. In addition, with reference to relevant domestic and foreign risk research materials, the Bank identifies and evaluates emerging risks that may affect the Bank's operations on an annual basis based on operating conditions and business experience, and formulates countermeasures and monitoring mechanisms based on their significance to mitigate the probability of occurrence or impact, in which the risk of climate change is taken as the top priority. Through reference to the climate change information and the TCFD framework, the Bank deeply evaluates the possible risks and opportunities, and has formulated the relevant countermeasures as follows: (a) In the face of climate change caused by global warming, which also prolongs the summer time, raises temperature, intensifies potential natural disasters, in response to the increase of cost of electricity usage, the Bank considers utilizing energy saving, environment friendly products, expecting to increase energy efficiency and lower cost expenditure caused by climate-related risks. With a view to preventing the Bank from potential intensified natural disasters and damage of the Bank's asset and equipment, the Bank takes countermeasures such as ensuring emergency generators are under sound operation, fixing doors, windows, signboards, billboards, stacking sandbags in front of doors, setting up waterproof gate, in order to minimize property loss. (b) The significant goal of the Bank's IT division is to build green computer data center of energy saving and carbon reduction and continuously extend server virtualization, replace and reduce existing physical mainframe step by step. In addition to reducing the number of physical hosts and improving energy efficiency, through the energy-saving improvement project of the computer room, it decreases the power consumption outside the server (such as air conditioning, lighting, UPS loss and fan power consumption), and enhance the power supply efficiency so as to reduce impacts of the Bank's business operations on the environment. (c) In response to the transition risks brought about by climate change, the Bank continues to pay attention to the development of green industries, increase the credit ratio of green industries, and handle financing solutions related to green industries, such as "Solar Photovoltaic Equipment Installation Project Loan", "Taoyuan City Green Energy Industry Project Loan", "Low-carbon Sustainable Home Project Loan" and "Green Enterprise Project Loan", etc. Moreover, in response to the voluntary carbon reduction cooperation mechanism of climate change, credit and investment limit ratios and early warning mechanisms are set up for the high energy-consuming industries (such as petrochemical industry, cement industry, steel industry and paper industry); through the concept of responsible investment, the Bank actively invests in green bonds and sustainable development bonds to help enterprises invest in green investment plans or social benefit investment plans to promote green industries result in reducing potential risks of climate change; by the end of 2021, the balance of the Bank's investment in sustainable development bonds was NT$9.6 billion, and investment in ESG-related bonds will be further increased in the future.	

<table>
<tr><th rowspan="2">Promotion Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies with Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>3-4 Does the Bank calculate the amount of greenhouse gas emissions, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumption, carbon and greenhouse gas emissions, and waste production?</td><td>✓</td><td></td><td>3-4 a. In response to climate change and national greenhouse gas reduction policy, since 2017, the Bank has voluntarily introduced the greenhouse gas inventory, and has mastered the greenhouse gas emissions of all business units in Taiwan, and has passed the ISO 14064-1:2018 certification. The results of the Bank's greenhouse gas inventory are as follows:
Unit: tonCO_2e
<table>
<tr><th></th><th>2021</th><th>2020</th></tr>
<tr><td>Category1</td><td>1,947.895</td><td>2,231.307</td></tr>
<tr><td>Category2</td><td>14,413.313</td><td>14,926.995</td></tr>
<tr><td>Total carbon emissions (Category1 + Category2)</td><td>16,361.208</td><td>17,158.302</td></tr>
<tr><td>Category3~5</td><td>13,588.282</td><td>13,023.129</td></tr>
</table>
b. In order to reduce the risk of future water shortage impact, the Bank proactively introduced a water resource efficiency management system in 2021, formulated water resource efficiency policies and relevant reduction measures, such as using water-saving label equipment, installing water-saving accessories on faucets, adjusting the method of cleaning items, tracking water leakage, air conditioning water saving, etc., to implement water resource efficiency management, and passed the ISO 46001 water efficiency management system certification (certificate period: 2021 / 11 / 11~2024 / 11 / 10). The statistical results of water consumption of the Bank are as follows:
Unit: kWh
<table>
<tr><th></th><th>2021</th><th>2020</th></tr>
<tr><td>Water consumption</td><td>160,777</td><td>163,943.695</td></tr>
</table>
c. In order to achieve sustainable utilization of resources and ensure proper disposal of waste, the Bank adopts proactive waste management, promotes energy conservation and waste reduction activities, actively implements resource recycling and classification from source management, and regularly records the amount of waste. In 2021, the waste in Taipei Building of the Bank decreased by 2.74 metric tons, down by 2.26%, compared with 2020.
Unit: ton
<table>
<tr><th></th><th>2021</th><th>2020</th></tr>
<tr><td>Waste</td><td>118.63</td><td>121.37</td></tr>
</table></td><td>3-4 No deviation.</td></tr>
<tr><td>4. Social Issues
4-1 Does the Bank formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?</td><td>✓</td><td></td><td>4-1 a. In accordance with the spirit and principles of International Bill of Human Rights (including the United Nations Universal Declaration of Human Rights, the United Nations Global Compact, the International Labour Organization Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights, etc.), the Bank has formulated the Human Right Policy and the Human Right Due Diligence Procedures to build an honest, fair, respectful and open working environment, and is committed to enhancing the attention to human rights-related issues and conducting relevant risk assessment and management to protect labor human rights.
b. Based on the characteristics and development strategies of the financial industry, the Bank formulates issues of concern, including: "Human Rights Protection in the Workplace", "Health and Safety in the Workplace", "Support for Freedom of Association", "Protection of Personal Privacy", "Anti-corruption, Prohibition of Bribery / Bribery and Other Dishonest Behaviors" and "Human Rights Policy Promotion"; in addition, the Bank's human right policy has been disclosed on the Bank's official website / Corporate Governance / Major Internal Policy; the annual human rights due diligence assessment process and risk mitigation measures have been disclosed in the Bank's sustainability report and official website / Sustainability / Social Aspect.</td><td>4-1 No deviation.</td></tr>
</table>

Promotion Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies with Reasons
	Yes	No	Summary	
4-2 Does the Bank appropriately reflect the business performances or achievements in the employee remuneration policy (including salary, annual leave and other benefits)?	✓		4-2 a. For the various employee welfare measures of the Bank, including further education, training, vacation, retirement system and other welfare measures, please refer to Annual Report, V. Operational Overview, G.Labor-Management Relations. b. In response to the needs of various business development, in addition to recruit young students to join the Banks every year by participating in campus talent recruitment, the Bank also adopts irregular internal and external recruitment for professional vacancies such as financial management and marketing, technology, and legal affairs, to enlist experienced or cross-disciplinary digital talents, thereby enriching human assets and creating business performance. In terms of employee recruitment and promotion, the Bank adheres to the principle of people-oriented and merit-based application. At the same time, the Bank follows laws and regulations. The Bank does not give different treatment or discrimination due to factors such as gender, race, religion, political party, etc. The Bank provides market-competitive salary levels, and plan complete training, generous welfare measures and annual promotion system to attract talents. To ensure the stability of the personnel system, the Bank does not employ part-time staff. In 2021, there were no human rights violations, use of child labor, infringement of indigenous rights and discrimination events. c. The Bank reviews salary of its employees in accordance with the "Salary Scales List for Personnel"; reasonable and competitive remuneration is given to employees according to the appointment and responsibility so as to ensure that they do not have different remuneration as a result of their gender, age or race. All salaries are in conformity with basic salary standards. Each year the Bank determines the level of its salary-adjustment based on consumer price index and its performance and capability. d. According to the Bank's Article 38 of Articles of Incorporation, At the end of fiscal year, profit , if any, shall be distributed with 1% to 6% of the profit as employees' bonuses; the Bank issues a performance bonus in accordance with the Bank's overall business operating performance and various indicators of its "Employee Performance Appraisal Regulations", "Regulations for Bonus Payment to Employees", and "Employee Remuneration Distribution Plans", by combining individual employee's professional performance with their performance review.	4-2 No deviation.
4-3 Does the Bank provide a healthy and safe work environment and organize health and safety training for its employees on a regular basis?	✓		4-3 a. The Bank has an Occupational Safety and Health Committee with 9 members, including 3 labor representatives, and holds regular quarterly meetings to review, coordinate and recommend the Bank's occupational safety and health policies and improve the Bank's safety and health management quality. b. The Bank has "Safety and Health Work rules" to implement occupational safety and health policy, and also has "Program to Prevent Employee Musculoskeletal Disorders Brought on by Repetitive Tasks", "Program to Prevent Employee Ailments Brought on by Exceptional Workload", "Program to Protect Maternal Employee's Health", and "Program to Prevent Employee Infringement Happened in Workplace" to prevent occupational disasters and diseases. In addition, employees are regularly selected to participate in occupational safety and health training, and professionals are invited to hold health education lectures from time to time, and relevant occupational safety and health digital education and training courses are provided to maintain employee safety and protect employee health.	4-3 No deviation.

Promotion Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies with Reasons
	Yes	No	Summary	
			c. The Bank's Taipei Building has passed the ISO 45001 occupational safety and health management system certification (certificate period is 2019/11/4~2022/11/3). The Bank actively implements employee workplace safety and health, and improves occupational safety and health in the workplace. By referring to international standards, it proactively manages risks and establishes appropriate safety and health foundations and management systems as early as possible to protect the safety and health of employees and related workers. d. In 2021, 9 employees of the Bank were injured during commuting, and 1 was injured due to official duties, accounting for 0.15% of the total number of employees, no major occupational accidents happened. In the Bank's annual executive meeting, managers at all levels are requested to publicize to their colleagues to pay attention to traffic and personal safety to avoid accidents. e. For information on employee safety and security, please refer to Annual Report, V. Operational Overview, G.Labor-Management Relations, a. 3. Employee safety and security measures.	
4-4 Does the Bank establish effective career development and training plans for its employees?	✓		4-4 a. The Bank attaches great importance to the career development of on-the-job employees. During the period of service in the Bank, employees are supplemented by diversified training channels, including orientation training for new employees, assistant manager training, supervisor function training, etc., to improve employees' professional knowledge and encourage employees to participate in various functional training courses, license verification and online English courses, etc., and provide the digital platform courses of CWLC to cultivate employees' self-learning atmosphere and cultivate cross-disciplinary talents; moreover, the Bank has built a new generation of online digital learning network to improve knowledge management and inheritance, and continue to develop multi-career capabilities and training.	4-4 No deviation.
4-5 Does the Bank comply with relevant regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of its products and services and set up relevant consumer or customer protection policies and complaint procedures?	✓		4-5 The Bank handles financial products and services in accordance with the relevant regulations and international standards of the business competent authorities to safeguard the rights and interests of consumers: a. In purchase of various types of thermal paper rolls, each unit of the Bank requires manufacturers to produce product test reports and comply with national standards to protect customers' rights and interests. b. In order to implement the security maintenance and management of personal data files, the Bank has formulated "Personal Data File Security Maintenance Plan" and related management specifications in accordance with the "Security Maintenance Measures for Personal Data Files of Non-Governmental Organizations Designated by the Financial Supervisory Commission". To comply with the EU "General Data Protection Regulation" and the UK "2018 Data Protection Act", the Bank also has formulated the EU and UK Personal Data Management Regulations; the personal data management procedures for the collection, processing and utilization of the Bank's operational activities, and personal data security management measures, and established mechanisms such as emergency response and notification of personal data security incidents to maintain customer privacy. c. The Bank's marketing and labeling of various financial products and services shall explain the important contents and expose risks in the contract, express them in prominent fonts or methods, and list the complaint channels of consumers for disputes arising from financial products or services provided by the Bank.	4-5 No deviation.

Promotion Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies with Reasons
	Yes	No	Summary	
			d. In order to protect the rights and interests of financial consumers and handle financial consumption disputes fairly, reasonably and effectively, in accordance with "Guidelines for Fair Treatment to Customers in the Financial Services Industry", "Financial Consumer Protection Act" and its relevant sub-laws, the Bank has formulated "Guidelines for Fair Treatment to Customers", "Policies to Protect Financial Consumers", "Guidelines to Conduct Protection for Financial Consumers" and "Consumer Complaint Handling Guidelines", ensuring every division shall abide by related regulations of financial consumer protection, ensuring all divisions provide products and services meet the standard of fair treatment through transaction in design, advertisement, sale, contract fulfillment, service counseling and dealing customer complaints, and complying with the financial consumer protection principle so as to implement financial consumer rights and interest protection and improve service quality of the Bank.	
4-6 Does the Bank formulate and implement supplier management policies that require suppliers to follow relevant regulations on environmental protection, occupational safety and health or labor human rights?	✓		4-6 a. To cooperate with suppliers in being committed to the practice of corporate social responsibility, and comply with relevant laws and regulations such as labor human rights, occupational safety and health, environmental protection, and ethical corporate management. The Bank has issued the "Supplier CSR Policy", which stipulates that when the Bank signs a contract with a supplier, the supplier shall be required to sign a "Supplier Social Responsibility Commitment" and the content shall be implemented to comply with the Bank's ethical corporate management best practice principles and corporate social responsibility policy of both parties. The Bank may terminate or cancel the contract at any time when abovementioned policies have been violated and have a great impact on environment from which product or service is sourced or when suppliers are involved in dishonest behaviors. b. To fulfill commitment and responsibility for supplier management, the Bank stipulates "Implementation of CSR Guidelines for Suppliers" to promote CSR policies through communication meetings with suppliers and requires suppliers to fill in the "Self-assessment of CSR Guidelines for Suppliers" and substantive transactions can be carried out after the Bank's review that there is no violation of laws and regulations. The Bank also visits suppliers irregularly, and fills in "Visiting Report for Suppliers" according to results to make sure the current status of suppliers to supervise them to implement corporate social responsibility.	4-6 No deviation.
5. Does the Bank refer to internationally-used standards or guidelines for the preparation of reports such as sustainability reports to disclose non-financial information? Are the reports certified or assured by a third-party accreditation unit?	✓		The Bank's 2020 CSR Report published in 2021 has been prepared in accordance with the GRI Sustainability Reporting Standards and SASB Standards for Commercial Banking, and has been verified by BSI through the AA1000 Assurance Standard (Type 2) and SASB Standard (Type 1) compliance assessment and a statement of independent assurance opinion has been issued. The CSR report is disclosed on the Bank's official website.	No deviation.

Promotion Items	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies with Reasons
	Yes	No	Summary	
6. If the Bank has established sustainable development best-practice principles based on the "Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies", describe the implementation and any deviations from such principles: The Bank's "Sustainable Development Best Practice Principles" is formulated with reference to the "Sustainable Development Best Practice Principles for TWSE / TPEx Listed Companies", currently, the implementation of relevant affairs is in accordance with the principles, and there is no deviation.				
7. Other important information to facilitate a better understanding of sustainable development practices: For other implementation of sustainable development by the Bank, please refer to Annual Report, V. Operational Overview, C. Corporate Responsibility and Moral Behavior, and the Bank's 2021 ESG Report.				

h. Implementation of business integrity and deviations from "Ethical Corporate Management Best Practice Principles For TWSE / GTSM Listed Companies" with reasons.

Evaluation Items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies" with Reasons
	Yes	No	Summary	
1. Policies and strategies established to ensure business integrity				
1-1 Has the Bank formulated ethical management policies which is approved by the Board of Directors and stated in its internal bylaws or external publications about the policies and practices it has to maintain business integrity? Are the Board of Directors and the top management committed in fulfilling this commitment?	✓		1-1 To implement the policy of business integrity, and actively guard against unethical behavior, the Bank has formulated the "Ethical Corporate Management Best Practice Principles," and approved by the Board of Directors, stipulating that the Bank's personnel (including directors, supervisors, managerial persons, employees, appointees, etc.) shall stick to principles of fairness, honesty, trustworthiness, and transparency, when conducting business and commercial activities, and shall establish a good corporate governance and risk control mechanism, so as to create a business environment for sustainable development; the Principles also stipulates the Bank's Board of Directors and management to actively realize business doing with integrity as discipline based on the Best Practice Principles for the internal management and external commercial activities to actually follow.	1-1 No deviation.
1-2 Has the Bank established risk assessment mechanism of unethical conducts and regularly analyzed and assessed high-level unethical conducts risk among operation? Does the Bank have any measures which at least include the preventive measures in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies"?	✓		1-2 a. The Bank implements unethical behavior and internal fraud risk assessment mechanism, regularly analyzes and assesses unethical behavior and internal fraud risks in every aspect of business operation. According to data of the Bank's and other bank's unethical behavior and internal fraud cases, internal audit performance, implementation status of inspection by competent authority, and decisions of Personnel Review Committee, the Bank will have a comprehensive assessment of residual risk, and the Bank's business operation division shall stipulate and amend relevant preventive measures based on the assessment results, which include in Paragraph 2, Article 7 of "Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies," and the Bank's "Ethical Corporate Management Best Practice Principles" which stipulates: that the Bank's personnel shall not provide or receive, either directly or indirectly command or require, any unreasonable presents, hospitality or other improper benefits; that they shall abide by related regulations pertaining to intellectual property rights, the Bank's guidelines and contract regulations; nor can they engage in unfairly competitive conduct, that they shall comply with the "Securities and Exchange Act" and shall not use privileged and undisclosed information to engage in inside trading, or disclose it to any third party in order to prevent other parties from using such undisclosed information for inside trading, etc. Meanwhile, the Bank's relative business operation divisions have added and enhanced preventive measures with regards to the higher risk items in the risk assessment report.	1-2 No deviation.

Evaluation Items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" with Reasons
	Yes	No	Summary	
			b. The Bank's "Employee Code of Conduct" stipulates the following related guidelines: (a) Employees need to obtain the Bank's permission before taking part in political campaign activities, political fund-raising activities, charitable activities, non-for-profit activities or volunteer activities in the name of the Bank. (b) Employees shall not promise customers on sharing interest and undertaking financial losses, and refrain from demanding, offering or receiving, directly or indirectly, any improper funds, things of value, donations, hospitality or other benefits, which may impact their professional judgment and the objectivity of executing duties. (c) Employees shall protect the Bank's assets as well as other assets under his / her dutiful custody. (d) Employees shall provide premium customer service and innovative products, and shall not seek competitive benefits via unethical or illicit business activities, and shall not promise customer on providing specific interest, consideration, undertaking losses, promoting investment of specific financial products. c. The Bank has formulated the "Regulations for External Donation," stipulates any donation shall be examined beforehand, each business division which is being a donator shall examine eligibility of the donatee, donation purpose, rationality of the donation amount, and shall assess whether the donation is benefit for the morality, which have substantial benefits or devotions for the Bank's corporate image and business promotion are allowed to perform or recognize. In 2021, relevant donations meet standard of the Bank's relevant regulations, none of them are provided with illicit political donations, charitable donations, bribes in disguise.	
1-3 Does the Bank have any measures against dishonest conducts? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions and complaint systems and regularly review aforementioned measures?	✓		1-3 a. The Bank has formulated the "Ethical Corporate Management Best Practice Principles" and the relevant regulations to guard against dishonest behavior, which include the "Rules of Procedures for Board of Directors Meetings," "Code of Ethical Conduct," "Employee Code of Conduct," "Work Rules," "Directions for Treasury Division to Conduct Financial Transactions," "Operating Guidelines for Business with the Interested Parties as Defined by the Banking Act," "Operating Guidelines for Transactions with the Interested Parties Other than Credit Extension," etc., in order to actually prevent dishonest behavior, and periodically review aforesaid related regulations. b. The Bank has also adopted the "Implementation Regulations of Employees Reward and Punishment" as a basis for rewards, punishments and remedies; any employee who is found and proved to have committed a dishonest act will be transferred to the Personnel Review Committee for punishment. If the abovementioned employee refuses to accept the disciplinary disposition, he/she has to file an appeal with the reasons and the relevant evidence to such committee for a new review.	1-3 No deviation.
2. Actions to ensure ethical management				
2-1 Does the Bank evaluate the ethical credits of all counterparties it has business relationships with? Are there any integrity clauses stipulated in the agreements it signs with business partners?	✓		2-1 The Bank's "Ethical Corporate Management Best Practice Principles" stipulates that prior to engaging commercial relations with any third party, the Bank shall examine whether the parties have been implicated in prior incidents of unethical behavior in accordance with the Bank's related rules and regulations (for example: "Guidelines for Suppliers' Corporate Social Responsibility"), and shall formulate terms with respect to good faith in contracts (for example: related activity contracts of retail channel, etc.) Relevant clauses were included in important commercial contracts established by all divisions of the Bank in the year.	2-1 No deviation.
2-2 Does the Bank have a specialized unit that promotes ethical management? Does this unit report its performance to the Board of Directors on a regular basis (at least once a year) of integrity operation policy and program of preventing unethical conduct and implementation of monitoring?	✓		2-2 The Bank's "Sustainable Development Committee" is instituted under the Board of Directors which is responsible for business integrity, and designates Compliance Division to report to Sustainable Development Committee and the Board of Directors annually and shall responsible for the following matters: a. To assist relevant divisions to comply with legal system and incorporate honest and ethical values into the Bank's business operation, and stipulate related anti-misconduct measures. b. To assist business units to stipulate related regulations on prevention of unethical behavior. c. To assist in reviewing internal organization, establishment and responsibility, and set forth a mechanism for checks and balances involving a degree of multilateral supervision between internal organizations of the Bank with higher risks of unethical behavior in business activities. d. To promote and coordinate integrity policy for propaganda and training. e. To plan whistleblower mechanism, ensuring effectiveness of its implementation. f. To assist the Board of Directors and management to audit and assess the precaution measures set for implementing business integrity are operating effectively, regularly assess the compliance status of related business process, and present a report. The Bank's FY 2021 ethical management performance was reported to the Sustainable Development Committee and the Board of Directors on January 10 and January 24, 2022 for their recognition.	2-2 No deviation.

Evaluation Items		Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" with Reasons
		Yes	No	Summary	
2-3	Does the Bank have any policy that prevents conflict of interest, and channels that facilitate the reporting of conflicting interests?	✓		2-3 a. The Bank's "Ethical Corporate Management Best Practice Principles" specifically stipulates articles for avoiding conflict of interest, as the Bank's Board of Directors, management and all employees shall abide by relevant regulations such as the Bank's "Code of Ethical Conduct," "Rules of Procedure for Board of Directors Meetings," "Operating Guidelines for Business with the Interested Parties as Defined by the Banking Act," "Operating Guidelines for Transactions with the Interested Parties Other than Credit Extension," "Stewardship Principles" and "Long-Term Equity Investment Business and Subsidiaries Management Principles" in order to prevent conflict of interest. Directors shall also exercise self-discipline and refrain from coming to each other's rescue improperly. b. The Bank's "Rules of Procedure for Board of Directors Meetings," specifically stipulates that in the event, a director, or a corporate entity represented by a director, is considered an interested party to the matter of discussion, the said director must disclose material facts about his/her interests involved during the current meeting and shall be deterred from all discussions and voting if it contradicts the Bank's interests, in which, the said director may not exercise voting rights on behalf of other directors. c. The Bank's "Employee Code of Conduct" outlines its policy against conflict of interest, specifically requiring employees to prioritize seeking the best interest of the Bank in performing their business operations, as well as to prevent conflict or contradiction between an employee's personal interest and the Bank's interest, including possible conflict of intesrest involving customers, trading counterparties, competitors or other employees as a result of the performance of duties on his/her post. Once employee alerts incidents happen stipulated in "Employee Code of Conduct," or other possible incidents involved in conflict of interest, shall avoid and resort confirmation to manager or compliance supervisor of the unit at once, and make sure after exclusion of possible conflict of interest, employee shall proceed to former conduct or activity. d. The Bank shall comply with relevant regulations set forth by the Banking Act and stipulated by competent authority when conducting credit-rendering business with the Bank's interested party. In 2021, the Bank did not have any conflict of interest violations.	2-3 No deviation.
2-4	Has the Bank implemented effective accounting and internal control systems for maintaining business integrity? Are these systems formulated with related audited plan according to the result of unethical conduct risk, and apply it to prevent unethical conduct of implementation of program, or by external auditors?	✓		2-4 a.The Bank establishes its accounting policies and amends it in a timely manner in accordance with regulations as bookkeeping guidelines for business operations and management. Furthermore, multiple layers of authority and accountability have been implemented to ensure sound internal control so that all employees can conduct the Bank's various business operations in good faith. b.The Bank's "Ethical Corporate Management Best Practice Principles" stipulates: "The Bank shall establish an effective accounting system and internal control system, and shall not keep external books or retain secret accounts. Furthermore, it shall review these systems at all times in order to ensure the continued effectiveness of the design and enforcement of these systems. The Bank's internal audit units shall audit whether the aforementioned systems are in compliance with a regular basis and compile audit reports for submission to the Board of Directors." In line with the aforementioned regulation, the Bank's internal audit has planned and implemented related audit plan based on the unethical behavior and internal fraud risk assessment.	2-4 No deviation.
2-5	Does the Bank organize internal or external training regarding ethical management on a regular basis to maintain business integrity?	✓		2-5 a.The Bank regularly conducts education training in relation to ethical management, and also promotes the value of integrity through the Bank's ATM, digital branch multimedia signage system, Facebook fan group, official website and online learning website for employees by broadcasting the microfilm "Happiness, Walking Firmly" of the Agency Against Corruption of the Ministry of Justice. In 2021, the Bank conducted 6,687 trainees for 10,030 person-hours for employees and new employees on important issues related to ethical management. (including compliance with laws and regulations, "Ethical Corporate Management Best Practice Principles," "Code of Ethical Conduct," "Employee Code of Conduct," "Rules of Internal Whistle-blowing". Moreover, for deepening the employees' understanding of occupational fraud of financial industry and expecting the employees to implement precautionary measures during routine works, the Bank appointed external consultants to record "The Analysis of Recent Fraud Cases of Financial Institution and Fraud Risk Management Framework" for internal training. b.The Bank collects the material disciplinary actions in the financial industry announced by the FSC for references of business units to evaluate the legality of their business operations, and publishes those disciplinary actions on the Bank's internal website. c.In addition to reviewing the causes of misconducts in financial institutions and explaining the Bank's internal control practices, the training session also discusses the key points of misconduct prevention and internal control mechanism, so as to effectively perform self-reviewing, strengthening the internal control of business units, and prevent the occurrence of unethical acts.	2-5 No deviation.
3.	Implementation of a misconduct reporting system				
3-1	Does the Bank provide incentives and means for employees to report misconducts? Does the Bank assign dedicated personnel to investigate the reported misconducts?	✓		3-1 The Bank has formulated the "Ethical Corporate Management Best Practice Principles" and "Rules of Internal Whistle-blowing," setting up address, mailbox, hotlines, related channel for complaints. In the circumstances unethical behavior is identified, including commit crime, misconduct, violation of regulation, the Bank's Internal Auditing Division which is the receiving unit shall designate appropriate personnel to deal with the incident. If the whistle-blower meets the standard of "Implementation Regulations of Employees Reward and Punishment," the Bank would give reward based on practical circumstance.	3-1 No deviation.

Evaluation Items	Implementation Status			Deviations from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" with Reasons
	Yes	No	Summary	
3-2 Has the Bank implemented any standard procedures, subsequent measures after the procedures, or confidentiality measures for handling reported misconducts?	✓		3-2 a.The Bank has formulated "Rules of Internal Whistle-blowing," which clarified on the investigated whistle-blowing cases, organization responsibilities of the reviewing unit, avoidance of interest, whistleblower protection, file management. The investigation of whistle blowing cases' review or reexamination which identifies to be true would be proceeded by the aforementioned regulation, related investigative unit shall review its internal control system and operational procedure, and submit improvement measures to prevent from occurrence of identical conduct. In addition, respondent and relevant respondent are required to stop doing related behavior and shall be proper handled by related personnel management regulation, and shall be handled by legal procedure for loss claim or dealing by prosecution authority. Receiving unit of complaints shall summarize and report, results of review, related information of improvement measures suggested by relevant unit, should submit to the Audit Committee and the Board of Directors regularly. In 2021, the Bank did not receive any report of violations of ethical conduct. b.The Bank has formulated the "Ethical Corporate Management Best Practice Principles" and "Rules of Internal Whistle-blowing," which ensure the confidentiality of the identity of whistle-blowers and the content of complaints, while investigations in line with regulations and public announcement by competent authority should be revealed.	3.2 No deviation.
3-3 Does the Bank assure employees who report misconducts that they will not face repercussions for making such reports?	✓		3-3 The Bank has formulated the "Ethical Corporate Management Best Practice Principles" and "Rules of Internal Whistle-blowing," which ensure the confidentiality of all information with regard to whistle-blowers; the Bank also makes sure that they will not suffer improper treatment including not to be fired, dismissed, degraded, salary reduction, and shall not be deprived from entitled interest of its legal regulations, contracts or habits, and other inadequate arrangements.	3-3 No deviation.
4. Enhanced information disclosure Has the Bank disclosed its Ethical Corporate Management Best Practice Principles on its website and MOPS?	✓		The "Ethical Corporate Management Best Practice Principles" formulated by the Bank has been disclosed on the Bank's official website as well as MOPS. In addition, the Bank's implementation of ethical management operations is also disclosed in the "Corporate Governance Report" section of the annual report as well as on the Bank's official website. An electronic version of the annual report is also disclosed on the Bank's official website and MOPS.	No deviation.
5. If the Company has established its own ethical corporate management principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies," please describe the Company's implementation of the principles and any discrepancy therein and explain: The Bank has stipulated "Ethical Corporate Management Best Practice Principles" according to "Ethical Corporate Management Best Practice Principles for TWSE/GTSM -Listed Companies," and has conducted according to the principles and there is no deviation.				
6. Other information to understand more about the Bank's Ethical Corporate Management practice: (e.g. reviews over the Bank's Ethical Corporate Management Best Practice Principles, etc.): The Bank shall follow the development of domestic and international guidelines regarding ethical corporate management as a basis for review and improvement of the Bank's ethical corporate management regulations, and for its implementation, to improve the effectiveness of ethical corporate management.				

i. If the Bank has adopted corporate governance best practice principles or related bylaws, disclose how these are to be searched.

The Bank has stipulated Corporate Governance Best Practice Principles and relevant rules, please visit the "Corporate Governance" section on the official website (https://www.bankchb.com) or please refer to MOPS (https://mops.tse.com.tw).

j. Other significant information that will provide a better understanding of the implementation Bank's corporate governance may also be disclosed.

Please refer to this chapter D. Corporate Governance, e. The Bank's corporate governance practices and the differences between the Banking Industry's Corporate Governance Best Practice Principles and the reasons for the differences. "Does the Bank have other important information that can help understand the operation of

k. Execution of Internal Control System

1. Internal Control System Statement:

Chang Hwa Commercial Bank, Ltd.

Internal Control Statement

March 29, 2022

To： Financial Supervisory Commission, R.O.C.

I. On behalf of Chang Hwa Commercial Bank, Ltd. (the "Bank"), we hereby declare that from January 1, 2021, to December 31, 2021, the Bank has duly complied with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" in establishing its internal control system, implementing risk management, designating an independent and objective department to conduct audits, and regularly reporting to the Board of Directors and the Audit Committee, and indeed comply with the provisions of Article 38, paragraph 5 and Article 38-1 of the rules mentioned above, and the "Self-Regulations on Information Security" established by the Bankers Association.

II. With respect to the securities business, evaluation of the effectiveness of the design and implementation of its internal control system has been done in accordance with the criteria for evaluating effectiveness of internal control systems described in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets."

III. With respect to the insurance agency business, evaluation of the effectiveness of the design and implementation of its internal control system has been done in accordance with the criteria for evaluating effectiveness of internal control systems described in the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies."

IV. After prudential evaluation, the internal control, legal compliance systems, and the overall information security implementation of each department have been in effect during the year.

V. This Statement will be included as the main content of the Bank's annual report and prospectus and make public. If there is any illegal activity such as fraud or concealment, liabilities under Article 20, 32, 171, and 174 of the Securities and Exchange Act or aforementioned Regulations will be involved.

VI. This Statement has been approved by the Board of Directors on March 29, 2022.

Chairman	:	Juanne Ling
President	:	Chan. Chao-Chang
Executive Vice President & Chief Auditor	:	Mei-Fang Wu
Executive Vice President & Chief Compliance Officer	:	Yu-Ting Wang
Executive Vice President & Chief Information Security Officer	:	Bri Chen

【Attached list】

Chang Hwa Commercial Bank, Ltd. Issue and Corrective Actions for Internal Control Statement

(As of December 31, 2021)

Issue for Improvement	Corrective Actions	Target Completion Date
N/A		

2. Report of Independent Auditor appointed to conduct special audit on the Bank's internal control system:

Independent Auditors' Report on Applying Agreed-Upon Procedures

The Board of Directors and Shareholders
Chang Hwa Commercial Bank, Ltd. (hereinafter refer as "CHB")

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

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

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

Deloitte & Touche
March 29, 2022

I. For the last two years and as of the date of the annual report, the Bank has been punished for violations of the law and the major malfeasant and improvements:

1. The responsible person or employee was prosecuted by the prosecutor for business-related crimes:
   None.
2. Violations of laws and regulations fined by the FSC, or penalties imposed by the FSC under Article 61-1 of the Banking Act, or penalties imposed by the Bank on its internal personnel for violations of the internal control system, the results of which may have a significant impact on shareholders' equity or securities prices or meet the requirements of Article 2 of the FSC's Regulations on the Public Disclosure of Significant Penalties for Violations of Financial Laws and Regulations:

Major malfeasant cases and operational improprieties	Countermeasures
On July 7, 2020, the FSC imposed a fine of NT$12 million due to the violation of Article 45-1, Paragraph 1 and Article 129, Paragraph 7 of the Banking Act on the Bank's Pei-Taichung Branch. The cause was former Financial Advisor, Lin ○-qing, for misappropriation of customer funds, unusual fund transactions with customers, and improper insurance solicitation practices.	1. We have conducted a review of the deficiencies of the former financial advisor surnamed Lin, and have strengthened or initiated relevant control measures and implemented them with respect to the management and account control of financial advisors, the deposit and withdrawal operations on behalf of customers, the care operations for financial customers, and the monitor of policy transactions. 2. In accordance with the reprimand of the competent authority's letter of disposition, the functions and measures to strengthen the second and third lines of internal control have been discussed and submitted to the Bank for consideration and approval at the 3rd meeting of the 26th Board of Directors on August 27, 2020.
The FSC made an "inspection recommendation on the Bank's general business inspection report" in FY2019, which stated that the deficiencies in the handling of corporate clients' account opening and continuous examination of accounts may hinder sound operation. On August 10, 2020, in accordance with the Article 61-1, Paragraph 1 of the Banking Act, the deficiencies should be corrected.	1. Establish a systematic control for corporate customers when opening accounts and strengthen education, training and promotion for Know Your Customer (KYC) process. 2. Strengthen the monitoring and management of customers or their related parties who are identified to be sanctioned, so as to supervise the sales units in reporting suspicious transactions or freezing accounts. 3. To add the requirement that non-natural person customers should identify their related parties, such as the actual beneficiaries, during the termination process, in order to avoid the risk that the Bank may not be able to report immediately if the aforesaid person is on the sanctioned list. 4. The dedicated unit continues to supervise sales units to complete customer due diligence and fill in missing values as soon as possible to implement continuous customer review operations. 5. The improvement measures have been submitted to the Bank's 33rd meeting of the 25th Board of Directors on January 21, 2020 and 38th meeting of the 25th Board of Directors on June 12, 2020 for consideration and approval, and have been reported to the FSC.
On December 24, 2020, the FSC issued a report to the Bank on the "Report on the Ad Hoc Inspection of Securities Business" of FY2020 and found that the deficiencies listed in the report were in violation of the Securities Act and should be corrected in accordance with Article 65 of the Securities and Exchange Act.	1. Set up internal personnel data verification mechanism in the securities system, adjust the existing report verification parameters, and provide reports for reviewing anomaly. 2. Complete the revision of the contract documents for opening accounts with securities brokers, and communicate the relevant regulations to require the implementation by all securities brokers. 3. Include the implementation of the relevant regulations in the stockbrokers' self-audit items. 4. Registration, pre-employment, and on-the-job training of business personnel are conducted in accordance with regulations. 5. The improvement measures have been submitted to the Bank's 38th meeting of the 25th Board of Directors on June 12, 2020 for consideration and approval, and have been reported to the FSC.

3. Any person whose individual or total actual loss exceeds NT$50 million in each year due to personnel fraud, major incidental cases or failure to perform safety maintenance work:

   The FSC imposed a fine of NT$12 million and the Bank compensated NT$59,390 thousand to customer for the loss due to the violation of Article 45-1, Paragraph 1 and Article 129, Paragraph 7 of the Banking Act on the Bank's Pei-Taichung Branch. The cause was former Financial Advisor, Lin ○-qing, for misappropriation of customer funds, unusual fund transactions with customers, and improper insurance solicitation practices.

4. Any other matters designated by the FSC that should be disclosed:

   None.

m. Significant resolutions of the General Shareholders' Meeting and Board of Directors' Meeting in 2021 and the status of implementation

1. Resolutions of the 2021 General Shareholders' Meeting:

Date	Resolution	Resolution Results	Implementation and Review
July 20, 2021	Adoption of the Bank's 2020 Business Report and Financial Statement.	Voted and acknowledged as proposed.	The relevant registers have been filed with the competent authorities for inspection and announcement in accordance with the Company Act and the Securities and Exchange Act.
	Adoption of the Bank's distribution of 2020 profit.	Voted and acknowledged as proposed.	The General Shareholders' Meeting resolved to distribute NT$3,738,500,498 in cash dividends (NT$0.36 per share) and NT$1,038,472,360 in stock dividends (NT$0.1 per share) to the shareholders; The Board of Directors approved on September 6, 2021 as the record date for cash dividend distribution, stock dividend distribution and surplus to capital increasing, and were allocated on September 30, 2021.
	Discussion and ratification of the Bank's issuance of new shares through capitalization of earnings.	Voted and approved as proposed.	In accordance with the resolutions of the General Shareholders' Meeting, it was reported to the FSC to declare and take effect on August 10, 2021 and was approved by the Ministry of Economic Affairs on September 11, 2021 to change the registration. The new shares were delivered and listed for trading on September 30, 2021.
	Amendments to the Bank's "Articles of Incorporation."	Voted and approved as proposed.	The Company completed the change of registration with the Ministry of Economic Affairs on August 10, 2021 and operated in accordance with the amended Articles of Incorporation.
	Amendments to the Bank's "Rules of Procedure for General Shareholders' Meeting."	Voted and approved as proposed.	Operated in accordance with the amendments.

2. Important Resolutions of Board of Directors in 2021:

(1) The 9th Meeting of the 26th Board of Directors held on January 28, 2021:

① Adopted amendments to the Bank's "Internal Control System for Securities Firms."

② Approved the Bank's Corporate Social Responsibility working plan of 2021.

③ Noted the report on the implementation of Human Rights Due Diligence for the year ended December 31, 2020.

④ Noted the report on implementation of the Bank's Ethical Corporate Management Best Practice Principles for FY 2020.

⑤ Noted the result of the performance evaluation for the Board of Director and Functional Committees of 2020.

(2) The 10th Meeting of the 26th Board of Directors held on February 25, 2021:

Approved the proposal to acknowledge the 2020 annual business report and annual report during the General Shareholders' meeting.

(3) The 1st Interim Meeting of the 26th Board of Directors held on March 15, 2021:

Approved the discharge of the Bank's President Mr. Jui-Mu Huang and assigned Mr. Chao-Chung Chou as the President of the Bank.

(4) The 11th Meeting of the 26th Board of Directors held on March 26, 2021:

① Adopted amendments to the Bank's "Articles of Incorporation."

② Approved the Bank's 2020 "Internal Control System Statements for AML/CFT."

③ Approved the Bank's 2020 "Internal Control System Declaration."

④ Approved the Bank's 2020 "Overall Information Security Implementation Declaration."

⑤ Approved the commissioning and fees for the Bank's 2021 annual finances and tax auditing accountant.

⑥ Adopted amendments to the Bank's "Internal Control System for Securities Firms."

⑦ Adopted amendments to the Bank's "Rules of Procedure for Shareholders' Meeting."

⑧ Approved the convening of the Bank's 2021 General Shareholders' Meeting.

(5) The 12th Meeting of the 26th Board of Directors held on April 20, 2021:

① Adopted amendments to the Bank's "Internal Control System for Securities Brokerage Firm's Auxiliary Business of Futures Trading."

② Approved to propose the distribution of 2020 earnings during the General Shareholders' Meeting for recognition.

③ Approved the proposal to discuss earnings capitalization during the General Shareholders' Meeting.

④ Assigned the President as member of the Sustainability Committee.

⑤ Noted the report on the Bank's implementation of the "Fair Trade Policy" of 2021.

(6) The 13th Meeting of the 26th Board of Directors held on May 11, 2021:

① Approved the "Business plan", "Capital Adequacy Assessment Results" and "Self-Assessment of Risk Indicators" for FY 2021.

② Approved the renewal of the Bank's directors' and officers' liability insurance of 2021.

(7) The 14th Meeting of the 26th Board of Directors held on June 24, 2021:

① Approved to increase the construction budget of Urban Renewal Project of 764 and 764-1, Subsection 1, Changchun Sec., Zhongshan Dist., Taipei.

② Adopted amendments to the Bank's "Internal Control System for Trust Enterprises."

③ Adopted change of date for General Shareholders' Meetings of 2021.

④ Adopted amendments to the Bank's "Internal Control System for Securities Investment Consulting Enterprises."

⑤ Approved the regular evaluation of remunerations, benefits and the related matters for the Chairperson of the Board.

⑥ Approved the regular evaluation of the monthly remunerations of the managing directors (excluding independent managing directors), and directors (excluding regular independent directors).

⑦ Approved the regular evaluation of the monthly remunerations for independent directors.

(8) The 15th Meeting of the 26th Board of Directors held on July 22, 2021:

① Adopted amendments to the Bank's "Internal Control System for Securities Firms."

② Adopted amendments to the Bank's "Policy of Information Security."

(9) The 2nd Interim Meeting of the 26th Board of Directors held on August 12, 2021:

Approved the baseline date for the Bank's 2020 cash and stock dividends and capitalization of retained earnings, as well as the distribution date for the Bank's 2020 cash dividends.

(10) The 16th Meeting of the 26th Board of Directors held on August 26, 2021:

① Adopted amendments to the Bank's "Internal Control System for Futures Introducing Broker Business by Securities Broker."

② Approved the Bank's 2021 semi-annual financial statement.

③ Approved the Bank's 2020 remuneration resolution of directors.

(11) The 17th Meeting of the 26th Board of Directors held on September 28, 2021:

① Adopted amendments to the Bank's "Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism."

② Approved the Bank's "Tax Governance Policy."

(12) The 18th Meeting of the 26th Board of Directors held on October 15, 2021:

① Approved to increase the construction budget of Urban Renewal Project of 764 and 764-1, Subsection 1, Changchun Sec., Zhongshan Dist., Taipei.

② Adopted amendments to the Bank's "Accounting System."

(13) The 19th Meeting of the 26th Board of Directors held on November 11, 2021:

① Noted the report on the Bank's Management Plan and Its Performance of Intellectual Properties of 2021.

② Noted the report on the implementation of the Bank's Task Force on Climate-related Financial Disclosures (TCFD) proposal of 2021.

③ Noted the report on the implementation of the Bank's Corporate Social Responsibility result of 2020.

(14) The 20th Meeting of the 26th Board of Directors held on December 9, 2021:
Adopted the Bank's draft budget for FY 2022.

(15) The 21st Meeting of the 26th Board of Directors held on December 28, 2021:
① Noted the report on the Bank's communication with various stakeholders in 2021.
② Adopted amendments to the Bank's "Internal Control System for Securities Firms."
③ Approved the "2022 Chang Hwa Bank Risk Appetite Declaration."
④ Approved the Bank's auditing plan for FY2022.
⑤ Assigned Ms. Shwu-Fang Wang as the Executive Vice President of the Bank.

(16) The 22nd Meeting of the 26th Board of Directors held on January 24, 2022:
① Noted the report on the Bank's implementation results environmental sustainability.
② Noted the result of the external performance evaluation for the Board of Director and Functional Committees of 2021.

3. Important resolutions of the Board of Directors from January 1, 2022 to the date of publication of the Annual Report:
Please refer to the "Corporate Governance" section of the Bank's official website→Material Resolutions of the Board of Directors.

n. the most recent year and as of the date of publication of the annual report, the directors had different opinions on important resolutions passed by the Board of Directors, and there are records or written statements of such opinions: None.

o. Disclosures of the resignation or dismissal of managerial officer:

February 28, 2022

Title	Name	Date of Appointment	Date of Dismissal	Reasons for Resignation or Dismissal
EVP & Chief Auditor	Ya-Ling, Lin	July 26, 2016	January 18, 2021	Job Relocation
President	Jui-Mu, Huang	April 12, 2019	March 15, 2021	Relief of office

E. Information on the Professional Fees of the CPAs

Unit:NT$thousand

Name of Accounting Firm	Name of the CPAs	Audit Period	Audit Fee	Non-Audit Fee	Total	Remarks
Deloitte & Touche	Amanda Wu Titan Lee	2021/01/01~2021/12/31	9,285	11,980	21,265	Service scope for non-audit fees: Information security management system advisory project, personal data management system advisory project, IT equipment and penetration test project, information security and operation management system project, anti-money laundering and counter financing of terrorism consulting project, personal data protection mechanism project, etc.

a. Change in accounting firm and decrease in audit fees in the year of change compared to the audit fees in the year before the change:
None.

b. In the event that the audit fee is reduced by 10% or more from the previous year:
None.

F. Information on Change of Accountant

a. About the former accountant

Replacement Date	March 20, 2020		
Reasons for the change and explanation	Internal organizational adjustment of the accounting firm		
To state whether the appointment was terminated or not accepted by the appointor or the accountant	Party / Event	Accountant	Appointer
	Terminate the appointment voluntarily	Not applicable	
	No longer accept (continue) the appointment	Not applicable	
Opinions on audit reports other than unqualified opinions issued within the last two years and the reasons for them	None		
Whether there is any disagreement with the Bank	Yes		Accounting Principles and Practices
			Disclosure of Financial Reports
			Scope or Procedure of Audit
			Other
	None	✓	
	Reason		
Other disclosures (to be disclosed under Article 10.6.A.d of the Regulations Governing Information to be Published in Annual Reports of Bank.)	None		

b. About the successor to the accountant

Name of Firm	Deloitte & Touche
Name of Accountant	Amanda Wu
Date of appointment	March 20, 2020
Matters on which we have consulted prior to the appointment regarding the accounting treatment or accounting principles for specific transactions and the possible issuance of opinions on financial reports and the results there of	None
Written opinion of the successor accountant on matters on which the predecessor accountant disagreed	None

c. The former accountant's response to Point 3, Item 2 and Item 1, Subparagraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Bank:

None.

G. The Bank's Chairperson, President, or any Managerial Officer in Charge of Finance or Accounting Matters Has in the Last Year Held a Position at the Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise:

None.

H. The Changes in Shareholding

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

Title	Name	2021		As of February 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Chairperson (Delegate of Ministry of Finance (MOF))	Jong-Yuan Ling	0	0	0	0
Managing Director and President (Delegate of MOF)	Chao-Chung Chou	101,000	-	0	0
Managing Director (Independent Director)	Jung-Chun Pan	0	0	0	0
Director (Delegate of Chunghwa Post Co., Ltd.)	Chia-Chi Hsiao	0	0	0	0
Director (Delegate of National Development Fund, Executive Yuan)	Chien-Yi Chang	0	0	0	0
Director	Wen-Siung Lee	0	0	0	0
Director	Hwai-Chou Chen	1,672	0	0	0
Director (Independent Director)	Jong-Horng Lin	0	0	0	0
Director (Independent Director)	Chih-Jong Suen	0	0	0	0
Executive Vice President	Bin Chen	10,000	0	0	0
	Ya-Ling Lin	14	0	0	0
	Hsiu-Chuan Teng	7	0	0	0
	Shwu-Fang Wang	1,857	0	0	0
EVP & Chief Compliance Officer	Jih-Cheng Yang	163	0	0	0
EVP & Chief Auditor	Mei-Fang Wu	0	0	0	0
SVP & Division Head	Nell-H. Tseng	0	0	0	0
	Hsueh-Ni Hsieh	423	0	0	0
	Yu-Hsueh Liu	277	0	0	0
	Chih-Chen Hsu	0	0	0	0
	Li-Ling Lan	426	0	0	0
	Yu-Chin Fan	4,149	0	0	0
	Rueih-Hwa Cheng	2,244	0	0	0
	Hsiu-Hsia Tsai	148	0	0	0
	Yu-Yeh Lin	2	0	0	0
	Yu-Fen Chen	0	0	0	0
	Jui-Chun Wu	666	0	0	0
	Fu-Jinn Chiou	4	0	0	0
	Lung-Chun Wang	0	0	0	0
	Kuei-Mei Hsu	162	0	0	0
	Hsiang-Chun Wu	0	0	0	0
	Hui-Jen Wu	601	0	0	0
	Hui-Yu Chen	0	0	0	0
	Yao-Ju Lu	0	0	8,000	0
	Ruei-Jan Chen	29,653	0	0	0

Title	Name	2021		As of February 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
	Chi-Min Chung	0	0	0	0
	Jin-Yu Yeh	1,301	0	0	0
	Wen-Chung Huang	4			
	Jui-Mei Ho	7	0	0	0
	Shuo-Hung Huang	449	0	0	0
	Chuen-Lan Fu	0	0	0	0
	Li-Min Cheng	37	0	0	0
	Li-Fen Tzeng	267	0	0	0
	Fang-Yuan Wu	453	0	0	0
	Rong-Horng Way	195	0	0	0
	Yen-Chun Chen	(2,840)	0	0	0
	You-Chen Lee	218	0	0	0
	Shiu-Hwa Chang	34	0	0	0
	Chiung-Hsiao Hung	742	0	0	0
	Mei-Ling Chiu	125	0	0	0
	Jiunn-Horng Lin	377	0	0	0
	Su-Min Hsin	127	0	0	0
VP & GM	Ai-Ling Wang	(4,650)	0	0	0
	Yi-Ming Wang	19	0	0	0
	Shinn-Guang Duh	81	0	0	0
	Kao-Jung Hsu	107	0	0	0
	Tung-Chia Lu	0	0	0	0
	Zih-Chang Lin	127	0	0	0
	Chi-Hsiang Chen	10	0	0	0
	Yu-Tang Shen	0	0	0	0
	Shu-Ju Tsai	429	0	0	0
	Cheng-I Huang	0	0	0	0
	Chien-Long Kuo	12	0	0	0
	Hui-Lan Yang	0	0	0	0
	Li-Feng Shen	250	0	0	0
	Shyh-Maw Wang	123	0	0	0
	Jui-Hui Hsu	132	0	0	0
	Chang-Ho Wang	397	0	0	0
	Lin-Ling Chen	204	0	0	0
	Chang-Cheng Chu	1,039	0	0	0
	Hueih-Rur Shy	0	0	0	0
	Hsueh-Wen Wang	14	0	0	0

Title	Name	2021		As of February 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
VP & GM	Kui-Fang Tsai	98	0	0	0
	Kai-Hung Cheng	0	0	0	0
	Chin-Li Lin	2	0	0	0
	Jung-Chen	8	0	0	0
	Chia-Chen Shen	121	0	0	0
	Hui-Ling Lee	3,030	0	0	0
	Yung-Ping Lin	174	0	0	0
	Ya-Cheng Chang	0	0	0	0
	Hsi-Lung Wu	4	0	0	0
	Shu-Hsuan Lin	13	0	0	0
	Ai-Fen Hu	118	0	0	0
	Pi-Chin Shao	33	0	0	0
	Hui-Fang Chen	0	0	0	0
	Cheng-Chi Chuang	7	0	0	0
	Chi-Hsin Chao	0	0	0	0
	Chi-Tsung Shih	0	0	0	0
	Ting-Feng Cho	238	0	0	0
	Chih-Huang Huang	0	0	0	0
	Szu-Yen Lin	1,090	0	0	0
	Ying-Chin Chang	0	0	0	0
	Hui-Chen Tai	556	0	0	0
	Su-Man Hsueh	145	0	0	0
	Mei-Ching Chang	841	0	0	0
	Chien-Mei Yu	173	0	0	0
	Yu-Cheng Chang	5	0	0	0
	Mei-Fen Shieh	9	0	0	0
	Shu-Hua Tsai	518	0	0	0
	Shu-Fen Liu	133	0	0	0
	Shen-Hui Lu	359	0	0	0
	Jinn-Sheng Wu	5	0	0	0
	Zhen-Dong Jian	7	0	0	0
	Chin-Shiang Ding	0	0	0	0
	Ying-Hui Hung	641	0	0	0
	Tsung-Jen Wang	4	0	0	0
	Shu-Fen Cheng	0	0	0	0
	Ho-Hsiung Huang	282	0	0	0

Title	Name	2021		As of February 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
	Chun-Nu Yeh	10	0	0	0
	Chun-Yuan Chen	8	0	0	0
	Ya-Fang Lee	128	0	0	0
	Yao-Shen Hsieh	0	0	0	0
	Yi-Cheng Chu	0	0	0	0
	Tzy-Yun Chen	4	0	0	0
	Ya-Huei Hung	93	0	0	0
	Lih-Lan Yang	1	0	0	0
	Yi-Huei Chiu	162	0	0	0
	Cheng-Hua Yin	0	0	0	0
	Shu-Chen Yang	14	0	0	0
	Quei-Ying Ho	718	0	0	0
	Tsung-Ming Lai	0	0	0	0
	Yin-Chao Liao	5	0	0	0
	Hsiao-Hsia Lu	1,032	0	0	0
	Kui-Min Hsiao	11	0	0	0
	Feng-Pin Lu	17	0	0	0
VP & GM	Wen-Chieh Chang	3	0	0	0
	Meng-Chen Chiang	(6,419)	0	(2,000)	0
	Chih-Feng Teng	72	0	0	0
	Mei-Hsing Lin	169	0	0	0
	Huey-Wen Chang	0	0	0	0
	Mei-Lan Kuan	8,124	0	0	0
	Ming-Thur Chen	296	0	0	0
	Yu-Ching Huang	0	0	0	0
	Chun-Feng Lee	115	0	0	0
	Lin-Li Ku	242	0	0	0
	Shr-Jan Tzeng	8	0	0	0
	Jiun-Uei Lin	(7,392)	0	0	0
	Wei-Shuo Luo	221	0	0	0
	Te-Cheng Pan	0	0	0	0
	Yueh-Chiu Lai	430	0	0	0
	Su-Jane Lin	0	0	0	0
	Cheng-Chu Wang	1	0	0	0
	Yuan-Kuang Pan	11	0	0	0
	Pan-Der Chin	7	0	0	0

Title	Name	2021		As of February 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
VP & GM	Mei-Chun Tsou	0	0	0	0
	Su-Ming Cheng	188	0	0	0
	Chih-Ning Chang	0	0	0	0
	Hsiu-O Hsieh	5	0	0	0
	Pei-Fen Shieh	1,775	0	0	0
	Su-Chen Cheng	3	0	0	0
	Jui-Yueh Wu	0	0	0	0
	Shiow-Ling Kao	11	0	0	0
	Feng-Fuh Chang	9	0	0	0
	Kun-Lin Lee	7,122	0	0	0
	Kuo-Lung Lin	3	0	0	0
	Chiu-Min Shen	20	0	0	0
	Shao-Mao Wang	989	0	0	0
	Tsuey-Shya Jang	134	0	0	0
	Pei-Chung Yang	482	0	0	0
	Chun-Hong Yeh	5	0	0	0
	Kuen-Shan Wang	34	0	0	0
	Kuo-Heng Hsu	113	0	0	0
	Wen-Ching Chen	416	0	0	0
	Shu-Lin Liu	456	0	0	0
	Yu-Fang Chang	0	0	0	0
	Li-Mei Chang	246	0	0	0
	Tain-Maw Chang	61	0	0	0
	Yuan-Fen Chen	140	0	0	0
	Yi-Chen Wang	1,058	0	0	0
	Chia-Yu Chang	194	0	0	0
	Chin-Ping Lai	479	0	0	0
	Wen-Liang Wang	0	0	0	0
	Ming-Chuan Lin	1,004	0	0	0
	A-R Liu	182	0	0	0
	Chih-Hao Lo	9	0	0	0
	Weng-Chung Chen	516	0	0	0
	Ti-Tien Liao	23	0	0	0
	Ruei-Jui Chen	871	0	0	0
	Jui-Hung Weng	55	0	0	0
	Chiou-Shin Liang	0	0	0	0

Title	Name	2021		As of February 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
	Wen-Ling Tsai	20	0	0	0
	Ming-Jer Lin	48	0	0	0
	Lih-Lan Kuo	0	0	0	0
	Kung-Ming Chang	561	0	0	0
	Tung-Sheng Huang	39	0	0	0
	Shinn-Huei Leu	130	0	0	0
	Pin-Shen Ho	0	0	0	0
	Chung-Shing Her	0	0	0	0
	Show-Fone Lu	398	0	0	0
	Shu-Hui Ke	0	0	0	0
	Hsui-Chin Hsu	0	0	0	0
	Chen-Ying Wu	38	0	0	0
	Shu-Chuan Lin	11	0	0	0
	Mei-Hui Wu	114	0	0	0
	Shu-Hui Lin	0	0	0	0
	Yen-Yu Liu	6	0	0	0
	Fen-Lan Lu	380	0	0	0
VP & GM	Lun-Jan Lan	5,125	0	8,000	0
	Li-Chu Shu	0	0	0	0
	Yu-Tang Wu	0	0	0	0
	Hsiu-Chih Huang	549	0	0	0
	Chen-Huan Liu	0	0	0	0
	Shu-Li Chang	150	0	0	0
	Hui-Ju Lee	495	0	0	0
	Show-Ching Chen	0	0	0	0
	Hsu-Lin Huang	1,938	0	0	0
	Su-Chuan Wang	28	0	0	0
	Shwu-Ruu Lee	585	0	0	0
	Su-Wei Liang	249	0	0	0
	Shu-Fen Wu	184	0	0	0
	Chin-Hsien Shen	135	0	0	0
	Shu-Fen Lee	785	0	0	0
	Che-Fang Hung	213	0	0	0
	Chia-Hsiang Tsai	0	0	0	0
	Ying-Dai Chen	11	0	0	0
	Shu-Mei Yeh	0	0	0	0

Title	Name	2021		As of February 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
VP & GM	Shu-Hei Chang	524	0	0	0
	Wen-Ko Ho	0	0	0	0
	Chiang-An Chang	969	0	0	0
	Ching-Chung Chen	9	0	0	0
	Shu-Yun Hsu	36	0	0	0
	Hsiu-Yun Shih	10	0	0	0
	Ming-Han Tsai	1	0	0	0
	Lien-Chen Shih	5	0	0	0
	Wen-Ching Chang	37	0	0	0
	Chia-Hsiung Tung	0	0	0	0
	Chien-Shan Liu	0	0	0	0
	Wan-Chin Chang	21,966	0	0	0
	Li-Fang Liu	0	0	0	0
	Cheng-Yi Hsieh	0	0	0	0
	Huei-Jin Lin	66	0	0	0
	Chin-Lung Pan	62	0	0	0
	Kwang-Wu Liu	0	0	0	0
The Government or Juristic Person Shareholder Representative by Director (Major Shareholder) (Note 1)	Ministry of Finance	12,662,078	0	0	0
The Government or Juristic Person Shareholder Representative by Director (Major Shareholder) (Note 1)	Chunghwa Post Co., Ltd.	6,231,275	0	0	0
The Government or Juristic Person Shareholder Representative by Director (Major Shareholder) (Note 1)	National Development Fund, Executive Yuan	2,855,373	0	0	0
Same Person or Same Concerned Party holding 10% or more of the shares (Note 2)	Taishin Financial Holding Co., Ltd	(178,586,408)	0	0	0
	Taishin International Bank Co., Ltd. (Note 3)	275,945	0	0	0

Note 1: The shareholder holding 1% or more of the Bank's shares.
Note 2: Shareholders conform to the Regulations Governing A Same Person or Same Concerned Party Holding the Issued Shares with Voting Rights over a Particular Ratio of a Bank, Article 11.
Note 3: Subsidiary of TSFHC.

b. Information of shareholding transfer

None.

c. Information for shareholding pledge

None.

I. Information Disclosing the Relationship between Any of the Bank's Top Ten Shareholders

April 19, 2022

Name	Shareholding		Shareholding by Spouse & Minor Children		Shareholding under Others' Name		Names and the Relationship among the Top Ten Shareholders in the Relationship of Related Parties or Spouses, Blood Relatives within the Second Degree of Kinship		Note
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Taishin Financial Holding Co., Ltd. (Representative Thomas T.L. Wu)	2,157,135,826	20.57	0	0	0	0	Excel Chemical Co., Ltd.	Chairman of Excel Chemical Co., Ltd. as representative of a Juristic Person Director and major shareholder's Chairman of Taishin Financial Holding Co., Ltd.	None
Ministry of Finance (Representative Jain-Rong Su)	1,278,869,918	12.19	0	0	0	0	First Commercial Bank Co., Ltd.	Ministry of Finance as a Shareholder representative by Director of First Commercial Bank Co., Ltd.'s parent company, First Financial Holding Co., Ltd.	None
							Taiwan Tobacco & Liquor Corporation	Taiwan Tobacco & Liquor Corporation, a state-owned enterprise, 100% owned by the Ministry of Finance.	
							Taiwan Cooperative Bank Co., Ltd.	Ministry of Finance as a Shareholder representative by Director of Taiwan Cooperative Bank, Co., Ltd.'s parent company, Taiwan Cooperative Financial Holding Co., Ltd.	
							Hua Nan Commercial Bank, Ltd.	Ministry of Finance as a Shareholder representative by Director of Hua Nan Commercial Bank, Ltd.'s parent company, Hua Nan Financial Holding Co., Ltd.	
Chunghwa Post Co., Ltd. (Representative Hong-Mo Wu)	629,358,864	6.00	0	0	0	0	None	None	None
First Commercial Bank Co., Ltd. (Representative Ye-Chin Chiou)	405,010,572	3.86	0	0	0	0	Ministry of Finance	Ministry of Finance as a Shareholder representative by Director of First Commercial Bank Co., Ltd.'s parent company, First Financial Holding Co., Ltd.	None
National Development Fund, Executive Yuan (Representative Ming-Hsin Kung)	288,392,694	2.75	0	0	0	0	None	None	None
Excel Chemical Co., Ltd. (Representative Cheng-Ching Wu)	272,351,121	2.60	0	0	0	0	Taishin Financial Holding Co., Ltd.	Chairman of Excel Chemical Co., Ltd. as representative of a Juristic Person Director and major shareholder's Chairman of Taishin Financial Holding Co., Ltd.	None
Taiwan Tobacco & Liquor Corporation (Representative Yen-che Ting)	185,836,536	1.77	0	0	0	0	Ministry of Finance	Taiwan Tobacco & Liquor Corporation, a state-owned enterprise, 100% owned by the Ministry of Finance	None

Taiwan Cooperative Bank Co., Ltd. (Representative Chung-dar Lei)	152,083,324	1.45	0	0	0	0	Ministry of Finance	Ministry of Finance as a Shareholder representative by Director of Taiwan Cooperative Bank Co., Ltd.'s parent company, Taiwan Cooperative Financial Holding Co., Ltd.	None
Hua Nan Commercial Bank, Ltd. (Representative Yun-Peng Chang)	152,068,820	1.45	0	0	0	0	Ministry of Finance	Ministry of Finance as a Shareholder representative by Director of Hua Nan Commercial Bank, Ltd.'s parent company, Hua Nan Financial Holding Co., Ltd.	None
Labor Pension Fund (New Pension System)	139,382,370	1.33	0	0	0	0	None	None	None

J. Omnibus Shareholding Ratio

December 31, 2021 Unit: Shares; %

Invested Venture (Note 1)	The Bank's Investment		The investment subsidiaries directly or indirectly controlled and managed by directors, president, executive vice president, the chief of each division or branch and the Bank (Note 4)		Omnibus Investment	
	Shares	%	Shares	%	Shares	%
Taiwan Stock Exchange Corporation	25,216,998	3.00	0	0	25,216,998	3.00
Taiwan Sugar Corporation	23,246,159	0.41	0	0	23,246,159	0.41
Taiwan Power Company	235,726,532	0.71	10,106	0.00	235,736,638	0.71
Taipei Forex Inc	700,000	3.53	0	0	700,000	3.53
Lan-An Service Corporation	125,000	5.00	0	0	125,000	5.00
CDIB & Partners Investment Holding Corp.	54,000,000	4.95	0	0	54,000,000	4.95
Nomura Asset Management Taiwan Ltd.	1,413,725	4.09	0	0	1,413,725	4.09
Financial Information Service Co., Ltd.	6,589,242	1.26	6,460,857	1.24	13,050,099	2.50
Taiwan Futures Exchange	4,198,640	1.00	3,148,972	0.75	7,347,612	1.75
Asia Pacific Telecom	9,831,471	0.23	39,209	0.00	9,870,680	0.23
Taiwan Asset Management Corporation	120,000,000	11.35	0	0	120,000,000	11.35
Taiwan Financial Asset Service Corporation	5,000,000	2.94	0	0	5,000,000	2.94
Financial ESolution Co., Ltd.	905,475	4.12	0	0	905,475	4.12
Taiwan Depository & Clearing Corporation	361,605	0.08	0	0	361,605	0.08
Sun Asset Management Co., Ltd.	41,768	0.70	0	0	41,768	0.70
Taiwan Mobile Payment Co., Ltd.	1,800,000	3.00	2,400,000	4.00	4,200,000	7.00
Taiwan Urban Regeneration & Financial Services Co., Ltd.	2,500,000	5.00	0	0	2,500,000	5.00
Taiwan High Speed Rail Corporation	44,500,000	0.79	120,053,185	2.13	164,553,185	2.92
Shin Kong Financial Holding Co., Ltd.	50,746,125	0.35	324,984	0.00	51,071,109	0.36
Chang Hua Commercial Bank, Ltd. (Note 2)	-	100.00	0	0	-	100.00
CHB Venture Capital Co., Ltd. (Note3)	60,000,000	100.00	0	0	60,000,000	100.00

Note 1: Pursuant to Article 74 of the Banking Act.
Note 2: Chang Hua Commercial Bank, Ltd. is a wholly-owned subsidiary of the Bank, without issued shares and a capital contribution of CNY 2,500,000 thousand dollars.
Note 3: CHB Venture Capital Co., Ltd. is a wholly-owned subsidiary of the Bank.
Note 4: Government or Juristic Person Shareholder Representative by Director are included.

IV | Fund-Raising Status

A. Shares and Dividends

a. Source of capital:

Year / Month	Par Value	Authorized Capital		Paid-in Capital		Remarks	
		Shares	Amount	Shares	Amount	Source of Capital	Others
December 2021	NT$10	12,000,000,000	120,000,000,000	10,488,570,842	104,885,708,420	Capitalization of Additional Paid-In Capital NT$7,322,073,289	Letter No. 0910135530 issued by MOF registration effective on June 28, 2002.
						Capitalization of Cash NT$17,197,857,875	Letter No. 0920144278 issued by MOF registration effective on September 18, 2003.
						Capitalization of Cash (private placement) NT$14,000,000,000	Letter No. 0942000915 issued by FSC registration effective on September 29, 2005. Letter No. 109033812 issued by FSC registration effective on March 23, 2020. (applied for public offerings); listed date: March 31, 2020.
						Capitalization of Earnings NT$66,365,777,256	August 10, 2021 Financial Supervisory Commission (FSC) Approval

Type of Stock	Authorized Capital			Remarks
	Outstanding Shares	Non-Issued Shares	Total	
Common Stock	10,488,570,842	1,511,429,158	12,000,000,000	Listed Stocks

b. Shareholder structure:

April 19, 2022

Quantity \ Shareholder	Government Agencies	Financial Institutions	Other Legal Person	Individuals	Foreign Institutions and Individuals	Total
Number of Shareholders	11	61	488	213,415	589	214,564
Number of Shares Held	1,972,919,956	4,117,204,219	824,312,544	2,296,289,252	1,277,844,871	10,488,570,842
Shareholding Percentage (%)	18.81	39.26	7.86	21.89	12.18	100

c. Distribution of shareholders:

April 19, 2022 / Par value NT$10

Tiers of Shareholding	Number of Shareholders	Total Shares Held	Shareholding Percentage (%)
1 ~ 999	71,424	16,561,501	0.16
1,000 ~ 5,000	77,822	177,164,299	1.69
5,001 ~ 10,000	25,989	184,118,278	1.76
10,001 ~ 15,000	11,496	136,242,820	1.30
15,001 ~ 20,000	7,323	126,706,374	1.21
20,001 ~ 30,000	6,667	161,152,316	1.54
30,001 ~ 40,000	3,545	121,349,094	1.16
40,001 ~ 50,000	2,105	94,071,795	0.90
50,001 ~ 100,000	4,308	296,272,811	2.82
100,001 ~ 200,000	2,221	302,299,439	2.88
200,001 ~ 400,000	879	237,081,528	2.26
400,001 ~ 600,000	237	116,409,942	1.11
600,001 ~ 800,000	120	82,439,208	0.79
800,001 ~ 1,000,000	71	64,257,883	0.61
1,000,001 ~	357	8,372,443,554	79.81
Total	214,564	10,488,570,842	100.00

d. Major shareholders:

April 19, 2022

Ranking	Shareholders	Number of Shares Held	Shareholding Percentage (%)
1	Taishin Financial Holding Co., Ltd.	2,157,135,826	20.57
2	Ministry of Finance	1,278,869,918	12.19
3	Chunghwa Post Co., Ltd.	629,358,864	6.00
4	First Commercial Bank Co., Ltd.	405,010,572	3.86
5	National Development Fund, Executive Yuan	288,392,694	2.75
6	Excel Chemical Co., Ltd.	272,351,121	2.60
7	Taiwan Tobacco & Liquor Corporation	185,836,536	1.77
8	Taiwan Cooperative Bank Co., Ltd.	152,083,324	1.45
9	Hua Nan Commercial Bank, Ltd.	152,068,820	1.45
10	Labor Pension Fund (New Pension System)	139,382,370	1.33
11	Land Bank of Taiwan Co., Ltd.	126,048,000	1.20
12	Taiwan Business Bank, Ltd.	125,896,409	1.20
13	Labor Pension Fund (Old Pension System)	120,660,659	1.15
14	Mega International Commercial Bank Co., Ltd., Head Office Treasury Department	120,480,608	1.15
15	Bank of Taiwan	112,976,422	1.08

Note: The table shows shareholders that held more than 1%.

e. Market price, net worth, earnings, and dividends per share and other relevant information for the past two fiscal years:

Unit: NT$

Items \ FY			2020	2021	As of February 28, 2022 (Note 5)
Market price per share	Highest		23.60	18.30	18.30
	Lowest		16.80	15.95	17.05
	Average		19.29	16.87	17.84
Net worth per share	Before distribution		15.89	16.35	16.49
	After distribution		15.38	15.69	-
Earnings per share	Weighted average number of shares (thousand shares)		10,384,723	10,488,571	10,488,571
	Earnings per share	Before amendment	0.68	0.84	0.14
		After amendment	0.67	0.84	-
Dividends per share	Cash dividends (Note 1)		0.36	0.5	-
	Stock dividends	Dividends from retained earnings	0.1	0.1	-
		Dividends from capital surplus	-	-	-
	Accumulated undistributed dividends		-	-	-
Return on investment analysis	Price/Earnings Ratio (Note 2)		28.37	20.08	-
	Price/Dividend Ratio (Note 3)		53.58	33.74	-
	Cash Dividend Yield Rate (%) (Note 4)		1.87	2.96	-

Note 1: The earnings distribution of 2021 has not yet been approved by the 2022 shareholders' meeting.
Note 2: Price/Earnings Ratio= Average Market Price/ Earnings Per Share.
Note 3: Price/Dividend Ratio= Average Market Price/ Cash Dividends Per Share.
Note 4: Cash Dividend Yield Rate=Cash Dividends Per Share/ Average Market Price.
Note 5: Calculated based on internal financial data as of February 28, 2022.

f. Dividend policies and implementation:

1. Dividend policies: ：

According to Article 38-1 of Articles of Incorporation of the Bank, the dividend policies are as follows:

After the final closing of accounts, surplus, if any, shall be used to make up for the prior year's loss and payment of tax before setting aside 30% of the net profit as statutory reserve in accordance with Banking Act and provision or reverse of special reserves under other relevant laws. The rest of surplus at the said year and other undistributed surplus of previous years as distributed shareholder's dividends and bonuses can be allocated 30% to 100% proposed by the Board of Directors and approved at the Shareholders' Meeting before actual distribution.

In order to continuously expand the Bank's operation and increase its profitability, the Bank adopts the residual dividend approach. According to the Bank's business needs and taking into account future plan for capital budgeting, shareholders' dividend and bonuses shall be given primarily in the form of stock dividend in order to reserve an amount for necessary funds and distribute the remainder in the form of cash, provided such cash dividend shall not be less than 10% of the total dividends. No cash dividend will be distributed if the cash dividend falls short of NT$0.1 per share, unless otherwise determined in the shareholders' meeting.

The Bank shall not distribute cash profits or buy back shares if any situation stipulated in Article 44-1, paragraph 1 of the Banking Act occurs.

