

# Taishin Bank

## 2021 Annual Report

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Company website: <https://www.taishinbank.com.tw>

Market Observation Post System website: <https://mops.twse.com.tw>



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**Names of Exchanges Where Overseas Securities Are Listed and Methods of Inquiry: None.**

# Taishin Bank

2021 Annual Report

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# I. Letter to Shareholders

## Dear Shareholders,

The global economy in 2021 continued the K-shaped recovery trend that started in the second half of 2020. Following the successful development of effective vaccines, such as mRNA and Adenovirus Vector vaccines, the economies of developed countries such as the United States and many European countries have recovered as disease control restrictions have been lifted due to high vaccine coverage rates in these countries. Furthermore, the governments of these countries also introduced economy stimulus packages, leading to the quick recovery of private consumption. As a result, the GDP of the United States, the United Kingdom, and some major eurozone countries in the second half of 2021 has surpassed that of before the pandemic. However, the economies of most emerging market countries are still being disrupted by COVID-19 due to having insufficient quantities of vaccines, which means they are unable to raise their vaccine coverage rates to a degree capable of suppressing the transmission of the virus. These countries have been forced to re-initiate large scale lockdowns, which brought significant impact to their economic growth. Furthermore, the effect of the Delta variant, which quickly spread throughout the world from India in March, has been the most severe. And India was, of course, one of the countries that had been affected.

Compared to the massive drop in demand due to lockdowns across the globe in 2020, the pandemic had a more significant impact to the global economy at the supply end in 2021. In today's global industrial chain, ocean freight, air freight, and the domestic logistics of each country are essential to the normal operation of the global supply chain. The pandemic had caused unscheduled factory shutdowns, significant slowdowns in port operations, shortages of logistics workers, and disruptions in the production and delivery of many industrial products. Consequently, the supply end was under great stress while the demand in major consumption markets recovered, leading to a rapid rise in inflation. It is estimated that this phenomenon will continue until the second half of 2022, and its impact to the global economy remains to be seen.

In 2021, with COVID-19 well under control, the manufacturing industry in Taiwan was not affected, and with the continued demand for emerging technology applications and digital transformation, integrated circuit exports reached new heights. Traditional industrial products also benefited from global inflation and had a massive increase in both export prices and export quantities. With its growth rate remaining high, exports have become the main driving force for economic growth of Taiwan. Regarding domestic demand, the revenues of industries related to domestic demand suffered massive decreases due to people staying at home for work or school caused by the level 3 epidemic alert as a response to the large scale COVID-19 outbreak in May 2021. However, starting in August, the number of confirmed cases rapidly dropped due to people's good awareness of disease prevention and their cooperation with government policies, and the epidemic alert was lowered from level 3 to level 2 as a result. With the disease control restrictions loosened, public consumption recovered and people started to shop at physical stores again. Furthermore, the Quintuple Stimulus Vouchers passed out by the government also gave a boost to the revitalization of the economy. It is estimated that the recovery trend of consumption will extend to 2022.

In domestic financial services, the banking, insurance, and securities industries had profited due to the strong performance of the stock market and the industries' proactive efforts in obtaining capital gains on equity and debt. In 2021, the total net profit before tax for the banking, insurance and securities industries was NT\$936.6 billion, exceeding NT\$900 billion for the first time. This represented growth of NT\$261 billion compared to 2020, a positive growth rate of 38.7%. The net profit before tax for the insurance industry was NT\$411.1 billion, an annual growth rate of 84.3%; the net profit before tax for banking was NT\$385.6 billion, an annual growth rate of 4.0%; and the net profit before tax for the securities industry was

NT\$139.9 billion, an annual growth rate of 72.0%. Looking towards 2022, as the pandemic is gradually losing its influence over the global economy, leading to the restoration of global economic activities, and also as inflation has continued to rise as oil prices continue to go up, the Central Bank of the Republic of China is expecting to follow the footsteps of the United States in raising interest rates in 2022.

We followed our operating budgets closely in 2021, and our core business delivered consistent growth. Our total net profit after tax was NT\$13.1 billion for the year, around 7.8% higher than the previous year. Meanwhile, the annual growth rates for net interest income and net fee income were 4.8% and 3.3%, respectively. This represented an EPS of NT\$1.48, an ROE of 7.98%, and a net worth per ordinary share of NT\$18.76. While credit asset quality was kept at a satisfactory level, the nonperforming loan (NPL) ratio at the end of 2021 was 0.12%, with NPL coverage ratio at 1,104.19%—both above the average of state-owned banks. The capital adequacy ratio was 15.06%, the Tier 1 capital ratio was 12.57%, and the Core Tier 1 capital ratio was 10.73% at the end of 2021. The capital structure remained sound.

Taishin Bank received international long-term and short-term credit ratings of BBB+ and F2, respectively, according to the international credit rating agency Fitch Ratings in November 2021. Our domestic long-term and short-term credit ratings were AA-(twn) and F1+(twn), respectively, and the outlook was "Stable". Our global long-term and short-term credit ratings were BBB+ and A-2, respectively, in a report issued by S&P Global Ratings in January 2022. Meanwhile, our domestic long-term and short-term credit ratings were twAA- and twA-1+, respectively, in a report issued by Taiwan Ratings in January 2022. The outlook was "Stable" in both reports.

In the development of foreign business, Taishin Bank has been actively deploying its plans for the China and Asia-Pacific markets. Currently, Taishin Bank owns branches in Hong Kong, Singapore, Tokyo, Brisbane, Labuan, and a Marketing Service Office in Kuala Lumpur, Malaysia. The Bank also has representative offices in Ho Chi Minh City, Yangon, Shanghai, and Bangkok. The Bangkok Representative Office was opened for business in June 2021, and the Labuan Branch and Kuala Lumpur Marketing Service Office were both opened in November 2021. We will continue to expand our market in the future and increase profits from overseas.

The Bank has three major business departments: retail banking, wholesale banking, and financial market. Below is a summary of how the three departments performed over the past year:

## 1. Retail Banking Services

As of the end of 2021, the size of Taishin Bank's mortgage portfolio stood at NT\$589.2 billion, representing close to 6.0% in YOY growth; the auto loan balance amounted to NT\$52.4 billion, representing a 3.5% YOY growth, and again placing the bank at the top of the financial industry; the bank had 6.06 million credit cards in circulation, ranking 4th with a 11.5% market share; and lastly, Taishin Bank had 163,000 card accepting merchants nationwide, ranking first with a 22.0% market share.

Digital banking in everyday life: Richart digital banking is the first in the market to apply financial services in multiple real-life scenarios. In September 2021, Richart introduced the "Provision" product, and introduced the "KKBOX Music Deposit" in November 2021; Richart has also won the Global Finance World's Best Digital Bank Awards three years in a row.

Taishin Bank is dedicated to building a diverse and complete collection and payment mechanism. Thanks to the joint efforts of the bank and its partners, the digital payment solutions of Taishin can now be seen in over 100,000 service points including duty-free stores, department stores, and night markets. Taishin Pay has also become the only digital wallet in Taiwan that can be used at all four major convenience stores as well as the largest department store in Taiwan, Shinkong Mitsukoshi.

The Richart Life launched in August 2020 is the key service of the Everyday Life Finance Ecosystem. Users may use Taishin Points to pay for their purchases or exchange products and services at two major convenience store chains by simply opening the Richart Life app. In 2021, by issuing 20,000 exclusive and limited-edition National Games Richart Debit ATM Cards as well as gathering exclusive privileges offered by thousands of stores through mobile payment and points linking cross-industry ecosystems, customers were able to make purchases and deduct points with Richart Life, embodying the concept of the everyday life and finance ecosystem.

**Credit cards:** Taishin Bank has continued to introduce products and services in response to modern requirements. For four years in a row, Taishin Bank has been recognized by the "Buying Power—New Product and Service of Social Innovation Purchase Reward Program" of the Ministry of Economic Affairs for the optimization of the customer payment experience through scenario-based purchases, while coordinating with the ESG strategies of Taishin FHC on the implementation of corporate social responsibility by collaborating with DOMI Earth on the promotion of digital bills to reduce carbon emission. The money saved is then used to help underprivileged families switch to power saving appliances. Furthermore, Taishin Bank has also continued to cultivate close ties with card accepting merchants by introducing innovative products and complete services. With "Taishin Purchase", the first mobile bill collection app in Taiwan, we targeted small and mobile merchants with the "your phone is your card reader" product feature, allowing them to provide contact free mobile payment services to customers during the pandemic. For this, Taishin Bank has been recognized by multiple international awards.

**Wealth management:** Taishin Bank was the first in the business to open a wealth management flagship branch in 2003. Having followed a sophisticated customer segmentation process over the years, Taishin Bank is able to provide a wide range of exclusive personalized financial services to meet the demand for "professional financial planning advice", "exclusive benefits and experiences" and "one-stop shop". Furthermore, to meet the need for integrated services for personal accounts and household accounts while following a sustainability- and customer-oriented philosophy, Taishin Bank has promoted the family-based wealth management service. The feature extends the scope of personal wealth management to include a family, and offers financial advice for members of the family at different stages and benefits for the entire family. It is an excellent choice for customers with inheritance concerns. Meanwhile, following digital banking trends, Taishin Bank combines real branches, mobile banking, Internet banking and other online and offline services based on the every day life and finance ecosystem concept to provide friendly and professional services. Despite the pandemic and dramatic market volatility, financial planning teams at Taishin Bank are taking a long-term view, and remain steadfast in duty to safeguard customers' asset growth. Feedback on the service is generally positive, and as a result, the net wealth management service fee income still rose steadily by 4%.

## 2. Wholesale banking services

**Loans:** As of the end of December 2021, Taishin Bank's wholesale banking loans stood at NT601.9 billion, representing close to 6.3% in YOY growth. Loans to domestic state-owned and private enterprises totaled NT\$354.5 billion, ranking among the top of the industry. The total amount of syndications as a lead arranger was ranked 9th in the industry. In support of the government's initiative, Taishin Bank provides guarantees in compliance with policy to help SMEs acquire operating capital. Lending to SMEs rose to NT\$231 billion by the end of December 2021, a stable growth compared to 2020. Taishin Bank will continue to expand the scope of its cooperation with the SME Credit Guarantee Fund of Taiwan, help SMEs to upgrade their business, and provide relevant financing schemes in accordance with major governmental policies such as the Six Core Tactical Industries and the Welcoming the Return of Taiwanese Investment Initiative Action Plan.

Other wholesale banking services: The number of collection transactions of automated clearing house (ACH), developed in collaboration with Taiwan Clearing House for fulfilling the needs of corporate customers to allocate funds, ranked first while the payment transactions ranked 3rd in the market in 2021. For factoring, Taishin Bank took a balanced approach in customer relationship management, and market price while considering credit risk. In 2021, Taishin Bank undertook NT\$201.3 billion in factoring, up by 9.4% from 2020, taking the lead in the market. The stock affairs agency business of Taishin Bank was demerged to Taishin Securities in November 2021.

System platforms: The GB2B Global Digital Corporate Banking Network and Taishin iHub (API platform) are fully operational, and have been recognized by the 2021 National Brand Yushan Award for "Best Product Category" for solving the critical needs of corporate customers by providing multiple products and services such as cash flow collection and payment, transaction funding, and corporate financing through the integration of automatic transmissions. As fintech has become more mainstream, Taishin Bank has continued to support fintech innovations, optimize the system connecting to the "Instant Credit Check" program which Taishin Bank co-developed with Taiwan SMEG, and use the API technology to effectively help small and medium enterprises to quickly acquire funds, thus providing an optimal service experience for small and medium enterprises.

### 3. Financial market business

In financial product transactions, Taishin Bank provides a wide range of financial products, including exchange rate, interest rate, equity, credit, commodities, derivatives, and structured products, to meet different hedging or investment needs. Taishin Bank offers up-to-date market information and professional advice. It uses a transaction platform with a complete line of financial products to help customers monitor market changes and assess risks and meet the financial needs of onshore/offshore institutional and retail clients.

In 2021, Taishin Bank was one of the five leading banks in the country in terms of the volume of derivative trading at NT\$11.0593 trillion. Regarding bond underwriting, Taishin Bank is an active participant in bond issuance and financing planning for onshore and offshore companies. The bank brings in a wide range of bonds by overseas issuers to give Taiwanese investors more investment choices. The total amount of bonds underwritten was NT\$55.7 billion in 2021, and Taishin Bank will continue to actively expand more domestic and foreign bond underwriting cases.

Furthermore, for the purpose of providing better financial services for our overseas customers, Taishin Bank is dedicated to the integration and coordination of domestic and foreign trading platform resources. In 2021, the business of our overseas branches' trading offices had 7% growth compared to 2020, which is helpful for the cultivation of overseas financial business opportunities. Meanwhile, in response to developments in digital banking platforms, Taishin Bank has been working to put financial products on online platforms in order to provide more easy-to-use transaction services for customers and allow customers to trade domestic structured notes as well as open gold accounts online via digital platforms. These platforms are designed to meet the demand for easy and real-time financial investing and other transactions.

In summary, we have received wide, continuous acclaim for our excellent performance in various areas of expertise. By using Open API to construct a complete everyday life financial ecosystem, Taishin Bank has distinguished itself among 80 financial institutions and received the Model Bank for Open Banking Ecosystem Development Award presented by Celent. Combining innovative digital financial services such as Taishin Pay and Taishin Points, the recently introduced Richart Life app has received recognition from home and abroad, including the Best Customer Rewards and Loyalty Program Award presented by Asian Banker and the Asia Pacific Best Online Product Award presented by Global Finance magazine. By combining wealth management and digital banking innovation, Taishin Bank won the Best Private Bank in Taiwan Award, as well as Best Private Bank Customer Service in Asia Award presented by The Banker and PWM. The bank

also received the Best Wealth Management Digital Experience in Taiwan Award presented by The Asset. The wholesale banking services by Taishin Bank support government policies, and have been awarded with the SMEG Gold Award by the Ministry of Economic Affairs for 9 years in a row. Taishin Bank received nearly 100 awards from domestic and international professional institutions in 2021. Its performance was generally recognized in many countries.

In recent years, the government has been working hard to encourage Taiwanese businesses to return to invest in the country and invigorate the local financial market. Provided the target of "corporate sustainability", "focus on information security", and "financial inclusion", the policies proposed in 2021 will be implemented in an effective and orderly fashion. With the hope to find growth opportunities on the basis of stability, the government tries to elevate Taiwan to a hub for fund transfer and high net worth wealth management services for Asian businesses, help key industries obtain funding, and promote adoption of international standards in the banking system.

