

**Chang Hwa Commercial Bank, Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2022 and 2021 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Chang Hwa Commercial Bank, Ltd. (the “Bank”) and its subsidiaries (collectively referred to as the “Group”) as of March 31, 2022 and 2021, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Bank and International Accounting Standards 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2022 and 2021 and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2022 and 2021 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and International Accounting Standards 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Mei Hui Wu and Tung Feng Lee.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 13, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
	Amount	%	Amount	%	Amount	%
ASSETS						
Cash and cash equivalents (Notes 4, 6 and 36)	\$ 28,692,563	1	\$ 41,507,576	2	\$ 27,123,386	1
Due from the Central Bank and call loans to banks (Notes 4, 6 and 36)	216,088,890	8	249,194,363	10	222,464,106	9
Financial assets at fair value through profit or loss (Notes 4, 7, 34 and 37)	87,639,414	3	56,611,729	2	59,372,937	3
Financial assets at fair value through other comprehensive income (Notes 4, 8, 10, 34 and 37)	198,358,217	8	174,195,003	7	146,741,221	6
Financial assets for hedging (Notes 4, 13 and 34)	-	-	147,321	-	202,941	-
Investments in debt instruments at amortized cost (Notes 4, 5, 9, 10, 34 and 37)	419,118,658	16	405,256,329	16	363,688,272	15
Receivables, net (Notes 4, 11 and 12)	21,023,890	1	22,928,736	1	23,572,043	1
Current tax assets (Notes 4 and 31)	356,231	-	344,089	-	520,888	-
Discounts and loans, net (Notes 4, 5, 12, 34, 35 and 36)	1,625,462,772	61	1,554,775,087	61	1,499,268,577	62
Other financial assets, net (Notes 4, 14 and 37)	2,398,366	-	3,857,675	-	21,654,348	1
Property and equipment, net (Notes 4 and 16)	21,061,852	1	20,979,380	1	20,871,146	1
Right-of-use assets, net (Notes 4 and 17)	1,914,219	-	1,941,510	-	1,653,639	-
Investment properties, net (Notes 4 and 18)	13,850,455	1	13,852,096	-	13,857,172	1
Intangible assets, net (Notes 4 and 19)	1,099,441	-	595,639	-	636,009	-
Deferred tax assets (Notes 4 and 31)	4,144,517	-	3,455,911	-	3,739,489	-
Other assets, net (Notes 20 and 37)	<u>1,600,347</u>	<u>-</u>	<u>1,464,053</u>	<u>-</u>	<u>1,897,047</u>	<u>-</u>
TOTAL	<u>\$ 2,642,809,832</u>	<u>100</u>	<u>\$ 2,551,106,497</u>	<u>100</u>	<u>\$ 2,407,263,221</u>	<u>100</u>
LIABILITIES AND EQUITY						
Deposits from the Central Bank and banks (Notes 4, 21 and 36)	\$ 133,300,118	5	\$ 72,221,898	3	\$ 105,031,910	4
Due to the Central Bank and banks (Notes 6 and 37)	30,276,920	1	27,667,470	1	16,966,890	1
Financial liabilities at fair value through profit or loss (Notes 4 and 7)	5,889,189	-	3,150,309	-	3,011,478	-
Securities sold under repurchase agreements (Note 4)	1,563,384	-	1,372,860	-	1,554,675	-
Payables (Notes 4, 22 and 29)	26,200,819	1	36,770,068	2	27,279,544	1
Current tax liabilities (Notes 4 and 31)	567,093	-	318,060	-	1,003,486	-
Deposits and remittances (Notes 4, 23 and 36)	2,195,619,513	83	2,167,441,232	85	2,003,174,798	83
Bank notes payable (Notes 4, 24 and 34)	51,263,617	2	51,278,335	2	60,224,275	3
Other financial liabilities (Notes 4 and 25)	922,482	-	1,001,902	-	1,483,022	-
Reserve for liabilities (Notes 4, 5, 27 and 28)	4,621,019	-	4,694,126	-	5,123,360	-
Lease liabilities (Notes 4 and 17)	1,746,795	-	1,770,490	-	1,480,861	-
Deferred tax liabilities (Notes 4 and 31)	9,642,154	1	8,818,712	-	8,835,162	1
Other liabilities (Notes 4, 16 and 26)	<u>8,131,450</u>	<u>-</u>	<u>3,148,580</u>	<u>-</u>	<u>4,676,892</u>	<u>-</u>
Total liabilities	<u>2,469,744,553</u>	<u>93</u>	<u>2,379,654,042</u>	<u>93</u>	<u>2,239,846,353</u>	<u>93</u>
EQUITY (Notes 4, 29 and 31)						
Capital stock						
Common stock	104,885,708	4	104,885,708	4	103,847,236	4
Retained earnings						
Legal reserve	40,320,456	2	40,320,456	2	38,266,789	2
Special reserve	12,201,590	1	12,201,590	1	12,201,590	1
Unappropriated earnings	11,558,756	-	9,130,892	-	8,823,363	-
Other equity	<u>4,098,769</u>	<u>-</u>	<u>4,913,809</u>	<u>-</u>	<u>4,277,890</u>	<u>-</u>
Total equity	<u>173,065,279</u>	<u>7</u>	<u>171,452,455</u>	<u>7</u>	<u>167,416,868</u>	<u>7</u>
TOTAL	<u>\$ 2,642,809,832</u>	<u>100</u>	<u>\$ 2,551,106,497</u>	<u>100</u>	<u>\$ 2,407,263,221</u>	<u>100</u>

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
INTEREST INCOME (Notes 4, 30, 36 and 40)	\$ 7,304,860	98	\$ 6,674,274	97
INTEREST EXPENSE (Notes 30, 36 and 40)	<u>(1,853,608)</u>	<u>(25)</u>	<u>(1,867,281)</u>	<u>(27)</u>
NET INCOME OF INTEREST	<u>5,451,252</u>	<u>73</u>	<u>4,806,993</u>	<u>70</u>
NET NON-INTEREST INCOME (LOSS)				
Net service fee income (Notes 4 and 30)	1,187,465	16	1,203,741	17
Gain (loss) on financial assets or liabilities measured at fair value through profit or loss (Notes 4, 7 and 30)	260,006	4	316,391	4
Realized gain (loss) on financial assets at fair value through other comprehensive income (Notes 4 and 30)	141,634	2	194,575	3
Gain (loss) arising from derecognition of financial assets at amortized cost	(1,608)	-	-	-
Foreign exchange gain (loss) (Notes 4 and 34)	332,822	4	182,938	3
Net other non-interest income (loss) (Notes 13 and 15)	<u>58,119</u>	<u>1</u>	<u>190,315</u>	<u>3</u>
Net non-interest income	<u>1,978,438</u>	<u>27</u>	<u>2,087,960</u>	<u>30</u>
NET REVENUE AND GAINS	<u>7,429,690</u>	<u>100</u>	<u>6,894,953</u>	<u>100</u>
BAD DEBT EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 12)	<u>(557,306)</u>	<u>(7)</u>	<u>(575,554)</u>	<u>(9)</u>
OPERATING EXPENSES				
Employee benefits expenses (Notes 4 and 30)	(2,672,478)	(36)	(2,688,383)	(39)
Depreciation and amortization expenses (Notes 4 and 30)	(366,236)	(5)	(352,710)	(5)
Other general and administrative expenses	<u>(1,015,274)</u>	<u>(14)</u>	<u>(899,892)</u>	<u>(13)</u>
Total operating expenses	<u>(4,053,988)</u>	<u>(55)</u>	<u>(3,940,985)</u>	<u>(57)</u>
INCOME BEFORE INCOME TAX	2,818,396	38	2,378,414	34
INCOME TAX EXPENSE (Notes 4 and 31)	<u>(441,254)</u>	<u>(6)</u>	<u>(432,509)</u>	<u>(6)</u>
NET INCOME	<u>2,377,142</u>	<u>32</u>	<u>1,945,905</u>	<u>28</u>

(Continued)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified to profit or loss, net of tax:				
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	\$ 1,096,868	15	\$ 1,040,545	15
Items that will be reclassified to profit or loss, net of tax:				
Exchange differences on translation (Note 4)	1,156,691	16	245,801	4
Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	(3,042,574)	(41)	(878,322)	(13)
(Impairment loss) reversal of impairment loss on investments in debt instruments measured at fair value through other comprehensive income	2,095	-	7,793	-
Income tax related to items that will be reclassified to profit or loss (Notes 4 and 31)	<u>22,602</u>	<u>-</u>	<u>1,356</u>	<u>-</u>
Other comprehensive income (loss), net of tax	<u>(764,318)</u>	<u>(10)</u>	<u>417,173</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 1,612,824</u>	<u>22</u>	<u>\$ 2,363,078</u>	<u>34</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Bank	<u>\$ 2,377,142</u>	<u>32</u>	<u>\$ 1,945,905</u>	<u>28</u>
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Bank	<u>\$ 1,612,824</u>	<u>22</u>	<u>\$ 2,363,078</u>	<u>34</u>
Non-controlling interests	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>-</u>
EARNINGS PER SHARE (Note 32)				
Basic	<u>\$ 0.23</u>		<u>\$ 0.19</u>	
Diluted	<u>\$ 0.23</u>		<u>\$ 0.19</u>	

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 (In Thousands of New Taiwan Dollars, Except Shares of Capital Stock) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Bank						Other Equity		Total Equity
	Capital Stock		Retained Earnings			Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Financial Assets Measured at Fair Value Through Other Comprehensive Income		
	Common Stock (In Thousand)	Amount	Legal Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2021	10,384,724	\$ 103,847,236	\$ 38,266,789	\$ 12,201,590	\$ 6,884,362	\$ (2,870,996)	\$ 6,724,809	\$ 165,053,790	
Net income for the three months ended March 31, 2021	-	-	-	-	1,945,905	-	-	1,945,905	
Other comprehensive income (loss) for the three months ended March 31, 2021, net of tax	-	-	-	-	-	236,605	180,568	417,173	
Total comprehensive income (loss) for the three months ended March 31, 2021	-	-	-	-	1,945,905	236,605	180,568	2,363,078	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(6,904)	-	6,904	-	
BALANCE AT MARCH 31, 2021	<u>10,384,724</u>	<u>\$ 103,847,236</u>	<u>\$ 38,266,789</u>	<u>\$ 12,201,590</u>	<u>\$ 8,823,363</u>	<u>\$ (2,634,391)</u>	<u>\$ 6,912,281</u>	<u>\$ 167,416,868</u>	
BALANCE AT JANUARY 1, 2022	10,488,571	\$ 104,885,708	\$ 40,320,456	\$ 12,201,590	\$ 9,130,892	\$ (3,313,666)	\$ 8,227,475	\$ 171,452,455	
Net income for the three months ended March 31, 2022	-	-	-	-	2,377,142	-	-	2,377,142	
Other comprehensive income (loss) for the three months ended March 31, 2022, net of tax	-	-	-	-	-	1,108,622	(1,872,940)	(764,318)	
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	2,377,142	1,108,622	(1,872,940)	1,612,824	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	50,722	-	(50,722)	-	
BALANCE AT MARCH 31, 2022	<u>10,488,571</u>	<u>\$ 104,885,708</u>	<u>\$ 40,320,456</u>	<u>\$ 12,201,590</u>	<u>\$ 11,558,756</u>	<u>\$ (2,205,044)</u>	<u>\$ 6,303,813</u>	<u>\$ 173,065,279</u>	

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

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 2,818,396	\$ 2,378,414
Non-cash (income and gains) or expenses and losses		
Expected credit loss recognized on trade receivables	557,306	575,554
Depreciation expense	299,174	288,821
Amortization expense	67,062	63,889
Interest income	(7,304,860)	(6,674,274)
Dividend income	(51,392)	(19,108)
Interest expense	1,853,608	1,867,281
Net gain on financial assets or liabilities at fair value through profit or loss	(6,276,316)	(4,696,553)
Gain on disposal of investments	(88,636)	(175,720)
Unrealized foreign exchange losses	6,016,310	4,380,162
Other adjustments	114,991	(126,875)
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank	636,441	(24,591,153)
Increase in financial assets at fair value through profit or loss	(22,237,446)	(44,721,491)
Decrease (increase) in receivables	2,178,223	(2,157,663)
Increase in discounts and loans	(71,177,322)	(21,925,120)
Increase in financial assets at fair value through other comprehensive income	(26,016,582)	(23,699,664)
Increase in investments in debt instruments at amortized cost	(13,862,287)	(18,404,825)
Decrease in other financial assets	1,459,842	3,934,885
(Increase) decrease in other assets	(133,279)	850,917
(Decrease) increase in deposits from the Central Bank and banks	(34,964)	129,580
Increase in deposits and remittances	28,178,281	85,187,649
(Decrease) increase in payables	(10,901,307)	5,065,743
Decrease in financial liabilities at fair value through profit or loss	(5,868,774)	(4,068,058)
Decrease in reserve for liabilities	(159,577)	(202,387)
Decrease in other financial liabilities	(79,420)	(466,127)
Increase in other liabilities	4,983,916	2,192,911
Cash flows used in operations	(115,028,612)	(45,013,212)
Interest received	7,173,007	6,765,021
Dividends received	2,862	2,854
Interest paid	(1,538,726)	(1,892,071)
Income taxes paid	(34,783)	(96,192)
Net cash flows used in operating activities	<u>(109,426,252)</u>	<u>(40,233,600)</u>

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CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	\$ (181,413)	\$ (84,808)
Acquisition of intangible assets	<u>(567,539)</u>	<u>(11,203)</u>
Net cash flows used in investing activities	<u>(748,952)</u>	<u>(96,011)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and banks	63,722,634	3,818,543
Repayment of bank notes	-	(1,100,000)
Increase in securities sold under repurchase agreement	190,524	328,042
Repayments of the principal portion of lease liabilities	<u>(178,690)</u>	<u>(158,392)</u>
Net cash flows generated from financing activities	<u>63,734,468</u>	<u>2,888,193</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>1,156,691</u>	<u>245,801</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(45,284,045)	(37,195,617)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>194,506,675</u>	<u>175,454,685</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 149,222,630</u>	<u>\$ 138,259,068</u>
	March 31	
	2022	2021
Reconciliation of cash and cash equivalents		
Cash and cash equivalents in the balance sheets	\$ 28,692,563	\$ 27,123,386
Call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	<u>120,530,067</u>	<u>111,135,682</u>
Cash and cash equivalents at end of period	<u>\$ 149,222,630</u>	<u>\$ 138,259,068</u>

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

(Concluded)

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank’s board of directors on May 13, 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 amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Bank and its subsidiaries (collectively referred to as the “Group”) accounting policies.

1) Annual Improvements to IFRS Standards 2018-2020

Several standards were amended in the annual improvements and in which the Group applied the amendments to IFRS 9 to modifications and exchanges of financial liabilities that occur on or after January 1, 2022. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendment to IFRS 16 “Covid-19 - Related Rent Concessions beyond June 30, 2021”

The Group elected to apply the practical expedient provided in the amendments to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Group shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

The Group applied the amendments from January 1, 2022 and recognized the cumulative effect of retrospective application in retained earnings on January 1, 2022.

b. 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 Bank and IAS 34 as endorsed and issued into effect by the FSC. Disclosure information included in these consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

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.

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.

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

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

Other Significant Accounting Policies

Except for the following, for the summary of other significant accounting policies, refer to the Group's consolidated financial statements for the year ended December 31, 2021.