If the total amount of the legal reserve as stipulated in subparagraph 1 has not reached the total amount of capital, the amount of profit distributed as cash may not exceed 15% of the total capital.

In the event that the legal reserve equals or exceeds the Bank's paid-in capital or the Bank is sound in both its finance and business operations and has set aside legal reserve in compliance with the Company Law, the restrictions stipulated in paragraph 1 and paragraph 4 shall not apply.

2. The dividend distribution proposed by the Shareholders' Meeting:

(1) A cash dividend (NT$0.5 per share) is distributed among common stockholders: a total of NT$5,244,285,421.

(2) A stock dividend (NT$0.1 per share) is distributed among common stockholders: a total of NT$1,048,857,080.

g. The effects of stock dividends proposed by Shareholders' Meeting on the operation results and earnings per share:

According to "Regulations Governing the Publication of Financial Forecasts of Public Companies" and "Standards for Determining Whether a TWSE Listed Company Shall Publish Complete Financial Forecasts" announced by the Taiwan Stock Exchange Corporation, the Bank did not publish its 2022 financial forecasts. The Bank is unable to disclose the forecasts, affected by distributing stock dividends mentioned above, for operating income, profits, losses, and earnings per share; hence this item is not applicable for the Bank.

h. Bonuses of employees and remuneration of directors:

1. According to Article 38 of Articles of Incorporation of the Bank, the Employee remuneration and director compensation are as follow:

At the end of fiscal year, profit (profit refers to profit before tax and before the deduction of bonuses of employees and remuneration of directors), if any, shall be distributed with 1% to 6% of the profit as employees' bonuses and up to 0.8% distributed as remuneration of directors. However, if the Bank has any accumulated losses, profits shall be reserved to cover such amounts first.

The aforementioned bonuses of employees can be in the form of stocks or cash; while remuneration for

directors shall be in the form of cash.

The aforementioned bonuses and remuneration shall be proposed at the Board of Directors' Meeting attended by at least two-thirds of the directors and approved by at least half the directors present at the meeting, and reported at the Shareholders' Meeting.

2. The difference between estimated and actual employees' bonuses and remuneration of directors as well as actual stock dividends distributed amount shall be handled by accountants as follows:

   During the fiscal year for employees providing labor services, employees' bonuses and remuneration to directors shall be adequately estimated and recognized as expenses based on past experiences. If the amounts are changed after approved annual financial statement releases in the following year, the changes shall be handled as per the "changes in accounting estimates" procedure and recognized as profit and loss of the following year.

3. The information of proposed distribution approved by the Board of Directors:

   (1) Payment in cash bonus to employees is NT$534,848,650, stock bonus to employees is NT$0 and remuneration to directors in cash is NT$42,787,892, The total amount of above payment is different from the estimated amount which was recognized as expense in fiscal year. The difference between two amounts is NT$1,102,542, caused by the change of accounting estimation and recognized as the profit and loss in 2022.

   (2) The proportion of the proposed distribution amount of employees' stock bonus to net income, and the sum of employees' bonus: None.

4. Actual earnings distribution to employees' bonus and compensation to directors for the previous year:

   In the previous year (2020), the Bank distributed cash bonus to employee of NT$360,242,359, the Director (excluding Independent Director) remuneration totaled NT$28,995,117, the same as what had been approved at the Shareholders' General Meeting.

i. Repurchase of the Banks' shares: None.

B. Issuance Status of Financial Bonds

Unit: NT$thousand

Types of Financial Bonds	1st Subordinate Financial Debentures Issue in 2014	1nd Subordinate Financial Debentures Issue in 2016	1st Subordinate Financial Debentures Issue in 2017	1st Non-cumulative Perpetual Subordinate Financial Debentures Issue in 2018
Date and serial No. approved by authority	June 13, 2013 Letter No. (FSC) Gin-Guan-Ying Guo 10200162140	August 23, 2016 Letter No. (FSC) Gin-Guan-Ying Guo 10500201300	August 23, 2016 Letter No. (FSC) Gin-Guan-Ying Guo 10500201300	November 10, 2017 Letter No. (FSC) Gin-Guan-Ying Guo 10600263560
Issuing Date	April 16, 2014	September 27, 2016	March 29, 2017	April 26, 2018
Face Value	10 million	10 million	10 million	10 million
Issuance & Trading Location	Taipei City	Taipei City	Taipei City	Taipei City
Currency	NT$	NT$	NT$	NT$
Offering Price	Issued at Par Value	Issued at Par Value	Issued at Par Value	Issued at Par Value
Issuing Amount	B: 5,300,000 C: 2,500,000	A: 3,000,000 B: 3,300,000	A; 1,530,000 B: 8,670,000	7,000,000
Coupon Rate	B: 1.85% C: The annual rate is a floating rate of the index rate (Note) plus 0.45%.	A: 1.09% B: 1.20%	A: 1.50% B: 1.85%	2.66%
Maturity	B: 10-year term, maturity date: April 16, 2024 C: 10-year term, maturity date: April 16, 2024	A: 7-year term, maturity date: September 27, 2023 B: 10-year term, maturity date: September 27, 2026	A: 7-year term, maturity date: March 29, 2024 B: 10-year term, maturity date: March 29, 2027	Perpetual
Rank	Second-Lien	Second-Lien	Second-Lien	Given a priority next to holders of the Bank's Tier II capital subordinated bonds, all other depositors, and other ordinary creditors.
Guarantor	-	-	-	-
Trustee	-	-	-	-
Underwriter	-	-	-	-
Verification Lawyer	Lawyer Ya-Ping Chaing	Lawyer Ya-Ping Chaing	Lawyer Ya-Ping Chaing	Lawyer Ya-Ping Chaing
Verification Accountant	Deloitte & Touche Jerry Gung	Deloitte & Touche Jerry Gung	Deloitte & Touche Jerry Gung	Deloitte & Touche Jerry Gung
Verification Financial Institution	-	-	-	-
Payment	Bullet	Bullet	Bullet	Five years and three months after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.
Outstanding Amount	B: 5,300,000 C: 2,500,000	A: 3,000,000 B: 3,300,000	A: 1,530,000 B: 8,670,000	7,000,000
Prior Year Paid-in Capital	77,490,592	84,573,232	84,573,232	94,130,007
Prior Year Net Book Value	103,084,694	126,514,896	126,514,896	133,758,323
Payment Status	Normal	Normal	Normal	Normal
Redemption or Early Settlement Terms	None	None	None	Five years and three months after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.
Conversion and Exchange Terms	None	None	None	None
Restriction Terms	Subordinate bonds	Subordinate bonds	Subordinate bonds	Subordinate bonds
Use of Proceeds	To strengthen the capital structure according to the mid- to long-term requirements of the Bank	To strengthen the capital structure according to the mid- to long-term requirements of the Bank	To strengthen the capital structure according to the mid- to long-term requirements of the Bank	To strengthen the capital structure according to the mid- to long-term requirements of the Bank
Debt /Prior Year Net Book Value (Debt includes current new issue plus all outstanding issue amount) (%)	51.66%	52.14%	38.90%	40.59%
Ranking of Capital Assets (Tier I, Tier II ...)	Yes, Tier II	Yes, Tier II	Yes, Tier II	Yes, Tier II
Credit Rating Agency, Rating Date and Rating	Taiwan Rating October 29, 2019 Bond Rating twA +	Taiwan Rating October 29, 2019 Bond Rating twAA +	Taiwan Rating October 29, 2019 Bond Rating twAA +	Taiwan Rating October 29, 2019 Bond Rating twAA +

Unit: NT$thousand

Types of Financial Bonds	2nd Non-cumulative Perpetual Subordinate Financial Debentures Issue in 2018	1st Non-cumulative Perpetual Subordinate Financial Debentures Issue in 2019	1st Non-cumulative Perpetual Subordinate Financial Debentures Issue in 2020	2nd Non-cumulative Perpetual Subordinate Financial Debentures Issue in 2020
Date and serial No. approved by authority	November 10, 2017 Letter No. (FSC) Gin-Guan-Ying Guo 10600263560	May 29, 2019 Letter No. (FSC) Gin-Guan-Ying Guo 10801084520	May 29, 2019 Letter No. (FSC) Gin-Guan-Ying Guo 10801084520	November 16, 2020 Letter No. (FSC) Gin-Guan-Ying Guo 1090147665
Issuing Date	November 8, 2018	June 27, 2019	May 27, 2020	December 25, 2020
Face Value	10 million	10 million	10 million	10 million
Issuance & Trading Location	Taipei City	Taipei City	Taipei City	Taipei City
Currency	NT$	NT$	NT$	NT$
Offering Price	Issued at Par Value	Issued at Par Value	Issued at Par Value	Issued at Par Value
Issuing Amount	3,000,000	5,960,000	4,040,000	6,800,000
Coupon Rate	2.30%	1.90%	1.40%	1.25%
Maturity	Perpetual	Perpetual	Perpetual	Perpetual
Rank	Given a priority next to holders of the Bank's Tier II capital subordinated bonds, all other depositors, and other ordinary creditors.	Given a priority next to holders of the Bank's Tier II capital subordinated bonds, all other depositors, and other ordinary creditors.	Given a priority next to holders of the Bank's Tier II capital subordinated bonds, all other depositors, and other ordinary creditors.	Given a priority next to holders of the Bank's Tier II capital subordinated bonds, all other depositors, and other ordinary creditors.
Guarantor	-	-	-	-
Trustee	-	-	-	-
Underwriter	-	-	-	-
Verification Lawyer	Lawyer Ya-Ping Chaing	Lawyer Ya-Ping Chaing	Lawyer Ya-Ping Chaing	Lawyer Ya-Ping Chaing
Verification Accountant	Deloitte & Touche Jerry Gung	Deloitte & Touche Jimmy S. Wu	Deloitte & Touche Jimmy S. Wu	Deloitte & Touche Mei-Hui Wu
Verification Financial Institution	-	-	-	-
Payment	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.
Outstanding Amount	3,000,000	5,960,000	4,040,000	6,800,000
Prior Year Paid-in Capital	94,130,007	97,895,207	99,853,111	99,853,111
Prior Year Net Book Value	140,711,714	150,296,338	150,296,338	158,243,071
Payment Status	Normal	Normal	Normal	Normal
Redemption or Early Settlement Terms	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.	Five years and one month after this bond is issued, if the Bank's capital adequacy ratio (CAR) after redemption of the bond meets the minimum CAR requirement stipulated by the supervisory authority and its redemption has been approved by the supervisory authority, the Bank may redeem the bond before the maturity date by making an announcement 30 days prior to the scheduled redemption date and redeem the bond in full at its face value with the accrued interest paid.
Conversion and Exchange Terms	None	None	None	None
Restriction Terms	Subordinate bonds	Subordinate bonds	Subordinate bonds	Subordinate bonds
Use of Proceeds	To strengthen the capital structure according to the mid- to long-term requirements of the Bank	To strengthen the capital structure according to the mid- to long-term requirements of the Bank	To strengthen the capital structure according to the mid- to long-term requirements of the Bank	To strengthen the capital structure according to the mid- to long-term requirements of the Bank
Debt /Prior Year Net Book Value (Debt includes current new issue plus all outstanding issue amount) (%)	40.72%	42.14%	39.46%	38.61%
Ranking of Capital Assets (Tier I, Tier II ...)	Yes, Tier I	Yes, Tier I	Yes, Tier I	Yes, Tier I
Credit Rating Agency, Rating Date and Rating	Taiwan Rating October 29, 2019 Bond Rating twAA +	Taiwan Rating October 29, 2019 Bond Rating twAA +	Taiwan Rating October 29, 2019 Bond Rating twAA +	Taiwan Rating November 30, 2020 Bond Rating twAA +

Note: The index rate is the average of the fixing rate of the 90 days commercial paper in the secondary market shown on page 6165 of Reuters information screen around 11:00 am (Taipei Time) on the issuance day and 2 days before the rate adjusting day. However, starting from January 1, 2015, the above benchmark interest has been changed to the 3-month "Taipei Interbank Offered Rate (TAIBOR)" published on Bankers Association website 2 banking business days before the adjustment date. If there is no quotation of the benchmark interest due to any reason, an interest rate of equivalent tenor available 1 banking business day before the adjustment date can be used instead.

C. Issuance of Preferred Shares

None.

D. The Issuance of Global Depositary Receipt

None.

E. The Status of Employees' Stock Warrant

None.

F. Status of New Employee Restricted Shares

None.

G. Merger or Stock Transfer for other Financial Institutions

None.

H. Capital Investment and Utilization Plans

FY	Plan	Date and Serial No. approved by FSC	Purpose	Execution and Quota Usage	Comparison with the Expected Performance
2019	The Bank was approved by FSC on May 29, 2019 to issue the subordinate bonds and the non-cumulative perpetual subordinate bonds. Total amount of NT$13 billion with maximum amount of NT$10 billion from the non-cumulative perpetual subordinate bonds. Valid for one year from the approval date (on May 29, 2020).	May 29, 2019 Letter No. (FSC) Gin-Guan-Ying Guo 10801084520	Increase capital of the Bank, and strengthen capital structure	(1) Execution The Bank has issued NT$5.96 billion of the non-cumulative perpetual subordinate bonds on June 27, 2019. All capital obtained from the issuance bond were used for the capital needs of lending and investment businesses. (2) Quota Usage Total remaining unused quota was NT$7.04 billion.	Met expectations to enrich the capital performance. The Bank's consolidated capital adequacy ratio rose above 14% at the end of December 2019.
2020	The Bank was approved by FSC on May 29, 2019 to issue the subordinate bonds and the non-cumulative perpetual subordinate bonds. Total amount of NT$13 billion with maximum amount of NT$ 10 billion from the non-cumulative perpetual subordinate bonds. Valid for one year from the approval date (on May 29, 2020).	May 29, 2019 Letter No. (FSC) Gin-Guan-Ying Guo 10801084520	Increase capital of the Bank, and strengthen capital structure	(1) Execution The Bank has issued NT$4.04 billion of the non-cumulative perpetual subordinate bonds on May 27, 2020. All capital obtained from the issuance bond were used for the capital needs of lending and investment businesses. (2) Quota Usage Total remaining unused quota was NT$3 billion.	Met expectations to enrich the capital performance. The Bank's consolidated capital adequacy ratio rose above 15% at the end of December 2020.
	The Bank was approved by FSC on November 16, 2020 to issue the non-cumulative perpetual subordinate bonds. Total amount of NT$ 15 billion valid for one year from the approval date (on November 16, 2021).	November 16, 2020 Letter No. (FSC) Gin-Guan-Ying Guo 1090147665		(1) Execution The Bank has issued NT$6.8 billion of the non-cumulative perpetual subordinate bonds on December 25, 2020. All capital obtained from the issuance bond were used for the capital needs of lending and investment businesses. (2) Quota Usage Total remaining unused quota was NT$8.2 billion.	
2021	The Bank was approved by FSC on November 16, 2020 to issue the non-cumulative perpetual subordinate bonds. Total amount of NT$ 15 billion valid for one year from the approval date (on November 16, 2021).	November 16, 2020 Letter No. (FSC) Gin-Guan-Ying Guo 1090147665	Increase capital of the Bank, and strengthen capital structure	(1) Execution The quota has not been implemented in 2021. (2) Quota Usage Total remaining unused quota was NT$8.2 billion, no debenture had been issued before the quota expiration.	Met expectations to enrich the capital performance. The Bank's consolidated capital adequacy ratio rose above 15% at the end of December 2021.

V | Operational Overview

A. Business Information

a. Business performance of last two years

The proportion of each major business asset and/or revenue to total assets and/or revenue and its growth and changes is as follows:

1. Deposits:

Unit: NT$ thousand

Items \ FY	2021		2020		Increase (Decrease) Amount	Increase (Decrease) Rate %
	Amount	Proportion %	Amount	Proportion %		
Demand Deposit	1,335,775,756	61.66	1,203,863,720	62.79	131,912,036	10.96
Time Deposit	830,019,882	38.31	712,910,859	37.18	117,109,023	16.43
Interbank Deposit	587,707	0.03	648,834	0.03	(61,127)	-9.42
Total	2,166,383,345	100.00	1,917,423,413	100.00	248,959,932	12.98
Proportion (to liabilities and equity)	2,551,106,497	84.92	2,313,440,219	82.88	237,666,278	10.27

Note:The total amount of liabilities and equity by the end of 2021 and 2020 were NT$2,551,106,497 thousand and NT$2,313,440,219 thousand.

2. Loans:

Unit: NT$ thousand

Items \ FY	2021		2020		Increase (Decrease) Amount	Increase (Decrease) Rate %
	Amount	Proportion %	Amount	Proportion %		
Short-term Loans	370,208,359	23.57	390,200,939	26.15	(19,992,580)	-5.12
Mid-term Loans	461,290,174	29.36	435,044,534	29.16	26,245,640	6.03
Long-term Loans	739,420,363	47.07	666,647,255	44.69	72,773,108	10.92
Total	1,570,918,896	100.00	1,491,892,728	100.00	79,026,168	5.30
Proportion (to total assets)	2,551,106,497	61.58	2,313,440,219	64.49	237,666,279	10.27

Note:The amount of total assets by the end of 2021 and 2020 were NT$2,551,106,497 thousand and NT$$2,313,440,219 thousand.

3. Foreign Exchange:

Unit: US$ thousand

Items \ FY	2021		2020		Increase (Decrease) Amount	Increase (Decrease) Rate %
	Amount	Proportion %	Amount	Proportion %		
Exports	3,509,640	2.22	2,556,506	1.78	953,134	37.28
Imports	5,196,328	3.29	3,949,088	2.76	1,247,240	31.58
Foreign Exchange	149,348,877	94.49	136,729,057	95.46	12,619,820	9.23
Total	158,054,845	100.00	143,234,651	100.00	14,820,194	10.35

4. Cards:

Unit: Card / NT$ thousand

	Items	2021	2020	Increase (Decrease)	Increase (Decrease) Rate%
Card Issuance	Cards in Force	562,961	526,408	36,553	6.94
	Active Cards	255,471	225,915	29,556	13.08
	Retail Sales Volume	18,256,849	17,001,219	1,255,630	7.39
	Revolving Balance	321,346	339,676	(18,330)	-5.40
Acquiring Service	Physical Stores, Online Stores and ATM transaction amount	14,903,561	15,389,673	(486,112)	-3.16

5. Digital Banking:

Items \ FY	2021	2020	Increase (Decrease)	Increase (Decrease) Rate %
	Number of Transactions	Number of Transactions		
Internet Banking	44,079,715	42,543,644	1,536,071	3.61
Telephone Banking	707,169	780,477	(73,308)	-9.39
Mobile Banking	46,056,571	35,428,210	10,628,361	30.00
Total	90,843,455	78,752,331	12,091,124	15.35

6. Trust Business:

(1) Trust Operating Volume:

Unit: NT$million

Items / FY	2021	2020	Growth Rate %
Non-discretionary Money Trust Investing in Foreign Securities	26,976	27,361	-1.41
Non-discretionary Money Trust Investing in Domestic Securities	22,933	21,698	5.69
Trust Custody Service (year-end balance)	280,682	248,850	12.79
Attestation of Securities	37,713	29,116	29.53
Securities Trust (year-end balance)	1,600	957	67.19
Real Estate Trust (year-end balance)	17,612	19,219	-8.36

(2) Trust Business Fee Income:

Unit: NT$million

Items / FY	2021		2020		Growth Rate of Trust Business Fee Income %
	Trust Business Fee Income	Proportion (to fee income of the Bank) %	Trust Business Fee Income	Proportion (to fee income of the Bank) %	
Non-discretionary Money Trust Investing in Foreign Securities	726	12.53	692	11.96	4.91
Non-discretionary Money Trust Investing in Domestic Securities	339	5.85	300	5.18	13.00
Trust Custody Service	447	7.71	390	6.74	14.62
Attestation of Securities	4	0.07	5	0.09	-20.00
Other	64	1.10	65	1.12	-1.54
Total	1,580	27.26	1,452	25.09	8.82

Note: Fee income of the Bank by the end of 2021and 2020 were NT$5,795 million and NT$5,787 million.

7. Wealth Management Business:

Unit: NT$million

Items / FY	2021	2020	Growth Rate %
Insurance Agency Business	1,532	1,633	-6.18
Trust Business	1,580	1,452	8.82
Structured Products	3	4	-25.00
Total	3,115	3,089	0.84

8. Investment Business:

(1) Investment in Securities:

Unit: NT$million

Items / FY	2021	2020	Growth Rate %
Government Bonds	41,194	32,369	27.26
Financial Bonds	64,904	38,778	67.37
Corporate Bonds	57,560	33,506	71.79
Stocks (short-term investment)	14,398	6,256	130.15

(2) Short-term Bills Underwriting and Trading:

Unit: NT$million

Items / FY	2021	2020	Growth Rate %
Outright Purchases	239,026	68,329	249.82
Outright Sales	345	2,649	-86.98
Repurchase Agreements	26,412	13,088	101.80

(3) Proprietary Trading in Government Bonds:

Unit: NT$million

Items / FY	2021	2020	Growth Rate %
Volume of Proprietary Trading in Government Bonds (Outright Transactions)	21,704	22,588	-3.91
Volume of Proprietary Trading in Government Bonds (with Repo)	6,404	7,964	-19.59
Balance of Proprietary Trading in Government Bonds	11,072	12,019	-7.88

9. Securities Business:

Unit: NT$million

Items \ FY	2021	2020	Growth Rate %
Securities Underwriting	1,785	1,044	70.98
Securities Brokerage Operations	244,419	136,202	79.45
Credit Outstanding in the Security Financing Business	393.43	251.11	56.68

10. Weights and Changes of Net Income:

Unit: NT$thousand

Items \ FY	2021		2020		Increase (Decrease)	Increase (Decrease) Rate %
	Amount	Proportion%	Amount	Proportion%		
Net Income of Interest	20,465,705	71.34	19,140,252	70.07	1,325,453	6.92
Net Service Fee Income	4,554,268	15.88	4,527,568	16.57	26,700	0.59
Net Trading Income	3,215,651	11.21	3,206,664	11.74	8,987	0.28
Net Securities Brokerage and Underwriting Income	171,130	0.60	108,820	0.40	62,310	57.26
Other Operating Net Income	279,204	0.97	333,788	1.22	(54,584)	-16.35
Total	28,685,958	100.00	27,317,092	100.00	1,368,866	5.01

b. Business plan for the year 2022

Please refer to Annual Report, I. Letter to Shareholders "B. 2022 Highlights of Business Plans".

c. Market analysis

1. Major regions in which the Bank operates:

The Bank's service network spans Asia, Europe, U.S.A and Taiwan with 185 domestic offices, Offshore Banking Branch (OBU), 7 overseas units and 1 representative office located in the world's major financial centers, including branches in New York, Los Angeles, Tokyo, London, Hong Kong, Singapore, Manila, and Yangon Representative Office; the Bank has a subsidiary "Chang Hua Commercial Bank, Ltd." which was established with Kunshan branch, Dongguan branch, Fuzhou branch, Nanjing branch, and Kunshan Huaqiao Sub-Branch under its jurisdiction. The Bank provides far-reaching and prompt services around the clock to customers who require access to their funds and financial services. For the locations of the Bank's global service network, please refer to Annual Report, IX. Directory of Head Office & Branches & Subsidiaries.

2. Supply and demand in the market and possible future growth:

In terms of market supply, there are too many banks in Taiwan, which provide limited service differences, leading to fierce competition in various financial services. In addition, abundant funds in the market result of low banking loan-deposit spreads. Moreover, as the financial technology (FinTech) becomes more mature, the banking industry is gradually introducing artificial intelligence (AI) and robot wealth management into the wealth management business. However, as various e-payment providers and internet-only banks join the competition and actively build their own brand ecosphere, increasing the intensity of market competition.

In terms of market demand, benefiting from the global recovery in 2021, the value of export of Taiwan products to five markets, China, ASEAN, Japan, Europe and America reached a record high. On the other hand, in recent years, with the ongoing US-China trade war and the wave of economic integration in the Asia-Pacific region, the new layout of Taiwanese companies in the global supply chain has been affected. Except that some production capacity is relocated back to Taiwan, they have also moved from China to Southeast Asia to set up factories and make investment, and the relevant capital needs are expected to benefit the banking industry. As for the Taiwanese funds that are subject to the special law for repatriation of overseas funds, there is an opportunity to bring vitality to domestic investment and wealth management business.

In addition, in 2021, thanks to the improvement of vaccine coverage in various countries and steady expansion of international economic and trade momentum, simultaneously driving Taiwan's export and private investment. The Department of Accounting and Statistics announced that the economic growth rate reached 6.28%. However, affected by factors such as the high base period and the normalization of monetary policies of major central banks, global economic expansion is expected to slow in 2022, although Taiwan's economic outlook remains positive at the weakened growth rate. As the central banks of developed countries such as the United Kingdom, Canada and the

United States have successively raised policy interest rates since the end of 2021, it means that global monetary quantitative easing wave has come to an end, which may increase the volatility of financial markets in the short term. Owing to US Federal Reserve starts to reduce bond purchases in response to the prolonged period of high inflation, and the pace of interest rate hikes may be accelerated in the future, it is expected to help improve the bank's foreign currency interest rate spread and the significant growth of various businesses.

3. Competitive niche, positive and negative factors, and response measures:

(1) Competitive niche of the Bank:

① Long-standing reputation and large customer base:

The Bank has a history of over a century, solid brand image is trusted by the public. In addition, the Bank has a large corporate customer base. Competitive advantages in corporate finance and foreign exchange business, to combine with personal banking and wealth management etc., the Bank meet customers' needs by providing diversified financial products and services.

② Dense service network:

The Bank has numerous domestic offices in Taiwan. As of the end of December 2021, the Bank's network has 185 domestic branches and 640 ATMs to meet customers' needs for deposits, withdrawals and transfers, providing customers with complete and convenient financial products and services.

③ First-mover advantage in overseas markets:

The Bank started overseas business early, cultivated many professionals who fully understand the practices of local financial markets. With the opening of the subsidiary bank in China, the Bank will expand its business items and service objects, and improve the layout planning by combining the market advantage of the Bank's long-term exploration in China and the competitive advantage of integrating cross-strait channels.

(2) Positive factors:

① Six strategic industries will help banks expand their business.

② The global economy continues to recover, the loose monetary policy is gradually turned into a cycle of interest rate hikes, interest rate spreads are expected to expand, and the operating environment for banks is improving.

③ Taiwanese capital returned to Taiwan, dispersed production base continued, factory financing, financial flow services and wealth management business opportunities emerged.

④ The competent authority has released limits on bank's investments in FinTech that are highly related to their core business, which help differentiate services and financial products to improve efficiency.

⑤ The Financial Supervisory Commission will relax the risk factor weight of the bank's housing loan business, and adopt the loan-to-value (LTV) capital accrual ratio. The overall BIS Capital Adequacy Ratio will be improved, which is beneficial to credit business promotion.

⑥ Domestic economic growth in this year is still good, which is favorable to the expansion of banks' various businesses.

⑦ Major domestic semiconductor and panel manufacturers will continue to expand capital expenditure this year, which will bring about bank credit business opportunities.

(3) Negative factors:

① Too many banks and high similarity of financial products in the domestic banking sector causes fierce market competition.

② Domestic housing prices and the mortgage proportion from the banks in Taiwan are at a high level, and the credit risk of mortgage loans remains high.

③ Internet-only banks opened one after another and third-party payment providers enter the micro-finance wealth management market and lending business resulting in competitors to the banking industry.

④ The related regulations on global anti-money laundering, privacy protection, and taxation declaration, minimum tax are gradually becoming stricter, which brings about raised compliance cost and increased operating costs for banks.

⑤ Interest rate hikes and balance sheet reductions by major central banks across the world have intensified volatility in stocks, exchange rates and bond markets, adversely affecting banking investment and financial operations.

⑥ Affected by the epidemic, the global economic development trend is still uncertain, affecting overseas credit promotion business opportunities.

(4) Response measures:

① Focusing on needs of circular economy, green finance and the senior citizen population, the Bank launches products and services that meet market needs and consumer experience to segment market.

② Control credit amount of industries and mortgage and redirect capital to other potential industries, policy incentives, small and medium-sized enterprises, and new businesses development.

③ Attract outstanding wealth management talents, and actively strive for inheritance and wealth management business opportunities of return Taiwan businesspeople and small and medium-sized enterprise families.

④ Develop new functions of digital channels and mobile payment, introduce AI and big data analysis to understand customer needs and grasp business opportunities.

⑤ Operate social media platforms to reach out young people, and expand new customer base and deepen customer relationships.

⑥ On the premise of prudently promote overseas credit business, lay out related industries that benefit from government policies of various countries, strive to host and co-host international syndicated loans, enhance visibility and the growth quantity and energy of overseas financial business, and further surplus.

d. Financial product research and business development

1. Major financial products and new business units over the last two years and their size and profit (loss) as of the published date of the Annual Report:

(1) Major financial instruments:

① Deposit and remittance:

I Provide on-the-counter customer deposit, withdrawal, remittance and financial card loss report and reissue service without filling forms, and will open other application transactions without filling forms in succession.

II In response to the government's policy of promoting digital finance, the Bank continues to promote the "Financial Blockchain Correspondence Inquiry Service" and the digitization of correspondence to replace manual filling.

III In line with the government's policy, the Bank handles the redeeming business of "Quintuple Stimulus Vouchers".

② Corporate banking:

I By cooperating with the governmental relief policy, assist enterprises in getting through the epidemic impact, the Bank launches "Enterprise Loan Relief Project".

II The Bank launches the rooted Taiwanese enterprises accelerated investment project loan, welcome Taiwanese businesspeople to return to Taiwan for investment project loan and SME accelerated investment loan, promote key startup industry financing and youth entrepreneurship loans.

③ Consumer banking:

I Continue to cooperate with the government to handle various policy loans, such as the "Housing Subsidy Loan for Self-purchase and Renovation of Houses" and the "Preferential Loan for Young People to Purchase Houses for the First Time".

II In response to the outbreak of severe special infectious pneumonia, cooperate with the Ministry of Labor to renew the "Labor Relief Loan", and provide assistance in "Extending the Existing Loan" and the "Short-term Relief Fund".

④ Foreign exchange:

Due to the gradual withdrawal of LIBOR in five currencies, the benchmark interest rates for foreign currency credit business adopts the Bank's foreign currency published rate, and "TERM SOFR" (USD), "TERM SONIA" (GBP), "TOFR" and "ZTIBOR" (JPY) and "EURIBOR" (EUR) are added as our benchmark interest rates. The Bank also published "LIBOR Withdrawal Information and Customer Rights Notice" on the Bank's official website, so as to inform our customers of the method of LIBOR conversion and the possible impact of the conversion process on their rights and interests.

⑤ Cards:

I Issued the "My Go Card" credit card with high cash rebate for online shopping consumption, and combine with "Digital Account" to give the bonus cash rebate.

II Enhanced the online credit card application function of the Bank, provided "Instant Card Verification Service", and speed up the card verification process with automated operations; provided "Instant Card Binding Service", after the applicant received the card, cardholders can obtain the card number to activate the card without waiting for the physical card to be sent. Cardholders can bind the virtual card to CHB wallet, and spend with the card at once.

⑥ Trust:

Establish "Public Trust", and assist the settlor to manage and use the trust property in accordance with the contract for the purpose of seeking the public interest.

⑦ Digital finance:

I Comprehensively upgraded the "Domestic Electronic Letter of Credit" system, improve service efficiency, support RWD's responsive web design, apply to multiple carriers and browsers, optimize customer operation procedures, and strengthen AML/CFT.

II Cooperated with iPASS Corporation to pay the Bank's credit card fee through LINE Pay channel.

III Added "Bill Payment Section" in the credit card service of the official LINE account of the Bank, which is linked to the national payment section of the Bank's cloud payment center, providing cardholders with the service of instant deduction of credit card fees from their current deposit accounts in the Bank.

IV Added 8 functions to the Bank's mobile e-banking, including "Credit card spending analysis", "Modify credit card information", "Credit card cash rebate method setup", "Credit card event registration", "Redeem your Reward Points for gold", "Reward Points convert to Air Miles service", "Reward Points convert to UUPON", and "E-statement setting".

(2) New business units:

Please refer to Annual Report, I. Letter to Shareholders "A. 2021 Results of Operations, b. Bank organization and change".

(3) Size and profit (loss) of major financial products for past two years:

Please refer to this chapter, A. Business Information, "a. Business performance of last two years".

2. Research and development expenditures and results for last two years:

(1) The Bank's research and development expenses for last two years.

NT$3,588 thousand in 2021.

NT$4,118 thousand in 2020.

(2) The Bank's research and development results for the last two years:

① In 2021, the Bank filed 28 utility model patents and 8 invention patents, of which 24 utility model patents and 2 invention patents have been approved by the Intellectual Property Office of the Ministry of Economic Affairs, and applied the results of financial technology research and development to provide safe and convenient services to customers, enhance information security and operational efficiency, strengthen risk control and explore potential customers and new business opportunities.

② A total of 46 research reports of business development, digital finance and technology, sustainable development, employee rights and development, risk management, legal compliance, corporate governance, customer rights, and green finance were completed in 2020 and 2021, and are available in the Bank's library for the Bank's employees to access at any time, so as to enhance their professional skills in practice and effectively promote the innovation and development of the Bank's business.

(3) Future research and development plans:

① In line with future business development trends and legal regulations, the Bank will develop mobile banking services with financial consultant, build a new-generation custodial banking system, and optimize intelligent customer service functions and interfaces to enhance the Bank's digital financial service capabilities.

② Research and analyze the application and development of big data to grasp business opportunities, and continue to develop and apply for various fintech patents, so as to cultivate research and development momentum, and enhance the Bank's fintech competitiveness.

e. Long-term and short-term business development plans

1. Short-term business development plans:

Please refer to Annual Report, I. Letter to Shareholders, "B. 2022 Highlights of Business Plans".

2. Long-term business development plans:

The Bank's long-term business development plans are summarized as follows.

(1) Optimize deposit/loan structure to increase interest spread:

Expand the customer base of small and medium-sized enterprises with potential development, grasp the cash flow to improve the deposit ratio, and increase the credit proportion to small and medium-sized enterprises, so as to expand the foundation of the deposit/loan business and increase the interest margin and increase the income.

(2) Improve wealth management business:

Focus on the development of high-end wealth management centers, expand professional wealth management teams, improve product R&D/innovation capabilities, improve product platform deployment, and develop mobile professional services with financial consultant, steadily expand high-asset customer groups, and meet the needs of all-round wealth management services.

(3) Expand digital financial services:

Plan to cooperate with convenience stores in mobile payment services, expand the use of multiple payment tools; build electronic billing and aggregated payment systems, and provide appointed stores with an accounting platform and transaction analysis functions. In the later stage, the credit card acquiring business will be introduced, and the Bank will cooperate with major electronic payment and electronic ticket providers in the market.

(4) Develop foreign financial business:

① Strengthen the business development of credit, deposit and bond of subsidiary in China, continuously expand the asset scale, develop derivative financial products, and increase the operating revenue, so as to deeply develop the China financial market.

② Prudently assess countries or regions where the epidemic is moderating and where the financial market has potential for development, and plan to take advantage of OBU's role in securing local projects and to setting up local branches.

(5) Develop ESG green finance sustainability value:

In response to the international development trend of green finance, the Bank actively undertakes solar photovoltaic equipment loans, green building loans, sustainable performance-linked loans, etc., and incorporate customers' implementation of sustainability into an important basis for credit business, so as to guide customers to transform and implement ESG.

B. Employees

a. Employee information for last two years as of the published date of Annual Report

Unit: Person

Year		2020	2021	As of February 28, 2022
Number of employees		6,676	6,610	6,680
Average age		42.87	43.17	42.98
Average years of service		16.59	16.82	16.61
Educational backgrounds	Ph.D.	0.06%	0.06%	0.06%
	Master	20.58%	21.15%	21.05%
	University / College	72.66%	72.72%	72.95%
	Senior High School (vocational included)	6.26%	5.69%	5.58%
	Below Senior High School (vocational included)	0.44%	0.38%	0.36%
Professional licenses held by employees	CPA & CPA (USA)	3	3	3
	CFA	3	3	3
	FRM	13	11	11
	CFP	12	12	13
	CIA	2	2	2
	CISA	1	1	1
	CAMS	34	37	37
	Senior Securities Specialist	1,179	1,172	1,174
	Securities Specialist	998	1,022	1,036
	Futures Specialist	1,143	1,111	1,107
	Personal Insurance Broker	7	7	7
	Personal Insurance Agent	14	14	14
	Personal Insurance Representative	5,985	5,950	5,984
	Property and Casualty Insurance Broker (Non-life)	8	8	8
	Property and Casualty Insurance Agent (Non-life)	11	10	10
	Property and Casualty Representative (Non-life)	5,585	5,569	5,597
	Investment-linked Insurance Representative	5,196	5,219	5,240
	Proficiency Test for Trust Operations	5,517	5,506	5,547
	Proficiency Test for Bank Internal Control	4,605	4,544	4,565
	Basic Proficiency Test for Bank Lending Personnel	2,829	2,777	2,774
	Advanced Proficiency Test for Bank Lending Personnel	41	38	36
	Basic Proficiency Test for International Banking Personnel	2,367	2,340	2,343
	Proficiency Test for Financial Planning Personnel	2,025	1,978	1,956

b. Continuing education and training of employees

1. The Bank encourages employees to continue learning through digital and hands-on courses to help employees accumulate financial expertise, the Bank provided 318,449 hours training in total, with the per capita training hours of 48.18 based on 6,610 employees as of December 31, 2021.
2. Build a new generation online e-learning network to improve knowledge management and inheritance, and continuously develop multi-career skills and training.

C. Corporate Responsibility and Moral Behavior

a. Implement environmental protection policies and achieve sustainable environmental management goals

1. The Bank continues to promote energy conservation, carbon reduction, waste reduction, resource management and green building programs, and has voluntarily introduced various international management systems to mitigate the impact of climate change and achieve the goal of sustainable environmental management.
2. Participate in the Earth Hour Taiwan energy saving activity of the Society of Wilderness to implement the concept of environmental protection and love for the earth.
3. Cooperate with the Society of Wilderness in the 2021-2022 "CHB Love Sea Protection Action" and sponsor marine conservation funds.
4. Response the green campaign of "I Declare, Change for Climate" by Taiwan Environmental Information Association.
5. In accordance with the spirit of the Equator Principles, the Bank considers the environmental protection, ethical corporate management and corporate social responsibility of the borrowers when processing corporate credit applications.

b. Actively participate in social welfare activities and continue to care for the disadvantaged groups

1. Sponsored 2020 Year-round service, the 19th "Love the Elderly, Love the Reunion" charity event by the HuaShan Social Welfare Foundation and sent New Year dishes.
2. Sponsored the "2021Year-round Service and the 9th Love the Elderly Campaign" with the HuaShan Social Welfare Foundation.
3. Sponsored the Taipei City Kuanyin-Line Psychological and Social Service Association's "Kuanyin-Line 30th Anniversary Benefit Concert".
4. In line with the Ministry of Education's Youth Development Administration's "2021 Economic Independence Youth Work-and-Study Program" policy, 35 students were provided with summer vacation work-and-study opportunities to enhance the care of young people from economically disadvantaged families and to help them learn about and explore new areas, improve their career development competitiveness, and be better prepared for the future.
5. "Strive to Make Progress Scholarship Program" in cooperation with Taiwan Fund for Children and Families.
6. Sponsored the Central News Agency's "Journal Donation Program to Enhance International Outlook".
7. The Bank is committed to apply digital technology to combine charitable activities. Since 2018, the Bank has launched Taiwan Pay mobile payment charitable activities, which raise more than NT$1,000,000 each year and deeply recognized by the public. In 2020, Taiwan Pay's "Love in CHB e-Initiative" was held by the cooperation with four public interest groups, "Taipei Orphan Welfare Foundation", "Double Bliss Welfare and Charity Foundation", "Modern Women's Foundation", and "Taipei Happy Mount Foundation", the Bank has set up "Donation Section" on the Bank's mobile online banking and official website to provide more convenient online donation services. In 2021, the Bank sent 500 "Exclusive CHB ChaiBao Coin" for each donation of over NT$2,000. By the end of 2021, a total of NT$3,014,065 has been raised, and the Bank will continue to care for the disadvantaged.
8. Actively respond to the promotion of micro-insurance policies, cooperate with Insurance Companies to promote micro-insurance, with relatively low insurance premiums, to protect vulnerable people or those with specific identities to obtain basic protection, and avoid unexpected specific risk accidents, resulting in financial difficulties for oneself or family. In 2021, the Bank donated a total of NT$98,879 in micro-insurance premiums.

9. For elderly care trusts and trusts for persons with disabilities, if the beneficiary is an elderly person or person with disability certificate, the trust signing fee will be discounted or reduced. In addition, charitable trust is launched for settlors whose purposes are charitable, cultural, academic, technical, religious or other charitable interest purpose, to handle trust business in accordance with agreement.

c. Support sports development and promote humanities and arts care

1. Donated to the Taitung County Sports Association's "Training Program for Elite and Potential Athletes of Various Sports Committees", provided the incentive award for the athletes selected for the Asian Games and Olympic Games qualifications to support sports development.
2. Sponsored the "30th Keelung City New League Cup Basketball Tournament" organized by Keelung City Social Basketball Association to promote social basketball.
3. Sponsored the filming of the "Artisan Soul" series by the General Association of Chinese Culture to promote cultural heritage.

d. Promote academic/industrial development and enhance sustainable competitiveness of enterprises

1. Participated in the "33rd Accounting Elite Cup Debate Competition" of the Accounting Research and Development Foundation of the Republic of China to nurture accounting professionals in Taiwan.
2. Sponsored "Corporate Governance Re-evolution Seminar" on September 3, 2021 by the Taiwan Technology Law Institute.
3. Sponsored "Taiwan Economic Research Outstanding Dissertation Award" in 2021 by Taiwan Economic Association.
4. Sponsored "Taiwan 2021 Banking Forum" by the Liberty Times to help promote domestic financial development.
5. Participated in the "5th Star of Entrepreneurship Contest" of Economic Daily News to identify the most promising future stars of Taiwan's industries and to promote the information exchange and development of industry innovation.
6. In 2021, donated NT$120,836,552 to the SMEs Credit Guarantee Fund of Taiwan to assist SMEs in obtaining financial assistance from financial institutions to facilitate economic growth and social stability in Taiwan.
7. In 2021, in line with the government's policy, the Bank signed a "Financial Competitiveness Enhancement Project for SMEs" with the Taiwan SMEs Counseling Foundation, spending NT$860,000 to help SMEs improve their financial structure and improve their business structure in order to enhance their competitiveness.

e. Community Participation

1. Assist the victims of the Hualien Taroko accident and their families to tide over the difficulties together, and donate to the special disaster relief account of the Ministry of Health and Welfare.
2. Donated to Kaohsiung City Government Social Affairs Bureau's special account of social assistance for 1014 cheng-zhong-cheng fire accident.
3. Participated in the "3rd Unsafe and Old Buildings + Urban Renewal Exposition" held by Wealth Magazine Co., Ltd. to let the public understand and make good use of the government's policies on citizens and urban renewal to improve the quality and safety of living.
4. Participated in the "2021 Taiwan Lantern Festival Lantern Sponsorship" by the Tourism Bureau of the Ministry of Transportation and Communications and donated 2,000 lanterns to social welfare organizations and people, passing on love and care for the society.

D. Number of Non-managerial Full-time Employees, Average, Median of Full-time Employees' Salary, and the Differences from the Last Year

Unit: Person/NT$ thousand

Year / Non-managerial full-time employees	2021	2020	Increase (Decrease)
Number of Employees	6,162	6,175	(13)
Average Salary	1,285	1,223	62
Median Salary	1,194	1,133	61

Note 1: Reference to "Non-managerial, full-time employee salary information declaration explanation" jointly promulgated by TWSE and TPEx.

Note 2: "Non-managerial, full-time employee" mentioned here refers to full-time employees (including local and foreign nationals) excluded employees in managerial position, part-time employees, overseas employees, and employees who meet the standard of excluded exemption; "Number of employees" is calculated by yearly average number.

E. IT Equipment

a. The main information system hardware and software configuration and maintenance

1. Configuration:

(1) Mainframe hardware (Core banking system): Using Unisys mainframe, the service area covers both domestic and overseas, processing deposits, loans, remittance, foreign exchange, import and export, etc. The system has an operating capacity of 7 days x 24 hours.

(2) Open system server: Including virtual machine (VM) and physical machine.

(3) Open system storage: Using SAN and Storage for centralized management by IBM SAN Volume Controller (SVC) to reduce the space of individual storage equipment management.

(4) Open system backup system: Using Data Domain and NBU (Net Backup) backup system.

(5) Network equipment: The Bank's network structure includes core networks and branch networks. The core networks connect core firewall and core router through core switch. Separate different network segments according to different properties of the system to protect systems safety by firewall policy and various security systems. The core network architecture is high availability (HA) to prevent a single node failure. The branch networks include domestic branches and overseas branches. The branches use dedicated lines of operation and backup for data transmission, and data exchange and backup are carried out through the hub to ensure the maintenance of daily operations.

(6) Database: DB2, MS SQL, Oracle, Sybase, Teradata, Aster, Hadoop.

2. Maintenance:

The Bank has entered into maintenance agreements with manufacturers, which will provide both on-demand repair services and regular maintenance services to ensure that the Bank's IT systems are operating satisfactorily and without interruption.

b. Future development or procurement plans

Information systems planned to be built in 2022 include: The second-stage conversion and building project of the new generation eLoan credit automation system 2.0, branch network update and security protection enhancement project, branch terminal system upgrade and function promotion, mobile management with financial consultant building project, electronic signing, aggregated payment and account inquiry system building project, new generation custodian banking system building project, intelligent robot system optimization project, SmartCredit integrated query system upgrade building project, formal server expansion computer room network building project and derivative financial product trading and risk management system version upgrade and feature addition project.

c. Emergency backup and security measures

1. Operation of emergency backup center:

The Bank's information center is located in Taipei and the off-site redundancy center is located in Taichung. The Bank normally uses the super high-speed network (ROADM) to synchronize data redundancy to the off-site redundancy center, and when the information center is unable to perform operations due to a disaster, the information system is transferred to the redundancy center for operation in accordance with the Bank's "Information Operation Disaster Redundancy Plan." In principle, off-site backup drills are carried out twice a year or once each in the same location and off-site to ensure that backup operations can be carried out in the event of a disaster.

2. Strengthen information security:

(1) Improve the security and control strength of the information system: Independent SWIFT host segment, recover the highest privilege of the host, and manage the security and control parameters of the host to improve the overall security and control strength of the host.

(2) Comply with laws and regulations: Modify the information system structure, management system and procedures to meet the expectations of regulatory authorities and international organizations (e.g. SWIFT, etc.).

(3) Establish detection and warning mechanisms, implement information security incident handling and follow-up tracking: Using different information security detection tools (e.g. internal threat monitoring system, privileged account tracing system, endpoint detection response (EDR), etc.), the Bank establishes detection and warning mechanisms to immediately detect potential intrusions and properly conduct follow-up handling to reduce information security risks.

(4) Conduct regular situational and backup drills: To familiarize employees with incident response procedures, conduct regular situational drills and information system backup drills to improve employees' response capabilities.

(5) Carry out centralized storage and management of system logs, and establish an analysis and early warning mechanism, in order to meet the requirements of laws and supervision authorities.

(6) Optimize the performance of database audit system, conduct inventory work for each system containing confidential data, and adjust database entry rules to improve the monitoring and management of database access.

F. Cyber Security Management

a. Cyber security risk management structure, cyber security policy, specific management plan and resources invested in cyber security management

1. Cyber security risk management framework:

(1) In order to effectively implement information security work, the Bank adopts a management structure of three lines of defense for information security. The first line of defense is carried out by all units and the IT Division of the Bank, and the Information Security Division is responsible for the second line of defense to monitor and manage the implementation of the information security policy and its derived information security risks, plan, monitor and execute information security management operations. The third line of defense is the inspection by the Internal Auditing Division.

(2) The Chief Information Security Officer at the vice president level is designated to coordinate the information security policy to promote coordination and resource scheduling.

(3) Report to the Risk Management Committee on a regular basis the handling of information security management, and report to the Board of Directors on the overall implementation of information security.

2. Cyber security policy:

(1) In order to strengthen information security management, ensure the confidentiality, integrity and availability of information, the reliability of information equipment and network systems, and the awareness of all colleagues in the Bank on information security, and make sure that the above resources are free from any interference, damage, intrusion or any unfavorable behavior and attempt, the Bank hereby formulates the information security policy.

(2) The objective of information security is to ensure authorized access to the Bank's information, to provide a complete and reliable information system operation and to maintain the normal operation of its business processes in the face of possible internal and external threats. In the event of an accident, take prompt and necessary measures to minimize the possible damage caused by the accident.

(3) The scope of the information security policy covers all the information of software, hardware and peripheral facilities of the Bank, and in respect of the division of responsibilities for information security, human security management, computer system security management, network security management, system access management, system acquisition, development and maintenance management, information asset security management, data privacy management, physical and environmental security management, information security management of third-party manufacturers and third-party suppliers, information security risk assessment management, information security audit management, information security education and training, and other information security management matters, relevant management standards are hereby formulated to implement the overall information security protection plan.

3. Specific management plan:

The Bank adopts the "Plan-Do-Check-Act" (PDCA) circular operation mode, establishes the operation mechanism of the information security management system and maintains its effective operation and continuous improvement. It continuously improves the information security management system, and regularly reviews and revises information security regulations; discovers and improves information security weaknesses through information security risk assessment and information security testing operations to strengthen the Bank's information security.

4. Resources invested in cyber security management:

Implementation results of information security measures in 2021

(1) Obtained ISO 27001:2013 Information Security Management System (certificate period: 2020/11/8~2023/11/7), ISO 22301:2012 Business Continuity Management System and BS 10012:2017 Personal Information Management System verification.

(2) The Bank's mobile applications (App) have all been granted the certificate of compliance and certification mark (MAS) by Industrial Development Bureau.

(3) Perform various security tests regularly, such as penetration test, vulnerability scan, malicious program detection, etc.

(4) Chinese and English training courses on information security in 2021, with a total of 6,304 employees (overseas branches included) completing the training.

(5) Announce information on the Bulletin Board of the intranet from time to time to strengthen the awareness of the information security of colleagues of domestic and overseas. Conduct quarterly social engineering drills, including Chinese and English letters, to improve alertness of colleagues and reduce the chance of being attacked by social engineering.

b. Losses, possible impacts and countermeasures of major cyber security incidents in last year and up to the published date of the Annual Report.

No major security incidents occurred in 2021.

G. Labor-Management Relations

a. The Bank's employee welfare measures, retirement system and implementation status, as well as the agreements between employers and employees and measures to protect the rights and interests of employees

1. Welfare Measures:

(1) Labor insurance:

For all employees, the government pays 10% of the premium, the Bank pays 70%, and the employees pay 20%.

(2) National health insurance:

For all employees and their dependents, the government pays 10% of the premium, the Bank pays 60%, and the employees pay 30%.

(3) Health checkups:

Regular health checkups are conducted for employees, and for those with "major abnormalities" in the checkup results, the Bank arranges doctors to visit the Bank to provide health guidance and follow up management to protect employees' health. In order to take care of the mental health of employees, professional psychological counseling institutions are also entrusted to provide psychological counseling for employees of the Bank.

(4) Employee childcare:

The Bank sign a corporate childcare contract with a childcare school to provide employees with preferential childcare program services for employees in need to choose.

(5) Special leave:

The Bank is entitled to special leave ranging from 3 to 30 days according to the length of service of at least half a year.

(6) Sports and recreational activities:

A sports committee is set up to hold sports, hiking and leisure activities, and artistic activities every year, in order to recover employees' body and mind and relieve work pressure.

(7) Employee Welfare Committee:

The committee is responsible for the planning, storage and utilization of welfare benefits and other employee welfare matters. The Bank has established an employee commissary providing daily necessities.

(8) Employee stock ownership trust:

In order to take care of employees and encourage them to save for the long term, the Bank officially launched the Employee Stock Ownership Trust in September 2019. In addition, to encourage employees to participate, the Bank provides an incentive payment of NT$1,000 or NT$1,500 based on the amount withdrawn by the participating employees to enhance their motivation.

(9) Library:

A library is set up in the Taipei Building with Chinese and foreign newspapers, journals, magazines, and various books for employees to borrow to facilitate their knowledge and self-continuing education.

(10) Online English learning:

In line with the national policy of bilingualism and to enhance the English proficiency of our employees, the Bank provides free online courses for employees to take the "Studio Classroom" e-learning program and sends magazines for those reach the standard of learning hours to encourage employees to learn on their own and participate in the English test in order to cultivate international financial talents and promote internalization of financial services.

2. Retirement regulation and implementation status:

(1) The Bank stipulated "Employee Retirement Pension and Severance Regulation", matters related to retirement, pension (including occupational disaster compensation) and lay off of employees shall be handled in accordance with the regulation and Labor Standards Act and related law. Employees of the Bank who reach the age of 65 should retire, those who have served in the Bank for more than 5 years, and have reached the age of 55 or who have served the Bank for more than 20 years can apply for retirement. In 2021, 144 employees were retired. (Including 67 people who applied for retirement and 77 people who retire over the age of 65).

(2) In order to improve human efficiency and take account of the life of employees who retire early, the Bank has formulated the "Employee Preferential Retirement Regulation". In 2021, 0 employee applied for the regulation.

(3) According to the Bank's "Rules Governing Organization of Labor Retirement Reserve Supervisory Committee", the Labor Retirement Reserve Supervisory Committee is composed of representatives both from the labor and employer. A total of 9 members are appointed, including 6 labor representatives and 3 employer representatives. The meeting is held once every 3 months and an interim meeting may be held when required. The task of the Labor Retirement Reserve Supervisory Committee is to handle the deliberation of the suspension of the "Labor Retirement Reserve", the audit of the amount allocated, the audit of deposit and expenditure, the audit of the payment amount, and other related labor retirement supervision matters.

(4) For employees with the old pension system, the Bank provides monthly retirement allowance to the account of "Labor Retirement Reserve Supervisory Committee", in the Bank of Taiwan at the rate of 10% of the total monthly salary; and the Bank provides monthly retirement allowance at the rate of 6% for employees with new pension system.

3. Employee safety and security measures:

(1) Insured employees with an "Employer's Accidental Liability Insurance" so that employees are protected while carrying out duties. The premium is entirely covered by the Bank.

(2) The Bank has stipulated an "Anti-Coronavirus Pneumonia Epidemic Prevention Plan" and established an epidemic command team. The President serves as the convener to coordinate and supervise epidemic prevention matters, adjust the Bank's epidemic prevention measures on a roll planning basis, and implement rapid epidemic prevention response at the first moment. In addition, in order to strengthen the health protection of employees, the Bank provides employees with relevant epidemic prevention materials (such as protective masks, partitions, etc.), and encourages employees to fully vaccinate against COVID-19.

(3) In response to the novel coronavirus pneumonia epidemic, the Bank has uniformly insured the "Statutory Infectious Disease Comprehensive Insurance", so that all employees can be fully protected.

(4) The Bank has stipulated an "Automatic Inspection Plan of Safety and Health" to ensure that the Bank's equipment be maintained normal operation and reduce the incidence of accidents.

(5) Based on the concept of prevention of ergonomic hazards in the office, the Bank commissioned physical fitness experts to develop a new health exercise to replace the morning exercise of the Bank.

(6) The Bank's buildings and premises are equipped with first aid medicine and appliance, the Bank also monitored the indoor "carbon dioxide" and "lighting" of every unit by professionals outside the Bank every six months to provide employees with a safe and healthy work environment.

(7) Regular safety maintenance meetings and employee self-defense group drills are held to strengthen safety protection in every unit.

(8) According to the needs of each unit, the Bank requests security companies and alarm, surveillance system contractors to actively cooperate in improving related protective equipment.

(9) To appoint security companies to send security personnel to every unit to perform security work, and to provide quarterly on-the-job training and supervision assessment. In addition, assign all of the Bank's outbound money replenishment operations to security companies or to collaborate with them.

(10) In accordance with the relevant provisions of fire services acts and regulations, supervise the units to strengthen the maintenance and management of fire safety and escape facilities, and cooperate with the implementation of safety inspection and training.

4. Employer-employee agreements:

(1) In order to enhance harmonious employer-employee relations and promote the Bank's business development and employee welfare, the Bank and CHB Labor Union signed another group agreement in May 2018, and signed group agreement supplementary contract on July 30, 2020.

(2) In accordance with the Bank's "Implementation Guidelines for Labor-Management Meetings", regular labor-management meetings are held for both parties to discuss and negotiate on various issues, 4 meetings were held in 2020.

5. Measures to protect employees' rights and interests:

In order to clearly regulate the rights and obligations of employees, the Bank has stipulated the "Work Rules" and other personnel regulations, and all matters such as employment, service regulations, working hours, leave and attendance, appraisal and punishment, remuneration and benefits are handled in accordance with the relevant regulations.

b. Labor inspection results violation of Labor Standards Act

On July 20, 2021, the Taipei City Government issued verdict No.1106067877, ruling that the Bank violated Article 34 of the Labor Standards Act. When the day and night shift workers changed their shifts, the employer did not give the shift workers appropriate rest time, the Bank was fined NT$50 thousand.

Countermeasures: For the units that implement the shift system, strengthen the publicity about the schedule of employees and the rest time between shifts, which should be handled in accordance with the labor laws and regulations.

c. Losses suffered due to labor-management disputes during the last year and as of Annual Report's published date, and the estimated amount expected to be incurred for the present and future and their countermeasures

None.

H. Important Contracts

Contract Type	Counterparty	Term of Contract	Major Contents	Restrictive Covenants
Outsourcing Contract	Beltom Technology Corp.	2021/08/01~2022/07/31	Credit card related document printing, sealing and mailing	Terms of Confidentiality
Outsourcing Contract	Yung Shing Ent. Co., Ltd.	2021/08/28~2022/08/27	Printing and mailing of fund statements and statements of account	
Outsourcing Contract	Han-Yeh Business Form Corporation	2021/12/15~2024/12/14	Printing, packaging and mailing of insurance business advice letters and transaction statements	
Outsourcing Contract	Taiwan Security Co., Ltd. Lan-An Service Co., Ltd.	2021/12/16~2022/12/15	Entrust the exchange and replenishment of banknotes at out-of-bank ATMs and troubleshooting	
Outsourcing Contract	Chung Hwa Express Corp.	2021/12/10~2022/12/09	Entrust the courier service for bills and related documents	
Outsourcing Contract	LeeBao Security Co., Ltd.	2022/01/01~2022/12/31	Entrust Cash escort service	
Outsourcing Contract	Yuen Foong Paper Co., Ltd.	2021/11/21~2022/11/20	Entrust Bill printing, sealing and mailing	
Outsourcing Contract	Taiwan Mobile Payment Co., Ltd.	2022/01/01~2023/12/31	Card life cycle and other data processing services for mobile payment tools	
Outsourcing Contract	Financial Information Service Co., Ltd.	2021/01/01~2022/12/31	International card-related service operations	
Authorized Card Issuance Contract	EasyCard Corporation	2021/07/01~2024/06/30	Authorize the issuance of e-cards with EasyCard function	
Authorized Card Issuance Contract	iPASS Corporation	2020/01/23~2025/01/22	Authorize the issuance of e-cards with iPASS function	
Computer Installment Contract	UNISYS Taiwan Ltd.	2021/03/05~2024/03/04	Optimize the terminal transaction process of NT$ and foreign currencies, and improve the operational efficiency and control operations of business units	
Computer Installment Contract	JC Software Services Inc.	2021/11/10~2025/02/09	Improve the efficiency of the Bank's credit application and accelerate business development	

I. Types and the Related Information Regarding Securitization Products Approved under the Financial Asset Securitization Act and the Clauses of the Real Estate Securitization Act in the Last Year.

None.

VI | Financial Status

A. Brief Balance Sheets and Comprehensive Income Statements of Recent Five Years

a. Brief balance sheets:

Unit: NT$thousand

Items \ FY		Consolidated Financial Information of Recent Five Years				
		2021	2020	2019	2018	2017
Cash, cash equivalents, due from the Central Bank and call loans to banks		290,701,939	262,191,956	199,335,770	249,015,779	239,850,189
Financial assets at fair value through profit or loss		56,611,729	14,581,474	11,483,389	10,917,490	13,552,513
Financial assets at fair value through other comprehensive income		174,195,003	122,695,821	116,296,139	91,938,199	-
Investments in debt instruments at amortized cost		405,256,329	345,283,447	276,058,976	268,059,805	-
Financial assets for hedging		147,321	231,693	247,375	244,763	243,372
Bonds and securities purchased under resell agreements		-	-	-	-	-
Receivables, net		22,928,736	21,481,338	23,201,037	29,933,985	24,670,023
Current tax assets		344,089	396,516	207,520	289,771	135,714
Assets classified as held for sale, net		-	-	-	-	-
Discounts and loans, net		1,554,775,087	1,477,886,845	1,427,350,947	1,336,701,095	1,377,040,660
Available-for-sale financial assets		-	-	-	-	73,175,886
Held-to-maturity financial assets		-	-	-	-	237,412,046
Investments accounted for using equity method		-	-	-	-	-
Restricted assets		-	-	-	-	-
Other financial assets, net		3,857,675	25,590,786	40,133,881	55,045,230	31,247,373
Property and equipment, net		20,979,380	20,908,603	20,739,036	21,071,298	20,639,732
Right-of-use assets, net		1,941,510	1,519,247	1,620,404	-	-
Investment property, net		13,852,096	13,858,910	13,872,790	13,742,376	13,747,787
Intangible assets, net		595,639	687,613	720,656	731,364	436,176
Deferred tax assets, net		3,455,911	3,379,099	3,312,325	3,120,664	3,175,050
Other assets		1,464,053	2,746,871	1,062,958	999,851	931,879
Total assets		2,551,106,497	2,313,440,219	2,135,643,203	2,081,811,670	2,036,258,400
Deposits from the Central Bank and banks		72,221,898	103,221,627	102,305,626	113,038,541	108,151,867
Due to the Central Bank and banks		27,667,470	14,829,050	-	-	-
Financial liabilities at fair value through profit or loss		3,150,309	7,293,565	4,247,279	11,047,488	12,309,330
Financial liabilities for hedging		-	-	-	-	-
Securities sold under repurchase agreements		1,372,860	1,226,633	1,547,291	5,285,890	3,118,536
Payables		36,770,068	22,237,409	21,846,910	36,677,779	34,849,855
Current tax liabilities		318,060	841,436	507,880	241,285	954,609
Liabilities related to assets classified as held for sale		-	-	-	-	-
Deposits and remittances		2,167,441,232	1,917,987,149	1,765,948,203	1,689,581,112	1,672,079,784
Bank notes payable		51,278,335	61,351,032	55,521,014	49,549,055	41,739,657
Preferred stock liabilities		-	-	-	-	-
Other financial liabilities		1,001,902	1,949,149	4,274,900	4,387,078	3,662,600
Reserve for liabilities		4,694,126	5,316,038	5,340,555	5,296,332	4,758,835
Lease liabilities		1,770,490	1,343,548	1,420,392	-	-
Deferred tax liabilities		8,818,712	8,301,861	7,902,609	7,352,277	7,019,970
Other liabilities		3,148,580	2,487,932	2,543,349	2,793,202	2,665,793
Total liabilities	Before distribution	2,379,654,042	2,148,386,429	1,973,406,008	1,925,250,039	1,891,310,836
	After distribution (Note)	2,384,898,327	2,152,124,929	1,977,400,132	1,931,515,332	1,895,546,686
Equity attributable to owners of the parent company		171,452,455	165,053,790	162,237,195	156,561,631	144,947,564
Capital	Before distribution	104,885,708	103,847,236	99,853,111	97,895,207	94,130,007
	After distribution (Note)	105,934,565	104,885,708	103,847,236	99,853,111	97,895,207
Capital surplus		-	-	-	-	-
Retained earnings	Before distribution	61,652,938	57,352,741	58,495,437	55,271,433	51,271,528
	After distribution (Note)	55,359,796	52,575,769	50,507,189	47,048,236	43,270,478
Other equity		4,913,809	3,853,813	3,888,647	3,394,991	(453,971)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	171,452,455	165,053,790	162,237,195	156,561,631	144,947,564
	After distribution (Note)	166,208,170	161,315,290	158,243,071	150,296,338	140,711,714

Note: The earnings distribution for year 2021 hasn't been approved by the 2022 Shareholders' Meeting.

Unit: NT$thousand

Items \ FY		Individual Financial Information of Recent Five Years				
		2021	2020	2019	2018	2017
Cash, cash equivalents, due from Central Bank and call loans to banks		285,121,852	257,414,954	193,321,396	247,107,964	239,850,189
Financial assets at fair value through profit or loss		55,409,052	14,463,858	11,483,389	10,917,490	13,552,513
Financial assets at fair value through other comprehensive income		166,225,320	116,479,219	111,610,083	90,390,520	-
Investments in debt instruments at amortized cost		405,256,329	345,283,447	276,058,976	268,059,805	-
Financial assets for hedging		147,321	231,693	247,375	244,763	243,372
Bonds and securities purchased under resell agreements		-	-	-	-	-
Receivables, net		22,814,357	21,300,335	22,979,066	28,984,785	24,670,023
Current tax assets		344,089	396,258	207,398	289,771	135,714
Assets classified as held for sale, net		-	-	-	-	-
Discounts and loans, net		1,538,006,854	1,463,024,593	1,412,641,860	1,320,077,226	1,377,040,660
Available-for-sale financial assets		-	-	-	-	73,175,886
Held-to-maturity financial assets		-	-	-	-	237,412,046
Investments accounted for using equity method, net		13,868,146	13,511,768	13,087,475	12,536,866	-
Restricted assets		-	-	-	-	-
Other financial assets, net		12,539,676	29,915,786	44,428,881	51,821,709	31,247,373
Property and equipment, net		20,250,352	20,160,372	19,995,240	20,200,024	20,639,732
Right-of-use assets, net		1,929,117	1,500,974	1,601,174	-	-
Investment property, net		13,852,096	13,858,910	13,872,790	13,742,376	13,747,787
Intangible assets, net		541,517	608,517	645,360	714,842	436,176
Deferred tax assets, net		3,339,503	3,245,453	3,197,348	3,001,405	3,175,050
Other assets		1,445,218	2,727,131	1,051,475	990,474	931,879
Total assets		2,541,090,799	2,304,123,268	2,126,429,286	2,069,080,020	2,036,258,400
Deposits from the Central bank and banks		71,909,828	102,193,025	102,187,587	110,858,179	108,151,867
Due to the Central Bank and banks		27,667,470	14,829,050	-	-	-
Financial liabilities at fair value through profit or loss		3,150,309	7,293,565	4,247,279	11,047,488	12,309,330
Financial liabilities for hedging		-	-	-	-	-
Securities sold under repurchase agreements		1,372,860	1,226,633	1,547,291	5,285,890	3,118,536
Payables		36,527,049	21,966,509	21,676,201	35,699,603	34,849,855
Current tax liabilities		344,773	829,711	465,752	218,866	954,609
Liabilities related to assets classified as held for sale		-	-	-	-	-
Deposits and remittances		2,158,023,777	1,910,034,360	1,757,136,850	1,680,087,976	1,672,079,784
Bank notes payable		51,278,335	61,351,032	55,521,014	49,549,055	41,739,657
Preferred stock liabilities		-	-	-	-	-
Other financial liabilities		1,001,902	1,949,149	4,274,900	4,387,078	3,662,600
Reserve for liabilities		4,687,052	5,306,731	5,322,733	5,272,477	4,758,835
Lease liabilities		1,757,768	1,325,275	1,401,162	-	-
Deferred tax liabilities		8,802,086	8,294,747	7,892,389	7,350,045	7,019,970
Other liabilities		3,115,135	2,469,691	2,518,933	2,761,732	2,665,793
Total liabilities	Before distribution	2,369,638,344	2,139,069,478	1,964,192,091	1,912,518,389	1,891,310,836
	After distribution (Note)	2,374,882,629	2,142,807,978	1,968,186,215	1,918,783,682	1,895,546,686
Equity attributable to owners of the parent company		171,452,455	165,053,790	162,237,195	156,561,631	144,947,564
Capital	Before distribution	104,885,708	103,847,236	99,853,111	97,895,207	94,130,007
	After distribution (Note)	105,934,565	104,885,708	103,847,236	99,853,111	97,895,207
Capital surplus		-	-	-	-	-
Retained earnings	Before distribution	61,652,938	57,352,741	58,495,437	55,271,433	51,271,528
	After distribution (Note)	55,359,796	52,575,769	50,507,189	47,048,236	43,270,478
Other equity		4,913,809	3,853,813	3,888,647	3,394,991	(453,971)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	171,452,455	165,053,790	162,237,195	156,561,631	144,947,564
	After distribution (Note)	166,208,170	161,315,290	158,243,071	150,296,338	140,711,714

Note: The earnings distribution for year 2021 hasn't been approved by the 2022 Shareholders' Meeting.

b. Brief statements of comprehensive income:

Unit: NT$thousand

Items \ FY	Consolidated Financial Information of Recent Five Years				
	2021	2020	2019	2018	2017
Interest income	27,492,016	29,816,159	39,190,235	38,422,200	34,602,915
Interest expense	7,026,311	10,675,907	16,340,528	15,232,556	11,946,045
Net interest income	20,465,705	19,140,252	22,849,707	23,189,644	22,656,870
Net non-interest income	8,220,253	8,176,840	9,228,646	9,918,545	8,139,849
Net revenue and gains	28,685,958	27,317,092	32,078,353	33,108,189	30,796,719
Bad debts expense, commitment and guarantee liability provision	1,793,845	2,836,199	2,136,395	2,203,252	791,185
Operating expenses	16,771,674	16,170,327	16,421,666	16,194,853	15,821,315
Income before income tax from continuing operations	10,120,439	8,310,566	13,520,292	14,710,084	14,184,219
Income tax (expense) benefit	(1,316,636)	(1,269,639)	(1,948,510)	(2,063,549)	(2,091,113)
Net income from continuing operations	8,803,803	7,040,927	11,571,782	12,646,535	12,093,106
Income (loss) from discontinued operations	-	-	-	-	-
Net income (loss)	8,803,803	7,040,927	11,571,782	12,646,535	12,093,106
Other comprehensive income (loss)	1,333,363	(230,208)	369,075	109,534	(903,865)
Total comprehensive income	10,137,166	6,810,719	11,940,857	12,756,069	11,189,241
Net income attributed to owners of the parent company	8,803,803	7,040,927	11,571,782	12,646,535	12,093,106
Net income attributed to non-controlling interests	-	-	-	-	-
Total comprehensive income attributed to owners of the parent company	10,137,166	6,810,719	11,940,857	12,756,069	11,189,241
Total comprehensive income attributed to non-controlling interests	-	-	-	-	-
Basic EPS (NT$) (Note)	0.84	0.67	1.10	1.20	1.15
Diluted EPS (NT$) (Note)	0.84	0.67	1.10	1.21	1.15

Note: EPS is based on the unit of NT$1 and adjusted retrospectively for the effects of bonus stock.