Looking forward, we will commit to achieving the goals of our existing business activities while pursuing environmental sustainability (E), social inclusion (S), and outstanding corporate governance (G), all in accordance with the principle of "rigorous risk management, integrous law abidance, and aggressive expansion", while supporting government policies and complying with applicable regulations. Our business strategies and plans include: Taking advantage of the resources of Taishin FHC and ensuring that both risk control and business growth are greatly accounted for, we perpetuate existing advantages—such as the number of digital accounts and the auto loan, credit card, syndicated loan, and securities underwriting businesses—to maintain a leading position while trying to leap ahead. We shall continue to improve our ability in risk management, implement the principles of risk management and fair customer treatment, and dedicate ourselves to balancing business development and risk management. We will also construct IT infrastructures that facilitate business growth, and create new strengths in the emerging area of FinTech through digital transformation and information transformation. We actively invest in digital banking, increase the market share of Richart, support green energy and sustainability through lending, and assist in the development of the low-carbon transportation, circular economy, and renewable energy industries, as well as continue to expand overseas and develop international operations with a focus on Asian countries and Chinese communities around the world.

Taishin employees have long dedicated themselves to delivering the best banking services with "integrity, commitment, innovation and cooperation" in mind. Even in the pursuit of profitability and continuous growth, Taishin has been able to demonstrate the innovation and customer-centric values that have helped shape Taiwan's banking industry as a whole and embodied the group's fulfillment of its corporate social responsibility. Taishin will hereafter adhere to the same business philosophy while continuing to deliver comprehensive services and maximizing profits so as to benefit our shareholders, customers, employees and the greater community alike and to deliver on our promises to shareholders.

Chairman



April 2022

## II. Company Profile

### A. Date of establishment

February 25, 1992

### B. Company history

In 1990, the current chairman, Thomas Wu, invited some of his closest friends and respected businessmen to join the effort of bringing the bank into reality. The bank was established in August 1991 with approval of the Ministry of Finance, and opened its door officially on March 23, 1992. A special shareholders meeting on December 7, 2001 passed a resolution to create “Taishin Financial Holding Co., Ltd.” by share swap with “Dah An Commercial Bank Co., Ltd.”. Meanwhile, new shares were issued as a result of the merger with “Dah An Commercial Bank Co., Ltd.”. “Taishin Financial Holding Co., Ltd.” was established officially on February 18, 2002.

The shareholders meeting on July 26, 2004 passed a resolution to assume all assets and liabilities of the “Tenth Credit Cooperative of Hsinchu”. The legal proceedings were completed on October 18, 2004. In the interest of higher efficiency by integration of fund and resources among the subsidiaries of Taishin FHC, The merger of Taishin Bank into Taishin Bills Finance Corporation was completed on January 22, 2011. Both being subsidiaries of Taishin FHC, Taishin Bank and Taishin Bills Finance Corporation shared a very similar business philosophy and corporate culture. After the merger is completed, the two parties will be able to quickly integrate resources and systems for reduced cost and improved operating efficiency.

In terms of its business network, Taishin Bank is actively establishing branch offices in all major cities across the country. Meanwhile, to achieve financial globalization, Taishin Bank has created offshore banking units, as well as obtained the license for the Hong Kong Branch in February 2003. The Hong Kong Branch opened on June 25 of the same year. Taishin Bank received approval of the Ministry of Finance on September 21, 2004. Received approval from the State Bank of Vietnam to establish the representative office in Ho Chi Minh City on January 2005. The Singapore Branch was established on June 24, 2014. The Yangon Representative Office in Myanmar officially opened for business on January 21, 2016. The Tokyo Branch in Japan was established on October 27, 2016. Working with branches in two other financial hubs, Hong Kong and Singapore, this branch is able to provide Taiwanese businesses and customers from Greater China an operation and investment platform in Japan. The Brisbane Branch opened in Australia on July 31, 2017. It is Taishin Bank's fourth overseas branch after Hong Kong, Singapore, and Tokyo, Japan.

The Shanghai representative office in China has opened in August 18, 2020, the Bangkok representative office in Thailand has opened in June 28, 2021, and the Malaysia Labuan Branch and Kuala Lumpur Marketing Office celebrated its grand opening in November 26, 2021.

Taishin Bank will make other preparations in the future to expand the overseas network and give customers better and more comprehensive global banking services.

## C. Honors of the company

Date	Issuing Organization	Awards / Rankings
◆ 2021.02	The Asset	Best syndicated loan in Vietnam- Taishin Bank
◆ 2021.03	Celent	Model Bank for Open Banking Ecosystem Development - Taishin Bank
◆ 2021.03	Wealth Magazine	Wealth Management Award-Best Wealth Management - Taishin Bank
◆ 2021.03	Wealth Magazine	Wealth Management Award-Best Value Award– Taishin Bank
◆ 2021.03	Wealth Magazine	Wealth Management Award- Innovation Awards for Financial Services– Taishin Bank
◆ 2021.03	IDC (International Data Corporation)	BEST BANK IN TAIWAN - Taishin Bank
◆ 2021.03	The Asset	Best Digital Wallet Project - Taishin Bank
◆ 2021.04	Economic Affairs	Gold Award of Credit Guarantee – Taishin Bank
◆ 2021.04	Economic Affairs	Excellence Award of Portfolio Guarantee – Taishin Bank
◆ 2021.04	Economic Affairs	Support Award of Regional Development – Taishin Bank
◆ 2021.04	Economic Affairs	Excellence Award of Credit Managers – Taishin Bank
◆ 2021.04	LINE Family Club	The Best Brand- Taishin Bank
◆ 2021.05	The Digital Banker	Best Customer Experience -Branch – Taishin Bank
◆ 2021.05	The Digital Banker	Best Fintech for Digital CX - Cross Border Payments – Taishin Bank
◆ 2021.05	The Digital Banker	Best Customer Experience - ATM (Personalized recommendation Platform) – Taishin Bank
◆ 2021.05	The Digital Banker	Highly Acclaimed: Best Retail Bank for Digital CX – Taishin Bank
◆ 2021.06	Asian Banker	Best Customer Loyalty/Reward Initiative – Taishin Bank
◆ 2021.06	Asian Banker	Best Frictionless Omni Channel Integration Initiative/ Application – Taishin Bank
◆ 2021.06	The Banker and PWM	Best private bank for big data analytics and AI, Asia – Taishin Bank
◆ 2021.07	Business Next	Best Business Model –Bronze Award(Data Driven: The New CRM Model) – Taishin Bank

Date	Issuing Organization	Awards / Rankings
◆ 2021.07	Business Next	Best Business Model –Bronze Award(Taishin Point, innovation in Richart Life Ecosystem) – Taishin Bank
◆ 2021.07	Asian Banking & Finance	Service Innovation of the Year in Taiwan – Taishin Bank
◆ 2021.07	Asian Banking & Finance	COVID Management Initiative of the Year in Taiwan – Taishin Bank
◆ 2021.07	Asian Banking & Finance	New Consumer Lending Product of the Year in Taiwan – Taishin Bank
◆ 2021.07	Asian Banking & Finance	Taiwan Domestic M&A Initiative of the Year – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products(Taishin iHub API) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products(t-Loan) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Most Popular Brands(Ricahrt) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products(Richart Life) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products(Podcast project) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products(Taishin Merchant App) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Most Popular Brands(Rose Giving Card) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products(Real-Time Personalize Interact System) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Most Popular Brands(Wealth Management) – Taishin Bank
◆ 2021.08	The Digital Banker	Best Wealth Management for \$250 – 500k AUM – Taishin Bank
◆ 2021.08	Global Finance	Best Consumer Digital Bank in Taiwan – Taishin Bank
◆ 2021.08	Global Finance	Best Online Product Offerings – Taishin Bank
◆ 2021.08	Global Finance	World’ s Best Financial Innovation Labs – Taishin Bank
◆ 2021.08	Excellence Magazine	Excellence in Wealth Management 2021– Taishin Bank
◆ 2021.08	Excellence Magazine	Best Diversified Products 2021– Taishin Bank

Date	Issuing Organization	Awards / Rankings
◆ 2021.08	Brain Magazine	Top 10 Powerful Words in Advertising- Taishin Bank
◆ 2021.09	Taiwan Futures Exchange	Futures Trading Growth in Banking Sector – Diamond Award(No.1)– Taishin Bank
◆ 2021.09	Business Today	Best Wealth Management Award of Banks and Securities-Best Wealth Management Bank–Taishin Bank
◆ 2021.09	Business Today	Best Wealth Management Award of Banks and Securities- Best Robo Advisor (No.1)– Taishin Bank
◆ 2021.09	Business Today	Best Wealth Management Award of Banks and Securities-Best Products (No. 2)– Taishin Bank
◆ 2021.09	Business Today	Best Wealth Management Award of Banks and Securities- Best Digital Experience (No.2)– Taishin Bank
◆ 2021.09	Business Today	Best Wealth Management Award of Banks and Securities-Best Wealth Appreciation (No.3)– Taishin Bank
◆ 2021.10	IDC (International Data Corporation)	Best in Future of Digital Innovation in Taiwan – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Best Loyalty/Rewards Strategy – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Best ATM and self-service Innovation – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Best Payment Innovation – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Trailblazing Use of AI in Financial Services – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Highly Commended Achievement- Dynamic Third-Party Collaboration – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Highly Commended Achievement- Excellence in Customer Centricity – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Highly Commended Achievement- Excellence in Mobile Banking – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Highly Commended Achievement- Excellence in Omni-Channel Integration – Taishin Bank
◆ 2021.10	PBI (Private Banker International)	Outstanding Wealth Management Technology Initiative-Back Office – Taishin Bank
◆ 2021.10	PBI (Private Banker International)	Highly Commended Achievement- Outstanding Wealth Management Service for the Affluent – Taishin Bank
◆ 2021.10	Commercial Times	Digital Financial Service Award:Best Digital Innovation Gold Award
◆ 2021.10	Commercial Times	Digital Financial Service Award:Digital Transformer Quality Award

Date	Issuing Organization	Awards / Rankings
◆ 2021.10	Wealth Magazine	Taiwan Financial Awards: Best FinTech Bank Quality Award – Taishin Bank
◆ 2021.10	Wealth Magazine	Taiwan Financial Awards: Best Customer Recommendation Quality Award – Taishin Bank
◆ 2021.10	Wealth Magazine	Taiwan Financial Awards: Best Digital Bank Quality Award– Taishin Bank
◆ 2021.10	TII (Taiwan Insurance Institute)	Talent Development Initiative_Silver Quality Award– Taishin Bank
◆ 2021.10	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-First Prize in the Best Product-Taishin Bank (Taishin iHub API)
◆ 2021.10	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-First Prize in The Most Popular Brands -Taishin Bank (Wealth Management)
◆ 2021.11	The Banker and PWM	Best Private Bank in Taiwan – Taishin Bank
◆ 2021.11	The Digital Banker	Winner: Best Lifestyle App – Taishin Bank
◆ 2021.11	The Digital Banker	Winner: Outstanding Digital Innovation in SME Banking – Taishin Bank
◆ 2021.11	The Digital Banker	Winner: Outstanding Merchant Payment Solution – Taishin Bank
◆ 2021.11	The Digital Banker	Highly Acclaimed: Best Open Banking Initiative – Taishin Bank
◆ 2021.11	Global Views	Best Bank in Digital Financial Services – Excellent Awards – Taishin Bank
◆ 2021.11	Global Views	Ranked No.1 User Interface of Digital Bank – Taishin Bank
◆ 2021.11	Global Views	Ranked No.1 Best Digital Account Bank – Taishin Bank
◆ 2021.11	Global Views	Ranked No.1 Transfer function – Taishin Bank
◆ 2021.11	Global Views	Ranked No.2 Securities-Best Robo-Advisor – Taishin Bank
◆ 2021.11	Global Views	Ranked No.2 The Most Popular Brands – Taishin Bank
◆ 2021.11	Global Views	Ranked No.3 Best FinTech Brands – Taishin Bank
◆ 2021.11	Global Views	Ranked No.3 Best Social Media Marketing – Taishin Bank
◆ 2021.11	Global Views	Ranked No.4 Best Customer Service Innovation – Taishin Bank
◆ 2021.11	Global Views	Highly Commended for User Experience – Taishin Bank

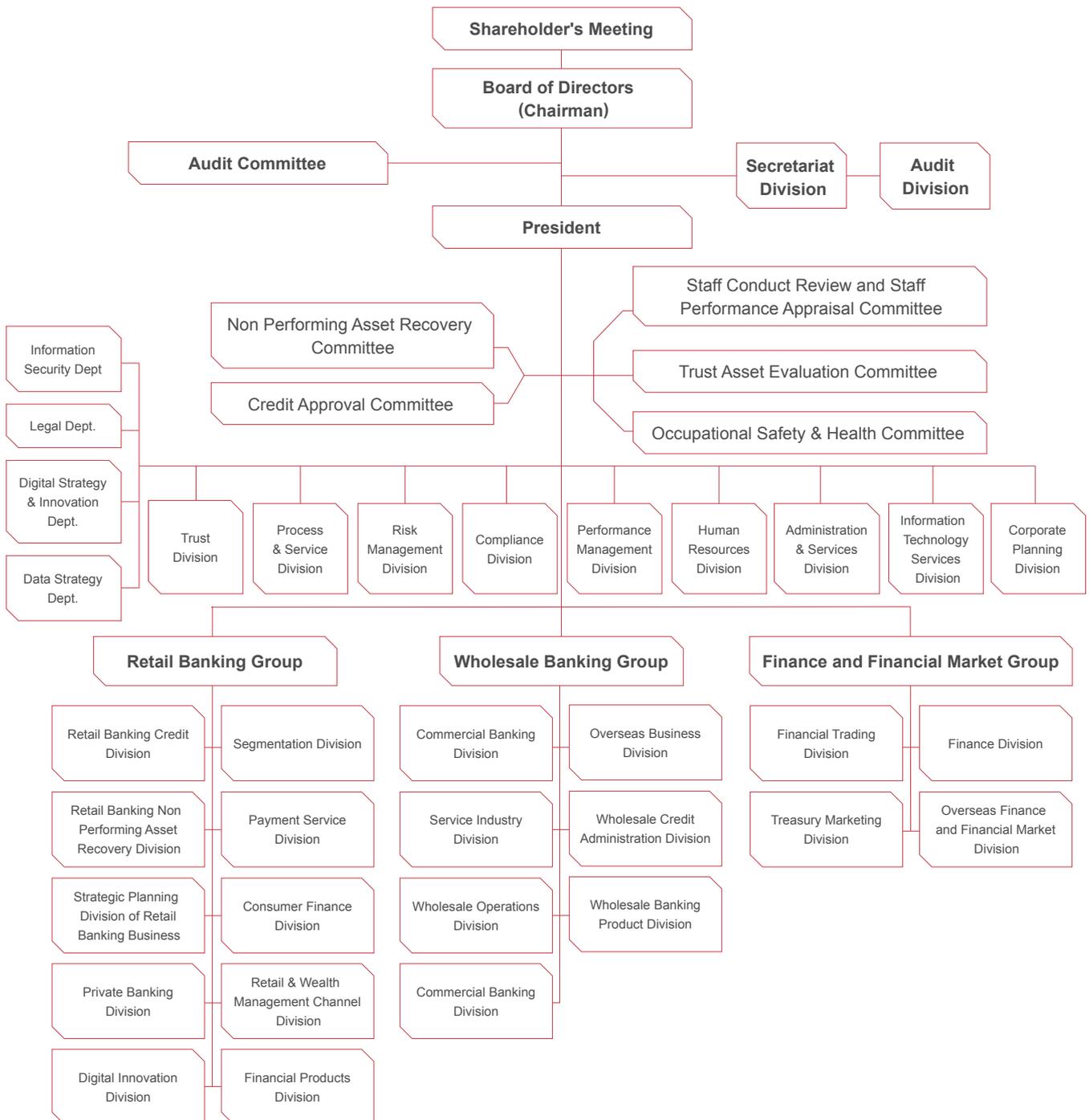
Date	Issuing Organization	Awards / Rankings
◆ 2021.12	RFPI and TRFP	Best Value Award – Wealth Management– Taishin Bank
◆ 2021.12	GCCA (Greater China Contact Centre Alliance)	Best Innovation Company in Customer Service in Greater China– Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Innovation Company in Customer Service– Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Experience– Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Team– Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Onsite Supervisor– Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Marketing Supervisor– Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Marketing Representative– Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Representative– Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Onsite Representative– Taishin Bank
◆ 2021.12	Ministry of Economic Affairs,R.O.C.	Buying Power—Social Inclusion Special Award in Social Innovation Products and Services Procurement-Taishin Bank
◆ 2021.12	Financial Supervisory Commission R.O.C. (Taiwan)	Ranked top 10 in the property trust business for the elderly and disadvantaged groups– Taishin Bank
◆ 2021.12	Commercial Times	Securities Trust Innovation Gold Prize– Taishin Bank