- a. Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

- b. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Refer to the summary of critical accounting judgements and key sources of estimation uncertainty in the Group's consolidated financial statements for the year ended December 31, 2021.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	\$ 13,311,687	\$ 11,986,278	\$ 13,295,681
Checks for clearing	4,372,896	14,552,468	4,664,273
Due from banks	9,517,671	13,433,148	7,505,762
Foreign currencies on hand	<u>1,490,309</u>	<u>1,535,682</u>	<u>1,657,670</u>
	<u>\$ 28,692,563</u>	<u>\$ 41,507,576</u>	<u>\$ 27,123,386</u>

Refer to the consolidated statement of cash flows for the information on reconciliation and of cash and cash equivalents as of March 31, 2022 and 2021. Cash and cash equivalents as of December 31, 2021 as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheets as follows:

	December 31, 2021
Cash and cash equivalents	\$ 41,507,576
Call loans to banks	<u>152,999,099</u>
	<u>\$ 194,506,675</u>

b. Due from Central Bank and call loans to banks

	March 31, 2022	December 31, 2021	March 31, 2021
Call loans to banks	\$ 120,530,067	\$ 152,999,099	\$ 111,135,682
Reserve for checking accounts	26,159,477	24,508,522	51,096,208
Reserve for demand accounts	56,863,685	54,264,266	52,317,597
Reserve for foreign deposits	616,040	598,428	534,378
Others	<u>11,919,621</u>	<u>16,824,048</u>	<u>7,380,241</u>
	<u>\$ 216,088,890</u>	<u>\$ 249,194,363</u>	<u>\$ 222,464,106</u>

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

	March 31, 2022	December 31, 2021	March 31, 2021
Other dues to the Central Bank	\$ 30,276,920	\$ 27,667,470	\$ 16,966,890

According to the Central Bank's regulations on capital requirements as a response to the COVID-19, the Group set aside \$35,000,000 thousand, \$35,000,000 thousand, and \$30,000,000 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets mandatorily classified at FVTPL			
Derivative financial assets (not under hedge accounting)			
Futures	\$ 626,760	\$ 159,609	\$ 142,702
Forward exchange contracts	199,067	86,476	102,844
Interest rate swaps	351,229	128,448	294,704
Currency swaps	10,172,037	1,728,652	5,112,610
Currency call option premiums	37,097	32,426	40,488
Non-derivative financial assets			
Investment in bills	72,095,810	50,539,806	52,202,944
Domestic listed stock	80,441	23,166	182,249
Domestic unquoted stock	429,808	331,681	171,372
Funds	13,450	12,000	-
Bank notes	1,114,733	858,997	-
Government bonds	4,960	440,518	221,609
Corporate bonds	2,514,022	2,269,950	901,415
	<u>\$ 87,639,414</u>	<u>\$ 56,611,729</u>	<u>\$ 59,372,937</u>

The par values of notes provided for transactions with repurchase agreements were \$463,400 thousand, \$433,500 thousand and \$367,700 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

Financial Liabilities at FVTPL

	March 31, 2022	December 31, 2021	March 31, 2021
Financial liabilities held for trading			
Derivative financial liabilities (not applying hedge accounting)			
Forward contracts	\$ 167,655	\$ 28,402	\$ 66,708
Interest rate swaps	343,885	128,981	294,088
Currency swaps	5,340,550	2,960,496	2,610,167
Currency put option premiums	37,099	32,430	40,515
	<u>\$ 5,889,189</u>	<u>\$ 3,150,309</u>	<u>\$ 3,011,478</u>

The Group entered into derivative contracts during the three months ended March 31, 2022 and 2021 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 March 31, 2022, December 31, 2021 and March 31, 2021 were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Currency swaps	\$ 786,505,115	\$ 671,334,286	\$ 543,339,763
Currency options	18,366,013	14,821,235	16,652,980
Forward exchange contracts	20,072,045	14,430,824	15,786,809
Interest rate swaps	97,506,647	107,323,685	172,249,335

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2022	December 31, 2021	March 31, 2021
Investments in equity instruments at FVTOCI			
Domestic listed stock	\$ 17,693,300	\$ 15,814,451	\$ 9,228,404
Domestic unquoted stock	12,031,070	11,494,597	9,402,414
Beneficiary and asset-based securities	<u>231,525</u>	<u>233,100</u>	<u>-</u>
	<u>29,955,895</u>	<u>27,542,148</u>	<u>18,630,818</u>
Investments in debt instruments at FVTOCI			
Government bonds	42,623,195	27,322,940	22,059,251
Corporate bonds	51,194,100	51,529,797	45,474,044
Bank notes	66,505,452	61,181,463	47,629,432
Bonds issued by international organizations	2,713,601	850,502	4,233,978
Beneficiary and asset-based securities	4,275,698	4,651,193	7,563,722
Investments in bills	<u>1,090,276</u>	<u>1,116,960</u>	<u>1,149,976</u>
	<u>168,402,322</u>	<u>146,652,855</u>	<u>128,110,403</u>
	<u>\$ 198,358,217</u>	<u>\$ 174,195,003</u>	<u>\$ 146,741,221</u>

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.

- Refer to Note 10 for information relating to their credit risk management and impairment.
- The par value of bonds provided for transactions with repurchase agreement were \$996,800 thousand, \$852,600 thousand and \$1,075,300 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.
- Government bonds placed as deposits in courts amounted to \$243,600 thousand, \$249,300 thousand and \$332,200 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively. Another government bonds placed as operating deposits amounted to \$330,000 thousand; government bonds placed as reserve fund for trust compensation amounted to \$220,000 thousand; overseas branches' bonds provided as collateral for operations were \$425,016 thousand, \$217,887 thousand and \$283,787 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively. And the other government bonds provided to Central Bank as collateral for treasury business as of March 31, 2022 and December 31, 2021 amounted to \$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

	March 31, 2022	December 31, 2021	March 31, 2021
Investments in bills	\$ 360,162,713	\$ 360,215,104	\$ 356,153,483
Bank notes	25,810,728	11,339,437	1,139,953
Corporate bonds	4,276,584	3,652,914	-
Government bonds	11,084,082	11,243,118	6,394,836
Bonds issued by international organization	5,517,252	5,323,099	-
Beneficiary and asset-based securities	<u>12,267,299</u>	<u>13,482,657</u>	<u>-</u>
	<u>\$ 419,118,658</u>	<u>\$ 405,256,329</u>	<u>\$ 363,688,272</u>

- Refer to Note 10 for information relating to their credit risk management and impairment.
- The amounts of the overseas branches' bonds provided as collateral for operations were \$142,900 thousand, \$138,275 thousand and \$142,525 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.
- Certificates of deposits placed as reserves for clearing at the Central Bank amounted to \$36,000,000 thousand; certificates of deposit which were issued by Central Bank and pledged for call loans from banks amounted to \$5,300,000 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021.
- 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.

March 31, 2022

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 172,204,672	\$ 419,127,302	\$ 591,331,974
Less: Allowance for impairment loss	<u>(55,751)</u>	<u>(8,644)</u>	<u>(64,395)</u>
Amortized cost	172,148,921	<u>\$ 419,118,658</u>	591,267,579
Adjustment to fair value	<u>(3,746,599)</u>		<u>(3,746,599)</u>
	<u>\$ 168,402,322</u>		<u>\$ 587,520,980</u>

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	<u>(53,656)</u>	<u>(4,596)</u>	<u>(58,252)</u>
Amortized cost	147,358,977	<u>\$ 405,256,329</u>	552,615,306
Adjustment to fair value	<u>(706,122)</u>		<u>(706,122)</u>
	<u>\$ 146,652,855</u>		<u>\$ 551,909,184</u>

March 31, 2021

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	\$ 128,310,350	\$ 363,688,565	\$ 491,998,915
Less: Allowance for impairment loss	(47,168)	(293)	(47,461)
Amortized cost	128,263,182	<u>\$ 363,688,272</u>	491,951,454
Adjustment to fair value	(152,779)		(152,779)
	<u>\$ 128,110,403</u>		<u>\$ 491,798,675</u>

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
Defaulted	There is evidence indicating that the asset is credit impaired.	Lifetime ECLs - credit impaired

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

March 31, 2022

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.3396%	<u>\$ 172,204,672</u>	<u>\$ 419,127,302</u>

December 31, 2021

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

March 31, 2021

Category	Expected Loss Rate	At FVTOCI	At Amortized Cost
Performing	0%-0.3365%	<u>\$ 128,310,350</u>	<u>\$ 363,688,565</u>

At FVTOCI

Allowance for Impairment Loss	Credit Rating			Total
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit- impaired)	Defaulted (Lifetime ECLs - Credit- impaired)	
Balance at January 1, 2022	\$ 53,656	\$ -	\$ -	\$ 53,656
Purchase of investments in debt instruments	2,200	-	-	2,200
Derecognition	(892)	-	-	(892)
Change in exchange rates or others	<u>787</u>	<u>-</u>	<u>-</u>	<u>787</u>
Balance at March 31, 2022	<u>\$ 55,751</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,751</u>
Balance at January 1, 2021	\$ 39,374	\$ -	\$ -	\$ 39,374
Purchase of investments in debt instruments	10,445	-	-	10,445
Derecognition	(1,095)	-	-	(1,095)
Change in exchange rates or others	<u>(1,556)</u>	<u>-</u>	<u>-</u>	<u>(1,556)</u>
Balance at March 31, 2021	<u>\$ 47,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,168</u>

At amortized cost

Allowance for Impairment Loss	Credit Rating			Total
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit- impaired)	Defaulted (Lifetime ECLs - Credit- impaired)	
Balance at January 1, 2022	\$ 4,596	\$ -	\$ -	\$ 4,596
Purchase of investments in debt instruments	4,288	-	-	4,288
Change in exchange rates or others	<u>(240)</u>	<u>-</u>	<u>-</u>	<u>(240)</u>
Balance at March 31, 2022	<u>\$ 8,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,644</u>
Balance at January 1, 2021	\$ 1,787	\$ -	\$ -	\$ 1,787
Derecognition	(1,354)	-	-	(1,354)
Change in exchange rates or others	<u>(140)</u>	<u>-</u>	<u>-</u>	<u>(140)</u>
Balance at March 31, 2021	<u>\$ 293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293</u>

11. RECEIVABLES, NET

a. Details of receivables

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts receivable	\$ 8,512,466	\$ 9,987,264	\$ 10,311,320
Accrued incomes	6,731	11,666	1,228
Interests receivable	3,196,133	2,987,905	3,075,476
Acceptances receivable	3,951,188	5,033,937	5,250,649
Credit cards accounts receivable	3,848,825	3,565,790	2,309,140
Settlement price	761,830	790,929	934,203
Accounts receivable for settlement	670,179	606,377	949,176
Other receivables	<u>366,633</u>	<u>252,121</u>	<u>1,059,960</u>
	21,313,985	23,235,989	23,891,152
Less: Allowance for bad debts, receivables	<u>(290,095)</u>	<u>(307,253)</u>	<u>(319,109)</u>
	<u>\$ 21,023,890</u>	<u>\$ 22,928,736</u>	<u>\$ 23,572,043</u>

b. Allowance for receivables

1) Movements in the allowance for receivables

For the Three Months Ended March 31, 2022						
	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	\$ 10,978	\$ 2,223	\$ 153,817	\$ 167,018	\$ 140,235	\$ 307,253
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(1,131)	1,161	(30)	-	-	-
Transfers to credit-impaired financial assets	(314)	(15)	329	-	-	-
Transfers to 12-month expected credit losses	254	(124)	(130)	-	-	-
Financial assets derecognized for the period	(7,733)	(927)	(143,046)	(151,706)	-	(151,706)
Purchase or originated financial assets	6,710	545	18,427	25,682	-	25,682

(Continued)

For the Three Months Ended March 31, 2022

	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
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	\$ -	\$ -	\$ -	\$ -	\$ 112,288	\$ 112,288
Doubtful debts written off	-	-	(3,580)	(3,580)	-	(3,580)
Changes in exchange rates or others	38	6	114	158	-	158
Ending balance	<u>\$ 8,802</u>	<u>\$ 2,869</u>	<u>\$ 25,901</u>	<u>\$ 37,572</u>	<u>\$ 252,523</u>	<u>\$ 290,095</u>

(Concluded)

For the Three Months Ended March 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	(17)	27	(10)	-	-	-
Transfers to credit-impaired financial assets	(295)	(41)	336	-	-	-
Transfers to 12-month expected credit losses	27	(17)	(10)	-	-	-
Financial assets derecognized for the period	(17,165)	(2,490)	(16,370)	(36,025)	-	(36,025)
Purchase or originated financial assets	21,190	1,196	37,502	59,888	-	59,888

(Continued)

For the Three Months Ended March 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
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	\$ -	\$ -	\$ -	\$ -	\$ (674)	\$ (674)
Doubtful debts written off	-	-	(4,735)	(4,735)	-	(4,735)
Changes in exchange rates or others	15	6	47	68	-	68
Ending balance	<u>\$ 24,695</u>	<u>\$ 3,915</u>	<u>\$ 45,180</u>	<u>\$ 73,790</u>	<u>\$ 245,319</u>	<u>\$ 319,109</u>

(Concluded)

2) Movements in the total carrying amount of receivables

For the Three Months Ended March 31, 2022				
	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	\$ 22,630,646	\$ 172,155	\$ 433,188	\$ 23,235,989
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit loss	(25,393)	25,637	(244)	-
Transfers to credit-impaired financial assets	(5,693)	(1,052)	6,745	-
Transfers to 12-month expected credit losses	5,827	(2,961)	(2,866)	-
Purchase or originated financial assets	8,528,515	69,104	186,053	8,783,672
Derecognized	(10,220,553)	(129,347)	(394,613)	(10,744,513)
Doubtful debts written off	-	-	(3,580)	(3,580)
Changes in exchange rates or others	41,490	755	172	42,417
Ending balance	<u>\$ 20,954,839</u>	<u>\$ 134,290</u>	<u>\$ 224,855</u>	<u>\$ 21,313,985</u>

	For the Three Months Ended March 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	(3,737)	3,800	(63)	-
Transfers to credit-impaired financial assets	(2,462)	(4,185)	6,647	-
Transfers to 12-month expected credit losses	1,893	(1,723)	(170)	-
Purchase or originated financial assets	12,589,269	54,054	236,751	12,880,074
Derecognized	(10,523,025)	(173,662)	(76,644)	(10,773,331)
Doubtful debts written off	-	-	(4,735)	(4,735)
Changes in exchange rates or others	6,641	510	68	7,219
Ending balance	<u>\$ 23,475,408</u>	<u>\$ 131,922</u>	<u>\$ 283,822</u>	<u>\$ 23,891,152</u>

12. DISCOUNTS AND LOANS, NET

a. Details of discounts and loans

	March 31, 2022	December 31, 2021	March 31, 2021
Negotiated and discounted	\$ 3,321,958	\$ 3,844,746	\$ 3,223,177
Overdrafts	793,063	1,239,708	1,105,099
Short-term loans	386,804,246	364,723,764	392,871,854
Margin loans receivable	306,140	400,141	398,612
Medium-term loans	507,262,298	461,290,174	435,246,373
Long-term loans	742,856,278	739,420,363	680,395,943
Overdue loans	<u>4,307,072</u>	<u>4,152,236</u>	<u>4,967,737</u>
	1,645,651,055	1,575,071,132	1,518,208,795
Less: Allowance for loan losses	<u>(20,188,283)</u>	<u>(20,296,045)</u>	<u>(18,940,218)</u>
	<u>\$ 1,625,462,772</u>	<u>\$ 1,554,775,087</u>	<u>\$ 1,499,268,577</u>

Loans of which the accrual of interest income had ceased internally as of March 31, 2022, December 31, 2021 and March 31, 2021 were \$4,307,072 thousand, \$4,152,236 thousand and \$4,967,737 thousand, respectively. The amounts of interest income that would have been accrued on these loans for the three months ended March 31, 2022 and 2021 were \$28,427 thousand and \$31,918 thousand, respectively.