Unit: NT$thousand

Items \ FY	Individual Financial Information of Recent Five Years				
	2021	2020	2019	2018	2017
Interest income	26,677,281	28,936,758	38,189,030	38,335,813	34,602,915
Interest expense	6,853,773	10,495,056	16,118,024	15,210,271	11,946,045
Net interest income	19,823,508	18,441,702	22,071,006	23,125,542	22,656,870
Net non-interest income	8,303,011	8,471,996	9,641,018	9,870,554	8,139,849
Net revenue and gains	28,126,519	26,913,698	31,712,024	32,996,096	30,796,719
Bad debts expense, commitment and guarantee liability provision	1,693,169	2,841,478	2,148,065	2,213,028	791,185
Operating expenses	16,318,134	15,760,721	16,051,483	16,076,534	15,821,315
Income before income tax from continuing operations	10,115,216	8,311,499	13,512,476	14,706,534	14,184,219
Income tax (expense) benefit	(1,311,413)	(1,270,572)	(1,940,694)	(2,059,999)	(2,091,113)
Net income from continuing operations	8,803,803	7,040,927	11,571,782	12,646,535	12,093,106
Income (loss) from discontinued operations	-	-	-	-	-
Net income (loss)	8,803,803	7,040,927	11,571,782	12,646,535	12,093,106
Other comprehensive income (loss)	1,333,363	(230,208)	369,075	109,534	(903,865)
Total comprehensive income	10,137,166	6,810,719	11,940,857	12,756,069	11,189,241
Net income attributed to owners of the parent company	8,803,803	7,040,927	11,571,782	12,646,535	12,093,106
Net income attributed to non-controlling interests	-	-	-	-	-
Total comprehensive income attributed to owners of the parent company	10,137,166	6,810,719	11,940,857	12,756,069	11,189,241
Total comprehensive income attributed to non-controlling interests	-	-	-	-	-
Basic EPS (NT$) (Note)	0.84	0.67	1.10	1.20	1.15
Diluted EPS (NT$) (Note)	0.84	0.67	1.10	1.21	1.15

Note: EPS is based on the unit of NT$1 and adjusted retrospectively for the effects of bonus stock.

c. Name of CPA and its audit opinions:

Items \ FY	2021	2020	2019	2018	2017
CPA Firm	Deloitte & Touche				
CPA-Auditor	Amanda Wu, Titan Lee		Jimmy S. Wu, Titan Lee	Jerry Gung, Titan Lee	
Independent Auditors' Opinion	Standard Unqualified Opinions				

B. Financial Analysis of Recent Five Years

a. Financial analysis:

Unit: NT$thousand

Items (Note)	FY	Consolidated Financial Analysis of Recent Five Years				
		2021	2020	2019	2018	2017
Operating ability	Ratio of loans to deposits	75.96	80.69	80.93	81.82	83.03
	Ratio of non-performing loan	0.38	0.38	0.34	0.32	0.30
	Ratio of interest expense to annual average deposits	0.29	0.48	0.73	0.69	0.59
	Ratio of interest income to annual average lending	1.47	1.62	2.06	2.09	2.00
	Total assets turnover ratio (times)	0.012	0.012	0.015	0.016	0.015
	Average revenue per employee (NT$thousand)	4,217	3,988	4,726	5,016	4,672
	Average profit per employee (NT$thousand)	1,294	1,028	1,705	1,916	1,835
Profitability	Return on Tier Ⅰ capital	5.79	5.04	8.86	10.57	11.17
	Return on assets	0.36	0.32	0.55	0.61	0.60
	Return on equity	5.23	4.30	7.26	8.39	8.56
	Profit margin	30.69	25.77	36.07	38.20	39.27
	Basic earnings per share (NT$)	0.84	0.67	1.10	1.20	1.15
	Diluted earnings per share (NT$)	0.84	0.67	1.10	1.21	1.15
Financial structure	Ratio of liabilities to assets	93.28	92.87	92.40	92.48	92.88
	Ratio of real estate and equipment to equity	12.24	12.67	12.78	13.46	14.24
Growth rate	Ratio of asset growth	10.27	8.33	2.59	2.24	1.55
	Ratio of profit growth	21.78	-38.53	-8.09	3.71	0.72
Cash flow	Ratio of cash flow	37.39	16.80	-36.42	-2.53	24.26
	Cash flow adequacy ratio	217.95	194.33	371.01	631.61	565.94
	Cash flow satisfaction ratio	-7,219	-2,922	4,566	242	-5,126
Ratio of liquid reserve		26.00	23.56	19.03	19.00	16.42
Related party secured loan		40,602,363	42,982,515	41,193,710	41,166,929	41,115,344
Ratio of related party secured loan of total loan		2.45	2.73	2.71	2.89	2.95
Operating scale	Market share of assets	4.29	4.15	4.15	4.23	4.34
	Market share of net worth	4.02	3.99	4.07	4.23	4.18
	Market share of deposits	4.32	4.22	4.21	4.24	4.34
	Market share of lending	4.45	4.47	4.55	4.48	4.79
Reasons for changes of financial ratios for the last two years: Average revenue per employee, return on equity, earnings per share, ratio of profit growth go up because net income increased in 2021 compared to 2020. Ratio of asset growth goes up because the investment growth goes up in 2021 compared to 2020. The related ratios of cash flow were in excess of 20% in 2021 because net cash out-flows of operating activities in 2021 increased compared to 2020.						

Note: The instruction and calculation formulas in this table are as follows:

1. Operating ability:
   (1) Ratio of loans to deposits = Total loans / Total deposits
   (2) Ratio of non-performing loan = Non-performing loan / Total loans
   (3) Ratio of interest expense to annual average deposits = Interest expense related to deposits / Annual average deposits
   (4) Ratio of interest income to annual average lending = Interest income related to lending / Annual average lending
   (5) Total assets turnover ratio = Net revenue / Average total assets
   (6) Average revenue per employee = Net revenue / Number of employees
   (7) Average profit per employee = After-tax net income / Total number of employees
2. Profitability:
   (1) Return on Tier Ⅰ capital = Before-tax earnings or losses / Net average Tier Ⅰ capital
   (2) Return on assets = Net income / Average total assets
   (3) Return on equity = Net income / Average total equity
   (4) Profit margin = After-tax net income / Net revenue and gains
   (5) Earnings per share = (Equity attributable to owners of the parent company – Preferred stock dividend)/Average weighted outstanding stock
3. Financial structure:
   (1) Ratio of liabilities to assets = Total liabilities / Total assets
   (2) Ratio of real estate and equipment to equity = Real estate and equipment / Equity
4. Growth rate:
   (1) Ratio of asset growth = (Total assets of the year – Total assets of previous year)/Total assets of previous year
   (2) Ratio of profit growth = (Income before-tax – Income before-tax of previous year)/Income before-tax of previous year
5. Cash flow:
   (1) Ratio of cash flow = Net cash flow from business activities / (Call loans to banks and banks overdrafts + Commercial paper payable + Financial liabilities at fair value through profit or loss + Changes in securities under repurchase agreements + Accounts payable due in 1 year)
   (2) Cash flow adequacy ratio = Net cash flow from operating activities for the past five years / (Capital expenditures + Cash dividends) for the past five years
   (3) Cash flow satisfaction ratio = Current assets regulated by Central Bank / All liability need liquid reserves
6. Ratio of liquid reserve = Liquid assets regulated by Central Bank / All liability need liquid reserve
7. Operating scale:
   (1) Market share of asset = Total assets / Total assets of all financial institutions allowed to operate deposit / Lending business
   (2) Market share of net worth = Total equity / Total equity of all financial institutions allowed to operate deposit / Lending business
   (3) Market share of deposits = Total deposits / Total deposits of all financial institutions allowed to operate deposit / Lending business
   (4) Market share of lending = Total lending / Total lending of the all financial institutions allowed to operate deposit / Lending business

Unit: NT$thousand

Items (Note)		FY	Individual Financial Analysis of Recent Five Years				
			2021	2020	2019	2018	2017
Operating ability	Ratio of loans to deposits		75.51	80.26	80.39	81.78	83.03
	Ratio of non-performing loan		0.38	0.38	0.34	0.32	0.30
	Ratio of interest expense to annual average deposits		0.28	0.47	0.73	0.69	0.59
	Ratio of interest income to annual average lending		1.44	1.59	2.03	2.08	2.00
	Total assets turnover ratio (times)		0.012	0.012	0.015	0.016	0.015
	Average revenue per employee (NT$thousand)		4,255	4,031	4,787	5,033	4,672
	Average profit per employee (NT$thousand)		1,332	1,055	1,747	1,929	1,835
Profitability	Return on Tier Ⅰ capital		6.01	5.24	9.23	10.81	11.17
	Return on assets		0.36	0.32	0.55	0.62	0.60
	Return on equity		5.23	4.30	7.26	8.39	8.56
	Profit margin		31.30	26.16	36.49	38.33	39.27
	Basic earnings per share (NT$)		0.84	0.67	1.10	1.20	1.15
	Diluted earnings per share (NT$)		0.84	0.67	1.10	1.21	1.15
Financial structure	Ratio of liabilities to assets		93.25	92.84	92.37	92.43	92.88
	Ratio of real estate and equipment to equity		11.81	12.21	12.32	12.90	14.24
Growth rate	Ratio of asset growth		10.28	8.36	2.77	1.61	1.55
	Ratio of profit growth		21.70	-38.49	-8.12	3.68	0.72
Cash flow	Ratio of cash flow		36.39	18.61	-40.28	0.85	24.26
	Cash flow adequacy ratio		225.84	208.27	380.02	671.60	566.00
	Cash flow satisfaction ratio		7,156	-3,437	3,238	-9	-5,126
Ratio of liquid reserve			26.00	23.56	19.03	19.00	16.42
Related party secured loan			40,602,363	42,982,515	41,193,710	41,166,929	41,115,344
Ratio of related party secured loan of total loan			2.45	2.73	2.71	2.89	2.95
Operating scale	Market share of assets		4.29	4.15	4.15	4.23	4.34
	Market share of net worth		4.02	3.99	4.07	4.23	4.18
	Market share of deposits		4.32	4.22	4.21	4.24	4.34
	Market share of lending		4.45	4.47	4.55	4.48	4.79
Reasons for changes of financial ratios for the last two years: Average revenue per employee, return on equity, earnings per share, ratio of profit growth go up because net income increased in 2021 compared to 2020. Ratio of asset growth goes up because the investment growth goes up in 2021 compared to 2020. The related ratios of cash flow were in excess of 20% in 2021 because net cash out-flows of operating activities in 2021 increased compared to 2020.							

Note: The instruction and calculation formulas in this table are the same as those of previous table.

b. Capital adequacy:

Unit: NT$thousand

Items (Note 2)			FY	Consolidated Capital Adequacy Ratio of Recent Five Years (Note1)				
				2021	2020	2019	2018	2017
Regulatory capital	Common equity Tier Ⅰ			150,992,088	145,659,743	140,790,667	136,278,731	128,325,492
	Other Tier Ⅰ capital			26,415,100	26,422,600	16,874,772	11,398,831	1,853,200
	Tier Ⅱ capital			47,630,296	48,629,424	54,231,213	57,012,582	58,525,280
	Regulatory capital			225,037,484	220,711,767	211,896,652	204,690,144	188,703,972
Risk-weighted assets	Credit risk	Standardized approach		1,356,082,940	1,390,652,840	1,360,106,227	1,302,768,815	1,318,331,599
		Internal ratings-based approach		-	-	-	-	-
		Securitization		3,727,948	533,801	-	133,357	12,922
	Operation risk	Basic indicator approach		-	-	-	-	-
		Standardized approach / alternative standardized approach		51,808,367	55,422,259	57,819,213	57,297,063	53,616,863
		Advanced measurement approach		-	-	-	-	-
	Market price risk	Standardized approach		22,422,633	14,806,764	22,515,159	19,340,309	19,542,238
		Internal models approach		-	-	-	-	-
	Total risk-weighted assets			1,434,041,888	1,461,415,664	1,440,440,599	1,379,539,544	1,391,503,622
Capital adequacy ratio (%)				15.69	15.10	14.71	14.84	13.56
Tier I capital to risk-weighted assets ratio (%)				12.37	11.78	10.95	10.70	9.36
Common equity Tier I to risk-weighted assets ratio (%)				10.53	9.97	9.77	9.88	9.22
Leverage ratio (%)				6.51	6.94	6.90	6.62	5.96
Reasons for variations exceeding 20% of capital adequacy ratio for the past two fiscal years: None.								

Note 1: The ratios are calculated in compliance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "Calculation Method and table for Regulatory Capital and Risk-Weighted Assets of Banks."

Note 2: Calculation formulas:

1. Regulatory capital = Common equity Tier I + Other Tier I capital + Tier Ⅱ capital
2. Risk-weighted assets = Credit risk-weighted Assets + (Operation risk capital + Market price risk capital) ×12.5
3. Capital adequacy ratio = Regulatory capital / Risk-weighted assets
4. Tier Ⅰ capital to risk-weighted assets ratio = (Common equity Tier Ⅰ + Other Tier Ⅰ capital)/Risk-weighted assets
5. Common equity Tier I to risk-weighted assets ratio = Common equity Tier I / Risk-weighted assets
6. Leverage ratio = Tier I capital / Adjusted average assets

Unit: NT$thousand

Items (Note 2)			FY	Individual Capital Adequacy Ratio of Recent Five Years (Note 1)				
				2021	2020	2019	2018	2017
Regulatory capital	Common equity Tier Ⅰ			147,811,903	142,528,000	137,632,587	133,169,964	128,325,492
	Other Tier Ⅰ capital			23,112,609	23,190,418	13,602,903	8,264,615	1,853,200
	Tier Ⅱ capital			40,719,243	41,899,481	47,495,511	50,502,460	58,525,280
	Regulatory capital			211,643,755	207,617,899	198,731,001	191,937,039	188,703,972
Risk-weighted assets	Credit risk	Standardized approach		1,341,705,186	1,377,562,106	1,346,134,887	1,283,755,061	1,318,331,599
		Internal ratings-based approach		-	-	-	-	-
		Securitization		3,727,948	533,801	-	133,357	12,922
	Operation risk	Basic indicator approach		-	-	-	-	-
		Standardized approach / alternative standardized approach		50,940,357	54,834,257	57,479,000	57,175,125	53,616,863
		Advanced measurement approach		-	-	-	-	-
	Market risk	Standardized approach		17,132,475	10,967,292	19,495,451	18,998,850	19,542,238
		Internal models approach		-	-	-	-	-
	Total risk-weighted assets			1,413,505,966	1,443,897,456	1,423,109,338	1,360,062,393	1,391,503,622
Capital adequacy ratio (%)				14.97	14.38	13.96	14.11	13.56
Tier Ⅰ capital to risk-weighted assets ratio (%)				12.09	11.48	10.63	10.40	9.36
Common equity Tier Ⅰ to risk-weighted assets ratio (%)				10.46	9.87	9.67	9.79	9.22
Leverage ratio (%)				6.31	6.73	6.67	6.40	5.96
Reasons for variations exceeding 20% of capital adequacy ratio for the past two fiscal years: None.								

Note 1 and Note 2: The instruction and calculation formulas in this table are the same as those of previous table.

C. Any Financial Crunch Confronted by the Bank or Its Subsidiaries and the Related Impacts in Last Fiscal Year and as of the Date of Annual Report Publication

None.

D. Audit Committee's Audit Report on the Financial Statements of Recent Years

Chang Hwa Commercial Bank, Ltd.
Audit Report of Audit Committee
February 22, 2022

To: Shareholders of Chang Hwa Commercial Bank, Ltd.

The Board of Directors has prepared the 2021 Report on Business Operations and various financial statements (including Balance Sheet, Statement of Comprehensive Income, Statement of Changes in Equity, and Cash Flow Statement). All the financial statements (including consolidated basis) have been certified by Amanda Wu, CPA and Titan Lee, CPA of Deloitte & Touche, and upon which a Standard Unqualified Opinion has been issued. These statements referred to above present fairly the financial position as of December 31, 2021 and the operation results and cash flows in 2021 of the company. The Audit Committee has reviewed the above-mentioned statements in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and hereby provides such audit report.

The Audit Committee, Chang Hwa Commercial Bank, Ltd.

Independent Director & Chairman：Jung-Chun Pan

Independent Director：Jong-Horng Lin

Independent Director：Chih-Jong Suen

Chang Hwa Commercial Bank, Ltd.
Audit Report of Audit Committee
March 29, 2022

To: Shareholders of Chang Hwa Commercial Bank, Ltd.

The Board of Directors has prepared the 2021 Earnings Distribution Proposal. The Audit Committee has reviewed the aforementioned Proposal in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, and confirmed its consistency with related laws and rules. The Audit Committee hereby provides the said audit report.

The Audit Committee, Chang Hwa Commercial Bank, Ltd.

Independent Director & Chairman：Jung-Chun Pan

Independent Director：Jong-Horng Lin

Independent Director：Chih-Jong Suen

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Chang Hwa Commercial Bank, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Chang Hwa Commercial Bank, Ltd. (the "Bank") and its subsidiaries (collectively referred to as 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 (collectively referred to as the "consolidated financial statements").

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, Regulations Governing the Preparation of Financial Reports by Securities Firms and 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.

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 is the description for the key audit matter in the audit of the consolidated financial statements of the Group for the year ended December 31, 2021.

Impairment Assessment of Loans

Loans are the most important assets of the Group. As of December 31, 2021, the balance of the Group's loans totaled $1,554,775,087 thousand, accounting for 61% of the Group's total consolidated assets. The Group assessed the impairment on loans in accordance with IFRS 9 and with relevant regulations on recognizing allowance for loans. As the assessment of the impairment on the aforementioned assets involves the management's critical judgments, estimations and assumptions, we considered the impairment assessment on loans as a key audit matter. Refer to Notes 4, 5 and 12 to the Group's consolidated financial statements for related information.

Our main audit procedures performed in response to the key audit matter described above were as follows:

When assessing the appropriateness of the impairment on loans, we understood and tested the internal controls relevant to the lending process and assessment of loan impairment. We tested whether the expected credit loss was calculated by loans grouped by borrowers and credit risk characteristics. We further verified whether the parameters utilized in the impairment loss model (including probability of default adjusted for forward looking factors, loss given default, and exposure at default) reflect the actual situation, and recalculated the impairment loss on loans, examined the classification of loan credit assets, and assessed the loan provisions in compliance with relevant regulations.

Other Matter

We have also audited the financial statements of Chang Hwa Commercial Bank, Ltd. as of and for the years ended December 31, 2021 and 2020 on which we have issued an unqualified 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, Regulations Governing the Preparation of Financial Reports by Securities Firms and IFRS, IAS, IFRIC, and 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 Mei Hui Wu and Tung Feng Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2022

Notice to Readers

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

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (Notes 4, 6 and 36)	$ 41,507,576	2	$ 26,452,525	1
Due from the Central Bank and call loans to banks (Notes 4, 6 and 36)	249,194,363	10	235,739,431	10
Financial assets at fair value through profit or loss (Notes 4, 7, 34 and 37)	56,611,729	2	14,581,474	1
Financial assets at fair value through other comprehensive income (Notes 4, 8, 10, 34 and 37)	174,195,003	7	122,695,821	5
Financial assets for hedging (Notes 4 and 13)	147,321	-	231,693	-
Investments in debt instruments at amortized cost (Notes 4, 5, 9, 10, 34 and 37)	405,256,329	16	345,283,447	15
Receivables, net (Notes 4, 11 and 12)	22,928,736	1	21,481,338	1
Current tax assets (Notes 4 and 31)	344,089	-	396,516	-
Discounts and loans, net (Notes 4, 5, 12, 34, 35 and 36)	1,554,775,087	61	1,477,886,845	64
Other financial assets, net (Notes 4, 14 and 37)	3,857,675	-	25,590,786	1
Property and equipment, net (Notes 4 and 16)	20,979,380	1	20,908,603	1
Right-of-use assets, net (Notes 4 and 17)	1,941,510	-	1,519,247	-
Investment properties, net (Notes 4 and 18)	13,852,096	-	13,858,910	1
Intangible assets, net (Notes 4 and 19)	595,639	-	687,613	-
Deferred tax assets (Notes 4 and 31)	3,455,911	-	3,379,099	-
Other assets, net (Notes 20 and 37)	1,464,053	-	2,746,871	-
TOTAL	$ 2,551,106,497	100	$ 2,313,440,219	100
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks (Notes 4, 21 and 36)	$ 72,221,898	3	$ 103,221,627	5
Due to the Central Bank and banks (Notes 6 and 37)	27,667,470	1	14,829,050	1
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 36)	3,150,309	-	7,293,565	-
Securities sold under repurchase agreements (Note 4)	1,372,860	-	1,226,633	-
Payables (Notes 4, 22 and 29)	36,770,068	2	22,237,409	1
Current tax liabilities (Notes 4 and 31)	318,060	-	841,436	-
Deposits and remittances (Notes 4, 23 and 36)	2,167,441,232	85	1,917,987,149	83
Bank notes payable (Notes 4, 24 and 34)	51,278,335	2	61,351,032	3
Other financial liabilities (Notes 4 and 25)	1,001,902	-	1,949,149	-
Reserve for liabilities (Notes 4, 5, 27 and 28)	4,694,126	-	5,316,038	-
Lease liabilities (Notes 4 and 17)	1,770,490	-	1,343,548	-
Deferred tax liabilities (Notes 4 and 31)	8,818,712	-	8,301,861	-
Other liabilities (Notes 4, 16 and 26)	3,148,580	-	2,487,932	-
Total liabilities	2,379,654,042	93	2,148,386,429	93
EQUITY (Notes 4, 29 and 31)				
Capital stock				
Common stock	104,885,708	4	103,847,236	5
Retained earnings				
Legal reserve	40,320,456	2	38,266,789	2
Special reserve	12,201,590	1	12,201,590	-
Unappropriated earnings	9,130,892	-	6,884,362	-
Other equity	4,913,809	-	3,853,813	-
Total equity	171,452,455	7	165,053,790	7
TOTAL	$ 2,551,106,497	100	$ 2,313,440,219	100

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME (Notes 4, 30 and 40)	$ 27,492,016	96	$ 29,816,159	109	(8)
INTEREST EXPENSE (Notes 30, 36 and 40)	(7,026,311)	(25)	(10,675,907)	(39)	(34)
NET INCOME OF INTEREST	20,465,705	71	19,140,252	70	7
NET NON-INTEREST INCOME					
Net service fee income (Notes 4 and 30)	4,554,268	16	4,527,568	17	1
Gain on financial assets or liabilities measured at fair value through profit or loss (Notes 4, 7 and 30)	1,237,708	4	1,648,070	6	(25)
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 30)	1,483,220	5	1,219,076	4	22
Gain arising from derecognition of financial assets at amortized cost	29	-	97	-	(70)
Foreign exchange gain (Notes 4 and 34)	494,694	2	339,421	1	46
Net other non-interest income (Notes 13 and 15)	450,334	2	442,608	2	2
Net non-interest income	8,220,253	29	8,176,840	30	1
NET REVENUE AND GAINS	28,685,958	100	27,317,092	100	5
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 12)	(1,793,845)	(6)	(2,836,199)	(10)	(37)
OPERATING EXPENSES					
Employee benefits expenses (Notes 4 and 30)	(11,408,544)	(40)	(10,807,707)	(40)	6
Depreciation and amortization expenses (Notes 4 and 30)	(1,420,297)	(5)	(1,402,619)	(5)	1
Other general and administrative expenses	(3,942,833)	(14)	(3,960,001)	(14)	-
Total operating expenses	(16,771,674)	(59)	(16,170,327)	(59)	4

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INCOME BEFORE INCOME TAX	$ 10,120,439	35	$ 8,310,566	31	22
INCOME TAX EXPENSE (Notes 4 and 31)	(1,316,636)	(4)	(1,269,639)	(5)	4
NET INCOME	8,803,803	31	7,040,927	26	25
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified to profit or loss, net of tax:					
Remeasurement of defined benefit plans (Notes 4 and 28)	325,487	1	(259,674)	(1)	225
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	2,941,694	10	748,689	3	293
Income tax related to items that will not be reclassified to profit or loss (Notes 4 and 31)	(65,126)	-	51,935	-	(225)
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation (Note 4)	(516,997)	(2)	(1,118,628)	(4)	(54)
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	(1,438,153)	(5)	464,526	2	(410)
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	14,282	-	(20,990)	-	168
Income tax related to items that will be reclassified to profit or loss (Notes 4 and 31)	72,176	-	(96,066)	(1)	175
Other comprehensive income (loss), net of tax	1,333,363	4	(230,208)	(1)	679
TOTAL COMPREHENSIVE INCOME	$ 10,137,166	35	$ 6,810,719	25	49

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 8,803,803	31	$ 7,040,927	26	25
Non-controlling interests	$ -	-	$ -	-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 10,137,166	35	$ 6,810,719	25	49
Non-controlling interests	$ -	-	$ -	-	-
EARNINGS PER SHARE (Note 32)					
Basic	$ 0.84		$ 0.67		
Diluted	$ 0.84		$ 0.67		

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank							
	Capital Stock		Retained Earnings			Other Equity		
	Common Stock (In Thousands)	Amount	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE, JANUARY 1, 2020	9,985,311	$ 99,853,111	$ 34,832,629	$ 12,204,648	$ 11,458,160	$ (1,642,603)	$ 5,531,250	$ 162,237,195
Appropriation of 2019 earnings								
Special reserve reversal	-	-	-	(3,058)	3,058	-	-	-
Legal reserve appropriated	-	-	3,434,160	-	(3,434,160)	-	-	-
Cash dividends	-	-	-	-	(3,994,124)	-	-	(3,994,124)
Stock dividends	399,413	3,994,125	-	-	(3,994,125)	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	7,040,927	-	-	7,040,927
Other comprehensive income (loss) for the year ended December 31, 2020, net of tax	-	-	-	-	(207,739)	(1,228,393)	1,205,924	(230,208)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	6,833,188	(1,228,393)	1,205,924	6,810,719
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	12,365	-	(12,365)	-
BALANCE, DECEMBER 31, 2020	10,384,724	103,847,236	38,266,789	12,201,590	6,884,362	(2,870,996)	6,724,809	165,053,790
Appropriation of 2020 earnings								
Legal reserve appropriated	-	-	2,053,667	-	(2,053,667)	-	-	-
Cash dividends	-	-	-	-	(3,738,501)	-	-	(3,738,501)
Stock dividends	103,847	1,038,472	-	-	(1,038,472)	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	8,803,803	-	-	8,803,803
Other comprehensive income (loss) for the year ended December 31, 2021, net of tax	-	-	-	-	260,361	(442,670)	1,515,672	1,333,363
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	9,064,164	(442,670)	1,515,672	10,137,166
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	13,006	-	(13,006)	-
BALANCE, DECEMBER 31, 2021	10,488,571	$ 104,885,708	$ 40,320,456	$ 12,201,590	$ 9,130,892	$ (3,313,666)	$ 8,227,475	$ 171,452,455

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 10,120,439	$ 8,310,566
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	1,793,845	2,836,199
Depreciation expense	1,159,730	1,158,351
Amortization expense	260,567	244,268
Interest income	(27,492,016)	(29,816,159)
Dividend income	(1,069,138)	(633,958)
Interest expense	7,026,311	10,675,907
Net gain on financial assets or liabilities at fair value through profit or loss	(1,719,437)	(1,595,085)
Gain on disposal of investments	(416,179)	(585,215)
Unrealized foreign exchange loss (gains)	481,729	(52,985)
Other adjustments	(26,172)	(194,490)
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(9,457,993)	(23,311,892)
Increase financial assets at fair value through profit or loss	(45,392,998)	(485,555)
(Increase) decrease in receivables	(1,556,137)	130,791
Increase in discounts and loans	(78,989,768)	(53,571,643)
Increase in financial assets at fair value through other comprehensive income	(49,565,209)	(4,622,339)
Increase in investments in debt instruments at amortized cost	(59,972,853)	(69,224,374)
Decrease in other financial assets	21,830,480	14,640,464
Decrease (increase) in other assets	1,281,191	(1,683,039)
(Decrease) increase in deposits from the Central Bank and banks	(58,641)	5,322
Increase in deposits and remittances	249,454,083	152,038,946
Increase in payables	14,909,065	1,240,429
Increase in financial liabilities at fair value through profit or loss	312,195	1,994,790
Decrease in reserve for liabilities	(127,003)	(300,653)
Decrease in other financial liabilities	(947,247)	(2,325,751)
Increase (decrease) in other liabilities	661,567	(67,253)
Cash flows generated from operations	32,500,411	4,805,642
Interest received	27,785,977	31,625,078
Dividends received	1,068,888	631,458
Interest paid	(7,401,446)	(11,527,086)
Income taxes paid	(1,392,924)	(645,261)
Net cash flows generated from operating activities	52,560,906	24,889,831

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	$ (574,604)	$ (676,695)
Acquisition of intangible assets	(153,424)	(191,808)
Acquisition of investment properties	(91)	(580)
Proceeds from disposal of investment properties	-	17,218
Net cash flows used in investing activities	(728,119)	(851,865)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to the Central Bank and banks	(18,102,668)	15,739,729
Proceeds from issuing bank notes	-	10,840,000
Repayments of bank notes	(10,000,000)	(5,000,000)
Repayment of the principal portion of lease liabilities	(568,858)	(639,992)
Cash dividends paid	(3,738,501)	(3,994,124)
Increase (decrease) in securities sold under repurchase agreement	146,227	(320,658)
Net cash flows (used in) generated from financing activities	(32,263,800)	16,624,955
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(516,997)	(1,118,627)
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,051,990	39,544,294
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	175,454,685	135,910,391
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 194,506,675	$ 175,454,685

	December 31	
	2021	2020
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in the consolidated balance sheets	$ 41,507,576	$ 26,452,525
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	152,999,099	149,002,160
Cash and cash equivalents at end of year	$ 194,506,675	$ 175,454,685

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

1. ORGANIZATION AND BUSINESS SCOPE

Chang Hwa Commercial Bank, Ltd. (the "Bank") was incorporated under Banking Law, Securities and Exchange Law and Taiwan Company Law on March 1, 1947 and obtained its banking license from the Ministry of Economic Affairs in July 1950. The Bank's shares have been listed and traded on the Taiwan Stock Exchange (TWSE) since February 1962.

The Bank mainly engages in the following business:

a. All commercial banking operations allowed by the Banking Law;
b. Trust operations;
c. International banking operations;
d. Overseas branch operations authorized by the respective foreign governments; and
e. Other operations authorized by the central authority.

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

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank's board of directors on February 22, 2022.

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

a. 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:

1) 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.

For the hedging relationships that are subject to the reform, the Group applies the following temporary exceptions:

a) The changes to the hedging relationship that are needed to reflect the changes required by the reform are treated as a continuation of the existing hedging relationship.

b) If an alternative benchmark rate that is reasonably expected to be separately identifiable within a period of 24 months, the Group designates the rate as a non-contractually specified risk component.

c) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

d) The Group allocates the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and designates the hedged benchmark rate separately.

2) Amendment to IFRS 16 "Covid-19-Related Rent Concessions"

The Group elected to apply the amendment that extends the availability of the practical expedient to lease payments due on or before June 30, 2022. Refer to Note 4 for the relevant accounting policies of the practical expedient.

The Group applies the amendment from January 1, 2021 and recognizes the cumulative effect of retrospective application in retained earnings on January 1, 2021.

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

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

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

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

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

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

As of the date the 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.

c. 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 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

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

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

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

As of the date the 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 the IFRSs 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.

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 an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

Current/Noncurrent Assets and Liabilities

Because of its business characteristics, assets and liabilities of the Group are classified according to their liquidity rather than classified as current or noncurrent assets or 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).

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

See Note 15 and Table 1 for detailed information on subsidiaries (including percentages of ownership and main businesses).

Foreign Currencies

In preparing the Group's financial statements, transactions in currencies other than the Group's functional currency (i.e., foreign currencies) 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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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 from 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 cases, the exchange differences are also recognized directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Property and Equipment

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

Property and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property and equipment when completed and ready for intended use.

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 method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

Investment Properties

Investment properties are properties held to earn rentals 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.

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.

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. The estimated useful lives, residual values, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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 Assets, Tangible and Intangible Assets

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

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

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.

a. Financial assets

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

   1) Measurement categories

      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.

      a) Financial assets at FVTPL

         Financial assets are classified as at FVTPL when such a financial asset is 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 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 34.

      b) Financial assets at amortized cost

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

         i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

         ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the 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:

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

ii. Financial assets that are not credit impaired on purchase or origination but have 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.

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

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits 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.

c) Investments in debt instruments designated at FVTOCI

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

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

ii. 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 designated 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.

d) Investments in equity instruments designated 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 designated 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.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables, lease receivables and contract assets. 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 a 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.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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 the carrying amounts of such financial assets are not reduced.

3) 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.

b. Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

The repurchase of the Group's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Group's own equity instruments.

c. Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which incorporates any interest or dividends paid on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 34.

b) Financial guarantee contracts

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

i. The amount of the loss allowance reflecting expected credit losses; and

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

2) 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.

d. 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 foreign exchange forward contracts, FX swap, cross currency swap, interest rate swaps and currency option.

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 derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is 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 (i.e. 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.

Bonds or Securities Purchased/Sold under Specific Agreements

Bonds or securities sold under repurchase agreement are recorded at sale price. Interest revenues and expenses are recorded on accrual basis.

Hedge Accounting

The Group designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges. Hedges of foreign exchange risk on firm commitments are accounted for as fair value hedges.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The fair value adjustment to the carrying amount of the hedged instrument arising from the hedged risk for which the effective interest method is used is amortized to profit or loss from the date on which the hedge accounting is discontinued. The adjustment is based on a recalculated effective interest rate at the date on which amortization begins and will be amortized fully upon maturity of the financial instrument.

Reserve for Liabilities

Reserve for liabilities, including those arising from contractual obligations specified in service concession arrangements to maintain or restore infrastructure before it is handed over to the grantor and levies imposed by governments, 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. Dividend and interest income

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

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 applicable effective interest rate. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts, and the accrual of interest income is stopped. Interest income will be recognized when the delinquent interest is collected.

If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue, classified into other liability and recognized as income when collected.

A single or a group of financial assets are written off due to impairment loss, the subsequent recognition of interest income is calculated by using the interest rate used by discount future cash flows when measuring impairment loss.

b. Service fee

Service revenue and real estate management service revenue are recognized at once after providing loans or other services. If the service revenue belongs to several significant items, it is recognized when the significant items accomplished, such as the service revenue which the lead arranger bank of syndication loan received. If the service revenue is for further loan service and of significant amount, it is allocated during the period of the service or included in the base of calculation the effective interest rate of loans and receivables.

Leases

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

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

a. The 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.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

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. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the 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, 2021. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to all of these rent concessions 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 occur, 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 service.

b. Retirement benefits

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

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

The Group provides employees with high-yield savings account. The premium interest rate applies to a fixed amount of principal and the interest is paid to present employees (within employment and retirement) and retired employees. The difference between the premium rate and the market rate is classified as employee benefits.

According to the "Regulations Governing the Preparation of Financial Reports by Public Banks" Rule No. 28, the premium interest resulting from the yield between the premium rate and the general market rate shall immediately be actuarially calculated based on the FSC-recognized IAS 19 when employees retire. However, if there are authorized regulations from the government regarding the actuarial assumption parameters, the regulations shall prevail. Actuarial benefits and service cost from prior periods are recognized as profit or loss when they are incurred.

Taxation

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

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 liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates 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 recognized only 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 taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of 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 economic implications of the COVID-19 when making its critical accounting estimates. 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.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables, investments in debt instruments and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs for the impairment calculation, which are based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Notes 8, 9, 11, 12 and 27. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS/DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS/DUE TO THE CENTRAL BANK AND BANKS

a. Cash and cash equivalents

	December 31	
	2021	2020
Cash on hand	$ 11,986,278	$ 12,204,073
Checks for clearing	14,552,468	4,251,010
Due from banks	13,433,148	8,266,344
Foreign currencies on hand	1,535,682	1,731,098
	$ 41,507,576	$ 26,452,525

b. Due from the Central Bank and call loans to banks

	December 31	
	2021	2020
Call loans to banks	$ 152,999,099	$ 149,002,160
Reserve for checking accounts	24,508,522	26,392,663
Reserve for demand accounts	54,264,266	49,651,547
Reserve for foreign deposits	598,428	531,980
Others	16,824,048	10,161,081
	$ 249,194,363	$ 235,739,431

Cash and cash equivalents and due from the Central Bank and call loans to banks are assessed for impairment using approach similar to those used for investments in debt instruments (refer to Note 10). The Group considers its cash and cash equivalents to have low credit risk so its credit loss evaluation is on a 12-month expected credit loss basis.

c. Due to the Central Bank and banks

	December 31	
	2021	2020
Other dues to the Central Bank	$ 27,667,470	$ 14,829,050

The Group has set aside $35,000,000 thousand and $30,000,000 thousand in 2021 and 2020 in the Central Bank as reserve for demand accounts in accordance with the Central Bank's regulations on capital requirements as a response to the COVID-19.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial Assets at Fair Value through Profit or Loss (FVTPL)

	December 31	
	2021	2020
Financial assets mandatorily classified at FVTPL		
Derivative financial assets (not under hedge accounting)		
Futures	$ 159,609	$ 120,403
Forward exchange contracts	86,476	124,452
Interest rate swaps	128,448	394,122
Currency swaps	1,728,652	4,915,742
Currency call option premiums	32,426	105,119
Non-derivative financial assets		
Investment in bills	50,539,806	7,042,832
Domestic listed stock	23,166	-
Domestic unquoted stock	331,681	117,616
Funds	12,000	-
Bank notes	858,997	-
Government bonds	440,518	5,716
Corporate bonds	2,269,950	1,755,472
	$ 56,611,729	$ 14,581,474

The par values of notes provided for transactions with repurchase agreements were $433,500 thousand and $387,600 thousand as of December 31, 2021 and 2020, respectively.

Financial Liabilities at FVTPL

	December 31	
	2021	2020
Financial liabilities held for trading		
Derivative financial liabilities (not applying hedge accounting)		
Forward exchange contracts	28,402	71,115
Interest rate swaps	128,981	390,853
Cross-currency swaps	-	211,325
Currency swaps	2,960,496	6,515,131
Currency put option premiums	32,430	105,141
	$ 3,150,309	$ 7,293,565

The Group entered into derivative contracts during the years ended December 31, 2021 and 2020 to manage exposures due to exchange rate and interest rate fluctuations. The financial risk management objective of the Group is to minimize risks due to changes in fair value and cash flows.

The nominal principal amounts of outstanding derivative contracts as of December 31, 2021 and 2020 were as follows:

	December 31	
	2021	2020
Currency swaps	$ 671,334,286	$ 460,858,070
Currency options	14,821,235	15,472,077
Forward exchange contracts	14,430,824	17,924,875
Interest rate swaps	107,323,685	191,201,583
Cross-currency swaps	-	3,091,000

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Investments in equity instruments at FVTOCI		
Domestic listed stocks	$ 15,814,451	$ 7,362,952
Domestic unquoted stocks	11,494,597	8,861,275
Beneficiary and asset-based securities	233,100	-
	27,542,148	16,224,227
Investments in debt instruments at FVTOCI		
Government bonds	27,322,940	26,568,737
Corporate bonds	51,529,797	31,986,914
Bank notes	61,181,463	42,184,984
Bonds issued by international organizations	850,502	2,154,265
Beneficiary and asset-based securities	4,651,193	2,669,006
Investments in bills	1,116,960	907,688
	146,652,855	106,471,594
	$ 174,195,003	$ 122,695,821

A portion of investments in equity instruments is for strategic instruments and are not held for trading, the management designated these investments as at FVTOCI.

a. Refer to Note 10 for information relating to their credit risk management and impairment.

b. The par values of bonds provided for transactions with repurchase agreement were $852,600 thousand and $762,200 thousand as of December 31, 2021 and 2020, respectively.

c. Government bonds placed as deposits in courts amounted to $249,300 thousand and $295,900 thousand as of December 31, 2021 and 2020, respectively. Government bonds placed as operating deposits amounted to $330,000 thousand; government bonds placed as a reserve fund for trust compensation amounted to $220,000 thousand; overseas branches' bonds provided as collateral for operations were $217,887 thousand and $281,069 thousand as of December 31, 2021 and 2020, respectively. On December 31, 2021, the amount of government bonds provided by the Central Bank as collateral for treasury business was $5,600,000 thousand. Refer to Note 37 for information relating to investments in debt instruments at FVTOCI pledged as security.

9. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2021	2020
Investments in bills	$ 360,215,104	$ 338,044,687
Bank notes	11,339,437	2,822,380
Corporate bonds	3,652,914	-
Government bonds	11,243,118	4,416,380
Bonds issued by international organization	5,323,099	-
Beneficiary and asset-based securities	13,482,657	-
	$ 405,256,329	$ 345,283,447

a. Refer to Note 10 for information relating to their credit risk management and impairment.

b. The amounts of the overseas branches' bonds provided as collateral for operations were $138,275 thousand and $140,500 thousand as of December 31, 2021 and 2020, respectively.

c. Certificates of deposit placed as reserves for clearing at the Central Bank amounted to $36,000,000 thousand; certificates of deposit which were issued by the Central Bank and pledged for call loans from banks amounted to $5,300,000 thousand as of December 31, 2021 and 2020.

d. Refer to Note 37 for information relating to investments in debt instruments at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at FVTOCI and as at amortized cost.

December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 147,412,633	$ 405,260,925	$ 552,673,558
Less: Allowance for impairment loss	(53,656)	(4,596)	(58,252)
Amortized cost	147,358,977	$ 405,256,329	552,615,306
Adjustment to fair value	(706,122)		(706,122)
	$ 146,652,855		$ 551,909,184

December 31, 2020

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 105,793,218	$ 345,285,234	$ 451,078,452
Less: Allowance for impairment loss	(39,374)	(1,787)	(41,161)
Amortized cost	105,753,844	$ 345,283,447	451,037,291
Adjustment to fair value	717,750		717,750
	$ 106,471,594		$ 451,755,041

The Group only invests in debt instruments that are rated as investment grade or higher and are assessed as having low credit impairment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored and assessed for whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies to estimate 12-month or lifetime expected credit losses. The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired

Gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

December 31, 2021

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.3396%	$ 147,412,633	$ 405,260,925

December 31, 2020

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.3365%	$ 105,793,218	$ 345,285,234

At FVTOCI

Allowance for Impairment Loss	Credit Rating: Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Defaulted (Lifetime ECLs - Credit-impaired)	Total
Balance at January 1, 2021	$ 39,374	$ -	$ -	$ 39,374
Purchase of investments in debt instruments	32,996	-	-	32,996
Derecognition	(15,201)	-	-	(15,201)
Change in exchange rates or others	(3,513)	-	-	(3,513)
Balance at December 31, 2021	$ 53,656	$ -	$ -	$ 53,656
Balance at January 1, 2020	$ 33,713	$ 26,651	$ -	$ 60,364
Transfers from doubtful to performing	96	(26,651)	-	(26,555)
Purchase of investments in debt instruments	13,984	-	-	13,984
Derecognition	(10,556)	-	-	(10,556)
Change in exchange rates or others	2,137	-	-	2,137
Balance at December 31, 2020	$ 39,374	$ -	$ -	$ 39,374

At amortized cost

Allowance for Impairment Loss	Credit Rating: Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Defaulted (Lifetime ECLs - Credit-impaired)	Total
Balance at January 1, 2021	$ 1,787	$ -	$ -	$ 1,787
Purchase of investments in debt instruments	4,402	-	-	4,402
Derecognition	(1,785)	-	-	(1,785)
Change in exchange rates or others	192	-	-	192
Balance at December 31, 2021	$ 4,596	$ -	$ -	$ 4,596

(Continued)

Allowance for Impairment Loss	Credit Rating: Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Defaulted (Lifetime ECLs - Credit-impaired)	Total
Balance at January 1, 2020	$ 4,366	$ -	$ -	$ 4,366
Purchase of investments in debt instruments	35	-	-	35
Derecognition	(2,570)	-	-	(2,570)
Change in exchange rates or others	(44)	-	-	(44)
Balance at December 31, 2020	$ 1,787	$ -	$ -	$ 1,787

(Concluded)

11. RECEIVABLES, NET

a. Details of receivables

	December 31 2021	December 31 2020
Accounts receivable	$ 9,987,264	$ 9,266,689
Accrued incomes	11,666	4,501
Interests receivable	2,987,905	3,137,784
Acceptances receivable	5,033,937	4,518,519
Credit cards accounts receivable	3,565,790	2,306,682
Settlement price	790,929	856,397
Accounts receivable for settlement	606,377	648,785
Other receivables	252,121	1,042,568
	23,235,989	21,781,925
Less: Allowance for bad debts, receivables	(307,253)	(300,587)
	$ 22,928,736	$ 21,481,338

b. Allowance for receivables

1) Movements in the allowance for receivables

	For the Year Ended December 31, 2021: 12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Receivables						
Beginning balance	$ 20,940	$ 5,234	$ 28,420	$ 54,594	$ 245,993	$ 300,587
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(8)	130	(122)	-	-	-
Transfers to credit-impaired financial assets	(1)	(437)	438	-	-	-
Transfers to 12-months expected credit losses	446	(437)	(9)	-	-	-
Financial assets derecognized for the period	(20,131)	(3,258)	(5,316)	(28,705)	-	(28,705)
Purchased or originated financial assets	9,740	992	149,890	160,622	-	160,622
Recognized impairment difference based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	-	-	-	-	(105,758)	(105,758)
Doubtful debts written off	-	-	(19,453)	(19,453)	-	(19,453)
Changes in exchange rates or others	(8)	(1)	(31)	(40)	-	(40)
Ending balance	$ 10,978	$ 2,223	$ 153,817	$ 167,018	$ 140,235	$ 307,253

	For the Year Ended December 31, 2020					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Receivables						
Beginning balance	$ 22,941	$ 3,535	$ 44,895	$ 71,371	$ 368,111	$ 439,482
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(81)	153	(20)	52	-	52
Transfers to credit-impaired financial assets	(12)	(6)	694	676	-	676
Transfers to 12-months expected credit losses	741	(88)	(249)	404	-	404
Financial assets derecognized for the period	(21,910)	(1,732)	(23,829)	(47,471)	-	(47,471)
Purchased or originated financial assets	19,298	3,385	24,361	47,044	-	47,044
Recognized impairment difference based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	-	-	-	-	(122,118)	(122,118)
Doubtful debts written off	-	-	(17,420)	(17,420)	-	(17,420)
Changes in exchange rates or others	(37)	(13)	(12)	(62)	-	(62)
Ending balance	$ 20,940	$ 5,234	$ 28,420	$ 54,594	$ 245,993	$ 300,587

2) Movements in the total carrying amount of receivables

	For the Year Ended December 31, 2021			
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 21,406,829	$ 253,128	$ 121,968	$ 21,781,925
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit loss	(6,800)	7,064	(264)	-
Transfers to credit-impaired financial assets	(1,210)	(4,102)	5,312	-
Transfers to 12-month expected credit losses	15,522	(15,413)	(109)	-
Purchased or originated financial assets	13,232,477	142,671	403,213	13,778,361
Derecognized	(12,012,670)	(210,958)	(77,429)	(12,301,057)
Doubtful debts written off	-	-	(19,453)	(19,453)
Changes in exchange rates or others	(3,502)	(235)	(50)	(3,787)
Ending balance	$ 22,630,646	$ 172,155	$ 433,188	$ 23,235,989

	For the Year Ended December 31, 2020			
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 23,209,296	$ 162,789	$ 268,434	$ 23,640,519
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit loss	(54,232)	55,164	(333)	599
Transfers to credit-impaired financial assets	(12,931)	(674)	9,058	(4,547)
Transfers to 12-month expected credit losses	39,587	(11,941)	(627)	27,019
Purchased or originated financial assets	12,289,767	184,223	82,339	12,556,329
Derecognized	(14,055,133)	(132,514)	(219,186)	(14,406,833)
Doubtful debts written off	-	-	(17,420)	(17,420)
Changes in exchange rates or others	(9,525)	(3,919)	(297)	(13,741)
Ending balance	$ 21,406,829	$ 253,128	$ 121,968	$ 21,781,925

12. DISCOUNTS AND LOANS, NET

a. Details of discounts and loans

	December 31	
	2021	2020
Negotiated and discounted	$ 3,844,746	$ 3,425,322
Overdrafts	1,239,708	1,297,092
Short-term loans	364,723,764	385,124,720
Margin loans receivable	400,141	353,805
Medium-term loans	461,290,174	435,044,534
Long-term loans	739,420,363	666,647,255
Overdue loans	4,152,236	4,942,391
	1,575,071,132	1,496,835,119
Less: Allowance for loan losses	(20,296,045)	(18,948,274)
	$ 1,554,775,087	$ 1,477,886,845

Loans of which the accrual of interest income had ceased internally as of December 31, 2021 and 2020 were $4,152,236 thousand and $4,942,391 thousand, respectively. The amounts of interest income that would have been accrued on these loans for the years ended December 31, 2021 and 2020 were $106,712 thousand and $127,019 thousand, respectively.

The Group did not write off any loans without legal claims process during the years ended December 31, 2021 and 2020.

b. Allowance for discounts and loans

1) Movements in the allowance for discounts and loans

	For the Year Ended December 31, 2021					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Loans						
Beginning balance	$ 1,595,328	$ 2,099,425	$ 5,742,200	$ 9,436,953	$ 9,511,321	$ 18,948,274
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(13,898)	568,231	(554,333)	-	-	-
Transfers to credit-impaired financial assets	(1,407)	(34,807)	36,214	-	-	-
Transfers to 12-month expected credit losses	566,543	(560,298)	(6,245)	-	-	-
Financial assets derecognized for the period	(1,345,827)	(1,411,713)	(1,253,309)	(4,010,849)	-	(4,010,849)
Purchased or originated financial assets	1,306,292	1,458,307	3,175,878	5,940,477	-	5,940,477
Recognized impairment difference based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	$ -	$ -	$ -	$ -	$ 1,269,554	$ 1,269,554
Doubtful debts written off	-	-	(1,812,505)	(1,812,505)	-	(1,812,505)
Changes in exchange rates or others	(2,674)	(2,437)	(33,795)	(38,906)	-	(38,906)
Ending balance	$ 2,104,357	$ 2,116,708	$ 5,294,105	$ 9,515,170	$ 10,780,875	$ 20,296,045

(Continued)

(Concluded)

	For the Year Ended December 31, 2020					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Loans						
Beginning balance	$ 1,772,566	$ 1,920,375	$ 5,033,684	$ 8,726,625	$ 8,810,639	$ 17,537,264
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(35,269)	51,942	(8,316)	8,357	-	8,357
Transfers to credit-impaired financial assets	(6,826)	(27,546)	41,740	7,368	-	7,368
Transfers to 12-month expected credit losses	303,588	(239,026)	(51,484)	13,078	-	13,078
Financial assets derecognized for the period	(1,348,295)	(1,086,371)	(1,655,220)	(4,089,886)	-	(4,089,886)
Purchased or originated financial assets	922,641	1,488,407	4,915,425	7,326,473	-	7,326,473
Recognized impairment difference based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	-	-	-	-	700,682	700,682
Doubtful debts written off	-	-	(2,526,259)	(2,526,259)	-	(2,526,259)
Changes in exchange rates or others	(13,077)	(8,356)	(7,370)	(28,803)	-	(28,803)
Ending balance	$ 1,595,328	$ 2,099,425	$ 5,742,200	$ 9,436,953	$ 9,511,321	$ 18,948,274

2) Movements in the total carrying amount of discounts and loans

	For the Year Ended December 31, 2021			
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 1,412,549,836	$ 69,691,173	$ 14,594,110	$ 1,496,835,119
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit losses	(10,506,051)	11,320,539	(814,488)	-
Transfers to credit-impaired financial assets	(620,585)	(1,837,171)	2,457,756	-
Transfers to 12-month expected credit losses	12,010,460	(11,959,454)	(51,006)	-
Financial assets derecognized for the period	(665,823,567)	(40,775,425)	(6,275,637)	(712,874,629)
Purchased or originated financial assets	754,895,995	34,188,405	6,343,716	795,428,116
Doubtful debts written off	-	-	(1,812,505)	(1,812,505)
Changes in exchange rates or others	(2,297,523)	(152,335)	(55,111)	(2,504,969)
Ending balance	$ 1,500,208,565	$ 60,475,732	$ 14,386,835	$ 1,575,071,132

	For the Year Ended December 31, 2020			
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 1,366,328,215	$ 64,407,067	$ 14,152,929	$ 1,444,888,211
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit losses	(19,925,226)	21,036,209	(46,077)	1,064,906
Transfers to credit-impaired financial assets	(3,324,603)	(1,512,509)	5,063,043	225,931
Transfers to 12-month expected credit losses	11,824,244	(7,673,506)	(108,803)	4,041,935
Financial assets derecognized for the period	(684,687,601)	(41,429,854)	(9,161,100)	(735,278,555)
Purchased or originated financial assets	746,376,742	35,928,671	7,446,309	789,751,722
Doubtful debts written off	-		(2,526,259)	(2,526,259)
Changes in exchange rates or others	(4,041,935)	(1,064,905)	(225,932)	(5,332,772)
Ending balance	$ 1,412,549,836	$ 69,691,173	$ 14,594,110	$ 1,496,835,119

c. Details of provision for bad debts expense, commitment and guarantee for the years ended December 31, 2021 and 2020

	For the Year Ended December 31	
	2021	2020
Provision for receivable and loan (including overdue loan) losses	$ 1,963,267	$ 2,819,737
Reversal for loan commitment	(158,654)	(41,688)
(Reversal) provision for guarantee liability	(20,428)	52,383
Provision for others	9,660	5,767
	$ 1,793,845	$ 2,836,199

13. FINANCIAL ASSETS FOR HEDGING

	December 31	
	2021	2020
Financial assets for hedging		
Fair value hedges - interest rate swaps	$ 147,321	$ 231,693

The Group used interest rate swaps to minimize its exposure to the fair value fluctuations of its fixed-rate borrowings by entering into fixed-to-floating interest rate swap contracts. The interest swaps and the corresponding borrowings have the same terms, and management believes that the interest rate swaps are highly effective hedging instruments. The respective, nominal principal amount of the Group's outstanding interest rate swaps as of December 31, 2021 and 2020 were $6,000,000 thousand and $8,200,000 thousand, respectively. The maturity period is from September 27, 2023 to September 27, 2026.

The fixed-to-floating interest swaps were designated and effective fair value hedging instruments. During the years ended December 31, 2021 and 2020, the swaps were effective in hedging the fair value exposure to interest rate movements, and as a result, the carrying amounts of the fixed-rate borrowings were adjusted by $178,335 thousand and $251,032 thousand as of December 31, 2021 and 2020, respectively; these amounts were included in profit or loss at the same time that the fair value of the interest rate swap was included in profit or loss.

The information of hedging transactions is as follows:

a. Hedging type: Fair value hedging.

b. Hedging objective: To minimize the Group's risks from changes in fair value due to fluctuating interest rates, by converting fixed-rate notes to floating-rate notes.

c. Hedging method: By signing interest rate swap contracts, which pay floating rates (interest rate: 0.4801%-0.4803%) and charge fixed rates (interest rate range: 1.2900%-1.6075%).

d. Hedging effect: The results of hedging are all in the line with the effective range of hedge accounting as defined by IFRSs.

	December 31	
	2021	2020
Hedging instrument (loss) profit	$ (12,097)	$ 61,269
Fair-value hedging profit	$ 72,698	$ 9,981

The realized gains or losses from hedging instruments and the realized gains or losses from fair-value hedging were accounted for as net other non-interest income or loss.

14. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Time deposits with original maturities of more than 3 months	$ 3,689,850	$ 25,400,000
Exchange bills negotiated	21,242	14,941
Overdue receivables	12,557	170,486
Call loan to security brokers	138,275	140,500
Less: Allowance for bad debts	(4,249)	(135,141)
	$ 3,857,675	$ 25,590,786

The market rates of time deposits with original maturities of more than 3 months were ranging from 2.65%-3.00% and 0.70%-3.10% for the years ended December 31, 2021 and 2020, respectively.

Refer to Note 37 for information relating to other miscellaneous financial assets pledged as security.

15. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

			% of Ownership	
			December 31	
Investor	Investee	Main Business	2021	2020
The Bank	Chang Hua Commercial Bank, Ltd.	Banking	100	100
The Bank	Chang Hwa Bank Venture Capital Co., Ltd.	Investing	100	100

16. PROPERTY AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Group	$ 20,769,319	$ 20,715,951
Assets leased under operating leases	210,061	192,652
	$ 20,979,380	$ 20,908,603

a. Asset used by the Group

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Construction in Progress and Prepayment for Building and Equipment	Total
Cost								
Balance at January 1, 2021	$ 14,814,573	$ 9,353,976	$ 4,726,106	$ 715,939	$ 1,501,196	$ 974,085	$ 110,107	$ 32,195,982
Additions	3,300	20,286	175,561	30,896	35,511	6,546	302,504	574,604
Disposals	-	-	(100,003)	(8,204)	(17,210)	(22,681)	-	(148,098)
Transfers to assets leased under operating leases	-	(41,295)	-	-	-	-	-	(41,295)
Reclassification	-	-	10,245	-	2,524	35,231	(62,716)	(14,716)
Effect of foreign currency exchange differences	-	2,656	(10,109)	(564)	(750)	(1,646)	(113)	(1,436)
Balance at December 31, 2021	$ 14,817,873	$ 9,335,623	$ 4,810,800	$ 738,067	$ 1,521,271	$ 991,535	$ 349,782	$ 32,565,041

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Construction in Progress and Prepayment for Building and Equipment	Total
Accumulated depreciation and impairment								
Balance at January 1, 2021	$ -	$ 4,595,870	$ 4,011,555	$ 633,634	$ 1,347,551	$ 891,421	$ -	$ 11,480,031
Disposals	-	-	(99,735)	(8,098)	(16,447)	(22,676)		(146,956)
Depreciation expense	-	188,714	198,054	23,727	44,531	26,077	-	481,103
Transfers to assets leased under operating leases	-	(15,954)	-	-	-	-	-	(15,954)
Effect of foreign currency exchange differences	-	310	(706)	(372)	(660)	(1,074)	-	(2,502)
Balance at December 31, 2021	$ -	$ 4,768,940	$ 4,109,168	$ 648,891	$ 1,374,975	$ 893,748	$ -	$ 11,795,722
Carrying amount at December 31, 2021	$ 14,817,873	$ 4,566,683	$ 701,722	$ 89,176	$ 146,296	$ 97,787	$ 349,782	$ 20,769,319
Cost								
Balance at January 1, 2020	$ 14,647,146	$ 9,108,562	$ 4,607,029	$ 732,871	$ 1,487,286	$ 968,543	$ 231,714	$ 31,783,151
Additions	152,460	33,511	252,196	16,588	46,534	17,314	158,092	676,695
Disposals	-	-	(135,958)	(33,185)	(33,025)	(9,754)		(211,922)
Transfers to assets leased under operating leases	-	(33,758)	-	-	-	-	-	(33,758)
Reclassification	14,967	242,193	3,154	-	1,588	395	(281,177)	(18,880)
Effect of foreign currency exchange differences	-	3,468	(315)	(335)	(1,187)	(2,413)	1,478	696
Balance at December 31, 2020	$ 14,814,573	$ 9,353,976	$ 4,726,106	$ 715,939	$ 1,501,196	$ 974,085	$ 110,107	$ 32,195,982
Accumulated depreciation and impairment								
Balance at January 1, 2020	$ -	$ 4,423,584	$ 3,948,971	$ 636,296	$ 1,336,492	$ 875,385	$ -	$ 11,220,728
Disposals	-	-	(135,837)	(33,146)	(32,964)	(9,754)	-	(211,701)
Depreciation expense	-	182,409	198,600	30,731	45,123	28,101	-	484,964
Transfers to assets leased under operating leases	-	(10,660)	-	-	-	-	-	(10,660)
Effect of foreign currency exchange differences	-	537	(179)	(247)	(1,100)	(2,311)	-	(3,300)
Balance at December 31, 2020	$ -	$ 4,595,870	$ 4,011,555	$ 633,634	$ 1,347,551	$ 891,421	$ -	$ 11,480,031
Carrying amount at December 31, 2020	$ 14,814,573	$ 4,758,106	$ 714,551	$ 82,305	$ 153,645	$ 82,664	$ 110,107	$ 20,715,951

(Concluded)

b. Assets leased under operating leases

	Buildings
Cost	
Balance at January 1, 2021	$ 385,210
Transfers from assets used by the Group	41,295
Balance at December 31, 2021	$ 426,505
Accumulated depreciation and impairment	
Balance at January 1, 2021	$ 192,558
Depreciation expense	7,932
Transfers from assets used by the Group	15,954
Balance at December 31, 2021	$ 216,444
Carrying amount at December 31, 2021	$ 210,061
Cost	
Balance at January 1, 2020	$ 351,452
Transfers from assets used by the Group	33,758
Balance at December 31, 2020	$ 385,210

(Continued)

	Buildings
Accumulated depreciation and impairment	
Balance at January 1, 2020	$ 174,839
Depreciation expense	7,059
Transfers from assets used by the Group	10,660
Balance at December 31, 2020	$ 192,558
Carrying amount at December 31, 2020	$ 192,652
	(Concluded)

Operating leases relate to buildings owned by the Group with lease terms between 1 and 20 years without an option to extend lease terms. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments for property used by the Group was as follows:

	December 31	
	2021	2020
Year 1	$ 58,417	$ 68,737
Year 2	52,096	67,682
Year 3	15,014	47,269
Year 4	8,060	16,435
Year 5	6,405	6,671
Year 6 onwards	13,878	20,330
	$ 153,870	$ 227,124

The above items of property and equipment leased under operating leases are depreciated on a straight-line basis over the estimated useful lives of the assets:

Building	
Main buildings	20-60 years
Air-conditioning	5-10 years
Machinery equipment	4-16 years
Transportation equipment	2-10 years
Miscellaneous equipment	3-10 years
Leasehold improvements	5 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Land	$ 2,045	$ 846
Buildings	1,854,103	1,443,000
Machinery equipment	-	34
Transportation equipment	71,645	61,170
Miscellaneous equipment	13,717	14,197
	$ 1,941,510	$ 1,519,247

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 586,849	$ 558,907
Depreciation charge for right-of-use assets		
Land	$ 933	$ 1,023
Buildings	615,417	611,752
Machinery equipment	35	115
Transportation equipment	38,620	36,993
Miscellaneous equipment	8,785	9,525
	$ 663,790	$ 659,408

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount	$ 1,770,490	$ 1,343,548

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	0.30%-0.91%	0.91%
Buildings	0.20%-3.53%	0.20%-3.53%
Machinery equipment	0.31%-2.89%	0.20%-2.89%
Transportation equipment	0.34%-3.53%	0.53%-3.53%
Miscellaneous equipment	0.26%-2.89%	0.67%-3.40%

c. Material lease-in activities and terms

The Group leases certain buildings for operations of branches with lease terms from 3 to 15 years. The lease contract for offices located in New York specifies that lease payments are subject to 4 modifications during the lease terms and the Group can sublease the underlying assets. The lease contracts for offices located in Hong Kong and Taiwan specify that the premium for lease was $47,509 thousand and lease payments will be adjusted each year. In addition, the Group was prohibited from subleasing all or any portion of the underlying assets.

The Group did not have significant acquisition of lease contracts for the years ended December 31, 2021 and 2020.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment are set out in Notes 16 and 18.

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 44,797	$ 34,711
Expenses relating to low-value asset leases	$ 27,683	$ 21,977
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 171,831	$ 221,007
Total cash outflow for leases	$ (244,311)	$ (277,695)

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

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	2020
Lease commitments	$ 28,083	$ 6,929

18. INVESTMENT PROPERTY

	Completed Investment Property
Cost	
Balance at January 1, 2021	$ 14,233,513
Additions	91
Balance at December 31, 2021	$ 14,233,604

(Continued)

	Completed Investment Property
Accumulated depreciation and impairment	
Balance at January 1, 2021	$ 374,603
Depreciation expense	6,905
Balance at December 31, 2021	$ 381,508
Carrying amount at December 31, 2021	$ 13,852,096
Cost	
Balance at January 1, 2020	$ 14,247,470
Additions	580
Disposals	(14,537)
Balance at December 31, 2020	$ 14,233,513
Accumulated depreciation and impairment	
Balance at January 1, 2020	$ 374,680
Depreciation expense	6,920
Disposals	(6,997)
Balance at December 31, 2020	$ 374,603
Carrying amount at December 31, 2020	$ 13,858,910

(Concluded)

Operating leases relate to the investment property owned by the Group with lease terms between 1 and 20 years, with no option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

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	$ 183,334	$ 178,492
Year 2	175,262	166,276
Year 3	129,046	132,429
Year 4	103,365	106,753
Year 5	97,836	97,436
Year 6 onwards	140,988	212,725
	$ 829,831	$ 894,111

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	20-60 years
Air-conditioning units	5-10 years

The investment properties are measured and stated at cost in the consolidated balance sheets. For management's purpose, the Group periodically measures the fair value of investment properties in accordance with the Group's internal rules and procedures. The Group conducts valuation process regularly, which is measured by level 3 inputs. The fair values were $30,164,147 thousand and $27,303,772 thousand as of December 31, 2021 and 2020, respectively.

All investment properties are own right and interest.

Rental income and direct operating expenses generated by the investment property for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Rental incomes	$ 175,393	$ 178,816
Direct operating expenses	$ 98,955	$ 97,966

19. INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2021	$ 687,613
Additions	153,424
Amortization expense	(260,211)
Reclassification	14,716
Effect of foreign currency exchange differences and others	97
Balance at December 31, 2021	$ 595,639
Cost	
Balance at January 1, 2020	$ 720,656
Additions	191,808
Amortization expense	(243,893)
Reclassification	18,880
Effect of foreign currency exchange differences and others	162
Balance at December 31, 2020	$ 687,613

The intangible asset mentioned above is amortized on a straight-line basis over the estimated useful life of 3 to 5 years.

20. OTHER ASSETS

	December 31	
	2021	2020
Refundable deposits	$ 1,325,277	$ 2,601,890
Assumed collateral and residuals	23,418	23,418
Less: Accumulated impairment	(23,418)	(23,418)
Prepayments	138,022	143,871
Others	754	1,110
	$ 1,464,053	$ 2,746,871

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	December 31	
	2021	2020
Deposits from the Central Bank	$ 27,112	$ 24,625
Deposits from banks	335,965	322,959
Overdrafts on banks	19,725	306,954
Call loans from banks	71,587,355	102,241,214
Deposits transferred from Chunghwa Post Co., Ltd.	251,741	325,875
	$ 72,221,898	$ 103,221,627

22. PAYABLES

	December 31	
	2021	2020
Checks issued to payees for clearing	$ 15,243,021	$ 7,626,187
Accounts payable	3,721,750	1,668,091
Accrued expenses	2,402,083	1,988,061
Accrued interests	1,416,572	1,792,978
Acceptances	5,248,034	4,807,972
Others	8,738,608	4,354,120
	$ 36,770,068	$ 22,237,409

23. DEPOSITS AND REMITTANCES

	December 31	
	2021	2020
Checking account deposits	$ 48,561,432	$ 41,220,029
Demand deposits	601,485,748	527,167,570
Time deposits	488,772,705	401,002,085
Negotiable certificates of deposit	2,793,315	2,853,940
Savings account deposits	1,024,182,439	944,530,955
Remittances	1,645,593	1,212,570
	$ 2,167,441,232	$ 1,917,987,149

24. BANK NOTES PAYABLE

The Group has issued bank notes to enhance its capital adequacy ratio and raise medium to long-term operating funds. The information of the bank notes is as follows:

The Group issued $3,300 million subordinated bank notes 100-1 on March 11, 2011, divided into Financial Debenture A of $2,200 million with 7-year term and Financial Debenture B of $1,100 million with 10-year term. The bank notes had been redeemed on March 11, 2018 and March 11, 2021, respectively.

The Group issued $6,700 million subordinated bank notes 100-2 with 10-year term on April 18, 2011. The bank notes had been redeemed on April 18, 2021.

The Group issued $2,200 million subordinated bank notes A 103-1 with 7-year term on April 16, 2014. The bank notes had been redeemed on April 16, 2021.

The Group issued $5,300 million subordinated bank notes B 103-1 with 10-year term on April 16, 2014.

The Group issued $2,500 million subordinated bank notes C 103-1 with 10-year term on April 16, 2014.

The Group issued $3,000 million subordinated bank notes A 105-1 with 7-year term on September 27, 2016.

The Group issued $3,300 million subordinated bank notes B 105-1 with 10-year term on September 27, 2016.

The Group issued $1,530 million subordinated bank notes A 106-1 with 7-year term on March 29, 2017.

The Group issued $8,670 million subordinated bank notes B 106-1 with 10-year term on March 29, 2017.

The Group issued $7,000 million perpetual subordinated bank notes 107-1 on April 26, 2018. Callable 5 years and 3 months after issue date.

The Group issued $3,000 million perpetual subordinated bank notes 107-2 on November 8, 2018. Callable 5 years and 1 month after issue date.

The Group issued $5,960 million perpetual subordinated bank notes 108-1 on June 27, 2019. Callable 5 years and 1 month after issue date.

The Group issued $4,040 million perpetual subordinated bank notes 109-1 on May 27, 2020. Callable 5 years and 1 month after issue date.

The Group issued $6,800 million perpetual subordinated bank notes 109-2 on December 25, 2020. Callable 5 years and 1 month after issue date.

The outstanding balance and details of subordinated bank notes are as follows:

Bank Note, Interest Rate and Maturity Date	December 31 2021	December 31 2020
Hedged financial liabilities at fair value		
103-1 Note A, 7-year term, interest payable annually, interest rate 1.70%, maturity date: April 16, 2021	$ -	$ 2,200,000
103-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: April 16, 2024	3,000,000	3,000,000
105-1 Note A, 7-year term, interest payable annually, interest rate 1.09%, maturity date: September 27, 2023	1,000,000	1,000,000
105-1 Note B, 10-year term, interest payable annually, interest rate 1.20%, maturity date: September 27, 2026	2,000,000	2,000,000
Valuation adjustment	178,335	251,032
	6,178,335	8,451,032
Non-hedged bank notes payable		
100-1 Note B, 10-year term, interest payable annually, interest rate 1.72%, maturity date: March 11, 2021	-	1,100,000
100-2, 10-year term, interest payable annually, floating rate, maturity date: April 18, 2021	-	6,700,000
103-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: April 16, 2024	2,300,000	2,300,000
103-1 Note C, 10-year term, interest payable annually, floating rate, maturity date: April 16, 2024	2,500,000	2,500,000
105-1 Note A, 7-year term, interest payable annually, interest rate 1.09%, maturity date: September 27, 2023	2,000,000	2,000,000
105-1 Note B, 10-year term, interest payable annually, interest rate 1.20%, maturity date: September 27, 2026	1,300,000	1,300,000
106-1 Note A, 7-year term, interest payable annually, interest rate 1.50%, maturity date: March 29, 2024	1,530,000	1,530,000
106-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: March 29, 2027	8,670,000	8,670,000
107-1, no maturity date, interest payable annually, interest rate 2.66%	7,000,000	7,000,000
107-2, no maturity date, interest payable annually, interest rate 2.30%	3,000,000	3,000,000
108-1, no maturity date, interest payable annually, interest rate 1.90%	5,960,000	5,960,000
109-1, no maturity date, interest payable annually, interest rate 1.40%	4,040,000	4,040,000
109-2, no maturity date, interest payable annually, interest rate 1.25%	6,800,000	6,800,000
	45,100,000	52,900,000
	$ 51,278,335	$ 61,351,032

The Group engaged in derivative transactions as hedging instruments for the 103-1 Note A, 103-1 Note B, 105-1 Note A and 105-1 Note B fixed interest rate bank notes to avoid fair value risks due to changes in interest rates. The nominal principal of interest rate swaps was accounted as hedging derivative financial assets. (Refer to Note 13).

25. OTHER FINANCIAL LIABILITIES

	December 31	
	2021	2020
Principal received on structured notes	$ 576,199	$ 1,325,070
Appropriations for loans	425,703	624,079
	$ 1,001,902	$ 1,949,149

The principals received on structured notes were the hybrid instruments issued at fixed income. The related income of structured notes was determined by the interest rates linked to targets.

26. OTHER LIABILITIES

	December 31	
	2021	2020
Advance receipts	$ 634,407	$ 612,599
Guarantee deposits	2,504,955	1,865,559
Deferred revenue	9,218	9,774
	$ 3,148,580	$ 2,487,932

27. RESERVE FOR LIABILITIES

	December 31	
	2021	2020
Reserve for employee benefits (Note 28)	$ 3,769,721	$ 4,208,987
Reserve for guarantee liabilities	657,449	678,588
Reserve for loan commitments	156,217	314,368
Reserve for decommissioning restoration and rehabilitation costs	49,959	57,009
Others	60,780	57,086
	$ 4,694,126	$ 5,316,038

Movements in reserve for guarantee liabilities, reserve for loans commitments and reserve for others were as follows:

	For the Year Ended December 31, 2021					
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on the Laws	Total
Beginning balance	$ 416,984	$ 82,185	$ 33,457	$ 532,626	$ 517,416	$ 1,050,042
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(1,635)	1,635	-	-	-	-
Transfers to 12-month expected credit losses	13,303	(13,303)	-	-	-	-
Financial assets derecognize for the period	(257,647)	(63,595)	(11,265)	(332,507)	-	(332,507)
Purchased or originated financial assets	$ 191,063	$ 6,578	$ 1,340	$ 198,981	$ -	$ 198,981
Recognized impairment difference based on the Laws	-	-	-	-	(41,871)	(41,871)
Changes in exchange rates or others	(193)	(5)	(1)	(199)	-	(199)
Ending balance	$ 361,875	$ 13,495	$ 23,531	$ 398,901	$ 475,545	$ 874,446

(Continued)

(Concluded)

	For the Year Ended December 31, 2020					
	12-month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on the Laws	Total
Beginning balance	$ 459,939	$ 52,207	$ 28,131	$ 540,277	$ 496,421	$ 1,036,698
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(4,211)	4,990	-	779	-	779
Transfers to credit-impaired financial assets	(4)	(179)	195	12	-	12
Transfers to 12-month expected credit losses	22,348	(21,455)	-	893	-	893
Financial assets derecognize for the period	(343,766)	(11,592)	(6,321)	(361,679)	-	(361,679)
Purchased or originated financial assets	283,567	58,997	11,463	354,027	-	354,027
Recognized impairment difference based on the Laws	-	-	-	-	20,995	20,995
Changes in exchange rates or others	(889)	(783)	(11)	(1,683)	-	(1,683)
Ending balance	$ 416,984	$ 82,185	$ 33,457	$ 532,626	$ 517,416	$ 1,050,042

28. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. 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 10% 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 Bank 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 Bank 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 balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 9,383,544	$ 9,980,084
Fair value of plan assets	(7,260,262)	(7,231,186)
Deficit	2,123,282	2,748,898
Others	14,098	14,644
Net defined benefit liability	$ 2,137,380	$ 2,763,542

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2021	$ 9,980,084	$ 7,231,186	$ 2,748,898
Service cost			
Current service cost	229,160	-	229,160
Net interest cost	29,720	21,928	7,792
Recognized in profit or loss	258,880	21,928	236,952
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	107,799	(107,799)
Actuarial loss - population changes assumption	15,719	-	15,719
Actuarial gain - changes in financial assumptions	(180,914)	-	(180,914)
Actuarial gain - experience adjustments	(52,014)	-	(52,014)
Recognized in other comprehensive income	(217,209)	107,799	(325,008)
Contributions from the employer	-	537,560	(537,560)
Benefits paid	(638,211)	(638,201)	-
Balance at December 31, 2021	$ 9,383,544	$ 7,260,262	$ 2,123,282
Balance at January 1, 2020	$ 9,979,092	$ 7,152,662	$ 2,826,430
Service cost			
Current service cost	239,179	-	239,179
Net interest cost	69,159	50,430	18,729
Recognized in profit or loss	308,338	50,430	257,908
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	239,332	(239,332)
Actuarial loss - changes in financial assumptions	385,440	-	385,440
Actuarial loss - experience adjustments	113,545	-	113,545
Recognized in other comprehensive income	498,985	239,332	259,653

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Contributions from the employer	$ -	$ 595,093	$ (595,093)
Benefits paid	(806,331)	(806,331)	-
Balance at December 31, 2020	$ 9,980,084	$ 7,231,186	$ 2,748,898

(Concluded)

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and 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.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rate(s)	0.50%	0.30%
Expected rate(s) of salary increase	2.05%	2.05%

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)		
0.25% increase	$ (219,177)	$ (243,495)
0.25% decrease	$ 226,939	$ 252,484
Expected rate(s) of salary increase		
0.25% increase	$ 222,877	$ 247,459
0.25% decrease	$ (216,425)	$ (239,970)

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

	December 31	
	2021	2020
The expected contributions to the plan for the next year	$ 281,664	$ 302,772
The average duration of the defined benefit obligation	10 years	10 years

c. Plan of high-yield savings account for employee

The Group has the obligation to pay premium interest on the high-yield savings account of its present employees and retired employees. Such obligation is recognized based on its internal guidelines in the Rules of Employee Preferential Deposit for Retired Employees. Refer to Note 30 for information on related expenses.