# III. Corporate Governance Report

## A. Organization system

### a. Organizational Chart

Base date : February 28, 2022



## **b. Responsibilities of the bank's major units**

### **1. Corporate Planning Division**

- (1) In charge of strategic planning, execution and evaluation of major strategic projects.
- (2) In charge of capital planning of the bank, analysis and management of BIS ratio and each financial and business data.
- (3) Long term planning, analysis and evaluation, and execution and management of long-term investments. Negotiation and communication with regulator.
- (4) Communications and coordination for operation and management related affairs among various managerial units.
- (5) Communications and coordination for operation and management related affairs among various managerial units.
- (6) Organizational planning, establishment, execution and management.
- (7) Planning, execution, and management of business relating to corporate image and public affairs.
- (8) Coordination of corporate governance practices and supervision of implementation in the units.
- (9) Performance of credit rating procedures.

### **2. Administration & Services Division**

- (1) Drafting, formulation, and execution of common administrative and general-affairs regulations and system.
- (2) Acceptance and sending of external official documents.
- (3) Evaluation and implementation of operations related to major general affairs, construction and improvement, procurement, properties and offices.
- (4) Occupational health and safety operations and oversight and execution of the bank's guards and security systems.

### **3. Information Technology Services Division**

- (1) Management and maintenance of the bank's computer systems, central equipment office, and equipments.
- (2) The formulation and execution of information security system.
- (3) The pushing of information programs.
- (4) Evaluation of need, planning and analysis, and evaluation, change, and maintenance of programs for the information systems of retail banking and corporate banking.

### **4. Performance Management Division**

- (1) Management, analysis of, and recommendations for business performance.
- (2) Budget planning and execution and management of business targets.
- (3) Planning and management of performance management information system (MIS, budget (predicted)) and activity based costing/management system (ABC/M).
- (4) Planning and management of accounting and taxation affairs.
- (5) Compilation, analysis and reporting of financial information.
- (6) Design, tracking, and evaluation of balanced score cards.

**5. Compliance Division**

- (1) Supervising the legal compliance and AML/CFT operations of overseas business units.
- (2) Planning, management, and execution of the compliance system.
- (3) Conveyance, consultation, coordination and communication of laws and regulations.
- (4) Establishment and execution of legal compliance, AML/CFT risk management, and the supervision framework.
- (5) Establishment of the whistleblowing system and handling of whistleblowing reports.
- (6) Planning and execution of the AML/CFT policy and procedures.

**6. Human Resources Division**

- (1) Drafting, formulation, and execution of human resourced related regulations and policy.
- (2) Personal recruitment, appointment, management, ranking and performance evaluation.
- (3) Formulation and execution of employment conditions and welfare, and the establishment, pushing, and management of communications channels with employees.
- (4) Research, development, planning, revision, compilation and execution of employee-training courses and material, the establishment of teacher database, and evaluation and appointment of teachers.
- (5) Formulation, execution and management of human resources contracts involving foreign matters and other documents.

**7. Risk Management Division**

- (1) Measurement and Monitoring of credit risk, market risk, operation risk and the liquidity risk.
- (2) The evaluation of positions, report/table compilation, and risk disclosure.

**8. Processing & Service Division**

- (1) Drafting, formulation, and execution of operation- and service-related regulations and policy.
- (2) Planning of operational workflow and establishment, execution and management of centralized operation system.
- (3) Launch workflow reformed project and execution, evaluation and review the result.

**9. Finance Division**

- (1) Planning and management of the bank's liquidity risk and bankbook interest risk.
- (2) In charge of planning and management of assets/liabilities, fund allocation.
- (3) Planning and management of inter-branch interest calculation.
- (4) Planning, execution, and management of securitized assets business.

**10. Financial Trading Division**

- (1) Trading and position management of foreign exchange, interest rate, credit, equity, and commodity products and related derivatives.
- (2) Bills transaction, underwriting and trading.

**11. Treasury Marketing Division**

Planning, marketing, and execution of transactions involving foreign exchange, interest rate, credit, equity, and commodity products and related derivatives.

**12. Wholesale Banking Product Division**

In charge of corporate banking cash management, trade financing, planning and pushing of syndicated loans and structured funding.

**13. Corporate Banking Division**

- (1) Formulate short-, medium-, and long-term business objects and strategic planning for the financial businesses of medium- and large-sized manufacturing customer groups.
- (2) Coordinate the marketing, promotion, and the maintenance and management of account relations for medium- and large-scale manufacturing customer groups.

**14. Service Industry Division**

- (1) Formulate short-, medium-, and long-term business objects and strategic planning for the financial businesses of medium- and large-scale service customer groups.
- (2) Coordinate the marketing, promotion, and the maintenance and management of account relations for medium- and large-scale service customer groups.

**15. Wholesale Operation Division**

- (1) Wholesale banking services and cash management.
- (2) Formulation and management of credit extension flow.
- (3) Execution and management of international banking business.
- (4) Delivery and clearance of financial products.
- (5) Planning and management of corporate banking service systems.
- (6) Credit risk control.
- (7) Formulation of related business regulations and operating flow.
- (8) Planning/Building/Maintaining/Optimizing WBS bank-wide foreign currency system and management systems.

**16. Global Trade Finance Division**

- (1) Formulating short-, medium-, and long-term business goals and strategies for the financial business of
- (2) small- and medium-sized enterprises.
- (3) Overseeing the marketing, promotion, and account maintenance and management for the financial business of small- and medium-sized enterprises.

**17. Overseas Business Division**

- (1) Study, planning, execution, and management of the establishment, move, dismantling, and change of overseas branches.
- (2) Strategic planning, pushing, and management of the business of overseas business.
- (3) Oversee the operation, performance, and general affairs management of overseas branches.
- (4) Informing of local laws/regulations, study, planning, and execution of countermeasures for overseas branches.

**18. Wholesale Credit Administration Division**

- (1) Credit extension policy and risk analysis and disclosure for corporate banking.
- (2) Inspection and review of corporate banking credit extension cases, and management of the asset quality of corporate banking credit extension, overdue loan and collection.

**19. Retail and Wealth Management Channel Division**

- (1) In charge of planning and management of the business and channel of branches.
- (2) Deployment and management of branches.
- (3) Enforcement, pushing, and management for the operation and service quality of branches.
- (4) Operational management and sales promotion of retail banking.
- (5) Execution, facilitation and management of customer service center operations and service quality.

**20. Financial Products Division**

- (1) Oversee life insurance brokerage services and P&C insurance brokerage services provided throughout the bank.
- (2) Coordinate product development, policy administration, and business development under insurance brokerage operations.
- (3) Development and management of retail banking wealth management products and maintenance of the competitive edge of the bank's wealth management products.
- (4) Planning and management of short-term securities and mutual fund investments by subsidiaries.

**21. Consumer Finance Division**

- (1) Development, design, management, and promotion of retail banking products.
- (2) Development and design of business banking products and management and promotion.
- (3) The development, operating management, sales promotion, credit investigation, auditing, and customer maintenance for auto loans and products with repo condition.
- (4) Product planning, sales promotion, channel development, and performance management for state owned banks and payroll accounts.

**22. Payment Service Division**

- (1) In charge of planning and development, business management, marketing and sales, and customer maintenance of credit cards, debit cards, cash flows of business clients.
- (2) Management and promotion of consumer banking products.

**23. Retail Banking Credit Division**

- (1) In charge of the formulation of the credit policy to retail banking products.
- (2) Construction and utilization of retail banking credit risk models.
- (3) Risk management, estimate and management of bad debts and provisions.
- (4) Credit investigation and credit extension management for retail banking products.
- (5) Collateral appraisal management for retail banking real estate.

**24. Retail Banking Non-Performing Asset Recovery Division**

The management of NPL (nonperforming loan) collection, protection of non-performing assets, write-off of bad debts, and outsourcing of debt collection.

**25. Segmentation Division**

- (1) Analysis of customer groups, construction of statistical models, and testing of marketing campaigns.
- (2) The development, planning and trial execution of event marketing.
- (3) Integrating the marketing and media resources within the Bank.
- (4) Management of customer relation management and core technology R&D and marketing platform.

**26. Strategic Planning Division of Retail Banking Business**

- (1) Handling of first and second tier customer complaints.
- (2) Upgrade service quality and push overhaul of operating flow, so as to establish a continuously improving quality culture.
- (3) In charge of back-office and planning affairs for chief executive officer of retail banking.
- (4) Strategic planning and enforcement management for retail banking.
- (5) Personal finance budget planning and execution and management of business targets.
- (6) Management, analysis of, and recommendations for personal finance business performance.

**27. Digital Innovation Division**

- (1) Planning and execution of business strategies, targets, and plans of digital finance.
- (2) Planning, design, and maintenance of digital finance services and platforms.
- (3) Promotion and management of digital financial services.
- (4) Planning, management and execution of marketing campaigns for digital finance.
- (5) Planning, promotion and coordination of integration of real and virtual channels.
- (6) Research, planning and promotion of new technologies and innovative applications.

**28. Overseas Finance and Financial Market Division**

- (1) Formulating short-, medium-, and long-term business goals and strategies.
- (2) Promoting and implementing business policies on operations in overseas financial markets.
- (3) Planning/Building/Maintaining/Optimizing core and management systems for overseas financial markets.

**29. Private Banking Division**

- (1) Providing integrated financial services in investment planning, financing, and inheritance planning for high net worth clients around the world.
- (2) Coordinating private banking services, performance, and business management worldwide.
- (3) Implementing private banking processes and regulations.

**30. Trust Division**

- (1) All trust services and subsidiary services of the bank; the management of trust services.
- (2) The development of new trust products and services.
- (3) Integrating market trends and the characteristics of products, providing investment analysis reports and consultation on the investment of domestic and foreign negotiable securities.

**31. Information Security Department**

- (1) Information security risk management
- (2) Compliance and observation of financial information security regulations worldwide.
- (3) Management and maintenance of InfoSec systems
- (4) InfoSec awareness campaigns and training.

**32. Legal Department**

- (1) Formulation, establishment, and implementation of policies and regulations for legal affairs.
- (2) Analysis and consultation on matters involving the law across the bank.
- (3) Review and supervision of various contracts and correspondences.
- (4) Handling and management of litigation.

**33. Digital Strategy and Innovation Department**

- (1) Promoting projects under the digital transformation strategy.
- (2) Helping to design innovative service models and customer experiences.
- (3) Planning, execution, and management of startup cooperation projects.

**34. Department of Data Strategy**

- (1) Data Strategy and Analysis.
- (2) Data Structure Platform Planning.
- (3) Data Governance

## B. Profiles of directors, supervisors, president, vice presidents, assistant vice presidents, heads of departments and branches, and advisors

### a. Board directors and supervisors

#### 1. Information on board directors

Title	Nationality	Name	Gender / Age	Date of getting elected	Term	Date of first getting elected	Shareholding upon election		Current shareholding		
							Number of shares	Share of stake	Number of shares	Share of stake	
Chairman	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Wu, Tong-Liang	Male Over 71	2021.07.23	Three years	2002.01.28	8,885,711,853	100	8,885,711,853	100	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Kuo, Jui-Sung	Male Over 71	2021.07.23	Three years	2002.01.28	8,885,711,853	100	8,885,711,853	100	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Wu, Tong-Shung	Male Over 71	2021.07.23	Three years	2002.01.28	8,885,711,853	100	8,885,711,853	100	

Base date: Feb. 28, 2022 unit: %; share

	Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and Principal experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
	0	0	0	0	<ul style="list-style-type: none"> <li>Chairman of Taishin Holdings and Taishin Bank</li> <li>Chairman of Taishin Charity Foundation</li> <li>Chairman and Director of Taishin Venture Capital Investment</li> <li>Chairman and President of Shinkong Synthetic Fibers</li> <li>Vice Chairman of Teco Electric and Machinery</li> <li>Director, Managing Director and Supervisor of First Commercial Bank, Taipei Business Bank and Hua Nan Bank</li> <li>Managing Director of Shinkong Insurance and Shinkong Life Insurance</li> </ul> MBA, University of California, Los Angeles (UCLA) CA, US	Note 1	Director Director Director	Kuo, Jui-Sung Lin, Long-Su Wu, Shin-Hau	Brother in law Brother in law Son	None
	0	0	0	0	<ul style="list-style-type: none"> <li>Director of Taishin Holdings and Taishin Bank</li> <li>Professor of Department of Information Science, Business School, Soochow University</li> <li>Professor of Department of Electrical Engineering, National Taiwan University</li> <li>Chairman of TECO Technology Foundation</li> <li>Director of TECO Image Systems</li> <li>Supervisor of Sercomm</li> <li>Director of International Bank of Taipei</li> </ul> Ph.D., Physics, New Hampshire University NH, USA.	Note 2	Chairman Director	Wu, Tong-Liang Lin, Long-Su	Brother in law Brother in law	None
	0	0	0	0	<ul style="list-style-type: none"> <li>Director of Taishin Holdings, Taishin Bank and Shinkong Wu Ho-Su Memorial Hospital</li> <li>Certified Public Accountant</li> <li>Chairman of Taishin Asset Management, Taishin Real-Estate Management, Taishin Venture Capital Investment and MiTAC Construction and Development</li> <li>Supervisor of Taishin Securities and Taishin Insurance Brokers</li> <li>Director and Standing Supervisor of Tung-Yu Technology</li> </ul> BA, Accounting and Statistics, National Chengchi University Taipei, TW	Note 3	None	None	None	None