The Group did not write off any loans without legal claims process during the three months ended March 31, 2022 and 2021.

b. Allowance for discounts and loans

1) Movements in the allowance for discounts and loans

For the Three Months Ended March 31, 2022						
	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	\$ 2,104,357	\$ 2,116,708	\$ 5,294,105	\$ 9,515,170	\$ 10,780,875	\$ 20,296,045
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(24,796)	33,692	(8,896)	-	-	-
Transfers to credit-impaired financial assets	(90)	(10,672)	10,762	-	-	-
Transfers to 12-month expected credit losses	36,694	(36,218)	(476)	-	-	-
Financial assets derecognized for the period	(464,509)	(606,117)	(309,289)	(1,379,915)	-	(1,379,915)
Purchased or originated financial assets	329,633	672,677	443,814	1,446,124	-	1,446,124
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	-	-	-	-	613,157	613,157
Doubtful debts written off	-	-	(868,643)	(868,643)	-	(868,643)
Changes in exchange rates or others	7,158	11,414	62,943	81,515	-	81,515
Ending balance	<u>\$ 1,988,447</u>	<u>\$ 2,181,484</u>	<u>\$ 4,624,320</u>	<u>\$ 8,794,251</u>	<u>\$ 11,394,032</u>	<u>\$ 20,188,283</u>

For the Three Months Ended March 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	(5,251)	5,341	(90)	-	-	-
Transfers to credit-impaired financial assets	(451)	(16,234)	16,685	-	-	-
Transfers to 12-month expected credit losses	31,712	(30,008)	(1,704)	-	-	-
Financial assets derecognized for the period	(402,984)	(389,589)	(47,131)	(839,704)	-	(839,704)

(Continued)

For the Three Months Ended March 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
Purchased or originated financial assets	\$ 584,753	\$ 325,718	\$ 831,423	\$ 1,741,894	\$ -	\$ 1,741,894
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	-	-	-	-	14,569	14,569
Doubtful debts written off	-	-	(967,967)	(967,967)	-	(967,967)
Changes in exchange rates or others	1,509	3,574	38,069	43,152	-	43,152
Ending balance	<u>\$ 1,804,616</u>	<u>\$ 1,998,227</u>	<u>\$ 5,611,485</u>	<u>\$ 9,414,328</u>	<u>\$ 9,525,890</u>	<u>\$ 18,940,218</u>

(Concluded)

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

For the Three Months Ended March 31, 2022				
	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	\$ 1,500,208,565	\$ 60,475,732	\$ 14,386,835	\$ 1,575,071,132
Changes from financial instruments recognized at the beginning of the period:				
Transfers to lifetime expected credit losses	(15,642,712)	15,702,737	(60,025)	-
Transfers to credit-impaired financial assets	(171,467)	(536,779)	708,246	-
Transfers to 12-month expected credit losses	1,511,544	(1,506,458)	(5,086)	-
Financing assets derecognized for the period	(292,065,417)	(13,026,612)	(2,292,520)	(307,384,549)
Purchase or originated financial assets	356,280,562	17,372,373	883,668	374,536,603
Doubtful debts written off	-	-	(868,643)	(868,643)
Changes in exchange rates or others	3,639,348	551,306	105,858	4,296,512
Ending balance	<u>\$ 1,553,760,423</u>	<u>\$ 79,032,299</u>	<u>\$ 12,858,333</u>	<u>\$ 1,645,651,055</u>

	For the Three Months Ended March 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	(2,659,082)	2,660,046	(964)	-
Transfers to credit-impaired financial assets	(227,692)	(856,807)	1,084,499	-
Transfers to 12-month expected credit losses	1,212,031	(1,196,615)	(15,416)	-
Financing assets derecognized for the period	(290,558,529)	(15,898,290)	(1,215,266)	(307,672,085)
Purchase or originated financial assets	316,046,527	12,224,703	989,092	329,260,322
Doubtful debts written off	-	-	(967,967)	(967,967)
Changes in exchange rates or others	482,540	207,795	63,071	753,406
Ending balance	<u>\$ 1,436,845,631</u>	<u>\$ 66,832,005</u>	<u>\$ 14,531,159</u>	<u>\$ 1,518,208,795</u>

- c. Details of provision for bad debts expense, commitment and guarantee for the three months ended March 31, 2022 and 2021

	For the Three Months Ended March 31	
	2022	2021
Provision for receivable and loan (including overdue loan) losses	\$ 470,835	\$ 565,844
Provision (reversal) for loan commitment	20,026	(8,367)
Provision for guarantee liability	71,547	13,983
(Reversal) provision for others	<u>(5,120)</u>	<u>4,094</u>
	<u>\$ 557,306</u>	<u>\$ 575,554</u>

13. FINANCIAL ASSETS FOR HEDGING

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets for hedging			
Fair value hedges - interest rate swaps	<u>\$ -</u>	<u>\$ 147,321</u>	<u>\$ 202,941</u>

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 March 31, 2021 was \$6,000,000 thousand and \$8,200,000 thousand, respectively. The maturity period is from April 19, 2021 to September 27, 2026.

The fixed-to-floating interest swaps were designated and effective fair value hedging instruments. During the three months ended March 31, 2021, the swaps were effective in hedging the fair value exposure to interest rate movements, and as a result, the carrying amount of the fixed-rate borrowings were adjusted by \$178,335 thousand and \$224,275 thousand as of December 31, 2021 and March 31, 2021, 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 range: 0.4798%-0.4800%) 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.

	For the Three Months Ended March 31	
	2022	2021
Hedging instrument loss	\$ -	\$ (8,103)
Fair-value hedging profit	\$ -	\$ 26,757

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 and loss.

14. OTHER FINANCIAL ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
Time deposits with original maturities of more than 3 months	\$ 2,247,000	\$ 3,689,850	\$ 21,439,000
Exchange bills negotiated	-	21,242	35,116
Overdue receivables	11,382	12,557	172,354
Call loan to security brokers	142,900	138,275	142,525
Less: Allowance for bad debts	<u>(2,916)</u>	<u>(4,249)</u>	<u>(134,647)</u>
	<u>\$ 2,398,366</u>	<u>\$ 3,857,675</u>	<u>\$ 21,654,348</u>

The market rates of time deposits with original maturities of more than 3 months were ranging from 2.35%-3.00% and 0.70%-3.05% for the three months ended March 31, 2022 and 2021, respectively.

Refer to Note 37 for information relating to other miscellaneous financial assets pledged as security.

15. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

Investor	Investee	Main Business	% of Ownership		
			March 31, 2022	December 31, 2021	March 31, 2021
The Bank	Chang Hua Commercial Bank, Ltd.	Banking	100	100	100
The Bank	Chang Hwa Bank Venture Capital Co., Ltd.	Investing	100	100	100

16. PROPERTY AND EQUIPMENT

	March 31, 2022	December 31, 2021	March 31, 2021
Assets used by the Group	\$ 20,853,747	\$ 20,769,319	\$ 20,653,442
Assets leased under operating leases	<u>208,105</u>	<u>210,061</u>	<u>217,704</u>
	<u>\$ 21,061,852</u>	<u>\$ 20,979,380</u>	<u>\$ 20,871,146</u>

a. Asset used by the Group

Cost	Freehold Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Construction in Progress and Prepayment for Buildings and Equipment	Total
Balance at January 1, 2022	\$ 14,817,873	\$ 9,335,623	\$ 4,810,890	\$ 738,067	\$ 1,521,271	\$ 991,535	\$ 349,782	\$ 32,565,041
Additions	-	1,380	111,245	1,047	4,462	2,368	60,911	181,413
Disposals	-	-	(21,739)	(3,996)	(11,753)	-	-	(37,488)
Reclassification	-	640	8,032	-	131	6,317	(17,156)	(2,036)
Effect of foreign currency exchange differences	-	25,395	4,362	621	1,286	2,898	946	35,508
Balance at March 31, 2022	<u>\$ 14,817,873</u>	<u>\$ 9,363,038</u>	<u>\$ 4,912,790</u>	<u>\$ 735,739</u>	<u>\$ 1,515,397</u>	<u>\$ 1,003,118</u>	<u>\$ 394,483</u>	<u>\$ 32,742,438</u>
Accumulated depreciation and impairment								
Balance at January 1, 2022	\$ -	\$ 4,768,940	\$ 4,109,168	\$ 648,891	\$ 1,374,975	\$ 893,748	\$ -	\$ 11,795,722
Disposals	-	-	(21,694)	(3,996)	(11,713)	-	-	(37,403)
Depreciation expense	-	46,877	49,333	6,213	10,947	7,271	-	120,641
Transfers to assets leased under operating leases	-	(1)	-	-	-	-	-	(1)
Effect of foreign currency exchange differences	-	2,982	2,801	409	1,147	2,393	-	9,732
Balance at March 31, 2022	<u>\$ -</u>	<u>\$ 4,818,798</u>	<u>\$ 4,139,608</u>	<u>\$ 651,517</u>	<u>\$ 1,375,356</u>	<u>\$ 903,412</u>	<u>\$ -</u>	<u>\$ 11,888,691</u>
Carrying amount at March 31, 2022	<u>\$ 14,817,873</u>	<u>\$ 4,544,240</u>	<u>\$ 773,182</u>	<u>\$ 84,222</u>	<u>\$ 140,041</u>	<u>\$ 99,706</u>	<u>\$ 394,483</u>	<u>\$ 20,853,747</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 14,817,873</u>	<u>\$ 4,566,683</u>	<u>\$ 701,722</u>	<u>\$ 89,176</u>	<u>\$ 146,296</u>	<u>\$ 97,787</u>	<u>\$ 349,782</u>	<u>\$ 20,769,319</u>
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	-	12,248	8,762	1,868	8,465	159	53,306	84,808
Disposals	-	-	(47,421)	(2,161)	(4,446)	-	-	(54,028)
Transfers to assets leased under operating leases	-	(50,960)	-	-	-	-	-	(50,960)
Reclassification	-	-	-	-	-	-	(818)	(818)
Effect of foreign currency exchange differences	-	1,826	196	21	173	318	39	2,573
Balance at March 31, 2021	<u>\$ 14,814,573</u>	<u>\$ 9,317,090</u>	<u>\$ 4,687,643</u>	<u>\$ 715,667</u>	<u>\$ 1,505,388</u>	<u>\$ 974,562</u>	<u>\$ 162,634</u>	<u>\$ 32,177,557</u>
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	-	-	(47,369)	(2,161)	(4,446)	-	-	(53,976)
Depreciation expense	-	47,362	49,901	5,754	11,234	6,794	-	121,045
Transfers to assets leased under operating leases	-	(23,891)	-	-	-	-	-	(23,891)
Effect of foreign currency exchange differences	-	182	89	15	161	459	-	906
Balance at March 31, 2021	<u>\$ -</u>	<u>\$ 4,619,523</u>	<u>\$ 4,014,176</u>	<u>\$ 637,242</u>	<u>\$ 1,354,500</u>	<u>\$ 898,674</u>	<u>\$ -</u>	<u>\$ 11,524,115</u>
Carrying amount at March 31, 2021	<u>\$ 14,814,573</u>	<u>\$ 4,697,567</u>	<u>\$ 673,467</u>	<u>\$ 78,425</u>	<u>\$ 150,888</u>	<u>\$ 75,888</u>	<u>\$ 162,634</u>	<u>\$ 20,653,442</u>
Carrying amount at December 31, 2020 and January 1, 2021	<u>\$ 14,814,573</u>	<u>\$ 4,758,106</u>	<u>\$ 714,551</u>	<u>\$ 82,305</u>	<u>\$ 153,645</u>	<u>\$ 82,664</u>	<u>\$ 110,107</u>	<u>\$ 20,715,951</u>

b. Assets leased under operating leases

	Buildings
<u>Cost</u>	
Balance at January 1, 2022 and March 31, 2022	<u>\$ 426,505</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2022	\$ 216,444
Depreciation expense	1,955
Transfers from assets used by the Group	<u>1</u>
Balance at March 31, 2022	<u>\$ 218,400</u>
Carrying amount at March 31, 2022	<u>\$ 208,105</u>
Carrying amount at December 31, 2021 and January 1, 2022	<u>\$ 210,061</u>
<u>Cost</u>	
Balance at January 1, 2021	\$ 385,210
Transfers from assets used by the Group	<u>50,960</u>
Balance at March 31, 2021	<u>\$ 436,170</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2021	\$ 192,558
Depreciation expense	2,017
Transfers from assets used by the Group	<u>23,891</u>
Balance at March 31, 2021	<u>\$ 218,466</u>
Carrying amount at March 31, 2021	<u>\$ 217,704</u>

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:

	March 31, 2022	December 31, 2021	March 31, 2021
Year 1	\$ 56,222	\$ 58,417	\$ 67,977
Year 2	51,818	52,096	66,601
Year 3	13,916	15,014	42,018
Year 4	9,697	8,060	9,871
Year 5	6,420	6,405	6,692
Year 6 onwards	<u>12,305</u>	<u>13,878</u>	<u>18,725</u>
	<u>\$ 150,378</u>	<u>\$ 153,870</u>	<u>\$ 211,884</u>

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:

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

	March 31, 2022	December 31, 2021	March 31, 2021
<u>Carrying amount</u>			
Land	\$ 2,094	\$ 2,045	\$ 610
Buildings	1,822,823	1,854,103	1,583,323
Machinery equipment	-	-	21
Transportation equipment	75,573	71,645	55,912
Miscellaneous equipment	<u>13,729</u>	<u>13,717</u>	<u>13,773</u>
	<u>\$ 1,914,219</u>	<u>\$ 1,941,510</u>	<u>\$ 1,653,639</u>
		For the Three Months Ended March 31	
		2022	2021
Additions to right-of-use assets		<u>\$ 141,852</u>	<u>\$ 307,179</u>
Depreciation charge for right-of-use assets			
Land		\$ 197	\$ 237
Buildings		162,780	151,914
Machinery equipment		-	11
Transportation equipment		9,757	9,576
Miscellaneous equipment		<u>2,203</u>	<u>2,283</u>
		<u>\$ 174,937</u>	<u>\$ 164,021</u>

In addition to the additions and recognition of depreciation expenses mentioned above, the Group's right-of-use assets did not have significant sublease and impairment during the three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount	<u>\$ 1,746,795</u>	<u>\$ 1,770,490</u>	<u>\$ 1,480,861</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	0.31%-0.91%	0.30%-0.91%	0.91%
Buildings	0.20%-3.53%	0.20%-3.53%	0.20%-3.53%
Machinery equipment	0.31%-2.89%	0.31%-2.89%	0.20%-2.89%
Transportation equipment	0.25%-3.53%	0.34%-3.53%	0.25%-3.53%
Miscellaneous equipment	0.26%-2.89%	0.26%-2.89%	0.26%-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 \$47,699 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 during the three months ended March 31, 2022 and 2021.

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 Three Months Ended March 31	
	2022	2021
Expenses relating to short-term leases	<u>\$ 12,018</u>	<u>\$ 8,123</u>
Expenses relating to low-value asset leases	<u>\$ 5,023</u>	<u>\$ 4,640</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 46,163</u>	<u>\$ 57,101</u>
Total cash outflow for leases	<u>\$ (63,204)</u>	<u>\$ (69,864)</u>

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:

	March 31, 2022	December 31, 2021	March 31, 2021
Lease commitments	<u>\$ 29,309</u>	<u>\$ 28,083</u>	<u>\$ 16,880</u>

18. INVESTMENT PROPERTY

	March 31, 2022	December 31, 2021	March 31, 2021
Completed investment property	<u>\$ 13,850,455</u>	<u>\$ 13,852,096</u>	<u>\$ 13,857,172</u>

Except for depreciation recognized, the Group had no significant additions, disposals, and impairment of investment property during the three months ended March 31, 2022 and 2021.

Operating leases relate to the investment property owned by the Group with lease terms between 1 and 20 years, without an 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 March 31, 2022, December 31, 2021 and March 31, 2021 was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Year 1	\$ 169,344	\$ 183,334	\$ 188,156
Year 2	162,872	175,262	175,254
Year 3	111,653	129,046	141,127
Year 4	89,311	103,365	112,110
Year 5	84,238	97,836	98,233
Year 6 onwards	<u>51,578</u>	<u>140,988</u>	<u>206,749</u>
	<u>\$ 668,996</u>	<u>\$ 829,831</u>	<u>\$ 921,629</u>

The investment properties are depreciated using the straight-line method over their estimated useful live 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, \$30,164,147 thousand and \$27,303,772 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

All investment properties are own right and interest.