1) Reconciliation of assets and liabilities at the end of the reporting period with the present value of defined benefit obligation and the fair value of plan assets was as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 1,632,342	$ 1,445,445
Less: Fair value of defined benefit plan assets	-	-
Assets and liabilities at the end of the reporting period	$ 1,632,342	$ 1,445,445

2) Analysis of defined benefit obligation

	December 31	
	2021	2020
All or part of defined benefit obligation contributed	$ -	$ -
Defined benefit obligation not contributed	1,632,342	1,445,445
	$ 1,632,342	$ 1,445,445

3) Movements of the present value of defined benefit obligation

	For the Year Ended December 31	
	2021	2020
Balance, January 1	$ 1,445,445	$ 1,408,473
Interest cost	54,787	53,377
Actuarial gains and losses	428,724	276,830
Benefits paid	(296,614)	(293,235)
Balance, December 31	$ 1,632,342	$ 1,445,445

4) Movements of the fair value of plan assets

	For the Year Ended December 31	
	2021	2020
Balance, January 1	$ -	$ -
Contribution by employers	296,614	293,235
Benefits paid	(296,614)	(293,235)
Balance, December 31	$ -	$ -

5) Details of gains and losses recognized in expenses

	For the Year Ended December 31	
	2021	2020
Interest cost	$ 54,787	$ 53,377
Actuarial gains and losses	272,048	276,830
Actuarial gain or loss recognized in other comprehensive profit or loss	156,676	-
	$ 483,511	$ 330,207

6) Main actuarial assumptions

	For the Year Ended December 31	
	2021	2020
Discount rate of high-yield savings account for employee	4.00%	4.00%
Return rate of funds deposited	2.00%	2.00%
Account balance decrease rate per year	1.00%	1.00%
Probability of future high-yield savings account system change	50.00%	50.00%
Mortality rate	Based on Taiwan Life Insurance Industry Mortality Tables	Based on Taiwan Life Insurance Industry Mortality Tables
Rate provided to ordinary clients for similar deposit	0.84%-1.05%	1.09%-1.14%

29. EQUITY

a. Capital

Common stock

	December 31	
	2021	2020
Shares authorized (in thousands)	12,000,000	11,000,000
Capital authorized	$ 120,000,000	$ 110,000,000
Shares issued and fully paid (in thousands)	10,488,571	10,384,724
Capital stock issued	$ 104,885,708	$ 103,847,236

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

As of January 1, 2020, the Bank's authorized and registered capital was $110,000,000 thousand divided into 11,000,000 thousand shares at $10 par value; the total paid-in capital was $99,853,111 thousand. The Bank's authorized capital was increased by $10,000,000 thousand in August 2021. In September 2021 and August 2020, the paid-in capital was increased by $1,038,472 thousand and $3,994,125 thousand, respectively. As of December 31, 2021 and 2020, the Bank's authorized capital was $120,000,000 thousand and $110,000,000 thousand; the number of authorized shares was 12,000,000 thousand shares and 11,000,000 thousand shares, and the paid-in capital was $104,885,708 thousand and $103,847,236 thousand, representing 10,488,571 thousand shares and 10,384,724 thousand shares, respectively, both of which are ordinary shares with a par value of $10 per share.

b. Distribution of earnings and dividend policy

Under the dividend policy as set forth in the Bank's amended Articles of Incorporation, where the Bank generates profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Bank's board of directors as the basis for proposing distribution plan, and 30% to 100% of the basis for proposing distribution plan should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders. For the policies on distribution of compensation of employees and remuneration of directors after amendment, refer to Note 30 (g) "compensation of employees and remuneration of directors".

To ensure the Bank has sufficient cash for present and future expansion plans and to enhance the profitability, the Bank prefers to distribute more stock dividends, but cash dividends shall not be less than 10% of total dividends distributed. If the cash dividends are less than $0.1 per share, the Bank will not distribute any cash dividends, unless otherwise adopted in the stockholders' meeting.

Appropriation of earnings to legal reserve shall be made until the balance of legal reserve reaches the Bank's paid-in capital. Legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash.

The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient. Before the amendment of the Articles, the special reserve is appropriated from the prior unappropriated earnings.

Under Rule No. 10510001510 issued by the FSC on May 25, 2016, the Bank should appropriate 0.5%-1.0% net income as a special reserve when distributing surplus earnings for 2016, 2017 and 2018. Since 2017, the Bank should reverse an amount which is the same as the distributed surplus earnings mentioned above for the expense of employees' bridging-over arrangements and settlements caused by the development of financial technology.

The Bank cannot distribute cash dividends or purchase treasury stocks if the Bank has any of the situations cited in Item 1, Section 1, Article 44 of the Banking Law.

The maximum amount of cash dividends cannot exceed 15% of the Bank's total capital if the Bank's capital surplus is less than the capital based on Section 1.

The restriction of the cash dividends stated above does not apply if the Bank's capital surplus exceeds the capital or the Bank's financial position satisfied the criteria from the authority and also the Bank appropriates the legal reserve based on the Banking Law.

The appropriations of earnings for 2020 and 2019 were approved in the stockholders' meetings on July 20, 2021 and June 19, 2020, respectively. The appropriations of earnings and dividends per stock were as follows:

	Appropriation of Earnings	
	2020	2019
Legal reserve	$ 2,053,667	$ 3,434,160
Special reserve	$ -	$ -
Cash dividends	$ 3,738,501	$ 3,994,124
Share dividends	$ 1,038,472	$ 3,994,125
Cash dividends per share (NT$)	$ 0.36	$ 0.40
Share dividends per share (NT$)	0.10	0.40

The appropriation of earnings for 2021 is subject to the resolution of shareholders in the shareholders' meeting to be held in June 2022.

c. Special reserve

	December 31	
	2021	2020
Balance at January 1		
Initial application of IFRSs	$ 12,201,590	$ 11,778,829
Reversals		
Disposal of investment properties	-	(3,058)
Others	-	425,819
	$ 12,201,590	$ 12,201,590

The special reserve relating to land may be reversed on the disposal or reclassification of the related assets. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

30. NET INCOME

a. Net interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Loans	$ 23,219,870	$ 24,427,538
Due from and call loans to banks	750,633	1,778,288
Investments in marketable securities	3,411,553	3,470,860
Others	109,960	139,473
	27,492,016	29,816,159
Interest expense		
Deposits	(5,876,038)	(8,769,548)
Due to Central Bank and call loans from banks	(175,225)	(854,438)
Others	(975,048)	(1,051,921)
	(7,026,311)	(10,675,907)
Net interest income	$ 20,465,705	$ 19,140,252

b. Net service fee income

	For the Year Ended December 31 2021	2020
Service fee income		
Fees from import and export	$ 281,533	$ 251,461
Remittance fees	358,763	376,966
Loan fees	631,400	623,804
Fees from trust	1,128,765	1,057,414
Fees from trust business	451,485	394,890
Fees from insurance agency	1,532,489	1,633,445
Others (1) (2)	1,266,154	1,281,681
	5,650,589	5,619,661
Service charge		
Interbank charges	(150,261)	(158,421)
Charges from trust	(11,584)	(18,673)
Custodian fees	(125,890)	(113,728)
Charges from insurance agency	(146,321)	(184,233)
Others	(662,265)	(617,038)
	(1,096,321)	(1,092,093)
Net service fee income	$ 4,554,268	$ 4,527,568

1) The service fee income from electronic payment business was $673 thousand and $1,071 thousand for the years ended December 31, 2021 and 2020, respectively.

2) In accordance with "Regulation Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions", the yield income from electronic payment business was $0.1 thousand and $0.3 thousand for the years ended December 31, 2021 and 2020, respectively.

c. Gain (loss) on financial assets or liabilities measured at FVTPL

	For the Year Ended December 31 2021	2020
Realized gain (loss) on financial assets or liabilities measured at FVTPL		
Stock and mutual funds	$ 25,231	$ (25,842)
Bonds	3,070	14,782
Bills	(70)	653
Derivative financial instruments	774,158	1,924,002
Net interest gain	145,000	87,036
Stock dividends and bonus	2,069	-
	949,458	2,000,631
Valuation gain (loss) on financial assets or liabilities measured at FVTPL		
Stock	46,233	2,618
Bonds	161,120	(73,579)
Bills	(8,211)	(2,604)
Derivative financial instruments	95,108	(278,996)
	288,250	(352,561)
	$ 1,237,708	$ 1,648,070

d. Realized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31 2021	2020
Stock dividends and bonus	$ 1,067,069	$ 633,958
Disposal gains		
Beneficiary securities	9,077	52,266
Bonds	602,940	605,800
Disposal losses		
Beneficiary securities	(3,861)	(7,178)
Bonds	(192,005)	(65,770)
	$ 1,483,220	$ 1,219,076

e. Depreciation and amortization expense

	For the Year Ended December 31 2021	2020
Property and equipment	$ 489,035	$ 492,023
Investment property	6,905	6,920
Right-of-use assets	663,790	659,408
Intangible assets and other deferred assets	260,567	244,268
	$ 1,420,297	$ 1,402,619

f. Employee benefits expenses

	For the Year Ended December 31 2021	2020
Short-term employee benefits	$ 10,065,678	$ 9,616,925
Post-employment benefits		
Defined contribution plans	224,886	215,672
Defined benefit plans	236,952	257,908
High-yield savings account for employees	483,511	330,207
Other post-employment benefits	383,559	375,279
Termination benefits	13,958	11,716
	$ 11,408,544	$ 10,807,707

Salary adjustments for 2021:

1) As recognition of the employees' dedication and hard work and to boost employee morale, the Bank made an adjustment to annual salary in 2021 and implemented overall evaluation on April 1, 2021.

2) In order to continuously implement the differentiated salary adjustment based on performance and take care of the basic living expenses of grass-roots employees, the Bank's 2021 annual salary adjustment method is a combination of "performance salary adjustment" and "fixed salary adjustment":

a.) Performance salary adjustment: Based on the employee's personal annual performance appraisal rating in 2020 as the standard, the performance appraisal rating of 6 will add 3.3% of the monthly salary, the 5A and 5B rating will add 2.4% of the monthly salary, the 4A, 4B and 4C ratings will be added 1.6% of the monthly basic salary, 1% of the monthly basic salary for those rated 3.

b) Fixed salary adjustment : NT$360 per person per month.

3) The annual salary adjustment in 2021 was implemented on April 1, 2021. The average salary increase of all employees was 1.87%, and the maximum salary increase can reach 4.02%. In spite of the environment affected by COVID-19 and the low profit, the salary adjustments show the determination of the Bank to fulfill the duty of care towards its employees and implement corporate social responsibility.

Level / Rating	2021 All Members Salary Adjustment	
	Fixed Salary Adjustment	Performance Salary Adjustment
6 (premium)	360	3.3%
5A (excellent)	360	2.4%
5B (excellent)		
4A (good)	360	1.6%
4B (well)		
4C (normal)		
3 (qualified)	360	1%
2 (unqualified)	-	-
1 (unqualified)	-	-
Average	1.87%	

g. Compensation of employees and remuneration of directors

The Bank accrued compensation of employees and remuneration of directors at the rates of 1%-6% and no higher than 0.8%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Group's board of directors on March 2022 and March 26, 2021, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2021 (Expected)	2020
Compensation of employees	5.00%	5.00%
Remuneration of directors	0.40%	0.40%

Amount

	For the Year Ended December 31	
	2021 (Expected)	2020
Compensation of employees	$ 537,415	$ 447,199
Remuneration of directors	42,707	35,200

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.

Due to changes in accounting estimates, the actual amount of compensation of employees and directors' remuneration, which was resolved in the meeting of the board of directors dated on March 26, 2021 differs from what was accrued in the consolidated financial statements for 2020. The difference was then adjusted to profit and loss for 2021.

	For the Year Ended December 31, 2020	
	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	$ 360,242	$ 28,995
Amounts recognized in the annual consolidated financial statements	$ 447,199	$ 35,200
Differences	$ (86,957)	$ (6,205)

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2019.

Information on the compensation of employees and remuneration of directors resolved by the Group's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

31. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current income tax		
In respect of the current period	$ 883,993	$ 1,007,506
Income tax on unappropriated earnings	280	1,186
Deferred income tax		
In respect of the current period	432,363	260,947
Income tax expense recognized in profit or loss	$ 1,316,636	$ 1,269,639

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

	For the Year Ended December 31	
	2021	2020
Profit before tax	$ 10,120,439	$ 8,310,566
Income tax expense calculated at the statutory rate	$ 2,024,088	$ 1,662,113
Non-deductible expenses in determining taxable income	4,122	3,320
Income tax on unappropriated earning	280	1,186
Land value increment tax	-	(2,476)
Overseas branch's additional income of deferred tax effect	85,837	(13,221)
Tax-exempt income	(740,396)	(680,953)
Non-deductible tax of overseas branches	-	285,437
Adjustments for prior years' tax	(211,396)	11,864
Others	154,101	2,369
Income tax expense recognized in profit or loss	$ 1,316,636	$ 1,269,639

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year:		
Exchange differences on translation	$ (74,327)	$ 109,766
Unrealized gains (losses) on financial assets at FVTOCI	2,151	(13,700)
Actuarial gains (losses) on defined benefit plan	65,126	(51,935)
Total income tax benefit recognized in other comprehensive income	$ (7,050)	$ 44,131

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	$ -	$ 164,394
Others	344,089	232,122
	$ 344,089	$ 396,516
Current tax liabilities		
Income tax payable	$ 318,060	$ 841,436

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Ending Balance
Deferred tax assets				
Temporary differences				
Doubtful debts	$ 1,242,885	$ (272,835)	$ -	$ 970,050
Others	2,136,214	356,697	(7,050)	2,485,861
	$ 3,379,099	$ 83,862	$ (7,050)	$ 3,455,911
Deferred tax liabilities				
Land value increment tax	$ 6,154,216	$ -	$ -	$ 6,154,216
Temporary differences	2,147,645	516,851	-	2,664,496
	$ 8,301,861	$ 516,851	$ -	$ 8,818,712

For the year ended December 31, 2020

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehen-sive Income	Ending Balance
Deferred tax assets				
Temporary differences				
Doubtful debts	$ 1,521,899	$ (279,014)	$ -	$ 1,242,885
Others	1,790,426	403,619	(57,831)	2,136,214
	$ 3,312,325	$ 124,605	$ (57,831)	$ 3,379,099
Deferred tax liabilities				
Land value increment tax	$ 6,156,692	$ (2,476)	$ -	$ 6,154,216
Temporary differences	1,745,917	388,028	13,700	2,147,645
	$ 7,902,609	$ 385,552	$ 13,700	$ 8,301,861

e. Income tax assessments

The Bank's and the subsidiary Chang Hwa Bank Venture Capital Co., Ltd.'s income tax returns through 2019 had been examined and cleared by the tax authority.

32. EARNINGS PER SHARE

The computation of earnings per share was retrospectively adjusted for the effects of adjustments resulting from bonus stock issues on September 6, 2021. The basic and diluted after-tax earnings per stock of 2020 were adjusted retrospectively as follows:

Unit: NT$ Per Share

	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per stock	$ 0.68	$ 0.67
Diluted earnings per stock	$ 0.68	$ 0.67

The earnings and weighted average number of common stock outstanding in the computation of earnings per stock were as follows:

	For the Year Ended December 31	
	2021	2020
Net profit for the year	$ 8,803,803	$ 7,040,927

The weighted average number of common stocks outstanding (in thousands of stocks) is as follows:

	For the Year Ended December 31	
	2021	2020
Weighted average number of common stock used in the computation of basic earnings per stock	10,488,571	10,488,571
Effect of potentially dilutive common stock:		
Compensation of employees issued	35,946	31,277
Weighted average number of common stock used in the computation of diluted earnings per stock	10,524,517	10,519,848

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

33. CAPITAL RISK MANAGEMENT

a. Summary

The Group's goals in capital management are as follows:

1) The Group's qualified regulatory capital should meet the requirement of capital adequacy regulations, and reached the minimum capital adequacy ratio.

2) To ensure the Group is able to meet the capital heeds, it should be evaluated periodicity and observed the variation between regulatory capital and risk assets to keep common equity ratio in the interval approved by the board of directors.

3) Related to the calculation of qualified regulatory capital and legal capital were according to the regulation of administration.

b. Capital management procedures

The Group kept capital adequacy ratio completely to meet the requirement of the administration, and declared to the administration quarterly.

In addition, the capital management procedures for the overseas subsidiaries of the Group were carried out according to the regulation of local administrations.

The Group's capital adequacy performance, which was calculated based on Regulations Governing the Capital Adequacy and Capital Category of Banks, was reported to the Asset and Liability Management Committee of the Group periodically. The regulatory capital was classified into Tier 1 Capital, other Tier 1 Capital and Tier 2 Capital.

1) Tier 1 Capital: Include Common Equity and other Tier 1 Capital

Common Equity: Include common stock (include capital collected in advance), Capital reserves (exclude additional paid-in capital in excess of par - preferred stock), accumulated profit, reserve and adjusted equity. Deduct: Legal adjustments.

2) Other Tier 1 Capital: Include noncumulative perpetual preferred stock, noncumulative perpetual subordinated debts. Deduct: Legal adjustments.

3) Tier 2 Capital: Include cumulative perpetual preferred stock, cumulative perpetual subordinated debts, revaluation reserve, long-term subordinated debt, non-perpetual preferred stock include stock issue price 45% of financial assets at fair value through other comprehensive income convertible bonds, operating reserves and allowance for doubtful accounts. Deduct: Legal adjustments.

c. Capital adequacy

Item \ Period			December 31, 2021	December 31, 2020
Self-owned capital	Common equity Tier I		$ 150,992,088	$ 145,659,743
	Other Tier I capital		26,415,100	26,422,600
	Tier II capital		47,630,296	48,629,424
	Self-owned capital		225,037,484	220,711,767
Risk-weighted assets	Credit risk	Standardized approach	1,356,082,940	1,390,652,840
		IRB	-	-
		Securitization	3,727,948	533,801
	Operation risk	Basic indicator approach	-	-
		Standardized approach/ optional standard	51,808,367	55,422,259
		Advanced internal rating based approach	-	-
	Market price risk	Standardized approach	22,422,633	14,806,764
		Internal model approach	-	-
	Total		1,434,041,888	1,461,415,664
Capital adequacy ratio			15.69%	15.10%
Common equity Tier I to risk-weighted assets ratio			10.53%	9.97%
Tier I capital to risk-weighted assets ratio			12.37%	11.78%
Leverage ratio			6.51%	6.94%

Note 1: The ratios are calculated in accordance with the Regulations Governing the Capital Adequacy and Capital category of Banks.

Note 2: Annual financial report should include the capital adequacy ratio in current and previous period. Besides semiannual report should disclose the ratio the end of last year.

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 assets

34. FINANCIAL INSTRUMENTS

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

Fair value of financial instruments not measured at fair value

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 405,256,329	$ 38,553,326	$ 366,213,556	$ -	$ 404,766,882
Financial liabilities					
Bank notes payable	51,278,335	-	6,178,335	46,595,019	52,773,354

December 31, 2020

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 345,283,447	$ 3,610,277	$ 341,736,917	$ -	$ 345,347,194
Financial liabilities					
Bank notes payable	61,351,032	-	8,451,032	54,695,616	63,146,648

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

1) Fair value hierarchy

December 31, 2021

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
Non-derivative financial products				
Assets				
Financial assets at FVTPL	$ 1,416,228	$ 52,828,375	$ 231,515	$ 54,476,118
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	122,247	13,085	231,515	366,847
Bond investments	1,293,981	2,275,484	-	3,569,465
Others	-	50,539,806	-	50,539,806
Financial assets at FVTOCI	101,558,129	61,184,018	11,452,856	174,195,003
Stock investments	15,856,192	-	11,452,856	27,309,048
Bond investments	79,700,684	61,184,018	-	140,884,702
Others	6,001,253	-	-	6,001,253
Derivative financial products				
Assets				
Financial assets at FVTPL	159,609	1,976,002	-	2,135,611
Other financial assets				
Financial assets for hedging	-	147,321	-	147,321
Liabilities				
Financial liabilities at FVTPL	-	3,150,309	-	3,150,309

December 31, 2020

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
Non-derivative financial products				
Assets				
Financial assets at FVTPL	$ -	$ 8,811,111	$ 110,525	$ 8,921,636
Financial assets mandatorily measured at FVTPL				
Stock investments	-	7,091	110,525	117,616
Bond investments	-	1,761,188	-	1,761,188
Others	-	7,042,832	-	7,042,832
Financial assets at FVTOCI	70,546,949	43,318,147	8,830,725	122,695,821
Stock investments	7,362,952	30,550	8,830,725	16,224,227
Bond investments	59,607,303	43,287,597	-	102,894,900
Others	3,576,694	-	-	3,576,694
Derivative financial products				
Assets				
Financial assets at FVTPL	120,403	5,539,435	-	5,659,838
Other financial assets				
Financial assets for hedging	-	231,693	-	231,693
Liabilities				
Financial liabilities at FVTPL	-	7,293,565	-	7,293,565

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTPL Equity Instrument	Financial Assets at FVTOCI Equity Instrument
Beginning balance	$ 110,525	$ 8,830,725
Recognized in profit or loss (loss on financial assets or liabilities at FVTPL)	(28,380)	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	2,572,387
Purchase	179,320	49,744
Transfer out of Level 3	(29,950)	-
Ending balance	$ 231,515	$ 11,452,856

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTPL Equity Instrument	Financial Assets at FVTOCI Equity Instrument
Beginning balance	$ -	$ 8,000,918
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	811,080
Purchase	110,525	18,727
Ending balance	$ 110,525	$ 8,830,725

3) Definition for the hierarchy classifications of fair value measurements

a) Level 1

Level 1 inputs are quoted prices unadjusted in active markets for identical financial instruments. An active market indicates the market that is in conformity with all of the following conditions: The products in the market are identical; it is easy to find a knowledgeable and willing transaction counterparty; and price information is available to the public.

The fair values of the Group investments in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices are included in Level 1.

b) Level 2

Level 2 inputs are inputs other than quoted prices with reference to an active market that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair values of the Group's investments in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative bank debentures issued by the Group are included in Level 2.

c) Level 3

The input parameters used are not based on observable market data (unobservable input parameters are those such as option pricing models using historical volatility which cannot represent the expected value of all market participants). The fair values of the Group's investments in derivatives and equity investments without an active market are included in Level 3.

4) Valuation techniques and assumptions applied for the purpose of measuring fair value

a) Determination of fair value

A quoted market price is used as the fair value when a financial instrument has an active market. Such market prices are provided by the Stock Exchange Corporation, Bloomberg and Reuters, which are all the foundation of fair values for listed equity securities and debt instruments with a quoted market price in an active market.

If the market quotation from the Stock Exchange Corporation, commission merchants, underwriters or pricing service institutions can be frequently and readily obtained and the price represents actual and frequent at arm's length transactions, then a financial instrument is deemed to have an active market. If the above conditions are not met, the market is deemed inactive. In general, a significant price variance between the purchase price and selling price or a significantly increasing price variance are both indicators of an inactive market.

In addition to the above financial instruments with an active market, other financial instruments at fair value are assessed by valuation techniques or by referencing counterparties with other financial instruments at fair value with similar conditions and characteristics in actual practice, including market information obtained by exercising valuation models at the balance sheet date (such as yield curves used by TPEx and TAIBIR (page 02) secondary market fixing rates used by the Taiwan Depository & Clearing Corporation).

When a financial instrument has no standardized valuation and has a greater level of complexity, such as interest rate swaps, currency swaps and options, the Group usually adopts the valuation generally accepted by market users. The inputs used for these financial instruments' valuations are usually observable information in the market.

For financial instruments with greater complexity, the fair value is assessed through the valuation model developed by valuation methods and techniques generally accepted by competitors. These kinds of valuation models are usually applicable for derivative instruments, debt instruments without quoted market price (including debt instruments of embedded derivatives) or other debt instruments with low market liquidity. Certain inputs used in these valuation models are not observable in the market, and the Group need to make appropriate estimates based on assumptions.

b) The types and nature of the valuation methods for financial instruments used by the Bank and its subsidiaries are as follows:

i. NTD central government bonds: The bond market rate and theoretical interest rate are price-per-hundred conversions announced by TPEx.

ii. NTD corporate bonds and bank notes: The corporate bond reference rate is announced by TPEx, and the Group uses the appropriate credit rate and the remaining period to calculate the yield rate and convert it to price-per-hundred.

iii. NTD convertible corporate bonds: The closing prices of outright purchase/sale trading are listed on TPEx on the valuation day. If the price is not available, the price is referenced from the outright purchase/sale trading information listed on TPEx.

iv. Securitization instruments: Prices are those quoted from Bloomberg.

v. NTD short-term bills: The TAIBIR (page 02) secondary market fixing rates used by the Taiwan Depository & Clearing Corporation are discounted from future cash flows.

vi. Foreign securities: The latest prices quoted from Bloomberg, Reuters or other systems on the valuation day are used, if there is no available price or valuation, then the price used is that which is quoted from counterparties.

vii. Listed stock, call/put warrants and depositary receipts: The closing price listed on TWSE or TPEx is adopted.

viii. Unlisted stock: The fair value is referenced from related financial information or estimated using the price and parameters of listed companies which have similar service attributes.

ix. Beneficiary certificates: Closed-end funds use the closing price in an active market as the fair value and open-end funds use the net asset value of the fund as the fair value.

x. Derivatives:

i) Call/put warrants and stock index futures: Prices quoted from an active market are deemed the fair values.

ii) Foreign currency forward contracts, currency swaps, interest rate swaps, cross currency swaps and operating deposits of transactions: Discounted future cash flows are adopted.

iii) Options: The Black-Scholes model, binomial tree model and Monte Carlo method are mainly adopted for valuation.

iv) Certain derivatives use the quoted price from counterparties.

xi. Mixing Tools: The price from the active market, deal brokers and valuation models is used.

c) Adjustments for credit risks and the definitions are as follows:

Credit valuation adjustment (CVA) is a measurement for derivatives which are not transacted through the stock market, or for over-the-counter derivatives. CVA reflects the fair value should a counterparty default and the possibility of not collecting the derivative's full market value.

CVA is calculated by applying the loss given default (LGD) to the exposure at default (EAD), along with the consideration of the counterparty's probability of default (PD), assuming the condition that the Group does not default.

c. The impact of the interest rate benchmark reform

The financial instruments of the Group affected by the interest rate benchmark reform include loan, floating-rate bonds and asset exchanges. The link of interest rate benchmark is London Interbank Offered Rate (LIBOR).It is expected that LIBOR will be replaced by the alternative interest rate recommended by the interest rate reform group of various countries; the differences of the two rates are discussed in the next paragraph.

LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends, and includes inter-bank credit discounts. The alternative interest rate recommended by the interest rate reform group of various countries is Overnight Financing Rate (secured or unsecured), which is a retrospective interest rate indicator calculated using actual transaction data, and does not include credit discounts. Therefore, when an existing contract is modified from a linked LIBOR to a linked Overnight Financing Rate, additional adjustments must be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

The Group has formulated a plan for LIBOR conversion and exit and has handled risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to match the interest benchmark reform. The Group has identified all the information systems and internal processes that need to be updated, and has updated some of them. The Group has started to discuss with the counterparties of the financial instruments how to amend the affected contracts, which is expected to be completed by December 31, 2021 for the position other than U.S. dollars and by December 31, 2022 for U.S. dollars.

Due to the interest benchmark reform, the Group faces interest rate basis risks. If the Group fails to complete the negotiation with the counterparty in the financial instrument, it will bring about material uncertainty, and trigger exposure to interest rate risk that the Group had not expected.

December 31, 2021

	Projects Affected by Interest Rate Benchmark Reform Indicators							
	USD LIBOR		GBP LIBOR		JPY LIBOR		EUR LIBOR	
	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts
Non-derivative financial assets								
Loans - syndicated loans	$ 223,412,336	308	$ 900,906	1	$ -	-	$ -	-
Loans - other loans	15,173,857	45	-	-	53,872	1	6,553	1
Holding bonds	13,166,077	62	-	-	-	-	-	-
Derivative financial assets								
ECB asset exchange and structured products	2,212,400	1	-	-	-	-	-	-

d. Financial risk management objectives and policies

1) Market risk

a) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of on- and off-balance sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices and commodity prices.

The major market risks of the Group are equity securities price risks, interest rate risks, and exchange rate risks. The majority of equity securities risk includes domestic public stock, over-the-counter stock, emerging market stock, domestic stock index options and stock index futures. The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Group's investments denominated in foreign currencies, such as foreign currency spots, currency futures and foreign currency options.

b) Market risk management policy

The Group classifies the financial instruments held by the Group as trading book and banking book, and determines the market risk as interest rate risk, exchange rate risk, and equity security price risk. The Group establishes "Market Risk Management Regulation", "Derivative Financial Trading Process" and various financial instrument related regulations to manage the market risk of overall foreign exchange position, normal position, interest rate position of trading book and equity security position. The overall interest rate risk management of banking book belongs to assets and liabilities management committee.

The market risk management regulations are as follows:

i. Establish the market risk management process to ensure the risk would be identified, measured, monitored and reported.

ii. Measure and monitor the market risk and keep it under the risk limit and minimize unexpected loss from market risk.

iii. Follow the regulations of Basel Accord.

iv. Establish the market risk management system and economic capital allocation process.

v. Monitor the credit line management of financial instrument, sensitivity analysis, stress testing and the calculation of VaR, and report the result of market risk monitoring to risk management committee periodically and board of director quarterly.

c) Market risk management procedures

According to "Whole Risk Management Policy", risk management department is the second line of defense against the market risk. Risk management department performs the market risk management, establishes related management process, and reports to the appropriate level of the management. Besides, risk management department establishes independent risk management process and ensures its effectiveness.

i. Identifying and measuring

The effective market risk management process begins with identifying the inherent risk of operating activities and financial instruments. The Group reviews the risk identifying method timely when the market environment changes and makes necessary adjustment to ensure the effective operation of the market risk management process. The Group's risk management department identifies market risk factors and measures the market risk. The market risk factors refer to the factors which affect the interest rate, exchange rate or the fair value of equity instruments. The market risk factors include the position, profits and loss, loss from stress testing, PVO1, Delta, VaR, etc.

ii. Monitoring and reporting

The Group controls market risk by managing risk limits. The risk management department sets various trading limits, such as position limits, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by the board of directors.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the limits approved by the board of directors and prepares reports to the high-level management and the board of directors periodically for their sufficient understanding of the implementation of the market risk management and, if necessary, issuance of additional guidance.

The risk management department reports important market risk issues, such as discovery of possible loss on positions in each trading book or identification of weakness in the market risk management system, to the Risk Management Committee in order to improve the effectiveness of the market risk management.

iii. Stress testing

The stress testing is one of the important tools for risk management. It is used for verifying effects on the investment portfolio due to some extremely disadvantageous but possible stressful events and for analyzing exposure level and risk tolerance in such situations and furthermore evaluating the portfolio loss or the impact on the capital. Chang Hwa Bank performs stress testing for forecasting risk and for assessment and reinforcement of statistical models or historical data limitations.

d) Trading book market risk management

The trading book refers to the position of financial instruments held for trading or hedging. The position of financial instruments held for trading refers to the position which earns profits from actual or expected short-term price fluctuations.

i. Strategy

The Group determines the risk limitation of the investment portfolio of trading book by evaluating trading strategy, trading category, and annual performance.

ii. Management policy and procedures

The Group follows "Market Risk Management Rules", "Derivative Financial Trading Process" and various financial instrument related regulations as the important management rules of trading book.

iii. Valuation policy

The trading positions are valued on a real time or daily basis. The hedging derivatives are valued at least twice a month. The resources of fair value of financial instruments are categorized as: (1) those derived from quoted prices in active markets; (2) the latest price without active market; (3) valuation without active market.

iv. Risk measuring methods

i) The sensitivity of the interest rate changes of investment portfolio is measured by DVO1. The sensitivity of the foreign exchange derivatives is measured by the sensitivity factors (Delta, Gamma, and Vega).

ii) With regard to the Group's Value at Risk assumptions and calculation methods, refer to item i.

iii) The Group performs the stress test quarterly and report the result to Risk Management Committee periodically.

e) Trading book interest rate risk management

i. Definition of interest rate risk

Interest rate risk is fair value changes in interest rate risk position held by the Group due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

ii. Management procedures on trading book interest rate risk

The Group defines the trading limit of trading book and the stop-loss limit of different financial instruments by assessing the credit and the financial position of the issuers.

iii. Measuring methods

The interest rate factor sensitivity of debt securities and interest rate derivatives is measured by DVO1. With regard to the Group's Value at Risk assumptions and calculation methods, refer to item i.

f) Banking book interest rate risk management

i. Definition of banking book interest rate risk

The Group's banking book interest rate risk means the unfavorable change of interest rate of non-trading-book interest rate position which changes the present value of revenue and costs or assets and liabilities and causes a decrease in earnings or impairment of economic value.

ii. Management strategy on banking book interest rate risk

According to the Group's interest rate risk management policy, the Group has set various measurement indicators and limits on banking book interest rate risk. To pursue profits and steady growth of stockholder value without exposure to extreme loss risks, the Group applies appropriate management strategy including on- and off-balance sheet adjustments and maintains appropriate amounts of assets and liabilities.

iii. Banking book interest rate risk report/range of measuring system

The Group mainly applies standard method for interest rate risk sensitivity gap analysis to measure banking book interest rate risks. The responsible department periodically measures banking book interest rate risks and reports to related departments and to the asset and liability management committee in order to adopt appropriate strategies for adjusting banking book interest rate risk combinations. Assessment information of banking book interest rate risk would be presented to the board of directors periodically to let the high-level management controls such risks.

g) Exchange rate risk management

i. Definition of exchange rate risk

Every financial derivative listed in the trading book is affected by changes in exchange rate risk factors that affect the profit and loss of the commodity, and all foreign exchange positions of the Bank must be included in the measurement. The exchange rate risk of the Bank is mainly due to the derivatives business as spot and forward foreign exchange and exchange rate options. Most of the foreign exchange transactions that the Bank engages in are based on the principle of leveling customer positions on the same day. The exchange rate option is based on back-to-back transactions, so the exchange rate risk assumed is relatively small.

ii. Exchange rate risk management policy, procedures and measuring methods

To control exchange rate risk, the Bank has set operating limits and stop-loss limits for the trading rooms and traders of each unit, and keep losses within an acceptable range.

Exchange rate derivatives use Delta, Gamma, Vega, and other sensitivity factors to measure the sensitivity of such commodities to exchange rates and their volatility.

The exchange rate risk is mainly based on the risk value control basis, refer to item i.

h) Equity security price risk management

i. Definition of equity security price risk

Equity security price risk is the valuation effect on the position held by the Group when the equity security price changes. The Group's equity security price risk mainly comes from public and over-the-counter stock, index futures and options.

ii. Equity security price risk management purpose

Avoid drastic fluctuations in the price of equity securities, which may adversely affect the Bank's financial position or suffer loss of earnings. Hoping to improve the efficiency of capital utilization, and improve business operations.

iii. Equity security price risk management procedures

The Group sets restrictions on credit extensions with the same person, the same concerned party or the same affiliate to control the risk concentration. Risk management department monitors unrealized gain or loss of the holding position daily. If unrealized loss is over the stop-loss threshold, risk management department would notice the department which holds the position to subject to the related regulations. The department which holds the position should report to risk management committee if unrealized loss is over the stop-loss threshold but the department still holds the position.

iv. Measuring methods

The equity security price risk of trading book is monitored and controlled by VaR, please refer to item i.

The Group would perform stress testing for the equity security price risk of non-trading position and report the result to risk management committee.

i) Market risk measuring method

i. Value at Risk, "VaR"

The Group uses VaR model and stress testing to evaluate the risk of trading portfolio the market risk and the maximum expected loss of positions held through assumptions of changing market situation. VaR is the statistical estimation of potential losses of existing positions arising from unfavorable market changes. VaR refers to the maximum potential loss that Chang Hwa Bank might be exposed to within the confidence interval (99%), which means there is a certain probability (1%) that the actual loss would exceed VaR. Significant loss caused by excessive market volatility could not be avoided by using VaR.

The Group has been using historical simulation method to calculate VaR since January 27, 2014. The historical simulation method is based on historical data to estimate the future cash flow and assess the market risk of financial instrument. There are more and more financial institutions using the historical simulation method. However, there are some limitations for using the method. One of the limitations is that the assumption used in the method may not reflect the real situation. Besides, the simulation result may not be representative if the historical data used are too small. The Group would use proxy to respond to the limitations mentioned above.

According to the Group's "Risk Management Committee Establishment Points", the risk appetite of trading book market risk, operating limits and VaR limits should be approved by the risk management committee. VaR is an important internal risk control in the Group. The VaR limits of investment portfolio are approved annually by the risk management committee and reported to the board of directors. In addition, the daily actual VaR is monitored by the Group's risk management department.

ii. As of December 31, 2021 and 2020, the Bank's VaR factors based on historical simulation method were as follows:

	For the Year Ended December 31, 2021			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 156,023	$ 204,762	$ 102,778	$ 123,113
Interest rate VaR	6,382	16,927	982	12,458
Equity securities VaR	1,899	8,165	-	991
Value at risk	$ 164,304	$ 229,854	$ 103,760	$ 136,562

	For the Year Ended December 31, 2020			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 207,143	$ 306,766	$ 132,496	$ 181,156
Interest rate VaR	12,499	18,690	5,214	7,296
Equity securities VaR	7,485	13,951	-	-
Value at risk	$ 227,127	$ 339,407	$ 137,710	$ 188,452

2) Primary foreign currencies

The significant foreign-currency financial assets and liabilities as of December 31, 2021 and 2020 were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 8,390,390	27.6550	$ 232,036,235
GBP	59,616	37.3600	2,227,254
AUD	1,732,166	20.0900	34,799,215
HKD	962,619	3.5460	3,413,447
CAD	107,092	21.6600	2,319,613
ZAR	4,358,966	1.7340	7,558,447
JPY	101,770,867	0.2405	24,475,894
EUR	776,810	31.3800	24,376,298
RMB	10,750,297	4.3410	46,667,039
Financial liabilities			
Monetary items			
USD	14,943,696	27.6550	413,267,913
GBP	61,173	37.3600	2,285,423
AUD	1,147,194	20.0900	23,047,127
HKD	755,514	3.5460	2,679,053
CAD	105,834	21.6600	2,292,364
ZAR	4,139,630	1.7340	7,178,118
JPY	96,515,340	0.2405	23,211,939
EUR	805,792	31.3800	25,285,753
RMB	11,735,341	4.3410	50,943,115

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 7,376,691	28.1000	$ 207,285,017
GBP	79,348	38.3500	3,042,996
AUD	1,456,483	21.6500	31,532,857
HKD	1,310,846	3.6240	4,750,506
CAD	133,336	22.0600	2,941,392
ZAR	4,208,211	1.9210	8,083,973
JPY	58,467,743	0.2725	15,932,460
EUR	684,298	34.5900	23,669,868
NZD	54,312	20.3200	1,103,620
RMB	12,028,965	4.3250	52,025,274
Financial liabilities			
Monetary items			
USD	11,911,044	28.1000	334,700,336
GBP	64,600	38.3500	2,477,410
AUD	1,081,026	21.6500	23,404,213
HKD	961,918	3.6240	3,485,991
CAD	109,021	22.0600	2,405,003
ZAR	3,929,528	1.9210	7,548,623
JPY	54,606,113	0.2725	14,880,166
EUR	614,386	34.5900	21,251,612
NZD	67,748	20.3200	1,376,639
RMB	12,569,025	4.3250	54,361,033

For the years ended December 31, 2021 and 2020, net foreign exchange gains were $494,694 thousand and $339,421 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Bank and entities under its control.

3) Credit risk

a) Credit risk source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability to fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility of the collateral and market liquidity risk of the collateral.

b) Credit risk management policy

The related mechanism and procedures for monitoring credit risk includes:

i. The Group continuously improves its credit risk management technology and its efficiency to meet the requirements of internal operations, business scale and management objectives and buildup the risk management system that fits the requirement of accuracy and completeness of the Group's risk management technology.

ii. The Group is building a complete monitoring mechanism, setting up a loan early warning system to track down bad indications and risk changes of high-risk credits, setting up "corporate clients' risk exposure and credit risk quick-search system" to understand the negative reporting and transactions with the Group in order to enhance the credit risk's identification, measurement and monitoring and improve the quality of risk management.

iii. New "Changhua Bank Customer Credit Define Notice and Control Index Notice" has been developed. In addition to the relevant provisions of the "Customer Credit Define Notice System", the "control indicators", improve the operation of the work and implement the first line function and responsibilities.

iv. The Group continues to develop methods of credit risk quantification models to elevate credit risk management techniques, which enable the Group's capital requirement and expected loss to become more risk sensitive.

v. The Group implements strict and forward-looking credit risk stress testing to respond to the events or changes which may be unfavorable to the Group and in compliance with the requirements of the competent authority supervising risk management and improves the effectiveness of the Group's risk management.

vi. The Group is holding sessions and training in risk management to strengthen risk management intelligence and increase the Group's financial institution of loan.

vii. Information on credit risk would be presented to the high-level management periodically.

The Group's expected credit loss and measuring methods for major business operations are described as follows:

i. Credit business (including loan commitments and guarantees)

i) A determined signification increase in credit risk since initial recognition.

At the end of every reporting period, the Group evaluates the risk of default on credit assets occurring over their expected lifetime to determine whether the credit risk has increased significantly since their initial recognition.

For this credit risk evaluation, the Group considers corroborative information (including forward-looking information) which indicates a significant increase in credit risk since initial recognition of the credit assets. The key indicators include:

- Quantitative indicators

A change in internal credit rating

A financial instrument is determined as having a significant increase in credit risk since initial recognition if its internal credit rating is at the level of 16-18 or if the scoring of a housing loan debtor is lower than 340.

- Qualitative indicators

  A credit account is rated as ordinary-overdue in accordance with the Group's "Detailed Rules for the Processing of Ordinary-overdue Accounts".

  The result of the credit review shows that the credit application and the loan application are inconsistent.

ii) Definition of the credit-impaired financial assets

A credit account that meets one of the following conditions is classified under Stage 3 (Credit impaired):

- The debtor's payment of the principal or interest is past due for more than 3 months from the end of the credit term; or the Bank has already petitioned or withdrawn the debtor's collateral.
- The case has been agreed to be repaid in installments and is exempt from being listed as an overdue loan.
- The case was negotiated and adopted in accordance with the debt negotiation mechanism set by the Association of Banks in 2006.
- The case has been negotiated and agreed upon in accordance with "The Statute for Consumer Debt Clearance" (excluding secured debt fulfilled under the original contractual conditions).
- The case is ruled to undergo restructuring or liquidation by the court.
- The case is ruled to be restricted by the court.
- The case is declared bankrupt by the court.
- The case involves credit accounts of a debtor, excluding credit card accounts, which is partly transferred to class A and B non-performing loans (excluding the sixth item of class B: The credit account is totally guaranteed and the interest payment is not past due during the inheritance period after the death of the debtor and the collateral provider), as well as overdue loans or bad debt loans.
- The case is an enterprise account which has applied for relief from the Ministry of Economic Affairs.
- The case involves a credit account which has an internal credit rating at the level of 19-21.
- The case is a mortgage loan credit account of the Group which has no rating score.
- The case is a credit account which is determined as Stage 3 by the internal or external auditors, or the risk management department of the Group.

iii) Expected credit loss measurement

The Group classifies credit assets into the following nine categories by the credit risk characteristics of the debtor's industry and organization size:

Business	Combination
Corporate banking loans	Government
	Large enterprise
	Small enterprise
	Legal person/group
	Overseas credit account
	Other groups
Individual banking loans	Individual-residential loan group
	Individual-other groups (unsecured)
	Individual-other groups (secured)

The Group measures the expected credit loss as follows:

- Stage 1, no significant increase in credit risk

  The Group measures the loss allowance for Stage 1 financial instruments at an amount equal to the 12-month ECLs based on past loss experience. The ECLs is the difference between the respective asset's EAD carrying amount and the present value of its estimated future cash flows, estimated at the forward-looking adjusted PD and discounted at the effective interest rate.

- Stage 2, significant increase in credit risk

  The Group measures the loss allowance for Stage 2 financial instruments at an amount equal to the lifetime ECLs. The ECLs is the difference between the respective asset's EAD carrying amount and the present value of its computed outcome which is discounted at the effective interest rate. The computed outcome is the product of the unpaid principal for each year end over instruments expected lifetime, the forward-looking adjusted PD, and the LGD.

- Stage 3, credit impairment

  The Group measures the loss allowance for Stage 3 financial instruments at an amount equal to the lifetime ECLs. The ECLs is the difference between the asset's EAD carrying amount and the present value of its estimated future cash flows, estimated assuming the credit impairment situation is given and discounted at effective interest rate.

The PD and EAD and LGD are used to measure the impairment loss for financial assets in the credit business:

- PD is meaning of using past credit-impaired situations to predict the probability of credit impairment in normal situation in a year. The PD for Stage 3 financial instruments is determined as 100%. The PD for Stages 1 and 2 are based on the categories and the remaining lifetime for each credit account. The credit accounts are divided into groups by remaining lifetimes. The PD of each group is determined as the PD of each credit quality stage. The Group shall update the probability of default at least once a year.
- The EAD is the total expected exposure amount of default which includes the unsecured line of credit.

- The exposure amount of impairment-tested off-balance sheet assets (i.e. guarantees, letters of credit issued yet unused, irrevocable loan commitments issued, and revocable loan commitments issued) is converted into the equivalent exposure amount of on-balance sheet assets through a credit conversion factor (CCF). The CCF is determined according to the standardized approach of the Capital Adequacy Ratio as either 0%, 20%, 50% or 100% by referring to the respective off-balance sheet item's characteristics.

- The LGD is one minus the present value of the annual recovery rate. The annual recovery rate refers to the annual recovery amount of principal (including litigation expenses) and interest over non-performing loans plus accrued interest and litigation expenses.

iv) Forward-looking information

The Group classifies credit assets as either corporate banking - domestic, corporate banking - overseas, corporate banking - Singapore branch or individual banking business. Macroeconomic indicators for each the above categories are estimated using the domestic economic growth rate, global economic growth rate, Southeast Asia economic growth rate and the domestic unemployment rate, respectively, and are updated at least once a year.

Macroeconomic indicators include the actual statistical value of the past five years and predicted value of the current year and the next five years at the time of calculation. The forward-looking adjusted PD is adjusted based on the reasonableness of each value's predicted trend.

In response to the outlook of the COVID-19, the Group's regular update of the overall indicator data has implicit adjustments due to the ebb and flow of the epidemic, which are then reflected on PD.

The total amount of undiscounted ECLs at the time of initial recognition of the credit impaired financial assets - loans which were purchased or originated is as follows:

	December 31	
	2021	**2020**
Discounts and Loans	$ 6,343,716	$ 7,446,309

ii. Call loans to banks

The Group evaluates the credit status of counterparties before deals are closed. The Group grants different limits to counterparties based on their respective credit ratings as suggested by domestic and foreign credit rating agencies. The Group assesses the credit limits of counterparties by level and financial status; the Group efficiently manages counterparties' credit risks through regular and special reviews, monitoring and reporting. Additionally, in accordance with the application of IFRS 9, the Group performs credit impairment assessments for call loans to banks, transfers the related credit losses to each of the three stages of credit impairment, and measures the related expected credit loss, so as to ensure adequate allowance for losses, in accordance with regulations.

iii. Debt instruments and derivative financial instruments

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

The other banks with which the Group conducts derivative transactions are mostly considered investment grade. The Group monitors the credit limits (including lending limits) by counterparties. The credits extended to counterparties who are general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established in normal credit granting processes.

A change in an external credit rating announced by international credit rating institutions (e.g. S&P and Moody's) is one of the quantitative indicators for judging a significant increase in the credit risk of financial assets at amortized cost and investments in debt instruments at FVTOCI. The measurement of ECLs is calculated using the PD and LGD announced periodically by international credit rating institutions. The international credit rating institutions consider forward-looking information when establishing credit ratings. Thus, when the Group measures ECLs using such credit ratings it holds that an adequate evaluation of the forward-looking information, which was used by the institutions for establishing such credit rating, is inherent therein.

c) Credit risk hedging or mitigation policies

i. Collateral

The Group has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collateral from the borrowers. To secure the loans, the Group manages and assesses the collateral following the procedures that suggest the scope of collateralization and valuation of collateral and the process of disposition. In credit contracts, the Group stipulates the security mechanism for loans and the conditions and terms for collateral 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 debts of the borrowers with their deposits in the Group in order to reduce the Group's credit risks.

ii. Credit line credit risks and control over concentration of credit risks

To avoid the concentration of credit risks, the Group has included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. To manage the concentration risk on the assets, the Group has set credit limits by industry, conglomerate, real estate loan, and high-risk industries in China to supervise concentration of credit risk in these categories, and control single counterparties, related companies, industries, and ultimate risks concentration of various types of credit risk by country. Various credit limits are regularly evaluated and revised in a timely manner based on the economic circumstances, financial environment and business development strategies, etc.

The table below analyzes the collateral held as security and other credit enhancements, and their financial effect in respect of the financial assets recognized in the Group's consolidated balance sheets:

December 31, 2021

		Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Discounts and loans	$ 1,575,071,132	$ 1,147,138,609	$ -	$ -	$ 1,147,138,609
Financial assets at FVTPL	56,611,729	5,463,610	-	-	5,463,610
Investments in debt instruments at FVTOCI	146,652,855	5,673,099	-	-	5,673,099
Investments in debt instruments at amortized cost	405,256,329	-	-	-	-

December 31, 2020

		Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Discounts and loans	$ 1,496,835,119	$ 1,057,161,683	$ -	$ -	$ 1,057,161,683
Financial assets at FVTPL	14,581,474	4,947,248	-	-	4,947,248
Investments in debt instruments at FVTOCI	106,471,594	3,074,425	-	-	3,074,425
Investments in debt instruments at amortized cost	345,283,447	-	-	-	-

The carrying amount of financial assets with maximum exposure is as follows:

	Discounts and Loans			
	December 31, 2021			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Credit rating				
Levels 1-15	$ 859,314,140	$ 1,400,133	$ 7,218	$ 860,721,491
Levels 16-18	-	55,738,866	2,358,013	58,096,879
Levels 19-21	-	-	9,938,976	9,938,976
No rating	640,894,425	3,336,733	2,082,628	646,313,786
Total carrying amount	$ 1,500,208,565	$ 60,475,732	$ 14,386,835	$ 1,575,071,132
Expected credit losses	$ 2,104,357	$ 2,116,708	$ 5,294,105	$ 9,515,170
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				10,780,875
				$ 20,296,045

	Discounts and Loans			
	December 31, 2020			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Credit rating				
Levels 1-15	$ 799,726,001	$ 1,000,131	$ 66,640	$ 800,792,772
Levels 16-18	-	66,956,531	1,860,040	68,816,571
Levels 19-21	-	-	11,196,309	11,196,309
No rating	612,823,835	1,734,511	1,471,121	616,029,467
Total carrying amount	$ 1,412,549,836	$ 69,691,173	$ 14,594,110	$ 1,496,835,119
Expected credit losses	$ 1,595,328	$ 2,099,425	$ 5,742,200	$ 9,436,953
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				9,511,321
				$ 18,948,274

	Guarantees issued in guarantee business			
	December 31, 2021			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	$ 57,101,978	$ 209,997	$ 96,777	$ 57,408,752
Expected credit losses	210,090	2,198	22,221	234,509

	Guarantees issued in guarantee business			
	December 31, 2020			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	$ 57,805,189	$ 859,186	$ 100,842	$ 58,765,217
Expected credit losses	161,107	17,485	22,605	201,197

	Loan Commitments			
	December 31, 2021			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	$ 86,074,519	$ 1,837,912	$ -	$ 87,912,431
Carry amount - cancellable	625,444,091	9,699,276	697,165	635,840,532
	$ 711,518,610	$ 11,537,188	$ 697,165	$ 723,752,963
Expected credit losses - non-cancellable	$ 48,862	$ 10,757	$ -	$ 59,619
Expected credit losses - cancellable	94,487	121	136	94,744
	$ 143,349	$ 10,878	$ 136	$ 154,363

	Loan Commitments			
	December 31, 2020			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	$ 64,527,353	$ 5,216,346	$ 8,499	$ 69,752,198
Carry amount - cancellable	693,529,862	9,549,555	229,714	703,309,131
	$ 758,057,215	$ 14,765,901	$ 238,213	$ 773,061,329
Expected credit losses - non-cancellable	$ 56,137	$ 62,696	$ 2,739	$ 121,572
Expected credit losses - cancellable	190,399	166	142	190,707
	$ 246,536	$ 62,862	$ 2,881	$ 312,279

d) Maximum exposure to credit risk

The maximum credit risk exposures of various financial instruments held by the Group are the same as per book amounts. Refer to the notes to the consolidated financial statements.

As of December 31, 2021 and 2020, the maximum exposure to credit risk (before deducting the guarantees or other credit enhancement instruments and the irrepealably maximum amount of exposure) were as follows:

Financial Instrument Type	December 31 2021	December 31 2020
Unused loan commitments (excluding credit card)	$ 87,912,431	$ 69,752,198
Credit card commitments	206,280	348,160
Unused issued letters of credit	27,312,727	22,504,168
Guarantees issued in guarantee business	57,408,752	58,765,217

e) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Group has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

The Group's information on prominent concentration of credit risk was as follows:

Industry Type	December 31, 2021 Carrying Amount	December 31, 2021 Percentage of Item (%)
Financial and insurance	$ 68,761,893	4
Manufacturing	396,095,884	25
Wholesale and retail	146,156,913	9
Real estate and leasing	116,101,807	8
Service	36,760,527	2
Individuals	614,841,150	39
Others	196,352,958	13
	$ 1,575,071,132	

Industry Type	December 31, 2020 Carrying Amount	December 31, 2020 Percentage of Item (%)
Financial and insurance	$ 52,359,578	4
Manufacturing	366,004,508	24
Wholesale and retail	127,318,600	9
Real estate and leasing	108,559,295	7
Service	46,200,706	3
Individuals	551,058,152	37
Others	245,334,280	16
	$ 1,496,835,119	

Geographic Location	December 31, 2021 Carrying Amount	December 31, 2021 Percentage of Item (%)
Asia	$ 1,487,827,087	94
America	59,710,639	4
Europe	15,729,593	1
Others	11,803,813	1
	$ 1,575,071,132	

Geographic Location	December 31, 2020 Carrying Amount	December 31, 2020 Percentage of Item (%)
Asia	$ 1,405,012,433	94
America	63,855,369	4
Europe	18,232,567	1
Others	9,734,750	1
	$ 1,496,835,119	

Securities Type	December 31, 2021 Carrying Amount	December 31, 2021 Percentage of Item (%)
Unsecured	$ 427,932,523	27
Secured		
Properties	976,753,243	62
Others	170,385,366	11
	$ 1,575,071,132	

Securities Type	December 31, 2020 Carrying Amount	December 31, 2020 Percentage of Item (%)
Unsecured	$ 439,673,436	29
Secured		
Properties	898,300,022	60
Others	158,861,661	11
	$ 1,496,835,119	

f) Financial assets credit quality and non-performing impairment analysis

A portion of financial assets held by the Group, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at FVTPL, securities investments purchased under resell agreements, refundable deposits, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

4) Liquidity risk management

a) The definition of liquidity risk

Liquidity risk is the potential loss that the Group may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth.

b) Liquidity risk management procedures

According to the Group's liquidity risk management policy, the Group clearly sets various indicators and limits for liquidity risk. The responsible department should implement operation procedures for funding liquidity, monitor and prepare maturity analysis periodically to assess liquidity risk. In addition, the responsible department should also report to related departments and asset and liability committee to enable them to make appropriate adjustments to meet the needs of liquidity. Related information about the liquidity risk assessment should be reported to the board of directors to let the high-level management understand the Group's funding liquidity.

As of December 31, 2021 and 2020, the ratios of the liquidity reserve were 26.00% and 23.56%, respectively. Since the capital and working funds are deemed sufficient to meet the cash flow needs for performance of all contracted obligations, liquidity risk is not considered to be significant.

c) Maturity analysis of non-derivative financial assets and liabilities

The Group adopted appropriate grouping methods, which are based on the nature of non-derivative financial assets and liabilities, to do maturity analysis in order to assess liquidity. The maturity analysis is presented as follows:

(In Thousands of New Taiwan Dollars)

Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 26,699,287	$ -	$ -	$ -	$ -	$ 26,699,287
Due from the Central Bank and call loans to banks	75,976,832	5,901,721	4,675,895	8,091,754	30,672,032	125,318,234
Financial assets at FVTPL	51,347,171	-	-	-	-	51,347,171
Receivables	25,145,289	905,208	500,264	196,204	87,743	26,834,708
Discounts and loans	76,529,787	108,388,729	139,624,212	212,658,856	822,413,018	1,359,614,602
Investments in equity instruments designated at FVTOCI	-	-	-	-	27,542,148	27,542,148
Investments in debt instruments at FVTOCI	-	-	-	728,190	69,964,173	70,692,363
Investments in debt instruments at amortized cost	235,800,000	22,710,509	7,441,118	30,844,596	30,988,164	327,784,387
Other maturity funds inflow items	-	-	-	-	14,131,062	14,131,062
	491,498,366	137,906,167	152,241,489	252,519,600	995,798,340	2,029,963,962
Major maturity fund outflows						
Deposits from the Central Bank and banks	254,509	82,463	8,527	174,145	-	519,644
Due to the Central Bank and banks	10,000	20,000	-	27,667,470	-	27,697,470
Securities sold under repurchase agreements	641,099	731,761	-	-	-	1,372,860
Payables	29,998,625	701,412	1,568,020	1,218,942	822,588	34,309,587
Deposits and remittances	157,824,466	167,767,198	140,541,223	243,210,099	921,455,085	1,630,798,071
Bank notes payable	-	-	-	-	51,100,000	51,100,000
Other maturity fund outflow items	15,723	70,013	100,269	341,186	5,205,669	5,732,860
	188,744,422	169,372,847	142,218,039	272,611,842	978,583,342	1,751,530,492
Gap	$ 302,753,944	$ (31,466,680)	$ 10,023,450	$ (20,092,242)	$ 17,214,998	$ 278,433,470

Note: The amounts listed above were the position in N.T. dollars of the Bank.

(In Thousands of New Taiwan Dollars)

Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 16,557,339	$ -	$ -	$ -	$ -	$ 16,557,339
Due from the Central Bank and call loans to banks	65,908,909	4,357,103	4,412,952	6,465,311	30,209,215	111,353,490
Financial assets at FVTPL	7,565,165	-	-	-	-	7,565,165
Receivables	33,700,386	625,025	553,622	1,210,838	284,990	36,374,861
Discounts and loans	81,568,301	112,458,451	152,004,186	215,731,235	725,087,878	1,286,850,051
Investments in equity instruments designated at FVTOCI	-	-	-	-	16,224,227	16,224,227
Investments in debt instruments at FVTOCI	-	200,491	200,518	25,074	42,333,523	42,759,606
Investments in debt instruments at amortized cost	222,800,000	25,260,000	8,000,000	29,535,000	13,386,380	298,981,380
Other maturity funds inflow items	-	-	-	-	14,103,908	14,103,908
	428,100,100	142,901,070	165,171,278	252,967,458	841,630,121	1,830,770,027
Major maturity fund outflows						
Deposits from the Central Bank and banks	210,043	106,691	14,294	215,605	-	546,633
Due to the Central Bank and banks	5,510,000	9,477,050	-	5,367,000	-	20,354,050
Securities sold under repurchase agreements	557,094	699,539	-	-	-	1,226,633
Payables	30,812,333	450,237	1,428,580	1,116,591	1,298,534	35,106,275
Deposits and remittances	125,994,072	129,571,977	131,686,167	192,930,253	901,044,154	1,481,226,623
Bank notes payable	-	1,100,000	8,900,000	-	51,100,000	61,100,000
Other maturity fund outflow items	37,965	80,398	75,086	324,150	5,756,222	6,273,821
	163,121,507	141,455,892	142,104,127	199,953,599	959,198,910	1,605,834,035
Gap	$ 264,978,593	$ 1,445,178	$ 23,067,151	$ 53,013,859	$ (117,568,789)	$ 224,935,992

Note: The amounts listed above were the position in N.T. dollars of the Bank

(In Thousands of United States Dollars)

Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 189,655	$ -	$ -	$ -	$ -	$ 189,655
Due from the Central Bank and call loans to banks	3,190,050	511,972	22,785	118,873	14,937	3,858,617
Financial assets at FVTPL	82,081	-	-	-	-	82,081
Receivables	495,116	139,575	127,593	35,442	3,172	800,898
Discounts and loans	940,466	728,238	616,712	439,866	3,203,118	5,928,400
Investments in debt instruments at FVTOCI	-	26,038	34,043	87,208	1,375,585	1,522,874
Investments in debt instruments at amortized cost	-	-	-	-	1,006,044	1,006,044
Other maturity fund inflow items	5,000	-	-	-	33,391	38,391
	4,902,368	1,405,823	801,133	681,389	5,636,247	13,426,960
Major maturity fund outflows						
Deposits from the Central Bank and banks	8,169	502	753	1,506	340	11,270
Due to the Central Bank and banks	2,050,652	170,000	10,000	-	-	2,230,652
Financial liabilities at FVTPL	826,434	73,019	3,515	820	1	903,789
Payables	3,548,363	2,533,875	2,362,091	2,457,608	5,034,632	15,936,569
Deposits and remittances	63,949	2,169	581	189	10,210	77,098
Other maturity fund outflow items	6,497,567	2,779,565	2,376,940	2,460,123	5,045,183	19,159,378
Gap	$ (1,595,199)	$ (1,373,742)	$ (1,575,807)	$ (1,778,734)	$ 591,064	$ (5,732,418)

Note: The amounts listed above were the position in U.S. dollars of the Bank.

(In Thousands of United States Dollars)

Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 250,522	$ 50,000	$ -	$ -	$ -	$ 300,522
Due from the Central Bank and call loans to banks	2,029,277	1,211,793	307,263	107,589	5,132	3,661,054
Financial assets at FVTPL	48,273	-	-	-	-	48,273
Receivables	821,763	102,690	200,958	19,889	2,744	1,148,044
Discounts and loans	1,020,941	730,488	546,591	415,628	3,000,423	5,714,071
Investments in debt instruments at FVTOCI	-	23,030	28,625	38,584	944,365	1,034,604
Investments in debt instruments at amortized cost	-	10,498	-	3,001	86,942	100,441
Other maturity fund inflow items	5,000	-	-	600,000	79,346	684,346
	4,175,776	2,128,499	1,083,437	1,184,691	4,118,952	12,691,355
Major maturity fund outflows						
Deposits from the Central Bank and banks	13,524	611	917	1,834	784	17,670
Due to the Central Bank and banks	2,639,237	355,000	-	-	-	2,994,237
Financial liabilities at FVTPL	1,169,585	47,281	8,659	5,728	1,254	1,232,507
Payables	2,179,972	2,246,177	1,817,550	2,141,938	4,156,206	12,541,843
Deposits and remittances	51,872	15,776	617	38	10,120	78,423
Other maturity fund outflow items	6,054,190	2,664,845	1,827,743	2,149,538	4,168,364	16,864,680
Gap	$ (1,878,414)	$ (536,346)	$ (744,306)	$ (964,847)	$ (49,412)	$ (4,173,325)

Note: The amounts listed above were the position in U.S. dollars of the Bank.

d) Maturity analysis of derivative financial assets and liabilities

The derivative instruments held by the Group, except for interest rate swaps with leveraging effects, have very little probabilities of failing to be sold with reasonable prices in the market, and thus have very low liquidity risks.

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 183,810,946	$ 228,568,500	$ 138,358,458	$ 131,047,484	$ 1,382,750	$ 683,168,138
Inflows	183,006,206	228,316,604	138,273,044	131,266,791	1,376,650	682,239,295
Interest rate derivative instruments						
Outflows	413	-	-	-	30,762	31,175
Inflows	116,609	-	-	-	-	116,609
Others						
Outflows	-	-	-	-	-	-
Inflows	18,843	-	-	-	-	18,843
Total outflows	$ 183,311,359	$ 228,568,500	$ 138,358,458	$ 131,047,484	$ 1,413,512	$ 683,199,313
Total inflows	$ 183,141,658	$ 228,316,604	$ 138,273,044	$ 131,266,791	$ 1,376,650	$ 682,374,747

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 133,921,922	$ 198,985,577	$ 71,032,627	$ 78,311,985	$ 1,315,123	$ 483,567,234
Inflows	132,032,625	199,384,526	70,332,453	79,134,719	1,328,151	482,212,474
Interest rate derivative instruments						
Outflows	-	3,303,180	-	-	22,746	3,325,926
Inflows	78,674	3,091,000	4,089	-	-	3,173,763
Others						
Outflows	-	-	-	-	-	-
Inflows	22,057	-	-	-	-	22,057
Total outflows	$ 133,921,922	$ 202,288,757	$ 71,032,627	$ 78,311,985	$ 1,337,869	$ 486,893,160
Total inflows	$ 132,133,356	$ 202,475,526	$ 70,336,542	$ 79,134,719	$ 1,328,151	$ 485,408,294

e) Maturity analysis of off-balance sheet items

The Group's off-balance sheet items - irrevocable loans, guarantees, and letters of credit presented based on the residual time from the balance sheet date to the maturity date were as follows:

(In Thousands of New Taiwan Dollars)

Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit cards)	$ 74,143,110	$ 1,193,361	$ 2,275,181	$ 2,774,392	$ 7,526,387	$ 87,912,431
Credit card commitments	12	154	129	687	205,298	206,280
Unused issued letters of credit	27,144,214	168,513	-	-	-	27,312,727
Guarantees issued in guarantee business	57,044,232	60,495	79,816	149,765	74,444	57,408,752
	$ 158,331,568	$ 1,422,523	$ 2,355,126	$ 2,924,844	$ 7,806,129	$ 172,840,190

(In Thousands of New Taiwan Dollars)

Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit cards)	$ 58,422,232	$ 17,300	$ 924,910	$ 2,747,143	$ 7,640,613	$ 69,752,198
Credit card commitments	17	281	609	18,210	329,043	348,160
Unused issued letters of credit	22,360,834	143,334	-	-	-	22,504,168
Guarantees issued in guarantee business	58,134,932	25,024	130,140	407,109	68,012	58,765,217
	$ 138,918,015	$ 185,939	$ 1,055,659	$ 3,172,462	$ 8,037,668	$ 151,369,743

35. OTHER DISCLOSURES OF FINANCIAL INSTITUTION

a. Asset quality

Business Type \ Item			December 31, 2021					December 31, 2020				
			Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)
Corporate finance	Secured		$ 3,566,751	$ 533,356,439	0.67%	$ 6,718,066	188.35%	$ 3,835,867	$ 506,445,342	0.76%	$ 6,170,676	160.87%
	Unsecured		590,183	409,849,957	0.14%	5,149,362	872.50%	700,201	424,224,391	0.17%	5,248,328	749.55%
Consumer finance	Mortgage loans (Note d)		319,492	386,469,129	0.08%	5,827,803	1,824.08%	402,317	335,241,097	0.12%	5,060,884	1,257.93%
	Cash cards (Note h)		-	-	-	-	-	-	-	-	-	-
	Credit loans (Note e)		2,522	2,750,615	0.09%	33,714	1,336.80%	5,983	2,270,417	0.26%	26,948	450.41%
	Others (Note f)	Secured	700,731	223,977,709	0.31%	2,293,008	327.23%	592,701	212,226,466	0.28%	2,178,685	367.59%
		Unsecured	113	1,643,696	0.01%	18,738	16,582.30%	51,704	1,320,172	3.92%	17,771	34.37%
Total			5,179,792	1,558,047,545	0.33%	20,040,691	386.90%	5,588,773	1,481,727,885	0.38%	18,703,292	334.66%

Business Type \ Item	December 31, 2021					December 31, 2020				
	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)
Credit card	$ 3,863	$ 2,395,976	0.16%	$ 21,557	558.04%	$ 4,812	$ 2,106,627	0.23%	$ 20,905	434.43%
No recourse receivable factoring (Note g)	-	8,262,760	-	132,628	-	-	8,396,414	-	134,015	-

Note a: Non-performing loans are classified in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by the MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b: Non-performing loans ratio = Non-performing loan ÷ Loans
Non-performing loans of credit card ratio = Non-performing loans of credit cards ÷ Accounts receivable

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Non-performing loans
Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Non-performing loans of credit cards

Note d: Mortgage loans are for borrowers to build or repair buildings, allowing the borrowers, their spouses or their minor children to fully use their buildings as collateral and to mortgage their rights to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The other consumer financial businesses are defined as secured or unsecured consumer financial businesses, excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on July 19, 2005 (Ref. No. Jin-Guan-Yin (5) 094000494) non-recourse receivable factorings are not defined as non-performing loans until compensation from factors or insurance companies are ascertained to be non-recoverable.

Note h: The Bank does not engage in cash cards business.

Business Type \ Item	December 31, 2021		December 31, 2020	
	Non-performing Loans Exempted from Reporting	Non-performing Receivables Exempted from Reporting	Non-performing Loans Exempted from Reporting	Non-performing Receivables Exempted from Reporting
Negotiated loans transacted in accordance with the agreement and exempted from reporting as non-performing loans (Note a)	$ -	$ 483	$ -	$ 650
Negotiated accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing receivables (Note b)	379	18,973	419	20,531
Total	379	19,456	419	21,181

Note a: Negotiated loans and accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing loans are disclosed in accordance with the Letter issued by Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note b: Loans and receivables transacted in accordance with debt clearance and renewal regulation and exempted from reporting as non-performing loans or receivables are disclosed in accordance with the Letter issued by Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

b. Concentration of credit risk

December 31, 2021			
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity (%) (Note d)
1	A Corporation (railway transportation industry)	$ 22,877,522	13.34
2	B Group (airline industry)	21,367,459	12.46
3	C Group (steel smelting industry)	17,094,552	9.97
4	D Group (uncategorized other financial services)	15,640,000	9.12
5	E Group (other holdings industry)	13,987,639	8.16
6	F Group (uncategorized other electronic components manufacturing)	8,866,543	5.17
7	G Group (steel manufacturing industry)	8,407,940	4.90
8	H Group (chemical material manufacturing)	6,437,970	3.75
9	I Group (financial leasing industry)	6,314,622	3.68
10	J Group (integrated circuit manufacturing)	6,066,755	3.54

December 31, 2020			
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity (%) (Note d)
1	B Group (airline industry)	$ 28,268,528	17.13
2	A Corporation (railway transportation industry)	24,048,482	14.57
3	D Group (construction industry)	13,787,561	8.35
4	E Group (enterprise general management agency)	10,835,606	6.56
5	H Group (concrete manufacturing industry)	9,331,292	5.65
6	C Group (steel smelting industry)	8,945,697	5.42
7	G Group (steel manufacturing industry)	7,091,890	4.30
8	K Group (liquid crystal panel and components manufacturing industry)	6,409,996	3.88
9	L Group (computer manufacturing industry)	6,331,866	3.84
10	M Group (vessel carriers industry)	5,788,390	3.51

Note a: Sorted by the balance of loans on December 31, 2021 and 2020, excluding government or state-run business. The number of transaction party which belongs to a group business was included in the balance of group business.