Title	Nationality	Name	Gender / Age	Date of getting elected	Term	Date of first getting elected	Shareholding upon election		Current shareholding		
							Number of shares	Share of stake	Number of shares	Share of stake	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Lin, Long-Su	Male Over 71	2021.07.23	Three years	2002.01.28	8,885,711,853	100	8,885,711,853	100	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Kao, Chih-Shang	Male Over 71	2021.07.23	Three years	2002.01.28	8,885,711,853	100	8,885,711,853	100	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Hsu, Teh-Nan	Male Over 71	2021.07.23	Three years	2002.01.28	8,885,711,853	100	8,885,711,853	100	

	Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and Principal experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
	0	0	0	0	<ul style="list-style-type: none"> <li>• Director of Taishin Holdings and Taishin Bank</li> <li>• Honorary Consul of the Republic of Nicaragua</li> <li>• Representatives of the National Assembly</li> <li>• Associate Professor of Institute of Biochemical Science of National Taiwan University</li> <li>• CEO of Konig Foods</li> </ul> Ph.D., Chemistry, Virginia State University VA, USA	Note 4	Chairman Director	Tong-Liang Wu Jui-Sung Kuo	Brother in law Brother in law	None
	0	0	0	0	<ul style="list-style-type: none"> <li>• Director of Taishin Bank</li> <li>• Supervisor of Taishin Holdings, Taishin Bank and Regent Hotels</li> <li>• Chairman of I-Mei Foods, Dah An Bank and An-Sin Real Estate Mangement</li> <li>• Standing Supervisor of Chang Hwa Bank</li> </ul> MA, Public Administration, University of San Francisco CA, USA	Note 5	None	None	None	None
	0	0	0	0	<ul style="list-style-type: none"> <li>• Director of Taishin Bank</li> <li>• Chairman of Taiwan Cooperative Bank and Bank of Taiwan</li> <li>• Chairman of The Bankers Association of the Republic of China</li> </ul> BA, Banking, National Chengchi University Taipei, TW	Note6	None	None	None	None

Title	Nationality	Name	Gender / Age	Date of getting elected	Term	Date of first getting elected	Shareholding upon election		Current shareholding		
							Number of shares	Share of stake	Number of shares	Share of stake	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Wu, Shang-Pin	Male 51~60	2021.07.23	Three years	2002.01.28	8,885,711,853	100	8,885,711,853	100	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Wu, Shin-Hau	Male 31~40	2021.07.23	Three years	2002.01.28	8,885,711,853	100	8,885,711,853	100	
Independent Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Lin, Yi-Fu	Male Over 71	2021.07.23	Three years	2002.01.28	8,885,711,853	100	8,885,711,853	100	

	Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and Principal experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
	0	0	0	0	<ul style="list-style-type: none"> <li>Supervisor and Director of Taishin Bank</li> <li>Chairman of NSEnergy</li> <li>Presidene of Tuntex Petrochemicals</li> <li>Director of TASCOC Chemical and Grand Cathay Venture Capital III</li> <li>Supervisor of Petrochemical Industry Association of Taiwan</li> </ul> Ph.D., Applied Chemistry, Keio University Tokyo, Japan.	Note 7	None	None	None	None
	0	0	0	0	<ul style="list-style-type: none"> <li>Director of Taishin Bank, Taishin Securities, Taishin Life Insurance and Taishin Capital</li> <li>Director of Shin Kong Financial Holding, Shin Kong Life Insurance and ShinKong Insurance</li> <li>Co-founder and CEO of Dynasty Holding International Limited</li> </ul> MBA, Waseda University Tokyo, Japan	Note 8	Chairman	Wu, Tong-Liang	Father	None
	0	0	0	0	<ul style="list-style-type: none"> <li>Independent Director of Taishin Holdings and Taishin Bank</li> <li>Independent Director of Nanya Technology</li> <li>Minister of Economic Affairs</li> <li>Minister without Portfolio of Executive Yuan</li> <li>Ambassador, Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the World Trade Organization</li> <li>Consultant, Chinese National Association of Industry and Commerce, Taiwan</li> </ul> BA, Accounting and Statistics, National Chengchi University Taipei, TW	Note 9	None	None	None	None

Title	Nationality	Name	Gender / Age	Date of getting elected	Term	Date of first getting elected	Shareholding upon election		Current shareholding	
							Number of shares	Share of stake	Number of shares	Share of stake
Independent Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Chang, Min-Yu	Female 51~60	2021.07.23	Three years	2002.01.28	8,885,711,853	100	8,885,711,853	100
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Lee, Shyan-Yuan	Male 61~70	2021.07.23	Three years	2002.01.28	8,885,711,853	100	8,885,711,853	100

Note 1 : Representative Wu, Tong-Liang is concurrently acting as Chairman of Taishin Holdings, Chairman of Taishin Charity Foundation, Director of Taishin Real Estate Management, Director of Taishin Asset Management, Director of An-sin Real Estate Management, Director of Shin Kong Mitsukoshi Department Store, Director of Shin Kong Lohas, Director of Shin Kong Construction and Development, Director of Shin-Yun Enterprise, Director of Jui-Siang Investment, Director of Kuei-Yuan Investment, Director of T-Ham & Dachan Food, Supervisor of Shin Kong Agriculture & Animal husbandry, Supervisor of Shin Kong Ocean Enterprise, Supervisor of Chin-Shan Investment.

Note 2 : Representative Kuo, Jui-Sung is concurrently acting as Chairman of Jui-Fang Co., Chairman of TECO Technology Foundation, Director of Taishin Holdings, Director of An-Long Enterprise, Director of Century Development, Director of Shin-Hai Gas, Director of Xing An Enterprise, Director of Jhao Fong Solar Power.

Note 3 : Representative Wu, Tong-Shung is concurrently acting as Chairman of Taishin Asset Management, Chairman of MiTAC Construction and Development, Director of Taishin Real Estate Management, Independent Director of Hua Eng Wire & Cable, Director of An-sin Real Estate Management, Director of Supervisor of Taishin Securities, Supervisor of Taishin Venture Capital.

Note 4 : Representative Lin, Long-Su is concurrently acting as Director of MiTAC Construction and Development, Director of Nica-Orient Development, Director of International Advanced Music, Director of Music Duck, Director of Ennead Inc, Director of Ennead Leasing, Director of Jhao Fong Solar Power.

Note 5 : Representative Kao, Chih-Shang is concurrently acting as Chairman of Taiwan Institute of Ethical Business and Forensics Chairman of Chinese International Economic Cooperation Association, Chairman of I-Mei Foods, Chairman of I-Mei, Director of I-Mei Organic Food, Chairman of Fu May, Chairman of Xiong May Food, Chairman of Ming Huang International Logistics, Chairman of Golden Saddle Machinery, Chairman of An-Sin Real Estate Management, Chairman of Ray Ten Asset Management, Chairman of San Ho May Enterprise, Chairman of Chi Yue Investment, Director of I-Mei Biomedicine, Director of An-Sin Real Estate Management, Director of Kun Chi Venture Capital, Director of Tse Hung, Director of Yuanju Construction, Director of Formosa International Hotel, Director of Digiforen Technology, Supervisor of Van Den Invest, Supervisor of I-Mei Dairy, .

	Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and Principal experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
	0	0	0	0	<ul style="list-style-type: none"> <li>Independent Director of Taishin Holdings and Taishin Bank</li> <li>Executive CPA of Zhongxin United CPA Firm</li> <li>Supervisor of Leo Systems</li> <li>Director of Chang Hwa Bank</li> <li>Reorganizer of First International Telecom Inc.</li> <li>Director of Chi-Tun Consulting</li> </ul> BA, Accounting, Tamkang University Taipei, TW	Note 10	None	None	None	None
	0	0	0	0	<ul style="list-style-type: none"> <li>Independent Director of Taishin Bank, Global Tek Fabrication and First Financial Holding</li> <li>Director of International Bills Finance Corporation</li> <li>Professor, Dept. of Finance, National Taiwan University</li> <li>Advisor of Securities Investment Trust and Consulting Association of The R.O.C</li> <li>Advisor of Public Service Pension Fund Management Board</li> <li>Commissioner, Financial Supervisory Commission</li> </ul> Ph.D., Division of Money and Financial Markets, Columbia Business School, Columbia University, New York City, USA	Note 11	None	None	None	None

Note 6 : Representative Hsu, Teh-Nan is not concurrently acting in any other capacity of any other company.

Note 7 : Representative Wu, Shang-Pin is concurrently acting as Chairman of NSEnergy, Chairman of He-Cheng Investment, Director of TASCO Chemical, Director of EXCEL Chemical, Director of Ming-Xing Chemical, Director of Taiwan Fieldrich, Director of Da-Jhan Investment & Development, Director of TASCO Technology, Director of Tai-He Investment, Director of Ho-Shin, Director of Tuntex Petrochemical, Director of SAFEWAY Gas, Director of Chang-Feng Logistics, Director of TNS Logistics International, Director of Orient Recreation and Development, Director of Mega Green Energy.

Note 8 : Representative Wu, Shin-Hau is concurrently acting as Vice Chairman of Jhao Fong Solar Power, Vice Chairman of Mega Green Energy, Director of Taishin Securities, Director of Taishin Life Insurance, Director of Taishin Capital, Director of Diamond Biofund, Director of Sun Biofund, Director of Jing Ying Investment, and Director of Diamond Capital Inc.

Note 9 : Representative Lin, Yi-Fu is concurrently acting as Independent Director of Taishin Holdings, Independent Director of S&S Healthcare Holding, Independent Director of Nan Ya Plastics, Independent Director of Pan German Universal Motors.

Note 10 : Representative Chang, Min-Yu is concurrently acting as Independent Director of Taishin Holdings, Supervisor of Multilite International.

Note 11 : Representative Lee, Hsien-Yuan is concurrently acting as Independent Director of Global Tek Fabrication.

## 2. Major shareholders of institutional shareholders

April 19, 2022

Names of Institutional shareholders	Major shareholders of institutional shareholders
Taishin Financial Holding Co., Ltd.	TASCO Chemical Co., Ltd. 3.72% Taishin Leasing & Financing Co., Ltd. 3.17% Norges Bank 1.29% Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds 1.27% Tong Shan Investment Co., Ltd. 1.18% JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds 1.15% TransGlobe Life Insurance Inc. 1.09% Farglory Lfe Insurance Co., Ltd. 1.06% Shinkong Synthetic Fibers Corporation 1.06% Chaang Her Co., Ltd. 1.05%

## 3. Major shareholders of major institutional shareholders

April 19, 2022

Names of Institutional shareholders	Major Shareholders of Institutional Shareholders
TASCO Chemical Co., Ltd.	Tai-He Investment 58.20%、He-Cheng Investment Co., Ltd. 19.55%、Taiwan Fieldrich Corp. 9.84%、Da-Jhan Investment & Development Co., Ltd. 1.72%、He-Fong Investment Co., Ltd. 1.16%、Fong-He Investment Co., Ltd. 1.01%、Wu, Cheng-Ching 0.99%、Wu, Shang-Pin 0.99%、Wu, Pei-Jyuan 0.95%、Wu, Pei-Rong 0.97%
Taishin Leasing & Financing Co., Ltd.	Yun Teh Industrial Co., Ltd. 40.60%、Tong Shan Investment Co., Ltd. 26.00%、Pan Asian Plastics Corp 22.20%、Ruey-Shin Enterprise Co., Ltd. 7.06%、Ruey-Shiang Invest Co., Ltd. 4.07%、Chao Heng Enterprise Co., Ltd. 0.07%
Norges Bank	N/A
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	N/A
Tong Shan Investment Co., Ltd.	Ruey-Shin Enterprise Co., Ltd. 78.75%、Wu, Guei-Lan (Note) 3.125%、Eugene Wu 3.125%、Anthony Wu 3.125%、Wu, Tong-Liang 3.125%、Hsien-Hsien Hsu 2.50%、Ruo-Nan Sun 2.50%、Hsing-Hua Ho 1.875%、Eric Wu 1.875%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds	N/A
TransGlobe Life Insurance Inc.	Zhongwei Co., Ltd. 100%
Farglory Lfe Insurance Co., Ltd.	Sinyu Investment Co., Ltd. 19.00%、Fareast Land Company 12.48%、Yuanjian Investment Co., Ltd. 8.91%、Teng-Hsiung Chao 8.49%、Harvard International Investment Co., Ltd. 6.71%、Rueici Investment Co., Ltd. 6.43%、Farglory International Investment Co., Ltd. 6.43%、Chun-Yao Yeh 5.96%、Yu-Nu Chao 5.77%、Dongyuan Construction Co., Ltd. 5.63%
Shinkong Synthetic Fibers Corporation	Sinsheng Investment Co., Ltd. 5.28%、Shin Kong Company Ltd. 5.22%、Shin Kong Recreation Co., Ltd. 4.66%、Shin Kong Life Insurance Co., Ltd. 4.26%、TShin Kong Textile Co., Ltd. 3.47%、Shin Kong Insurance Co., Ltd. 3.04%、Julian Invest Co., Ltd. 2.37%、Toray Industries Inc. 2.20%、Yuan Bao Co., Ltd. 2.18%、Yi Kuang Enterprise Co., Ltd. 2.07%
Chaang Her Co., Ltd.	OVERLAND LIMITED 98.96%、Hsueh-Fen, Peng 1.04%

Qualifications Name	Professional Qualification and Experiences	Independence Criteria
Wu, Tong-Liang (Director)	<p><u>Industry experience/ Professional training:</u> banking, insurance, asset management and risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> <li>• Chairman of Taishin Holdings and Taishin Bank</li> <li>• Chairman of Taishin Charity Foundation</li> <li>• Chairman and Director of Taishin Venture Capital Investment</li> <li>• Chairman and President of Shinkong Synthetic Fibers</li> <li>• Vice Chairman of Teco Electric and Machinery</li> <li>• Director, Managing Director and Supervisor of First Commercial Bank, Taipei Business Bank and Hua Nan Bank</li> <li>• Managing Director of Shinkong Insurance and Shin Kong Life Insurance</li> </ul> <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <ol style="list-style-type: none"> <li>(1) Not an employee of the Company or any of its affiliates.</li> <li>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> <li>(3) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</li> <li>(4) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> </ol>
Kuo, Jui-Sung (Director)	<p><u>Industry experience/ Professional training:</u> banking, information technology and risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> <li>• Director of Taishin Holdings and Taishin Bank</li> <li>• Professor of Department of Information Science, Business School, Soochow University</li> <li>• Professor of Department of Electrical Engineering, National Taiwan University</li> <li>• Chairman of TECO Technology Foundation</li> <li>• Director of TECO Image Systems</li> <li>• Supervisor of Sercomm</li> <li>• Director of International Bank of Taipei</li> </ul> <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <ol style="list-style-type: none"> <li>(1) Not an employee of the Company or any of its affiliates.</li> <li>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> <li>(3) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</li> <li>(4) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</li> <li>(5) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> </ol>