Rental income and direct operating expenses generated by the investment property for the three months ended March 31, 2022 and 2021 were as follows:

	For the Three Months Ended March 31	
	2022	2021
Rental incomes	<u>\$ 36,590</u>	<u>\$ 39,432</u>
Direct operating expenses	<u>\$ 30,429</u>	<u>\$ 25,618</u>

19. INTANGIBLE ASSETS

	Computer Software
<u>Cost</u>	
Balance at January 1, 2022	\$ 595,639
Additions	567,539
Amortization expense	(66,957)
Reclassification	1,375
Effect of foreign currency exchange differences and others	<u>1,845</u>
Balance at March 31, 2022	<u>\$ 1,099,441</u>

Except for amortization recognized, the Group had no significant additions, disposals, and impairment of intangible assets during the three months ended March 31, 2021.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Refundable deposits	\$ 995,355	\$ 1,325,277	\$ 916,879
Assumed collateral and residuals	23,418	23,418	23,418
Less: Accumulated impairment	(23,418)	(23,418)	(23,418)
Prepayments	603,491	138,022	979,148
Others	<u>1,501</u>	<u>754</u>	<u>1,020</u>
	<u>\$ 1,600,347</u>	<u>\$ 1,464,053</u>	<u>\$ 1,897,047</u>

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	March 31, 2022	December 31, 2021	March 31, 2021
Deposits from the Central Bank	\$ 28,001	\$ 27,112	\$ 25,099
Deposits from banks	322,786	335,965	482,618
Overdrafts on banks	565,504	19,725	2,468,974
Call loans from banks	132,154,760	71,587,355	101,759,897
Deposits transferred from Chunghwa Post Co., Ltd.	<u>229,067</u>	<u>251,741</u>	<u>295,322</u>
	<u>\$ 133,300,118</u>	<u>\$ 72,221,898</u>	<u>\$ 105,031,910</u>

22. PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Checks issued to payees for clearing	\$ 8,046,254	\$ 15,243,021	\$ 8,256,001
Accounts payable	5,903,521	3,721,750	4,549,353
Accrued expenses	1,477,571	2,402,083	2,114,116
Accrued interests	1,748,630	1,416,572	1,769,370
Acceptances	4,215,412	5,248,034	5,568,210
Others	<u>4,809,431</u>	<u>8,738,608</u>	<u>5,022,494</u>
	<u>\$ 26,200,819</u>	<u>\$ 36,770,068</u>	<u>\$ 27,279,544</u>

23. DEPOSITS AND REMITTANCES

	March 31, 2022	December 31, 2021	March 31, 2021
Checking account deposits	\$ 40,420,581	\$ 48,561,432	\$ 35,640,825
Demand deposits	608,334,175	601,485,748	557,488,491
Time deposits	535,883,461	488,772,705	424,377,855
Negotiable certificates of deposit	3,027,580	2,793,315	3,223,557
Savings account deposits	1,006,641,667	1,024,182,439	980,794,278
Remittances	<u>1,312,049</u>	<u>1,645,593</u>	<u>1,649,792</u>
	<u>\$ 2,195,619,513</u>	<u>\$ 2,167,441,232</u>	<u>\$ 2,003,174,798</u>

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 Debentures A \$2,200 million with 7-year term and Financial Debenture B \$1,100 million with 10-year term. The bank notes had been redeemed on March 11, 2018 and March 11, 2021, separately.

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	March 31, 2022	December 31, 2021	March 31, 2021
<u>Hedged financial liabilities at fair value</u>			
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	224,275
	-	6,178,335	8,424,275

Non-hedged bank notes payable

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	5,300,000	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	2,500,000
105-1 Note A, 7-year term, interest payable annually, interest rate 1.09%, maturity date: September 27, 2023	3,000,000	2,000,000	2,000,000

(Continued)

Bank Note, Interest Rate and Maturity Date	March 31, 2022	December 31, 2021	March 31, 2021
105-1 Note B, 10-year term, interest payable annually, interest rate 1.20%, maturity date: September 27, 2026	\$ 3,300,000	\$ 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	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	8,670,000
107-1, no maturity date, interest payable annually, interest rate 2.66%	7,000,000	7,000,000	7,000,000
107-2, no maturity date, interest payable annually, interest rate 2.30%	3,000,000	3,000,000	3,000,000
108-1, no maturity date, interest payable annually, interest rate 1.90%	5,960,000	5,960,000	5,960,000
109-1, no maturity date, interest payable annually, interest rate 1.40%	4,040,000	4,040,000	4,040,000
109-2, no maturity date, interest payable annually, interest rate 1.25%	6,800,000	6,800,000	6,800,000
Valuation adjustment	<u>163,617</u>	<u>-</u>	<u>-</u>
	<u>51,263,617</u>	<u>45,100,000</u>	<u>51,800,000</u>
	<u>\$ 51,263,617</u>	<u>\$ 51,278,335</u>	<u>\$ 60,224,275</u>

(Concluded)

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

	March 31, 2022	December 31, 2021	March 31, 2021
Principal received on structured notes	\$ 533,363	\$ 576,199	\$ 896,113
Appropriations for loans	<u>389,119</u>	<u>425,703</u>	<u>586,909</u>
	<u>\$ 922,482</u>	<u>\$ 1,001,902</u>	<u>\$ 1,483,022</u>

The principal 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

	March 31, 2022	December 31, 2021	March 31, 2021
Advance receipts	\$ 696,340	\$ 634,407	\$ 593,365
Guarantee deposits	7,424,968	2,504,955	4,072,832
Deferred revenue	<u>10,142</u>	<u>9,218</u>	<u>10,695</u>
	<u>\$ 8,131,450</u>	<u>\$ 3,148,580</u>	<u>\$ 4,676,892</u>

27. RESERVE FOR LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
Reserve for employee benefits (Note 28)	\$ 3,612,857	\$ 3,769,721	\$ 4,005,350
Reserve for guarantee liabilities	729,922	657,449	692,620
Reserve for loan commitments	175,671	156,217	306,297
Reserve for decommissioning restoration and rehabilitation costs	50,208	49,959	63,064
Reserve for contingencies	655	-	769
Others	<u>51,706</u>	<u>60,780</u>	<u>55,260</u>
	<u>\$ 4,621,019</u>	<u>\$ 4,694,126</u>	<u>\$ 5,123,360</u>

Movements in reserve for guarantee liabilities, reserve for loans commitments and reserve for others were as follows:

	For the Three Months Ended March 31, 2022					
	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	\$ 361,875	\$ 13,495	\$ 23,531	\$ 398,901	\$ 475,545	\$ 874,446
Changes from financial instruments recognized at the beginning of the period:						
Transfers to lifetime expected credit losses	(638)	638	-	-	-	-
Transfers to 12-month expected credit losses	45	(45)	-	-	-	-
Financial assets derecognize for the period	(104,696)	(7,654)	(2,701)	(115,051)	-	(115,051)
Purchase or originated financial assets	70,813	18,050	-	88,863	-	88,863
Recognized impairment difference based on the Laws	-	-	-	-	108,346	108,346
Changes in exchange rates or others	<u>673</u>	<u>22</u>	<u>-</u>	<u>695</u>	<u>-</u>	<u>695</u>
Ending balance	<u>\$ 328,072</u>	<u>\$ 24,506</u>	<u>\$ 20,830</u>	<u>\$ 373,408</u>	<u>\$ 583,891</u>	<u>\$ 957,299</u>

For the Three Months Ended March 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	(30)	30	-	-	-	-
Transfers to credit-impaired financial assets	-	(14,453)	14,453	-	-	-
Financial assets derecognize for the period	(95,704)	(18,268)	(8,738)	(122,710)	-	(122,710)
Purchase or originated financial assets	98,339	10,230	346,163	454,732	-	454,732
Recognized impairment difference based on the Laws	-	-	-	-	(328,971)	(328,971)
Changes in exchange rates or others	661	403	20	1,084	-	1,084
Ending balance	<u>\$ 420,250</u>	<u>\$ 60,127</u>	<u>\$ 385,355</u>	<u>\$ 865,732</u>	<u>\$ 188,445</u>	<u>\$ 1,054,177</u>

28. RETIREMENT BENEFIT PLANS

Employee benefits expense in respect of the Group's defined benefit retirement plans was calculated using the prior year's actuarially determined pension cost discount rate as of December 31, 2021 and 2020 and the amounts were \$77,939 thousand and \$81,621 thousand for the three months ended March 31, 2022 and 2021, respectively.

29. EQUITY

a. Capital

Common stock

	March 31, 2022	December 31, 2021	March 31, 2021
Shares authorized (in thousands)	<u>12,000,000</u>	<u>12,000,000</u>	<u>11,000,000</u>
Capital authorized	<u>\$ 120,000,000</u>	<u>\$ 120,000,000</u>	<u>\$ 110,000,000</u>
Shares issued and fully paid (in thousands)	<u>10,488,571</u>	<u>10,488,571</u>	<u>10,384,724</u>
Capital stock issued	<u>\$ 104,885,708</u>	<u>\$ 104,885,708</u>	<u>\$ 103,847,236</u>

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

As of January 1, 2021, 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 \$103,847,236 thousand. The Bank's authorized capital was increased by \$10,000,000 thousand in August 2021, and completed the capital increase from surplus in September 2021; the paid-in capital increased by \$1,038,472 thousand. As of December 31, 2021, the Bank's authorized capital was \$120,000,000 thousand divided into 12,000,000 thousand shares and, also on that date, the total amounts of paid-in capital amounted to \$104,885,708 thousand divided into 10,488,571 thousand outstanding shares at \$10 par value.

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 employees' compensation and remuneration of directors after amendment, refer to Note 30 (g) "employees' compensation 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 Articles is amended, 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 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 2021 and 2020 were proposed by the board of directors on March 29, 2022 and approved in the stockholders' meetings on July 20, 2021, respectively. The appropriations of earnings and dividends per stock were as follows:

	Appropriation of Earnings	
	2021	2020
Legal reserve	\$ 2,723,151	\$ 2,053,666
Special reserve	\$ -	\$ -
Cash dividends	\$ 5,244,285	\$ 3,738,500
Share dividends	\$ 1,048,857	\$ 1,038,472
Cash dividends per share (NT\$)	\$0.50	\$0.36
Share dividends per share (NT\$)	\$0.10	\$0.10

The appropriation of earnings for 2021 is subject to the resolution of the shareholders in the shareholders' meeting to be held at June 17, 2022.

c. Special reserve

	March 31, 2022	December 31, 2021	March 31, 2021
Initial application of IFRSs	\$ 12,201,590	\$ 12,201,590	\$ 11,778,829
Reversals			
Disposal of investment properties	-	-	(3,058)
Others	-	-	425,819
	<u>\$ 12,201,590</u>	<u>\$ 12,201,590</u>	<u>\$ 12,201,590</u>

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 income of interest

	For the Three Months Ended March 31	
	2022	2021
Interest income		
Loans	\$ 6,066,053	\$ 5,631,089
Due from and call loans to banks	174,392	246,819
Investment in marketable securities	1,039,472	769,499
Others	24,943	26,867
	<u>7,304,860</u>	<u>6,674,274</u>
Interest expense		
Deposits	(1,581,639)	(1,548,237)
Due to Central Bank and call loans from banks	(54,465)	(60,098)
Others	(217,504)	(258,946)
	<u>(1,853,608)</u>	<u>(1,867,281)</u>
Net income of interest	<u>\$ 5,451,252</u>	<u>\$ 4,806,993</u>

b. Net service fee income

		For the Three Months Ended March 31	
		2022	2021
Service fee income			
Fees from import and export	\$	67,082	\$ 68,388
Remittance fees		87,155	89,988
Loan fees		180,876	124,400
Fees from trust		222,972	334,175
Fees from trust business		110,449	109,878
Fees from insurance agency		499,204	431,629
Others		<u>336,716</u>	<u>315,084</u>
		<u>1,504,454</u>	<u>1,473,542</u>
Service charge			
Interbank charges		(41,078)	(40,387)
Charges from trust		(998)	(6,295)
Custodian fees		(30,759)	(32,561)
Charges from insurance agency		(42,250)	(40,241)
Others		<u>(201,904)</u>	<u>(150,317)</u>
		<u>(316,989)</u>	<u>(269,801)</u>
Net service fee income	\$	<u>1,187,465</u>	<u>\$ 1,203,741</u>

c. Gain (loss) on financial assets or liabilities measured at FVTPL

		For the Three Months Ended March 31	
		2022	2021
Realized gain (loss) on financial assets or liabilities measured at FVTPL			
Stock and mutual funds	\$	(1,267)	\$ 12,195
Bonds		(13,848)	2,148
Bills		(16)	-
Derivative financial instruments		281,891	283,881
Net interest gain		77,421	32,390
Stock dividends and bonus		-	<u>253</u>
		<u>344,181</u>	<u>330,867</u>
Valuation gain (loss) on financial assets or liabilities measured at FVTPL			
Stock		13,372	52,358
Bonds		32,142	40,294
Bills		(19,234)	(20,892)
Derivative financial instruments		<u>(110,455)</u>	<u>(86,236)</u>
		<u>(84,175)</u>	<u>(14,476)</u>
	\$	<u>260,006</u>	<u>\$ 316,391</u>

d. Realized gain (loss) on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2022	2021
Stock dividends and bonus	\$ 51,392	\$ 18,855
Disposal gains		
Beneficiary securities	-	4,432
Bonds	150,591	271,094
Disposal losses		
Beneficiary securities	-	(3,137)
Bonds	<u>(60,349)</u>	<u>(96,669)</u>
	<u>\$ 141,634</u>	<u>\$ 194,575</u>

e. Depreciation and amortization expense

	For the Three Months Ended March 31	
	2022	2021
Property and equipment	\$ 122,596	\$ 123,062
Investment property	1,641	1,738
Right-of-use assets	174,937	164,021
Intangible assets and other deferred assets	<u>67,062</u>	<u>63,889</u>
	<u>\$ 366,236</u>	<u>\$ 352,710</u>

f. Employee benefits expenses

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 2,356,255	\$ 2,377,393
Post-employment benefits		
Defined contribution plans	63,496	59,705
Defined benefit plans (Note 28)	77,939	81,621
High-yield savings account for employees	141,794	137,120
Other post-employment benefits	28,202	28,199
Termination benefits	<u>4,792</u>	<u>4,345</u>
	<u>\$ 2,672,478</u>	<u>\$ 2,688,383</u>

g. Employees' compensation and remuneration of directors

The Bank accrued employees' compensation and remuneration of directors at the rates of 1%-6% and no higher than 0.8%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the three months ended March 31, 2022 and 2021 are as follows:

Accrual rate

	For the Three Months Ended March 31	
	2022	2021
Employees' compensation	5.00%	3.00%
Remuneration of directors	0.40%	0.30%

Amount

	For the Three Months Ended March 31	
	2022	2021
	Cash	Cash
Employees' compensation	\$ 139,500	\$ 83,000
Remuneration of directors	11,400	7,000

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.

The appropriations of employees' compensation and remuneration of directors for 2021 and 2020 having been resolved by the board of directors on March 29, 2022 and March 26, 2021, respectively, were as below:

Amount

	For the Year Ended December 31	
	2021	2020
	Cash	Cash
Employees' compensation	\$ 534,849	\$ 360,242
Remuneration of directors	42,788	28,995

Due to changes in accounting estimates, the actual amount of employees' compensation and directors' remuneration, which was resolved in the meeting of the board of directors dated on March 29, 2022 and March 26, 2021, differs from what was accrued in the consolidated financial statements. The difference was then adjusted to profit and loss for 2022 and 2021, respectively.