Note b: Transaction party is in accordance with article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, accounts receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

Note d: The percentage of loans to equity for the period: Domestic banks should use bank equity to calculate; the Taiwan branch of foreign banks should use branch's equity to calculate.

c. Interest rate sensitivity

(In Thousands of New Taiwan Dollars; %)

Item	December 31, 2021				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,672,672,463	$ 43,876,223	$ 49,178,969	$ 171,185,747	$ 1,936,913,402
Interest-sensitive liabilities	378,882,176	1,105,812,367	118,959,750	60,709,834	1,664,364,127
Interest sensitivity gap	1,293,790,287	(1,061,936,144)	(69,780,781)	110,475,913	272,549,275
Net equity					148,085,043
Ratio of interest-sensitive assets to liabilities					116.38%
Ratio of interest sensitivity gap to net equity					184.05%

(In Thousands of New Taiwan Dollars; %)

Item	December 31, 2020				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,533,388,887	$ 38,679,450	$ 53,467,034	$ 127,311,205	$ 1,752,846,576
Interest-sensitive liabilities	334,937,053	1,030,158,641	102,284,728	57,144,447	1,524,524,869
Interest sensitivity gap	1,198,451,834	(991,479,191)	(48,817,694)	70,166,758	228,321,707
Net equity					143,844,100
Ratio of interest-sensitive assets to liabilities					114.98%
Ratio of interest sensitivity gap to net equity					158.73%

Note a: The amounts listed above include accounts in N.T. dollars only (i.e. excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

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

Item	December 31, 2021				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 14,561,894	$ 694,462	$ 144,977	$ 1,863,808	$ 17,265,141
Interest-sensitive liabilities	19,175,855	1,969,321	1,739,879	-	22,885,055
Interest sensitivity gap	(4,613,961)	(1,274,859)	(1,594,902)	1,863,808	(5,619,914)
Net equity					649,452
Ratio of interest-sensitive assets to liabilities					75.44%
Ratio of interest sensitivity gap to net equity					(865.33%)

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

Item	December 31, 2020				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 12,129,741	$ 926,807	$ 785,097	$ 361,925	$ 14,203,570
Interest-sensitive liabilities	15,038,000	1,581,428	1,704,086	29	18,323,543
Interest sensitivity gap	(2,908,259)	(654,621)	(918,989)	361,896	(4,119,973)
Net equity					565,221
Ratio of interest-sensitive assets to liabilities					77.52%
Ratio of interest sensitivity gap to net equity					(728.91%)

Note a: The amounts listed above include accounts in U.S. dollars only for domestic branches, offshore banking unit (OBU), and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

d. Profitability

Item		December 31, 2021	December 31, 2020
Return on total assets	Pretax	0.42%	0.37%
	After tax	0.36%	0.32%
Return on net equity	Pretax	6.02%	5.08%
	After tax	5.23%	4.30%
Profit margin		30.69%	25.77%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2021 and 2020, respectively.

e. Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

	Total	December 31, 2021					
		Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 2,315,889,039	$ 251,993,312	$ 278,639,240	$ 248,859,098	$ 195,039,004	$ 310,008,280	$ 1,031,350,105
Major maturity cash outflows	2,914,907,121	137,695,915	230,111,918	422,515,450	360,554,220	621,619,719	1,142,409,899
Gap	(599,018,082)	114,297,397	48,527,322	(173,656,352)	(165,512,216)	(311,611,439)	(111,059,794)

(In Thousands of New Taiwan Dollars)

	Total	December 31, 2020					
		Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 2,043,718,393	$ 206,410,869	$ 238,252,522	$ 244,296,420	$ 186,734,547	$ 291,756,596	$ 876,267,439
Major maturity cash outflows	2,698,346,676	123,495,015	188,831,338	390,474,668	332,690,341	529,248,705	1,133,606,609
Gap	(654,628,283)	82,915,854	49,421,184	(146,178,248)	(145,955,794)	(237,492,109)	(257,339,170)

Note: The amounts listed above include accounts in N.T. dollars only (i.e. excluding foreign currency) for both head office and domestic branches.

(In Thousands of U.S. Dollars)

	Total	December 31, 2021				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 32,636,693	$ 14,105,738	$ 5,594,662	$ 3,802,090	$ 3,142,718	$ 5,991,485
Major maturity cash outflows	37,258,437	12,393,915	5,928,287	5,147,960	6,365,736	7,422,539
Gap	(4,621,744)	1,711,823	(333,625)	(1,345,870)	(3,223,018)	(1,431,054)

(In Thousands of U.S. Dollars)

	Total	December 31, 2020				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 25,351,004	$ 10,393,875	$ 5,501,311	$ 2,645,232	$ 2,323,036	$ 4,487,550
Major maturity cash outflows	29,733,667	9,480,010	4,917,244	3,518,461	5,344,146	6,473,806
Gap	(4,382,663)	913,865	584,067	(873,229)	(3,021,110)	(1,986,256)

Note: The amounts listed above include accounts in U.S. dollars for head office, domestic branches, and OBU.

f. Non-performing loan selling information

December 31, 2021							
Transaction Date	Trading Partners	Non-Perform Loan Composition	Book Value	Price	Distribution Profit	Accompanying	Relationship
2021.10.21	FitzWalter Capital Partners (Financial Trading) Limited	International lending	$ 543,227	$ 554,313	$ 11,086	None	None

g. Trust accounts

Under article 3 of the Trust Law, the Group can offer trust services. The items and amounts of trust accounts as of December 31, 2021 and 2020 were as follows:

	December 31	
	2021	2020
Special purpose trust accounts - domestic	$ 35,332,088	$ 30,786,243
Special purpose trust accounts - foreign	69,433,968	71,425,270
Insurance trust	9,792	10,805
Retirement and breeds trust	469,848	950,331
Umbilical cord blood trust	13,398,917	12,574,377
Money claim and guarantee trust	53,800	54,800
Marketable securities trust	1,599,911	956,540
Real estate trust	17,611,862	19,219,168
Securities under custody	269,259,270	237,662,053
Other money trust	2,965,986	3,950,133
	$ 410,135,442	$ 377,589,720

h. Disclosures on trust assets and liabilities and assets register as required by Enforcement Rules of ROC Trust Law Article 17 were as follows:

Balance Sheet of Trust

Trust Assets	December 31 2021	December 31 2020	Trust Liabilities	December 31 2021	December 31 2020
Bank deposits	$ 5,001,811	$ 6,122,855	Trust capital		
Insurance claims	53,800	54,800	Money trust	$ 121,240,527	$ 119,348,535
Financial assets			Insurance claims	53,800	54,800
Common stock	4,489,515	3,076,953	Marketable securities trust	1,596,332	954,239
Mutual funds	112,146,085	109,891,141	Real estate trust	17,612,800	19,220,047
Bonds	2,168,259	2,665,273	Securities under custody payable	269,259,270	237,662,053
Interest receivable	-	298	Profit and loss	94,093	81,628
Land	12,993,462	13,139,955	Unappropriated retained earnings - realized capital gain/loss	1,783	57,791
Buildings	543,815	562,688	Unappropriated retained earnings - gain on revenue/expense investment	1,216,709	1,094,422
Construction in progress	3,479,425	4,413,704	Unappropriated retained earning	(939,872)	(883,795)
Securities under custody	269,259,270	237,662,053			
Total trust assets	$ 410,135,442	$ 377,589,720	Total trust liabilities	$ 410,135,442	$ 377,589,720

Trust Assets Register

Investments	December 31 2021	December 31 2020
Bank deposits	$ 5,001,811	$ 6,122,855
Insurance claims	53,800	54,800
Financial assets		
Common stock	4,489,515	3,076,953
Mutual funds	112,146,085	109,891,141
Bonds	2,168,259	2,665,273
Land	12,993,462	13,139,955
Buildings	543,815	562,688
Construction in progress	3,479,425	4,413,704
Others	-	298
Securities under custody	269,259,270	237,662,053
Total trust assets	$ 410,135,442	$ 377,589,720

Income Statement of Trust

Investments	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Revenue		
Interest income	$ 56,687	$ 77,687
Dividends	76,737	73,987
Gain on mutual funds	20,801	17,954
Foreign exchange gains	848,921	914,811
Realized capital gain - mutual funds	5,456	4,048
Realized capital gain - bonds	6,091	22,971
Realized capital gain - quoted stock	208	188,025
	1,014,901	1,299,483
Expense		
Maintenance	(3,813)	(4,714)
Tax expense	(3,899)	(4,190)
Others	(832)	(706)
Foreign exchange losses	(882,843)	(938,240)
Realized capital loss - bonds	(13,386)	(13,620)
Realized capital loss - mutual funds	(4,381)	(2,313)
Realized capital loss - quoted stock	(11,654)	(254,072)
	(920,808)	(1,217,855)
	$ 94,093	$ 81,628

36. RELATED-PARTY TRANSACTIONS

a. Related parties and their relationships with the Bank

Name	Relationship
Director and managers	The Bank's director and managers
Taishin Financial Holding	The Bank's related party in substance (as the Bank's corporate director before June 19, 2020)
Taishin International Bank	The subsidiary of Bank's related party in substance (owned by the same parent company before June 19, 2020)
Chunghwa Post Co., Ltd.	The Bank's corporate director (as the Bank's related party since June 19, 2020)
The Export-Import Bank	Its director is the Bank's corporate director
Land Bank	Its director is the Bank's corporate director
Taiwan Business Bank	Its director is the Bank's corporate director
Taichung Commercial Bank Co., Ltd.	Its director is the spouse of the Bank's manager
Taiwan High Speed Rail Corporation	Its director is the Bank's corporate director
Yang Ming Marine Transport Corporation	Its director is the Bank's corporate director
China Airlines, Ltd.	Its director is the Bank's corporate director
Unity OPTO Technology Co., Ltd.	Its director is the Bank's corporate director
Powertec Electronical Corporation	Its director is the Bank's corporate director
CSBC Corporation	Its director is the Bank's corporate director
United Renewable Energy Co., Ltd.	Its director is the Bank's corporate director
Kaohsiung Rapid Transit Corporation	Its director is the Bank's corporate director
Lungteh Shipbuilding Co., Ltd.	Its director is the Bank's corporate director
EirGenix, Inc.	Its director is the Bank's corporate director
Others	Other related parties (IAS 24 "Related Party Disclosures)

b. Significant transactions with related parties

1) Loans

	Balance	Percentage of Loans (%)
Balance as of December 31, 2021	$ 26,534,553	1.71
Balance as of December 31, 2020	32,684,371	2.21

For the years ended December 31, 2021 and 2020, interest rates ranged from 0.89% to 3.57% and from 0.00% to 3.57%, respectively, and interest income amounted to $477,003 thousand and $518,118 thousand, respectively.

	December 31, 2021					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties
Consumer loans						
48 accounts	$ 26,060	$ 26,998	$ 26,060	$ -	Credit	None
Self-use residential mortgage loans						
253 accounts	1,606,401	1,646,420	1,606,401	-	Real estate	None
Others						
Taiwan High Speed Rail Corporation	22,559,661	23,962,050	22,559,661	-	Credit and station equipment	None
China Airlines, Ltd.	1,000,000	1,000,000	1,000,000	-	Credit and fund guarantee	None
Unity Opto Technology Co., Ltd.	628,471	629,593	628,471	-	Credit and land and plant	None
Powertec Electronical Corporation	266,512	466,027	-	266,512	Plant	None
Lungteh Shipbuilding Co., Ltd.	108,899	168,705	108,899	-	Credit and land and plant	None
Other - 11 corporation accounts (Note 1)	338,342	1,765,235	338,342	-	Credit and fund guarantee and real estate	None
Other - 5 individual accounts (Note 2)	207	414	207	-	Deposit	None

	December 31, 2020					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties
Consumer loans						
48 accounts	$ 28,650	$ 30,104	$ 28,650	$ -	Credit	None
Self-use residential mortgage loans						
251 accounts	1,587,334	1,640,520	1,587,334	-	Real estate	None
Others						
Taiwan High Speed Rail Corporation	23,961,579	23,982,424	23,961,579	-	Credit and station equipment	None
Yang Ming Marine Transport Corporation	2,974,000	2,974,000	2,974,000	-	Credit and ship	None
China Airlines, Ltd.	1,000,000	1,000,000	1,000,000	-	Credit and fund guarantee	None
CSBC Corporation	1,000,000	1,168,892	1,000,000	-	Credit	None
Unity Opto Technology Co., Ltd.	630,162	631,719	630,162	-	Credit and land and plant	None
Powertec Electronical Corporation	466,027	668,002	-	466,027	Plant	None
United Renewable Energy Co., Ltd.	320,405	466,932	320,405	-	Credit	None
Kaohsiung Rapid Transit Corporation	200,000	530,000	200,000	-	Credit	None
Lungteh Shipbuilding Co., Ltd.	120,224	136,804	120,224	-	Credit and land and plant	None
EirGenix, Inc.	103,365	103,365	103,365	-	Plant	None
Other - 9 corporation accounts (Note 1)	290,324	459,012	290,324	-	Credit and fund guarantee and real estate	None
Other - 7 individual accounts (Note 2)	2,301	2,535	2,301	-	Deposit	None

Note 1: The balance of each corporate entity does not exceed $1 billion.

Note 2: The balance of each single entity does not exceed 1% of the total ending balance.

Mortgage loans to managers within $8,000 thousand and credit loans within $800 thousand per person all bore interests were both 1.01% in December 31, 2021 and 2020. The interest rates and other terms provided to the other related parties are the same as those offered to the public.

2) Guaranteed loans

	December 31, 2021				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
CSBC Corporation	$ 2,116,261	$ 2,136,516	$ 21,163	0.50-0.65	None
Yang Ming Marine Transport Corporation	1,514,475	1,514,475	15,145	0.80-1.00	None
Kaohsiung Rapid Transit Corporation	6,000	6,000	60	0.50	None
Lungteh Shipbuilding Co., Ltd.	128,642	131,447	1,286	1.00	None

	December 31, 2020				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
CSBC Corporation	$ 2,010,650	$ 2,010,650	$ 20,107	0.65	None
Yang Ming Marine Transport Corporation	1,370,685	1,511,100	13,707	0.80-1.00	None
Kaohsiung Rapid Transit Corporation	6,000	6,000	60	0.50	None

3) Deposits

	Balance	Percentage of Loans (%)
Balance as of December 31, 2021	$ 52,360,143	2.42
Balance as of December 31, 2020	7,384,898	0.39

For the years ended December 31, 2021 and 2020, the interest rates intervals were both between 0.00% to 13.00%; the interest expense was $74,026 thousand and $97,510 thousand, respectively.

The interest rate for managers' deposits amounting to $480 thousand per person was 13% per annum. The part of deposit exceeding $480 thousand will earn interest calculated at the demand savings rate. The interest rates and other terms provided to the other related parties are the same as those offered to general public.

4) Transactions of derivative financial products

(In Thousands of New Taiwan Dollars)

December 31, 2021						
Name	Contract	Duration	Nominal Principle Amount	Current Valuation Gain (Loss)	Balance Sheet	
					Subject	Amount
Chunghwa Post Co., Ltd	Currency swaps	2021.7.22-2022.7.22	$ 13,274,400	$ (88,984)	Financial liabilities at fair value through profit or loss	$ 88,984

Name	Contract	Duration	Nominal Principle Amount	Current Valuation Gain (Loss)	Balance Sheet Subject	Balance Sheet Amount
			December 31, 2020			
Chunghwa Post Co., Ltd	Currency swaps	2020.8.10-2021.6.15	$ 11,942,500	$ (371,770)	Financial liabilities at fair value through profit or loss	$ 371,770

5) Call loans to banks and call loans from banks

Call loans to banks

(In Thousands of Original Currencies)

Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Income
			December 31, 2021		
Chunghwa Post Co., Ltd	DBU	NTD	$ 15,000	0.08-0.62	$ 89
Land Bank	DBU	NTD	10,000	0.08-0.47	1,583
	OBU	USD	116,000	0.06-0.33	203
	London Branch	USD	20,000	0.18-0.29	19
	Hong Kong Branch	USD	25,000	0.08-0.48	214
Taiwan Business Bank	OBU	USD	30,000	0.06-0.32	22
	Tokyo Branch	USD	15,000	0.13-0.53	29
Taichung Commercial Bank	DBU	NTD	900,000	0.15-0.31	1,787

Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Income
			December 31, 2020		
Chunghwa Post Co., Ltd	DBU	NTD	$ 15,000	0.08-0.77	$ 445
Land Bank	DBU	NTD	2,005,000	0.07-0.67	3,201
	OBU	USD	115,000	0.08-2.35	1,423
	OBU	AUD	80,000	0.06-0.38	53
	Hong Kong Branch	USD	40,000	0.10-2.38	768
Taiwan Business Bank	OBU	USD	30,000	0.09-2.30	143
	Tokyo Branch	USD	15,000	0.16-0.53	13
	Hong Kong Branch	USD	30,000	0.14-2.37	197
Taichung Commercial Bank	DBU	NTD	500,000	0.20-0.43	1,030
	OBU	JPY	1,500,000	0.02	3

Call loans from banks

(In Thousands of Original Currencies)

Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
			December 31, 2021		
Land Bank	DBU	NTD	$ 5,000	0.08-0.48	$ 136
	OBU	ZAR	20,000	4.30-5.45	2,133
Taiwan Business Bank	Singapore Branch	SGD	8,000	0.19-0.35	12
Taichung Commercial Bank	OBU	ZAR	30,000	3.70-6.00	558

Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
			December 31, 2020		
Land Bank	DBU	NTD	$ 5,000	0.18-0.66	$ 180
Taiwan Business Bank	Singapore Branch	SGD	6,000	0.10-2.20	41

6) Due from banks and deposits from banks

Due from banks

(In Thousands of New Taiwan Dollars)

Name	Department	Currency	December 31 2021 Ending Balance	December 31 2020 Ending Balance
Land Bank	DBU	NTD	$ 4	$ 4
Taiwan Business Bank	DBU	NTD	11	4
Chunghwa Post Co., Ltd	DBU	NTD	227	121

Deposits from banks

(In Thousands of Original Currencies)

Name	Department	Currency	December 31 2021 Ending Balance	December 31 2020 Ending Balance
Land Bank	DBU	NTD	$ 277	$ 277
The Export-Import Bank	DBU	NTD	1,972	2,205
Chunghwa Post Co., Ltd	DBU	NTD	312,843	355,766
Taishin International Bank	New York Branch	USD	68	68

c. Compensation of directors and management personnel

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Short-term employee benefits	$ 98,771	$ 86,980
Post-employment benefits	11,707	21,291
	$ 110,478	$ 108,271

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

d. Others

The Bank signed two-year information system service contracts in the amounts of $2,000 thousand and $46 thousand each on April 8, 2020 and April 30, 2020, with its subsidiaries Chang Hua Commercial Bank, Ltd. and Chang Hwa Bank Venture Capital Co., Ltd., respectively and in 2021, recognized other income in the amounts of $1,659 thousand $22 thousand.

The Bank signed three-year legal advice service contract with its subsidiary, Chang Hwa Bank Venture Capital Co., Ltd., on November 26, 2020. Under the contract, the annual service fee is $68 thousand. In 2021, the Bank recognized other income in the amount of $65 thousand.

37. PLEDGED ASSETS

The summary of the Group's pledged assets as of December 31, 2021 and 2020 is as follows:

Pledged Assets	Description	December 31 2021	December 31 2020
Investments in debt instruments at FVTOCI	Bonds	$ 6,617,187	$ 1,126,969
Investments in debt instruments at amortized cost	Bonds and certificates of deposit	41,438,275	41,440,500
Time deposits with original maturities of more than 3 months	Time deposits	-	2,811,250
Refundable deposits	Cash	1,325,277	2,601,890
Reserves for demand Account	Cash	35,000,000	30,000,000

38. CONTINGENT LIABILITIES AND COMMITMENTS

a. In addition to those mentioned in Note 7, the Group had the following contingent liabilities and commitments as of December 31, 2021 and 2020:

	December 31 2021	December 31 2020
Trust liabilities	$ 410,135,442	$ 377,589,720
Unused loan commitments (excluding credit cards)	87,912,431	69,752,198
Credit card commitments	206,280	348,160
Unused issued letters of credit	27,312,727	22,504,168
Guarantees issued in guarantee business	57,408,752	58,765,217
Repayment notes and times deposit held for custody	14,130,756	14,530,602
Liabilities on joint loans	434,699	629,849

The unrecognized commitments for the acquisition of equipment and intangible assets, as well as the commitments for construction, appointment and security service as of December 31, 2021 were $1,425,603 thousand, $68,698 thousand, $1,061,129 thousand and $137,070 thousand, respectively.

b. TDK Corporation filed a legal proceeding against the Bank for damages in the amount of $45,794 thousand. On April 19, 2017, the Taiwan Superior Court passed a verdict partially in favor of and partially against the Bank, and the Bank shall compensate the damages in the amount of $11,448 thousand. The Bank had appealed to the Supreme Court. The Supreme Court held hearings on September 3, 2019, November 4, 2019, January 14, 2020, May 11, 2020, July 16, 2020, September 30, 2020, November 25, 2020, January 25, 2021, April 12, 2021 and July 26, 2021. The Taiwan High Court sentenced the Bank to win the case without compensation on September 7, 2021, but TDK Corporation appealed to the Taiwan High Court against its sentence on October 26, 2021.The Supreme Court convened a mediation court for TDK Corporation on February 8, 2022.

c. The Bank's North Taichung branch was fined due to the misappropriation of customers' deposits. The customer has prosecuted a lawsuit against the Bank at the Taiwan Taichung District Court on June 25, 2021 regarding the misappropriation of the deposit amount and the loss of wealth management products. The subject-matter amount of money was $369,778 thousand. The first trial was held on October 26, 2021 and the next trial procedure is scheduled to proceed on December 16, 2021.

39. OTHER ITEMS

The outbreak of the COVID-19 has had a significant global impact since the beginning of 2020, and the operations of the Group have also been affected considerably. The decrease in the Group's earnings was in accordance with the government's policies for the relief package and reduction of interest rate. In addition, due to an increase in non-performing loans, it is necessary to increase the amount of bad debts, which led to an increase in the non-performing loans ratio. The income from credit card and insurance fees also decreased relatively because of the epidemic. However, the above effects are still within the acceptable range and they have no impact on the Group's ability to continue as a going concern.

40. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Material transactions

No.	Item	Explanation
1	Accumulated purchases and sales balance of specific investees' marketable security over NT$300 million or 10% of outstanding capital for the year ended December 31, 2021	None
2	Acquisition of fixed assets over NT$300 million or 10% of outstanding capital for the year ended December 31, 2021	None
3	Disposal of fixed assets over NT$300 million or 10% of 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 as of December 31, 2021	None
6	Sale of NPL	Note 35
7	Securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
8	Other significant transactions which may affect decisions of the users of the financial statements	None

b. Information on the Bank's investees

No.	Item	Explanation
1	Investees' names, locations, etc.	Table 1
2	Capital lending to another party	None
3	Endorsement for another party	None
4	Marketable securities held as of December 31,2021	Table 2
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	Receivables from related parties over NT$300 million or 10% of outstanding capital as of December 31, 2021	None
9	Derivative instrument	None
10	Discount on fees income from related parties over NT$5 million	None
11	Sale of NPL by subsidiary	None
12	Other significant transactions which may affect decisions of the users of the financial statements	None

c. Investment in mainland China: Table 3.

d. Intercompany relationships and significant intercompany transactions: Table 4.

e. Information of major shareholders: The name of the shareholder, shareholding amount and ratio of shareholders with a shareholding ratio more than 5%. (Table 5)

41. INFORMATION ON INVESTEES

Investees' Names (Note a)	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership (Note a)			
						Current Stock	Imputed Stock (Note b)	Stock	Ownership Interest (%) (Note d)
Shin Kong Financial Holding Co., Ltd.	Taipei City	Financial holding company	0.35	$ 560,745	$ -	$ 50,746,125	$ -	$ 50,746,125	0.35
Asia Pacific Broadband Telecom Co.	Taipei City	Type I & type II telecommunications business	0.23	80,815	-	9,831,471	-	9,831,471	0.23
Taiwan High Speed Rail Corporation	Taipei City	High speed railroad	0.79	1,317,200	-	44,500,000	-	44,500,000	0.79
Taiwan Stock Exchange Co.	Taipei City	Securities brokerage, margin lending, and underwriting financial products	3.00	3,498,102	-	25,216,998	-	25,216,998	3.00
Taiwan Sugar Co.	Taiman City	Manufacture correlative products of sugar and crop	0.41	1,718,124	-	23,246,159	-	23,246,159	0.41
Taiwan Power Co.	Taipei City	Generate electric power, power distribution, and cable assemble	0.71	3,182,308	-	235,726,532	-	235,726,532	0.71
Taipei Foreign Exchange Inc.	Taipei City	Exchange trading, DEPOS, and Swap	3.53	32,270	-	700,000	-	700,000	3.53
Liou-An Service Co., Ltd.	Taipei City	ATM purchase, rental, and repair or maintenance	5.00	1,654	-	125,000	-	125,000	5.00
CDIB & Partners Investment Holding Co.	Taipei City	Investment	4.95	598,860	-	54,000,000	-	54,000,000	4.95
Nomura Asset Management Taiwan Ltd.	Taipei City	Securities investment trust	4.09	68,962	-	1,413,725	-	1,413,725	4.09
Financial Information Service Co., Ltd.	Taipei City	Type II telecommunications business	1.26	163,479	-	6,589,242	-	6,589,242	1.26
Taiwan Futures Exchange	Taipei City	Futures exchange	1.00	482,550	-	4,198,640	-	4,198,640	1.00
Taiwan Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, auction, and management	11.35	1,539,600	-	120,000,000	-	120,000,000	11.35
Taiwan Financial Asset Service Co.	Taipei City	Auction assets of the recognition of an impartial third party	2.94	48,600	-	5,000,000	-	5,000,000	2.94
Financial Evolution Co., Ltd.	Taipei City	Financial information systems development	4.12	8,484	-	905,475	-	905,475	4.12
Taiwan Depository & Clearing Corporation	Taipei City	Provide book-entry of securities transactions	0.08	21,913	-	361,605	-	361,605	0.08
Sunlight Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, auction, and management	0.70	504	-	41,768	-	41,768	0.70
Taiwan Mobile Payment Corporation	Taipei City	Electronic Information provider	3.00	9,450	-	1,800,000	-	1,800,000	3.00
Taiwan Urban Regeneration & Financial Services Co., Ltd.	Taipei City	Urban renewal industry	5.00	13,900	-	2,500,000	-	2,500,000	5.00

Note a: The investees' voting shares, and imputed stock were owned by the Bank and related parties.

Note b: 1) Imputed stock refers to the purchase of securities with equity or derivative commodity contracts (not yet converted into equity holding), which is linked to the equity of the reinvestment business according to the agreed transaction conditions and the bank's commitment to be used as Article 74 of The Banking Act of The Republic of China stipulates that for the purpose of reinvestment, under the assumption of conversion, the shares acquired as a result of the conversion.

2) The above-mentioned "securities with equity" refers to the securities stipulated in the first paragraph of Article 11 of the Securities and Exchange Act Enforcement Rules, such as convertible corporate bonds and call warrants.

3) The above-mentioned "derivative commodity contract" refers to those who meet the definition of derivative instruments in IFRS 9, such as stock options.

42. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of services provided.

a. Segment revenue and results

	For the Year Ended December 31, 2021						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Wealth Management	Subsidiaries and Oversea Branch	Others	Total
Net interest income	$ 13,137,637	$ 4,926,470	$ (176,219)	$ -	$ 2,593,296	$ (15,479)	$ 20,465,705
Net service fee income	1,445,622	248,166	(30,445)	2,772,002	118,923	-	4,554,268
Net income on financial instrument	-	-	3,117,576	-	141,129	-	3,258,705
Others	55,978	-	5,511	-	5,607	340,184	407,280
Net revenue and gains	14,639,237	5,174,636	2,916,423	2,772,002	2,858,955	324,705	28,685,958
Bad debts expense, commitment and guarantee liability provision	(1,363,664)	-	230	-	(430,411)	-	(1,793,845)
Operating expenses	-	-	-	-	-	-	(16,771,674)
Income before income tax	$ 13,275,573	$ 5,174,636	$ 2,916,653	$ 2,772,002	$ 2,428,544	$ 324,705	$ 10,120,439

	For the Year Ended December 31, 2020						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Wealth Management	Subsidiaries and Oversea Branch	Others	Total
Net interest income	$ 12,706,058	$ 4,592,420	$ (1,112,831)	$ -	$ 2,980,206	$ (25,601)	$ 19,140,252
Net service fee income	1,485,714	241,694	(29,397)	2,722,469	107,088	-	4,527,568
Net income on financial instrument	-	-	3,191,610	-	108,831	-	3,300,441
Others	12,649	-	4,922	-	47,748	283,512	348,831
Net revenue and gains	14,204,421	4,834,114	2,054,304	2,722,469	3,243,873	257,911	27,317,092
Bad debts expense, commitment and guarantee liability provision	(283,297)	-	171	-	(2,553,073)	-	(2,836,199)
Operating expenses	-	-	-	-	-	-	(16,170,327)
Income before income tax	$ 13,921,124	$ 4,834,114	$ 2,054,475	$ 2,722,469	$ 690,800	$ 257,911	$ 8,310,566

The reported revenue and results on the segment information did not include inter-segment revenue for the years ended December 31, 2021 and 2020.

This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31, 2021						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Wealth Management	Subsidiaries and Oversea Branch	Others	Total
Assets	$ 1,472,353,653	$ -	$ 813,923,901	$ -	$ 171,319,335	$ 93,509,608	$ 2,551,106,497
Liabilities	$ 2,759,647	$ 2,116,226,758	$ 75,078,516	$ -	$ 108,235,008	$ 77,354,113	$ 2,379,654,042

	December 31, 2020						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Wealth Management	Subsidiaries and Oversea Branch	Others	Total
Assets	$ 1,388,038,660	$ -	$ 675,755,496	$ -	$ 165,778,550	$ 83,867,513	$ 2,313,440,219
Liabilities	$ 1,973,128	$ 1,877,383,413	$ 100,757,373	$ -	$ 114,731,759	$ 53,540,756	$ 2,148,386,429

TABLE 1

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES' NAMES AND LOCATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Except for Percentage and Shares)

Investor	Investees' Names	Investees' Location	Line of Business	Original Investment Amount		Ending Balance			Net Income (Loss) of Current Period	Recognized Income (Loss) of Current Period	Note
				End of December 31, 2021	End of December 31, 2020	Stock	Ownership Interest (%)	Book Value			
Chang Hwa Bank	Chang Hua Commercial Bank, Ltd.	China	Banking	$ 12,117,288	$ 12,117,288	Note	100	$ 13,209,964	$ 150,695	$ 150,695	
	Chang Hwa Bank Venture Capital Co., Ltd.	Taiwan	Venture capital	600,000	600,000	60,000,000	100	658,182	54,145	54,145	

Note: Limited company organization.

TABLE 2

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities (Note 1)	Relationship with the Holding Company (Note 2)	Financial Statement Account	December 31, 2021				Note
				Number of Shares	Carrying Amount (Note 3)	Percentage of Ownership (%)	Fair Value	
Chang Hwa Bank Venture Capital Co., Ltd.	Tigerair Taiwan Co., Ltd.	-	Financial assets at fair value through other comprehensive income	1,340,000	$ 41,741	0.3	$ 41,741	
	Cheng Mei Instrument Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	790,000	20,540	2.1	20,540	
	Jada International Development Co., Ltd.	-	Financial assets at fair value through other comprehensive income	2,919,378	43,557	8.5	43,557	
	Yuh Shan Environmental Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	9,000	2.0	9,000	
	Acer E-enabling Service Business Inc.	-	Financial assets at fair value through profit or loss	405,813	89,279	1.1	89,279	
	Advanced Wireless & Antenna Inc.	-	Financial assets at fair value through profit or loss	250,000	9,803	1.0	9,803	
	Huang Chieh Metal Composite Material Tech. Co., Ltd.	-	Financial assets at fair value through profit or loss	350,000	9,195	0.6	9,195	
	Ina Energy Corporation	-	Financial assets at fair value through profit or loss	2,000,000	34,000	1.0	34,000	
	Imedtac Co., Ltd.	-	Financial assets at fair value through profit or loss	300,000	16,500	2.4	16,500	
	Locus Cell Co., Ltd.	-	Financial assets at fair value through profit or loss	3,600,000	36,000	1.8	36,000	
	Great Giant Fibre Garment Co., Ltd.	-	Financial assets at fair value through profit or loss	365,318	38,500	0.6	38,500	
	MegaPro Biomedical Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	13,085	0.9	13,085	
	Ace Medical Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	1,000,000	30,000	4.9	30,000	
	Mesh Cooperative Ventures, Inc.	-	Financial assets at fair value through profit or loss	-	12,000	-	12,000	
	Minima Technology Co., Ltd.	-	Financial assets at fair value through profit or loss	570,000	14,820	0.2	14,820	
	Evergreen Aviation Technologies Corporation	-	Financial assets at fair value through profit or loss	500,000	31,500	0.1	31,500	

Note 1: The securities referred to in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments".

Note 2: If the issuer of securities is not a related party, this column is exempt.

Note 3: As measured by fair value, fill in the balance of book value after adjustment of the fair value and deduct the allowance loss. If not measured by fair value, fill in the amortized cost (after allowance loss has been deducted) of the book balance.

TABLE 3

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee (Note 2)	% of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outflow	Inflow							
Chang Hua Commercial Bank, Ltd.	Banking	$ 12,117,288 (US$ 399,558)	Note c	$ 12,117,288 (US$ 399,558)	$ -	$ -	$ 12,117,288 (US$ 399,558)	$ 150,695	100	$ 150,695	$ 13,209,964	$ -	

2.

Accumulated Outward Remittance for Investment in Mainland China December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$ 12,117,288 (US$ 399,558)	$ 12,117,288 (US$ 399,433)	$ 25,717,868

Note 1: The three methods of investment are as follows:

a. Direct investment in mainland China.
b. Investment in mainland China through reinvestment in existing enterprise in a third area.
c. Others.

Note 2: Equity in the profit (loss):

a. If the entity is still in the preparation stage and there is no equity in profit (loss), the condition should be noted.

b. The basis of recognizing equity in profit (loss) is categorized in the following three types and each entity should be noted according to its condition.

1) Financial statements audited (reviewed) by international accounting firms that cooperate with the accounting firms in the ROC.
2) Financial statements audited (reviewed) by the Taiwan-based parent company's CPA.
3) Others.

Note 3: In accordance with the "Bank, Financial Holding Corporation and Related Party Invest China Business Rules" announced by the FSC, the accumulated outflow of operating funds and investment from the following parties may not exceed 15% of net assets while they applied:

a. Banks in Taiwan (or subsidiaries in a third area) which establish branches, establish/acquire subsidiaries or acquire stock or capital contributions from local stockholders in mainland China.
b. The subsidiaries whose issued stocks with voting rights or more than 50% of capital held by banks in Taiwan that have investments in mainland China.

TABLE 4

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Except for Percentage)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets (Note 3)
0	The Bank	Chang Hua Commercial Bank, Ltd.	a.	Due from the Central Bank and call loans to bank	$ 26,915	Same as normal customers	-
		Chang Hua Commercial Bank, Ltd.	a.	Cash and cash equivalents	127,085	Same as normal customers	-
		Chang Hua Commercial Bank, Ltd.	a.	Receivables	262,455	Same as normal customers	0.01
		Chang Hua Commercial Bank, Ltd.	a.	Other financial assets	8,682,000	Same as normal customers	0.34
		Chang Hua Commercial Bank, Ltd.	a.	Interest income	135,823	Same as normal customers	0.47
		Chang Hua Commercial Bank, Ltd.	a.	Net non-interest income	1,659	Same as normal customers	0.01
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Deposits and remittances	197,877	Same as normal customers	0.01
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Payables	7	Same as normal customers	-
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Other liabilities	5	Same as normal customers	-
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Interest expense	248	Same as normal customers	-
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Net non-interest income	2,112	Same as normal customers	0.01

Note 1: Transaction details: Methods of numbering are as follows:

a. 0 for parent company.
b. In accordance with subsidiary number starts from 1.

Note 2: Relationships are as follows:

a. Parent company to subsidiary.
b. Subsidiary to parent company.
c. Subsidiary to subsidiary.

Note 3: Transactions amounts are calculated as percentage of accrued amounts of total income or ending balance of total assets.

TABLE 5

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Taishin Financial Holding Co., Ltd.	2,162,772,826	20.62
Ministry of Finance	1,278,869,918	12.19
Chunghwa Post Co., Ltd.	629,358,864	6.00

Note: The main shareholder information in this table is calculated by the insurance company on the last business day at the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the delivery without physical registration (including treasury shares) is more than 5%. The share capital recorded in the Bank's consolidated financial statement and the actual number of shares delivered without physical registration may be different due to the basis of preparation and calculation.

F. The Bank's Individual Financial Statements of Recent Years Which Have Been Certified by CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Chang Hwa Commercial Bank, Ltd.

Opinion

We have audited the accompanying financial statements of Chang Hwa Commercial Bank, Ltd. (the "Bank"), which comprise the balance sheets as of December 31, 2021 and 2020, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

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

Key Audit Matters

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

The following is the description for the key audit matter in the audit of the financial statements of the Bank for the year ended December 31, 2021.

Impairment Assessment of Loans

Loans are the most important assets of the Bank. As of December 31, 2021, the balance of the Bank's loans totaled $1,538,006,854 thousand, accounting for 60% of the Bank's total assets. The Bank assessed the impairment on loans in accordance with IFRS 9 and with relevant regulations on recognizing allowance for loans. As the assessment of the impairment on the aforementioned assets involves the management's critical judgments, estimations and assumptions, we considered the impairment assessment on loans as a key audit matter. Refer to Notes 4, 5 and 12 to the Bank's financial statements for related information.

Our main audit procedures performed in response to the key audit matter described above were as follows:

When assessing the appropriateness of the impairment on loans, we understood and tested the internal controls relevant to the lending process and assessment of loan impairment. We tested whether the expected credit loss was calculated by loans grouped by borrowers and credit risk characteristics. We further verified whether the parameters utilized in the impairment loss model (including probability of default adjusted for forward looking factors, loss given default, and exposure at default) reflect the actual situation, and recalculated the impairment loss on loans, examined the classification of loan credit assets, and assessed the loan provisions in compliance with relevant regulations.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Mei Hui Wu and Tung Feng Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 22, 2022

Notice to Readers

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

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

CHANG HWA COMMERCIAL BANK, LTD.

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

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (Notes 4, 6 and 36)	$ 40,199,528	2	$ 25,167,907	1
Due from the Central Bank and call loans to banks (Notes 4, 6 and 36)	244,922,324	10	232,247,047	10
Financial assets at fair value through profit or loss (Notes 4, 7, 34 and 37)	55,409,052	2	14,463,858	1
Financial assets at fair value through other comprehensive income (Notes 4, 8, 10, 34 and 37)	166,225,320	6	116,479,219	5
Financial assets for hedging (Notes 4 and 13)	147,321	-	231,693	-
Investments in debt instruments at amortized cost (Notes 4, 5, 9, 10, 34 and 37)	405,256,329	16	345,283,447	15
Receivables, net (Notes 4, 11 and 12)	22,814,357	1	21,300,335	1
Current tax assets (Notes 4 and 31)	344,089	-	396,258	-
Discounts and loans, net (Notes 4, 5, 12, 34, 35 and 36)	1,538,006,854	60	1,463,024,593	63
Investments measured by equity method, net (Notes 4 and 15)	13,868,146	1	13,511,768	1
Other financial assets, net (Notes 4, 14, 36 and 37)	12,539,676	-	29,915,786	1
Property and equipment, net (Notes 4 and 16)	20,250,352	1	20,160,372	1
Right-of-use assets, net (Notes 4 and 17)	1,929,117	-	1,500,974	-
Investment property, net (Notes 4 and 18)	13,852,096	1	13,858,910	1
Intangible assets, net (Notes 4 and 19)	541,517	-	608,517	-
Deferred tax assets (Notes 4 and 31)	3,339,503	-	3,245,453	-
Other assets, net (Notes 20 and 37)	1,445,218	-	2,727,131	-
TOTAL	$ 2,541,090,799	100	$ 2,304,123,268	100
LIABILITIES AND EQUITY				
Deposits from the Central Bank and banks (Notes 4, 21 and 36)	$ 71,909,828	3	$ 102,193,025	5
Due to the Central Bank and banks (Notes 6 and 37)	27,667,470	1	14,829,050	1
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 36)	3,150,309	-	7,293,565	-
Securities sold under repurchase agreements (Note 4)	1,372,860	-	1,226,633	-
Payables (Notes 4, 22 and 29)	36,527,049	2	21,966,509	1
Current tax liabilities (Notes 4 and 31)	344,773	-	829,711	-
Deposits and remittances (Notes 4, 23 and 36)	2,158,023,777	85	1,910,034,360	83
Bank notes payable (Notes 4, 24 and 34)	51,278,335	2	61,351,032	3
Other financial liabilities (Notes 4 and 25)	1,001,902	-	1,949,149	-
Reserve for liabilities (Notes 4, 5, 27 and 28)	4,687,052	-	5,306,731	-
Lease liabilities (Notes 4 and 17)	1,757,768	-	1,325,275	-
Deferred tax liabilities (Notes 4 and 31)	8,802,086	-	8,294,747	-
Other liabilities (Notes 4, 16 and 26)	3,115,135	-	2,469,691	-
Total liabilities	2,369,638,344	93	2,139,069,478	93
EQUITY (Notes 4, 29 and 31)				
Capital stock				
Common stock	104,885,708	4	103,847,236	5
Retained earnings				
Legal reserve	40,320,456	2	38,266,789	2
Special reserve	12,201,590	1	12,201,590	-
Unappropriated earnings	9,130,892	-	6,884,362	-
Other equity	4,913,809	-	3,853,813	-
Total equity	171,452,455	7	165,053,790	7
TOTAL	$ 2,541,090,799	100	$ 2,304,123,268	100

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

CHANG HWA COMMERCIAL BANK, LTD.

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME (Notes 4, 30 and 36)	$ 26,677,281	95	$ 28,936,758	108	(8)
INTEREST EXPENSE (Notes 30, 36 and 40)	(6,853,773)	(25)	(10,495,056)	(39)	(35)
NET INCOME OF INTEREST	19,823,508	70	18,441,702	69	7
NET NON-INTEREST INCOME (LOSS)					
Net service fee income (Notes 4 and 30)	4,544,357	16	4,513,873	17	1
Gain (loss) on financial assets or liabilities measured at fair value through profit or loss (Notes 4, 7 and 30)	1,146,190	4	1,638,846	6	(30)
Realized gain (loss) on financial assets at fair value through other comprehensive income (Notes 4 and 30)	1,456,893	5	1,155,973	4	26
Gain (loss) arising from derecognition of financial assets at amortized cost	29	-	97	-	(70)
Foreign exchange gain (loss) (Notes 4 and 34)	500,015	2	350,682	1	43
Share of profit (loss) of associates and joint ventures accounted for using equity method (Notes 4 and 15)	204,840	1	412,436	2	(50)
Net other non-interest income (loss) (Notes 13 and 15)	450,687	2	400,089	1	13
Net non-interest income	8,303,011	30	8,471,996	31	(2)
NET REVENUE AND GAINS	28,126,519	100	26,913,698	100	5
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 12)	(1,693,169)	(6)	(2,841,478)	(10)	(40)

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefit expenses (Notes 4 and 30)	$ (11,125,763)	(39)	$ (10,550,323)	(39)	5
Depreciation and amortization expenses (Notes 4 and 30)	(1,349,416)	(5)	(1,348,889)	(5)	-
Other general and administrative expenses	(3,842,955)	(14)	(3,861,509)	(15)	-
Total operating expenses	(16,318,134)	(58)	(15,760,721)	(59)	4
INCOME BEFORE INCOME TAX	10,115,216	36	8,311,499	31	22
INCOME TAX EXPENSE (Notes 4 and 31)	(1,311,413)	(5)	(1,270,572)	(5)	3
NET INCOME	8,803,803	31	7,040,927	26	25
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX					
Items that will not be reclassified to profit or loss, net of tax:					
Remeasurement of defined benefit plans (Notes 4 and 28)	325,487	1	(259,674)	(1)	225
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	2,920,696	11	767,769	3	280
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	20,998	-	(19,080)	-	210
Income tax related to items that will not be reclassified to profit or loss (Notes 4 and 31)	(65,126)	-	51,935	-	(225)

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
Items that will be reclassified to profit or loss, net of tax:					
Exchange differences on translation (Note 4)	$ (516,997)	(2)	$ (1,118,628)	(4)	(54)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	82,150	-	(62,289)	-	232
Revaluation (losses) gains on investments in debt instruments measured at fair value through other comprehensive income	(1,546,857)	(5)	548,422	2	(382)
Reversal (impairment loss) of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	13,660	-	(21,622)	-	163
Income tax related to items that will be reclassified to profit or loss (Notes 4 and 31)	99,352	-	(117,041)	(1)	185
Other comprehensive income (loss), net of tax	1,333,363	5	(230,208)	(1)	679
TOTAL COMPREHENSIVE INCOME	$ 10,137,166	36	$ 6,810,719	25	49
EARNINGS PER SHARE (Note 32)					
Basic	$ 0.84		$ 0.67		
Diluted	$ 0.84		$ 0.67		

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

CHANG HWA COMMERCIAL BANK, LTD.

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

	Equity Attributable to Owners of the Bank							
	Capital Stock		Retained Earnings			Other Equity		
	Common Stock (In Thousands)	Amount	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE, JANUARY 1, 2020	9,985,311	$ 99,853,111	$ 34,832,629	$ 12,204,648	$ 11,458,160	$ (1,642,603)	$ 5,531,250	$ 162,237,195
Appropriation of 2019 earnings								
Special reserve appropriated	-	-	-	(3,058)	3,058	-	-	-
Legal reserve appropriated	-	-	3,434,160	-	(3,434,160)	-	-	-
Cash dividends	-	-	-	-	(3,994,124)	-	-	(3,994,124)
Stock dividends	399,413	3,994,125	-	-	(3,994,125)	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	7,040,927	-	-	7,040,927
Other comprehensive income (loss) for the year ended December 31, 2020, net of tax	-	-	-	-	(207,739)	(1,228,393)	1,205,924	(230,208)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	6,833,188	(1,228,393)	1,205,924	6,810,719
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	12,365	-	(12,365)	-
BALANCE, DECEMBER 31, 2020	10,384,724	103,847,236	38,266,789	12,201,590	6,884,362	(2,870,996)	6,724,809	165,053,790
Appropriation of 2020 earnings								
Legal reserve appropriated	-	-	2,053,667	-	(2,053,667)	-	-	-
Cash dividends	-	-	-	-	(3,738,501)	-	-	(3,738,501)
Stock dividends	103,847	1,038,472	-	-	(1,038,472)	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	8,803,803	-	-	8,803,803
Other comprehensive income (loss) for the year ended December 31, 2021, net of tax	-	-	-	-	260,361	(442,670)	1,515,672	1,333,363
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	9,064,164	(442,670)	1,515,672	10,137,166
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	13,006	-	(13,006)	-
BALANCE, DECEMBER 31, 2021	10,488,571	$ 104,885,708	$ 40,320,456	$ 12,201,590	$ 9,130,892	$ (3,313,666)	$ 8,227,475	$ 171,452,455

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

CHANG HWA COMMERCIAL BANK, LTD.

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 10,115,216	$ 8,311,499
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	1,693,169	2,841,478
Depreciation expense	1,115,939	1,126,668
Amortization expense	233,477	222,221
Share of profit (loss) of subsidiaries for using equity method	(204,840)	(412,436)
Interest income	(26,677,281)	(28,936,758)
Dividend income	(1,067,147)	(631,958)
Interest expense	6,853,773	10,495,056
Net gain on financial assets or liabilities at fair value through profit or loss	(1,627,919)	(1,585,861)
Gain on disposal of investments	(390,066)	(524,112)
Unrealized foreign exchange loss (gain)	481,729	(52,985)
Other adjustments	(31,057)	(204,611)
Changes in operating assets and liabilities		
Increase in due from the Central Bank	(9,575,468)	(23,040,939)
Increase in financial assets at fair value through profit or loss	(44,354,794)	(370,102)
(Increase) decrease in receivables	(1,570,740)	195,479
Increase in discounts and loans	(76,986,093)	(53,417,906)
Increase in financial assets at fair value through other comprehensive income	(47,968,565)	(3,050,552)
Increase in investments in debt instruments at amortized cost	(59,972,853)	(69,224,374)
Decrease in other financial assets	17,473,479	14,610,464
Decrease (increase) in other assets	1,280,286	(1,674,782)
Decrease in deposits from the Central Bank and banks	(53,653)	(1,722)
Increase in deposits and remittances	247,989,417	152,897,510
Increase in payables	14,908,164	1,180,284
Increase in financial liabilities at fair value through profit or loss	273,117	1,987,729
Decrease in reserve for liabilities	(121,086)	(299,033)
Decrease in other financial liabilities	(947,247)	(2,325,751)
Increase (decrease) in other liabilities	646,361	(61,077)
Cash flows generated from operations	31,515,318	8,053,429
Interest received	26,912,936	30,641,065
Dividends received	1,066,897	629,458
Interest paid	(7,200,126)	(11,386,281)
Income taxes paid	(1,348,837)	(614,991)
Net cash flows generated from operating activities	50,946,188	27,322,680

(Continued)

CHANG HWA COMMERCIAL BANK, LTD.

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

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	$ (559,491)	$ (636,015)
Acquisition of intangible assets	(152,312)	(175,494)
Acquisition of investment properties	(91)	(580)
Proceeds from disposal of investment properties	-	17,218
Net cash flows used in investing activities	(711,894)	(794,871)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to the Central Bank and banks	(17,391,124)	14,836,210
Proceeds from issuing bank notes	-	10,840,000
Repayments of bank notes	(10,000,000)	(5,000,000)
Increase (decrease) in securities sold under repurchase agreement	146,227	(320,658)
Repayments of the principal portion of lease liabilities	(554,079)	(624,764)
Cash dividends paid	(3,738,501)	(3,994,124)
Net cash flows (used in) generated from financing activities	(31,537,477)	15,736,664
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(565,387)	(1,211,854)
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,131,430	41,052,619
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	171,948,658	130,896,039
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 190,080,088	$ 171,948,658

	December 31	
	2021	2020
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in the balance sheets	$ 40,199,528	$ 25,167,907
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	149,880,560	146,780,751
Cash and cash equivalents at end of year	$ 190,080,088	$ 171,948,658

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

CHANG HWA COMMERCIAL BANK, LTD.

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

1. ORGANIZATION AND BUSINESS SCOPE

Chang Hwa Commercial Bank, Ltd. (the "Bank") was incorporated under Banking Law, Securities and Exchange Law and Taiwan Company Law on March 1, 1947 and obtained its banking license from the Ministry of Economic Affairs in July 1950. The Bank's shares have been listed and traded on the Taiwan Stock Exchange (TWSE) since February 1962.

The Bank mainly engages in the following business:

a. All commercial banking operations allowed by the Banking Law;
b. Trust operations;
c. International banking operations;
d. Overseas branch operations authorized by the respective foreign governments; and
e. Other operations authorized by the central authority.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Bank's board of directors on February 22, 2022.

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

a. 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 Bank's accounting policies:

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

The Bank 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.

For the hedging relationships that are subject to the reform, the Bank applies the following temporary exceptions:

a) The changes to the hedging relationship that are needed to reflect the changes required by the reform are treated as a continuation of the existing hedging relationship.

b) If an alternative benchmark rate that is reasonably expected to be separately identifiable within a period of 24 months, the Bank designates the rate as a non-contractually specified risk component.

c) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

d) The Bank allocates the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and designates the hedged benchmark rate separately.

2) Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"

The Bank elected to apply the amendment that extends the availability of the practical expedient to lease payments due on or before June 30, 2022. Refer to Note 4 for the relevant accounting policies of the practical expedient.

The Bank applies the amendment from January 1, 2021 and recognizes the cumulative effect of retrospective application in retained earnings on January 1, 2021.

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

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

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

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

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

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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 IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

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 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 3: 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 4: 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 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis of Preparation

The 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.

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 an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

Current/Noncurrent Assets and Liabilities

Because of its business characteristics, assets and liabilities of the Bank are classified according to their liquidity rather than classified as current or noncurrent assets or liabilities.

Foreign Currencies

In preparing the Bank's financial statements, transactions in currencies other than the Bank's functional currency (i.e., foreign currencies) 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. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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 from 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 cases, the exchange differences are also recognized directly in other comprehensive income.

For the purpose of presenting financial statements, the functional currencies of the Bank entities and its foreign operations are translated into the presentation currency, the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Investments in Subsidiaries

The Bank uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Bank.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Bank's share of profit or loss and otherwise comprehensive income of the subsidiary. The Bank also recognizes the changes in the Bank's share of other equity of subsidiaries.

Property and Equipment

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

Property and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property and equipment when completed and ready for intended use.

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 method are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

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

Investment Properties

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

Investment properties are 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.

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.

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. The estimated useful lives, residual values, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

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

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

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

Financial Instruments

Financial assets and financial liabilities are recognized when the bank 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.

a. Financial assets

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

1) Measurement categories

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.

a) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is 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 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 34.

b) Financial assets at amortized cost

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the 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:

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

ii. Financial assets that are not credit impaired on purchase or origination but have 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.

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

i. Significant financial difficulty of the issuer or the borrower;

ii. Breach of contract, such as a default;

iii. It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv. The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits 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.

c) Investments in debt instruments designated at FVTOCI

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

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

ii. 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 designated 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.

d) Investments in equity instruments designated at FVTOCI

On initial recognition, the Bank 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 designated 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 Bank's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Bank recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

The Bank always recognizes lifetime expected credit losses (ECLs) for trade receivables, lease receivables and contract assets. For all other financial instruments, the Bank 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 a financial instrument has not increased significantly since initial recognition, the Bank 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.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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 the carrying amounts of such financial assets are not reduced.

3) Derecognition of financial assets

The Bank 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.

b. Equity instruments

Debt and equity instruments issued by the Bank are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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

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

c. Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Bank's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire combined contract (asset or liability) can be designated as at FVTPL.

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which incorporates any interest or dividends paid on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 34.

b) Financial guarantee contracts

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

i. The amount of the loss allowance reflecting expected credit losses; and

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

2) 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.

d. Derivative financial instruments

The Bank enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, FX swap, cross currency swap, interest rate swaps and currency option.

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 derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is 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 (i.e. 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.

Bonds or Securities Purchased/Sold under Specific Agreements

Bonds or securities sold under repurchase agreement are recorded at sale price. Interest revenues and expenses are recorded on accrual basis.

Hedge Accounting

The Bank designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges. Hedges of foreign exchange risk on firm commitments are accounted for as fair value hedges.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Bank discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The fair value adjustment to the carrying amount of the hedged instrument arising from the hedged risk for which the effective interest method is used is amortized to profit or loss from the date on which the hedge accounting is discontinued. The adjustment is based on a recalculated effective interest rate at the date on which amortization begins and will be amortized fully upon maturity of the financial instrument.

Reserve for Liabilities

Reserve for liabilities, including those arising from contractual obligations specified in service concession arrangements to maintain or restore infrastructure before it is handed over to the grantor and levies imposed by governments, 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. Dividend and interest income

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

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Bank 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 applicable effective interest rate. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts, and the accrual of interest income is stopped. Interest income will be recognized when the delinquent interest is collected.

If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue, classified into other liability and recognized as income when collected.

A single or a group of financial assets are written off due to impairment loss, the subsequent recognition of interest income is calculated by using the interest rate used by discount future cash flows when measuring impairment loss.

b. Service fee

Service revenue and real estate management service revenue are recognized at once after providing loans or other services. If the service revenue belongs to several significant items, it is recognized when the significant items accomplished, such as the service revenue which the lead arranger bank of syndication loan received. If the service revenue is for further loan service and of significant amount, it is allocated during the period of the service or included in the base of calculation the effective interest rate of loans and receivables.

Leases

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

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

a. The Bank 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.

When the Bank subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Bank, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b. The Bank as lessee

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

Right-of-use assets are initially measured at cost, 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 balance sheets.

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Bank 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 Bank 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 Bank remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Bank accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

The Bank 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, 2021, that results in the revised consideration for the lease substantially the less than, the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Bank elects to apply the practical expedient to all of these rent concessions and, therefore, does not assess whether the rent concessions are lease modifications. Instead, the Bank recognizes the reduction in lease payment in profit or loss as, in the period in which the events or conditions that trigger the concession occur, 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 service.

b. Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost, and net interest cost) and net interest on the net defined benefit liability are recognized as employee benefit expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. 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 represents the actual deficit in the Bank's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

The Bank provides employees with high-yield savings account. The premium interest rate applies to a fixed amount of principal and the interest is paid to present employees (within employment and retirement) and retired employees. The difference between the premium rate and the market rate is classified as employee benefits.

According to the "Regulations Governing the Preparation of Financial Reports by Public Banks" Rule No. 28, the premium interest resulting from the yield between the premium rate and the general market rate shall immediately be actuarially calculated based on the FSC-recognized IAS 19 when employees retire. However, if there are authorized regulations from the government regarding the actuarial assumption parameters, the regulations shall prevail. Actuarial benefits and service cost from prior periods are recognized as profit or loss when they are incurred.

Taxation

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

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 liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.
Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, except where the Bank is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only 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 Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Bank'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 Bank considers the economic implications of the COVID-19 when making its critical accounting estimates. 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.

Key Sources of Estimation Uncertainty

Estimated impairment of financial assets

The provision for impairment of trade receivables, investments in debt instruments and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Bank uses judgment in making these assumptions and in selecting the inputs for the impairment calculation, which are based on the Bank's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, see Notes 8, 9, 11, 12 and 27. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS/DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS/DUE TO THE CENTRAL BANK AND BANKS

a. Cash and cash equivalents

	December 31	
	2021	2020
Cash on hand	$ 11,968,090	$ 12,204,074
Checks for clearing	14,552,468	4,251,010
Due from banks	12,143,288	6,981,725
Foreign currencies on hand	1,535,682	1,731,098
	$ 40,199,528	$ 25,167,907

b. Due from the Central Bank and call loans to banks

	December 31	
	2021	2020
Call loans to banks	$ 149,880,560	$ 146,780,751
Reserve for checking accounts	24,508,521	26,392,663
Reserve for demand accounts	54,264,266	49,651,547
Reserve for foreign deposits	598,428	531,980
Others	15,670,549	8,890,106
	$ 244,922,324	$ 232,247,047

Cash and cash equivalents and due from the Central Bank and call loans to banks are assessed for impairment using approach similar to those used for investments in debt instruments (refer to Note 10). The Bank considers its cash and cash equivalents to have low credit risk so its credit loss evaluation is on a 12-month expected credit loss basis.

c. Due to the Central Bank and banks

	December 31	
	2021	2020
Other dues to the Central Bank	$ 27,667,470	$ 14,829,050

The Bank has set aside $35,000,000 thousand and $30,000,000 thousand in 2021 and 2020 in the Central Bank as reserve for demand accounts in accordance with the Central Bank's regulations on capital requirements as a response to the COVID-19.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial Assets at Fair Value through Profit or Loss (FVTPL)

	December 31	
	2021	2020
Financial assets mandatorily classified at FVTPL		
Derivative financial assets (not under hedge accounting)		
Futures	$ 159,609	$ 120,403
Forward exchange contracts	86,476	124,452
Interest rate swaps	128,448	394,122
Currency swaps	1,728,652	4,915,742
Currency call option premiums	32,426	105,119
Non-derivative financial assets		
Investment in bills	50,539,806	7,042,832
Domestic listed stock	23,166	-
Government bonds	440,518	5,716
Corporate bonds	2,269,951	1,755,472
	$ 55,409,052	$ 14,463,858

The par values of notes provided for transactions with repurchase agreements were $433,500 thousand and $387,600 thousand as of December 31, 2021 and 2020, respectively.

Financial Liabilities at FVTPL

	December 31	
	2021	2020
Financial liabilities held for trading		
Derivative financial liabilities (not applying hedge accounting)		
Forward exchange contracts	$ 28,402	$ 71,115
Interest rate swaps	128,981	390,853
Cross-currency swaps	-	211,325
Currency swaps	2,960,496	6,515,131
Currency put option premiums	32,430	105,141
	$ 3,150,309	$ 7,293,565

The Bank entered into derivative contracts during the years ended December 31, 2021 and 2020 to manage exposures to exchange rate and interest rate fluctuations. The financial risk management objective of the Bank is to minimize risks due to changes in fair value and cash flows.

The nominal principal amounts of outstanding derivative contracts as of December 31, 2021 and 2020 were as follows:

	December 31	
	2021	2020
Currency swaps	$ 671,334,286	$ 460,858,070
Currency options	14,821,235	15,472,077
Forward exchange contracts	14,430,824	17,924,875
Interest rate swaps	107,323,685	191,201,583
Cross-currency swaps	-	3,091,000

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Investments in equity instruments at FVTOCI		
Domestic listed stock	$ 15,814,451	$ 7,362,952
Domestic unlisted stock	11,388,759	8,811,998
Beneficiary and asset-based securities	233,100	-
	27,436,310	16,174,950
Investments in debt instruments at FVTOCI		
Government bonds	27,322,940	26,568,737
Corporate bonds	51,529,797	31,986,914
Bank notes	53,317,618	36,017,659
Bonds issued by international organizations	850,502	2,154,265
Beneficiary and asset-based securities	4,651,193	2,669,006
Investments in bills	1,116,960	907,688
	138,789,010	100,304,269
	$ 166,225,320	$ 116,479,219

A portion of investments in equity instruments is for strategic instruments and not held for trading, the management designated these investments as at FVTOCI.

a. Refer to Note 10 for information relating to their credit risk management and impairment.

b. The par value of bonds provided for transactions with repurchase agreements was $852,600 thousand and $762,200 thousand as of December 31, 2021 and 2020, respectively.

c. Government bonds placed as deposits in courts amounted to $249,300 thousand and $295,900 thousand as of December 31, 2021 and 2020, respectively. Government bonds placed as operating deposits amounted to $330,000 thousand; government bonds placed as a reserve fund for trust compensation amounted to $220,000 thousand; overseas branches' bonds provided as collateral for operations were $217,887 thousand and $281,069 thousand as of December 31, 2021 and 2020, respectively. On December 31, 2021, the amount of government bonds provided by the central bank as collateral for treasury business was $5,600,000 thousand. Refer to Note 37 for information relating to investments in debt instruments at FVTOCI pledged as security.

9. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2021	2020
Investments in bills	$ 360,215,104	$ 338,044,687
Bank notes	11,339,437	2,822,380
Corporate bonds	3,652,914	-
Government bonds	11,243,118	4,416,380
Bonds issued by international organization	5,323,099	-
Beneficiary and asset-based securities	13,482,657	-
	$ 405,256,329	$ 345,283,447

a. Refer to Note 10 for information relating to their credit risk management and impairment.

b. The amounts of the overseas branches' bonds provided as collateral for operations were $138,275 thousand and $140,500 thousand as of December 31, 2021 and 2020, respectively.

c. Certificates of deposit placed as reserves for clearing at the Central Bank amounted to $36,000,000 thousand; certificates of deposit which were issued by the Central Bank and pledged for call loans from banks amounted to $5,300,000 thousand as of December 31, 2021 and 2020.

d. Refer to Note 37 for information relating to investments in debt instruments at amortized cost pledged as security.

10. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Investments in debt instruments are classified as at FVTOCI and as at amortized cost.

December 31, 2021

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 139,613,035	$ 405,260,925	$ 544,873,960
Less: Allowance for impairment loss	(50,601)	(4,596)	(55,197)
Amortized cost	139,562,434	$ 405,256,329	544,818,763
Adjustment to fair value	(773,424)		(773,424)
	$ 138,789,010		$ 544,045,339

December 31, 2020

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 99,581,436	$ 345,285,234	$ 444,866,670
Less: Allowance for impairment loss	(36,941)	(1,787)	(38,728)
Amortized cost	99,544,495	$ 345,283,447	444,827,942
Adjustment to fair value	759,774		759,774
	$ 100,304,269		$ 445,587,716

The Bank only invests in debt instruments that are rated as investment grade or higher and are assessed as having low credit impairment. The credit rating information is supplied by independent rating agencies. The Bank's exposure and the external credit ratings are continuously monitored and assessed for whether there has been a significant increase in credit risk since the last period to the reporting date.

The Bank considers the historical default rates of each credit rating supplied by external rating agencies to estimate 12-month or lifetime expected credit losses. The Bank's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit impaired

Gross carrying amount and applicable expected credit loss rate of investments in debt instruments are as follows:

December 31, 2021

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.3396%	$ 139,613,035	$ 405,260,925

December 31, 2020

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.3365%	$ 99,581,436	$ 345,285,234

At FVTOCI

	Credit Rating			
Allowance for Impairment Loss	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Defaulted (Lifetime ECLs - Credit-impaired)	Total
Balance at January 1, 2021	$ 36,941	$ -	$ -	$ 36,941
Purchase of investments in debt instruments	30,976	-	-	30,976
Derecognition	(13,811)	-	-	(13,811)
Change in exchange rates or others	(3,505)	-	-	(3,505)
Balance at December 31, 2021	$ 50,601	$ -	$ -	$ 50,601
Balance at January 1, 2020	$ 31,912	$ 26,651	$ -	$ 58,563
Transfer from doubtful to performing	96	(26,651)	-	(26,555)
Purchase of investments in debt instruments	11,850	-	-	11,850
Derecognition	(9,059)	-	-	(9,059)
Change in exchange rates or others	2,142	-	-	2,142
Balance at December 31, 2020	$ 36,941	$ -	$ -	$ 36,941

At amortized cost

Allowance for Impairment Loss	Credit Rating: Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Defaulted (Lifetime ECLs - Credit-impaired)	Total
Balance at January 1, 2021	$ 1,787	$ -	$ -	$ 1,787
Purchase of investments in debt instruments	4,402	-	-	4,402
Derecognition	(1,785)	-	-	(1,785)
Change in exchange rates or others	192	-	-	192
Balance at December 31, 2021	$ 4,596	$ -	$ -	$ 4,596
Balance at January 1, 2020	$ 4,366	$ -	$ -	$ 4,366
Purchase of investments in debt instruments	35	-	-	35
Derecognition	(2,570)	-	-	(2,570)
Change in exchange rates or others	(44)	-	-	(44)
Balance at December 31, 2020	$ 1,787	$ -	$ -	$ 1,787

11. RECEIVABLES, NET

a. Details of receivables

	December 31 2021	December 31 2020
Accounts receivable	$ 9,987,264	$ 9,253,969
Accrued incomes	11,666	4,501
Interests receivable	2,966,260	3,063,416
Acceptances receivable	4,940,446	4,422,920
Credit cards accounts receivable	3,565,790	2,306,682
Settlement price	790,929	856,397
Accounts receivable for settlement	606,377	648,785
Other receivables	251,916	1,042,565
	23,120,648	21,599,235
Less: Allowance for bad debts, receivables	(306,291)	(298,900)
	$ 22,814,357	$ 21,300,335

b. Allowance for receivables

1) Movements in the allowance for receivables

	For the Year Ended December 31, 2021: 12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Receivables						
Beginning balance	$ 20,731	$ 5,228	$ 28,421	$ 54,380	$ 244,520	$ 298,900
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(8)	130	(122)	-	-	-
Transfers to credit-impaired financial assets	(1)	(437)	438	-	-	-
Transfers to 12-month expected credit losses	446	(437)	(9)	-	-	-
Financial assets derecognized for the period	(19,934)	(3,254)	(5,316)	(28,504)	-	(28,504)
Purchased or originated financial assets	9,651	992	149,890	160,533	-	160,533
Recognized impairment difference based on the regulations of the procedures for banking institutions to evaluate assets and deal with non-performing loans and bad debts	-	-	-	-	(105,145)	(105,145)
Doubtful debts written off	-	-	(19,453)	(19,453)	-	(19,453)
Changes in exchange rates or others	(9)	3	(34)	(40)	-	(40)
Ending balance	$ 10,876	$ 2,225	$ 153,815	$ 166,916	$ 139,375	$ 306,291

	For the Year Ended December 31, 2020					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Receivables						
Beginning balance	$ 22,751	$ 3,532	$ 44,895	$ 71,178	$ 367,597	$ 438,775
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(81)	152	(20)	51	-	51
Transfers to credit-impaired financial assets	(12)	(6)	694	676	-	676
Transfers to 12-month expected credit losses	741	(88)	(249)	404	-	404
Financial assets derecognized for the period	(21,739)	(1,730)	(23,829)	(47,298)	-	(47,298)
Purchased or originated financial assets	19,106	3,381	24,361	46,848	-	46,848
Recognized impairment difference based on the regulations of the procedures for banking institutions to evaluate assets and deal with non-performing loans and bad debts	-	-	-	-	(123,077)	(123,077)
Doubtful debts written off	-	-	(17,420)	(17,420)	-	(17,420)
Changes in exchange rates or others	(35)	(13)	(11)	(59)	-	(59)
Ending balance	$ 20,731	$ 5,228	$ 28,421	$ 54,380	$ 244,520	$ 298,900

2) Movements in the total carrying amount of receivables

	For the Year Ended December 31, 2021			
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 21,225,320	$ 251,947	$ 121,968	$ 21,599,235
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit loss	(6,800)	7,064	(264)	-
Transfers to credit-impaired financial assets	(1,210)	(4,102)	5,312	-
Transfers to 12-month expected credit losses	15,522	(15,413)	(109)	-
Purchased or originated financial assets	13,183,166	142,637	403,212	13,729,015
Derecognized	(11,896,498)	(210,374)	(77,428)	(12,184,300)
Doubtful debts written off	-	-	(19,453)	(19,453)
Changes in exchange rates or others	(3,563)	(236)	(50)	(3,849)
Ending balance	$ 22,515,937	$ 171,523	$ 433,188	$ 23,120,648

	For the Year Ended December 31, 2020			
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 22,987,575	$ 161,834	$ 268,432	$ 23,417,841
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit loss	(53,937)	54,875	(333)	605
Transfers to credit-impaired financial assets	(12,931)	(674)	9,058	(4,547)
Transfers to 12-month expected credit losses	39,687	(11,941)	(627)	27,119
Purchased or originated financial assets	12,257,521	183,980	82,339	12,523,840
Derecognized	(13,982,970)	(132,201)	(219,186)	(14,334,357)
Doubtful debts written off	-	-	(17,420)	(17,420)
Changes in exchange rates or others	(9,625)	(3,926)	(295)	(13,846)
Ending balance	$ 21,225,320	$ 251,947	$ 121,968	$ 21,599,235

12. DISCOUNTS AND LOANS, NET

a. Details of discounts and loans

	December 31	
	2021	2020
Negotiated and discounted	$ 3,844,746	$ 3,425,322
Overdrafts	1,239,708	1,297,092
Short-term loans	356,697,890	378,778,599
Margin loans receivable	400,141	353,805
Medium-term loans	452,734,008	426,787,999
Long-term loans	738,978,816	666,142,677
Overdue loans	4,152,236	4,942,391
	1,558,047,545	1,481,727,885
Less: Allowance for loan losses	(20,040,691)	(18,703,292)
	$ 1,538,006,854	$ 1,463,024,593

Loans of which the accrual of interest income had ceased internally as of December 31, 2021 and 2020 were $4,152,236 thousand and $4,942,391 thousand, respectively. The amounts of interest income that would have been accrued on these loans for the years ended December 31, 2021 and 2020 were $106,712 thousand and $127,019 thousand, respectively.