Qualifications Name	Professional Qualification and Experiences	Independence Criteria
Wu, Tong-Shung (Director)	<p><u>Industry experience/ Professional training:</u> Banking, accounting, asset management and risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> <li>• Director of Taishin Holdings, Taishin Bank and ShinKong Wu Ho-Su Memorial Hospital</li> <li>• Certified Public Accountant</li> <li>• Chairman of Taishin Asset Management, Taishin Real-Estate Management, Taishin Venture Capital Investment and MITAC Construction and Development</li> <li>• Supervisor of Taishin Securities and Taishin Insurance Brokers</li> <li>• Director and Standing Supervisor of Tung-Yu Technology</li> </ul> <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <ol style="list-style-type: none"> <li>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> <li>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below: <ol style="list-style-type: none"> <li>a) a managerial officer of the Company or any of its affiliates.</li> <li>b) a director or supervisor of the Company or any of its affiliates.</li> <li>c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> </ol> </li> <li>(3) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</li> <li>(4) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> </ol>
Lin, Long-Su (Director)	<p><u>Industry experience/ Professional training:</u> Banking, industry and risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> <li>• Director of Taishin Holdings and Taishin Bank</li> <li>• Honorary Consul of the Republic of Nicaragua</li> <li>• Representatives of the National Assembly</li> <li>• Associate Professor of Institute of Biochemical Science of National Taiwan University</li> <li>• CEO of Konig Foods</li> </ul> <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <ol style="list-style-type: none"> <li>(1) Not an employee of the Company or any of its affiliates.</li> <li>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> <li>(3) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</li> <li>(4) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</li> <li>(5) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.</li> <li>(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</li> <li>(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> </ol>

Qualifications	Professional Qualification and Experiences	Independence Criteria
<p>Name</p>	<p><u>Industry experience/ Professional training:</u> Banking, industry and risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> <li>• Director of Taishin Bank</li> <li>• Supervisor of Taishin Holdings, Taishin Bank and Regent Hotels</li> <li>• Chairman of I-Mei Foods, Dah An Bank and An-Sin Real Estate Management</li> <li>• Standing Supervisor of Chang Hwa Bank</li> </ul> <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <ol style="list-style-type: none"> <li>(1) Not an employee of the Company or any of its affiliates.</li> <li>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> <li>(3) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below:               <ol style="list-style-type: none"> <li>a) a managerial officer of the Company or any of its affiliates.</li> <li>b) a director or supervisor of the Company or any of its affiliates.</li> <li>c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> </ol> </li> <li>(4) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</li> <li>(5) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</li> <li>(6) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.</li> <li>(7) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</li> <li>(8) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> </ol>
<p>Kao, Chih-Shang (Director)</p>		

Qualifications Name	Professional Qualification and Experiences	Independence Criteria
Hsu, Teh-Nan (Director)	<u>Industry experience/ Professional training:</u> Banking, risk management <u>Principal Experience:</u> <ul style="list-style-type: none"> <li>• Director of Taishin Bank</li> <li>• Chairman of Taiwan Cooperative Bank and Bank of Taiwan</li> <li>• Chairman of The Bankers Association of the Republic of China</li> </ul> <u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None	During the two years before being elected or during the term of office, the director have been or be any of the following: <ol style="list-style-type: none"> <li>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> <li>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below:               <ol style="list-style-type: none"> <li>a) a managerial officer of the Company or any of its affiliates.</li> <li>b) a director or supervisor of the Company or any of its affiliates.</li> <li>c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> </ol> </li> <li>(3) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</li> <li>(4) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</li> <li>(5) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.</li> <li>(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</li> <li>(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> </ol>

Qualifications Name	Professional Qualification and Experiences	Independence Criteria
<p style="text-align: center;">Wu, Shang-Pin (Director)</p>	<p><u>Industry experience/ Professional training:</u> Banking, industry and risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> <li>• Supervisor and Director of Taishin Bank</li> <li>• Chairman of NSEnergy</li> <li>• President of Tuntex Petrochemicals</li> <li>• Director of TASCOCHEMICAL and Grand Cathay Venture Capital III</li> <li>• Supervisor of Petrochemical Industry Association of Taiwan</li> </ul> <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <ol style="list-style-type: none"> <li>(1) Not an employee of the Company or any of its affiliates.</li> <li>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> <li>(3) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</li> <li>(4) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</li> <li>(5) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.</li> <li>(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</li> <li>(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> </ol>
<p style="text-align: center;">Wu, Shin-Hau (Director)</p>	<p><u>Industry experience/ Professional training:</u> Banking, securities, insurance and risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> <li>• Director of Taishin Bank, Taishin Securities, Taishin Life Insurance and Taishin Capital</li> <li>• Director of Shin Kong Financial Holding, Shin Kong Life Insurance and Shinkong Insurance</li> <li>• Co-founder and CEO of Dynasty Holding International Limited</li> </ul> <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <ol style="list-style-type: none"> <li>(1) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> <li>(2) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</li> <li>(3) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> </ol>

Qualifications Name	Professional Qualification and Experiences	Independence Criteria
<p style="text-align: center;">Lin, Yi-Fu (Independent Director)</p>	<p><u>Industry experience/ Professional training:</u> Banking, accounting and risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> <li>• Independent Director of Taishin Holdings and Taishin Bank</li> <li>• Independent Director of Nanya Technology</li> <li>• Minister of Economic Affairs</li> <li>• Minister without Portfolio of Executive Yuan</li> <li>• Ambassador, Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the World Trade Organization</li> <li>• Consultant of Chinese National Association of Industry and Commerce, Taiwan</li> </ul> <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <ol style="list-style-type: none"> <li>(1) Not an employee of the Company or any of its affiliates.</li> <li>(2) Not a director or supervisor of the Company or any of its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> <li>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below: <ol style="list-style-type: none"> <li>a) a managerial officer of the Company or any of its affiliates.</li> <li>b) a director or supervisor of the Company or any of its affiliates.</li> <li>c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> </ol> </li> <li>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</li> <li>(7) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (If the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, it does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> </ol>

Qualifications Name	Professional Qualification and Experiences	Independence Criteria
<p>Chang, Min-Yu (Independent Director)</p>	<p><u>Industry experience/ Professional training:</u> Banking, accounting, information technology and risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> <li>• Independent Director of Taishin Holdings and Taishin Bank</li> <li>• Executive CPA of Zhongxin United CPA Firm</li> <li>• Supervisor of Leo Systems</li> <li>• Director of Chang Hwa Bank</li> <li>• Reorganizer of First International Telecom Inc.</li> <li>• Director of Chi-Tun Consulting</li> </ul> <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <ol style="list-style-type: none"> <li>(1) Not an employee of the Company or any of its affiliates.</li> <li>(2) Not a director or supervisor of the Company or any of its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> <li>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below:             <ol style="list-style-type: none"> <li>a) a managerial officer of the Company or any of its affiliates.</li> <li>b) a director or supervisor of the Company or any of its affiliates.</li> <li>c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> </ol> </li> <li>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</li> <li>(7) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (If the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, it does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> </ol>

Qualifications Name	Professional Qualification and Experiences	Independence Criteria
Lee, Shyan-Yuan (Independent Director)	<p><u>Industry experience/ Professional training:</u></p> <p>Banking, finance and risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> <li>• Independent Director of Taishin Bank, Global Tek Fabrication and First Financial Holding</li> <li>• Director of International Bills Finance Corporation</li> <li>• Professor of Department of Finance, National Taiwan University</li> <li>• Advisor of Securities Investment Trust and Consulting Association of The R.O.C</li> <li>• Advisor of Public Service Pension Fund Management Board</li> <li>• Commissioner of Financial Supervisory Commission</li> </ul> <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <ol style="list-style-type: none"> <li>(1) Not an employee of the Company or any of its affiliates.</li> <li>(2) Not a director or supervisor of the Company or any of its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> <li>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below: <ol style="list-style-type: none"> <li>a) a managerial officer of the Company or any of its affiliates.</li> <li>b) a director or supervisor of the Company or any of its affiliates.</li> <li>c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</li> </ol> </li> <li>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</li> <li>(7) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (If the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, it does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</li> <li>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</li> </ol>

**(I) A Diverse Board of Directors:**

Taishin Bank recognizes and values the uniqueness of each individual and their contributions derived from different skill sets and perspectives. In view of business model and future development, Taishin Bank makes the diversification policy without discrimination based on race, ethnicity, gender, sexual orientation, nationality, language, religion, cultural background, or other factors unrelated to work requirements. We believe that an appropriate structure of diversity is necessary for providing significant benefits to Taishin Bank and ensuring long-term value for shareholders.

Taishin sets eligibility criteria for directors not based on gender, age, ethnicity or nationality. In accordance with Article 22 of the Corporate Governance Code of Conduct of our parent company Taishin FHC, the board of directors of Taishin Bank shall determine the appropriate number of directors based on the scale of business development, the practical operational needs, the law, and the Articles of incorporation.

The 12th board of directors consists of 11 members, including 3 independent directors (1 being female and is a certified accountant). The members were selected with an emphasis on diversity. The membership consists of elite talents from banking, industries and academia, including 4 Ph.D. degree holders and 3 Masters degree holders. The members have an extensive range of expertise from business administration, physics, engineering, accounting, to pharmaceuticals. They possess the general knowledge, skills and competencies required to perform duties. Furthermore, Taishin Bank also emphasizes gender equality in Board composition. Our goal is to have at least one female Director in the Board, and we have achieved this target in the election of the 11th Board of Directors. from 2018 To achieve an ideal level of corporate governance, the board of directors is equipped with the following abilities:

- 1 Ability to make sound business judgments.
- 2 Ability to conduct accounting and financial analysis.
- 3 Ability to manage a business.
- 4 Ability to respond to a crisis
- 5 Industry knowledge
- 6 An understanding of international markets
- 7 Leadership ability
- 8 Decisioning abilities
- 9 Risk management knowledge and skills

**(II) Board of Directors Independence:**

The term of the 12th board of directors of Taishin Bank started on July 23, 2021 with a total of 11 members, including 3 independent directors (1 female and is a certified accountant) which accounts for 27.27% of all directors. Matters specified in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act do not apply to the board of directors this term (refer to the director information 1 for details).

b. Information on president, vice presidents, assistant vice presidents, and chiefs of units and branches