	For the Year Ended December 31			
	2021		2020	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved in the board of directors' meeting	\$ 534,849	\$ 42,788	\$ 360,242	\$ 28,995
Amounts recognized in the annual consolidated financial statements	\$ 537,415	\$ 42,707	\$ 447,199	\$ 35,200
Differences	\$ (2,566)	\$ (81)	\$ (86,957)	\$ (6,205)

Information on the employees' compensation 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 Three Months Ended March 31	
	2022	2021
Current income tax		
In respect of the current period	\$ 280,167	\$ 261,064
Income tax on unappropriated earnings	2,394	128
Deferred income tax		
In respect of the current period	<u>158,693</u>	<u>171,317</u>
Income tax expense recognized in profit or loss	<u>\$ 441,254</u>	<u>\$ 432,509</u>

- b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2022	2021
<u>Deferred tax</u>		
In respect of the current year:		
Exchange differences on translation	\$ 48,069	\$ 9,196
Unrealized (losses) gains of financial assets at FVTOCI	<u>(70,671)</u>	<u>(10,552)</u>
Total income tax benefit recognized in other comprehensive income	<u>\$ (22,602)</u>	<u>\$ (1,356)</u>

- c. Income tax assessments

The Bank's income tax returns through 2019, had been examined and cleared by the tax authority.

The income tax returns of Chang Hwa Bank Venture Capital Co., Ltd. through 2020, had been examined and cleared by the tax authorities.

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 three months ended March 31, 2021 were adjusted retrospectively as follows:

	Unit: NT\$ Per Share	
	For the Three Months Ended March 31, 2021	
	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per stock	<u>\$ 0.19</u>	<u>\$ 0.19</u>
Diluted earnings per stock	<u>\$ 0.19</u>	<u>\$ 0.19</u>

The earnings and weighted average number of common stock outstanding in the computation of earnings per stock were as follows:

	For the Three Months Ended March 31	
	2022	2021
Net profit for the period	<u>\$ 2,377,142</u>	<u>\$ 1,945,905</u>

The weighted average number of common stocks outstanding (in thousands of stock) is as follows:

	For the Three Months Ended March 31	
	2022	2021
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:		
Employees' compensation issued	<u>34,844</u>	<u>28,996</u>
Weighted average number of common stock used in the computation of diluted earnings per share	<u>10,523,415</u>	<u>10,517,567</u>

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

The description of the goals and procedures of the capital risk management of the Group is the same as the description in the Group's consolidated financial statements for the year ended December 31, 2021.

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

March 31, 2022

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 419,118,658	\$ 44,777,502	\$ 370,630,220	\$ -	\$ 415,407,722
<u>Financial liabilities</u>					
Bank notes payable	51,263,617	-	163,617	52,270,739	52,434,356

December 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 405,256,329	\$ 38,553,326	\$ 366,213,556	\$ -	\$ 404,766,882
<u>Financial liabilities</u>					
Bank notes payable	51,278,335	-	6,178,335	46,595,019	52,773,354

March 31, 2021

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Financial assets at amortized cost	\$ 363,688,272	\$ 5,305,604	\$ 358,425,669	\$ -	\$ 363,731,273
<u>Financial liabilities</u>					
Bank notes payable	60,224,275	-	8,424,275	53,706,917	62,131,192

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

1) Fair value hierarchy

March 31, 2022

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial products</u>				
Assets				
Financial assets at FVTPL	\$ 1,204,854	\$ 74,737,212	\$ 311,158	\$ 76,253,224
Financial assets mandatorily measured at FVTPL				
Stock and fund investments	90,121	122,420	311,158	523,699
Bond investments	1,114,733	2,518,982	-	3,633,715
Others	-	72,095,810	-	72,095,810
Financial assets at FVTOCI	115,728,769	70,645,854	11,983,594	198,358,217
Stock investments	17,740,776	-	11,983,594	29,724,370
Bond investments	92,390,494	70,645,854	-	163,036,348
Others	5,597,499	-	-	5,597,499
<u>Derivative financial products</u>				
Assets				
Financial assets at FVTPL	626,760	10,759,430	-	11,386,190
Liabilities				
Financial liabilities at FVTPL	-	5,889,189	-	5,889,189

December 31, 2021

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial products</u>				
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
<u>Derivative financial products</u>				
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

March 31, 2021

Fair Value Measurement of Financial Instruments	Level 1	Level 2	Level 3	Total
<u>Non-derivative financial products</u>				
Assets				
Financial assets at FVTPL	\$ 418,456	\$ 53,164,058	\$ 97,075	\$ 53,679,589
Financial assets mandatorily measured at FVTPL				
Stock investments	197,441	59,105	97,075	353,621
Bond investments	221,015	902,009	-	1,123,024
Others	-	52,202,944	-	52,202,944
Financial assets at FVTOCI	102,089,260	35,280,197	9,371,764	146,741,221
Stock investments	9,228,404	30,650	9,371,764	18,630,818
Bond investments	84,147,158	35,249,547	-	119,396,705
Others	8,713,698	-	-	8,713,698
<u>Derivative financial products</u>				
Assets				
Financial assets at FVTPL	142,702	5,550,646	-	5,693,348
Other financial assets				
Financial assets for hedging	-	202,941	-	202,941
Liabilities				
Financial liabilities at FVTPL	-	3,011,478	-	3,011,478

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 three months ended March 31, 2022

Financial Assets	Financial Assets at FVTPL Equity Instrument	Financial Assets at FVTOCI Equity Instrument
Beginning balance	\$ 231,515	\$ 11,452,856
Recognized in profit or loss (gain on financial assets or liabilities at FVTPL)	22,437	-
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	530,738
Purchase	83,566	-
Sell	(945)	-
Transfers out of Level 3	(38,500)	-
Transfer to Level 3	13,085	-
Ending balance	<u>\$ 311,158</u>	<u>\$ 11,983,594</u>

For the three months ended March 31, 2021

	Financial Assets at FVTPL	Financial Assets at FVTOCI
Financial Assets	Equity Instrument	Equity Instrument
Beginning balance	\$ 110,525	\$ 8,830,725
Recognized in other comprehensive income (unrealized gain on financial assets at FVTOCI)	-	528,970
Purchase	16,500	12,069
Transfers out of Level 3	<u>(29,950)</u>	<u>-</u>
Ending balance	<u>\$ 97,075</u>	<u>\$ 9,371,764</u>

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 needs 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 counterparty of the financial instrument how to amend the affected contract, 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.

March 31, 2022

	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	\$ 153,046,872	78	\$ -	-	\$ -	-	\$ -	-
Loans - other loans	82,127,291	229	-	-	-	-	-	-
Holding bonds	10,310,202	63	-	-	-	-	-	-
Derivative financial assets								
ECB asset exchange and structured products	2,662,419	7	-	-	-	-	-	-

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. 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 revenues and costs or assets and liabilities and causes decrease of 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

Exchange rate risk is the gain or loss resulting from exchange or translation of two different foreign currencies at different times. The Group's exchange rate risk mainly comes from spot and forward exchange positions.

ii. Exchange rate risk management policy, procedures and measuring methods

The risk management department sets the position limit and stop-loss limit of trading book investment combinations in order to control exchange rate risk. If the losses reach the stop-loss limit, the trading department should decrease risk exposure positions so as to control losses.

The risk management department applies sensitivity analysis or Value at Risk to measure exchange rate risk and calculates stress loss of risk position held. In sensitivity analysis, Delta is applied to measure the exchange rate risk of the first order change and Gamma is applied to measure the exchange rate risk of the second order change. In addition, Vega is used to measure the first order risk of implied volatility rate. With regard to the Group's Value at Risk assumptions and calculation methods, 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. 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 March 31, 2022 and 2021, the Group's VaR factors based on historical simulation method were as follows:

For the Three Months Ended March 31, 2022				
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 129,641	\$ 151,590	\$ 109,264	\$ 143,278
Interest rate VaR	8,693	18,405	3,583	8,950
Equity securities VaR	<u>2,834</u>	<u>3,887</u>	<u>1,344</u>	<u>3,753</u>
Value at risk	<u>\$ 141,168</u>	<u>\$ 173,882</u>	<u>\$ 114,191</u>	<u>\$ 155,981</u>

For the Three Months Ended March 31, 2021				
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 157,350	\$ 200,115	\$ 102,778	\$ 109,971
Interest rate VaR	9,459	16,927	5,986	5,986
Equity securities VaR	<u>3,068</u>	<u>6,765</u>	<u>143</u>	<u>5,087</u>
Value at risk	<u>\$ 169,877</u>	<u>\$ 223,807</u>	<u>\$ 108,907</u>	<u>\$ 121,044</u>

2) Primary foreign currencies

The significant foreign-currency financial assets and liabilities as of March 31, 2022, December 31, 2021 and March 31, 2021 were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

March 31, 2022			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,199,505	28.5800	\$ 234,341,853
GBP	56,608	37.5500	2,125,630
AUD	2,249,796	21.4500	48,258,124
HKD	1,497,327	3.6510	5,466,741
CAD	101,657	22.8600	2,323,879
ZAR	4,436,036	1.9720	8,747,863
JPY	82,867,286	0.2341	19,399,232
EUR	822,571	31.9500	26,281,143
NZD	140,674	19.9400	2,805,040
RMB	10,321,291	4.4940	46,383,882

(Continued)

March 31, 2022			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 15,140,655	28.5800	\$ 432,719,920
GBP	53,674	37.5500	2,015,459
AUD	1,372,904	21.4500	29,448,791
HKD	1,089,374	3.6510	3,977,304
CAD	101,932	22.8600	2,330,166
ZAR	4,155,601	1.9720	8,194,845
JPY	111,987,137	0.2341	26,216,189
EUR	877,247	31.9500	28,028,042
NZD	107,375	19.9400	2,141,058
RMB	11,707,235	4.4940	52,612,314
			(Concluded)

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31, 2021			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
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)

	March 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,297,013	28.5050	\$ 208,001,356
GBP	58,433	39.1700	2,288,821
AUD	935,545	21.6800	20,282,616
HKD	604,568	3.6660	2,216,346
CAD	86,448	22.5900	1,952,860
ZAR	4,008,366	1.9090	7,651,971
JPY	77,589,063	0.2577	19,994,702
EUR	749,849	33.3900	25,037,458
RMB	12,875,076	4.3360	55,826,330
<u>Financial liabilities</u>			
Monetary items			
USD	11,858,487	28.5050	338,026,172
GBP	54,067	39.1700	2,117,804
AUD	787,901	21.6800	17,081,694
HKD	514,546	3.6660	1,886,326
CAD	85,142	22.5900	1,923,358
ZAR	3,994,888	1.9090	7,626,241
JPY	78,420,873	0.2577	20,209,059
EUR	670,216	33.3900	22,378,512
NZD	59,573	19.9200	1,186,694
RMB	12,664,831	4.3360	54,914,707

For the three months ended March 31, 2022 and 2021, net foreign exchange gains were \$332,822 thousand and \$182,938 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 of the Group 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

- 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 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 Group actively utilized the database system and related risk quantification tools to identify, measure and monitor risks. It also adjusts risk management policies and procedures in a timely manner to implement an independent and professional risk management mechanism, which enhances risk management effectiveness.
- 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.
- 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 measuring methods for major business are described as follows:

- i. Credit business (including loan commitments and guarantees)

The Group classifies each type of credit asset according to credit quality, internal credit rating and external credit rating as follows:

- 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.

Corroborative information (including forward-looking information) 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.

The listed early warning account and the latest financial statements show a net worth of less than three-fourths of the share capital.

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 Group 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 about enterprise application to the Ministry of Economic Affairs for debt negotiation in accordance with the "Operating Guidelines for Assisting Enterprises in Bank Debt Negotiation by 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 respective 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:

	March 31	
	2022	2021
Discounts and loans	<u>\$ 883,668</u>	<u>\$ 989,092</u>

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:

March 31, 2022

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Discounts and loans	\$ 1,645,651,055	\$ 1,156,198,264	\$ -	\$ -	\$ 1,156,198,264
Financial assets at FVTPL	87,639,414	10,059,247	-	-	10,059,247
Investments in debt instruments at FVTOCI	168,402,322	6,280,308	-	-	6,280,308
Investments in debt instruments at amortized cost	419,118,658	-	-	-	-

December 31, 2021

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			
		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	-	-	-	-

March 31, 2021

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by			
		Collateral	Master Netting Arrangement	Other Credit Enhancements	Total
Discounts and loans	\$ 1,518,208,795	\$ 1,066,702,159	\$ -	\$ -	\$ 1,066,702,159
Financial assets at FVTPL	59,372,937	8,520,373	-	-	8,520,373
Investments in debt instruments at FVTOCI	128,110,403	3,320,797	-	-	3,320,797
Investments in debt instruments at amortized cost	363,688,272	-	-	-	-

The carrying amount of financial assets with maximum exposure is as follows:

Discounts and Loans				
March 31, 2022				
	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	\$ 890,834,782	\$ 20,453,491	\$ 1,770	\$ 911,290,043
Levels 16-18	-	55,397,067	1,330,607	56,727,674
Levels 19-21	-	-	9,412,971	9,412,971
No rating	<u>662,925,641</u>	<u>3,181,741</u>	<u>2,112,985</u>	<u>668,220,367</u>
Total carrying amount	<u>\$ 1,553,760,423</u>	<u>\$ 79,032,299</u>	<u>\$ 12,858,333</u>	<u>\$ 1,645,651,055</u>
Expected credit losses	\$ 1,988,447	\$ 2,181,484	\$ 4,624,320	\$ 8,794,251
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				<u>11,394,032</u>
				<u>\$ 20,188,283</u>

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	<u>640,894,425</u>	<u>3,336,733</u>	<u>2,082,628</u>	<u>646,313,786</u>
Total carrying amount	<u>\$ 1,500,208,565</u>	<u>\$ 60,475,732</u>	<u>\$ 14,386,835</u>	<u>\$ 1,575,071,132</u>
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				<u>10,780,875</u>
				<u>\$ 20,296,045</u>

Discounts and Loans				
March 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	\$ 807,505,127	\$ 1,215,581	\$ -	\$ 808,720,708
Levels 16-18	-	64,211,484	1,855,677	66,067,161
Levels 19-21	-	-	11,103,835	11,103,835
No rating	<u>629,340,504</u>	<u>1,404,940</u>	<u>1,571,647</u>	<u>632,317,091</u>
Total carrying amount	<u>\$ 1,436,845,631</u>	<u>\$ 66,832,005</u>	<u>\$ 14,531,159</u>	<u>\$ 1,518,208,795</u>
Expected credit losses	\$ 1,804,616	\$ 1,998,227	\$ 5,611,485	\$ 9,414,328
Recognized impairment based on the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing Loans and Bad Debts				<u>9,525,890</u>
				<u>\$ 18,940,218</u>

Guarantees in Guarantee Business				
March 31, 2022				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	\$ 63,352,577	\$ 1,299,959	\$ 89,114	\$ 64,741,650
Expected credit losses	166,551	5,406	20,831	192,788