The Bank did not write off any loans without legal claims process during the years ended December 31, 2021 and 2020.

b. Allowance for discounts and loans

1) Movements in the allowance for discounts and loans

	For the Year Ended December 31, 2021					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Discounts and loans						
Beginning balance	$ 1,571,908	$ 2,095,447	$ 5,742,200	$ 9,409,555	$ 9,293,737	$ 18,703,292
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(13,898)	568,231	(554,333)	-	-	-
Transfers to credit-impaired financial assets	(1,407)	(34,807)	36,214	-	-	-
Transfers to 12-month expected credit losses	566,543	(560,298)	(6,245)	-	-	-
Financial assets derecognized for the period	(1,325,533)	(1,408,153)	(1,253,309)	(3,986,995)	-	(3,986,995)
Purchased or originated financial assets	1,291,007	1,458,282	3,175,878	5,925,167	-	5,925,167
Recognized impairment difference based on the regulations of the procedures for banking institutions to evaluate assets and deal with non-performing loans and bad debts	-	-	-	-	1,250,650	1,250,650
Doubtful debts written off	-	-	(1,812,505)	(1,812,505)	-	(1,812,505)
Changes in exchange rates or others	(2,680)	(2,443)	(33,795)	(38,918)	-	(38,918)
Ending balance	$ 2,085,940	$ 2,116,259	$ 5,294,105	$ 9,496,304	$ 10,544,387	$ 20,040,691

	For the Year Ended December 31, 2020					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts	Total
Discounts and loans						
Beginning balance	$ 1,742,669	$ 1,916,091	$ 5,033,684	$ 8,692,444	$ 8,603,605	$ 17,296,049
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(34,926)	51,622	(8,316)	8,380	-	8,380
Transfers to credit-impaired financial assets	(6,826)	(27,546)	41,740	7,368	-	7,368
Transfers to 12-month expected credit losses	303,575	(239,026)	(51,484)	13,065	-	13,065
Financial assets derecognized for the period	(1,325,387)	(1,083,708)	(1,655,220)	(4,064,315)	-	(4,064,315)
Purchased or originated financial assets	905,869	1,486,392	4,915,425	7,307,686	-	7,307,686
Recognized impairment difference based on the regulations of the procedures for banking institutions to evaluate assets and deal with non-performing loans and bad debts	-	-	-	-	690,132	690,132
Doubtful debts written off	-	-	(2,526,259)	(2,526,259)	-	(2,526,259)
Changes in exchange rates or others	(13,066)	(8,378)	(7,370)	(28,814)	-	(28,814)
Ending balance	$ 1,571,908	$ 2,095,447	$ 5,742,200	$ 9,409,555	$ 9,293,737	$ 18,703,292

2) Movements in the total carrying amount of discounts and loans

	For the Year Ended December 31, 2021			
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 1,398,116,906	$ 69,016,869	$ 14,594,110	$ 1,481,727,885
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit losses	(10,506,051)	11,320,539	(814,488)	-
Transfers to credit-impaired financial assets	(620,585)	(1,837,171)	2,457,756	-
Transfers to 12-month expected credit losses	12,010,460	(11,959,454)	(51,006)	-
Purchased or originated financial assets	741,057,444	34,166,700	6,343,716	781,567,860
Doubtful debts written off	-	-	(1,812,505)	(1,812,505)
Derecognized	(654,178,333)	(40,465,866)	(6,275,637)	(700,919,836)
Changes in exchange rates or others	(2,307,064)	(153,684)	(55,111)	(2,515,859)
Ending balance	$ 1,483,572,777	$ 60,087,933	$ 14,386,835	$ 1,558,047,545

	For the Year Ended December 31, 2020			
	12-Month Expected Credit Losses	Significant Increase in Risk Due to Lifetime Expected Credit Losses	Credit Impairment Due to Lifetime Expected Credit Losses	Total
Beginning balance	$ 1,351,913,648	$ 63,871,331	$ 14,152,930	$ 1,429,937,909
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit losses	(19,774,901)	20,889,757	(46,077)	1,068,779
Transfers to credit-impaired financial assets	(3,324,603)	(1,512,509)	5,063,043	225,931
Transfers to 12-month expected credit losses	11,825,727	(7,673,506)	(108,803)	4,043,418
Purchased or originated financial assets	736,266,876	35,784,054	7,446,309	779,497,239
Doubtful debts written off	-	-	(2,526,259)	(2,526,259)
Derecognized	(674,746,423)	(41,273,480)	(9,161,100)	(725,181,003)
Changes in exchange rates or others	(4,043,418)	(1,068,778)	(225,933)	(5,338,129)
Ending balance	$ 1,398,116,906	$ 69,016,869	$ 14,594,110	$ 1,481,727,885

c. Details of provision for bad debts expense, commitment and guarantee for the years ended December 31, 2021 and 2020

	For the Year Ended December 31	
	2021	2020
Provision for receivable and loan (including overdue loan) losses	$ 1,866,274	$ 2,818,120
Reversal for loan commitment	(157,487)	(39,985)
(Reversal) provision for guarantee liability	(19,337)	59,192
Provision for others	3,719	4,151
	$ 1,693,169	$ 2,841,478

13. FINANCIAL ASSETS FOR HEDGING

	December 31	
	2021	2020
Financial assets for hedging		
Fair value hedges - interest rate swaps	$ 147,321	$ 231,693

The Bank used interest rate swaps to minimize its exposure to the fair value fluctuations of its fixed-rate borrowings by entering into fixed-to-floating interest rate swap contracts. The interest swaps and the corresponding borrowings have the same terms, and management believes that the interest rate swaps are highly effective hedging instruments. The respective, nominal principal amount of the Bank's outstanding interest rate swaps as of December 31, 2021 and 2020 was $6,000,000 thousand and $8,200,000 thousand. The maturity period is from September 27, 2023 to September 27, 2026.

The fixed-to-floating interest swaps were designated and effective fair value hedging instruments. During the years ended December 31, 2021 and 2020, the swaps were effective in hedging the fair value exposure to interest rate movements, and as a result, the carrying amounts of the fixed-rate borrowings were adjusted by $178,335 thousand and $251,032 thousand as of December 31, 2021 and 2020, respectively; these amounts were included in profit or loss at the same time that the fair value of the interest rate swap was included in profit or loss.

The information of hedging transactions is as follows:

a. Hedging type: Fair value hedging.

b. Hedging objective: To minimize the Bank's risks from changes in fair value due to fluctuating interest rates, by converting fixed-rate notes to floating-rate notes.

c. Hedging method: By signing interest rate swap contracts, which pay floating rates (interest rate: 0.4801%-0.4803%) and charge fixed rates (interest rate range: 1.2900%-1.6075%).

d. Hedging effect: The results of hedging are all in the line with the effective range of hedge accounting as defined by IFRSs.

	December 31	
	2021	2020
Hedging instrument (loss) profit	$ (12,097)	$ 61,269
Fair-value hedging profit	$ 72,698	$ 9,981

The realized gains or losses from hedging instruments and the realized gains or losses from fair-value hedging were accounted for as net other non-interest income or loss.

14. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Time deposits with original maturities of more than 3 months	$ 12,371,851	$ 29,725,000
Exchange bills negotiated	21,242	14,941
Overdue receivables	12,557	170,486
Call loans to security brokers	138,275	140,500
Less: Allowance for bad debts	(4,249)	(135,141)
	$ 12,539,676	$ 29,915,786

The market rates of time deposits with original maturities of more than 3 months were ranging from 2.65%-3.00% and 0.70%-3.10% for the years ended December 31, 2021 and 2020, respectively.

Refer to Note 37 for information relating to other financial assets pledged as security.

15. INVESTMENTS MEASURED BY EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries		
Chang Hua Commercial Bank, Ltd.	$ 13,209,964	$ 12,928,728
Chang Hwa Bank Venture Capital Co., Ltd.	658,182	583,040
	$ 13,868,146	$ 13,511,768

The percentage of ownership equity and voting rights to subsidiaries as of balance sheet date were as follows:

	December 31	
	2021	2020
Chang Hua Commercial Bank, Ltd.	100%	100%
Chang Hwa Bank Venture Capital Co., Ltd.	100%	100%

16. PROPERTY AND EQUIPMENT

	December 31	
	2021	2020
Assets used by the Bank	$ 20,040,291	$ 19,967,720
Assets leased under operating leases	210,061	192,652
	$ 20,250,352	$ 20,160,372

a. Asset used by the Bank

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Construction in Progress and Prepayment for Building and Equipment	Total
Cost								
Balance at January 1, 2021	$ 14,814,573	$ 8,636,075	$ 4,624,789	$ 706,409	$ 1,482,236	$ 925,049	$ 85,982	$ 31,275,113
Additions	3,300	20,286	168,056	29,010	34,087	6,546	298,206	559,491
Disposals	-	-	(100,003)	(8,204)	(17,051)	(22,681)	-	(147,939)
Transfers to assets leased under operating leases	-	(41,295)	-	-	-	-	-	(41,295)
Reclassification	-	-	8,453	-	2,524	35,231	(60,105)	(13,897)
Effect of foreign currency exchange differences	-	-	(1,393)	(600)	(819)	(1,827)	(169)	(4,808)
Balance at December 31, 2021	$ 14,817,873	$ 8,615,066	$ 4,699,902	$ 726,615	$ 1,500,977	$ 942,318	$ 323,914	$ 31,626,665
Accumulated depreciation and impairment								
Balance at January 1, 2021	$ -	$ 4,534,651	$ 3,954,081	$ 628,109	$ 1,331,455	$ 859,097	$ -	$ 11,307,393
Disposals	-	-	(99,735)	(8,098)	(16,413)	(22,676)	-	(146,922)
Depreciation expense	-	167,733	186,560	22,688	43,623	24,536	-	445,140
Transfers to assets leased under operating leases	-	(15,954)	-	-	-	-	-	(15,954)
Effect of foreign currency exchange differences	-	-	(964)	(396)	(723)	(1,200)	-	(3,283)
Balance at December 31, 2021	$ -	$ 4,686,430	$ 4,039,942	$ 642,303	$ 1,357,942	$ 859,757	$ -	$ 11,586,374
Carrying amount at December 31, 2021	$ 14,817,873	$ 3,928,636	$ 659,600	$ 84,312	$ 143,035	$ 82,561	$ 323,914	$ 20,040,291
Cost								
Balance at January 1, 2020	$ 14,647,146	$ 8,612,092	$ 4,511,861	$ 723,567	$ 1,469,199	$ 919,847	$ 16,076	$ 30,899,788
Additions	152,460	29,216	249,642	16,427	45,785	17,314	125,171	636,015
Disposals	-	-	(135,958)	(33,185)	(33,025)	(9,754)	-	(211,922)
Transfers to assets leased under operating leases	-	(33,758)	-	-	-	-	-	(33,758)
Reclassification	14,967	28,525	222	-	1,588	395	(55,237)	(9,540)
Effect of foreign currency exchange differences	-	-	(978)	(400)	(1,311)	(2,753)	(28)	(5,470)
Balance at December 31, 2020	$ 14,814,573	$ 8,636,075	$ 4,624,789	$ 706,409	$ 1,482,236	$ 925,049	$ 85,982	$ 31,275,113

(Continued)

	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Construction in Progress and Prepayment for Building and Equipment	Total
Accumulated depreciation and impairment								
Balance at January 1, 2020	$ -	$ 4,376,945	$ 3,906,068	$ 631,763	$ 1,321,831	$ 844,554	$ -	$ 11,081,161
Disposals	-	-	(135,837)	(33,146)	(32,964)	(9,754)	-	(211,701)
Depreciation expense	-	168,366	184,540	29,785	43,809	26,842	-	453,342
Transfers to assets leased under operating leases	-	(10,660)	-	-	-	-	-	(10,660)
Reclassification	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	-	(690)	(293)	(1,221)	(2,545)	-	(4,749)
Balance at December 31, 2020	$ -	$ 4,534,651	$ 3,954,081	$ 628,109	$ 1,331,455	$ 859,097	$ -	$ 11,307,393
Carrying amount at December 31, 2020	$ 14,814,573	$ 4,101,424	$ 670,708	$ 78,300	$ 150,781	$ 65,952	$ 85,982	$ 19,967,720

(Concluded)

b. Assets leased under operating leases

	Buildings
Cost	
Balance at January 1, 2021	$ 385,210
Transfers from assets used by the Bank	41,295
Balance at December 31, 2021	$ 426,505
Accumulated depreciation and impairment	
Balance at January 1, 2021	$ 192,558
Depreciation expense	7,932
Transfers from assets used by the Bank	15,954
Balance at December 31, 2021	$ 216,444
Carrying amount at December 31, 2021	$ 210,061
Cost	
Balance at January 1, 2020	$ 351,452
Transfers from assets used by the Bank	33,758
Balance at December 31, 2020	$ 385,210
Accumulated depreciation and impairment	
Balance at January 1, 2020	$ 174,839
Depreciation expense	7,059
Transfers from assets used by the Bank	10,660
Balance at December 31, 2020	$ 192,558
Carrying amount at December 31, 2020	$ 192,652

Operating leases relate to buildings owned by the Bank with lease terms between 1 and 20 years without an option to extend lease terms. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating lease payments for property used by the Bank was as follows:

	December 31	
	2021	2020
Year 1	$ 58,417	$ 68,737
Year 2	52,096	67,682
Year 3	15,014	47,269
Year 4	8,060	16,435
Year 5	6,405	6,671
Year 6 onwards	13,878	20,330
	$ 153,870	$ 227,124

The above items of property and equipment leased under operating leases are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	20-60 years
Air-conditioning units	5-10 years
Machinery equipment	4-16 years
Transportation equipment	2-10 years
Miscellaneous equipment	3-10 years
Leasehold improvements	5 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amount		
Land	$ 2,045	$ 846
Buildings	1,846,107	1,429,240
Machinery equipment	-	34
Transportation equipment	67,898	57,145
Miscellaneous equipment	13,067	13,709
	$ 1,929,117	$ 1,500,974

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 1,098,227	$ 546,877
Depreciation charge for right-of-use assets		
Land	$ 933	$ 1,023
Buildings	609,961	611,752
Machinery equipment	35	115
Transportation equipment	36,672	36,932
Miscellaneous equipment	8,361	9,525
	$ 655,962	$ 659,347

b. Lease liabilities

	December 31	
	2021	2020
Carrying amount	$ 1,757,768	$ 1,325,275

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land	0.91%	0.91%
Buildings	0.20%-3.53%	0.20%-3.53%
Machinery equipment	0.31%-2.89%	0.20%-2.89%
Transportation equipment	0.35%-3.53%	0.53%-3.53%
Miscellaneous equipment	0.26%-2.89%	0.67%-3.40%

c. Material lease-in activities and terms

The Bank leases certain buildings for operations of branches with lease terms from 3 to 15 years. The lease contract for offices located in New York specifies that lease payments are subject to 4 modifications during the lease terms and the Bank can sublease the underlying assets. The lease contracts for offices located in Hong Kong and Taiwan specify that the premium for lease is $2,152 thousand and lease payments will be adjusted each year. In addition, the Bank was prohibited from subleasing all or any portion of the underlying assets.

The Bank did not have significant acquisition of lease contracts for the years ended December 31, 2021 and 2020.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property, plant and equipment are set out in Notes 16 and 18.

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 30,563	$ 34,625
Expenses relating to low-value asset leases	$ 17,978	$ 21,977
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 170,021	$ 154,392
Total cash outflow for leases	$ (218,562)	$ (210,994)

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

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2021	2020
Lease commitments	$ 8,850	$ 6,844

18. INVESTMENT PROPERTY

	Completed Investment Property
Cost	
Balance at January 1, 2021	$ 14,233,513
Additions	91
Balance at December 31, 2021	$ 14,233,604
Accumulated depreciation and impairment	
Balance at January 1, 2021	$ 374,603
Depreciation expense	6,905
Balance at December 31, 2021	$ 381,508
Carrying amount at December 31, 2021	$ 13,852,096
Cost	
Balance at January 1, 2020	$ 14,247,470
Additions	580
Disposals	(14,537)
Balance at December 31, 2020	$ 14,233,513
Accumulated depreciation and impairment	
Balance at January 1, 2020	$ 374,680
Depreciation expense	6,920
Disposals	(6,997)
Balance at December 31, 2020	$ 374,603
Carrying amount at December 31, 2020	$ 13,858,910

Operating leases relate to the investment property owned by the Bank with lease terms between 1 and 20 years, with no option to extend. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the property at the expiry of the lease period.

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	$ 183,334	$ 178,492
Year 2	175,262	166,276
Year 3	129,046	132,429
Year 4	103,365	106,753
Year 5	97,836	97,436
Year 6 onwards	140,988	212,725
	$ 829,831	$ 894,111

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	20-60 years
Air-conditioning	5-10 years

The investment properties are measured and stated at cost in the balance sheets. For management's purpose, the Bank periodically measures the fair value of investment properties in accordance with the Bank's internal rules and procedures. The Bank conducts valuation process regularly, which is measured by level 3 inputs. The fair values were $30,164,147 thousand and $27,303,772 thousand as of December 31, 2021 and 2020, respectively.

All investment properties are own right and interest.

Rental income and direct operating expenses generated by the investment property for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Rental incomes	$ 175,415	$ 178,838
Direct operating expenses	$ 98,955	$ 97,966

19. INTANGIBLE ASSETS

	Computer Software
Balance at January 1, 2021	$ 608,517
Additions	152,312
Amortization expense	(233,121)
Reclassification	13,897
Effect of foreign currency exchange differences and others	(88)
Balance at December 31, 2021	$ 541,517
Balance at January 1, 2020	$ 645,360
Additions	175,494

(Continued)

	Computer Software
Amortization expense	$ (221,846)
Reclassification	9,540
Effect of foreign currency exchange differences and others	(31)
Balance at December 31, 2020	$ 608,517
	(Concluded)

The intangible asset mentioned above is amortized on a straight-line basis over the estimated useful life of 3 to 5 years.

20. OTHER ASSETS

	December 31	
	2021	2020
Refundable deposits	$ 1,321,318	$ 2,597,942
Assumed collateral and residuals	23,418	23,418
Less: Accumulated impairment	(23,418)	(23,418)
Prepayments	123,146	128,079
Others	754	1,110
	$ 1,445,218	$ 2,727,131

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	December 31	
	2021	2020
Deposits from the Central Bank	$ 27,112	$ 24,625
Deposits from banks	360,805	342,811
Overdrafts on banks	19,725	306,954
Call loans from banks	71,250,445	101,192,760
Deposits transferred from Chunghwa Post Co., Ltd.	251,741	325,875
	$ 71,909,828	$ 102,193,025

22. PAYABLES

	December 31	
	2021	2020
Checks issued to payees for clearing	$ 15,243,021	$ 7,626,187
Accounts payable	3,721,750	1,655,366
Accrued expenses	2,348,970	1,949,862
Accrued interests	1,301,112	1,648,736
Acceptances	5,154,739	4,712,598
Others	8,757,457	4,373,760
	$ 36,527,049	$ 21,966,509

23. DEPOSITS AND REMITTANCES

	December 31	
	2021	2020
Checking account deposits	$ 48,561,432	$ 41,220,029
Demand deposits	599,608,214	525,489,360
Time deposits	481,233,070	394,727,506
Negotiable certificates of deposit	2,793,315	2,853,940
Savings account deposits	1,024,182,439	944,530,955
Remittances	1,645,307	1,212,570
	$ 2,158,023,777	$ 1,910,034,360

24. BANK NOTES PAYABLE

The Bank has issued bank notes to enhance its capital adequacy ratio and raised medium to long-term operating funds. The information of the bank notes is as follows:

The Bank issued $3,300 million subordinated bank notes 100-1 on March 11, 2011, divided into Financial Debenture A $2,200 million with 7-year term and Financial Debenture B of $1,100 million with 10-year term. The bank notes had been redeemed on March 11, 2021, respectively.

The Bank issued $6,700 million subordinated bank notes 100-2 with 10-year term on April 18, 2011. The bank notes had been redeemed on April 18, 2021.

The Bank issued $2,200 million subordinated bank notes A 103-1 with 7-year term on April 16, 2014. The bank notes had been redeemed on April 16, 2021.

The Bank issued $5,300 million subordinated bank notes B 103-1 with 10-year term on April 16, 2014.

The Bank issued $2,500 million subordinated bank notes C 103-1 with 10-year term on April 16, 2014.

The Bank issued $3,000 million subordinated bank notes A 105-1 with 7-year term on September 27, 2016.

The Bank issued $3,300 million subordinated bank notes B 105-1 with 10-year term on September 27, 2016.

The Bank issued $1,530 million subordinated bank notes A 106-1 with 7-year term on March 29, 2017.

The Bank issued $8,670 million subordinated bank notes B 106-1 with 10-year term on March 29, 2017.

The Bank issued $7,000 million perpetual subordinated bank notes 107-1 on April 26, 2018. Callable 5 years and 3 months after issue date.

The Bank issued $3,000 million perpetual subordinated bank notes 107-2 on November 8, 2018. Callable 5 years and 1 month after issue date.

The Bank issued $5,960 million perpetual subordinated bank notes 108-1 on June 27, 2019. Callable 5 years and 1 month after issue date.

The Bank issued $4,040 million perpetual subordinated bank notes 109-1 on May 27, 2020. Callable 5 years and 1 month after issue date.

The Bank issued $6,800 million perpetual subordinated bank notes 109-2 on December 25, 2020. Callable 5 years and 1 month after issue date.

The outstanding balance and details of subordinated bank notes are as follows:

Bank Note, Interest Rate and Maturity Date	December 31 2021	December 31 2020
Hedged financial liabilities at fair value		
103-1 Note A, 7-year term, interest payable annually, interest rate 1.70%, maturity date: April 16, 2021	$ -	$ 2,200,000
103-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: April 16, 2024	3,000,000	3,000,000
105-1 Note A, 7-year term, interest payable annually, interest rate 1.09%, maturity date: September 27, 2023	1,000,000	1,000,000
105-1 Note B, 10-year term, interest payable annually, interest rate 1.20%, maturity date: September 27, 2026	2,000,000	2,000,000
Valuation adjustment	178,335	251,032
	6,178,335	8,451,032
Non-hedged bank notes payable		
100-1 Note B, 10-year term, interest payable annually, interest rate 1.72%, maturity date: March 11, 2021	-	1,100,000
100-2, 10-year term, interest payable annually, floating rate, maturity date: April 18, 2021	-	6,700,000
103-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: April 16, 2024	2,300,000	2,300,000
103-1 Note C, 10-year term, interest payable annually, floating rate, maturity date: April 16, 2024	2,500,000	2,500,000
105-1 Note A, 7-year term, interest payable annually, interest rate 1.09%, maturity date: September 27, 2023	2,000,000	2,000,000
105-1 Note B, 10-year term, interest payable annually, interest rate 1.20%, maturity date: September 27, 2026	1,300,000	1,300,000
106-1 Note A, 7-year term, interest payable annually, interest rate 1.50%, maturity date: March 29, 2024	1,530,000	1,530,000
106-1 Note B, 10-year term, interest payable annually, interest rate 1.85%, maturity date: March 29, 2027	8,670,000	8,670,000
107-1, no maturity date, interest payable annually, interest rate 2.66%	7,000,000	7,000,000
107-2, no maturity date, interest payable annually, interest rate 2.30%	3,000,000	3,000,000
108-1, no maturity date, interest payable annually, interest rate 1.90%	5,960,000	5,960,000
109-1, no maturity date, interest payable annually, interest rate 1.40%	4,040,000	4,040,000
109-2, no maturity date, interest payable annually, interest rate 1.25%	6,800,000	6,800,000
	45,100,000	52,900,000
	$ 51,278,335	$ 61,351,032

The Bank engaged in derivative transactions as hedging instruments for the 103-1 Note A, 103-1 Note B, 105-1 Note A and 105-1 Note B fixed interest rate bank notes to avoid fair value risks due to changes in interest rates. The nominal principal of interest rate swaps was accounted for as hedging derivative financial assets (refer to Note 13).

25. OTHER FINANCIAL LIABILITIES

	December 31 2021	December 31 2020
Principal received on structured notes	$ 576,199	$ 1,325,070
Appropriations for loans	425,703	624,079
	$ 1,001,902	$ 1,949,149

The principals received on structured notes were the hybrid instruments issued at fixed income. The related income of structured notes was credit determined by the interest rates linked to targets.

26. OTHER LIABILITIES

	December 31 2021	December 31 2020
Advance receipts	$ 602,394	$ 596,754
Guarantee deposits	2,503,523	1,863,163
Deferred revenue	9,218	9,774
	$ 3,115,135	$ 2,469,691

27. RESERVE FOR LIABILITIES

	December 31 2021	December 31 2020
Reserve for employee benefits (Note 28)	$ 3,769,721	$ 4,208,987
Reserve for guarantee liabilities	651,435	671,506
Reserve for loan commitments	155,156	312,144
Reserve for decommissioning restoration and rehabilitation costs	49,960	57,009
Others	60,780	57,085
	$ 4,687,052	$ 5,306,731

Movements in reserve for guarantee liabilities, reserve for loans commitments and reserve for others were as follows:

	For the Year Ended December 31, 2021					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations	Total
Beginning balance	$ 414,170	$ 82,190	$ 33,456	$ 529,816	$ 510,919	$ 1,040,735
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(1,635)	1,635	-	-	-	-
Transfers to 12-months expected credit losses	13,303	(13,303)	-	-	-	-
Financial instruments derecognized for the period	(255,021)	(63,595)	(11,265)	(329,881)	-	(329,881)
Purchased or originated financial instruments	189,987	6,578	1,340	197,905	-	197,905
Recognized impairment difference based on regulations	-	-	-	-	(41,188)	(41,188)
Changes in exchange rates and others	(191)	(9)	-	(200)	-	(200)
Ending balance	$ 360,613	$ 13,496	$ 23,531	$ 397,640	$ 469,731	$ 867,371

	For the Year Ended December 31, 2020					
	12-Month Expected Credit Losses	Lifetime Expected Credit Losses	Realized Credit Impairment	Loss Recognized Based on IFRS 9	Recognized Impairment Difference Based on Regulations	Total
Beginning balance	$ 454,267	$ 52,208	$ 28,131	$ 534,606	$ 484,270	$ 1,018,876
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(4,211)	4,990	-	779	-	779
Transfers to credit-impaired financial assets	(4)	(179)	195	12	-	12
Transfers to 12-months expected credit losses	22,354	(21,455)	-	899	-	899
Financial instruments derecognized for the period	(338,508)	(11,592)	(6,321)	(356,421)	-	(356,421)
Purchased or originated financial instruments	281,171	58,997	11,463	351,631	-	351,631
Recognized impairment difference based on regulations	-	-	-	-	26,649	26,649
Changes in exchange rates and others	(899)	(779)	(12)	(1,690)	-	(1,690)
Ending balance	$ 414,170	$ 82,190	$ 33,456	$ 529,816	$ 510,919	$ 1,040,735

28. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plan adopted by the Bank 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 Bank contributes amounts equal to 10% 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 Bank 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 Bank 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 Bank has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 9,383,544	$ 9,980,084
Fair value of plan assets	(7,260,262)	(7,231,186)
Deficit	2,123,282	2,748,898
Others	14,098	14,644
Net defined benefit liability	$ 2,137,380	$ 2,763,542

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2021	$ 9,980,084	$ 7,231,186	$ 2,748,898
Service cost			
Current service cost	229,160	-	229,160
Net interest cost	29,720	21,928	7,792
Recognized in profit or loss	258,880	21,928	236,952
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	107,799	(107,799)
Actuarial loss - population changes assumption	15,719	-	15,719
Actuarial gain - changes in financial assumptions	(180,914)	-	(180,914)
Actuarial gain - experience adjustments	(52,014)	-	(52,014)
Recognized in other comprehensive income	(217,209)	107,799	(325,008)
Contributions from the employer	-	537,560	(537,560)
Benefits paid	(638,211)	(638,201)	-
Balance at December 31, 2021	$ 9,383,544	$ 7,260,262	$ 2,123,282

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2020	$ 9,979,092	$ 7,152,662	$ 2,826,430
Service cost			
Current service cost	239,179	-	239,179
Net interest cost	69,159	50,430	18,729
Recognized in profit or loss	308,338	50,430	257,908
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	239,332	(239,332)
Actuarial loss - changes in financial assumptions	385,440	-	385,440
Actuarial loss - experience adjustments	113,545	-	113,545
Recognized in other comprehensive income	498,985	239,332	259,653
Contributions from the employer	-	595,093	(595,093)
Benefits paid	(806,331)	(806,331)	-
Balance at December 31, 2020	$ 9,980,084	$ 7,231,186	$ 2,748,898

(Concluded)

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and 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.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rate(s)	0.50%	0.30%
Expected rate(s) of salary increase	2.05%	2.05%

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)		
0.25% increase	$ (219,177)	$ (243,495)
0.25% decrease	$ 226,939	$ 252,484
Expected rate(s) of salary increase		
0.25% increase	$ 222,877	$ 247,459
0.25% decrease	$ (216,425)	$ (239,970)

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

	December 31	
	2021	2020
The expected contributions to the plan for the next year	$ 281,664	$ 302,772
The average duration of the defined benefit obligation	10 years	10 years

c. Plan of high-yield savings account for employee

The Bank has the obligation to pay premium interest on the high-yield savings account of its present employees and retired employees. Such obligation is recognized based on its internal guidelines in the Rules of Employee Preferential Deposit for Retired Employees. Refer to Note 30 for information on related expenses.

1) Reconciliation of assets and liabilities at the end of the reporting period with the present value of defined benefit obligation and the fair value of plan assets was as follows:

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 1,632,342	$ 1,445,445
Less: Fair value of defined benefit plan assets	-	-
Assets and liabilities at the end of the reporting period	$ 1,632,342	$ 1,445,445

2) Analysis of defined benefit obligation

	December 31	
	2021	2020
All or part of defined benefit obligation contributed	$ -	$ -
Defined benefit obligation not contributed	1,632,342	1,445,445
	$ 1,632,342	$ 1,445,445

3) Movements of the present value of defined benefit obligation

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 1,445,445	$ 1,408,473
Interest cost	54,787	53,377
Actuarial gains and losses	428,724	276,830
Benefits paid	(296,614)	(293,235)
Balance at December 31	$ 1,632,342	$ 1,445,445

4) Movements of the fair value of plan assets

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ -	$ -
Contribution by employers	296,614	293,235
Benefits paid	(296,614)	(293,235)
Balance at December 31	$ -	$ -

5) Details of gains and losses recognized in expenses

	For the Year Ended December 31	
	2021	2020
Interest cost	$ 54,787	$ 53,377
Actuarial gains and losses	272,048	276,830
Actuarial gain or loss recognized in other comprehensive profit or loss	156,676	-
	$ 483,511	$ 330,207

6) Main actuarial assumptions

	For the Year Ended December 31	
	2021	2020
Discount rate of high-yield savings account for employee	4.00%	4.00%
Return rate of funds deposited	2.00%	2.00%
Account balance decrease rate per year	1.00%	1.00%
Probability of future high-yield savings account system change	50.00%	50.00%
Mortality rate	Based on Taiwan Life Insurance Industry Mortality Tables	Based on Taiwan Life Insurance Industry Mortality Tables
Rate provided to ordinary clients for similar deposit	0.84%-1.05%	1.09%-1.14%

29. EQUITY

a. Capital

Common stock

	December 31	
	2021	2020
Share granted (in thousands)	12,000,000	11,000,000
Capital stock granted	$ 120,000,000	$ 110,000,000
Share issued and fully paid (in thousands)	10,488,571	10,384,724
Capital stock issued	$ 104,885,708	$ 103,847,236

Fully paid common stock, with a par value at $10, carry one vote per stock and carry a right to dividends.

As of January 1, 2020, the Bank's authorized and registered capital was $110,000,000 thousand divided into 11,000,000 thousand shares at $10 par value; the total paid-in capital was $99,853,111 thousand. The Bank's authorized capital was increased by $10,000,000 thousand in August 2021. In September 2021 and August 2020, the paid-in capital was increased by $1,038,472 thousand and $3,994,125 thousand, respectively. As of December 31, 2021 and 2020, the Bank's authorized capital was $120,000,000 thousand and $110,000,000 thousand; the number of authorized shares was 12,000,000 thousand shares and 11,000,000 thousand shares, and the paid-in capital was $104,885,708 thousand and $103,847,236 thousand, representing 10,488,571 thousand shares and 10,384,724 thousand shares respectively, both of which are ordinary shares with a par value of $10 per share.

b. Distribution of earnings and dividend policy

Under the dividend policy as set forth in the Bank's amended Articles of Incorporation, where the Bank generates profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Bank's board of directors as the basis for proposing distribution plan, and 30% to 100% of the basis for proposing distribution plan should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders. For the policies on distribution of compensation of employees and remuneration of directors after amendment, refer to Note 30 (g) "Compensation of employees and remuneration of directors".

To ensure the Bank has sufficient cash for present and future expansion plans and to enhance the profitability, the Bank prefers to distribute more stock dividends, but cash dividends shall not be less than 10% of total dividends distributed. If the cash dividends are less than $0.1 per share, the Bank will not distribute any cash dividends, unless otherwise resolved in the stockholders' meeting.

Appropriation of earnings to legal reserve shall be made until the balance of legal reserve reaches the Bank's paid-in capital. Legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash.

The amendments explicitly stipulate that when a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit that are included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings is not sufficient. Before the amendment of the Articles, the special reserve is appropriated from the prior unappropriated earnings.

Under Rule No. 10510001510 issued by the FSC on May 25, 2016, the Bank should appropriate 0.5%-1.0% net income as a special reserve when distributing surplus earnings for 2016, 2017 and 2018. Since 2017, the Bank should reverse an amount which is the same as the distributed surplus earnings mentioned above for the expense of employees' bridging-over arrangements and settlements caused by the development of financial technology.

The Bank cannot distribute cash dividends or purchase treasury stock if the Bank has any of the situations cited in Item 1, Section 1, Article 44 of the Banking Law.

The maximum amount of cash dividends cannot exceed 15% of the Bank's total capital if the Bank's capital surplus is less than the capital as based on Section 1.

The restriction of the cash dividends stated above does not apply if the Bank's capital surplus exceeds the capital or the Bank's financial position satisfied the criteria from the authority and also the Bank appropriates the legal reserve based on the Banking Law.

The appropriations of earnings for 2020 and 2019 were approved in the stockholders' meetings on July 20, 2021 and June 19, 2020, respectively. The appropriations of earnings and dividends per stock were as follows:

	Appropriation of Earnings	
	2020	2019
Legal reserve	$ 2,053,667	$ 3,434,160
Special reserve	$ -	$ -
Cash dividends	$ 3,738,501	$ 3,994,124
Share dividends	$ 1,038,472	$ 3,994,125
Cash dividends per share (NT$)	$0.36	$0.40
Share dividends per share (NT$)	$0.10	$0.40

The appropriation of earnings for 2021 is subject to the resolution of shareholders in the shareholders' meeting to be held in June 2022.

c. Special reserve

	December 31	
	2021	2020
Balance at January 1 Initial application of IFRSs	$ 12,201,590	$ 11,778,829
Reversals		
Disposal of investment properties	-	(3,058)
Others	-	425,819
	$ 12,201,590	$ 12,201,590

The special reserve relating to land may be reversed on the disposal or reclassification of the related assets. Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

30. NET INCOME

a. Net interest income

	For the Year Ended December 31	
	2021	2020
Interest income		
Loans	$ 22,509,101	$ 23,704,120
Due from and call loans to banks	817,612	1,852,343
Investments in marketable securities	3,240,608	3,240,822
Others	109,960	139,473
	26,677,281	28,936,758
Interest expense		
Deposits	(5,712,832)	(8,598,882)
Due to central bank and call loans from banks	(166,301)	(844,254)
Others	(974,640)	(1,051,920)
	(6,853,773)	(10,495,056)
Net interest income	$ 19,823,508	$ 18,441,702

b. Net service fee income

	For the Year Ended December 31	
	2021	2020
Service fee income		
Fees from import and export	$ 275,037	$ 239,994
Remittance fees	357,003	375,118
Loan fees	627,134	621,233
Fees from trust	1,128,765	1,057,414
Fees from trust business	451,485	394,890
Fees from insurance agency	1,532,489	1,633,445
Others (1) (2)	1,265,574	1,281,092
	5,637,487	5,603,186
Service charge		
Interbank charges	(150,261)	(158,421)
Charges from trust	(11,584)	(18,673)
Custodian charges	(125,890)	(113,728)
Charges from insurance agency	(146,321)	(184,233)
Others	(659,074)	(614,258)
	(1,093,130)	(1,089,313)
Net service fee income	$ 4,544,357	$ 4,513,873

1) The service fee income from electronic payment business was $673 thousand and $1,071 thousand for the years ended December 31, 2021 and 2020, respectively.

2) In accordance with "Regulation Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions", the yield income from electronic payment business was $0.1 thousand and $0.3 thousand for the years ended December 31, 2021 and 2020, respectively.

c. Gain (loss) on financial assets or liabilities measured at FVTPL

	For the Year Ended December 31	
	2021	2020
Realized gain (loss) on financial assets or liabilities measured at FVTPL		
Stock and mutual funds	$ (11,806)	$ (32,903)
Bonds	2,782	14,782
Bills	(70)	653
Derivative financial instruments	774,158	1,924,002
Net interest gain	139,417	87,036
Stock dividends and bonus	291	-
	904,772	1,993,570
Valuation gain (loss) on financial assets or liabilities measured at FVTPL		
Stock	(191)	455
Bonds	154,712	(73,579)
Bills	(8,211)	(2,604)
Derivative financial instruments	95,108	(278,996)
	241,418	(354,724)
	$ 1,146,190	$ 1,638,846

d. Realized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Stock dividends and bonus	$ 1,066,856	$ 631,958
Disposal gains		
Beneficiary securities	9,077	52,266
Bonds	564,922	534,252
Disposal losses		
Beneficiary securities	(3,861)	(7,178)
Bonds	(180,101)	(55,325)
	$ 1,456,893	$ 1,155,973

e. Depreciation and amortization expense

	For the Year Ended December 31	
	2021	2020
Property and equipment	$ 453,072	$ 460,401
Investment property	6,905	6,920
Right-of-use assets	655,962	659,347
Intangible assets and other deferred assets	233,477	222,221
	$ 1,349,416	$ 1,348,889

f. Employee benefits expenses

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 9,783,372	$ 9,359,894
Post-employment benefits		
Defined contribution plans	224,886	215,672
Defined benefit plans	236,952	257,908
High-yield savings account for employees	483,511	330,207
Other post-employment benefits	383,084	374,926
Termination benefits	13,958	11,716
	$ 11,125,763	$ 10,550,323

Salary adjustments for 2021:

1) As recognition of the employees' dedication and hard work and to boost employee morale, the Bank made an adjustment to annual salary in 2021 and implemented overall evaluation on April 1, 2021.

2) In order to continuously implement the differentiated salary adjustment based on performance and take care of the basic living expenses of grass-roots employees, the Bank's 2021 annual salary adjustment method is a combination of "performance salary adjustment" and "fixed salary adjustment":

   a) Performance salary adjustment: Based on the employee's personal annual performance appraisal rating in 2020 as the standard, the performance appraisal rating of 6 will add 3.3% of the monthly salary, the 5A and 5B rating will add 2.4% of the monthly salary, the 4A, 4B and 4C ratings will be added 1.6% of the monthly basic salary, 1% of the monthly basic salary for those rated 3.

   b) Fixed salary adjustment: NT$360 per person per month.

3) The annual salary adjustment in 2021 was implemented on April 1, 2021. The average salary increase of all employees was 1.87%, and the maximum salary increase can reach 4.02%. In spite of the environment affected by COVID-19 and the low profit, the salary adjustments show the determination of the Bank to fulfill the duty of care towards its employees and implement corporate social responsibility.

Rating \ Level	2021 All Members Salary Adjustment	
	Fixed Salary Adjustment	Performance Salary Adjustment
6 (premium)	360	3.3%
5A (excellent)	360	2.4%
5B (excellent)	1,000+1.6%	1.6%
4A (good)	360	1.6%
4B (well)	-	-
4C (normal)	-	-
3 (qualified)	360	1 %
2 (unqualified)	-	-
1 (unqualified)	-	-
Average	1.87%	

g. Compensation of employees and remuneration of directors

The Bank accrued compensation of employees and remuneration of directors at the rates of 1%-6% and no higher than 0.8%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and the remuneration of directors for the years ended December 31, 2021 and 2020, which were approved by the Bank's board of directors on March 2022 and March 26, 2021, respectively, are as follows:

Accrual rate

	For the Year Ended December 31	
	2021 (Expected)	2020
Compensation of employees	5.0%	5.0%
Remuneration of directors	0.4%	0.4%

Amount

	For the Year Ended December 31	
	2021 (Expected)	2020
Compensation of employees	$ 537,415	$ 447,199
Remuneration of directors	$ 42,707	$ 35,200

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

Due to changes in accounting estimates, the actual amount of compensation of employees and directors' remuneration, which was resolved in the meeting of the board of directors dated on March 26, 2021 differs from what was accrued in the financial statements for 2020. The difference was then adjusted to profit and loss for 2021.

	For the Year Ended December 31, 2020	
	Compensation of Employees	Remuneration of Directors
Amounts approved in the board of directors' meeting	$ 360,242	$ 28,995
Amounts recognized in the annual financial statements	$ 447,199	$ 35,200
Differences	$ (86,957)	$ (6,205)

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the year ended December 31, 2019.

Information on the compensation of employees and remuneration of directors resolved by the Bank's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

31. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2021	2020
Current income tax		
In respect of the current period	$ 878,770	$ 996,515
Income tax on unappropriated earnings	280	1,186
Deferred income tax		
In respect of the current period	432,363	272,871
Income tax expense recognized in profit or loss	$ 1,311,413	$ 1,270,572

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

	For the Year Ended December 31	
	2021	2020
Profit before tax	$ 10,115,216	$ 8,311,499
Income tax expense calculated at the statutory rate	2,023,043	1,662,299
Non-deductible expenses in determining taxable income	4,122	3,320
Income tax on unappropriated earnings	280	1,186
Land value increment tax	-	(2,476)
Overseas' branch's additional income of deferred tax effect	85,837	(13,221)
Tax-exempt income	(740,396)	(680,953)
Non-deductible tax of overseas branches	-	285,437
Adjustments for prior years' tax	(211,396)	11,864
Others	149,923	3,116
Income tax expense recognized in profit or loss	$ 1,311,413	$ 1,270,572

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current year:		
Exchange differences on translation	$ (74,327)	$ 109,766
Unrealized gains (losses) on financial assets at FVTOCI	(25,025)	7,275
Actuarial gains (losses) on defined benefit plan	65,126	(51,935)
Total income tax benefit recognized in other comprehensive income	$ (34,226)	$ 65,106

c. Current tax assets and liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	$ -	$ 164,394
Others	344,089	231,864
	$ 344,089	$ 396,258
Current tax liabilities		
Income tax payable	$ 344,773	$ 829,711

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2021

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Temporary differences					
Doubtful debts	$ 1,242,885	$ (272,835)	$ -	$ -	$ 970,050
Others	2,002,568	347,812	34,226	(15,153)	2,369,453
	$ 3,245,453	$ 74,977	$ 34,226	$ (15,153)	$ 3,339,503
Deferred tax liabilities					
Land value increment tax	$ 6,154,216	$ -	$ -	$ -	$ 6,154,216
Temporary differences	2,140,531	507,339	-	-	2,647,870
	$ 8,294,747	$ 507,339	$ -	$ -	$ 8,802,086

For the year ended December 31, 2020

	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Others	Ending Balance
Deferred tax assets					
Temporary differences					
Doubtful debts	$ 1,521,899	$ (279,014)	$ -	$ -	$ 1,242,885
Others	1,675,449	401,225	(57,830)	(16,276)	2,002,568
	$ 3,197,348	$ 122,211	$ (57,830)	$ (16,276)	$ 3,245,453
Deferred tax liabilities					
Land value increment tax	$ 6,156,692	$ (2,476)	$ -	$ -	$ 6,154,216
Temporary differences	1,735,697	397,558	7,276	-	2,140,531
	$ 7,892,389	$ 395,082	$ 7,276	$ -	$ 8,294,747

e. Income tax assessments

The Bank's income tax returns through 2019 had been examined and cleared by the tax authority.

32. EARNINGS PER SHARE

The computation of earnings per share was retrospectively adjusted for the effects of adjustments resulting from bonus stock issued on September 6, 2021. The basic and diluted after-tax earnings per stock for 2020 were adjusted retrospectively as follows:

Unit: NT$ Per Stock

	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per stock	$ 0.68	$ 0.67
Diluted earnings per stock	$ 0.68	$ 0.67

The earnings and weighted average number of common stock outstanding in the computation of earnings per stock were as follows:

	For the Year Ended December 31	
	2021	2020
Net profit for the year	$ 8,803,803	$ 7,040,927

The weighted average number of common stock outstanding (in thousands of stock) is as follows:

	For the Year Ended December 31	
	2021	2020
Weighted average number of common stock in the computation of basic earnings per stock	10,488,571	10,488,571
Effect of potentially dilutive common stock:		
Compensation of employees issued	35,946	31,277
Weighted average number of common stock used in the computation of diluted earnings per stock	10,524,517	10,519,848

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

33. CAPITAL RISK MANAGEMENT

a. Summary

The Bank's goals in capital management are as follows:

1) The Bank's qualified regulatory capital should meet the requirement of capital adequacy regulations, and reached the minimum capital adequacy ratio.

2) To ensure the Bank is able to meet the capital heeds, it should be evaluated periodicity and observed the variation between regulatory capital and risk assets to keep common equity ratio in the interval approved by the board of directors.

3) Related to the calculation of qualified regulatory capital and legal capital were according to the regulation of administration.

b. Capital management procedures

The Bank kept capital adequacy ratio completely to meet the requirement of the administration, and declared to the administration quarterly.

In addition, the capital management procedures for the overseas subsidiaries of the Bank were carried out according to the regulation of local administrations.

The Bank's capital adequacy performance, which was calculated based on Regulations Governing the Capital Adequacy and Capital Category of Banks, was reported to the Asset and Liability Management Committee of the Bank periodically. The regulatory capital was classified into Tier 1 Capital, other Tier 1 Capital and Tier 2 Capital.

1) Tier 1 Capital: Include Common Equity and other Tier 1 Capital

Common Equity: Include common stock (include capital collected in advance), Capital reserves (exclude additional paid-in capital in excess of par - preferred stock), accumulated profit, reserve and adjusted equity. Deduct: Legal adjustments.

2) Other Tier 1 Capital: Include noncumulative perpetual preferred stock, noncumulative perpetual subordinated debts. Deduct: Legal adjustments.

3) Tier 2 Capital: Include cumulative perpetual preferred stock, cumulative perpetual subordinated debts, revaluation reserve, long-term subordinated debt, non-perpetual preferred stock include stock issue price 45% of financial assets at fair value through other comprehensive income convertible bonds, operating reserves and allowance for doubtful accounts. Deduct: Legal adjustments.

c. Capital adequacy

Item \ Period			December 31, 2021	December 31, 2020
Self-owned capital	Common equity Tier I		$ 147,811,903	$ 142,528,000
	Other Tier I capital		23,112,609	23,190,418
	Tier II capital		40,719,243	41,899,481
	Self-owned capital		211,643,755	207,617,899
Risk-weighted assets	Credit risk	Standardized approach	1,341,705,186	1,377,562,106
		IRB	-	-
		Securitization	3,727,948	533,801
	Operation risk	Basic indicator approach	-	-
		Standardized approach/optional standard	50,940,357	54,834,257
		Advanced internal rating based approach	-	-
	Market price risk	Standardized approach	17,132,475	10,967,292
		Internal model approach	-	-
	Total		1,413,505,966	1,443,897,456
Capital adequacy ratio			14.97%	14.38%
Common equity Tier I to risk-weighted assets ratio			10.46%	9.87%
Tier I capital to risk-weighted assets ratio			12.09%	11.48%
Leverage ratio			6.31%	6.73%

Note 1: The ratios are calculated in accordance with the Regulations Governing the Capital Adequacy and Capital category of Banks.

Note 2: Annual financial report should include the capital adequacy ratio in current and previous period. Besides semiannual report should disclose the ratio the end of last year.

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 assets

34. FINANCIAL INSTRUMENTS

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

Fair value of financial instruments not measured at fair value

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 405,256,329	$ 38,553,326	$ 366,213,556	$ -	$ 404,766,882
Financial liabilities					
Bank notes payable	51,278,335	-	6,178,335	46,595,019	52,773,354

December 31, 2020

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost	$ 345,283,447	$ 3,610,277	$ 341,736,917	$ -	$ 345,347,194
Financial liabilities					
Bank notes payable	61,351,032	-	8,451,032	54,695,616	63,146,648

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

1) Fair value hierarchy

December 31, 2021

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
Non-derivative financial products				
Assets				
Financial assets at FVTPL	$ 458,150	$ 52,815,291	$ -	$ 53,273,441
Financial assets mandatorily measured at FVTPL				
Stock investments	23,166	-	-	23,166
Bond investments	434,984	2,275,485	-	2,710,469
Others	-	50,539,806	-	50,539,806
Financial assets at FVTOCI	93,652,544	61,184,017	11,388,759	166,225,320
Stock investments	15,814,451	-	11,388,759	27,203,210
Bond investments	71,836,840	61,184,017	-	133,020,857
Others	6,001,253	-	-	6,001,253
Derivative financial products				
Assets				
Financial assets at FVTPL	159,609	1,976,002	-	2,135,611
Other financial assets				
Financial assets for hedging	-	147,321	-	147,321
Liabilities				
Financial liabilities at FVTPL	-	3,150,309	-	3,150,309

December 31, 2020

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
Non-derivative financial products				
Assets				
Financial assets at FVTPL	$ -	$ 8,804,020	$ -	$ 8,804,020
Financial assets mandatorily measured at FVTPL				
Bond investments	-	1,761,188	-	1,761,188
Others	-	7,042,832	-	7,042,832
Financial assets at FVTOCI	64,379,624	43,287,597	8,811,998	116,479,219
Stock investments	7,362,952	-	8,811,998	16,174,950
Bond investments	53,439,978	43,287,597	-	96,727,575
Others	3,576,694	-	-	3,576,694
Derivative financial products				
Assets				
Financial assets at FVTPL	120,403	5,539,435	-	5,659,838
Other financial assets				
Financial assets for hedging	-	231,693	-	231,693
Liabilities				
Financial liabilities at FVTPL	-	7,293,565	-	7,293,565

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2021

Financial Assets	Financial Assets at FVTOCI
	Equity Instrument
Beginning balance	$ 8,811,998
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	2,567,396
Purchase	9,365
Ending balance	$ 11,388,759

For the year ended December 31, 2020

Financial Assets	Financial Assets at FVTOCI Equity Instrument
Beginning balance	$ 8,000,918
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	811,080
Ending balance	$ 8,811,998

3) Definition for the hierarchy classifications of fair value measurements

a) Level 1

Level 1 inputs are quoted prices unadjusted in active markets for identical financial instruments. An active market indicates the market that is in conformity with all of the following conditions: The products in the market are identical; it is easy to find a knowledgeable and willing transaction counterparty; and price information is available to the public.

The fair values of the Bank investments in listed stock, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices are included in Level 1.

b) Level 2

Level 2 inputs are inputs other than quoted prices with reference to an active market that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). The fair values of the Bank's investments in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative bank debentures issued by the Bank are included in Level 2.

c) Level 3

The input parameters used are not based on observable market data (unobservable input parameters are those such as option pricing models using historical volatility which cannot represent the expected value of all market participants). The fair values of the Bank's investments in derivatives and equity investments without an active market are included in Level 3.

4) Valuation techniques and assumptions applied for the purpose of measuring fair value

a) Determination of fair value

A quoted market price is used as the fair value when a financial instrument has an active market. Such market prices are provided by the Stock Exchange Corporation, Bloomberg and Reuters, which are all the foundation of fair values for listed equity securities and debt instruments with a quoted market price in an active market.

If the market quotation from the Stock Exchange Corporation, commission merchants, underwriters or pricing service institutions can be frequently and readily obtained and the price represents actual and frequent at arm's length transactions, then a financial instrument is deemed to have an active market. If the above conditions are not met, the market is deemed inactive. In general, a significant price variance between the purchase price and selling price or a significantly increasing price variance are both indicators of an inactive market.

In addition to the above financial instruments with an active market, other financial instruments at fair value are assessed by valuation techniques or by referencing counterparties with other financial instruments at fair value with similar conditions and characteristics in actual practice, including market information obtained by exercising valuation models at the balance sheet date (such as yield curves used by TPEx and TAIBIR (page 02) secondary market fixing rates used by the Taiwan Depository & Clearing Corporation).

When a financial instrument has no standardized valuation and has a greater level of complexity, such as interest rate swaps, currency swaps and options, the Bank usually adopt the valuation generally accepted by market users. The inputs used for these financial instruments' valuations are usually observable information in the market.

For financial instruments with greater complexity, the fair value is assessed through the valuation model developed by valuation methods and techniques generally accepted by competitors. These kinds of valuation models are usually applicable for derivative instruments, debt instruments without quoted market price (including debt instruments of embedded derivatives) or other debt instruments with low market liquidity. Certain inputs used in these valuation models are not observable in the market, and the Bank need to make appropriate estimates based on assumptions.

b) The types and nature of the valuation methods for financial instruments used by the Bank and its subsidiaries are as follows:

i. NTD central government bonds: The bond market rate and theoretical interest rate are price-per-hundred conversions announced by TPEx.

ii. NTD corporate bonds and bank notes: The corporate bond reference rate is announced by TPEx, and the Bank uses the appropriate credit rate and the remaining period to calculate the yield rate and convert it to price-per-hundred.

iii. NTD convertible corporate bonds: The closing prices of outright purchase/sale trading are listed on TPEx on the valuation day. If the price is not available, the price is referenced from the outright purchase/sale trading information listed on TPEx.

iv. Securitization instruments: Prices are those quoted from Bloomberg.

v. NTD short-term bills: The TAIBIR (page 02) secondary market fixing rates used by the Taiwan Depository & Clearing Corporation are discounted from future cash flows.

vi. Foreign securities: The latest prices quoted from Bloomberg, Reuters or other systems on the valuation day are used, if there is no available price or valuation, then the price used is that which is quoted from counterparties.

vii. Listed stock, call/put warrants and depositary receipts: The closing price listed on TWSE or TPEx is adopted.

viii. Unlisted stock: The fair value is referenced from related financial information or estimated using the price or parameter of listed companies which have similar service attributes.

ix. Beneficiary certificates: Closed-end funds use the closing price in an active market as the fair value and open-end funds use the net asset value of the fund as the fair value.

x. Derivatives:

i) Call/put warrants and stock index futures: Prices quoted from an active market are deemed the fair values.

ii) Foreign currency forward contracts, currency swaps, interest rate swaps, cross currency swaps and operating deposits of transactions: Discounted future cash flows are adopted.

iii) Options: The Black-Scholes model, binomial tree model and Monte Carlo method are mainly adopted for valuation.

iv) Certain derivatives use the quoted price from counterparties.

xi. Mix tools: The price from the active market, deal brokers and evaluation models is used.

c) Adjustments for credit risks and the definitions are as follows:

Credit valuation adjustment (CVA) is a measurement for derivatives which are not transacted through the stock market, or for over-the-counter derivatives. CVA reflects the fair value should a counterparty default and the possibility of not collecting the derivative's full market value.

CVA is calculated by applying the loss given default (LGD) to the exposure at default (EAD), along with the consideration of the counterparty's probability of default (PD), assuming the condition that the Bank does not default.

c. The impact of the interest rate benchmark reform

The financial instruments of the Bank affected by the interest rate benchmark reform include loan, floating-rate bonds and asset exchanges. The link of interest rate benchmark is London Interbank Offered Rate (LIBOR).It is expected that LIBOR will be replaced by the alternative interest rate recommended by the interest rate reform group of various countries; the differences of the two rates are discussed in the next paragraph.

LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends, and includes inter-bank credit discounts. The alternative interest rate recommended by the interest rate reform group of various countries is Overnight Financing Rate (secured or unsecured), which is a retrospective interest rate indicator calculated using actual transaction data, and does not include credit discounts. Therefore, when an existing contract is modified from a linked LIBOR to a linked Overnight Financing Rate, additional adjustments must be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

The Bank has formulated a plan for LIBOR conversion and exit and has handled risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues required to match the interest benchmark reform. The Bank has identified all the information systems and internal processes that need to be updated, and has updated some of them. The Bank has started to discuss with the counterparties of the financial instruments how to amend the affected contracts, which is expected to be completed by December 31, 2021 for the position other than U.S. dollars and by December 31, 2022 for U.S. dollars.

Due to the interest benchmark reform, the Bank faces interest rate basis risks. If the Bank fails to complete the negotiation with the counterparty in the financial instrument, it will bring about material uncertainty, and trigger exposure to interest rate risk that the Bank had not expected.

December 31, 2021

	Projects Affected by Interest Rate Benchmark Reform Indicators							
	USD LIBOR		GBP LIBOR		JPY LIBOR		EUR LIBOR	
	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts	Adjusted Average Assets	Number of Contracts
Non-derivative financial assets								
Loans - syndicated loans	$ 223,412,336	308	$ 900,906	1	$ -	-	$ -	-
Loans - other loans	15,173,857	45	-	-	53,872	1	6,553	1
Holding bonds	13,166,077	62	-	-	-	-	-	-
Derivative financial assets								
ECB asset exchange and structured products	2,212,400	1	-	-	-	-	-	-

d. Financial risk management objectives and policies

1) Market risk

a) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of on- and off-balance sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices and commodity prices.

The major market risks of the Bank are equity securities price risks, interest rate risks, and exchange rate risks. The majority of equity securities risk includes domestic public stock, over-the-counter stock, emerging market stock, domestic stock index options and stock index futures. The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Bank's investments denominated in foreign currencies, such as foreign currency spots, currency futures and foreign currency options.

b) Market risk management policy

The Bank classifies the financial instruments held by the Bank as trading book and banking book, and determines the market risk as interest rate risk, exchange rate risk, and equity security price risk. The Bank establishes "Market Risk Management Regulation", "Derivative Financial Trading Process" and various financial instruments related regulations to manage the market risk of overall foreign exchange position, normal position, interest rate position of trading book and equity security position. The overall interest rate risk management of banking book belongs to assets and liabilities management committee.

The market risk management regulations are as follows:

i. Establish the market risk management process to ensure the risk would be identified, measured, monitored and reported.

ii. Measure and monitor the market risk and keep it under the risk limit and minimize unexpected loss from market risk.

iii. Follow the regulations of Basel Accord.

iv. Establish the market risk management system and economic capital allocation process.

v. Monitor the credit line management of financial instrument, sensitivity analysis, stress testing and the calculation of VaR, and report the result of market risk monitoring to risk management committee periodically and the board of directors quarterly.

c) Market risk management procedures

According to "Whole Risk Management Policy", risk management department is the second line of defense against the market risk. Risk management department performs the market risk management, establishes related management process, and reports to the appropriate level of the management. Besides, risk management department establishes independent risk management process and ensures its effectiveness.

i. Identifying and measuring

The effective market risk management process begins with identifying the inherent risk of operating activities and financial instruments. The Bank reviews the risk identifying method timely when the market environment changes and makes necessary adjustment to ensure the effective operation of the market risk management process. The Bank's risk management department identifies market risk factors and measures the market risk. The market risk factors refer to the factors which affect the interest rate, exchange rate or the fair value of equity instruments. The market risk factors include the position, profits and loss, loss from stress testing, PVO1, Delta, VaR, etc.

ii. Monitoring and reporting

The Bank controls market risk by managing risk limits. The risk management department sets various trading limits, such as position limits, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by the board of directors.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the limits approved by the board of directors and prepares reports to the high-level management and the board of directors periodically for their sufficient understanding of the implementation of the market risk management and, if necessary, issuance of additional guidance.

The risk management department reports important market risk issues, such as discovery of possible loss on positions in each trading book or identification of weakness in the market risk management system, to the risk management committee in order to improve the effectiveness of the market risk management.

iii. Stress testing

The stress testing is one of the important tools for risk management. It is used for verifying effects on the investment portfolio due to some extremely disadvantageous but possible stressful events and for analyzing exposure level and risk tolerance in such situations and furthermore evaluating the portfolio loss or the impact on the capital. Chang Hwa Bank performs stress testing for forecasting risk and for assessment and reinforcement of statistical models or historical data limitations.

d) Trading book market risk management

The trading book refers to the position of financial instruments held for trading or hedging. The position of financial instruments held for trading refers to the position which earns profits from actual or expected short-term price fluctuations.

i. Strategy

The Bank determines the risk limitation of the investment portfolio of trading book by evaluating trading strategy, trading category, and annual performance.

ii. Management policy and procedures

The Bank follows "Market Risk Management Rules", "Derivative Financial Trading Process" and various financial instruments related regulations as the important management rules of trading book.

iii. Valuation policy

The trading positions are valued on a real-time or daily basis. The hedging derivatives are valued at least twice a month. The resources of fair value of financial instruments are categorized as: (1) those derived from quoted prices in active markets; (2) the latest price without active market; (3) valuation without active market.

iv. Risk measuring methods

i) The sensitivity of the interest rate changes of investment portfolio is measured by DVO1. The sensitivity of the foreign exchange derivatives is measured by the sensitivity factors (Delta, Gamma, and Vega).

ii) With regard to the Bank's Value at Risk assumptions and calculation methods, refer to item i.

iii) The Bank performs the stress test quarterly and report the result to risk management committee periodically.

e) Trading book interest rate risk management

i. Definition of interest rate risk

Interest rate risk is fair value changes in interest rate risk position held by the Bank due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

ii. Management procedures on trading book interest rate risk

The Bank defines the trading limit of trading book and the stop-loss limit of different financial instruments by assessing the credit and the financial position of the issuers.

iii. Measuring methods

The interest rate factor sensitivity of debt securities and interest rate derivatives is measured by DVO1. With regard to the Bank's Value at Risk assumptions and calculation methods, please refer to item i.

f) Banking book interest rate risk management

i. Definition of banking book interest rate risk

The Bank's banking book interest rate risk means the unfavorable change of interest rate of non-trading-book interest rate position which changes the present value of revenue and costs or assets and liabilities and causes a decrease in earnings or impairment of economic value.

ii. Management strategy on banking book interest rate risk

According to the Bank's interest rate risk management policy, the Bank has set various measurement indicators and limits on banking book interest rate risk. To pursue profits and steady growth of stockholder value without exposure to extreme loss risks, the Bank applies appropriate management strategy including on- and off-balance sheet adjustments and maintains appropriate amounts of assets and liabilities.

iii. Banking book interest rate risk report/range of measuring system

The Bank mainly applies standard method for interest rate risk sensitivity gap analysis to measure banking book interest rate risks. The responsible department periodically measures banking book interest rate risks and reports to related departments and to the asset and liability management committee in order to adopt appropriate strategies for adjusting banking book interest rate risk combinations. Assessment information of banking book interest rate risk would be presented to the board of directors periodically to let the high-level management controls such risks.

g) Exchange rate risk management

i. Definition of exchange rate risk

Every financial derivative listed in the trading book is affected by changes in exchange rate risk factors that affect the profit and loss of the commodity, and all foreign exchange positions of the Bank must be included in the measurement. The exchange rate risk of the Bank is mainly due to the derivatives business as spot and forward foreign exchange and exchange rate options. Most of the foreign exchange transactions that the Bank engages in are based on the principle of leveling customer positions on the same day. The exchange rate option is based on back-to-back transactions, so the exchange rate risk assumed is relatively small.

ii. Exchange rate risk management policy, procedures and measuring methods

To control exchange rate risk, the Bank has set operating limits and stop-loss limits for the trading rooms and traders of each unit, and keep losses within an acceptable range.

Exchange rate derivatives use Delta, Gamma, Vega, and other sensitivity factors to measure the sensitivity of such commodities to exchange rates and their volatility.

The exchange rate risk is mainly based on the risk value control basis, refer to item i.

h) Equity security price risk management

i. Definition of equity security price risk

Equity security price risk is the valuation effect on the position held by the Bank when the equity security price changes. The Bank's equity security price risk mainly comes from public and over-the-counter stock, index futures and options.

ii. Equity security price risk management purpose

Avoid drastic fluctuations in the price of equity securities, which may adversely affect the Bank's financial position or suffer loss of earnings. Hoping to improve the efficiency of capital utilization, and improve business operations.

iii. Equity security price risk management procedures

The Bank sets restrictions on credit extensions with the same person, the same concerned party or the same affiliate to control the risk concentration. Risk management department monitors unrealized gain or loss of the holding position daily. If unrealized loss is over the stop-loss threshold, risk management department would notice the department which holds the position to subject to the related regulations. The department which holds the position should report to risk management committee if unrealized loss is over the stop-loss threshold but the department still holds the position.

iv. Measuring methods

The equity security price risk of trading book is monitored and controlled by VaR, please refer to item i.

The Bank would perform stress testing for the equity security price risk of non-trading position and report the result to risk management committee.

i) Market risk measuring method

i. Value at Risk, "VaR"

The Bank uses VaR model and stress testing to evaluate the risk of trading portfolio the market risk and the maximum expected loss of positions held through assumptions of changing market situation. VaR is the statistical estimation of potential losses of existing positions arising from unfavorable market changes. VaR refers to the maximum potential loss that Chang Hwa Bank might be exposed to within the confidence interval (99%), which means there is a certain probability (1%) that the actual loss would exceed VaR. Significant loss caused by excessive market volatility could not be avoided by using VaR.

The Bank has been using historical simulation method to calculate VaR since January 27, 2014. The historical simulation method is based on historical data to estimate the future cash flow and assess the market risk of financial instrument. There are more and more financial institutions using the historical simulation method. However, there are some limitations for using the method. One of the limitations is that the assumption used in the method may not reflect the real situation. Besides, the simulation result may not be representative if the historical data used are too small. The Bank would use proxy to respond to the limitations mentioned above.

According to the Bank's "Risk Management Committee Establishment Points", the risk appetite of trading book market risk, operating limits and VaR limits should be approved by the risk management committee. VaR is an important internal risk control in the Bank. The VaR limits of investment portfolio are approved annually by the risk management committee and reported to the board of directors. In addition, the daily actual VaR is monitored by the Bank's risk management department.

ii. As of December 31, 2021 and 2020, the Bank's VaR factors based on historical simulation method were as follows:

	For the Year Ended December 31, 2021			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 156,023	$ 204,762	$ 102,778	$ 123,113
Interest rate VaR	6,382	16,927	982	12,458
Equity securities VaR	1,899	8,165	-	991
Value at risk	$ 164,304	$ 229,854	$ 103,760	$ 136,562

	For the Year Ended December 31, 2020			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	$ 207,143	$ 306,766	$ 132,496	$ 181,156
Interest rate VaR	12,499	18,690	5,214	7,296
Equity securities VaR	7,485	13,951	-	-
Value at risk	$ 227,127	$ 339,407	$ 137,710	$ 188,452

2) Primary foreign currencies

The significant foreign-currency financial assets and liabilities as of December 31, 2021 and 2020 were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 8,291,774	27.6550	$ 229,309,010
GBP	59,616	37.3600	2,227,254
AUD	1,732,166	20.0900	34,799,215
HKD	962,204	3.5460	3,411,975
CAD	107,092	21.6600	2,319,613
ZAR	4,358,966	1.7340	7,558,447
JPY	101,648,750	0.2405	24,446,524
EUR	774,520	31.3800	24,304,438
NZD	4,643	18.9400	87,938
RMB	10,750,297	4.3410	46,667,039
			(Continued)
Financial liabilities			
Monetary items			
USD	$ 14,857,423	27.6550	$ 410,882,033
GBP	61,173	37.3600	2,285,423
AUD	1,147,194	20.0900	23,047,127
HKD	755,394	3.5460	2,678,627
CAD	105,834	21.6600	2,292,364
ZAR	4,139,630	1.7340	7,178,118
JPY	96,264,900	0.2405	23,151,708
EUR	805,580	31.3800	25,279,100
NZD	47,440	18.9400	898,514
RMB	11,735,341	4.3410	50,943,115
			(Concluded)

(In Thousands of Foreign Currencies/New Taiwan Dollars)

	December 31, 2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary items			
USD	$ 7,272,280	28.1000	$ 204,351,068
GBP	79,348	38.3500	3,042,996
AUD	1,456,483	21.6500	31,532,857
HKD	1,310,580	3.62400	4,749,542
CAD	133,336	22.0600	2,941,392
ZAR	4,208,211	1.9210	8,083,973
JPY	58,302,045	0.2725	15,887,307
EUR	681,560	34.5900	23,575,160
NZD	54,312	20.3200	1,103,620
RMB	12,028,965	4.3250	52,025,274
Financial liabilities			
Monetary items			
USD	11,818,417	28.1000	332,097,518
GBP	64,600	38.3500	2,477,410
AUD	1,081,026	21.6500	23,404,213
HKD	961,915	3.6240	3,485,980
CAD	109,021	22.0600	2,405,003
ZAR	3,929,528	1.9210	7,548,623
JPY	54,375,973	0.2725	14,817,453
EUR	614,271	34.5900	21,247,634
NZD	67,748	20.3200	1,376,639
RMB	12,569,025	4.3250	54,361,033

For the years ended December 31, 2021 and 2020, net foreign exchange gains were $500,015 thousand and $350,682 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Bank and entities under its control.

3) Credit risk

a) Credit risk source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability to fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility of the collateral and market liquidity risk of the collateral.

b) Credit risk management policy

The related mechanism and procedures for monitoring credit risk includes:

i. The Bank continuously improves its credit risk management technology and its efficiency to meet the requirements of internal operations, business scale and management objectives and buildup the risk management system that fits the requirement of accuracy and completeness of the Bank's risk management technology.

ii. The Bank is building a complete monitoring mechanism, setting up a loan early warning system to track down bad indications and risk changes of high-risk credits, setting up "corporate clients' risk exposure and credit risk quick-search system" to understand the negative reporting and transactions with the Bank in order to enhance the credit risk's identification, measurement and monitoring and improve the quality of risk management.

iii. New "Changhua Bank Customer Credit Define Notice and Control Index Notice" has been developed. In addition to the relevant provisions of the "Customer Credit Define Notice System", the "control indicators", improve the operation of the work and implement the first line function and responsibilities.

iv. The Bank continues to develop methods of credit risk quantification models to elevate credit risk management techniques, which enable the Bank's capital requirement and expected loss to become more risk sensitive.

v. The Bank implements strict and forward-looking credit risk stress testing to respond to the events or changes which may be unfavorable to the Bank and in compliance with the requirements of the competent authority supervising risk management and improves the effectiveness of the Bank's risk management.

vi. The Bank is holding sessions and training in risk management to strengthen risk management intelligence and increase the Bank's financial institution of loan.

vii. Information on credit risk would be presented to the high-level management periodically.

The Bank's expected credit loss and measuring methods for major business operations are described as follows:

i. Credit business (including loan commitments and guarantees)

i) A determined signification increase in credit risk since initial recognition.

At the end of every reporting period, the Bank evaluates the risk of default on credit assets occurring over their expected lifetime to determine whether the credit risk has increased significantly since their initial recognition.

For this credit risk evaluation, the Bank considers corroborative information (including forward-looking information) which indicates a significant increase in credit risk since initial recognition of the credit assets. The key indicators include:

- Quantitative indicators

  A change in internal credit rating

  A financial instrument is determined as having a significant increase in credit risk since initial recognition if its internal credit rating is at the level of 16-18 or if the score of a housing loan debtor is lower than 340.

- Qualitative indicators

  A credit account is rated as ordinary overdue in accordance with the Bank's "Detailed Rules for the Processing of Ordinary-overdue Accounts".

  The result of the credit review shows that the credit application and the loan application are inconsistent.

ii) Definition of the credit-impaired financial assets

A credit account that meets one of the following conditions is classified under Stage 3 (credit impaired):

- The debtor's payment of the principal or interest is past due for more than 3 months from the end of the credit term; or the Bank has already petitioned or withdrawn the debtor's collateral.
- The case has been agreed to be repaid in installments and is exempt from being listed as an overdue loan.
- The case was negotiated and adopted in accordance with the debt negotiation mechanism set by the Association of Banks in 2006.
- The case has been negotiated and agreed upon in accordance with "The Statute for Consumer Debt Clearance" (excluding secured debt fulfilled under the original contractual conditions).
- The case is ruled to undergo restructuring or liquidation by the court.
- The case is ruled to be restricted by the court.
- The case is declared bankrupt by the court.

- The case involves credit accounts of a debtor, excluding credit card accounts, which is partly transferred to class A and B non-performing loans (excluding the sixth item of class B: The credit account is totally guaranteed and the interest payment is not past due during the inheritance period after the death of the debtor and the collateral provider), as well as overdue loans or bad debt loans.

- The case is an enterprise account which has applied for relief from the Ministry of Economic Affairs.

- The case involves a credit account which has an internal credit rating at the level of 19-21.

- The case is a mortgage loan credit account of the Bank which has no rating score.

- The case is a credit account which is determined as Stage 3 by the internal or external auditors, or the risk management department of the Bank.

iii) Expected credit loss measurement

The Bank classifies credit assets into the following nine categories by the credit risk characteristics of the debtor's industry and organization size:

Business	Combination
Corporate banking loans	Government
	Large enterprise
	Small enterprise
	Legal person/group
	Overseas credit account
	Other groups
Individual banking loans	Individual-residential loan group
	Individual-other groups (unsecured)
	Individual-other groups (secured)

The Bank measures the expected credit loss as follows:

- Stage 1, no significant increase in credit risk

  The Bank measures the loss allowance for Stage 1 financial instruments at an amount equal to the 12-month ECLs based on past loss experience. The ECLs is the difference between the respective asset's EAD carrying amount and the present value of its estimated future cash flows, estimated at the forward-looking adjusted PD and discounted at the effective interest rate.

- Stage 2, significant increase in credit risk

  The Bank measures the loss allowance for Stage 2 financial instruments at an amount equal to the lifetime ECLs. The ECLs is the difference between the respective asset's EAD carrying amount and the present value of its computed outcome which is discounted at the effective interest rate. The computed outcome is the product of the unpaid principal for each year end over instruments expected lifetime, the forward-looking adjusted PD, and the LGD.

- Stage 3, credit impairment

  The Bank measures the loss allowance for Stage 3 financial instruments at an amount equal to the lifetime ECLs. The ECLs is the difference between the asset's EAD carrying amount and the present value of its estimated future cash flows, estimated assuming the credit impairment situation is given and discounted at effective interest rate.

The PD and EAD and LGD are used to measure the impairment loss for financial assets in the credit business:

- PD is determined using past credit-impaired situations to predict the probability of credit impairment in normal situation in a year. The PD for Stage 3 financial instruments is determined as 100%. The PD for Stages 1 and 2 are based on the categories and the remaining lifetime for each credit account. The credit accounts are divided into groups by remaining lifetimes. The PD of each group is determined as the PD of each credit quality stage. The Bank shall update the probability of default at least once a year.