Feb 28, 2022 unit: %; share

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
President doubling as Chief Executive Officer, Retail Banking Group	R.O.C	Oliver Shang	Male	2018.02.07	0	0	0	0	0	0	Taishin Financial Holding Co., Ltd. Personal and Commercial Banking Group CEO; CEO of China Trust Global Personal Finance; University of Delaware, Master of Business Administration	-	None			
Chief Auditor	R.O.C	Amy Hsia	Female	2019.10.25	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Law, Chinese Culture University	-	None			
Chief Executive Officer, Wholesale Banking Group	R.O.C	Sharon Lin	Female	2018.01.12	0	0	0	0	0	0	Senior Vice President of KGI Bank; Director and CEO of Citi Bank; Florida International University Master of Banking and Finance	Director of Taishin Securities Co., Ltd	None			
Chief Executive Officer of the Finance and Financial Market Group	R.O.C	Eric Chien	Male	2018.03.09	0	0	0	0	0	0	Director and President of the Global Financial Markets Division, Crédit Agricole CIB; University of Exeter, Master of Finance and Investments	Chief Investment Officer of Taishin Financial Holding Co., Ltd.; Vice Chairman of Taishin Investment Trust Co., Ltd.; Director of Taishin Securities Investment Trust Co., Ltd.; Director of Taishin Life Co., Ltd.; Director of St. John's University	None			
Senior Executive Vice President	R.O.C	Carol Lai	Female	2018.08.01	0	0	0	0	0	0	Chief Investment Officer of Taishin Financial Holding Co., Ltd.; Senior Vice president of ChangHwa Commercial Bank; Chief Financial Officer of Taishin Financial Holding Co., Ltd.; Department of Accounting National Taiwan University.	Chief Financial Officer of Taishin Financial Holding Co., Ltd.; Supervisor of Taishin Securities Co., Ltd.; Director of Cosmos Foreign Exchange Intl. Co., Ltd. Director of METRO CONSULTING SERVICE LTD	None			
Executive Vice President	R.O.C	Sam Lin	Male	2006.08.01	0	0	0	0	0	0	President of UBS Global Asset Management; Claremont McKenna College, Master of Accounting	Vice Chairman of Taishin Venture Capital Investment Co., Ltd.; Director of Yungsheng Trade, Jin Ming Investment Ltd.	None			
Executive Vice President	R.O.C	John Chiou	Male	2012.02.17	0	0	0	0	0	0	Senior Manager, Royal Bank of Canada, Taipei Branch; University of Dallas, Texas, Master of Business Administration	Director of Taishin Securities Investment Trust Co.	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Executive Vice President	R.O.C	Perry Huang	Male	2018.07.02	0	0	0	0	0	0	Senior Vice President of CTBC Bank; National Taiwan University, Master of Business Studies	Director of Taishin Securities Co., Ltd.	None			
Senior Vice President	R.O.C	Jey Chen	Male	2011.06.03	0	0	0	0	0	0	Vice President of the Asia Pacific Risk Management Division, KGI Securities; University of Texas at Austin, Doctor of Philosophy in Mathematics	Chief Risk Officer of Taishin Financial Holding Co., Ltd.	None			
Senior Vice President	R.O.C	Steve Sun	Male	2014.01.17	0	0	0	0	0	0	Senior Vice president of IBM china; Advanced Management Global Trade Group, EMBA, National ChengChi University	Chief Information Officer of Taishin Financial Holding Co., Ltd.	None			
Senior Vice President	R.O.C	David Chang	Male	2009.11.18	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Chung Hsing University, Master of Business Management	Senior Vice President of Taishin Financial Holding Co., Ltd.; Supervisor of Hsiang Chao Investment, Weifeng Investment, Chiahao Investment, Yiheng Investment, Chingwei, Pro-trade Co., Ltd.	None			
Senior Vice President	R.O.C	Frank Lin	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; University of Southern California, USA, Master of Public Administration	Senior Vice President of Taishin Financial Holding Co., Ltd.	None			
Senior Vice President	R.O.C	Andy Chang	Male	2019.02.01	0	0	0	0	0	0	Assistant to the Chairman of the Guangdong Nanyue Bank (Bank Vice President Level); President of The Second Credit Cooperative of Keelung; Senior Vice President of Taishin Bank; Manager of Citi Bank; Department of Accounting, Soochow University	Senior Vice President of Taishin Financial Holding Co., Ltd.	None			
Senior Vice President	R.O.C	Maggie Pao	Female	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; San Francisco State University; Master of Business Administration	Director of Taiwan Mobile Payment Co., Ltd.; Director of LianAn Services Co., Ltd., UUPON INC; Vice Chairman, Convener of the Electronic Payments Group of the Electronic Payment Services Committee of The Bankers Association Of The Republic Of China	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Shouna Liu	Female	2013.05.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Master of Management Program Management and Global Trade Group National ChengChi University	Director of Taishin Securities Investment Advisory Co., Moozilee Co., Ltd	None			
Senior Vice President	R.O.C	Helen Liu	Female	2008.07.28	0	0	0	0	0	0	Senior Vice President of ABNAMRO Bank; University Of Wisconsin-Madison, Master of Business Administration-	-	None			
Senior Vice President	R.O.C	Albert Kuo	Male	2018.06.11	0	0	0	0	0	0	Senior Vice President of Taipei Fubon Bank; National Tsing Hua University, Master of Economics	Director of Taishin Securities Investment Advisory Co., Ltd.	None			
Senior Vice President	R.O.C	Joanna Su	Female	2018.06.01	0	0	0	0	0	0	Senior Vice President of KGI Bank; Head of Division, Commercial Bank Group, Citi Bank Taiwan National Taiwan University, College of Management, Executive Master of Business Administration	-	None			
Senior Vice President	R.O.C	Steven Chang	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; University of Texas at Arlington, USA, Master of Business Administration	-	None			
Senior Vice President	R.O.C	Vivian Chou	Female	2012.09.28	0	0	0	0	0	0	Vice President of Citybank; Stanford University, Master of Science in Statistics	Director of Credidi Inc	None			
Senior Vice President	R.O.C	Sylvia Chen	Female	2019.03.27	0	0	0	0	0	0	Head of Division, Commercial Bank Group, Citi Bank Taiwan Michigan State University Master of Economics Michigan State University Master of Economics	-	None			
Senior Vice President	R.O.C	Benson Hsieh	Male	2019.05.30	0	0	0	0	0	0	Senior Vice President, Taipei Fubon Bank Metropolitan State University Bachelor of Science in Business Administration	-	None			
Senior Vice President	R.O.C	Nick Chou	Male	2018.10.01	0	0	0	0	0	0	Vice President of Citybank; Executive Vice President of UBS; National Central University, Master of Financial Management	-	None			
Senior Vice President	R.O.C	Min Hsing Liu	Male	2011.03.01	0	0	0	0	0	0	Senior Vice President of ABN AMRO Bank; University of Illinois at Urbana-Champaign, Master of Business Administration	-	None			
Senior Vice President	R.O.C	Chih-Hsien Tai	Male	2018.04.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Economics, Soochow University	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Janice Liang	Female	2014.03.28	0	0	0	0	0	0	Senior Vice President of Taishin Bank; University of Southern California, USA, Master of Science in Education	-	None			
Senior Vice President	R.O.C	Gordon Wu	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; MBA, National Chung Cheng University	-	None			
Senior Vice President	R.O.C	Cres Huang	Male	2018.01.12	0	0	0	0	0	0	Senior Vice President of Taishin Bank; MBA, Institute of Business and Management, National Chiao Tung University	-	None			
Senior Vice President	R.O.C	Vincent Tsai	Male	2018.08.24	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Accounting, Taiwan University	Senior Vice President of Taishin Financial Holding Co., Ltd.; Supervisor of Taishin Securities Investment Trust Co., Ltd. Representative of legal person directors of Credidi Inc	None			
Senior Vice President	R.O.C	Phyllis Wang	Female	2021.04.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Kansas State University, Master of Business Administration	-	None			
Senior Vice President	R.O.C	SJ Guo	Male	2018.08.15	0	0	0	0	0	0	Assistant in the Private Banking Section, Private Banking Operations Division, Cathay United Bank; Executive Director of UBS Ultra High Net Wealth (ED) Rotterdam School of Management, Erasmus University Master of Business Administration	-	None			
Senior Vice President	R.O.C	Gary Liu	Male	2021.08.09	0	0	0	0	0	0	Chief Executive Officer, Retail Banking Group of O-Bank Co., Ltd.; University of Houston Master of Business Administration in Finance	Director of Taishin Securities Investment Trust Co., Ltd.;	None			
Senior Vice President	R.O.C	Dan Chan	Male	2021.09.01	0	0	0	0	0	0	Senior Vice President, Compliance Department of China Development Financial Co., Ltd.; Doctor of Department of Criminology, National Chung Cheng University	-	None			
Senior Vice President	R.O.C	L.C Kuo	Male	2015.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Sun Yat Sen University, Executive Master of Business Administration	Director of Taishin Securities Investment Trust Co., Ltd.; Director of the Taiwan Asset Management Corporation. Taishin Sec Independent Director of Phoenix Tours Int'l Inc.	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Jesse Han	Male	2014.06.24	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Master of Electronic Engineering and Master of Business Administration, State University of New York at Stony Brook, USA	Director of Dah Chung Bills Finance Corp.	None			
Senior Vice President	R.O.C	Tate Sun	Male	2019.11.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Master of Computer Science, National Tsing Hua University	-	None			Senior Vice President
Senior Vice President	R.O.C	Evelyn Huang	Female	2018.12.17	0	0	0	0	0	0	Vice President and Chief Compliance Officer of HSBC Securities; Vice President and General Organization Chief Compliance Officer of HSBC (Taiwan) Commercial Bank; Master of International Affairs, Columbia University	-	None			Senior Vice President
Senior Vice President	R.O.C	May Chen	Female	2019.9.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank Department of Urban Planning and Development, Chinese Culture University	-	None			
Senior Vice President	R.O.C	Yumin Yang	Female	2020.07.03	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA-Department of Economics, School of Business, Soochow University	-	None			
Senior Vice President	R.O.C	Allen Day	Male	2017.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Stevens Institute of Technology, USA, Master of Science in Management	-	None			
Senior Vice President	R.O.C	Vanessa Chen	Female	2019.9.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank Accounting program, EMBA, the College of Management, National Taiwan University	Senior Vice President of Taishin Financial Holding Co., Ltd.	None			
Senior Vice President	R.O.C	Jerry Yang	Male	2008.12.11	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of International Trade, Tamkang University	Supervisor of Sunlight Asset Management Co., Ltd.;	Senior Vice President	Tracy Hsuan	Spouse	
Senior Vice President	R.O.C	Ahsien Chang	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA in International Finance, National Taipei University	-	None			
Senior Vice President	R.O.C	Sabrina Chang	Female	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; College of Management, National Chung Hsing University	-	None			
Senior Vice President	R.O.C	Jack Yen	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA-Senior Management, Feng Chia University	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	John Liu	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Rensse-laer Polytechnic Institute Master of Business Administration	-	None			
Senior Vice President	R.O.C	John Wang	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA-Advanced Finance, National Chengchi University	-	None			
Senior Vice President	R.O.C	Jasmine Liu	Female	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of International Business, Tunghai University	-	None			
Senior Vice President	R.O.C	Jolene Ma	Female	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of International Trade, Chinese Culture University	-	None			
Senior Vice President	R.O.C	Samantha Wei	Female	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA-International Business Management, National Taiwan University	-	None			
Senior Vice President	R.O.C	Tracy Hsuan	Female	2016.06.23	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of International Business, Tamkang University	-	Senior Vice President	Jerry Yang	Senior Vice President	R.O.C
Senior Vice President	R.O.C	Shawn Wang	Male	2018.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, Beking University	-	None			
Senior Vice President	R.O.C	Ginger Hsiao	Female	2018.03.12	0	0	0	0	0	0	Senior Vice President of EntieBank; Citrus college, Computer Information System	-	None			
Senior Vice President	R.O.C	Angela Kuo	Female	2018.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Kaohsiung University of Applied Sciences, Graduate School of Finance and Information, Master's Degree	-	None			
Senior Vice President	R.O.C	Vicky Chen	Female	2018.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Taiwan University of Science and Technology, College of Management, Executive Master of Business Administration	-	None			
Senior Vice President	R.O.C	Stanley Fan	Male	2018.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Central University, College of Management, Master of Finance	-	None			
Senior Vice President	R.O.C	Andy Liu	Male	2018.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National United University, Industrial Engineering and Management Department	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Ming-Shu Chuang	Male	2018.03.22	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Chengchi University, Master of Economics	-	None			
Senior Vice President	R.O.C	Sindy Chou	Female	2019.07.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, Department of Finance, National Kaohsiung University of Science and Technology	-	None			
Senior Vice President	R.O.C	Sonia Chang	Female	2019.07.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, National Sun Yat-sen University	-	None			
Senior Vice President	R.O.C	Stella Hsieh	Female	2019.07.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Master, the Department of Financial Operations, National Kaohsiung First University of Science and Technology	-	None			
Senior Vice President	R.O.C	Shine Pan	Female	2019.07.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Royal Roads University Master of Business Administration	-	None			
Senior Vice President	R.O.C	Yen-Chi Chen	Male	2019.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, China Europe International Business School	-	None			
Senior Vice President	R.O.C	Jenyao Lee	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, The Department of International Business, National Dong Hwa University	-	None			
Senior Vice President	R.O.C	Leo Chang	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, the College of Management, National Cheng Kung University	-	None			
Senior Vice President	R.O.C	Chin-Mei Chang	Female	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Industrial Engineering & Management, Kaohsiung Institute of Technology	-	None			
Senior Vice President	R.O.C	Amber Wei	Female	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; California State University, Fullerton, USA Master of Business Administration	-	None			
Senior Vice President	R.O.C	David Sun	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Advanced Management, EMBA, National Chengchi University	-	None			
Senior Vice President	R.O.C	Taiyo Chen	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; University at Albany - State University of New York Master of Business Administration	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Eric Tsai	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Advanced Management, EMBA, National ChengChi University	-	None			
Senior Vice President	R.O.C	Hank Chang	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Master in management sciences, the Graduate Institute of Management Sciences, Tamkang University	-	None			
Senior Vice President	R.O.C	Kuang-Shun Huang	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; MBA, the Department of Business Administration, National ChengKung University	-	None			
Senior Vice President	R.O.C	Alex Pei	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, National Sun Tat-sen University	-	None			
Senior Vice President	R.O.C	Wesley Lin	Male	2019.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Chengchi University, Master of International Trade	-	None			
Senior Vice President	R.O.C	Gavin Wang	Male	2018.07.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank, National Central University, Master of Business Management	-	None			
Senior Vice President	R.O.C	Albert Yeh	Male	2020.07.03	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of History, National Taiwan University	-	None			
Senior Vice President	R.O.C	Terry Yang	Male	2021.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Management Science National Chiao Tung University	-	None			
Senior Vice President	R.O.C	Cynthia Hsu	Female	2021.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Liverpool John Moores University MBAE-Commerce	-	None			
Senior Vice President	R.O.C	Girder Chen	Male	2021.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Master of Management Program Management and Financial Group National ChengChi University	-	None			
Senior Vice President	R.O.C	Chien Kuang Chen	Male	2021.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Santa Clara University Master of Business Administration	-	None			
Senior Vice President	R.O.C	Chia Chi Yang	Male	2018.11.01	0	0	0	0	0	0	Vice President of Taishin Bank; University of Dallas, Master of Business Administration	-	None			

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					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Johnson Chang	Male	2021.06.01	0	0	0	0	0	0	Vice President, Information Security Management Department of Yuanta Bank; Information Management, College of Management, National Taiwan University	-	None			
Senior Vice President	R.O.C	Shao-Hung Wu	Male	2021.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of International Business, Fu Jen Catholic University	-	None			
Senior Vice President	R.O.C	Fred Sung	Male	2021.08.01	0	0	0	0	0	0	Vice President of Taishin Bank; Syracuse University Master of Science in Finance	-	None			
Senior Vice President	R.O.C	Steven Chiu	Male	2022.02.01	0	0	0	0	0	0	Vice President of Taishin Bank; Indiana University of Pennsylvania Master of Business Administration	-	None			
Senior Vice President	R.O.C	Sunny Chen	Female	2022.02.01	0	0	0	0	0	0	Vice President of Taishin Bank; EMBA, School of Management, Ming Chuan University	-	None			
Senior Vice President	R.O.C	Grace Chen	Female	2022.02.01	0	0	0	0	0	0	Vice President of Taishin Bank; Master, Department of Finance management, National Central University	-	None			
Vice President	R.O.C	Claire Chiang	Female	2019.09.01	0	0	0	0	0	0	Vice President of Taishin Bank; Master, Department of Accountancy, National Taipei University	-	None			
Vice President	R.O.C	Selina Chen	Female	2018.03.09	0	0	0	0	0	0	Vice President of Taishin Bank; Fu Jen Catholic University, Business Management Department	-	None			
Vice President	R.O.C	Shin-Wei Huang	Male	2021.04.01	0	0	0	0	0	0	Vice President of Taishin Bank; The University of Pittsburgh Master of Business Administration	-	None			
Vice President	R.O.C	Shih-Hsuan Chang	Male	2020.03.01	0	0	0	0	0	0	Vice President of Taishin Bank; Department of Financial Engineering and Actuarial Mathematics, Soochow University	-	None			
Vice President	R.O.C	Chun-Ping Hsu	Male	2014.01.01	0	0	0	0	0	0	Vice President of Taishin Bank; Tatung University, College of Engineering, Business Operations Department	-	None			
Assistant Vice President	R.O.C	James Liu	Male	2019.08.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Department of Finance and Cooperative Management, National Chung Hsing University	-	None			

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Assistant Vice President	R.O.C	Hank Hsieh	Male	2021.11.26	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Master, Department of Business Administration, Chung Yuan Christian University	-	None			
Assistant Vice President	R.O.C	Evien Chen	Female	2021.06.28	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; The University of Reading MSc International Business and Finance	-	None			
Assistant Vice President	R.O.C	Vincent Wang	Male	2022.02.17	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; EMBA, Department of International Business, Soochow University	-	None			
Branch Manager	R.O.C	Jason Fang	Male	2019.01.14	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Soochow University, Economics Department	-	None			
Branch Manager	R.O.C	Hsiao Yun Lee	Female	2021.09.06	0	0	0	0	0	0	Vice President of Taishin Bank; Department of Banking and Insurance, Ming Chuan College	-	None			
Branch Manager	Japan	Kotaro Takamori	Male	2021.07.01	0	0	0	0	0	0	Vice President of Taishin Bank; Departments of Chinese Literature, Nishogakusha University	-	None			
Branch Manager	R.O.C	Linda Fang	Female	2019.07.01	0	0	0	0	0	0	Vice President of Taishin Bank; Japanese Division, Department of Eastern Languages, National ChengChi University	-	None			
Branch Manager	R.O.C	Yun-Ching Wang	Female	2019.01.01	0	0	0	0	0	0	Assitant Vice President of Taishin Bank; Tamkang University, Finance Department	-	None			
Branch Manager	R.O.C	Summer Ho	Female	2018.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Chung Hsing University, Law Department	-	None			
Branch Manager	R.O.C	Eve Wang	Female	2019.01.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; National Chengchi University, Risk Management and Insurance Department	-	None			
Branch Manager	R.O.C	Ken Chen	Male	2015.09.01	0	0	0	0	0	0	Assitant Vice President of Taishin Bank; Chung Hua University, Master of Business Management	-	None			