Guarantees 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 in Guarantee Business				
March 31, 2021				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carrying amount	\$ 59,254,576	\$ 399,255	\$ 608,276	\$ 60,262,107
Expected credit losses	163,282	3,064	378,416	544,762
Loan Commitments				
March 31, 2022				
	Stage 1 12-month Expected Credit Losses	Stage 2 Lifetime Expected Credit Losses	Stage 3 Lifetime Expected Credit Losses	Total
Carry amount - non-cancellable	\$ 89,817,162	\$ 3,429,405	\$ 1	\$ 93,246,568
Carry amount - cancellable	<u>605,622,061</u>	<u>13,085,339</u>	<u>49,164</u>	<u>618,756,564</u>
	<u>\$ 695,439,223</u>	<u>\$ 16,514,744</u>	<u>\$ 49,165</u>	<u>\$ 712,003,132</u>
Expected credit losses - non-cancellable	\$ 52,839	\$ 18,633	\$ -	\$ 71,472
Expected credit losses - cancellable	<u>100,082</u>	<u>354</u>	<u>127</u>	<u>100,563</u>
	<u>\$ 152,921</u>	<u>\$ 18,987</u>	<u>\$ 127</u>	<u>\$ 172,035</u>
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	<u>625,444,091</u>	<u>9,699,276</u>	<u>697,165</u>	<u>635,840,532</u>
	<u>\$ 711,518,610</u>	<u>\$ 11,537,188</u>	<u>\$ 697,165</u>	<u>\$ 723,752,963</u>
Expected credit losses - non-cancellable	\$ 48,862	\$ 10,757	\$ -	\$ 59,619
Expected credit losses - cancellable	<u>94,487</u>	<u>121</u>	<u>136</u>	<u>94,744</u>
	<u>\$ 143,349</u>	<u>\$ 10,878</u>	<u>\$ 136</u>	<u>\$ 154,363</u>
Loan Commitments				
March 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	\$ 72,733,260	\$ 4,138,035	\$ 6,501	\$ 76,877,796
Carry amount - cancellable	<u>593,076,278</u>	<u>10,344,866</u>	<u>72,852</u>	<u>603,493,996</u>
	<u>\$ 665,809,538</u>	<u>\$ 14,482,901</u>	<u>\$ 79,353</u>	<u>\$ 680,371,792</u>
Expected credit losses - non-cancellable	\$ 61,090	\$ 54,465	\$ 2,080	\$ 117,635
Expected credit losses - cancellable	<u>186,364</u>	<u>355</u>	<u>145</u>	<u>186,864</u>
	<u>\$ 247,454</u>	<u>\$ 54,820</u>	<u>\$ 2,225</u>	<u>\$ 304,499</u>

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 March 31, 2022, December 31, 2021 and March 31, 2021, 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	March 31, 2022	December 31, 2021	March 31, 2021
Unused loan commitments (excluding credit card)	\$ 93,246,568	\$ 87,912,431	\$ 76,877,796
Credit card commitments	302,781	206,280	307,177
Unused issued letters of credit	35,871,287	27,312,727	24,274,507
Guarantees in guarantee business	64,741,650	57,408,752	60,262,107

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	March 31, 2022	
	Carrying Amount	Percentage of Item (%)
Financial and insurance	\$ 79,158,247	5
Manufacturing	424,814,188	26
Wholesale and retail	146,179,470	9
Real estate and leasing	125,648,652	8
Service	37,771,741	2
Individuals	616,779,449	37
Others	215,299,308	13
	<u>\$ 1,645,651,055</u>	

Industry Type	December 31, 2021	
	Carrying Amount	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	<u>196,352,958</u>	13

\$ 1,575,071,132

Industry Type	March 31, 2021	
	Carrying Amount	Percentage of Item (%)
Financial and insurance	\$ 55,123,560	4
Manufacturing	380,449,527	25
Wholesale and retail	129,919,160	8
Real estate and leasing	103,547,766	7
Service	44,544,606	3
Individuals	561,696,223	37
Others	<u>242,927,953</u>	16

\$ 1,518,208,795

Geographic Location	March 31, 2022	
	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,548,009,567	94
America	63,304,073	4
Europe	19,139,466	1
Others	<u>15,197,949</u>	1

\$ 1,645,651,055

Geographic Location	December 31, 2021	
	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,487,827,087	94
America	59,710,639	4
Europe	15,729,593	1
Others	<u>11,803,813</u>	1

\$ 1,575,071,132

Geographic Location	March 31, 2021	
	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,428,761,883	94
America	63,374,779	4
Europe	16,887,282	1
Others	<u>9,184,851</u>	1
	<u>\$ 1,518,208,795</u>	

Securities Type	March 31, 2022	
	Carrying Amount	Percentage of Item (%)
Unsecured	\$ 489,452,791	30
Secured		
Properties	984,809,060	60
Others	<u>171,389,204</u>	10
	<u>\$ 1,645,651,055</u>	

Securities Type	December 31, 2021	
	Carrying Amount	Percentage of Item (%)
Unsecured	\$ 427,932,523	27
Secured		
Properties	976,753,243	62
Others	<u>170,385,366</u>	11
	<u>\$ 1,575,071,132</u>	

Securities Type	March 31, 2021	
	Carrying Amount	Percentage of Item (%)
Unsecured	\$ 451,506,635	30
Secured		
Properties	905,498,479	60
Others	<u>161,203,681</u>	10
	<u>\$ 1,518,208,795</u>	

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 March 31, 2022 and 2021, the ratio of the liquidity reserve were 26.49% and 27.40%, 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	March 31, 2022					
	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	\$ 17,894,183	\$ -	\$ -	\$ -	\$ -	\$ 17,894,183
Due from the Central Bank and call loans to banks	56,801,785	5,954,751	5,718,500	8,940,494	32,355,855	109,771,385
Financial assets at FVTPL	72,624,468	-	-	-	-	72,624,468
Receivables	22,512,427	835,778	596,630	223,090	77,596	24,245,521
Discounts and loans	79,308,476	120,352,299	145,803,447	197,587,139	845,376,933	1,388,428,294
Investments in equity instruments designated at FVTOCI	-	-	-	-	29,955,895	29,955,895
Investments in debt instruments at FVTOCI	-	-	435,944	300,032	71,332,429	72,068,405
Investments in debt instruments at amortized cost	229,100,000	12,540,414	23,806,869	31,750,000	32,538,053	329,735,336
Other maturity funds inflow items	-	-	-	-	14,081,512	14,081,512
	<u>478,241,339</u>	<u>139,683,242</u>	<u>176,361,390</u>	<u>238,800,755</u>	<u>1,025,718,273</u>	<u>2,058,804,999</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	181,578	13,832	65,574	154,965	-	415,949
Due to the Central Bank and banks	3,020,000	15,000	30,276,920	-	-	33,311,920
Securities sold under repurchase agreements	761,873	791,289	10,222	-	-	1,563,384
Payables	28,679,867	699,953	1,274,134	811,766	982,085	32,447,805
Deposits and remittances	124,137,976	159,046,655	164,488,231	257,166,370	930,322,277	1,635,161,509
Bank notes payable	-	-	-	-	51,100,000	51,100,000
Other maturity fund outflow items	42,335	80,174	46,667	339,856	5,025,714	5,534,746
	<u>156,823,629</u>	<u>160,646,903</u>	<u>196,161,748</u>	<u>258,472,957</u>	<u>987,430,076</u>	<u>1,759,535,313</u>
Gap	<u>\$ 321,417,710</u>	<u>\$ (20,963,661)</u>	<u>\$ (19,800,358)</u>	<u>\$ (19,672,202)</u>	<u>\$ 38,288,197</u>	<u>\$ 299,269,686</u>

Note: The amounts listed above were the position in N.T. dollars of the Bank.

(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
	<u>491,498,366</u>	<u>137,906,167</u>	<u>152,241,489</u>	<u>252,519,600</u>	<u>995,798,340</u>	<u>2,029,963,962</u>
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
	<u>188,744,422</u>	<u>169,372,847</u>	<u>142,218,039</u>	<u>272,611,842</u>	<u>978,583,342</u>	<u>1,751,530,492</u>
Gap	<u>\$ 302,753,944</u>	<u>\$ (31,466,680)</u>	<u>\$ 10,023,450</u>	<u>\$ (20,092,242)</u>	<u>\$ 17,214,998</u>	<u>\$ 278,433,470</u>

Note: The amounts listed above were the position in N.T. dollars of the Bank.

(In Thousands of New Taiwan Dollars)

Item	March 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	\$ 18,053,754	\$ -	\$ -	\$ -	\$ -	\$ 18,053,754
Due from the Central Bank and call loans to banks	84,930,937	7,722,980	4,764,159	9,206,825	29,276,697	135,901,598
Financial assets at FVTPL	52,616,144	-	-	-	-	52,616,144
Receivables	29,741,227	866,027	1,418,234	194,356	235,179	32,455,023
Discounts and loans	86,048,626	126,053,346	124,888,604	220,284,927	746,272,594	1,303,548,097
Investments in equity instruments designated at FVTOCI	-	-	-	-	18,630,818	18,630,818
Investments in debt instruments at FVTOCI	-	200,227	25,053	-	37,103,213	37,328,493
Investments in debt instruments at amortized cost	251,900,000	11,100,000	22,505,000	21,542,668	12,032,168	319,079,836
Other maturity funds inflow items	-	-	-	-	14,178,129	14,178,129
	<u>523,290,688</u>	<u>145,942,580</u>	<u>153,601,050</u>	<u>251,228,776</u>	<u>857,728,798</u>	<u>1,931,791,892</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	352,918	12,399	104,034	180,640	-	649,991
Due to the Central Bank and banks	3,005,000	20,000	5,367,000	11,599,890	-	19,991,890
Securities sold under repurchase agreements	695,695	848,772	10,208	-	-	1,554,675
Payables	24,629,662	839,962	899,248	607,764	1,422,034	28,398,670
Deposits and remittances	112,971,559	159,087,586	142,923,136	276,201,564	877,921,074	1,569,104,919
Bank notes payable	8,900,000	-	-	-	51,100,000	60,000,000
Other maturity fund outflow items	42,591	43,458	75,032	314,427	5,556,024	6,031,532
	<u>150,597,425</u>	<u>160,852,177</u>	<u>149,378,658</u>	<u>288,904,285</u>	<u>935,999,132</u>	<u>1,685,731,677</u>
Gap	<u>\$ 372,693,263</u>	<u>\$ (14,909,597)</u>	<u>\$ 4,222,392</u>	<u>\$ (37,675,509)</u>	<u>\$ (78,270,334)</u>	<u>\$ 246,060,215</u>

Note: The amounts listed above were the position in N.T. dollars of the Bank.

(In Thousands of United States Dollars)

Item	March 31, 2022					
	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	\$ 125,590	\$ -	\$ -	\$ -	\$ -	\$ 125,590
Due from the Central Bank and call loans to banks	2,191,785	804,674	107,576	136,930	20,366	3,261,331
Financial assets at FVTPL	87,964	-	-	-	-	87,964
Receivables	737,114	81,205	147,519	12,047	3,179	981,064
Discounts and loans	1,477,162	972,791	671,381	414,964	3,406,547	6,942,845
Investments in debt instruments designated at FVTOCI	5,015	28,972	54,053	66,584	1,879,593	2,034,217
Investments in debt instruments at amortized cost	-	-	-	-	1,268,626	1,268,626
Other maturity fund inflow items	5,000	-	-	-	24,372	29,372
	<u>4,629,630</u>	<u>1,887,642</u>	<u>980,529</u>	<u>630,525</u>	<u>6,602,683</u>	<u>14,731,009</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	18,772	872	1,308	2,615	340	23,907
Due to the Central Bank and banks	3,667,406	350,000	64,000	-	-	4,081,406
Payables	808,580	43,755	5,593	1,874	267	860,069
Deposits and remittances	3,721,886	3,426,509	2,169,757	2,111,189	4,564,035	15,993,376
Other maturity fund outflow items	45,975	123	63	21	190,746	236,928
	<u>8,262,619</u>	<u>3,821,259</u>	<u>2,240,721</u>	<u>2,115,699</u>	<u>4,755,388</u>	<u>21,195,686</u>
Gap	<u>\$ (3,632,989)</u>	<u>\$ (1,933,617)</u>	<u>\$ (1,260,192)</u>	<u>\$ (1,485,174)</u>	<u>\$ 1,847,295</u>	<u>\$ (6,464,677)</u>

Note: The amounts listed above were the position in U.S. 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 designated 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
	<u>4,902,368</u>	<u>1,405,823</u>	<u>801,133</u>	<u>681,389</u>	<u>5,636,247</u>	<u>13,426,960</u>
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
Payables	826,434	73,019	3,515	820	1	903,789
Deposits and remittances	3,548,363	2,533,875	2,362,091	2,457,608	5,034,632	15,936,569
Other maturity fund outflow items	63,949	2,169	581	189	10,210	77,098
	<u>6,497,567</u>	<u>2,779,565</u>	<u>2,376,940</u>	<u>2,460,123</u>	<u>5,045,183</u>	<u>19,159,378</u>
Gap	<u>\$ (1,595,199)</u>	<u>\$ (1,373,742)</u>	<u>\$ (1,575,807)</u>	<u>\$ (1,778,734)</u>	<u>\$ 591,064</u>	<u>\$ (5,732,418)</u>

Note: The amounts listed above were the position in U.S. dollars of the Bank.

(In Thousands of United States Dollars)

Item	March 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	\$ 100,462	\$ -	\$ -	\$ -	\$ -	\$ 100,462
Due from the Central Bank and call loans to banks	1,650,194	595,953	177,306	113,041	4,844	2,541,338
Financial assets at FVTPL	29,732	-	-	-	-	29,732
Receivables	570,631	101,188	212,163	7,652	2,811	894,445
Discounts and loans	1,251,411	786,212	543,875	416,366	2,894,532	5,892,396
Investments in debt instruments designated at FVTOCI	7,505	21,037	8,027	66,012	1,711,190	1,813,771
Investments in debt instruments at amortized cost	-	-	-	3,000	36,991	39,991
Other maturity fund inflow items	5,000	-	600,000	-	24,854	629,854
	<u>3,614,935</u>	<u>1,504,390</u>	<u>1,541,371</u>	<u>606,071</u>	<u>4,675,222</u>	<u>11,941,989</u>
Major maturity fund outflows						
Deposits from the Central Bank and banks	13,724	833	1,250	2,498	340	18,645
Due to the Central Bank and banks	2,838,077	269,000	25,000	-	-	3,132,077
Payables	1,169,259	52,820	8,521	7,380	1,992	1,239,972
Deposits and remittances	1,860,565	2,294,468	1,832,721	2,398,448	3,816,199	12,202,401
Other maturity fund outflow items	57,077	4,809	340	5,410	76,705	144,341
	<u>5,938,702</u>	<u>2,621,930</u>	<u>1,867,832</u>	<u>2,413,736</u>	<u>3,895,236</u>	<u>16,737,436</u>
Gap	<u>\$ (2,323,767)</u>	<u>\$ (1,117,540)</u>	<u>\$ (326,461)</u>	<u>\$ (1,807,665)</u>	<u>\$ 779,986</u>	<u>\$ (4,795,447)</u>

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.