- The EAD is the total expected exposure amount of default which includes the unsecured line of credit. The exposure amount of impairment-tested off-balance sheet assets (i.e. guarantees, letters of credit issued yet unused, irrevocable loan commitments issued, and revocable loan commitments issued) is converted into the equivalent exposure amount of on-balance sheet assets through a credit conversion factor (CCF). The CCF is determined according to the standardized approach of the Capital Adequacy Ratio as either 0%, 20%, 50% or 100% by referring to the respective off-balance sheet item's characteristics.

- The LGD is one minus the present value of the annual recovery rate. The annual recovery rate refers to the annual recovery amount of principal (including litigation expenses) and interest over non-performing loans plus accrued interest and litigation expenses

iv) Forward-looking information

The Bank classifies credit assets as either corporate banking - domestic, corporate banking - overseas, corporate banking - Singapore branch or individual banking business. Macroeconomic indicators for each the above categories are estimated using the domestic economic growth rate, global economic growth rate, Southeast Asia economic growth rate and the domestic unemployment rate, respectively, and are updated at least once a year.

Macroeconomic indicators include the actual statistical value of the past five years and predicted value of the current year and the next five years at the time of calculation. The forward-looking adjusted PD is adjusted based on the reasonableness of each value's predicted trend.

In response to the outlook of the COVID-19, the Bank's regular update of the overall indicator data has implicit adjustments due to the ebb and flow of the epidemic, which are then reflected on PD.

The total amount of undiscounted ECL at the time of initial recognition of the credit-impaired financial assets - loans which were purchased or originated is as follows:

	December 31	
	2021	2020
Discounts and loans	$ 6,343,716	$ 7,446,309

ii. Call loans to banks

The Bank evaluates the credit status of counterparties before deals are closed. The Bank grants different limits to counterparties based on their respective credit ratings as suggested by domestic and foreign credit rating agencies. The Bank assesses the credit limits of counterparties by level and financial status; the Bank efficiently manages counterparties' credit risks through regular and special reviews, monitoring and reporting. Additionally, in accordance with the application of IFRS 9, the Bank performs credit impairment assessments for call loans to banks, transfers the related credit losses to each of the three stages of credit impairment, and measures the related expected credit loss, so as to ensure adequate allowance for losses, in accordance with regulations.

iii. Debt instruments and derivative financial instruments

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

The other banks with which the Bank conducts derivative transactions are mostly considered investment grade. The Bank monitors the credit limits (including lending limits) by counterparties. The credits extended to counterparties who are general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established in normal credit granting processes.

A change in an external credit rating announced by international credit rating institutions (e.g. S&P and Moody's) is one of the quantitative indicators for judging a significant increase in the credit risk of financial assets at amortized cost and investments in debt instruments at FVTOCI. The measurement of ECL is calculated using the PD and LGD announced periodically by international credit rating institutions. The international credit rating institutions consider forward-looking information when establishing credit ratings. Thus, when the Bank measures ECL using such credit ratings it holds that an adequate evaluation of the forward-looking information, which was used by the institutions for establishing such credit rating, is inherent therein.

c) Credit risk hedging or mitigation policies

i. Collateral

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

ii. Credit line credit risks and control over concentration of credit risks

To avoid the concentration of credit risks, the Bank has included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. To manage the concentration risk on the assets, the Bank has set credit limits by industry, conglomerate, real estate loan, and high-risk industries in China to supervise concentration of credit risk in these categories, and control single counterparties, related companies, industries, and ultimate risks concentration of various types of credit risk by country. Various credit limits are regularly evaluated and revised in a timely manner based on the economic circumstances, financial environment and business development strategies, etc.

The table below analyzes the collateral held as security and other credit enhancements, and their financial effect in respect of the financial assets recognized in the Bank's balance sheets:

December 31, 2021

		Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Discounts and loans	$ 1,558,047,545	$ 1,141,074,804	$ -	$ -	$ 1,141,074,804
Financial assets at FVTPL	55,409,052	5,463,610	-	-	5,463,610
Investments in debt instruments at FVTOCI	138,789,010	5,673,099	-	-	5,673,099
Investments in debt instruments at amortized cost	405,256,329	-	-	-	-

December 31, 2020

		Maximum Exposure to Credit Risk Mitigated by			
	Carrying Amount	Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Discounts and loans	$ 1,481,727,885	$ 1,051,389,709	$ -	$ -	$ 1,051,389,709
Financial assets at FVTPL	14,463,858	4,947,248	-	-	4,947,248
Investments in debt instruments at FVTOCI	100,304,269	3,074,425	-	-	3,074,425
Investments in debt instruments at amortized cost	345,283,447	-	-	-	-

The carrying amount of financial assets with maximum exposure is as follows:

	Discounts and Loans December 31, 2021			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Credit rating				
Levels 1-15	$ 843,628,326	$ 1,400,133	$ 7,218	$ 845,035,677
Levels 16-18	-	55,351,067	2,358,013	57,709,080
Levels 19-21	-	-	9,938,976	9,938,976
No rating	639,944,451	3,336,733	2,082,628	645,363,812
Total carrying amount	$ 1,483,572,777	$ 60,087,933	$ 14,386,835	$ 1,558,047,545
Expected credit losses	$ 2,085,940	$ 2,116,259	$ 5,294,105	$ 9,496,304
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				10,544,387
				$ 20,040,691

	Discounts and Loans December 31, 2020			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Credit rating				
Levels 1-15	$ 785,293,071	$ 1,000,131	$ 66,640	$ 786,359,842
Levels 16-18	-	66,282,227	1,860,040	68,142,267
Levels 19-21	-	-	11,196,309	11,196,309
No rating	612,823,835	1,734,511	1,471,121	616,029,467
Total carrying amount	$ 1,398,116,906	$ 69,016,869	$ 14,594,110	$ 1,481,727,885
Expected credit losses	$ 1,571,908	$ 2,095,447	$ 5,742,200	$ 9,409,555
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				9,293,737
				$ 18,703,292

	Guarantees Issued in Guarantee Business December 31, 2021			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	$ 56,701,087	$ 209,997	$ 96,777	$ 57,007,861
Expected credit losses	209,916	2,198	22,221	234,335

	Guarantees Issued in Guarantee Business December 31, 2020			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	$ 57,333,070	$ 859,186	$ 100,842	$ 58,293,098
Expected credit losses	160,570	17,485	22,605	200,660

	Loan Commitments December 31, 2021			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	$ 84,678,473	$ 1,837,912	$ -	$ 86,516,385
Carry amount - cancellable	619,875,212	9,699,276	697,165	630,271,653
	$ 704,553,685	$ 11,537,188	$ 697,165	$ 716,788,038
Expected credit losses - non-cancellable	$ 48,561	$ 10,757	$ -	$ 59,318
Expected credit losses - cancellable	93,726	121	137	93,984
	$ 142,287	$ 10,878	$ 137	$ 153,302

	Loan Commitments December 31, 2020			
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	$ 63,752,567	$ 5,216,346	$ 8,499	$ 68,977,412
Carry amount - cancellable	688,147,477	9,546,529	229,714	697,923,720
	$ 751,900,044	$ 14,762,875	$ 238,213	$ 766,901,132
Expected credit losses - non-cancellable	$ 55,321	$ 62,696	$ 2,739	$ 120,756
Expected credit losses - cancellable	188,990	166	142	189,298
	$ 244,311	$ 62,862	$ 2,881	$ 310,054

d) Maximum exposure to credit risk

The maximum credit risk exposures of various financial instruments held by the Bank are the same as per book amounts. Refer to the notes to the financial statements.

As of December 31, 2021 and 2020, the maximum exposure to credit risk (before deducting the guarantees or other credit enhancement instruments and the irrepealably maximum amount of exposure) was as follows:

Financial Instrument Type	December 31 2021	December 31 2020
Unused loan commitments (excluding credit card)	$ 86,516,385	$ 68,977,412
Credit card commitments	206,280	348,160
Unused issued letters of credit	27,110,452	22,392,032
Guarantees issued in guarantee business	57,007,861	58,293,098

e) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Bank has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

The Bank's information on prominent concentration of credit risk was as follows:

Industry Type	December 31, 2021 Carrying Amount	Percentage of Item (%)
Financial and insurance	$ 63,359,170	4
Manufacturing	389,189,156	25
Wholesale and retail	143,892,162	9
Real estate and leasing	114,427,751	7
Service	36,749,544	2
Individuals	614,841,150	40
Others	195,588,612	13
	$ 1,558,047,545	

Industry Type	December 31, 2020 Carrying Amount	Percentage of Item (%)
Financial and insurance	$ 47,723,370	3
Manufacturing	360,866,616	24
Wholesale and retail	125,554,755	9
Real estate and leasing	105,834,395	7
Service	46,200,706	3
Individuals	551,058,152	37
Others	244,489,891	17
	$ 1,481,727,885	

Geographic Location	December 31, 2021 Carrying Amount	Percentage of Item (%)
Asia	$ 1,470,803,500	94
America	59,710,639	4
Europe	15,729,593	1
Others	11,803,813	1
	$ 1,558,047,545	

Geographic Location	December 31, 2020 Carrying Amount	Percentage of Item (%)
Asia	$ 1,389,905,199	94
America	63,855,369	4
Europe	18,232,567	1
Others	9,734,750	1
	$ 1,481,727,885	

Securities Type	December 31, 2021 Carrying Amount	Percentage of Item (%)
Unsecured	$ 416,972,742	27
Secured		
Properties	972,031,286	62
Others	169,043,517	11
	$ 1,558,047,545	

Securities Type	December 31, 2020 Carrying Amount	Percentage of Item (%)
Unsecured	$ 430,338,176	29
Secured		
Properties	893,377,491	60
Others	158,012,218	11
	$ 1,481,727,885	

f) Financial assets credit quality and non-performing impairment analysis

A portion of financial assets held by the Bank, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at FVTPL, securities investments purchased under resell agreements, refundable deposits, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

4) Liquidity risk management

a) The definition of liquidity risk

Liquidity risk is the potential loss that the Bank may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth.

b) Liquidity risk management procedures

According to the Bank's liquidity risk management policy, the Bank clearly sets various indicators and limits for liquidity risk. The responsible department should implement operation procedures for funding liquidity, monitor and prepare maturity analysis periodically to assess liquidity risk. In addition, the responsible department should also report to related departments and asset and liability committee to enable them to make appropriate adjustments to meet the needs of liquidity. Related information about the liquidity risk assessment should be reported to the board of directors to let the high-level management understand the Bank's funding liquidity.

As of December 31, 2021 and 2020, the ratio of the liquidity reserve was 26.00% and 23.56%, respectively. Since the capital and working funds are deemed sufficient to meet the cash flow needs for performance of all contracted obligations, liquidity risk is not considered to be significant.

c) Maturity analysis of non-derivative financial assets and liabilities

The Bank adopted appropriate grouping methods, which are based on the nature of non-derivative financial assets and liabilities, to perform maturity analysis in order to assess liquidity. The maturity analysis is presented as follows:

(In Thousands of New Taiwan Dollars)

Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 26,681,099	$ -	$ -	$ -	$ -	$ 26,681,099
Due from the Central Bank and call loans to banks	75,976,832	5,901,721	4,675,895	8,091,754	30,672,032	125,318,234
Financial assets at FVTPL	51,003,490	-	-	-	-	51,003,490
Receivables	25,145,289	905,208	500,264	196,204	87,743	26,834,708
Discounts and loans	76,529,787	108,388,729	139,624,212	212,658,856	822,413,018	1,359,614,602
Investments in equity instruments designated at FVTOCI	-	-	-	-	27,436,310	27,436,310
Investments in debt instruments at FVTOCI	-	-	-	728,190	69,964,173	70,692,363
Investments in debt instruments at amortized cost	235,800,000	22,710,509	7,441,118	30,844,596	30,988,164	327,784,387
Other maturity funds inflow items	-	-	-	-	27,961,232	27,961,232
	491,136,497	137,906,167	152,241,489	252,519,600	1,009,522,672	2,043,326,425
Major maturity fund outflows						
Deposits from the Central Bank and banks	254,509	82,463	8,527	174,145	-	519,644
Due to the Central Bank and banks	10,000	20,000	-	27,667,470	-	27,697,470
Securities sold under repurchase agreements	641,099	731,761	-	-	-	1,372,860
Payables	29,990,603	701,412	1,568,020	1,218,942	822,588	34,301,565
Deposits and remittances	158,022,344	167,767,198	140,541,223	243,210,099	921,455,085	1,630,995,949
Bank notes payable	-	-	-	-	51,100,000	51,100,000
Other maturity fund outflow items	15,723	70,013	100,269	341,186	5,205,674	5,732,865
	188,934,278	169,372,847	142,218,039	272,611,842	978,583,347	1,751,720,353
Gap	$ 302,202,219	$ (31,466,680)	$ 10,023,450	$ (20,092,242)	$ 30,939,325	$ 291,606,072

Note: The amounts listed above were the position in N.T. dollars of the Bank.

(In Thousands of New Taiwan Dollars)

Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 16,557,339	$ -	$ -	$ -	$ -	$ 16,557,339
Due from the Central Bank and call loans to banks	65,908,909	4,357,103	4,412,952	6,465,311	30,209,215	111,353,490
Financial assets at FVTPL	7,447,549	-	-	-	-	7,447,549
Receivables	33,700,386	625,025	553,622	1,210,838	284,990	36,374,861
Discounts and loans	81,568,301	112,458,451	152,004,186	215,731,235	725,087,878	1,286,850,051
Investments in equity instruments designated at FVTOCI	-	-	-	-	16,174,950	16,174,950
Investments in debt instruments at FVTOCI	-	200,491	200,518	25,074	42,333,523	42,759,606
Investments in debt instruments at amortized cost	222,800,000	25,260,000	8,000,000	29,535,000	13,386,380	298,981,380
Other maturity funds inflow items	-	-	-	-	27,615,675	27,615,675
	427,982,484	142,901,070	165,171,278	252,967,458	855,092,611	1,844,114,901
Major maturity fund outflows						
Deposits from the Central Bank and banks	210,043	106,691	14,294	215,605	-	546,633
Due to the Central Bank and banks	5,510,000	9,477,050	-	5,367,000	-	20,354,050
Securities sold under repurchase agreements	557,094	669,539	-	-	-	1,226,633
Payables	30,810,608	450,237	1,428,580	1,116,591	1,298,534	35,104,550
Deposits and remittances	126,410,953	129,571,977	131,686,167	192,930,253	901,044,154	1,481,643,504
Bank notes payable	-	1,100,000	8,900,000	-	51,100,000	61,100,000
Other maturity fund outflow items	37,965	80,398	75,086	324,150	5,756,227	6,273,826
	163,536,663	141,455,892	142,104,127	199,953,599	959,198,915	1,606,249,196
Gap	$ 264,445,821	$ 1,445,178	$ 23,067,151	$ 53,013,859	$ (104,106,304)	$ 237,865,705

Note: The amounts listed above were the position in N.T. dollars of the Bank.

(In Thousands of United States Dollars)

Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 176,846	$ -	$ -	$ -	$ -	$ 176,846
Due from the Central Bank and call loans to banks	3,169,276	511,972	22,785	118,873	5,937	3,828,843
Financial assets at FVTPL	82,081	-	-	-	-	82,081
Receivables	494,061	137,489	127,592	35,407	3,164	797,713
Discounts and loans	939,068	718,644	590,578	439,866	3,190,700	5,878,856
Investments in debt instruments at FVTOCI	-	26,038	34,043	87,208	1,375,585	1,522,874
Investments in debt instruments at amortized cost	-	-	-	-	1,006,044	1,006,044
Other maturity fund inflow items	5,000	-	-	-	33,391	38,391
	4,866,332	1,394,143	774,998	681,354	5,614,821	13,331,648
Major maturity fund outflows						
Deposits from the Central Bank and banks	8,507	502	753	1,506	340	11,608
Due to the Central Bank and banks	2,050,652	170,000	-	-	-	2,220,652
Payables	822,514	73,005	3,468	749	1	899,737
Deposits and remittances	3,538,068	2,523,086	2,348,136	2,431,175	5,027,068	15,867,533
Other maturity fund outflow items	63,938	2,169	581	189	10,210	77,087
	6,483,679	2,768,762	2,352,938	2,433,619	5,037,619	19,076,617
Gap	$ (1,617,347)	$ (1,374,619)	$ (1,577,940)	$ (1,752,265)	$ 577,202	$ (5,744,969)

Note: The amounts listed above were the position in U.S. dollars of the Bank.

(In Thousands of United States Dollars)

Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Major maturity fund inflows						
Cash and cash equivalents	$ 249,106	$ 50,000	$ -	$ -	$ -	$ 299,106
Due from the Central Bank and call loans to banks	2,000,916	1,191,793	307,263	107,589	5,132	3,612,693
Financial assets at FVTPL	48,273	-	-	-	-	48,273
Receivables	820,386	101,882	200,958	19,889	2,740	1,145,855
Discounts and loans	1,020,013	726,347	526,009	406,829	2,988,987	5,668,185
Investments in debt instruments at FVTOCI	-	23,030	28,625	38,584	944,365	1,034,604
Investments in debt instruments at amortized cost	-	10,498	-	3,001	86,942	100,441
Other maturity fund inflow items	5,000	-	-	600,000	79,346	684,346
	4,143,694	2,103,550	1,062,855	1,175,892	4,107,512	12,593,503
Major maturity fund outflows						
Deposits from the Central Bank and banks	13,968	611	917	1,834	784	18,114
Due to the Central Bank and banks	2,624,237	355,000	-	-	-	2,979,237
Payables	1,165,846	47,157	8,633	5,624	1,254	1,228,514
Deposits and remittances	2,168,859	2,233,712	1,812,823	2,109,479	4,148,672	12,473,545
Other maturity fund outflow items	51,872	15,776	617	38	10,120	78,423
	6,024,782	2,652,256	1,822,990	2,116,975	4,160,830	16,777,833
Gap	$ (1,881,088)	$ (548,706)	$ (760,135)	$ (941,083)	$ (53,318)	$ (4,184,330)

Note: The amounts listed above were the position in U.S. dollars of the Bank.

d) Maturity analysis of derivative financial assets and liabilities

The derivative instruments held by the Bank, except for interest rate swaps with leveraging effects, have very little probabilities of failing to be sold with reasonable prices in the market, and thus have very low liquidity risks.

(New Taiwan Dollars and Foreign Currencies Combined in Thousands of New Taiwan Dollars)

Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 183,810,946	$ 228,568,500	$ 138,358,458	$ 131,047,484	$ 1,382,750	$ 683,168,138
Inflows	183,006,206	228,316,604	138,273,044	131,266,791	1,376,650	682,239,295
Interest rate derivative instruments						
Outflows	413	-	-	-	30,762	31,175
Inflows	116,609	-	-	-	-	116,609
Others						
Outflows	-	-	-	-	-	-
Inflows	18,843	-	-	-	-	18,843
Total outflows	$ 183,811,359	$ 228,568,500	$ 138,358,458	$ 131,047,484	$ 1,413,512	$ 683,199,313
Total inflows	$ 183,141,658	$ 228,316,604	$ 138,273,044	$ 131,266,791	$ 1,376,650	$ 682,374,747

(New Taiwan Dollars and Foreign Currencies Combined in Thousands of New Taiwan Dollars)

Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	$ 133,921,922	$ 198,985,577	$ 71,032,627	$ 78,311,985	$ 1,315,123	$ 483,567,234
Inflows	132,032,625	199,384,526	70,332,453	79,134,719	1,328,151	482,212,474
Interest rate derivative instruments						
Outflows	-	3,303,180	-	-	22,746	3,325,926
Inflows	78,674	3,091,000	4,089	-	-	3,173,763
Others						
Outflows	-	-	-	-	-	-
Inflows	22,057	-	-	-	-	22,057
Total outflows	$ 133,921,922	$ 202,288,757	$ 71,032,627	$ 78,311,985	$ 1,337,869	$ 486,893,160
Total inflows	$ 132,133,356	$ 202,475,526	$ 70,336,542	$ 79,134,719	$ 1,328,151	$ 485,408,294

e) Maturity analysis of off-balance sheet items

Bank's off-balance sheet items - irrevocable loans, guarantees, and letters of credit - presented based on the residual time from the balance sheet date to the maturity date were as follows:

(In Thousands of New Taiwan Dollars)

Item	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit card)	$ 74,143,110	$ 1,169,762	$ 1,821,642	$ 1,855,484	$ 7,526,387	$ 86,516,385
Credit card commitments	12	154	129	687	205,298	206,280
Unused issued letters of credit	27,092,365	18,087	-	-	-	27,110,452
Guarantees issued in guarantee business	56,861,910	373	71,134	-	74,444	57,007,861
	$ 158,097,397	$ 1,188,376	$ 1,892,905	$ 1,856,171	$ 7,806,129	$ 170,840,978

(In Thousands of New Taiwan Dollars)

Item	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit card)	$ 58,422,231	$ -	$ 920,585	$ 1,993,983	$ 7,640,613	$ 68,977,412
Credit card commitments	17	281	609	18,210	329,043	348,160
Unused issued letters of credit	22,332,416	59,616	-	-	-	22,392,032
Guarantees issued in guarantee business	58,134,500	7,075	26,340	57,171	68,012	58,293,098
	$ 138,889,164	$ 66,972	$ 947,534	$ 2,069,364	$ 8,037,668	$ 150,010,702

35. OTHER DISCLOSURES OF FINANCIAL INSTITUTION

a. Asset quality

Item / Business Type			December 31, 2021					December 31, 2020				
			Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)
Corporate finance	Secured		$ 3,566,751	$ 533,356,439	0.67%	$ 6,718,066	188.35%	$ 3,835,867	$ 506,445,342	0.76%	$ 6,170,676	160.87%
	Unsecured		590,183	409,849,957	0.14%	5,149,362	872.50%	700,201	424,224,391	0.17%	5,248,328	749.55%
Consumer finance	Mortgage loans (Note d)		319,492	386,469,129	0.08%	5,827,803	1,824.08%	402,317	335,241,097	0.12%	5,060,884	1,257.93%
	Cash cards (Note h)		-	-	-	-	-	-	-	-	-	-
	Credit loans (Note e)		2,522	2,750,615	0.09%	33,714	1,336.80%	5,983	2,270,417	0.26%	26,948	450.41%
	Others (Note f)	Secured	700,731	223,977,709	0.31%	2,293,008	327.23%	592,701	212,226,466	0.28%	2,178,685	367.59%
		Unsecured	113	1,643,696	0.01%	18,738	16,582.30%	51,704	1,320,172	3.92%	17,771	34.37%
Total			5,179,792	1,558,047,545	0.33%	20,040,691	386.90%	5,588,773	1,481,727,885	0.38%	18,703,292	334.66%

Item / Business Type	December 31, 2021					December 31, 2020				
	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)
Credit card	$ 3,863	$ 2,395,976	0.16%	$ 21,557	558.04%	$ 4,812	$ 2,106,627	0.23%	$ 20,905	434.43%
No recourse receivable factoring (Note g)	-	8,262,760	-	132,628	-	-	8,396,414	-	134,015	-

Note a: Non-performing loans are classified in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by the MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b: Non-performing loans ratio = Non-performing loan ÷ Loans
Non-performing loans of credit card ratio = Non-performing loans of credit cards ÷ Accounts receivable

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Non-performing loans
Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Non-performing loans of credit cards

Note d: Mortgage loans are for borrowers to build or repair buildings, allowing the borrowers, their spouses or their minor children to fully use their buildings as collateral and to mortgage their rights to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The other consumer financial businesses are defined as secured or unsecured consumer financial businesses, excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on July 19, 2005 (Ref. No. Jin-Guan-Yin (5) 0940004494) non-recourse receivable factorings are not defined as non-performing loans until compensation from factors or insurance companies are ascertained to be non-recoverable.

Note h: The Bank does not engage in cash cards business.

Item / Business Type	December 31, 2021		December 31, 2020	
	Non-performing Loans Exempted from Reporting	Non-performing Receivables Exempted from Reporting	Non-performing Loans Exempted from Reporting	Non-performing Receivables Exempted from Reporting
Negotiated loans transacted in accordance with the agreement and exempted from reporting as non-performing loans (Note a)	$ -	$ 483	$ -	$ 650
Negotiated accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing receivables (Note b)	379	18,973	419	20,531
Total	379	19,456	419	21,181

Note a: Negotiated loans and accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing loans are disclosed in accordance with the Letter issued by Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note b: Loans and receivables transacted in accordance with debt clearance and renewal regulation and exempted from reporting as non-performing loans or receivables are disclosed in accordance with the Letter issued by Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940).

b. Concentration of credit risk

December 31, 2021			
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity (%) (Note d)
1	A Corporation (railway transportation industry)	$ 22,877,522	13.34
2	B Group (airline industry)	21,367,459	12.46
3	C Group (steel smelting industry)	17,094,552	9.97
4	D Group (uncategorized other financial services)	15,640,000	9.12
5	E Group (other holdings industry)	13,987,639	8.16
6	F Group (uncategorized other electronic components manufacturing)	8,866,543	5.17
7	G Group (steel manufacturing industry)	8,407,940	4.90
8	H Group (chemical material manufacturing)	6,437,970	3.75
9	I Group (financial leasing industry)	6,314,622	3.68
10	J Group (integrated circuit manufacturing)	6,066,755	3.54

December 31, 2020			
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity (%) (Note d)
1	B Group (airline industry)	$ 28,268,528	17.13
2	A Corporation (railway transportation industry)	24,048,482	14.57
3	D Group (construction industry)	13,787,561	8.35
4	E Group (enterprise general management agency)	10,835,606	6.56
5	H Group (concrete manufacturing industry)	9,331,292	5.65
6	C Group (steel smelting industry)	8,945,697	5.42
7	G Group (steel manufacturing industry)	7,091,890	4.30
8	K Group (liquid crystal panel and components manufacturing industry)	6,409,996	3.88
9	L Group (computer manufacturing industry)	6,331,866	3.84
10	M Group (vessel carriers industry)	5,788,390	3.51

Note a: Sorted by the balance of loans on December 31, 2021 and 2020, excluding government or state-run business. The number of transaction party which belongs to a group business was included in the balance of group business.

Note b: Transaction party is in accordance with article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, accounts receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

Note d: The percentage of loans to equity for the period: Domestic banks should use bank equity to calculate; the Taiwan branch of foreign banks should use branch's equity to calculate.

c. Interest rate sensitivity

(In Thousands of New Taiwan Dollars; %)

Item	December 31, 2021				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,672,672,463	$ 43,876,223	$ 49,178,969	$ 171,185,747	$ 1,936,913,402
Interest-sensitive liabilities	378,882,176	1,105,812,367	118,959,750	60,709,834	1,664,364,127
Interest sensitivity gap	1,293,790,287	(1,061,936,144)	(69,780,781)	110,475,913	272,549,275
Net equity					148,085,043
Ratio of interest-sensitive assets to liabilities					116.38%
Ratio of interest sensitivity gap to net equity					184.05%

(In Thousands of New Taiwan Dollars; %)

Item	December 31, 2020				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,533,388,887	$ 38,679,450	$ 53,467,034	$ 127,311,205	$ 1,752,846,576
Interest-sensitive liabilities	334,937,053	1,030,158,641	102,284,728	57,144,447	1,524,524,869
Interest sensitivity gap	1,198,451,834	(991,479,191)	(48,817,694)	70,166,758	228,321,707
Net equity					143,844,100
Ratio of interest-sensitive assets to liabilities					114.98%
Ratio of interest sensitivity gap to net equity					158.73%

Note a: The amounts listed above include accounts in N.T. dollars only (i.e. excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

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

Item	December 31, 2021				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 14,561,894	$ 694,462	$ 144,977	$ 1,863,808	$ 17,265,141
Interest-sensitive liabilities	19,175,855	1,969,321	1,739,879	-	22,885,055
Interest sensitivity gap	(4,613,961)	(1,274,859)	(1,594,902)	1,863,808	(5,619,914)
Net equity					649,452
Ratio of interest-sensitive assets to liabilities					75.44%
Ratio of interest sensitivity gap to net equity					(865.33%)

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

Item	December 31, 2020				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 12,129,741	$ 926,807	$ 785,097	$ 361,925	$ 14,203,570
Interest-sensitive liabilities	15,038,000	1,581,428	1,704,086	29	18,323,543
Interest sensitivity gap	(2,908,259)	(654,621)	(918,989)	361,896	(4,119,973)
Net equity					565,221
Ratio of interest-sensitive assets to liabilities					77.52%
Ratio of interest sensitivity gap to net equity					(728.91%)

Note a: The amounts listed above include accounts in U.S. dollars only for domestic branches, offshore banking unit (OBU), and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-earning assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

d. Profitability

Item		December 31, 2021	December 31, 2020
Return on total assets	Pretax	0.42%	0.38%
	After tax	0.36%	0.32%
Return on net equity	Pretax	6.01%	5.08%
	After tax	5.23%	4.30%
Profit margin		31.30%	26.16%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2021 and 2020, respectively.

e. Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

	Total	December 31, 2021					
		Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 2,315,889,039	$ 251,993,312	$ 278,639,240	$ 248,859,098	$ 195,039,004	$ 310,008,280	$ 1,031,350,105
Major maturity cash outflows	2,914,907,121	137,695,915	230,111,918	422,515,450	360,554,220	621,619,719	1,142,409,899
Gap	(599,018,082)	114,297,397	48,527,322	(173,656,352)	(165,515,216)	(311,611,439)	(111,059,794)

(In Thousands of New Taiwan Dollars)

	Total	December 31, 2020					
		Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 2,043,718,393	$ 206,410,869	$ 238,252,522	$ 244,296,420	$ 186,734,547	$ 291,756,596	$ 876,267,439
Major maturity cash outflows	2,698,346,676	123,495,015	188,831,338	390,474,668	332,690,341	529,248,705	1,133,606,609
Gap	(654,628,283)	82,915,854	49,421,184	(146,178,248)	(145,955,794)	(237,492,109)	(257,339,170)

Note: The amounts listed above include accounts in N.T. dollars only (i.e. excluding foreign currency) for both head office and domestic branches.

(In Thousands of U.S. Dollars)

	Total	December 31, 2021				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 32,636,693	$ 14,105,738	$ 5,594,662	$ 3,802,090	$ 3,142,718	$ 5,991,485
Major maturity cash outflows	37,258,437	12,393,915	5,928,287	5,147,960	6,365,736	7,422,539
Gap	(4,621,744)	1,711,823	(333,625)	(1,345,870)	(3,223,018)	(1,431,054)

(In Thousands of U.S. Dollars)

	Total	December 31, 2020				
		Period Remaining until Due Date and Amount Due				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflows	$ 25,351,004	$ 10,393,875	$ 5,501,311	$ 2,645,232	$ 2,323,036	$ 4,487,550
Major maturity cash outflows	29,733,667	9,480,010	4,917,244	3,518,461	5,344,146	6,473,806
Gap	(4,382,663)	913,865	584,067	(873,229)	(3,021,110)	(1,986,256)

Note: The amounts listed above include accounts in U.S. dollars for head office, domestic branches, and OBU.

f. Non-performing loan selling information

December 31, 2021							
Transaction date	Trading partners	Non-perform loan composition	Book value	Price	Distribution profit	Accompanying	Relationship
2021.10.21	FitzWalter Capital Partners (Financial Trading) Limited	International lending	$ 543,227	$554,313	$ 11,086	None	None

g. Trust accounts

Under article 3 of the Trust Law, the Bank can offer trust services. The items and amounts of trust accounts as of December 31, 2021 and 2020 were as follows:

	December 31	
	2021	2020
Special purpose trust accounts - domestic	$ 35,332,088	$ 30,786,243
Special purpose trust accounts - foreign	69,433,968	71,425,270
Insurance trust	9,792	10,805
Retirement and breeds trust	469,848	950,331
Umbilical cord blood trust	13,398,917	12,574,377
Money claim and guarantee trust	53,800	54,800
Marketable securities trust	1,599,911	956,540
Real estate trust	17,611,862	19,219,168
Securities under custody	269,259,270	237,662,053
Other money trust	2,965,986	3,950,133
	$ 410,135,442	$ 377,589,720

h. Disclosures on trust assets and liabilities and assets register as required by Enforcement Rules of ROC Trust Law Article 17 were as follows:

Balance Sheet of Trust

Trust Assets	December 31 2021	December 31 2020	Trust Liabilities	December 31 2021	December 31 2020
Bank deposits	$ 5,001,811	$ 6,122,855	Trust capital		
Insurance claims	53,800	54,800	Money trust	$ 121,240,527	$ 119,348,535
Financial assets			Insurance claims	53,800	54,800
Common stock	4,489,515	3,076,953	Marketable securities trust	1,596,332	954,239
Mutual funds	112,146,085	109,891,141	Real estate trust	17,612,800	19,220,047
Bonds	2,168,259	2,665,273	Securities under custody payable	269,259,270	237,662,053
Interest receivable	-	298	Profit and loss	94,093	81,628
Land	12,993,462	13,139,955	Unappropriated retained earnings - realized capital gain/loss	1,783	57,791
Buildings	543,815	562,688	Unappropriated retained earnings - gain on revenue/ expense investment	1,216,709	1,094,422
Construction in progress	3,479,425	4,413,704	Unappropriated retained earning	(939,872)	(883,795)
Securities under custody	269,259,270	237,662,053			
Total trust assets	$ 410,135,442	$ 377,589,720	Total trust liabilities	$ 410,135,442	$ 377,589,720

Trust Assets Register

Investments	December 31 2021	December 31 2020
Bank deposits	$ 5,001,811	$ 6,122,855
Insurance claims	53,800	54,800
Financial assets		
Common stock	4,489,515	3,076,953
Mutual funds	112,146,085	109,891,141
Bonds	2,168,259	2,665,273
Land	12,993,462	13,139,955
Buildings	543,815	562,688
Construction in progress	3,479,425	4,413,704
Others	-	298
Securities under custody	269,259,270	237,662,053
Total trust assets	$ 410,135,442	$ 377,589,720

Income Statement of Trust

Investments	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Revenue		
Interest income	$ 56,687	$ 77,687
Dividends	76,737	73,987
Gain on mutual funds	20,801	17,954
Foreign exchange gains	848,921	914,811
Realized capital gain - mutual funds	5,456	4,048
Realized capital gain - bonds	6,091	22,971
Realized capital gain - quoted stock	208	188,025
	1,014,901	1,299,483
Expense		
Maintenance	(3,813)	(4,714)
Tax expense	(3,899)	(4,190)
Others	(832)	(706)
Foreign exchange losses	(882,843)	(938,240)
Realized capital loss - bonds	(13,386)	(13,620)
Realized capital loss - mutual funds	(4,381)	(2,313)
Realized capital loss - quoted stock	(11,654)	(254,072)
	(920,808)	(1,217,855)
	$ 94,093	$ 81,628

36. RELATED-PARTY TRANSACTIONS

a. Related parties and their relationships with the Bank

Name	Relationship
Director and managers	The Bank's director and managers
Taishin Financial Holding	The Bank's related party in substance (as the Bank's corporate director before June 19, 2020)
Chang Hua Commercial Bank, Ltd.	The Bank's subsidiary
Chang Hwa Bank Venture Capital Co., Ltd.	The Bank's subsidiary
Taishin International Bank	The subsidiary of Bank's related party in substance (owned by the same parent company before June 19, 2020)
Chunghwa Post Co., Ltd.	The Bank's corporate director (as the Bank's related party since June 19, 2020)
The Export-Import Bank	Its director is the Bank's corporate director
Land Bank	Its director is the Bank's corporate director
Taiwan Business Bank	Its director is the Bank's corporate director
Taichung Commercial Bank Co., Ltd.	Its director is the spouse of the Bank's manager
Taiwan High Speed Rail Corporation	Its director is the Bank's corporate director
Yang Ming Marine Transport Corporation	Its director is the Bank's corporate director
Unity OPTO Technology Co., Ltd.	Its director is the Bank's corporate director
Powertec Electronical Corporation	Its director is the Bank's corporate director
CSBC Corporation	Its director is the Bank's corporate director
Kaohsiung Rapid Transit Corporation	Its director is the Bank's corporate director
China Airlines, Ltd.	Its director is the Bank's corporate director
Lungteh Shipbuilding Co., Ltd.	Its director is the Bank's corporate director
United Renewable Energy Co., Ltd.	Its director is the Bank's corporate director
EirGenix, Inc.	Its director is the Bank's corporate director
Others	FSC-approved IAS 24, "Related Party Disclosures" other related parties

b. Significant transactions with related parties

1) Loans

	Balance	Percentage of Loans (%)
Balance as of December 31, 2021	$ 26,472,136	1.72
Balance as of December 31, 2020	32,639,410	2.23

For the years ended December 31, 2021 and 2020, interest rates ranged from 0.89%-3.57% and from 0.00% to 3.57%, respectively, and interest income amounted to $476,325 thousand and $517,613 thousand, respectively.

	December 31, 2021					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties
Consumer loans						
46 accounts	$ 25,121	$ 26,009	$ 25,121	$ -	Credit	None
Self-use residential mortgage loans						
243 accounts	1,544,923	1,584,022	1,544,923	-	Real estate	None
Others						
Taiwan High Speed Rail Corporation	22,559,661	23,962,050	22,559,661	-	Credit and station equipment	None
China Airlines, Ltd.	1,000,000	1,000,000	1,000,000	-	Credit and fund guarantee	None
Unity Opto Technology Co., Ltd.	628,471	629,593	628,471	-	Credit and land and plant	None
Powertec Electronical Corporation	266,512	466,027	-	266,512	Plant	None
Lungteh Shipbuilding Co., Ltd.	108,899	168,705	108,899	-	Credit and land and plant	None
Other - 11 corporation accounts (Note 1)	338,342	1,765,235	338,342	-	Credit and fund guarantee and real estate	None
Other - 5 individual accounts (Note 2)	207	414	207	-	Deposit	None

	December 31, 2020					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties
Consumer loans						
45 accounts	$ 27,331	$ 28,682	$ 27,331	$ -	Credit	None
Self-use residential mortgage loans						
243 accounts	1,543,692	1,596,195	1,543,692	-	Real estate	None
Others						
Taiwan High Speed Rail Corporation	23,961,579	23,982,424	23,961,579	-	Credit and station equipment	None
Yang Ming Marine Transport Corporation	2,974,000	2,974,000	2,974,000	-	Credit and ship	None
China Airlines, Ltd.	1,000,000	1,000,000	1,000,000	-	Credit and fund guarantee	None
CSBC Corporation	1,000,000	1,168,892	1,000,000	-	Credit	None
Unity OPTO Technology Co., Ltd.	630,162	631,719	630,162	-	Credit, land and plant	None
Powertec Electronical Corporation	466,027	668,002	-	466,027	Plant	None
United Renewable Energy Co., Ltd.	320,405	466,932	320,405	-	Credit	None
Kaohsiung Rapid Transit Corporation	200,000	530,000	200,000	-	Credit	None
Lungteh Shipbuilding Co., Ltd.	120,224	136,804	120,224	-	Credit, land and plant	None
EirGenix, Inc.	103,365	103,365	103,365	-	Plant	None
Other - corporation 9 accounts (Note 1)	290,324	459,012	290,324	-	Credit and fund guarantee and real estate	None
Other - individual 7 accounts (Note 2)	2,301	2,535	2,301	-	Deposit	None

Note 1: The balance of each corporate entity does not exceed $1 billion.

Note 2: The balance of each single entity does not exceed 1% of the total ending balance.

Mortgage loans to managers within $8,000 thousand and credit loans within $800 thousand per person all bore interests were both 1.01% in December 31, 2021 and 2020. The interest rates and other terms provided to the other related parties are the same as those offered to the public.

2) Guaranteed loans

	December 31, 2021				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
Yang Ming Marine Transport Corporation	$ 1,514,475	$ 1,514,475	$ 15,145	0.80-1.00	None
Kaohsiung Rapid Transit Corporation	6,000	6,000	60	0.50	None
CSBC Corporation	2,116,261	2,136,516	21,163	0.50-0.65	None
Lungteh Shipbuilding Co., Ltd.	128,642	131,447	1,286	1.00	None

	December 31, 2020				
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
Yang Ming Marine Transport Corporation	$ 1,370,685	$ 1,511,100	$ 13,707	0.80-1.00	None
Kaohsiung Rapid Transit Corporation	6,000	6,000	60	0.50	None
CSBC Corporation	2,010,650	2,010,650	20,107	0.65	None

3) Deposits

	Balance	Percentage of Loans (%)
Balance as of December 31, 2021	$ 52,357,498	2.43
Balance as of December 31, 2020	7,629,540	0.40

For the years ended December 31, 2021 and 2020, the interest rates intervals were both between 0.00%-13.00%; the interest expense amounted to $71,517 thousand and $95,443 thousand, respectively.

The interest rate for managers' deposits amounting to $480 thousand per person was 13% per annum. The part of deposit exceeding $480 thousand will earn interest calculated at the demand savings rate. The interest rates and other terms provided to the other related parties are the same as those offered to general public.

4) Transactions of derivative financial products

(In Thousands of New Taiwan Dollars)

	December 31, 2021					
					Balance Sheet	
Name	Contract	Duration	Nominal Principle Amount	Current Valuation Gain (Loss)	Subject	Amount
Chunghwa Post Co., Ltd	Currency swaps	2021.7.22-2022.7.22	$ 13,274,400	$ (88,984)	Financial liabilities at fair value through profit or loss	$ 88,984

	December 31, 2020					
					Balance Sheet	
Name	Contract	Duration	Nominal Principle Amount	Current Valuation Gain (Loss)	Subject	Amount
Chunghwa Post Co., Ltd	Currency swaps	2020.8.10-2021.6.15	$ 11,942,500	$ (371,770)	Financial liabilities at fair value through profit or loss	$ 371,770

5) Call loans to banks and call loans from banks

Call loans to banks

(In Thousands of Original Currencies)

	December 31, 2021				
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Income
Chunghwa Post Co., Ltd	DBU	NTD	$ 15,000	0.08-0.62	$ 89
Land Bank	DBU	NTD	10,000	0.08-0.47	1,583
	OBU	USD	116,000	0.06-0.33	203
	London Branch	USD	20,000	0.18-0.29	19
	Hong Kong Branch	USD	25,000	0.08-0.48	214
Taiwan Business Bank	OBU	USD	30,000	0.06-0.32	22
	Tokyo Branch	USD	15,000	0.13-0.53	29
Taichung Commercial Bank	DBU	NTD	900,000	0.15-0.31	1,787

	December 31, 2020				
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Income
Chunghwa Post Co., Ltd	DBU	NTD	$ 15,000	0.08-0.77	$ 445
Land Bank	DBU	NTD	2,005,000	0.07-0.67	3,201
	OBU	USD	115,000	0.08-2.35	1,423
	OBU	AUD	80,000	0.06-0.38	53
	Hong Kong Branch	USD	40,000	0.10-2.38	768
Taiwan Business Bank	OBU	USD	30,000	0.09-2.30	143
	Tokyo Branch	USD	15,000	0.16-0.53	13
	Hong Kong Branch	USD	30,000	0.14-2.37	197
Taichung Commercial Bank	DBU	NTD	500,000	0.20-0.43	1,030
	OBU	JPY	1,500,000	0.02	3

Call loans from banks

(In Thousands of Original Currencies)

	December 31, 2021				
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Land Bank	DBU	NTD	$ 5,000	0.08-0.48	$ 136
	OBU	ZAR	20,000	4.30-5.45	2,133
Taiwan Business Bank	Singapore Branch	SGD	8,000	0.19-0.35	12
Taichung Commercial Bank	OBU	ZAR	30,000	3.70-6.00	558

	December 31, 2020				
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Land Bank	DBU	NTD	$ 5,000	0.18-0.66	$ 180
Taiwan Business Bank	Singapore Branch	SGD	6,000	0.10-2.20	41

6) Due from banks and deposits from banks

Due from banks

(In Thousands of Original Currencies)

Name	Department	Currency	December 31 2021 Ending Balance	December 31 2020 Ending Balance
Land Bank	DBU	NTD	$ 4	$ 4
Taiwan Business Bank	DBU	NTD	11	4
Chunghwa Post Co., Ltd	DBU	NTD	227	121
Chang Hua Commercial Bank, Ltd.	DBU	USD	3,875	6,837
	DBU	RMB	4,590	5,745

Deposits from banks

(In Thousands of Original Currencies)

Name	Department	Currency	December 31 2021 Ending Balance	December 31 2020 Ending Balance
Land Bank	DBU	NTD	$ 277	$ 277
The Export-Import Bank	DBU	NTD	1,972	2,205
Chunghwa Post Co., Ltd	DBU	NTD	312,843	355,766
Taishin International Bank	New York Branch	USD	68	68
Chang Hua Commercial Bank, Ltd.	Tokyo Branch	JPY	69,099	76,268
	Hong Kong Branch	USD	338	444
	Hong Kong Branch	HKD	376	220

7) Other financial assets

(In Thousands of Original Currencies)

Name	Department	Currency	December 31 2021 Ending Balance	December 31 2020 Ending Balance
Chang Hua Commercial Bank, Ltd.	DBU	RMB	$ 2,000,000	$ 1,000,000

The interest income recognized by the Bank in 2021 and 2020 was 135,823 thousand and 119,118 thousand respectively.

8) Deposits and remittances

(In Thousands of New Taiwan Dollars)

Name	Department	Currency	December 31 2021 Ending Balance	December 31 2020 Ending Balance
Chang Hwa Bank Venture Capital Co., Ltd.	DBU	NTD	$ 197,877	$ 416,881

The interest expense recognized by the Bank in 2021 and 2020 was 248 thousand and 1,361 thousand respectively.

c. Compensation of directors and management personnel

	For the Year Ended December 31 2021	For the Year Ended December 31 2020
Short-term employee benefits	$ 89,029	$ 76,104
Post-employment benefits	11,707	21,291
	$ 100,736	$ 97,395

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

d. Others

The Bank signed two-year information system service contracts in the amounts of $2,000 thousand and $46 thousand each on April 8, 2020 and April 30, 2020, with its subsidiaries Chang Hua Commercial Bank, Ltd. and Chang Hwa Bank Venture Capital Co., Ltd., respectively and in 2021, recognized other income in the amounts of $1,659 thousand $22 thousand.

The Bank signed three-year legal advice service contract with its subsidiary, Chang Hwa Bank Venture Capital Co., Ltd., on November 26, 2020. Under the contract, the annual service fee is $68 thousand. In 2021, the Bank recognized other income in the amount of $65 thousand.

37. PLEDGED ASSETS

The summary of the Bank's pledged assets as of December 31, 2021 and 2020 is as follows:

Pledged Assets	Description	December 31 2021	December 31 2020
Investments in debt instruments at FVTOCI	Bonds	$ 6,617,187	$ 1,126,969
Investments in debt instruments at amortized cost	Bonds and certificates of deposit	41,438,275	41,440,500
Time deposits with original maturities of more than 3 months	Time deposits	-	2,811,250
Refundable deposits	Cash	1,321,318	2,597,942
Reserves for demand Account	Cash	35,000,000	30,000,000

38. CONTINGENT LIABILITIES AND COMMITMENTS

a. In addition to those mentioned in Note 7, the Bank had the following contingent liabilities and commitments as of December 31, 2021 and 2020:

	December 31	
	2021	2020
Trust liabilities	$ 410,135,442	$ 377,589,720
Unused loan commitments (excluding credit cards)	86,516,385	68,977,412
Credit card commitments	206,280	348,160
Unused issued letters of credit	27,110,452	22,392,032
Guarantees issued in guarantee business	57,007,861	58,293,098
Repayment notes and times deposit held for custody	14,130,756	14,530,602
Liabilities on joint loans	434,699	629,849

The unrecognized commitments for the acquisition of equipment and intangible assets, as well as the commitments for construction, appointment and security as of December 31, 2021 were $1,368,252 thousand, $68,698 thousand, $1,061,129 thousand and $137,070 thousand, respectively.

b. TDK Corporation filed a legal proceeding against the Bank for damages in the amount of $45,794 thousand. On April 19, 2017, the Taiwan Superior Court passed a verdict partially in favor of and partially against the Bank, and the Bank shall compensate the damages in the amount of $11,448 thousand. The Bank had appealed to the Supreme Court. The Supreme Court held hearings on September 3, 2019, November 4, 2019, January 14, 2020, May 11, 2020, July 16, 2020, September 30, 2020, November 25, 2020, January 25, 2021, April 12, 2021 and July 26, 2021. The Taiwan High Court sentenced the Bank to win the case without compensation on September 7, 2021, but TDK Corporation appealed to the Taiwan High Court against its sentence on October 26, 2021. The Supreme Court convened a mediation court for TDK Corporation on February 8, 2022.

c. The Bank's North Taichung branch was fined due to the misappropriation of customers' deposits. The customer has prosecuted a lawsuit against the Bank at the Taiwan Taichung District Court on June 25, 2021 regarding the misappropriation of the deposit amount and the loss of wealth management products. The subject-matter amount of money was $369,778 thousand. The first trial was held on October 26, 2021 and the next trial procedure is scheduled to proceed on December 16, 2021.

39. OTHER ITEMS

The outbreak of the COVID-19 has had a significant global impact since the beginning of 2020, and the operations of the Bank have also been affected considerably. The decrease in the Bank's earnings was in accordance with the government's policies for the relief package and reduction of interest rate. In addition, due to an increase in non-performing loans, it is necessary to increase the amount of bad debts, which led to an increase in the non-performing loans ratio. The income from credit card and insurance fees also decreased relatively because of the epidemic. However, the above effects are still within the acceptable range and they have no impact on the Bank's ability to continue as a going concern.

40. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Material transactions

No.	Item	Explanation
1	Accumulated purchases and sales balance of specific investees' marketable security over NT$300 million or 10% of outstanding capital for the year ended December 31, 2021	None
2	Acquisition of fixed assets over NT$300 million or 10% of outstanding capital for the year ended December 31, 2021	None
3	Disposal of fixed assets over NT$300 million or 10% of 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 as of December 31, 2021	None
6	Sale of NPL	Note 35
7	Securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
8	Other significant transactions which may affect decisions of the users of the financial statements	None

b. Information on the Bank's Investees

No.	Item	Explanation
1	Investees' names, locations, etc.	Table 1
2	Capital lending to another party	None
3	Endorsement for another party	None
4	Marketable securities held as of December 31, 2021	None
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	Receivables from related parties over NT$300 million or 10% of outstanding capital as of December 31, 2021	None
9	Derivative instrument	None
10	Discount on fees income from related parties over NT$5 million	None
11	Sale of NPL by subsidiary	None
12	Other significant transactions which may affect decisions of the users of the financial statements	None

c. Investment in mainland China: Table 2

d. Information of major shareholders: The name of the shareholder, shareholding amount and ratio of shareholders with a shareholding ratio more than 5%. (Table 3)

41. INFORMATION ON INVESTEES

Investees' Names (Note a)	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership (Note a)			
						Current Stock	Imputed Stock (Note b)	Stock	Ownership Interest (%) (Note e)
Chang Hua Commercial Bank, Ltd	China	Banking	100.00	$ 13,209,964	$ 150,695	(Note 3)	-	(Note 3)	100.00
Chang Hwa Bank Venture Capital Co., Ltd.	Taipei City	Venture capital business	100.00	658,182	54,145	60,000,000	-	60,000,000	100.00
Shin Kong Financial Holding Co., Ltd	Taipei City	Financial holdings company	0.35	560,745	-	50,746,125	-	50,746,125	0.35
Asia Pacific Broadband Telecom Co.	Taipei City	Type I and type II telecommunications business	0.23	80,815	-	9,831,471	-	9,831,471	0.23
Taiwan High Speed Rail Corporation	Taipei City	High speed railroad	0.79	1,317,200	-	44,500,000	-	44,500,000	0.79
Taiwan Stock Exchange Co.	Taipei City	Securities brokerage, margin lending, and underwriting financial products	3.00	3,498,102	-	25,216,998	-	25,216,998	3.00
Taiwan Sugar Co.	Tainan City	Manufacture correlative products of sugar and crop	0.41	1,718,124	-	23,246,159	-	23,246,159	0.41
Taiwan Power Co.	Taipei City	Generate electric power, power distribution, and cable assemble	0.71	3,182,308	-	235,726,532	-	235,726,532	0.71
Taipei Foreign Exchange Inc.	Taipei City	Exchange trading, DEPOS, and Swap	3.53	32,270	-	700,000	-	700,000	3.53
Lieu-An Service Co., Ltd.	Taipei City	ATM purchase, rental, and repair or maintenance	5.00	1,654	-	125,000	-	125,000	5.00
CDIB & Partners Investment Holding Co.	Taipei City	Investment	4.95	598,860	-	54,000,000	-	54,000,000	4.95
Nomura Asset Management Taiwan Ltd.	Taipei City	Securities investment trust	4.09	68,962	-	1,413,725	-	1,413,725	4.09
Financial Information Service Co., Ltd.	Taipei City	Type II telecommunications business	1.26	163,479	-	6,589,242	-	6,589,242	1.26
Taiwan Futures Exchange	Taipei City	Futures exchange	1.00	482,550	-	4,198,640	-	4,198,640	1.00
Taiwan Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, auction, and management	11.35	1,539,600	-	120,000,000	-	120,000,000	11.35
Taiwan Financial Asset Service Co.	Taipei City	Auction assets of the recognition of an impartial third party	2.94	48,600	-	5,000,000	-	5,000,000	2.94
Financial Evolution Co., Ltd.	Taipei City	Financial information systems development	4.12	8,484	-	905,475	-	905,475	4.12
Taiwan Depository & Clearing Corporation	Taipei City	Provide book-entry of securities transactions	0.08	21,913	-	361,605	-	361,605	0.08
Sunlight Assets Management Co., Ltd.	Taipei City	Acquisition of delinquent loans, evaluation, auction, and management	0.70	504	-	41,768	-	41,768	0.70
Taiwan Mobile Payment Corporation	Taipei City	Electronic information provider	3.00	9,450	-	1,800,000		1,800,000	3.00
Taiwan Urban Regeneration & Financial Service Co., Ltd.	Taipei City	Urban Regeneration	5.00	13,900	-	2,500,000	-	2,500,000	5.00

Note a: The investees' voting shares, and imputed stock were owned by the Bank and related parties.

Note b: 1) Imputed stock refers to the purchase of securities with equity or derivative commodity contracts (not yet converted into equity holding), which is linked to the equity of the reinvestment business according to the agreed transaction conditions and the bank's commitment to be used as Article 74 of The Banking Act of The Republic of China stipulates that for the purpose of reinvestment, under the assumption of conversion, the shares acquired as a result of the conversion.

2) The above-mentioned "securities with equity" refers to the securities stipulated in the first paragraph of Article 11 of the Securities and Exchange Act Enforcement Rules, such as convertible corporate bonds and call warrants.

3) The above-mentioned "derivative commodity contract" refers to those who meet the definition of derivative instruments in IFRS 9, such as stock options.

Note c: Limited company organization.

42. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the divisions which are identified by the type of services provided. The accounting policies adopted in the operating segments are the same as those described in Note 4. The operating results and identified assets of the operating segments are disclosed in the consolidated financial statements.

TABLE 1

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION ON INVESTEES' NAMES, LOCATIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Except for Percentage and Shares)

Investor	Investees' Names	Investees' Location	Line of Business	Original Investment Amount		Ending Balance			Net Income (Loss) of Current Period	Recognized Income (Loss) of Current Period	Note
				End of Year 2021	End of Year 2020	Stock	Ownership Interest (%)	Book Value			
Chang Hwa Bank	Chang Hua Commercial Bank, Ltd.	China	Banking	$ 12,117,288	$ 12,117,288	Note	100	$ 13,209,964	$ 150,695	$ 150,695	
	Chang Hwa Bank Venture Capital Co., Ltd.	Taiwan	Venture capital	600,000	600,000	60,000,000	100	658,182	54,145	54,145	

Note: Limited company organization.

TABLE 2

CHANG HWA COMMERCIAL BANK, LTD.

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

1.

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net Income (Loss) of the Investee (Note 2)	% of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2021	Accumulated Repatriation of Investment Income as of December 31, 2021	Note
					Outflow	Inflow							
Chang Hua Commercial Bank, Ltd.	Banking	$ 12,117,288 (US$ 399,558)	Note 1.c.	$ 12,117,288 (US$ 399,558)	$ -	$ -	$ 12,117,288 (US$ 399,558)	$ 150,695	100	$ 150,695	$ 13,209,964	$ -	

2.

Accumulated Outward Remittance for Investment in Mainland China December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
$ 12,117,288 (US$ 399,558)	$ 12,117,288 (US$ 399,433)	$ 25,717,868

Note 1: The three methods of investment are as follows:

a. Direct investment in mainland China.
b. Investment in mainland China through reinvestment in existing enterprise in a third area.
c. Others.

Note 2: Equity in the profit (loss):

a. If the entity is still in the preparation stage and there is no equity in profit (loss), the condition should be noted.

b. The basis of recognizing equity in profit (loss) is categorized in the following three types and each entity should be noted according to its condition.

1) Financial statements audited (reviewed) by international accounting firms that cooperate with the accounting firms in the ROC.
2) Financial statements audited (reviewed) by the Taiwan-based parent company's CPA.
3) Others.

Note 3: In accordance with the "Bank, Financial Holding Corporation and Related Party Invest China Business Rules" announced by the FSC, the accumulated outflow of operating funds and investment from the following parties may not exceed 15% of net assets while they applied:

a. Banks in Taiwan (or subsidiaries in a third area) which establish branches, establish/acquire subsidiaries or acquire stock or capital contributions from local stockholders in mainland China.
b. The subsidiaries whose issued stock with voting rights or more than 50% of capital held by banks in Taiwan that have investments in mainland China.

TABLE 3

CHANG HWA COMMERCIAL BANK, LTD.

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Taishin Financial Holding Co., Ltd.	2,162,772,826	20.62
Ministry of Finance	1,278,869,918	12.19
Chunghwa Post Co., Ltd.	629,358,864	6.00

Note: The main shareholder information in this table is calculated by the insurance company on the last business day at the end of the quarter, and the total number of ordinary shares and special shares held by the shareholders who have completed the delivery without physical registration (including treasury shares) is more than 5%. The share capital recorded in the Bank's consolidated financial statement and the actual number of shares delivered without physical registration may be different due to the basis of preparation and calculation.

CHANG HWA COMMERCIAL BANK, LTD.

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STATEMENT 1

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Maturity	Shares (Thousand)	Amounts	Rate (%)	Cost	Fair Value Price	Fair Value Amounts
Investment in bills							
Commercial papers	January 3, 2022 - May 25, 2022	-	$48,820,800	0.24-0.47	$ 48,800,254		$ 48,790,194
Negotiable certificates of deposit	March 22, 2022-March 23, 2022	-	1,750,000	0.36	1,750,404		1,749,612
			50,570,800		50,550,658		50,539,806
Domestic listed stock		266	2,660		23,357		23,166
Government bonds		-	455,200		448,144		440,518
Corporate bonds		-	2,212,400		2,212,400		2,269,951
Derivative financial instruments							
Futures		-	-		159,797		159,609
Forward exchange contracts		-	-		-		86,476
Interest rate swaps		-	-		-		128,448
Currency swaps		-	-		-		1,728,652
Currency call option premiums		-	-		84,842		32,426
			-		244,639		2,135,611
			$ 53,241,060		$ 53,479,198		$ 55,409,052

Note: The part of financial assets at FVTPL were provided for transaction with repurchase agreements.

STATEMENT 2

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Maturity	Shares (Thousand)	Par Value	Rate (%)	Cost	Valuation Adjustment	Fair Value Price	Fair Value Amount	Guarantee or Pledge
Domestic listed stock		391,554	$ 3,915,540		$ 14,374,888	$ 1,439,563		$ 15,814,451	
Domestic unquoted stock		481,825	4,818,250		3,905,999	7,482,760		11,388,759	
Beneficiary and asset-based securities		22,500	225,000		225,000	8,100		233,100	
			8,958,790		18,505,887	8,930,423		27,436,310	
Government bonds			27,385,235		27,577,371	(254,431)		27,322,940	Deposits in courts amounted to $249,300 thousand, operating deposits amounted to $330,000 thousand and reserve fund for trust compensation amounted to $220,000 thousand, treasury business was $5,600,000 thousand
Corporate bonds			51,414,005		51,694,345	(164,548)		51,529,797	
Bank notes			53,444,451		53,560,429	(242,811)		53,317,618	The overseas branches provided as collateral for operations were $217,887 thousand
Short-term notes			1,111,160		1,111,111	5,849		1,116,960	
Bond issued by international organizations		-	911,593		852,385	(1,883)		850,502	
Beneficiary and asset - based securities		-	4,830,124		4,817,393	(166,200)		4,651,193	
			$ 148,055,358		$ 158,118,921	$ 8,106,399		$ 166,225,320	

Note: The part of financial assets at FVOCI were provided to transaction with repurchase agreements.

STATEMENT 3

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF INVESTMENT IN DEBT INSTRUMENTS AT AMORTIZED COST
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Maturity	Amount	Rate (%)	Unamortized Premium (Discount)	Cost	Accumulated Impairment	Book Value	Guarantee or Pledge
Investments in bills								
Central Bank certificates of deposit	December 31, 2021 - December 20, 2023	$ 358,290,000	0.11-0.55	$ -	$ 358,290,000	$ -	$ 358,290,000	Placed at the Central Bank amounted to $36,000,000 thousand and pledged for call loans from banks amounted to $5,300,000 thousand
Others		1,926,390		(1,286)	1,925,104	-	1,925,104	
		360,216,390		(1,286)	360,215,104	-	360,215,104	
Government bonds		11,118,600		124,518	11,243,118	-	11,243,118	
Bank notes		11,324,339		18,905	11,343,244	(3,807)	11,339,437	The overseas branches provided as collateral for operations were $138,275 thousand
Corporate bonds		3,641,375		12,328	3,653,703	(789)	3,652,914	
Bond issued by international organizations		5,181,045		142,054	5,323,099	-	5,323,099	
Beneficiary and asset - based securities		13,568,372		(85,715)	13,482,657	-	13,482,657	
		$ 405,050,121		$ 210,804	$ 405,260,925	$ (4,596)	$ 405,256,329	

STATEMENT 4

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF CHANGES IN INVESTMENTS MEASURED BY EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee	Balance at January 1, 2021 Shares	Balance at January 1, 2021 Amount	Additions Shares	Additions Amount	Decrease Shares	Decrease Amount	Balance at December 31, 2021 Shares	Balance at December 31, 2021 %	Balance at December 31, 2021 Amount	Market Value or Net Equity Price	Market Value or Net Equity Amount	Valuation Basis	Guarantee or Pledge
Equity method													
Chang Hua Commercial Bank, Ltd.	Note	$ 12,928,728	-	$ 281,236	-	$ -	Note	100	$ 13,209,964	-	$ 13,209,964	Equity method	N
Chang Hwa Bank Venture Capital Co., Ltd.	60,000	583,040	-	75,142	-	-	60,000	100	658,182	10.97	658,182	Equity method	N
		$ 13,511,768		$ 356,378		$ -			$ 13,868,146		$ 13,868,146		

Note: Limited company organization.

STATEMENT 5

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021	Addition	Reduction	Balance at December 31, 2021
Land	$ 3,026	$ 2,131	$ (1,523)	$ 3,634
Buildings	2,524,405	1,042,103	(475,893)	3,090,615
Machinery equipment	125	-	(125)	-
Transportation equipment	121,880	46,098	(27,908)	140,070
Miscellaneous equipment	27,374	7,895	(7,907)	27,362
	$ 2,676,810	$ 1,098,227	$ (513,356)	$ 3,261,681

STATEMENT 6

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Balance at January 1, 2021	Addition	Reduction	Balance at December 31, 2021
Land	$ 2,180	$ 933	$ (1,524)	$ 1,589
Buildings	1,095,165	609,961	(460,618)	1,244,508
Machinery equipment	91	35	(126)	-
Transportation equipment	64,735	36,672	(29,235)	72,172
Miscellaneous equipment	13,665	8,361	(7,731)	14,295
	$ 1,175,836	$ 655,962	$ (499,234)	$ 1,332,564

STATEMENT 7

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF SECURITIES SOLD UNDER REPURCHASE AGREEMENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Par Value	Amount
Notes with repurchase agreements		
Issuer - Taiwan Power Company	$ 433,500	$ 432,218
Bonds with repurchase agreements		
Government bonds		
108-7 Note A	852,600	940,642
	$ 1,286,100	$ 1,372,860

STATEMENT 8

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF FOREIGN EXCHANGE GAIN (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Spot transaction	$ 500,015

STATEMENT 9

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF NET OTHER NON-INTEREST INCOME (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Lease income	$ 175,415
Net profit for hedging and fair-value hedging products	60,601
Securities brokerage income	167,891
Other miscellaneous net income	46,780
	$ 450,687

STATEMENT 10

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF EMPLOYEE BENEFIT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Employee Benefit Expenses	Net Non-interest Income	Total
Payroll expenses	$ 8,666,494	$ 203,261	$ 8,869,755
Labor and health insurance expenses	644,678	-	644,678
Pension expenses	1,328,433	-	1,328,433
Director compensation	56,373	-	56,373
Other employee benefit expenses	429,785	-	429,785
	$ 11,125,763	$ 203,261	$ 11,329,024

a. The Bank had 6,619 and 6,685 employees in 2021 and 2020, respectively, including 9 non-employee directors in both years.

b. The average employee benefits expense was NT $1,705,394 and NT $1,607,594 in 2021 and 2020, respectively.

c. The average employee payroll expense was NT $1,341,869 and NT $1,272,848 in 2021 and 2020, respectively.

d. Adjustment of average employee payroll expenses was 5.42%.

e. The Bank's remuneration policy:

1) The remuneration of directors (including the chairman of the board and independent directors) is based on the provisions of Article 20, Clause 13 of the Bank's Articles of Incorporation. The amount of remuneration is determined by the board of directors in accordance with the level of remuneration of directors of financial institutions equivalent to the size of the Bank. The Board of Directors' Performance Evaluation Measures, Article 7, Paragraph 1, Paragraph 2, stipulates that, in conjunction with the results of the Board's performance evaluation, the remuneration of directors (including the chairman of the board and independent directors) shall be regularly evaluated annually.

2) The remuneration of the general manager is determined by the board of directors in accordance with Article 20, Clause 14 of the Bank's Articles of Incorporation.

3) The remuneration of the deputy general manager shall be determined by the board of directors in accordance with Article 20, Clause 14 of the Bank's Articles of Incorporation, and shall be paid within the scope of the "Salary of Current Employees of Chang Hwa Bank".

4) For employees of the Bank except for those mentioned, their salaries are based on the "Salary of Current Employees of Chang Hwa Bank".

STATEMENT 11

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF DEPRECIATION AND AMORTIZATION EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Depreciation and amortization expenses	
Depreciation expense	$ 1,115,939
Amortization expense	233,477
	$ 1,349,416

STATEMENT 12

CHANG HWA COMMERCIAL BANK, LTD.

STATEMENT OF OTHER GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Amount
Other general and administrative expenses	
Rental expense	$ 218,562
Repair and warranty expenses	229,576
Insurance expense	494,332
Professional service fees	248,230
Tax	1,533,602
Others	1,118,653
	$ 3,842,955

VII | Review and Analysis of Financial Status, Financial Performance, and Evaluation of the Risk Management

A. Financial Status of the Past Two Years (Consolidated)

Unit: NT$thousand

Items / FY	2021/12/31	2020/12/31	Fluctuation	
			Amount	Rate of Change (%)
Total assets	2,551,106,497	2,313,440,219	237,666,278	10.27
Total liabilities	2,379,654,042	2,148,386,429	231,267,613	10.76
Total equity	171,452,455	165,053,790	6,398,665	3.88

Note: There is no major change in the total amounts of assets and liabilities.

B. Financial Performance of the Past Two Years (Consolidated)

Unit: NT$thousand

Items / FY	2021	2020	Increase (Decrease) Amount	Rate of Change (%)
Net interest income	20,465,705	19,140,252	1,325,453	6.92
Net non-interest income	8,220,253	8,176,840	43,413	0.53
Net revenue and gains	28,685,958	27,317,092	1,368,866	5.01
Bad debts expense, commitment and guarantee liability provision	1,793,845	2,836,199	(1,042,354)	-36.75
Operating expenses	16,771,674	16,170,327	601,347	3.72
Income before income tax from continuing operations	10,120,439	8,310,566	1,809,873	21.78
Net income from continuing operations	8,803,803	7,040,927	1,762,876	25.04
Net income (loss)	8,803,803	7,040,927	1,762,876	25.04

a. Change analysis

In 2021, NT$3.047 billion provisions for bad debts expense was recognized while NT$1.253 billion was recovered, resulting in net provisions for bad debts expense of NT$1.794 billion; in 2020, provisions for bad debts expense and bad debts recoveries were NT$4.022 billion and NT$1.186 billion, respectively. Therefore, the amount of net provisions for bad debts expense of 2020 was NT$2.836 billion which decreased NT$1.042 billion compared with that of 2020 this year.

b. Business operation targets and its accordance

The Bank's 2022 business objectives are established based on the growth of each of the Bank's business lines in the preceding year, forecasts of economic growth provided by various institutions and the Bank's business expansion policy. Please refer to "I. Letter to Shareholders B. 2022 Highlights of Business Plans b. Business Operational Targets."

c. The impact on the bank's financial structure and responding plans

No effect.

C. Cash Flow

a. Liquidity analysis for the past two years

Items / FY	2021	2020	Rate of Change (%)
Cash flow ratio	37.39%	16.80%	20.59%
Cash flow adequacy ratio	217.95%	194.33%	23.62%
Cash flow satisfaction ratio	-7,219%	-2,922%	4,297%

Change Analysis:

The related ratios of cash flow were in excess of 20% in 2021 because net cash flows of operating activities in 2021 increased compared to 2020.

b. Improvement plan for insufficient liquidity

None.

c. Next year cash flow analysis

Unit: NT$thousand

Cash Balance at the Start of the Period (1)	Expected Net Operating Cash Flow for the Whole Year (2)	Expected Cash Outflow for the Whole Year (3)	Expected Cash Surplus (Deficit) (1) + (2) + (3)	Remediation Measures against Expected Cash Flow Deficit	
				Investment	Wealth Management
194,506,675	(5,738,988)	6,318,095	195,085,782	-	-

D. Influences on the Company's Financial Status caused by Significant Capital Expenditure in Last Year

a. Implementation status and funding source of substantial capital expenditure

Unit: NT$thousand

Project	Actual or Expected Funding Source	Actual or Expected Completion Date	Total Funding Requirement	Actual or Expected Implementation Status of Funds		
				2019	2020	2021
Purchase of neighboring buildings and lands of Chiencheng building	Funds of the Bank	2020/12/31	325,339	125,339	167,427	0
Urban renewal work of Peimen Branch	Funds of the Bank	2023/05/31	393,398	0	51,142	173,094
Urban renewal work of Chengtung Branch	Funds of the Bank	2025/12/31	578,700	0	0	31,887
Construction work of Chiencheng building	Funds of the Bank	2025/12/31	2,200,000	0	15,507	10,338

b. Potential benefits

Enhance the Bank's corporate image, increase the Bank's business assets, save rental expenditure, and lease redundant offices for increasing the rental revenues.

E. The Reinvestment Policy for Last Year, the Major Reasons for Its Profits or Losses, Improvements and Investment Plan for Next Year

a. The reinvestment policy for last year and the major reasons for its profits or losses

The main profit from reinvestment is dividend income.

b. Improvement plan

Regularly review and evaluate the earnings and operating conditions of each reinvestment company.

c. The investment plan for next year

Searching new investment targets under the consideration of profitability, security, growth, liquidity, and diversification.

F. Analysis and Evaluation of Risk Management during Last Year as of the Date of Annual Report Publication

a. A series of qualitative and quantitative requirements for risk management

6. Credit risk management system and capital requirement:

Credit Risk System

2021

Items	Contents
1. Strategies, Goals, Policies, and Procedures for Credit Risk	(1) Credit Risk: Through establishing risk management mechanisms and analyzing risk information, the Bank hopes to gain thorough understanding of the new trends in risk management and implement such best practices in related business and reach the following goals: ① Build bank-wide consensus on risk management. ② Provide effective risk management mechanisms to facilitate the development of new loan products to ensure the sound development of the Bank. ③ Provide appropriate risk management information to the management level to balance risk and return in the decision-making process, which would increase shareholders' value. ④ Provide expected loss information according to experiences in credit risk losses. ⑤ Convene seminars and education training on risk management for enhancing awareness of risk management as well as increasing credit assets quality of the Bank.