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					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Sharon Wang	Female	2011.04.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Fu Jen Catholic University, Business Management Department	-	None			
Branch Manager	R.O.C	Gimmy Chiang	Male	2019.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Taichung University of Science and Technology, Applied Business Department	-	None			
Branch Manager	R.O.C	Jet Chang	Male	2008.04.25	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; National Taipei University, International Executive Master of Business Administration (International Finance)	-	None			
Branch Manager	R.O.C	Pei Yi Cheng	Female	2019.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Yu Da University of Science and Technology, Finance Department	-	None			
Branch Manager	R.O.C	Henry Chen	Male	2018.11.23	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Taichung University of Science and Technology, International Trade Department	-	None			
Branch Manager	R.O.C	Allen Lee	Male	2018.11.23	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of International Trade, Tamkang University	-	None			
Branch Manager	R.O.C	Mickey Shiu	Female	2018.11.23	0	0	0	0	0	0	Senior Manager of Taishin Bank; Yu Da University of Science and Technology, Comprehensive Business Studies Department	-	None			
Branch Manager	R.O.C	Cathy Lu	Female	2015.06.19	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Drexel University Master of Business Administration	-	None			
Branch Manager	R.O.C	Tarry Chen	Male	2017.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Ming Chuan University, Business Management Department	-	None			
Branch Manager	R.O.C	Jack Weng	Male	2018.08.24	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Chengchi University, Financial Management Department	-	None			
Branch Manager	R.O.C	Antonio Wu	Male	2018.08.24	0	0	0	0	0	0	Senior Manager of Taishin Bank; Lang Yang Institute of Technology, Electric Engineering Department, Electrical Machinery Division	-	None			
Branch Manager	R.O.C	Vivian Chiu	Female	2014.12.26	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; China University of Technology, International Trade Department	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Hifa Lin	Male	2018.08.24	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Taipei University of Technology, Master of Business Automation and Management	-		None		
Branch Manager	R.O.C	Bii Su	Male	2016.08.12	0	0	0	0	0	0	Vice President of Taishin Bank; National Kaohsiung First University of Science and Technology, Risk Management and Insurance Department	-		None		
Branch Manager	R.O.C	Kevin Tsai	Male	2018.07.02	0	0	0	0	0	0	Senior Manager of Taishin Bank; Yuan Ze University, Department of Industrial Engineering,	-		None		
Branch Manager	R.O.C	Yu Lin Cho	Female	2011.06.10	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; National Taichung University of Science and Technology, Business Management Department	-		None		
Branch Manager	R.O.C	Martin Chang	Male	2013.06.21	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Taiwan University of Science and Technology, Executive Master of Business Administration	-		None		
Branch Manager	R.O.C	Roman Huang	Male	2015.05.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Chaoyang University of Technology, Master of Finance	-		None		
Branch Manager	R.O.C	Mercy Lee	Female	2018.06.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Chengchi University, Chinese Literature Department	-		None		
Branch Manager	R.O.C	Nelson Kuo	Male	2018.06.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Providence University, International Trade Department	-		None		
Branch Manager	R.O.C	Angel Chen	Female	2014.05.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Southern Taiwan University of Science and Technology, Finance Department	-		None		
Branch Manager	R.O.C	Tracy Lin	Female	2007.05.25	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Yuan Ze University, Master of Management	-		None		
Branch Manager	R.O.C	Show-Yuann Chiou	Female	2018.04.13	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; National Taipei University of Business, Applied Business Department	-		None		
Branch Manager	R.O.C	Man-Ling Hsieh	Female	2018.02.02	0	0	0	0	0	0	Senior Manager of Taishin Bank; Southern Taiwan University of Science and Technology, Marketing and Logistics Management Department	-		None		

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					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Faith Tsai	Female	2018.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of International Trade, Tamkang University	-	None			
Branch Manager	R.O.C	Michael Yu	Male	2018.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Chengchi University Department of Public Finance	-	None			
Branch Manager	R.O.C	Red Lu	Male	2012.01.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Chinese Culture University, Economics Department	-	None			
Branch Manager	R.O.C	Emily Liang	Female	2018.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Ling Tung University, Master of Finance	-	None			
Branch Manager	R.O.C	Eric Lin	Male	2018.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; University of Durham Master of Arts in Financial Management	-	None			
Branch Manager	R.O.C	Eric Su	Male	2008.02.22	0	0	0	0	0	0	Vice President of Taishin Bank; Tunghai University, Economics Department	-	None			
Branch Manager	R.O.C	Fanny Wu	Female	2012.05.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; National Taiwan Ocean University, Shipping and Transportation Management Department, Master of Business Management	-	None			
Branch Manager	R.O.C	Po Yu Huang	Male	2011.08.26	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Tunghai University, Law Department	-	None			
Branch Manager	R.O.C	Tiffany Hsu	Female	2011.06.28	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; National Chung Hsing University, Executive Master of Business Administration (Business Operations)	-	None			
Branch Manager	R.O.C	Paul Liao	Male	2015.12.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Southern Taiwan University of Science and Technology, Business Administration Department	-	None			
Branch Manager	R.O.C	Jacky Pan	Male	2016.08.12	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Soochow University, Sociology Department	-	None			
Branch Manager	R.O.C	Josh Chen	Male	2017.07.28	0	0	0	0	0	0	Senior Manager of Taishin Bank; Chihlee University of Technology, Finance Department	-	None			
Branch Manager	R.O.C	Meii Tsai	Female	2017.05.19	0	0	0	0	0	0	Senior Manager of Taishin Bank; Far East University, Business Management Department	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Alice M. Chen	Female	2017.04.21	0	0	0	0	0	0	Senior Manager of Taishin Bank; Tamkang University, Management Department, Executive Master of Business Administration	-	None			
Branch Manager	R.O.C	Grace Chen	Female	2007.11.02	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Nan Ying Vocational High School of Business and Technology, Comprehensive Advanced Business Studies	-	None			
Branch Manager	R.O.C	Shu-Ching Tien	Female	2014.11.14	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Kaohsiung University of Applied Sciences, Graduate School of Finance and Information, Master's Degree	-	None			
Branch Manager	R.O.C	Jason Huang	Male	2017.01.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; MBA, Management Feng Chia University	-	None			
Branch Manager	R.O.C	Benson Chen	Male	2016.08.12	0	0	0	0	0	0	Senior Manager of Taishin Bank; Ming Chuan University, Business Management Department	-	None			
Branch Manager	R.O.C	John Mu	Male	2013.12.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; University of Illinois at Urbana-Champaign, Master of Finance	-	None			
Branch Manager	R.O.C	Nick Wu	Male	2007.08.24	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; National Taipei University, Business Management Department, Executive Master of Business Administration	-	None			
Branch Manager	R.O.C	Allen Lin	Male	2009.03.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Taichung University of Science and Technology, Applied Business Department	-	None			
Branch Manager	R.O.C	Eva Chang	Female	2014.08.22	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Chinese Culture University, Tourism Department	-	None			
Branch Manager	R.O.C	Valerie Wang	Female	2016.05.27	0	0	0	0	0	0	Senior Manager of Taishin Bank; Tamkang University, French Studies Department	-	None			
Branch Manager	R.O.C	Che Hsiang Chang	Male	2013.05.24	0	0	0	0	0	0	Senior Manager of Taishin Bank; Chinese Culture University, Business Management Department	-	None			

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Branch Manager	R.O.C	Monica Yeh	Female	2011.07.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Lunghwa University of Science and Technology, International Trade Department	-	None			
Branch Manager	R.O.C	Eva Kao	Female	2015.12.01	0	0	0	0	0	0	Assistant Vice-President of Taishin Bank; Tunghai University, Business Management Department	-	None			
Branch Manager	R.O.C	Paul Lin	Male	2014.11.14	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Fu Jen Catholic University, History Department	-	None			
Branch Manager	R.O.C	Wei Jye Chang	Male	2009.09.01	0	0	0	0	0	0	Vice President of Taishin Bank; Ta Hwa University of Science and Technology, International Trade Department	-	None			
Branch Manager	R.O.C	Rollence Tsang	Male	2015.09.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank ; Shu-Te University, Master of Finance and Risk Management	-	None			
Branch Manager	R.O.C	Elaine Cheng	Female	2015.06.19	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Kaohsiung University of Applied Sciences, Graduate School of Finance and Information, Master's Degree	-	None			
Branch Manager	R.O.C	Mark Liao	Male	2014.09.12	0	0	0	0	0	0	Assistant Vice President of Taishin Bank ;Cheng Shiu University ; Business Management Department	-	None			
Branch Manager	R.O.C	Joy Lee	Female	2013.03.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Ming Chuan University, International Trade Department	-	None			
Branch Manager	R.O.C	Ruby Liu	Female	2007.12.28	0	0	0	0	0	0	Vice President of Taishin Bank; Meiho University, Taxation and Finance Department	-	None			
Branch Manager	R.O.C	Yu-Hsiu Lin	Female	2019.12.16	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Banking and Insurance, National Kaohsiung Institute of Industry and Commerce	-	None			
Branch Manager	R.O.C	Liang-Hua Chen	Female	2019.10.18	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Business Administration, Ming Chuan University	-	None			
Branch Manager	R.O.C	Tzu Yu Tseng	Male	2019.08.30	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of International Business, Tunghai University	-	None			

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Branch Manager	R.O.C	Jennifer Wu	Female	2019.07.19	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of International Business Administration, Chinese Culture University	-	None			
Branch Manager	R.O.C	Aden Chang	Male	2019.05.31	0	0	0	0	0	0	Senior Manager of Taishin Bank; EMBA, School of Business, Ming Chuan University	-	None			
Branch Manager	R.O.C	Pei-I Chao	Female	2019.05.31	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Financial Taxation, Dahan Institute of Technology	-	None			
Branch Manager	R.O.C	Cynthia Kuo	Female	2019.05.31	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Finance, Tainan Woman's College of Arts & Technology	-	None			
Branch Manager	R.O.C	Janice Huang	Female	2019.05.31	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Information Management, Chien Hsin University of Science and Technology	-	None			
Branch Manager	R.O.C	Hsin-Nan Chen	Male	2019.04.26	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Finance, Shih Hsin University	-	None			
Branch Manager	R.O.C	Evelyn Chang	Female	2019.3.01	0	0	0	0	0	0	Assistant Vice-President of Taishin Bank; Department of Accounting, Chaoyang University Of Technolog	-	None			
Branch Manager	R.O.C	Shawn Chen	Male	2020.08.14	0	0	0	0	0	0	Manager of Taishin Bank; Department of Business Administration, National Chung Hsing University	-	None			
Branch Manager	R.O.C	Bruce Chao	Male	2020.08.14	0	0	0	0	0	0	Manager of Taishin Bank; Department of Banking and Finance, Tamkang University	-	None			
Branch Manager	R.O.C	Ken Liu	Male	2020.08.14	0	0	0	0	0	0	Senior Manager of Taishin Bank; Executive Master of Business Administration, National Chung Hsing University	-	None			
Branch Manager	R.O.C	Julia Chung	Female	2020.07.17	0	0	0	0	0	0	Senior Manager of Taishin Bank; Chihlee Business Management Section of Chihlee University of Technology	-	None			
Branch Manager	R.O.C	Yen Ju Lin	Female	2020.07.17	0	0	0	0	0	0	Senior Manager of Taishin Bank; Accounting of The Culinary Institute of Taiwan	-	None			
Branch Manager	R.O.C	Jack Chan	Male	2020.07.17	0	0	0	0	0	0	Manager of Taishin Bank; Department of Business Administration, Chinese Culture University	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Barry Chang	Male	2020.06.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Department of Finance, Feng Chia University	-	None			
Branch Manager	R.O.C	Karen Wang	Female	2020.06.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Business Management, Yuan Ze University	-	None			
Branch Manager	R.O.C	Che-Chen Chang	Male	2020.06.01	0	0	0	0	0	0	Manager of Taishin Bank; Ntust Department of Business Administration, National Taiwan University of Science And Technology	-	None			
Branch Manager	R.O.C	Chunping Lo	Female	2020.06.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Master of Management Program Management Group National ChengChi University	Director of Lao Jiu Food Co.,Ltd	None			
Branch Manager	R.O.C	Kate Wang	Female	2020.06.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Dept. of Business Administration, Soochow University	-	None			
Branch Manager	R.O.C	Mura Cheng	Female	2020.05.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Southern Taiwan University of Science and Technology	-	None			
Branch Manager	R.O.C	Daniel Chang	Male	2020.05.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Department of Land Resources, - Chi- nese Culture University	-	None			
Branch Manager	R.O.C	Joyce Lee	Female	2021.12.24	0	0	0	0	0	0	Manager of Taishin Bank; Department of International Trade, Chung Yu University	-1x	None			
Branch Manager	R.O.C	Daniel Huang	Male	2021.12.24	0	0	0	0	0	0	Manager of Taishin Bank; Department of Business Administration, Feng Chia University	-	None			
Branch Manager	R.O.C	Peggy Yang	Female	2021.09.17	0	0	0	0	0	0	Manager of Taishin Bank; Department of Finance, Jin-Wen Institute of Technology	-	None			
Branch Manager	R.O.C	Josh Tsai	Male	2021.09.01	0	0	0	0	0	0	Manager of Taishin Bank; Department of Computer Science and Engineering, National Taiwan Ocean University	-	None			
Branch Manager	R.O.C	York Tsai	Male	2021.08.01	0	0	0	0	0	0	Manager of Taishin Bank; Glasgow University Master of Science Management	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Shu Juan Hsieh	Female	2021.08.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Accounting and Statistics, Tainan Junior College of Home Economics	-	None			
Branch Manager	R.O.C	Yiling Tsai	Female	2021.06.18	0	0	0	0	0	0	Manager of Taishin Bank; Department of Public Management and Policy, Tunghai University	-	None			
Branch Manager	R.O.C	Pao Yueh Lu	Female	2021.05.14	0	0	0	0	0	0	Senior Manager of Taishin Bank; EMBA, College of Management, Yuan Ze University	-	None			
Branch Manager	R.O.C	Stanley Lin	Male	2021.05.14	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Banking and Finance, Tamkang University	-	None			
Branch Manager	R.O.C	George Han	Male	2021.04.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Department of Business Administration, Shih Chien University	-	None			
Branch Manager	R.O.C	Candy Chang	Female	2021.04.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; EMBA, Providence University	-	None			
Branch Manager	R.O.C	Li Ling Chieh	Female	2021.04.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Public Finance and Taxation, School of Extension Education, China University of Technology	-	None			
Branch Manager	R.O.C	Meng Chiao Chung	Male	2021.04.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Insurance, Chinese Culture University	-	None			
Branch Manager	R.O.C	Chien Ying Huang	Female	2021.04.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Banking and Finance, Fortune Institute of Technology	-	None			