(New Taiwan Dollars and Foreign Currencies Combined In Thousands of New Taiwan Dollars)

Item	March 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	\$ 163,617,148	\$ 254,013,051	\$ 166,178,242	\$ 196,858,100	\$ 1,045,325	\$ 781,711,866
Inflows	164,496,876	255,268,126	167,874,094	198,779,091	1,042,086	787,460,273
Interest rate derivative instruments						
Outflows	-	-	-	-	163,617	163,617
Inflows	591,818	-	-	-	-	591,818
Others						
Outflows	-	-	-	-	-	-
Inflows	18,368	-	-	-	-	18,368
Total outflows	\$ 163,617,148	\$ 254,013,051	\$ 166,178,242	\$ 196,858,100	\$ 1,208,942	\$ 781,875,483
Total inflows	\$ 165,107,062	\$ 255,268,126	\$ 167,874,094	\$ 198,779,091	\$ 1,042,086	\$ 788,070,459

(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	\$ 183,311,359	\$ 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

(New Taiwan Dollars and Foreign Currencies Combined In Thousands of New Taiwan Dollars)

Item	March 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Foreign currency derivative instruments						
Outflows	\$ 143,768,189	\$ 226,150,858	\$ 118,108,617	\$ 65,851,969	\$ 1,707,570	\$ 555,587,203
Inflows	145,012,488	226,479,263	118,658,921	66,379,720	1,708,970	558,239,362
Interest rate derivative instruments						
Outflows	-	-	-	-	24,877	24,877
Inflows	102,616	-	-	-	-	102,616
Others						
Outflows	-	-	-	-	-	-
Inflows	20,997	-	-	-	-	20,997
Total outflows	\$ 143,768,189	\$ 226,150,858	\$ 118,108,617	\$ 65,851,969	\$ 1,732,447	\$ 555,612,080
Total inflows	\$ 145,136,101	\$ 226,479,263	\$ 118,658,921	\$ 66,379,720	\$ 1,708,970	\$ 558,362,975

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	March 31, 2022					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Unused loan commitments (excluding credit cards)	\$ 77,373,276	\$ 649,423	\$ 1,777,929	\$ 5,007,176	\$ 8,438,764	\$ 93,246,568
Credit card commitments	12	154	107	583	301,925	302,781
Unused issued letters of credit	35,282,909	286,696	63,419	238,263	-	35,871,287
Guarantees in guarantee business	64,389,480	82,502	65,163	137,443	67,062	64,741,650
	\$ 177,045,677	\$ 1,018,775	\$ 1,906,618	\$ 5,383,465	\$ 8,807,751	\$ 194,162,286

(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 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	March 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)	\$ 64,900,581	\$ 809,206	\$ 1,421,425	\$ 1,785,810	\$ 7,960,774	\$ 76,877,796
Credit card commitments	4,395	302,055	514	200	13	307,177
Unused issued letters of credit	24,159,239	85,877	-	29,391	-	24,274,507
Guarantees in guarantee business	59,632,207	87,382	98,188	369,543	74,787	60,262,107
	\$ 148,696,422	\$ 1,284,520	\$ 1,520,127	\$ 2,184,944	\$ 8,035,574	\$ 161,721,587

35. OTHER DISCLOSURES OF FINANCIAL INSTITUTION

a. Asset quality

Item			March 31, 2022					March 31, 2021				
			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)
Business Type												
Corporate finance	Secured		\$ 3,333,707	\$ 539,298,729	0.62%	\$ 6,310,253	189.29%	\$ 3,855,175	\$ 504,173,525	0.76%	\$ 6,064,620	157.31%
	Unsecured		348,700	469,783,620	0.07%	5,378,657	1,542.49%	877,877	437,005,798	0.20%	5,182,982	590.40%
Consumer finance	Mortgage loans (Note d)		407,292	389,081,217	0.10%	5,869,635	1,441.14%	386,573	344,797,514	0.11%	5,205,195	1,346.50%
	Cash cards (Note h)		-	-	-	-	-	-	-	-	-	-
	Credit loans (Note e)		2,698	3,277,807	0.08%	39,023	1,446.36%	4,288	2,341,046	0.18%	28,724	669.87%
	Others (Note f)	Secured	620,465	222,888,439	0.28%	2,277,116	367.00%	751,299	213,152,313	0.35%	2,185,849	290.94%
		Unsecured	152	1,531,986	0.01%	16,760	11,026.32%	2,723	1,405,351	0.19%	15,877	583.07%
Total			4,713,014	1,625,861,798	0.29%	19,891,444	422.05%	5,877,935	1,502,875,547	0.39%	18,683,247	317.85%

Item		March 31, 2022					March 31, 2021				
		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)
Business Type											
Credit card		\$ 2,687	\$ 2,336,727	0.11%	\$ 21,672	806.55%	\$ 3,551	\$ 1,960,923	0.18%	\$ 19,648	553.31%
No recourse receivable factoring (Note g)		-	7,177,573	-	121,776	-	-	9,048,404	-	140,484	-

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 Group does not engage in cash cards business.

Item Business Type	March 31, 2022		March 31, 2021	
	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)	\$ -	\$ 387	\$ -	\$ 599
Negotiated accounts receivable transacted in accordance with the agreement and exempted from reporting as non-performing receivables (Note b)	344	19,607	405	21,015
Total	344	19,994	405	21,614

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

March 31, 2022			
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity (%) (Note d)
1	A Corporation (railway transportation industry)	\$ 22,794,539	13.17
2	B Group (steel smelting industry)	19,941,631	11.52
3	C Group (airline industry)	17,806,965	10.29
4	D Group (uncategorized other financial services)	15,331,143	8.86
5	E Group (other holdings industry)	14,835,434	8.57
6	F Group (uncategorized other electronic components manufacturing industry)	9,461,812	5.47
7	G Group (chemical materials industry)	9,324,399	5.39
8	H Group (real estate development industry)	8,218,520	4.75
9	I Group (integrated circuit manufacturing industry)	8,032,309	4.64
10	J Group (steel manufacturing industry)	7,673,377	4.43

March 31, 2021			
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity (%) (Note d)
1	C Group (airline industry)	\$ 27,760,095	16.58
2	A Corporation (railway transportation industry)	24,033,751	14.36
3	B Group (steel smelting industry)	14,575,050	8.71
4	D Group (other financial intermediation industry)	12,836,654	7.67
5	E Group (enterprise general management agency)	11,851,947	7.08
6	G Group (vessel carriers industry)	8,242,940	4.92
7	J Group (steel manufacturing industry)	8,079,544	4.83
8	F Group (uncategorized other electronic components manufacturing industry)	7,278,457	4.35
9	K Group (computer manufacturing industry)	6,423,126	3.84
10	L Group (liquid crystal panel and components manufacturing industry)	6,267,630	3.74

Note a: Sorted by the balance of loans on March 31, 2022 and 2021, 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	March 31, 2022				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,667,140,990	\$ 92,949,883	\$ 33,108,319	\$ 183,598,581	\$ 1,976,797,773
Interest-sensitive liabilities	360,569,640	1,172,053,177	90,366,796	59,769,088	1,682,758,701
Interest sensitivity gap	1,306,571,350	(1,079,103,294)	(57,258,477)	123,829,493	294,039,072
Net equity					150,303,188
Ratio of interest-sensitive assets to liabilities					117.47%
Ratio of interest sensitivity gap to net equity					195.63%

(In Thousands of New Taiwan Dollars; %)

Item	March 31, 2021				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,587,808,422	\$ 63,923,921	\$ 63,229,739	\$ 117,081,250	\$ 1,832,043,332
Interest-sensitive liabilities	349,054,699	1,071,576,479	136,750,425	59,378,641	1,616,760,244
Interest sensitivity gap	1,238,753,723	(1,007,652,558)	(73,520,686)	57,702,609	215,283,088
Net equity					146,079,542
Ratio of interest-sensitive assets to liabilities					113.32%
Ratio of interest sensitivity gap to net equity					147.37%

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 = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$
(N.T. dollars only)

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

Item	March 31, 2022				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 13,732,080	\$ 795,944	\$ 192,393	\$ 2,639,191	\$ 17,359,608
Interest-sensitive liabilities	20,476,000	1,803,961	1,450,661	-	23,730,622
Interest sensitivity gap	(6,743,920)	(1,008,017)	(1,258,268)	2,639,191	(6,371,014)
Net equity					619,470
Ratio of interest-sensitive assets to liabilities					73.15%
Ratio of interest sensitivity gap to net equity					(1,028.46%)

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

Item	March 31, 2021				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 10,801,912	\$ 1,493,776	\$ 178,941	\$ 1,097,493	\$ 13,572,122
Interest-sensitive liabilities	14,312,783	1,561,055	1,889,454	4	17,763,296
Interest sensitivity gap	(3,510,871)	(67,279)	(1,710,513)	1,097,489	(4,191,174)
Net equity					564,780
Ratio of interest-sensitive assets to liabilities					76.41%
Ratio of interest sensitivity gap to net equity					(742.09%)

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 = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$
(U.S. dollars only)

d. Profitability

Item		March 31, 2022	March 31, 2021
Return on total assets	Pretax	0.11%	0.10%
	After tax	0.09%	0.08%
Return on net equity	Pretax	1.64%	1.43%
	After tax	1.38%	1.17%
Profit margin		32.00%	28.22%

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 March 31 of 2022 and 2021, respectively.

e. Maturity analysis of assets and liabilities

(In Thousands of New Taiwan Dollars)

	Total	March 31, 2022					
		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	\$ 2,379,053,137	\$ 261,675,179	\$ 284,413,062	\$ 249,676,712	\$ 221,502,697	\$ 300,211,117	\$ 1,061,574,370
Major maturity cash outflows	2,961,762,685	111,263,260	168,940,333	429,346,087	439,488,991	659,071,366	1,153,652,648
Gap	(582,709,548)	150,411,919	115,472,729	(179,669,375)	(217,986,294)	(358,860,249)	(92,078,278)

(In Thousands of New Taiwan Dollars)

	Total	March 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	\$ 2,168,270,417	\$ 282,970,803	\$ 265,218,323	\$ 256,884,576	\$ 198,977,467	\$ 271,871,658	\$ 892,347,590
Major maturity cash outflows	2,732,358,657	113,389,670	176,886,644	417,778,332	339,580,172	586,842,374	1,097,881,465
Gap	(564,088,240)	169,581,133	88,331,679	(160,893,756)	(140,602,705)	(314,970,716)	(205,533,875)

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	March 31, 2022				
		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	\$ 34,727,084	\$ 11,131,967	\$ 6,399,275	\$ 4,921,563	\$ 5,309,140	\$ 6,965,139
Major maturity cash outflows	39,223,461	14,602,179	6,675,706	4,913,758	6,018,607	7,013,211
Gap	(4,496,377)	(3,470,212)	(276,431)	7,805	(709,467)	(48,072)

(In Thousands of U.S. Dollars)

	Total	March 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	\$ 25,622,669	\$ 9,531,355	\$ 5,279,099	\$ 3,745,998	\$ 1,989,275	\$ 5,076,942
Major maturity cash outflows	29,921,216	9,545,354	4,852,468	4,572,418	4,887,693	6,063,283
Gap	(4,298,547)	(13,999)	426,631	(826,420)	(2,898,418)	(986,341)

Note: The amounts listed above include accounts in U.S. dollars for head office, domestic branches, and OBU.

f. Trust accounts

Under article 3 of the Trust Law, the Group can offer trust services. The items and amounts of trust accounts as of March 31, 2022 and 2021 were as follows:

	March 31	
	2022	2021
Special purpose trust accounts - domestic	\$ 36,338,637	\$ 30,464,871
Special purpose trust accounts - foreign	70,940,219	73,239,091
Insurance trust	9,801	10,814
Retirement and breeds trust	455,902	445,261
Umbilical cord blood trust	13,652,882	12,734,546
Money claim and guarantee trust	51,800	54,800
Marketable securities trust	3,843,837	1,016,407
Real estate trust	20,015,113	19,092,228
Securities under custody	285,746,186	250,837,068
Other money trust	<u>3,316,577</u>	<u>3,503,729</u>
	<u>\$ 434,370,954</u>	<u>\$ 391,398,815</u>

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
Taishin International Bank	The subsidiary of Bank's related party in substance
Chunghwa Post Co., Ltd.	The Bank's corporate director
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
CSBC 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
Lungteh Shipbuilding Co., Ltd	Its director is the Bank's corporate director
Kaohsiung Rapid Transit Corporation	Its director is the Bank's corporate director
Powertec Electronical Corporation	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	Other related parties (IAS 24 "Related Party Disclosures)

b. Significant transactions with related parties

1) Loans

	Balance	Percentage of Loans (%)
Balance as of March 31, 2022	\$ 26,133,574	1.61
Balance as of December 31, 2021	26,534,553	1.71
Balance as of March 31, 2021	31,062,162	2.07

For the three months ended March 31, 2022 and 2021, interest ranged from 0.64% to 3.57% and from 0.00% to 3.57% and interest income amounted to \$113,084 thousand and \$128,998 thousand, respectively.

March 31, 2022							Difference in Terms Between Related Parties and Non-related Parties
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral		
<u>Consumer loans</u>							
50 accounts	\$ 26,485	\$ 28,073	\$ 26,485	\$ -	Credit	None	
<u>Self-use residential mortgage loans</u>							
247 accounts	1,574,238	1,663,328	1,574,238	-	Real estate	None	
<u>Others</u>							
Taiwan High Speed Rail Corporation	22,570,406	22,571,264	22,570,406	-	Credit and station equipment	None	
China Airlines, Ltd.	750,000	1,000,000	750,000	-	Credit and fund guarantee	None	
Unity Opto Technology Co., Ltd	629,791	630,469	629,791	-	Credit and land and plant	None	
CSBC Corporation	144,710	393,896	144,710	-	Credit	None	
Lungteh Shipbuilding Co., Ltd	118,812	210,803	118,812	-	Credit and land and plant	None	
Other - corporation 7 accounts (Note 1)	319,132	603,968	319,132	-	Credit and fund guarantee and real estate	None	
December 31, 2021							
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Difference in Terms Between Related Parties and Non-related Parties	
<u>Consumer loans</u>							
48 accounts	\$ 26,060	\$ 26,998	\$ 26,060	\$ -	Credit	None	
<u>Self-use residential mortgage loans</u>							
253 accounts	1,606,401	1,646,420	1,606,401	-	Real estate	None	
<u>Others</u>							
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 - corporation 11 accounts (Note 1)	338,342	1,765,235	338,342	-	Credit and fund guarantee and real estate	None	
Other - individual 5 accounts (Note 2)	207	414	207	-	Deposit	None	

	March 31, 2021						Difference in Terms Between Related Parties and Non-related Parties
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral		
<u>Consumer loans</u>							
51 accounts	\$ 29,061	\$ 30,393	\$ 29,061	\$ -	Credit	None	
<u>Self-use residential mortgage loans</u>							
243 accounts	1,512,127	1,571,592	1,512,127	-	Real estate	None	
<u>Others</u>							
Taiwan High Speed Rail Corporation	23,961,122	23,971,352	23,961,122	-	Credit and station equipment	None	
Yang Ming Marine Transport Corporation	1,996,500	2,974,000	1,996,500	-	Credit and ship	None	
CSBC Corporation	1,008,208	3,022,366	1,008,208	-	Credit	None	
China Airlines, Ltd.	1,000,000	1,000,000	1,000,000	-	Credit and fund guarantee	None	
Unity Opto Technology Co., Ltd.	630,379	631,011	630,379	-	Credit and land and plant	None	
Powertec Electronical Corporation	266,512	468,246	-	266,512	Plant	None	
United Renewable Energy Co., Ltd.	166,092	377,340	166,092	-	Credit	None	
EirGenix, Inc	103,365	103,365	103,365	-	Plant	None	
Lungteh Shipbuilding Co., Ltd.	103,080	199,686	103,080	-	Credit and land and plant	None	
Other - corporation 10 accounts (Note 1)	284,993	1,160,058	284,993	-	Credit and fund guarantee and real estate	None	
Other - individual 6 accounts (Note 2)	723	775	723	-	Deposit	None	

Note 1: The balance of every corporate entity is not exceed \$1 billion.

Note 2: The balance of every single entity is not exceed 1% of the total ending balance.

Managers for mortgage within \$8,000 thousand and credit loans within \$800 thousand per person all bore interests at 1.26%, 1.01% and 1.01% on March 31, 2022, December 31, 2021 and March 31, 2021, respectively. The interest rates and other terms provided to the other related parties are the same as those offered to the public.