Credit Risk System
2021

Items	Contents
1. Strategies, Goals, Policies, and Procedures for Credit Risk	management procedures: Institute system, regulations, rules of practice and standardized operation procedures. Upgrade quality of risk management by utilizing information of risks to strengthen identification, evaluation and monitoring on credit risks. (2) Country Risk: The Bank has the "Country Risk Management Regulations" to use information pertaining to the external credit ratings of each region or country as the basis for the identification of country risks. A structure has been set up for measuring country risks and determining country limits against the Bank's risk appetite in order to effectively control the exposure to country risks. In order to response the external regulations (FSC AI822 "total quota calculation sheet of credit business, investment, due and call loans to Mainland China") for effectively control the risk exposure to Mainland China, the Bank has made the integration of AI822 into the risk management mode for simultaneous control since September 19, 2014. The country risk exposure management is divided into two parts, the country risk exposure (excluding China) and the country risk exposure in China. management procedures: ① On the basis of the rating selection principle and country rating information from Moody's, S&P, and Fitch, develop the Bank's country risk rating standards. ② Calculate the total country risk limit based on the Bank's net worth multiple disclosed in the latest annual financial statement, which serves as the ceiling of the Bank's exposure to country risk. ③ Within the total country risk limit and in accordance with various allocation ratio of each country's risk rating, the individual limits for various countries for the next year are determined by the political and economic situations of each country, as well as the actual business demands from the Bank's units. The country risk limit in China is restricted by 65% of the net worth of the Bank in accordance with the external regulation (AI822) calculation, and approved by the Board of Managing Directors. ④ Risk exposure is constantly measured and monitored. For countries that are experiencing political and economic instability, or whose ratings have been downgraded due to defaults, their country risk limits usage will be frozen, eliminated or cancelled. ⑤ Each country exposure data is gathered monthly to be analyzed and compiled into a "Country Risk Management Report." (3) Financial Counterparty Risk: The Bank has adopted the concepts advocated by the Basel Accord as well as concepts of managing total limit/exposure by groups and has set up a Top-Down structure for managing limits and risk exposure. The Bank has established the "Counterparty Risk Management Guidelines." The Guidelines will help identify, assess and monitor the counterparty risk portfolio of the entire bank and report to the management levels to meet the requirements of local and overseas regulators and to facilitate effective utilization of capital and maximization of profits. The Bank has introduced the concept of Basel Accord, limiting the total amount in credit rendering and total value of risks that the group exposes to. Build up a framework of limitation in total amount from top to bottom of the corporate structure and set forth regulations on risk management to identify, to evaluate and to monitor the portfolios of credit risks incurred by counterparties in financial transactions of the Bank. The management is continuously updated on such information so as to be aligned with the requirements of regulatory authorities in domestic or overseas. The Bank anticipates to utilize capital in a most effective way in that maximize the profitability of the Bank. management procedures: ① Use the credit ratings of counterparties provided by external ratings agencies as the basis for internal classification and rating of credit risk. ② Counterparty limits are determined by counterparty types and risk grades. Counterparty limits are calculated based on counterparties' standalone or consolidated net worth to serve as the maximum exposure that the Bank may tolerate while engaging in financial transactions; and those are further allocated among various products or business. ③ The maximum limit of each counterparty is further distinguished between an utilization limit and a reserve limit based on the business requirements of various departments. ④ Effectively manage the Bank's exposure to counterparty risk by monitoring and reporting each counterparty risk.
2. Organization and Structure of Credit Risk Management	1. To establish professional and comprehensive risk management capabilities, the Bank has established the following three risk management units: Credit Management Division, Risk Management Division and Loan Asset Management Division. Credit Management Division is responsible for case review of credit approvals, reviewing of credit approvals handled by branches, and management and maintenance of the loan application automatic management system to ensure rigorous and careful credit investigation and approval procedures. Risk Management Division oversees formulation of management policies, strategies, rules, procedures and guidelines with respect to integrated risks, credit risks, market risks and operational risks, in addition to controlling risks. Loan Asset Management Division is responsible for effective management and control of overdue loans, collections and bad debts as well as that of non-performing loans, including the loan asset management system. All departments can implement effectively according to regulations. 2. The Bank has also set up Risk Management Committee and Asset and Liability Management Committee, chaired by the Bank's President who convenes the monthly meetings. The committee is responsible for evaluating and monitoring the Bank's risk-taking capacity and the actual risk exposure, determining risk response strategies and compliance with risk management procedures, and submitting risk management reports to the Board of Directors on a quarterly basis to enhance risk management quality by consolidating relevant review, monitoring and coordination actions.

Credit Risk System
2021

Items	Contents
3. Scope and Features of the Credit Risk Report and Evaluation System	1. Credit Risk: (1) Periodically inspect and monitor the concentration of exposure at default (EAD) for the Bank's borrowers via the various exposure information provided by the Bank's system to deliver accurate and timely information that enables management levels and relevant business units to have a clear understanding of the credit risk and to amend policies or business strategies accordingly. (2) To effectively evaluate the Bank's capital adequacy ratio, executing stringent and forward-looking stress testing, evaluate stressful events' occurrence probability and severity in advance and develop response and contingency plans. By doing so, the Bank strengthens the capability of risk management as well as aligning with the supervisory requirements of regulatory authorities. (3) We have established a corporate credit rating system and a personal credit scorecard to provide quantitative credit risk measurement indicators for corporate and personal creditors during the credit application process, which are used as credit approval, risk pricing, early warning system, and post-loan management references to clearly differentiate the credit risk level of creditors. (4) Based on the principle of prudent management, the Bank establishes the details of credit asset evaluation, uses quantitative and qualitative indicators to identify the credit quality of credit assets, and measures the expected credit loss of credit assets after adjusting the aggregate indicators with forward-looking information. 2. Country Risk and Financial Counterparty Risk: The Bank regularly reviews the exposure of country risk and financial counterparty risk. The Bank also discloses the category of asset quality, concentration, exposure of portfolio management, and the exposure distribution of the top twenty financial counterparties to provide risk managerial personnel with accurate information to adjust risk distribution accordingly. The Bank uses risk management systems and risk weight of derivatives to calculate the exposure of pre-settlement risk of derivatives to evaluate and control risk.
4. Hedging or Mitigation Policies for Credit Risk; Strategies and Procedures for Assessing the Effectiveness of Hedging or Mitigation	1. Through the establishment of collateral policies, the Bank regulates acceptable collateral and valuation methods to ensure that collateral can be promptly disposed of and effectively reimbursed in the event of a default by the borrower; or the Bank adopts underwriting by credit guarantee fund and deposit offsetting agreements as a means of transferring all or part of the risk. 2. Actively use qualified and effective risk mitigation tools to reduce or transfer the loan credit risk of the Bank to strengthen protection of the Bank's creditor's right and reduce amount of regulatory reserve. 3. Establish relevant operating rules, procedures, or systems for the usage of risk mitigation tools. Through appropriate evaluation mechanisms and reviewing systems, the Bank constantly monitors the value change of such tools and the validity of their relevant legal documents. This prevents the negative impact of risk concentration and the mutual influence of the credit risks. 4. Application is rejected if the incidence of loss is too high in certain underwriting cases. In addition, if certain loan products incur severe loss, or if underwriting to risky sectors or customers with bad credit records, cases are also rejected. An alternative is to set higher prices.
5. Approach for Legal Capital Requirement	The Standardized Approach.

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

December 31, 2021 Unit: NT$thousand

Exposure Type	Risk Exposure after Mitigation	Capital Requirement
Sovereigns	516,298,909	84,575
Non-central government public sector entities	19,128,404	565,700
Banks (included multilateral development banks, MDBS & central counterparty, CCP)	238,435,613	6,107,061
Corporate (included securities and insurance firms)	507,191,317	36,578,209
Claims on retail	74,728,766	2,375,012
Property exposure	1,077,117,829	56,960,630
Equity security investments	26,113,129	2,089,050
Equity investments in investment funds and venture capital firms	346,500	27,720
Other assets	72,278,069	3,587,904
Total	2,531,638,536	108,375,861

7. Securitization Risk Management System, Risk Exposure and Capital Requirement:

Securitization Risk Management System

2021

Items	Contents
1. Strategies and Procedures for Securitization Management	Business operations regarding the investment of asset securitized products shall comply with the Bank's "Operating Guidelines for Investing in Asset Securitized Products." This guideline includes management strategies and procedures. The framework includes its purpose, basis, business strategies, principles and guideline, processes, internal control system, periodic evaluation, accounting measures, internal audit system, authorization, credit limit management, and risk management measures.
2. Organization and Structure of Securitization Management	1. Treasury Division, Overseas branches, and Offshore Banking Branch are trading units for asset securitized products. 2. Credit Management Division is responsible for the reviews of these applications. 3. Risk Management Division monitors the credit risk, market risk, and operational risks, including authorized limit, rating, duration, and stop loss limit rules. 4. Treasury Division is responsible for the backend operations with Offshore Banking Branch, including confirmation of transaction, settlement, and booking. 5. IT Division installs and maintains the IT system for this business. 6. Financial Management Division is responsible for regular evaluation, accounting processes, announcement and reporting, and information disclosure. 7. Internal Auditing Division oversees the internal control of this business.
3. Scope and Features of the Securitization Risk Report and Evaluation System	1. Credit Risk: (1) The front-end trader should always scrutinize the credit situation of the asset securitized products purchased and also the underlying tools within the asset pool. Annual reviews should be periodically conducted, with the results written into reports and saved as hard copies for review. (2) When credit abnormalities occur and risk of loss increases, Risk Management Division should immediately notify the front-end trader and take any necessary actions. (3) If default events such as inability to collect interests regularly or collect principle and interest upon maturity occur, the front-end trader should immediately notify Risk Management Division, Financial Management Division and Loan Asset Management Division (Overseas branches should also notify International Banking Division) and send the duplicate copy to Credit Management Division and Internal Auditing Division should be informed. 2. Market Risk: Risk Management Division shall design an appropriate appraisal method to assess the market risk factors of asset securitized products. The method of pricing and evaluation should be reviewed. The positions held should be reported to the Board of Manging Directors every six months to assess whether the risk levels are within an acceptable range. 3. Operational Risk: S.O.P should be designed to serve as rules for employees to follow. Operational Risk and Control Self-Assessment (RCSA) should also be conducted.
4. Hedging or Mitigation Policies for Securitization; Strategies and Procedures for Assessing the Effectiveness of Hedging or Mitigation	N/A
5. Approach for Legal Capital Requirement	The Standardized Approach.
6. General periodic disclosures including: (1) The purpose of securitization and the types of risks borne and retained by the Bank for re-securitization (2) Other risks associated with securitized assets (e.g. liquidity risk) (3) The different roles played by the Bank during asset securitization and the level of participation in every stage (4) Describe the monitoring procedures adopted for credit risk and market risk exposures associated with asset securitization (5) Risk management policies adopted by the Bank to mitigate credit risks associated with securitization and re-securitization	None.

Securitization Risk Management System
2021

Items	Contents
7. Provide an overall description of the Bank's accounting policies on securitization	None.
8. The name of the External Credit Assessment Institution (ECAI) engaged for asset securitization within the Banking Book and the ECAI's involvement in every type of securitized asset	None.
9. Describe any material changes of quantitative information since the last reporting period (e.g. shift of asset balances between the Banking Book and the Trading Book)	None.

(1) Engagement of Asset Securitization (As of December 31, 2021): None.

(2) Securitization Exposures and Capital Requirement - By Type of Transaction:

December 31, 2021. Unit: NT$ thousand

Type of exposure / Type / Role of Bank		Asset classes	Traditional					Combined		In total		
			Amount of exposure				Capital requirement (2)	Amount of exposure	Capital requirement (4)	Amount of exposure (5)= (1)+(3)	Capital requirement (6)= (2)+(4)	Capital requirement before securitization
			Hold or buy in	Amount of liquidated finance	Provide credit guarantee	In sum (1)		Hold or buy in (3)				
Non-founding bank	Bank book	Commercial mortgage backed securities	5,162,184			5,162,184	82,595			5,162,184	82,595	
		Collateralized mortgage obligations	12,971,664			12,971,664	215,641			12,971,664	215,641	
	Trading book											
	In sum		18,133,848			18,133,848	298,236			18,133,848	298,236	
Founding bank	Bank book											
	Trading book											
	In sum											
In total			18,133,848			18,133,848	298,236			18,133,848	298,236	

(3) Securitization Products Information:

① Information on securitized investment products

December 31, 2021. Unit: NT$ thousand

Item	Asset Accounts	Original cost	Accumulated profit or loss	Accumulated impairment	Carrying amount
Commercial Mortgage Backed Securities (CMBS)	Fair value through other comprehensive income financial assets (FVOCI), investments in debt instruments at amortized cost (AC)	5,334,132	(171,948)		5,162,184
Collateralized Mortgage Obligations (CMO)	Fair value through other comprehensive income financial assets (FVOCI), investments in debt instruments at amortized cost (AC)	12,964,136	7,528		12,971,664

② I. Investment in securitized commodities with a single original cost of $300 million or more (excluding those held by the Bank as the founding institution for credit enhancement purposes).

Name of Securities	Asset Accounts	Currency	Issuer and Its Location	Date of Purchase	Date of Maturity	Coupon Rate	Credit Rating	
GINNIE MAE REMIC TRUST 2020 172 AL	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A	2020/11/25	2062/9/16	1.15%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2020-182 A	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A	2020/12/22	2063/6/16	1.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-107	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/6/28	2051/6/20	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-11 AH	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A	2021/1/25	2062/12/16	1.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-114 CZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/6/28	2051/6/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-115 MZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/6/28	2051/6/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-116 LZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/7/28	2051/7/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-117 Z	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/7/29	2051/7/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-118 JZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/7/29	2051/7/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-119 MZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/7/29	2051/7/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-12 A	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A	2021/1/27	2063/3/16	1.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-121 JZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/7/28	2051/7/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-125 PZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/7/27	2051/7/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-138 QZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/8/26	2051/8/20	2.50%	Moody's Aaa	

December 31, 2021. Unit: NT$ thousand

	Repayment	Original Cost	Accrued Profit or Loss	Accrued Impairment	Carrying Amount	Excess	Formation of Assets Pool
	Interest paid monthly and principal paid monthly with early repayment	488,951	(20,695)	0	468,256	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	411,525	(17,361)	0	394,164	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	505,054	100	0	505,154	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	540,164	(19,104)	0	521,060	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	537,534	23	0	537,557	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	416,461	18	0	416,479	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	535,897	10	0	535,907	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	537,843	29	0	537,872	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	447,304	14	0	447,318	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	535,785	29	0	535,814	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	504,196	(19,439)	0	484,757	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	533,905	38	0	533,943	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	529,160	19	0	529,179	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	501,437	14	0	501,451	None	Loan on Primary Subordinated Real Estate Mortgage

Name of Securities	Asset Accounts	Currency	Issuer and Its Location	Date of Purchase	Date of Maturity	Coupon Rate	Credit Rating	
GINNIE MAE REMIC TRUST 2021-139 Z	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/8/25	2051/8/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-149 ZG	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/8/25	2051/8/20	2.50%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-17 D	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A	2021/1/27	2061/1/16	0.75%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-187 MZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/10/27	2051/10/20	3.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-20	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A	2021/2/23	2062/8/16	1.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-34 AC	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A	2021/2/19	2063/3/16	1.40%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-35	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A	2021/2/23	2062/12/16	1.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-5 A	Fair value through other comprehensive income financial assets (FVOCI)	USD	GNMA U.S.A	2021/1/22	2061/1/16	1.25%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-58 YA	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/4/29	2051/4/20	1.90%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-66 MB	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/4/29	2051/4/20	1.75%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-70 AN	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/4/27	2063/4/16	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-77 ZY	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/5/27	2051/5/20	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-78 ZA	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/5/27	2051/5/20	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-81 LZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/5/26	2051/5/20	2.00%	Moody's Aaa	
GINNIE MAE REMIC TRUST 2021-86 ZH	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/5/27	2051/5/20	2.00%	Moody's Aaa	

December 31, 2021. Unit: NT$ thousand

	Repayment	Original Cost	Accrued Profit or Loss	Accrued Impairment	Carrying Amount	Excess	Formation of Assets Pool
	Interest paid monthly and principal paid monthly with early repayment	520,200	7	0	520,207	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	505,886	7	0	505,893	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	530,600	(19,864)	0	510,736	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	305,845	(5)	0	305,840	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	507,529	(18,929)	0	488,600	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	487,621	(17,017)	0	470,604	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	543,859	(20,207)	0	523,652	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	529,658	(19,467)	0	510,191	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	481,224	(17)	0	481,207	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	516,760	121	0	516,881	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	520,755	59	0	520,814	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	437,098	81	0	437,179	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	453,421	54	0	453,475	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	464,266	12	0	464,278	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	490,418	250	0	490,668	None	Loan on Primary Subordinated Real Estate Mortgage

Name of Securities	Asset Accounts	Currency	Issuer and Its Location	Date of Purchase	Date of Maturity	Coupon Rate	Credit Rating
GINNIE MAE REMIC TRUST 2021-89 CZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/5/26	2051/5/20	2.00%	Moody's Aaa
GINNIE MAE REMIC TRUST 2021-98 ZK	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/6/25	2051/6/20	2.00%	Moody's Aaa
GINNIE MAE REMIC TRUST 21-105 BZ	Investments in debt instruments at amortized cost (AC)	USD	GNMA U.S.A	2021/6/28	2051/6/20	2.00%	Moody's Aaa

II. Banks acting as the originator of securitization and holding parts for credit enhancement purposes: None.

III. Banks acting as credit-impaired asset purchase institutions or settlement purchase institutions for securitized instruments: None.

③ Banks acting as guarantee institutions for securitized products or providing liquidity financing: None.

8. Operational Risk Management System and Capital Requirement:

Operational Risk Management System

2021

Items	Contents
1. Strategies and Procedures for Operational Risk Management	The Bank establishes "Guidelines for Operational Risk Management" to create a sound framework for managing operational risks and develop appropriate process and strategies for managing operational risks. In daily operations, all units should comply with the relevant regulation, leverage risk management tools to identify, assess, monitor, and control the operational risks of the Bank's major products, operational activities, operational processes, and IT system. Reports regarding abovementioned operational risk procedure should also be produced.
2. Organization and Structure of Operational Risk Management	1. The Bank's supervision units of operational risk management are the Board of Directors and Risk Management Committee. The Board of Directors is responsible for approving the Bank's operational risk management structure, implementation policies and operational risk appetites; the Risk Management Committee is responsible for reviewing risk management issues and monitoring the implementation. 2. All units of the Bank follow three lines of defense to implement a sound operational risk management mechanism. (1) Each unit of the Bank manages daily operational risk management in accordance with its functions and business scope and in accordance with the operational regulations and procedures of the relevant business. (2) The Risk Management Division is responsible for planning and establishing operational risk management policies and systems, designing operational risk management tools and procedures, and monitoring bank-wide risk exposure. (3) The Audit Division is responsible for reviewing the actual implementation of operational risk management in each unit and assisting the Board of Directors and senior management in checking and evaluating the effectiveness of operational risk management.
3. Scope and Features of the Operational Risk Report and Evaluation System	1. To facilitate the evaluation and management of the assessment results of operational risks, the Bank has set up a loss data management system, a risk control and self-assessment system and a key risk indicators monitoring system. 2. The Bank collects operational risk loss events through loss data management system, and then categorizes the risks according to authorities' regulations and types of losses. This helps the Bank to understand the loss situation of internal operational risks. 3. The Bank's Operational Risk and Control Self-Assessment (RCSA) system begins with the business management units and overseas business units, where examinations and self-assessments are conducted according to the risks and controls of their respective businesses, compile and edit their operational risk self-assessment tables, and review the rules and regulations of their respective businesses. Business execution and business management units then conduct operational risk self-assessments and assess adoptions of related controls, each risk item's occurrence frequency and influence level in the future, then input the results in the system to analyze potential operational risk exposures situation. 4. The Bank establishes Key Risk Indicators (KRIs) and their respective thresholds and limits for the major risk exposures. Continuous monitoring and management is required as information for red flags. 5. The Bank integrates operational risk related items and compiles periodic operational risk management reports for the Board of Directors, senior management, and business management units, so that they fully understand the situation and can make decisions accordingly.

December 31, 2021. Unit: NT$ thousand

	Repayment	Original Cost	Accrued Profit or Loss	Accrued Impairment	Carrying Amount	Excess	Formation of Assets Pool
	Interest paid monthly and principal paid monthly with early repayment	492,713	99	0	492,812	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	538,965	74	0	539,039	None	Loan on Primary Subordinated Real Estate Mortgage
	Interest paid monthly and principal paid monthly with early repayment	510,435	154	0	510,589	None	Loan on Primary Subordinated Real Estate Mortgage

Operational Risk Management System

2021

Items	Contents
4. Hedging or Mitigation Policies for Operational Risk; Strategies and Procedures for Assessing the Effectiveness of Hedging or Mitigation	1. All business management units select appropriate risk countermeasures according to the monitoring results of operational risk assessment and KRIs and the risk exposures of the Bank. Operational risks shall be controlled within acceptable levels through risk mitigation measures such as outsourcing or insurance, or other appropriate measures such as enhancing employee education and training, improving operation processes, or enhancing systems. Before launching new products, activities, processes, and systems, the Bank also conducts operational risk identification and assessment to gauge possible risks and take precautionary measures. 2. In case of catastrophes, endemics, strikes, information system breakdowns or any other events that would result in operational discontinuity, the Bank establishes the "Chang Hwa Bank Business Continuity Plan" for all units to serve as guidelines for prevention, preparation, reporting, responding, and post-event reporting to maintain the Bank's business operations in order to protect the rights of customers and mitigate financial and personnel losses to the minimum. 3. Through Operational Risk and Control Self-Assessment, the Bank regularly assesses the residual risks of the control plans of each risk item, which ensures the validity and effectiveness of the control plans.
5. Approach for Legal Capital Requirement	The Standardized Approach.

Capital Requirement for Operational Risk

December 31, 2021 Unit: NT$thousand

FY	Gross Profit	Accrued Capital
2019	31,090,337	
2020	26,795,528	
2021	28,388,611	
Total	86,274,476	4,144,669

9. Market Risk Management System and Capital Requirement:

2021

Items	Contents
1. Strategies and Procedures for Market Risk Management	1. Strategies: (1) Plan market risk management in order to ensure effective identification, measurement, monitoring and reporting of relevant risks. (2) Through evaluating and monitoring market risk, the Bank ensures that risk control assumed fall within the risk appetite to lower the Bank's unexpected loss arising from market risks. (3) Draft and implement measures that conform to the relevant regulations of managing market risks announced by Taiwan's regulatory authority and the Basel Accord. (4) Establish and develop market risk management system and economic capital allocation procedures. 2. Procedures: The market risk management process consists of five perspectives: identification, measuring, monitoring, reporting and management of executing procedures, and is carried out as per the Bank's "Market Risk Management Guideline."
2. Organization and Structure of Market Risk Management	According to the risk management framework and responsibilities stated in the Bank's "Integrated Risk Management Policies," the Market Risk Section under Risk Management Division acts as the second line of defense, and performs risk control and management mechanisms as outlined below: 1.Manage market risks, develop relevant procedures or operating standards, and report to the appropriate supervisor level according to "The Rule of Authority and Duty." 2.Set up an independent risk management mechanism, providing the basis for a market risk management process to avoid conflict of interest, while making good use of the management information system and providing training to employees in order to improve risk management performance and ensure effectiveness of the risk management mechanism.
3. Scope and Features of the Market Risk Report and Evaluation System	1. Internal reporting: (1) Periodically brief to the Risk Management Committee on the status of market risk monitoring to provide senior management with sufficient information. (2) In the event of exceeding limits or discovering irregularities, necessary information shall be provided pursuant to the established reporting framework and internal reporting procedures. (3) The Bank periodically brief to the Board of Directors and the Risk Management Committee on the status and concentration of the Bank's investment portfolio to help them determine whether the Bank's strategies should be adjusted. 2. External disclosure: (1) The Bank should fully disclose the market risks it faces, and identify, measure and monitor the techniques used to manage these risks so that market participants can evaluate the Bank's market risk management. (2) The degree to which information is disclosed shall be commensurate with the scale of the Bank's business activity, risk exposure status, and level of complexity.
4. Hedging or Mitigation Policies for Market Risk; Strategies and Procedures for Assessing the Effectiveness of Hedging or Mitigation	1. Set up relevant market risk limits and management mechanism. 2. In the event of exceeding the approved limits, Risk Management Division should notify the head managers of trading units immediately. Trading units shall reduce and formulate measures to offset their risk position or apply to raise their limits. 3. Those written reports expressing the events of exceeding the limits should be filed to the Executive Vice President who oversees the Risk Management Division and should also be reported to the Risk Management Committee. 4. Risk Management Division should monitor the follow-up actions continuously. If the trading units do not take proper action, Risk Management Division should report to the Risk Management Committee and send a copy to the Internal Auditing Division.
5. Approach for Legal Capital Requirement	The Standardized Approach.

Capital Requirement for Market Risk

December 31, 2021 Unit: NT$thousand

Risk Category	Capital Requirement
Interest Rate Risk	1,397,786
Equity Security Risk	3,706
FX Risk	390,990
Commodity Risk	0
Options (simplified approach)	1,329
Total	1,793,811

10. Liquidity Risk Management:

2021

Items	Contents
1. Strategies and Procedures for Liquidity Risk Management	In accordance with the Bank's liquidity risk management policy, liquidity risk measurement indicators and the assessment of the ability to cope with liquidity risk shall be clearly established. At the same time, a monitoring mechanism that provides periodic assessments as well as real-time reports shall also be implemented. In addition, the Bank shall also formulate contingency plans, response strategies, and designate clear responsibilities to each relevant unit for handling liquidity crisis incidents to ensure that appropriate and adequate measures are taken when necessary.
2. Organization and Structure of Liquidity Risk Management	With respect to the Bank's organizational structure for handling liquidity risks, the relevant units shall be responsible for capital liquidity operations, monitoring and periodic assessment of liquidity risks, and provide reports and recommendations to the Asset and Liability Management Committee.
3. Scope and Features of the Liquidity Risk Report and Evaluation System	Assessment and analysis of the status of liquidity risk management shall be conducted and reported to the Asset and Liability Management Committee and the Board of Directors on a regular basis, which enable senior management to supervise the Bank's latest liquidity position.
4. The policies in liquidity risk hedging or risk reducing, and the policies and progresses in persistent effectiveness tool for risk monitoring, risk avoiding and risk mitigating	When a warning signal occurs with respect to a market crisis or emergency liquidity condition that affects the Bank, relevant emergency measures shall be adopted in accordance with the Bank's liquidity risk management policy. The Asset and Liability Management Committee shall then formulate measures to address the emergency situation and report to the Board of Managing Directors regarding the follow-up actions and results, which enables senior management to closely monitor the status of liquidity risk management.

(1) Term Structure Analysis of NTD-denominated Assets and Liabilities:

December 31, 2021 Unit: NT$thousand

	Total	Volumes during the Period Prior to the Due Date					
		0 ~ 10 days to due date	11 ~ 30 days to due date	31 ~ 90 days to due date	91 ~ 180 days to due date	181 days to 1 year to due date	More than 1 year to due date
Cash Inflow	2,315,889,039	251,993,312	278,639,240	248,859,098	195,039,004	310,008,280	1,031,350,105
Cash Outflow	2,914,907,121	137,695,915	230,111,918	422,515,450	360,554,220	621,619,719	1,142,409,899
Cash flow Gap	(599,018,082)	114,297,397	48,527,322	(173,656,352)	(165,515,216)	(311,611,439)	(111,059,794)

Note: The amounts listed above include accounts in NT$ of the Bank.

(2) Term Structure Analysis of USD-denominated Assets and Liabilities:

December 31, 2021 Unit: US$thousand

	Total	Volumes during the Period Prior to the Due Date				
		0 ~ 30 days to due date	31 ~ 90 days to due date	91 ~ 180 days to due date	181 days to 1 year to due date	More than 1 year to due date
Cash Inflow	32,636,693	14,105,738	5,594,662	3,802,090	3,142,718	5,991,485
Cash Outflow	37,258,437	12,393,915	5,928,287	5,147,960	6,365,736	7,422,539
Cash flow Gap	(4,621,744)	1,711,823	(333,625)	(1,345,870)	(3,223,018)	(1,431,054)

Note: The amounts listed above include accounts in US$ of the Bank.

b. The impact of domestic and foreign major policies and law amendment exerting on the Bank's financial structure and responding measures

1. The Financial Supervisory Commission (FSC) amended the "The Act Governing Electronic Payment Institutions" to unify the electronic payment and electronic ticket legal systems. Effective July 1, 2021, the inter-institutional interoperability of financial services was introduced through the expansion of electronic payment institutions. The amendment also allows electronic payment operators to conduct small amount remittance business, foreign currency and fund trading, etc., domestically, which will affect the Bank's handling fee income. In addition to actively negotiating with electronic payment companies to expand digital services, the Bank will increase marketing activities for the digital deposit, foreign exchange, and online loan businesses. The Bank will also establish a membership-based reward bonus model to deepen the relationship with digital account customers and increase customer acquisition and revenue.
2. The "Green Finance Action Plan 2.0," promoted by the FSC, aims to build a sustainable financial ecology and encourage the deepening development of green financial products or services. Apart from focusing on the potential risks associated with ESG, banks can also seize the opportunity by providing green products to fulfill their corporate social responsibility and increase customers' willingness to take out insurance. Through the solar energy equipment program, the Bank enables customers to take out loans to purchase solar energy equipment, allowing customers to face the risks caused by climate change.

c. Effect on the Bank's financial operations of developments in science and technology (including cybersecurity risks) as well as industrial change, and measures to be taken in response

1. In response to the trend of financial technology development, the Bank has completed a mobile insurance platform and actively expanded the mobile insurance business of insurance company partners. This can reduce the burden of operational staffing and the risk of operational oversight to enhance customer satisfaction and adhesion and achieve a win-win situation for both customers and the Bank.
2. In response to technological security risks generated from financial technological advancement and industrial evolution, the Bank has introduced ISO 27001 information security management, ISO 22301 operational continuity management and BS 10012 personal information management system and established Security Information and Event Management (SIEM), Endpoint Detection and Response (EDR), Database Audit Monitoring System (Imperva, Guardium), and event log storage system (N-Cloud) to conduct information security protection and monitoring, ensuring the Bank provides clients with excellent service quality of information security and avoid risk of clients' data theft through the Bank's business operation.

d. The Impact of the Bank's Changing Corporate Image and Countermeasures

None.

e. Expected Benefits, Potential Risks, and Countermeasures from Mergers and Acquisitions

None.

f. Expected Benefits, Potential Risks, and Countermeasures of Expanding Operation Locations

Domestic Operation Locations: No plans to expand business locations temporarily.

Oversea Operation Locations:

1. Expected Benefits:
   (1) Increase the Bank's market share and international reputation.
   (2) Establish overseas operation bases for Taiwanese businessmen in major overseas investment areas to provide more convenient financial services for customers and increase their willingness to deal with the Bank and increase operational volume which will result in more revenue.
   (3) Expanding the variety of customer groups could diversify operation risk; in the meantime, cultivate international financial talents to enhance operational strength.
   (4) To establish branches or subsidiaries in the offshore financial market with the development potential, benefiting from regional economic growth in order to promote the Bank's overall operating performance.

2. Possible Risks:

(1) The international situation is changing rapidly and the economic pace of development varies between countries.

(2) Facing competitions from local, foreign and Taiwanese-funded banks' overseas operations.

(3) Global banking supervision has become more stringent and the cost of compliance has increased.

(4) Lacking in government and economic organization contacts and less local language talents results in difficulties to develop overseas customers in local areas.

3. Responding measures:

(1) The Bank will fully assess the operational environment, financial market potential, allocation of local Taiwanese business industry and operation layout of Taiwanese-funded financial peers. In addition, the Bank should also appoint consultants or accountants who are familiar with local financial regulations to provide consulting services in laws to reduce the risk of compliance.

(2) The Bank may first set up an office to be acquainted with local financial market and business opportunities and set up a good relationship between local government, authorities, peers and customers. And the Bank should recruit talents who are familiar with local markets, language and culture to facilitate localized operations and expand local customers.

g. The risks generated by business concentration and the countermeasure

The Bank has been continuously developing new financial products such as deposit, lending, foreign exchange, trust, derivatives, wealth management and mobile payment, so that the Bank can meet the diverse needs of its customers. There is no business concentration occurred.

h. The risk and effect of the change of ownership exerting on the Bank and the countermeasure

None.

i. The risk and effect of the massive share transfer or replacement from the directors or the shareholders who holds more than 1% of ownership interest, and the countermeasure

None.

j. Lawsuit and Non-Lawsuit

1. Lawsuit of the Bank

With respect to the Bank's lawsuit with TDK Corporation involving claims for indirect damage, after adjudgment by Taiwan High Court reexamine order, the Bank obtained satisfaction of the claim. (The Taiwan High Court re-examined case No.88 in 2019), TDK Corporation was not satisfied and filed appeal. The case now belongs to the Supreme Court, subject-matter amounts of money was NT$45,793,530.

2. The litigations of the shareholder who holds more than 1% of ownership interest ("the Shareholder") in the Bank:

(1) Taishin Financial Holdings Co., Ltd.("TSFHC")

TSFHC claimed that the Ministry of Finance was in breach of the said Ministry's press release and official letter issued in 2005. This led to TSFHC having only two directors and one independent nominated director elected to the Bank's Board of Directors during the Bank's Shareholder Assembly held on December 8, 2014. TSFHC has engaged lawyers to institute civil proceedings, at Taiwan Taipei District Court against the Ministry of Finance. The case has been remanded by the Supreme Court on May 23, 2019 and after adjudgment by Taiwan High Court reexamine order on August 21, 2020, the Ministry of Finance and TSFHC all filed appeals again and currently adjudicated by the Supreme Court.

(2) Mega International Commercial Bank Co., Ltd.

Mr. Tsai and Mr. Wu were sued co-parties and resulted in the fine of NT$5,761,953,509, and judgment of NT$ 0.2 billion was appealed on January 13, 2021, the case is still in the second process adjudicated by the court.

(3) Bank of Taiwan

Bank of Taiwan has litigation with Tang Eng Iron Co., Ltd. in cooperation of land development and building construction on March 2, 2007 and currently adjudicated by Supreme Court.

k. Other Major Risks and Countermeasures

1. Each year, the Bank commissions a third-party professional organization to conduct an information security assessment every year in accordance with the "Regulations on Information Security Assessment of Computer Systems for Financial Institutions." In 2021, we also included the "Major deficiencies in the security design of electronic banking transactions in the banking industry" issued by the Financial Examination Bureau, FSC, to improve our electronic banking security.
2. In response to the "Implementation Rules of Internal Audit and Internal Control System of Financial HoldingCompanies and Banking Industries" and "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets," a third party was appointed to conduct a compliance assessment of the overall information security implementation for 2021, which will serve as the basis for issuing the information security statement.
3. In response to COVID-19 epidemic, the Bank follows “VPN and VDI management regulation” to implement work from home under tough situation.

G. Emergency Response Mechanisms

1. In case of catastrophes, epidemics, strikes, information system breakdowns or any other events that would result in operation discontinuity, the Bank establishes the “Business Continuity Plan,” “Directions of Emergency Response Measures for Compulsory Collective Isolation Responding to Epidemics,” “Information Operations Disaster Recovery Plan,” and “Material Contingencies Procedures” and major accident handling with contingency plans for all units to serve as guidelines for prevention, preparation, reporting, responding, and post-event reporting to maintain the Bank’s business operations in order to protect the rights of customers and mitigate financial and personnel losses to a minimum.
2. In order to implement information security management, the Bank stipulated “Enforcement Rules of Information Securities Incidents Notification,” to establish efficient procedure of information security incidents. If the Bank meets information security incidents, the Bank can handle information security incidents in real time through information security incidents reporting management system, provide all levels of personnel identify, assess, and control the scope of the security incident instantly and take appropriate contingency measures immediately to reduce damage in accidents.

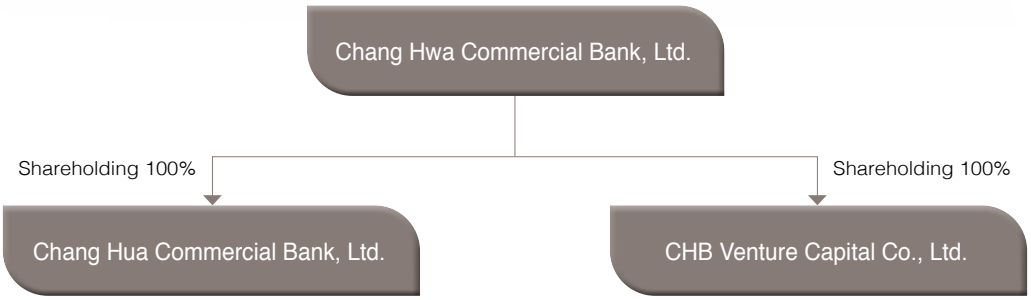
H. Other Important Events

None.

VIII | Special Notes

A. Information Regarding the Bank's Subsidiaries

a. The Bank's subsidiaries



b. Basic data of the Bank's subsidiaries

Unit: thousand

Enterprise Name	Establishment Date	Address	Paid-in Capital	Major Operations
Chang Hua Commercial Bank, Ltd.	December 11, 2018	No.371, Jiangdong Middle Road, Jianye District, Nanjing City, Jiangsu Province, P.R.C.	CNY 2,500,000	Banking Industry
CHB Venture Capital Co., Ltd.	April 17, 2019	10F., No.57, Sec. 2, Zhongshan N. Road, Zhongshan District, Taipei City 10412, Taiwan, R.O.C.	NTD 600,000	Venture Capital Industry

c. Information of Chairman, Directors, Supervisors and President of the Bank's subsidiaries

December 31, 2021

Enterprise Name	Position	Name	Shareholding	
			Shares	%
Chang Hua Commercial Bank, Ltd.	Chairman Director Independent Director Supervisor President	Ming-Jeng Shyn Chao-Chung Chou, Bin Chen, Hsueh-Ni Hsieh, Huan-Yu Chiu, Rueih-Hwa Cheng Lian-Shui Li, Mei-Jhu Huang, Rueen-Fong Chu Bin Lu Huan-Yu Chiu	Unissued	100
CHB Venture Capital Co., Ltd.	Chairman Director Supervisor President	Chiao-Hsiang Chang Chih-Chen Hsu, Fu-Jinn Chiou Hsiu-Chuan Teng Yu-Ling Tang	60,000,000	100

d. Operation overview of the Bank's subsidiaries

December 31, 2021 Unit: NT$thousand

Enterprise Name	Capital	Total Assets	Total Liability	Equity	Operating Revenue	Operating Profits	Income (After Tax)	EPS (After Tax)
Chang Hua Commercial Bank, Ltd. (Note 1)	12,117,288	32,513,111	19,303,147	13,209,964	996,890	688,286	150,695	N.A.(Note 2)
CHB Venture Capital Co., Ltd.	600,000	666,874	8,897	657,977	79,452	55,553	54,117	0.90

Note 1: Capital of Chang Hua Commercial Bank, Ltd. was exchanged at the outflow moment, items included in the balance sheet were exchanged at the evaluation exchange rate of December 31, 2021, items included in income statement were exchanged at the average rate of 2021.

Note 2: Chang Hua Commercial Bank, Ltd. has no issued shares, EPS is not applicable.

e. Consolidated financial statements of the Bank and its subsidiaries: Please refer to annual report p.114 ~p.174.

f. Declaration of consolidation of financial statements of affiliates

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Chang Hwa Commercial Bank, Ltd. as of and for the year ended December 31, 2021, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Chang Hwa Commercial Bank, Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,
CHANG HWA COMMERCIAL BANK, LTD.

Joanne Ling
Chairperson

February 22, 2022

B. Progress of Private Placement of Securities and Financial Bonds during the Latest Year and as of the Date of Annual Report Publication

None.

C. The Bank's Subsidiaries' Shareholding or Disposal of the Bank's Shares during the Latest Year and as of the Date of Annual Report Publication

None.

D. Additional Disclosure

None.

E. Pursuant to Item 2, Paragraph 3, Article 36 of Security and Exchange Act, the Incidence Exerting Material Influence on Shareholders' Rights or Security Prices

None.

IX Directory of Head Office & Branches & Subsidiaries

Domestic Offices	Address	Tel
Head Office (Taichung)	No. 38, Sec. 2, Ziyou Rd., Central Dist., Taichung City 40045, Taiwan (R.O.C.)	(04) 22222001
Head Office (Taipei)	No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 10412, Taiwan (R.O.C.)	(02) 25362951
Business Department	No. 38, Sec. 2, Ziyou Rd., Central Dist., Taichung City 40045, Taiwan (R.O.C.)	(04) 22230001
Taichung Branch	1F., No. 78, Sec. 2, Fuxing Rd., South Dist., Taichung City 40245, Taiwan (R.O.C.)	(04) 22650011
Pei-Taichung Branch	No. 6, Sec. 2, Taiwan Blvd., West Dist., Taichung City 40354, Taiwan (R.O.C.)	(04) 22011122
Nan-Taichung Branch	1F., No. 102, Taichung Rd., South Dist., Taichung City 40250, Taiwan (R.O.C.)	(04) 22243181
Peitun Branch	1F., No. 10, Beitun Rd., North Dist., Taichung City 40459, Taiwan (R.O.C.)	(04) 22322922
Chung-Kang Branch	No. 651, Sec. 2, Taiwan Blvd., Xitun Dist., Taichung City 40759, Taiwan (R.O.C.)	(04) 23271717
Shuinan Branch	No. 447, Sec. 3, Wenxin Rd., Beitun Dist., Taichung City 40667, Taiwan (R.O.C.)	(04) 22969966
Nantun Branch	No. 306, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City 40866, Taiwan (R.O.C.)	(04) 23220011
Hsitun Branch	No. 923, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City 40767, Taiwan (R.O.C.)	(04) 23593435
Keelung Branch	1F., No. 60, Ai 4th Rd., Ren'ai Dist., Keelung City 20048, Taiwan (R.O.C.)	(02) 24233933
Jenai Branch	No. 100, Xiao 2nd Rd., Ren'ai Dist., Keelung City 20042, Taiwan (R.O.C.)	(02) 24233941
Tung-Keelung Branch	1F., No. 57, Xin 1st Rd., Xinyi Dist., Keelung City 20145, Taiwan (R.O.C.)	(02) 24233861
Ilan Branch	1F., No. 16, Guangfu Rd., Yilan City, Yilan County 26043, Taiwan (R.O.C.)	(03) 9352511
Lotung Branch	No. 194, Zhongzheng Rd., Luodong Township, Yilan County 26547, Taiwan (R.O.C.)	(03) 9551171
Suao Branch	1F., No. 121, Sec. 1, Zhongshan Rd., Su'ao Township, Yilan County 27041, Taiwan (R.O.C.)	(03) 9961116
International Banking Division	2F., No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 10412, Taiwan (R.O.C.)	(02) 25621919
Central Branch	1F., No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 10412, Taiwan (R.O.C.)	(02) 25514256
Trust Division	12F., No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 10412, Taiwan (R.O.C.)	(02) 25362951
Offshore Banking Branch	10F., No. 57, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 10412, Taiwan (R.O.C.)	(02) 25362951
Taipei Branch	No. 27, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 10046, Taiwan (R.O.C.)	(02) 23617211
Chengnei Branch	1F., No. 68, Hengyang Rd., Zhongzheng Dist., Taipei City 10045, Taiwan (R.O.C.)	(02) 23113791
Tunhwa Branch	No. 71, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 10682, Taiwan (R.O.C.)	(02) 27849821
Wanhua Branch	No. 304, Kangding Rd., Wanhua Dist., Taipei City 10852, Taiwan (R.O.C.)	(02) 23060201
Shuangyuan Branch	No. 312, Juguang Rd., Wanhua Dist., Taipei City 10860, Taiwan (R.O.C.)	(02) 23042141

Domestic Offices	Address	Tel
Hsimen Branch	No. 169-2, Xining S. Rd., Wanhua Dist., Taipei City 10844, Taiwan (R.O.C.)	(02) 23719271
Peimen Branch	1F., No. 19, Sec. 1, Yanping N. Rd., Datong Dist., Taipei City 10341, Taiwan (R.O.C.)	(02) 25586271
Yunglo Branch	1F., No. 120, Sec. 1, Dihua St., Datong Dist., Taipei City 10344, Taiwan (R.O.C.)	(02) 25585151
Chiencheng Branch	No. 130, Sec.1, Yanping N. Rd., Datong Dist., Taipei City 10341, Taiwan (R.O.C.)	(02) 25555121
Tatung Branch	No. 199, Sec. 3, Chongqing N. Rd., Datong Dist., Taipei City 10369, Taiwan (R.O.C.)	(02) 25919113
Min-Sheng Branch	No. 54-1, Sec. 4, Minsheng E. Rd., Songshan Dist., Taipei City 10574, Taiwan (R.O.C.)	(02) 27121311
Chungshan North Rd. Branch	No. 111, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 10448, Taiwan (R.O.C.)	(02) 25711241
Ching-Kuang Branch	No. 609, Linsen N. Rd., Zhongshan Dist., Taipei City 10460, Taiwan (R.O.C.)	(02) 25950551
Chien-Kuo Branch	No. 136, Sec. 3, Ren'ai Rd., Da'an Dist., Taipei City 10657, Taiwan (R.O.C.)	(02) 27033737
Chilin Branch	1F., No. 98, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 10457, Taiwan (R.O.C.)	(02) 25626151
Chang-An E. Rd. Branch	No. 23-1, Sec. 1, Chang'an E. Rd., Zhongshan Dist., Taipei City 10441, Taiwan (R.O.C.)	(02) 25230739
Tungmen Branch	1F., No. 139, Sec. 2, Xinyi Rd., Zhongzheng Dist., Taipei City 10064, Taiwan (R.O.C.)	(02) 23921241
Chung-Cheng Branch	1F., No. 47, Sec. 1, Jinshan S. Rd., Zhongzheng Dist., Taipei City 10056, Taiwan (R.O.C.)	(02) 23560000
Kuting Branch	No. 25, Sec. 2, Roosevelt Rd., Da'an Dist., Taipei City 10643, Taiwan (R.O.C.)	(02) 23517211
Chung-Hsiao Tung Lu Branch	No. 164, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City 10688, Taiwan (R.O.C.)	(02) 27713151
Yung-Chun Branch	1F., No. 176-1, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 11072, Taiwan (R.O.C.)	(02) 27682322
Taan Branch	No. 177, Sec. 1, Heping E. Rd., Da'an Dist., Taipei City 10644, Taiwan (R.O.C.)	(02) 23213214
Heping Branch	No. 106, Sec. 3, Heping E. Rd., Da'an Dist., Taipei City 10675, Taiwan (R.O.C.)	(02) 33169009
Hsin-Yi Branch	No. 155, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 10681, Taiwan (R.O.C.)	(02) 27039081
Jen-Ho Branch	No. 31, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 10685, Taiwan (R.O.C.)	(02) 27514066
Taipei World Trade Center Branch	3F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 11012, Taiwan (R.O.C.)	(02) 27203101
Guanglong Branch	1F., No. 78, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City 11052, Taiwan (R.O.C.)	(02) 27207678
Chengtung Branch	1F., No. 188, Sec. 3, Nanjing E. Rd., Jhongshan Dist., Taipei City 10488, Taiwan (R.O.C.)	(02) 27153535
Chunglun Branch	1F., No. 201, Sec. 2, Bade Rd., Zhongshan Dist., Taipei City 10491, Taiwan (R.O.C.)	(02) 27312211
Fu-Hsing Branch	No. 367, Fuxing N. Rd., Songshan Dist., Taipei City 10543, Taiwan (R.O.C.)	(02) 27173222
Sung-Chiang Branch	No. 261, Songjiang Rd., Zhongshan Dist., Taipei City 10483, Taiwan (R.O.C.)	(02) 25024923
Chengde Branch	1F., No. 81, Sec. 4, Chengde Rd., Shilin Dist., Taipei City 11166, Taiwan (R.O.C.)	(02) 28868989
Shihlin Branch	No. 21, Fude Rd., Shilin Dist., Taipei City 11163, Taiwan (R.O.C.)	(02) 28822354

Domestic Offices	Address	Tel
Tienmu Branch	1F., No. 33, Dexing W. Rd., Shilin Dist., Taipei City 11158, Taiwan (R.O.C.)	(02) 28333232
Sungshan Branch	No. 165, Yongji Rd., Xinyi Dist., Taipei City 11063, Taiwan (R.O.C.)	(02) 27625242
Hsi-Sung Branch	1F., No. 213, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City 10569, Taiwan (R.O.C.)	(02) 27639611
Tung-Taipei Branch	No. 126, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City 10595, Taiwan (R.O.C.)	(02) 25704567
Dongxing Branch	1F., No. 88, Sec. 4, Bade Rd., Songshan Dist., Taipei City 10565, Taiwan (R.O.C.)	(02) 21711115
Hsi-Neihu Branch	1F., No. 26, Ln. 513, Ruiguang Rd., Neihu Dist., Taipei City 11492, Taiwan (R.O.C.)	(02) 27978966
Tachih Branch	No. 589, Bei'an Rd., Zhongshan Dist., Taipei City 10463, Taiwan (R.O.C.)	(02) 25337861
Nei-Hu Branch	No. 19, Ruihu St., Neihu Dist., Taipei City 11494, Taiwan (R.O.C.)	(02) 26590766
Tung-Hu Branch	1F., No. 109, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City 11490, Taiwan (R.O.C.)	(02) 27904567
Sinhu Branch	No. 180, Xinhu 2nd Rd., Neihu Dist., Taipei City 11494, Taiwan (R.O.C.)	(02) 27931616
Nankang Branch	No. 48, Sec. 3, Nangang Rd., Nangang Dist., Taipei City 11510, Taiwan (R.O.C.)	(02) 27833456
Nankang Science Industrial Park Branch	2F-3, No. 3, Park St., Nangang Dist., Taipei City 11503, Taiwan (R.O.C.)	(02) 26558169
Wufenpu Branch	1F., No. 92, Zhongpo N. Rd., Nangang Dist., Taipei City 11562, Taiwan (R.O.C.)	(02) 27852787
Mucha Branch	No. 48, Sec. 3, Muxin Rd., Wenshan Dist., Taipei City 11664, Taiwan (R.O.C.)	(02) 86617377
Bei Tou Branch	1F., No. 6, Ln. 452, Daye Rd., Beitou Dist., Taipei City 11268, Taiwan (R.O.C.)	(02) 28968585
Hsi-Chih Branch	No. 93, Zhongxing Rd., Xizhi Dist., New Taipei City 22158, Taiwan (R.O.C.)	(02) 26947878
Xike Branch	1F., No. 217, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City 22161, Taiwan (R.O.C.)	(02) 21653111
Tanshui Branch	1F., No. 211, Sec. 2, Zhongshan N. Rd., Tamsui Dist., New Taipei City 25152, Taiwan (R.O.C.)	(02) 26219998
Juifang Branch	No. 38, Sec. 3, Mingdeng Rd., Ruifang Dist., New Taipei City 22441, Taiwan (R.O.C.)	(02) 24972860
Sanchungpu Branch	No. 89, Sec. 1, Chongxin Rd., Sanchong Dist., New Taipei City 24148, Taiwan (R.O.C.)	(02) 29733450
Pei-Sanchungpu Branch	1F., No. 68, Zhengyi N. Rd., Sanchong Dist., New Taipei City 24147, Taiwan (R.O.C.)	(02) 29823111
Tung-Sanchung Branch	No. 303, Zhengyi N. Rd., Sanchong Dist., New Taipei City 24146, Taiwan (R.O.C.)	(02) 29821100
Hsi-Sanchung Branch	No. 22, Sec. 2, Chongyang Rd., Sanchong Dist., New Taipei City 24161, Taiwan (R.O.C.)	(02) 29820221
Nan-Sanchung Branch	No. 82, Zhongzheng S. Rd., Sanchong Dist., New Taipei City 24143, Taiwan (R.O.C.)	(02) 29771234
San Ho Rd. Branch	No. 368, Sec. 4, Sanhe Rd., Sanchong Dist., New Taipei City 24154, Taiwan (R.O.C.)	(02) 22871441
Luchou Branch	1F., No. 77, Zhongzheng Rd., Luzhou Dist., New Taipei City 24757, Taiwan (R.O.C.)	(02) 22851000
Hsintien Branch	No. 135, Sec. 1, Beixin Rd., Xindian Dist., New Taipei City 23147, Taiwan (R.O.C.)	(02) 29141650

Domestic Offices	Address	Tel
Pei Hsin Branch	1F., No. 11, Baoqiang Rd., Xindian Dist., New Taipei City 23144, Taiwan (R.O.C.)	(02) 29131071
Chicheng Branch	No. 98, Minquan Rd., Xindian Dist., New Taipei City 23141, Taiwan (R.O.C.)	(02) 22189001
Yungho Branch	1F., No. 69, Sec. 2, Yonghe Rd., Yonghe Dist., New Taipei City 23444, Taiwan (R.O.C.)	(02) 29243334
Fuho Branch	No. 139, Fuhe Rd., Yonghe Dist., New Taipei City 23449, Taiwan (R.O.C.)	(02) 29221171
Chungho Branch	1F., No. 182, Zhonghe Rd., Zhonghe Dist., New Taipei City 23575, Taiwan (R.O.C.)	(02) 22492711
Shuangho Branch	No. 801, Zhongzheng Rd., Zhonghe Dist., New Taipei City 23552, Taiwan (R.O.C.)	(02) 22259988
Lide Branch	1F., No. 142, Lide St., Zhonghe Dist., New Taipei City 23512, Taiwan (R.O.C.)	(02) 22239888
Hsinchuang Branch	No. 119, Xintai Rd., Xinzhuang Dist., New Taipei City 24242, Taiwan (R.O.C.)	(02) 29937101
Wugu Industrial Park Branch	No. 3-1, Wugong 5th Rd., Xinzhuang Dist., New Taipei City 24890, Taiwan (R.O.C.)	(02) 22993311
Nan-Hsinchuang Branch	No. 657-1, Zhongzheng Rd., Xinzhuang Dist., New Taipei City 24257, Taiwan (R.O.C.)	(02) 29066599
Sy Yuan Branch	No. 228, Siyuan Rd., Xinzhuang Dist., New Taipei City 24250, Taiwan (R.O.C.)	(02) 29967137
Sinshu Branch	1F., No. 266-1, Xinshu Rd., Xinzhuang Dist., New Taipei City 24262, Taiwan (R.O.C.)	(02) 22086767
Taishan Branch	1F., No. 111, Quanxing Rd., Taishan Dist., New Taipei City 24341, Taiwan (R.O.C.)	(02) 22970809
Linkou Branch	1F., No. 46, Linkou Rd., Linkou Dist., New Taipei City 24444, Taiwan (R.O.C.)	(02) 26010711
New Linkou Branch	1F., No. 399, Sec. 1, Wenhua 3rd Rd., Linkou Dist., New Taipei City 24448, Taiwan (R.O.C.)	(02) 26085185
Shulin Branch	No. 135, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City 23844, Taiwan (R.O.C.)	(02) 26813621
Panchiao Branch	No. 22, Sec. 1, Zhongshan Rd., Banqiao Dist., New Taipei City 22063, Taiwan (R.O.C.)	(02) 29628161
Kuang-Fu Branch	No. 62, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City 22067, Taiwan (R.O.C.)	(02) 29619181
Chiang Tsui Branch	No. 9, Sec. 2, Wenhua Rd., Banqiao Dist., New Taipei City 22047, Taiwan (R.O.C.)	(02) 22591001
Tucheng Branch	No. 45, Sec. 3, Zhongyang Rd., Tucheng Dist., New Taipei City 23671, Taiwan (R.O.C.)	(02) 22691155
Sanhsia Branch	No. 89, Wenhua Rd., Sanxia Dist., New Taipei City 23741, Taiwan (R.O.C.)	(02) 26711261
Taoyuan Branch	No. 73, Zhongzheng Rd., Taoyuan Dist., Taoyuan City 33041, Taiwan (R.O.C.)	(03) 3346130
Ba De Branch	No. 135, Sec. 2, Jieshou Rd., Bade Dist., Taoyuan City 33445, Taiwan (R.O.C.)	(03) 3711222
Pei-Taoyuan Branch	No. 189, Yong'an Rd., Taoyuan Dist., Taoyuan City 33054, Taiwan (R.O.C.)	(03) 3320743
Nankan Branch	No. 7, Sec. 2, Nankan Rd., Luzhu Dist., Taoyuan City 33855, Taiwan (R.O.C.)	(03) 3213666
Tung-Linkou Branch	No. 235, Fuxing 1st Rd., Guishan Dist., Taoyuan City 33375, Taiwan (R.O.C.)	(03) 3975555
Chungli Branch	1F., No. 95, Zhongzheng Rd., Zhongli Dist., Taoyuan City 32041, Taiwan (R.O.C.)	(03) 4252101
Pei-Chungli Branch	No. 155, Zhongxiao Rd., Zhongli Dist., Taoyuan City 32065, Taiwan (R.O.C.)	(03) 4636688
Hsin-Ming Branch	No. 2, Zhongxiao Rd., Pingzhen Dist., Taoyuan City 32447, Taiwan (R.O.C.)	(03) 4941571

Domestic Offices	Address	Tel
Longtan Branch	1F., No. 240-3, Zhongzheng Rd., Longtan Dist., Taoyuan City 32552, Taiwan (R.O.C.)	(03) 4891238
Yangmei Branch	No. 158, Dacheng Rd., Yangmei Dist., Taoyuan City 32643, Taiwan (R.O.C.)	(03) 4783391
Puhsin Branch	No. 82, Zhongxing Rd., Yangmei Dist., Taoyuan City 32654, Taiwan (R.O.C.)	(03) 4824935
Hsinchu Branch	No. 63, Zhongzheng Rd., East Dist., Hsinchu City 30051, Taiwan (R.O.C.)	(03) 5253151
Pei-Hsinchu Branch	No. 110, Sec. 2, Dongda Rd., North Dist., Hsinchu City 30054, Taiwan (R.O.C.)	(03) 5339651
Hsinchu Science-based Industrial Park Branch	2F., No. 5, Gongye E. 6th Rd., Science-based Industrial Park, East Dist., Hsinchu City 30077, Taiwan (R.O.C.)	(03) 5770780
Jhubei Branch	1F., No. 26-3, Taiyuan St., Zhubei City, Hsinchu County 30288, Taiwan (R.O.C.)	(03) 5526898
Chutung Branch	No. 43, Sec. 2, Changchun Rd., Zhudong Township, Hsinchu County 31047, Taiwan (R.O.C.)	(03) 5962280
Miaoli Branch	No. 636, Zhongzheng Rd., Miaoli City, Miaoli County 36049, Taiwan (R.O.C.)	(037) 326455
Yuanli Branch	No. 11, Jianguo Rd., Yuanli Township, Miaoli County 35847, Taiwan (R.O.C.)	(037) 861501
Zhunan Branch	1F., No. 110, Sec. 2, Huanshi Rd., Zhunan Township, Miaoli County 35047, Taiwan (R.O.C.)	(037) 551751
Tachia Branch	No. 405, Shuntian Rd., Dajia Dist., Taichung City 43741, Taiwan (R.O.C.)	(04) 26878711
Chingshui Branch	1F., No. 196, Zhongshan Rd., Qingshui Dist., Taichung City 43654, Taiwan (R.O.C.)	(04) 26225151
Shalu Branch	No. 52, Shatian Rd., Shalu Dist., Taichung City 43353, Taiwan (R.O.C.)	(04) 26358599
Tatu Branch	1F., No. 780, Sec. 2, Shatian Rd., Dadu Dist., Taichung City 43242, Taiwan (R.O.C.)	(04) 26983711
Fengyuan Branch	1F., No. 220, Zhongzheng Rd., Fengyuan Dist., Taichung City 42056, Taiwan (R.O.C.)	(04) 25269191
Daya Branch	1F., No. 1090, Sec. 3, Zhongqing Rd., Daya Dist., Taichung City 42878, Taiwan (R.O.C.)	(04) 25665500
Tantzu Branch	No. 199, Sec. 2, Zhongshan Rd., Tanzi Dist., Taichung City 42755, Taiwan (R.O.C.)	(04) 25322234
Tungshih Branch	No. 456, Fengshi Rd., Dongshi Dist., Taichung City 42343, Taiwan (R.O.C.)	(04) 25877160
Wufeng Branch	No. 900, Zhongzheng Rd., Wufeng Dist., Taichung City 41341, Taiwan (R.O.C.)	(04) 23393567
Taipin Branch	No. 89, Yongfeng Rd., Taiping Dist., Taichung City 41143, Taiwan (R.O.C.)	(04) 22736789
Tsaotun Branch	No. 23, Heping St., Caotun Township, Nantou County 54242, Taiwan (R.O.C.)	(049) 2338101
Nantou Branch	No. 72, Sec. 2, Zhangnan Rd., Nantou City, Nantou County 54063, Taiwan (R.O.C.)	(049) 2226171
Puli Branch	No. 73, Xikang Rd., Puli Township, Nantou County 54555, Taiwan (R.O.C.)	(049) 2983983
Shuilikeng Branch	No. 226, Minquan Rd., Shuili Township, Nantou County 55343, Taiwan (R.O.C.)	(049) 2772121
Changhwa Branch	1F., No. 57, Heping Rd., Changhua City, Changhua County 50046, Taiwan (R.O.C.)	(04) 7242101
Dali Branch	1F., No. 20, Sec. 2, Defang Rd., Dali Dist., Taichung City 41262, Taiwan (R.O.C.)	(04) 24181558
Lukang Branch	No. 137, Zhongshan Rd., Lukang Township, Changhua County 50570, Taiwan (R.O.C.)	(04) 7773311

Domestic Offices	Address	Tel
Hemei Branch	1F., No. 428, Daozhou Rd., Hemei Township, Changhua County 50845, Taiwan (R.O.C.)	(04) 7579696
Yuanlin Branch	No. 495, Zhongzheng Rd., Yuanlin Township, Changhua County 51041, Taiwan (R.O.C.)	(04) 8322101
Hsihu Branch	No. 158, Sec. 3, Zhangshui Rd., Xihu Township, Changhua County 51441, Taiwan (R.O.C.)	(04) 8853471
Peitou Branch	No. 172, Sec.1, Douyuan Rd., Beidou Township, Changhua County 52146, Taiwan (R.O.C.)	(04) 8882811
Erlin Branch	1F., No. 67, Sec. 5, Douyuan Rd., Erlin Township, Changhua County 52641, Taiwan (R.O.C.)	(04) 8950011
Hsiluo Branch	1F., No. 225, Zhongshan Rd., Xiluo Township, Yunlin County 64848, Taiwan (R.O.C.)	(05) 5863611
Touliu Branch	No. 70, Zhongshan Rd., Douliu City, Yunlin County 64051, Taiwan (R.O.C.)	(05) 5324116
Tounan Branch	No. 100, Zhongshan Rd., Dounan Township, Yunlin County 63042, Taiwan (R.O.C.)	(05) 5974191
Huwei Branch	No. 35, Zhongzheng Rd., Huwei Township, Yunlin County 63242, Taiwan (R.O.C.)	(05) 6322561
Tukoo Branch	1F., No. 308, Guangming Rd., Tuku Township, Yunlin County 63346, Taiwan (R.O.C.)	(05) 6621116
Peikang Branch	No. 51, Wenhua Rd., Beigang Township, Yunlin County 65142, Taiwan (R.O.C.)	(05) 7836121
Talin Branch	No. 246, Xianghe Rd., Dalin Township, Chiayi County 62241, Taiwan (R.O.C.)	(05) 2653221
Chiayi Branch	1F., No. 386, Zhongshan Rd., West Dist., Chiayi City 60041, Taiwan (R.O.C.)	(05) 2278141
Tung-Chiayi Branch	1F., No. 832, Xinsheng Rd., East Dist., Chiayi City 60074, Taiwan (R.O.C.)	(05) 2712811
Pei-Chiayi Branch	No. 290, You'ai Rd., West Dist., Chiayi City 60088, Taiwan (R.O.C.)	(05) 2342166
Hsinying Branch	1F., No. 150, Fuxing Rd., Xinying Dist., Tainan City 73043, Taiwan (R.O.C.)	(06) 6323871
Yungkang Branch	No. 839, Zhongzheng S. Rd., Yongkang Dist., Tainan City 71045, Taiwan (R.O.C.)	(06) 2545386
Chung-Hua Road Branch	No. 473-3, Xiaodong Rd., Yongkang Dist., Tainan City 71069, Taiwan (R.O.C.)	(06) 3125318
Guiren Branch	No. 218, Sec. 2, Zhongshan Rd., Guiren Dist., Tainan City 71146, Taiwan (R.O.C.)	(06) 2391711
Tainan Branch	1F., No. 88, Zhongzheng Rd., West Central Dist., Tainan City 70048, Taiwan (R.O.C.)	(06) 2221281
Yenping Branch	No. 151, Sec. 2, Minquan Rd., West Central Dist., Tainan City 70042, Taiwan (R.O.C.)	(06) 2254161
Hsi-Tainan Branch	No. 94, Sec. 3, Minzu Rd., West Central Dist., Tainan City 70053, Taiwan (R.O.C.)	(06) 2235141
Tung-Tainan Branch	No. 95-1, Sec. 1, Beimen Rd., West Central Dist., Tainan City 70044, Taiwan (R.O.C.)	(06) 2267141
Nan-Tainan Branch	1F., No. 655, Sec. 1, Ximen Rd., South Dist., Tainan City 70245, Taiwan (R.O.C.)	(06) 2263181
Pei-Tainan Branch	No. 367, Sec. 4, Ximen Rd., North Dist., Tainan City 70465, Taiwan (R.O.C.)	(06) 2523450
An-Nan Branch	1F., No. 330, Sec. 4, Anhe Rd., Annan Dist., Tainan City 70969, Taiwan (R.O.C.)	(06) 3556111
Chishan Branch	1F., No. 102, Zhongshan Rd., Qishan Dist., Kaohsiung City 84257, Taiwan (R.O.C.)	(07) 6615481
Kangshan Branch	No. 293, Gangshan Rd., Gangshan Dist., Kaohsiung City 82041, Taiwan (R.O.C.)	(07) 6216111
Fengshan Branch	No. 264, Sanmin Rd., Fengshan Dist., Kaohsiung City 83058, Taiwan (R.O.C.)	(07) 7470101

Domestic Offices	Address	Tel
Luchu Branch	No. 835, Zhongshan Rd., Luzhu Dist., Kaohsiung City 82152, Taiwan (R.O.C.)	(07) 6972151
Ta-Fa Branch	No. 101, Lixing Rd., Daliao Dist., Kaohsiung City 83167, Taiwan (R.O.C.)	(07) 7824356
Kaohsiung Branch	No. 59, Minquan 1st Rd., Lingya Dist., Kaohsiung City 80251, Taiwan (R.O.C.)	(07) 3361620
Chi-Hsien Branch	1F., No. 456, Zhongxiao 1st Rd., Xinxing Dist., Kaohsiung City 80055, Taiwan (R.O.C.)	(07) 2361191
Yencheng Branch	1F., No. 85, Dayong Rd., Yancheng Dist., Kaohsiung City 80343, Taiwan (R.O.C.)	(07) 5313181
Tung-Kaohsiung Branch	1F., No. 109, Zhongzheng 4th Rd., Qianjin Dist., Kaohsiung City 80147, Taiwan (R.O.C.)	(07) 2217741
Nan-Kaohsiung Branch	No. 13, Yongfeng Rd., Qianzhen Dist., Kaohsiung City 80643, Taiwan (R.O.C.)	(07) 7158000
Pei-Kaohsiung Branch	No. 720, Houchang Rd., Nanzi Dist., Kaohsiung City 81142, Taiwan (R.O.C.)	(07) 3662566
Zuoying Branch	1F., No. 280, Bo'ai 4th Rd., Zuoying Dist., Kaohsiung City 81369, Taiwan (R.O.C.)	(07) 3436269
Sanmin Branch	No. 157, Hebei 2nd Rd., Sanmin Dist., Kaohsiung City 80749, Taiwan (R.O.C.)	(07) 2918131
Hsinhsing Branch	No. 139, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City 80274, Taiwan (R.O.C.)	(07) 2222200
Chanchen Branch	No. 155, Sanduo 3rd Rd., Qianzhen Dist., Kaohsiung City 80655, Taiwan (R.O.C.)	(07) 3344121
Chiu-Ju Lu Branch	No. 7, Jiuru 2nd Rd., Sanmin Dist., Kaohsiung City 80759, Taiwan (R.O.C.)	(07) 3123101
Chienhsing Branch	1F., No. 1, Yihua Rd., Sanmin Dist., Kaohsiung City 80770, Taiwan (R.O.C.)	(07) 3896789
Po-Ai Branch	No. 517, Bo'ai 1st Rd., Gushan Dist., Kaohsiung City 80466, Taiwan (R.O.C.)	(07) 5545151
Lingya Branch	No. 2, Siwei 4th Rd., Lingya Dist., Kaohsiung City 80247, Taiwan (R.O.C.)	(07) 3353171
Ta-Shun Branch	No. 109, Jianguo 1st Rd., Lingya Dist., Kaohsiung City 80284, Taiwan (R.O.C.)	(07) 7715101
Pingtung Branch	1F., No. 117-2, Zhongzheng Rd., Pingtung City, Pingtung County 90074, Taiwan (R.O.C.)	(08) 7342705
Chaochou Branch	No. 38, Zhongzheng Rd., Chaozhou Township, Pingtung County 92052, Taiwan (R.O.C.)	(08) 7883911
Tungkang Branch	No. 74, Zhongzheng Rd., Donggang Township, Pingtung County 92849, Taiwan (R.O.C.)	(08) 8351521
Hengchun Branch	No. 22, Hengnan Rd., Hengchun Township, Pingtung County 94641, Taiwan (R.O.C.)	(08) 8899665
Hualien Branch	No. 191, Zhongshan Rd., Hualien City, Hualien County 97047, Taiwan (R.O.C.)	(03) 8323961
Taitung Branch	1F., No. 226, Zhengqi Rd., Taitung City, Taitung County 95044, Taiwan (R.O.C.)	(089) 324311
RC Northern Area 1	2F., No. 47, Sec. 1, Jinshan S. Rd., Zhongzheng Dist., Taipei City 10056, Taiwan (R.O.C.)	(02) 23973801
RC Northern Area 2	3F., No. 182, Zhonghe Rd., Zhonghe Dist., New Taipei City 23575, Taiwan (R.O.C.)	(02) 22401223
RC Central Area	12F., No. 78, Sec. 2, Fuxing Rd., South Dist., Taichung City 40245, Taiwan (R.O.C.)	(04) 22601588
RC Southern Area	4F., No. 85, Dayong Rd., Yancheng Dist., Kaohsiung City 80343, Taiwan (R.O.C.)	(07) 5219123
Taipei Securities Broker	3F., No. 68, Hengyang Rd., Zhongzheng Dist., Taipei City 10045, Taiwan (R.O.C.)	(02) 23619654
Taichung Securities Broker	3F., No. 78, Sec. 2, Fuxing Rd., South Dist., Taichung City 40245, Taiwan (R.O.C.)	(04) 22660011

Domestic Offices	Address	Tel
Chi-Hsien Securities Broker	3F., No. 456, Zhongxiao 1st Rd., Xinxing Dist., Kaohsiung City 80055, Taiwan (R.O.C.)	(07) 2355658

Overseas Units	Address	Tel
New York Branch	685 Third Avenue, 29th Floor, New York, N.Y. 10017, U. S. A.	1-212-6519770
Los Angeles Branch	333 South Grand Avenue, Suite 2250, Los Angeles, CA 90071, U. S. A.	1-213-6207200
Tokyo Branch	Marunouchi Trust Tower Main 7th Fl., 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan	81-3-32128888
London Branch	4th Floor, 6-8 Tokenhouse Yard, London EC2R 7AS United Kingdom	44-20-76006600
Hong Kong Branch	1401, Tower Ⅱ, The Gateway, 25 Canton Rd., Tsimshatsui, Kowloon, Hong Kong	852-29561212
Singapore Branch	1 Finlayson Green #08-00 Singapore 049246	65-65320820
Manila Branch	43/F, Philamlife Tower, 8767 Paseo de Roxas Makati City, Metro Manila, 1226, Philippines	63-2-7621-0088
Yangon Representative Office	422/426 Corner of Strand Road and Botahtaung Pagoda Road, #10-02, Botahtaung Township, Yangon, Republic of the Union of Myanmar	95-1-8202095

Subsidiaries and their Branches	Address	Tel
CHB Venture Capital Co., Ltd.	10F., No. 57, Sec. 2, Zhongshan N. Road, Zhongshan District, Taipei City 10412, Taiwan, (R.O.C.)	(02)25362951
Chang Hua Commercial Bank, Ltd.	No. 371, Jiang Dong Middle Road, Jianye District, Nanjing City, Jiangsu Province, P.R.C.	86-025-88811000
Chang Hua Commercial Bank, Ltd., Kunshan Branch	1F & 2F, Tower A, 88 Hei Long Jiang North Rd., Kunshan City, Jiangsu Province, P.R.C.	86-512-57367576
Chang Hua Commercial Bank, Ltd., Kunshan Huaqiao Sub-Branch	No. 538, Shangyin Rd., Huaqiao Town Kunshan City, Jiangsu Province, P.R.C.	86-512-36690188
Chang Hua Commercial Bank, Ltd., Dongguan Branch	Room 801, TBA Tower1, No. 11, Dongguan Boulevard, Dong Cheng District, Dongguan City, Guangdong Province, P.R.C.	86-769-23660101
Chang Hua Commercial Bank, Ltd., Fuzhou Branch	No. 04, 05 14F, Hengli City, 128-1, Wusi Road, Fuzhou, Fujian Province, P.R.C.	86-591-86211320
Chang Hua Commercial Bank, Ltd., Nanjing Branch	No. 371, Jiang Dong Middle Road, Jianye District, Nanjing City, Jiangsu Province, P.R.C.	86-025-88811000

Chang Hwa Commercial Bank, Ltd.

Chairperson Joanne Ling