2) Guaranteed loans

March 31, 2022					
	Ending Balance	Highest Amount	Reserve for Guarantee Liabilities	Interest Rate (Per Annum %)	Collateral
CSBC Corporation	\$ 2,116,261	\$ 2,119,461	\$ 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.	127,162	127,162	1,272	1.00	None

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
March 31, 2021					
	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	1,011,100	1,370,685	10,111	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 March 31, 2022	\$ 50,671,354	2.31
Balance as of December 31, 2021	52,360,143	2.42
Balance as of March 31, 2021	23,905,945	1.19

For the three months ended March 31, 2022 and 2021, the interest rates intervals were between 0.00% and 13.00%; the interest expense was \$47,643 thousand and \$16,682 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 others 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)

March 31, 2022						
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	\$ 13,718,400	\$ 344,758	Financial assets at fair value through profit or loss	\$ 351,917

(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

(In Thousands of New Taiwan Dollars)

Name	Contract	Duration	March 31, 2021			
			Nominal Principle Amount	Current Valuation Gain (Loss)	Balance Sheet	
					Subject	Amount
Chunghwa Post Co., Ltd	Currency swaps	2020.8.10-2021.8.31	\$ 12,114,625	\$ 129,414	Financial assets at fair value through profit or loss	\$ 34,285

5) Call loans to banks and call loans from banks

Call loans to banks

(In Thousands of Original Currencies)

March 31, 2022					
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Income
Chunghwa Post Co., Ltd	DBU	NTD	\$ 15,000	0.08-0.62	\$ 77
Land Bank	DBU	NTD	10,000	0.08-0.48	416
	OBU	USD	165,000	0.05-0.56	108
	Hong Kong Branch	USD	55,000	0.23-0.37	34
	Taiwan Business Bank	OBU	50,000	0.23-2.30	10
Tokyo Branch		USD	15,000	0.13-0.56	6
	Hong Kong Branch	USD	20,000	0.60-1.05	1
	Taichung Commercial Bank	DBU	500,000	0.28-0.58	1,227

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	900,000	0.15-0.31	1,787

March 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	\$ 19
Land Bank	DBU	NTD	5,000	0.08-0.47	1,329
	OBU	USD	80,000	0.09-0.33	70
	OBU	RMB	50,000	1.90-3.40	7
	Singapore Branch	USD	25,000	0.33	15
Taiwan Business Bank	Hong Kong Branch	USD	80,000	0.15-0.35	31
	Tokyo Branch	USD	15,000	0.18-0.25	7
	London Branch	USD	5,000	0.27	1
	Hong Kong Branch	USD	25,000	0.03-0.34	17
Taichung Commercial Bank	DBU	NTD	500,000	0.18-0.23	435
	OBU	JPY	1,000,000	0.02-0.04	83

Call loans from banks

(In Thousands of Original Currencies)

March 31, 2022					
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Land Bank	DBU	NTD	\$ 5,000	0.08-0.48	\$ 12
	New York Branch	USD	20,000	0.09-0.58	3
	London Branch	USD	10,000	0.14-0.39	8
Taiwan Business Bank	Singapore Branch	SGD	8,000	0.28-0.75	3
Taichung Commercial Bank	OBU	ZAR	15,000	3.50-5.30	472

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

March 31, 2021					
Name	Department	Currency	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Land Bank	DBU	NTD	\$ 5,000	0.48	\$ 163
	New York Branch	USD	20,000	0.09-0.24	163
Taiwan Business Bank	OBU	ZAR	10,000	4.00-7.50	16
	Singapore Branch	SGD	5,000	0.20-0.28	16

6) Due from banks and deposits from banks

Due from banks

(In Thousands of New Taiwan Dollars)

Name	Department	Currency	March 31, 2022	December 31, 2021	March 31, 2021
			Ending Balance	Ending Balance	Ending Balance
Land Bank	DBU	NTD	\$ 4	\$ 4	\$ 4
Taiwan Business Bank	DBU	NTD	4,712	11	4
Chunghwa Post Co., Ltd	DBU	NTD	127	227	115

Deposits from banks

(In Thousands of Original Currencies)

Name	Department	Currency	March 31, 2022	December 31, 2021	March 31, 2021
			Ending Balance	Ending Balance	Ending Balance
Land Bank	DBU	NTD	\$ 277	\$ 277	\$ 277
The Export-Import Bank	DBU	NTD	1,955	1,972	1,679
Chunghwa Post Co., Ltd	DBU	NTD	255,008	312,843	327,654
Taishin International Bank	New York Branch	USD	68	68	68

c. Compensation of directors and management personnel

	For the Three Months Ended March 31	
	2022	2021
Short-term employee benefits	\$ 14,003	\$ 12,249
Post-employment benefits	<u>11,070</u>	<u>418</u>
	<u>\$ 25,073</u>	<u>\$ 12,667</u>

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 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 recognized other income in the amount of \$1,250 thousand in 2022.

The Bank signed three-year information system service contracts with its subsidiaries Chang Hua Commercial Bank, Ltd. and Chang Hwa Bank Venture Capital Co., Ltd., on April 6, 2022 and February 15, 2022. Under the contract, the annual service fee is \$4,410 thousand and \$68 thousand, respectively.

37. PLEDGED ASSETS

The summary of the Group's pledged assets as of March 31, 2022, December 31, 2021 and March 31, 2021 is as follows:

Pledged Assets	Description	March 31, 2022	December 31, 2021	March 31, 2021
Investments in debt instruments at FVTOCI	Bonds	\$ 6,818,616	\$ 6,617,187	\$ 1,165,987
Investments in debt instruments at amortized cost	Bonds and time deposits	41,442,900	41,438,275	41,442,525
Time deposits with original maturities of more than 3 months	Time deposits	-	-	2,818,400
Refundable deposits	Cash	995,355	1,325,277	916,879
Reserves for demand account	Cash	35,000,000	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 March 31, 2022, December 31, 2021 and March 31, 2021:

	March 31, 2022	December 31, 2021	March 31, 2021
Trust liabilities	\$ 434,370,953	\$ 410,135,442	\$ 391,398,816
Unused loan commitments (excluding credit cards)	93,246,568	87,912,431	76,877,796
Credit card commitments	302,781	206,280	307,177
Unused issued letters of credit	35,871,287	27,312,727	24,274,507
Guarantees in guarantee business	64,741,650	57,408,752	60,262,107
Repayment notes and times deposit held for custody	17,072,351	14,130,756	14,621,873
Liabilities on joint loans	394,865	434,699	592,678

The unrecognized commitments for the acquisition of equipment and intangible assets, as well as the commitments for construction, appointment and security as of March 31, 2022 were \$685,472 thousand, \$62,250 thousand, \$787,079 thousand and \$103,724 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. On September 7, 2021, the Taiwan Superior Court ruled in favor of the Bank without damages, but on October 26, 2021, TDK Corporation appealed to the Taiwan Superior Court. The Supreme Court had convened a mediation session on February 8, 2022 and will follow the instructions of the Supreme Court.
- c. The Bank's North Taichung branch was fined due to the misappropriation of customers' deposits. The customer filed a lawsuit against the Bank in the Taichung District Court for misappropriation of deposit amount and loss of financial products on June 25, 2021, in amount of \$369,778 thousand. The first trial held on October 26, 2021, and another trial held on December 16, 2021, will follow the instructions of the District Court.

39. 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 three months ended March 31, 2022	None
2	Acquisition of fixed assets over NT\$300 million or 10% of outstanding capital for the three months ended March 31, 2022	None
3	Disposal of fixed assets over NT\$300 million or 10% of outstanding capital for the three months ended March 31, 2022	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 March 31, 2022	None
6	Sale of NPL	None
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 March 31, 2022	Table 2
5	Accumulated purchases and sales balance of specific marketable security over NT\$300 million or 10% of outstanding capital for the three months ended March 31, 2022	None
6	Acquisition of property, plant and equipment over NT\$300 million or 10% of outstanding capital for the three months ended March 31, 2022	None
7	Disposal of property, plant and equipment over NT\$300 million or 10% of outstanding capital for the three months ended March 31, 2022	None
8	Receivables from related parties over NT\$300 million or 10% of outstanding capital as of March 31, 2022	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)

40. 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 Three Months Ended March 31, 2022							
	Loans	Deposits and Remittances	Financial Instruments and Investments	Wealth Management	Oversea Branch and Subsidiaries	Others	Total
Net interest income	\$ 3,410,875	\$ 1,420,871	\$ (73,292)	\$ -	\$ 696,483	\$ (3,685)	\$ 5,451,252
Net service fee income	387,621	65,421	(10,885)	725,253	20,055	-	1,187,465
Net income on financial instrument	-	-	673,111	-	54,463	-	727,574
Others	3,726	-	660	-	682	58,331	63,399
Net revenue and gains	<u>3,802,222</u>	<u>1,486,292</u>	<u>589,594</u>	<u>725,253</u>	<u>771,683</u>	<u>54,646</u>	<u>7,429,690</u>
Bad debts expense and commitment and guarantee liability provision	(362,144)	-	(112)	-	(195,050)	-	(557,306)
Operating expense	-	-	-	-	-	-	(4,053,988)
Income before income tax	<u>\$ 3,440,078</u>	<u>\$ 1,486,292</u>	<u>\$ 589,482</u>	<u>\$ 725,253</u>	<u>\$ 576,633</u>	<u>\$ 54,646</u>	<u>\$ 2,818,396</u>
For the Three Months Ended March 31, 2021							
	Loans	Deposits and Remittances	Financial Instruments and Investments	Wealth Management	Oversea Branch and Subsidiaries	Others	Total
Net interest income	\$ 3,169,992	\$ 1,135,351	\$ (126,725)	\$ -	\$ 632,240	\$ (3,865)	\$ 4,806,993
Net service fee income	340,962	59,946	(7,685)	787,177	23,341	-	1,203,741
Net income on financial instrument	-	-	637,309	-	69,245	-	706,554
Others	102,645	-	289	-	3,486	71,245	177,665
Net revenue and gains	<u>3,613,599</u>	<u>1,195,297</u>	<u>503,188</u>	<u>787,177</u>	<u>728,312</u>	<u>67,380</u>	<u>6,894,953</u>
Bad debts expense and commitment and guarantee liability provision	(215,306)	-	195	-	(360,443)	-	(575,554)
Operating expense	-	-	-	-	-	-	(3,940,985)
Income before income tax	<u>\$ 3,398,293</u>	<u>\$ 1,195,297</u>	<u>\$ 503,383</u>	<u>\$ 787,177</u>	<u>\$ 367,869</u>	<u>\$ 67,380</u>	<u>\$ 2,378,414</u>

The reported revenue and results on the segment information did not include inter-segment revenue for the three months ended March 31, 2022 and 2021.

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

	March 31, 2022						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Wealth Management	Oversea Branch and Subsidiaries	Others	Total
Assets	<u>\$ 1,527,979,504</u>	<u>\$ -</u>	<u>\$ 839,516,915</u>	<u>\$ -</u>	<u>\$ 189,391,437</u>	<u>\$ 85,921,976</u>	<u>\$ 2,642,809,832</u>
Liabilities	<u>\$ 2,520,076</u>	<u>\$ 2,139,288,118</u>	<u>\$ 121,217,466</u>	<u>\$ -</u>	<u>\$ 128,284,177</u>	<u>\$ 78,434,716</u>	<u>\$ 2,469,744,553</u>
	December 31, 2021						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Wealth Management	Oversea Branch and Subsidiaries	Others	Total
Assets	<u>\$ 1,472,353,653</u>	<u>\$ -</u>	<u>\$ 813,923,901</u>	<u>\$ -</u>	<u>\$ 171,319,335</u>	<u>\$ 93,509,608</u>	<u>\$ 2,551,106,497</u>
Liabilities	<u>\$ 2,759,647</u>	<u>\$ 2,116,226,758</u>	<u>\$ 75,078,516</u>	<u>\$ -</u>	<u>\$ 108,235,008</u>	<u>\$ 77,354,113</u>	<u>\$ 2,379,654,042</u>
	March 31, 2021						
	Loans	Deposits and Remittances	Financial Instruments and Investments	Wealth Management	Oversea Branch and Subsidiaries	Others	Total
Assets	<u>\$ 1,415,335,501</u>	<u>\$ -</u>	<u>\$ 734,528,971</u>	<u>\$ -</u>	<u>\$ 170,834,812</u>	<u>\$ 86,563,937</u>	<u>\$ 2,407,263,221</u>
Liabilities	<u>\$ 2,402,689</u>	<u>\$ 1,959,586,403</u>	<u>\$ 98,605,191</u>	<u>\$ -</u>	<u>\$ 116,040,258</u>	<u>\$ 63,211,812</u>	<u>\$ 2,239,846,353</u>

TABLE 1

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTEEES’ NAMES AND LOCATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022**

(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 March 31, 2022	End of December 31, 2021	Stock	Ownership Interest (%)	Book Value			
Chang Hwa Bank	Chang Hua Commercial Bank, Ltd. Chang Hwa Bank Venture Capital Co., Ltd.	China Taiwan	Banking Venture capital	\$ 12,117,288 1,000,000	\$ 12,117,288 600,000	Note 100,000,000	100 100	\$ 13,689,566 1,073,722	\$ 39,444 10,653	\$ 39,444 10,653	

Note: Limited company organization.

TABLE 2

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2022
(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	March 31, 2022				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	\$ 47,476	0.3	\$ 47,476	
	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	42,681	8.5	42,681	
	Yuh Shan Environmental Engineering Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	15,040	2.0	15,040	
	Acer E-enabling Service Business Inc.	-	Financial assets at fair value through profit or loss	405,813	75,242	1.1	75,242	
	Advanced Wireless & Antenna Inc.	-	Financial assets at fair value through profit or loss	250,000	9,680	1.0	9,680	
	Huang Chieh Metal Composite Material Tech Co., Ltd	-	Financial assets at fair value through profit or loss	350,000	8,757	0.6	8,757	
	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	23,004	2.4	23,004	
	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	46,198	0.6	46,198	
	MegaPro Biomedical Co., Ltd.	-	Financial assets at fair value through profit or loss	500,000	14,565	0.9	14,565	
	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	485,000	39,406	0.1	39,406	
	PlayNitride Inc.	-	Financial assets at fair value through profit or loss	380,000	40,936	0.7	40,936	
	Sun Power Energy.	-	Financial assets at fair value through profit or loss	800,000	30,400	4.7	30,400	
	Outstanding Management Consultants Co., Ltd.	-	Financial assets at fair value through profit or loss	990	10	9.9	10	
	G-YEN HUTONG CO., LTD.	-	Financial assets at fair value through profit or loss	50,000	1,750	0.4	1,750	
	Gamamobi Taiwan Co., Ltd	-	Financial assets at fair value through profit or loss	400,000	10,000	2.0	10,000	
	Outstanding Capital Limited Partnership	-	Financial assets at fair value through profit or loss	-	470	-	470	

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.

CHANG HWA COMMERCIAL BANK, LTD.

**INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2022**
(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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2022	Net Income (Loss) of the Investee (Note 2)	% of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2022	Accumulated Repatriation of Investment Income as of March 31, 2022	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)	\$ 39,444	100	\$ 39,444	\$ 13,689,566	\$ -	

2.

Accumulated Outward Remittance for Investment in Mainland China March 31, 2022	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)	\$ 25,959,792

Note 1: The three methods of investment are as follows:

- Direct investment in mainland China.
- Investment in mainland China through reinvestment in existing enterprise in a third area.
- Others.

Note 2: Equity in the profit (loss):

- If the entity is still in the preparation stage and there is no equity in profit (loss), the condition should be noted.
- 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.
 - Financial statements audited (reviewed) by international accounting firms that cooperate with the accounting firms in the ROC.
 - Financial statements audited (reviewed) by the Taiwan-based parent company's CPA.
 - 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:

- 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.
- 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 4

CHANG HWA COMMERCIAL BANK, LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(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	\$ 47,258	Same as normal customers	-
		Chang Hua Commercial Bank, Ltd.	a.	Cash and cash equivalents	145,800	Same as normal customers	0.01
		Chang Hua Commercial Bank, Ltd.	a.	Receivables	333,498	Same as normal customers	0.01
		Chang Hua Commercial Bank, Ltd.	a.	Other financial assets	8,988,000	Same as normal customers	0.34
		Chang Hua Commercial Bank, Ltd.	a.	Interest income	60,969	Same as normal customers	0.82
		Chang Hua Commercial Bank, Ltd.	a.	Net non-interest income	1,250	Same as normal customers	0.02
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Deposits and remittances	478,290	Same as normal customers	0.02
		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	13	Same as normal customers	-
		Chang Hwa Bank Venture Capital Co., Ltd.	a.	Net non-interest income	603	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: The 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
MARCH 31, 2022

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.