**c. Consultants who are retired chairmen and presidents of the Company or affiliates**

Consultants who are retired chairmen and presidents

Title	Nationality	Name	Gender	Previous position		Date of appointment	Purpose	Roles and responsibilities
				Company and title	Date of retirement			
None								

**d. Compensations for directors, supervisors, president, vice presidents, and consultants for last year**

1. Compensations for directors (including independent directors)

Title	Name	Director remuneration								Combination of A,B,C and D and share in after-tax net profit	
		Compensations (A)		Job-leaving and retirement payment (B)		Compensations from distribution of earnings (C)		Expense for business execution (D)			
		The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank	All companies in the financial statements
Chairman	Wu, Tong-Liang	29,234	29,314	-	-	-	-	5,914	5,984	35,149 (0.27%)	35,299 (0.27%)
Director	Wang, Chu-Chan (2021.07.23 resign)										
Director	Wu, Shang-Pin										
Director	Hsu, Teh-Nan										
Director	Kuo, Jui-Sung										
Director	Wu, Tong-Shung										
Director	Lin, Long-Su										
Director	Wu, Shin-Hau										
Director	Kao, Chih-Shang (2021.7.23 on board)										
Independent Director	Lin, Yi-Fu	3,032	3,032	-	-	-	-	1,450	1,450	4,482 (0.03%)	4,482 (0.03%)
Independent Director	Chang, Min-Yu										
Independent Director	Lee, Shyan-Yuan (2021.7.23on board)										

(Continued)

Title	Name	Remuneration as an employee								Combination of A,B,C,D,E,F and G and share in after-tax net profit		Compensations from invested companies other than subsidiaries or Parent Company
		Salary, bonus, and special allowance (E)		Job-leaving and retirement payment (F)		Employee dividend-sharing (G)				The Bank	All companies in the financial statements	
		The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank		All companies in the financial statements				
Cash	Stock	Cash	Stock	Cash	Stock	Cash	Stock					
Chairman	Wu, Tong-Liang											
Director	Wang, Chu-Chan (2021.07.23 resign)											
Director	Wu, Shang-Pin											
Director	Hsu, Teh-Nan											
Director	Kuo, Jui-Sung	34,041	34,041	216	216	-	-	-	-	69,406 (0.53%)	69,559 (0.53%)	47,616
Director	Wu, Tong-Shung											
Director	Lin, Long-Su											
Director	Wu, Shin-Hau											
Director	Kao, Chih-Shan (2021.7.23 on board)											
Independent Director	Lin, Yi-Fu											
Independent Director	Chang, Min-Yu	-	-	-	-	-	-	-	-	4,482 (0.03%)	4,482 (0.03%)	30,813
Independent Director	Lee, Shyan-Yuan (2021.7.23 on board)											

(Concluded)

Note 1: Compensation for chauffeurs is NT\$3,852,000.

Note 2: No actual retirement payment. The allocation or contribution to capitalized termination/retirement funds is NT\$216,000. None of the companies reported in the financial statements paid any termination/pension benefits, but allocation/contribution of NT\$216,000 is made to capitalized termination/retirement funds.

Note 3: Please specify the policy, system, standard, and structure of independent director remuneration, and describe the factors, including responsibilities, risks, and time invested, and their links to amounts of remuneration. Taishin Bank has a director remuneration policy in place, which provides the "standards for director remuneration". Payments of individual items will be based on a director's participation in and contribution to the company's business, industry average, and management remuneration. The scope of evaluation of director performance includes the company's overall performance, personal performance, and contribution. Director remuneration is paid with board approval. In addition, in the interest of creating links with future business risks, Taishin Bank will make separate plans for reservation and deferral mechanisms for director/supervisor remuneration.

Note 4: Other than as disclosed above, remunerations received by directors last year for providing services to all companies listed in the financial statement (e.g., acting as an independent consultant fo.

## Compensation brackets for directors

Dec. 31, 2021

Compensation brackets for directors of the Bank	Name of Directors			
	The combined compensation of (A+B+C+D)		The combined compensation of (A+B+C+D+E+F+G)	
	The Bank	All companies in the financial statements	The Bank	The parent company and all invested companies
Lower than NT\$1M.	Wang, Chu-Chan/Hsu, Teh-Nan/Wu, Tong-Shung	Wang, Chu-Chan/Hsu, Teh-Nan/Wu, Tong-Shung	Wang, Chu-Chan	Wang, Chu-Chan
NT\$1M. (inclusive)-NT\$2M. (exclusive)	Wu, Shang-Pin/Kuo, Jui-Sung/Kao, Chih-Shang/Wu, Shin-Hau/Lin, Yi-Fu/Chang, Min-Yu/Lee, Shyan-Yuan	Wu, Shang-Pin/Kuo, Jui-Sung/Kao, Chih-Shang/Wu, Shin-Hau/Lin, Yi-Fu/Chang, Min-Yu/Lee, Shyan-Yuan	Wu, Shang-Pin/Kuo, Jui-Sung/Kao, Chih-Shang/Lin, Yi-Fu/Chang, Min-Yu/Lee, Shyan-Yuan	Wu, Shang-Pin/Kuo, Jui-Sung/Kao, Chih-Shang/Lee, Shyan-Yuan
NT\$2M. (inclusive)-NT\$3.5M. (exclusive)	Lin, Long-Su	Lin, Long-Su	Lin, Long-Su	Lin, Long-Su
NT\$3.5M. (inclusive)-NT\$5M. (exclusive)				
NT\$5M. (inclusive)-NT\$10M. (exclusive)			Wu, Shin-Hau	Wu, Shin-Hau
NT\$10M.(inclusive)-NT\$15M (exclusive)			Hsu, Teh-Nan	Hsu, Teh-Nan
NT\$15M. (inclusive)-NT\$30M. (exclusive)	Wu, Tong-Liang	Wu, Tong-Liang	Wu, Tong-Liang / Wu, Tong-Shung	Wu, Tong-Shung Lin, Yi-Fu / Chang, Min-Yu
NT\$30M. (inclusive)-NT\$50M. (exclusive)				
NT\$50M. (inclusive)-NT\$100M. (exclusive)				Wu, Tong-Liang
Over NT\$100M.				
Total	12	12	12	12

Note: Compensations in the table are different from incomes for income tax law. Therefore, figures in the table are mainly for information disclosure and can not be used as the basis for taxation.

## 2. Compensations for supervisors

Dec. 31, 2021 Unit: NT\$1,000

Title	Name	Supervisors remuneration								Combination of A,B,C and D and share in after-tax net profit		Compensations from invested companies other than subsidiaries or Parent Company
		Compensations (A)		Job-leaving and retirement payment (B)		Compensations from distribution of earnings (C)		Expense for business execution (D)		The Bank	All companies in the financial statements	
		The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank	All companies in the financial statements			
Standing Supervisor	Tsay, Yang-Tzong (2021/07/23 resign)											
Supervisor	Kao, Chih-Shang (2021/07/23 resign)	3,710	3,710	0	0	0	0	1,209	1,209	4,919 (0.04%)	4,919 (0.04%)	5,120
Supervisor	Cheng, Chia-Chung (2021/07/23 resign)											

Note1: On July 23, 2021, the Bank established the Audit Committee in substitution for the supervisor system. Therefore, the supervisor remuneration distribution period was from January 1, 2021 to July 22, 2021.

Note2: Compensation for chauffeurs is NT\$845,000.

Note3: No actual collection of job-leaving or retirement payment.

Compensation brackets for supervisors

Dec. 31, 2021

Compensation brackets for supervisors of the Bank	Names of supervisors	
	Combined amount of (A+B+C+D)	
	The Bank	The parent company and all invested companies
Lower than NT\$1M.	Cheng, Chia-Chung	
NT\$1M. (inclusive)-NT\$2M. (exclusive)		
NT\$2 M.(inclusive)-NT\$3.5 M. (exclusive)	Tsay, Yang-Tzong /Kao, Chih-Shang	Tsay, Yang-Tzong /Kao, Chih-Shang
NT\$3.5M. (inclusive)-NT\$5M. (exclusive)		
NT\$5 M. (inclusive)-NT\$10 M. (exclusive)		Cheng, Chia-Chung
NT\$10 M. (inclusive)-NT\$15 M. (exclusive)		
NT\$15 M. (inclusive)-NT\$30 M. (exclusive)		
NT\$30 M. (inclusive)-NT\$50 M. (exclusive)		
NT\$50 M. (inclusive)-NT\$100 M. (exclusive)		
Over NT\$100 M.		
Total	3	3

Note: Compensations in the table are different from incomes for income tax law and the figures are mainly for information disclosure and cannot be used as the basis for taxation.

### 3. Compensation for president and vice presidents

Title	Name	Salary (A)		Job-leaving and retirement payment (B)	
		The Bank	All companies in the financial statements	The Bank	All companies in the financial statements
President doubling as CEO of Retail Banking Group	Oliver Shang				
Chief Auditor	Amy Hsia				
CEO of Wholesale Banking Group	Sharon Lin				
CEO of Finance and Financial Market Group	Eric Chien				
CEO of Retail Banking Group	Wilson Chou(2021.10.15 resign)				
Executive Vice President	Sam Lin				
Senior Vice President	Maggie Pao				
Executive vice president	John Chiou				
Executive vice president	Perry Huang				
Senior vice president	Janice Liang				
Senior vice president	Gordon Wu				
Senior vice president	Cres Huang				
Senior vice president	Steven Chang				
Senior vice president	Phyllis Wang(2021.04.01 on board)				
Senior vice president	Shouna Liu				
Senior vice president	Helen Liu				
Senior vice president	Vivian Chou				
Senior vice president	Frank Lin	173,211	173,211	3,606	3,606
Senior vice president	Andy Chang				
Senior vice president	Joanna Su				
Senior vice president	Albert Kuo				
Senior vice president	SJ Guo				
Senior vice president	Nick Chou				
Senior vice president	Sylvia Chen				
Senior vice president	Benson Hsieh				
Senior vice president	Gary Liu(2021.08.09 on board)				
Senior Vice President	May Chen				
Senior Vice President	Chih-Hsien Tai				
Senior Vice President	Allen Day(2021.05.14 on board)				
Senior Vice President	Yumin Yang				
Senior Vice President	LC Kuo				
Senior Vice President	Vincent Tsai				
Senior Vice President	Jesse Han				
Senior Vice President	Chi-Ying Sheng(2021.07.01 resign)				
Senior Vice President	Peter Wei(2021.04.28 resign)				
Senior Vice President	Evelyn Huang				
Senior Vice President	Tate Sun				

Note 1: Compensation for chauffeurs is NT\$4,764,000.

Note 2: Taishin Bank does not offer our employees actual termination/retirement benefits, but an equivalent of NT\$3.606 million will be contributed to the pension plan. None of the companies reported in the financial statements paid any pension benefits, but an equivalent of NT\$3.606 million will be contributed to the pension plan.

	Bonus and special allowance (C)		Employee dividend-sharing(D)				Combination of A,B,C and D and share in after-tax net profit		Compensations from invested companies other than subsidiaries or Parent Company
	The Bank	All companies in the financial statements	The Bank		All companies in the financial statements		The Bank	All companies in the financial statements	
			Cash	Stock	Cash	Stock			
	253,458	253,458	-	-	-	-	430,275 (3.28%)	430,275 (3.28%)	10,864

Compensation brackets for president and vice presidents

Dec. 31, 2021

Compensation brackets for president and vice presidents of the Bank	Names of president and vice president	
	The Bank	The parent company and all invested companies
Lower than NT\$1M.		
NT\$1M. (inclusive)-NT\$2M. (exclusive)		
NT\$2M. (inclusive)-NT\$3.5M. (exclusive)		
NT\$3.5M. (inclusive)-NT\$5M. (exclusive)	Allen Day/ Chi-Ying Sheng/ Peter Wei/ Gary Liu	Allen Day/ Chi-Ying Sheng/ Peter Wei/ Gary Liu
NT\$5M. (inclusive)-NT\$10M. (exclusive)	May Chen/ Janice Liang/Chih-Hsien Tai/ Gordon Wu/ Yumin Yang/ LC Kuo/ Vincent Tsai/ Jesse Han/ Phyllis Wang/ Shouna Liu/ Helen Liu/ Evelyn Huang/ Tate Sun	May Chen/ Janice Liang/Chih-Hsien Tai/ Gordon Wu/ Yumin Yang/ LC Kuo/ Vincent Tsai/ Jesse Han/ Phyllis Wang/ Shouna Liu/ Helen Liu/ Evelyn Huang/ Tate Sun
NT\$10M. (inclusive)-NT\$15 M. (exclusive)	Maggie Pao/ Amy Hsia/ Cres Huang/ John Chiou/ Steven Chang/ Vivian Chou/ Frank Lin/ Andy Chang/ Joanna Su/ Albert Kuo/ Perry Huang/ SJ Guo/ Nick Chou/ Sylvia Chen/ Benson Hsieh	Maggie Pao/ Amy Hsia/ Cres Huang/ John Chiou/ Steven Chang/ Vivian Chou/ Frank Lin/ Andy Chang/ Joanna Su/ Albert Kuo/ Perry Huang/ SJ Guo/ Nick Chou/ Sylvia Chen/ Benson Hsieh
NT\$15M. (inclusive)-NT\$30 M. (exclusive)	Sam Lin/ Wilson Chou/ Sharon Lin	Sam Lin/ Wilson Chou/ Sharon Lin
NT\$30M. (inclusive)-NT\$50 M. (exclusive)	Oliver Shang/ Eric Chien	Oliver Shang/ Eric Chien
NT\$50M. (inclusive)-NT\$100 M. (exclusive)		
Over NT\$100M.		
Total	37	37

Note: Compensations disclosed in the table different from income for income tax law and therefore cannot be used as the basis for taxation.

4. Compensation for consultants who are retired chairmen and presidents: None.

5. Manager's name and the distribution of employee bonus: None.

**e. Analytical comparison of the shares of compensation for directors, supervisors, president, vice presidents, and consultants in the after-tax net profits in last two years, as listed in the Company's financial statement and the consolidated financial statement, and explanation for the remuneration policy, standards, and makeup, the procedure for setting compensation, and its association with business performance and future risks.**

1. In 2021, total compensation for directors, supervisors, president, and vice presidents accounted for 3.88% of the after-tax net profit and the share listed in the consolidated financial statement was 3.88%. In 2020, total compensation for directors, supervisors, president, and vice presidents accounted for 3.83% of the after-tax net profit and the share listed in the consolidated financial statement was 3.83%.

## 2. The company's compensation policy

Position Item	Directors	The Management
Remuneration policy	<p>Factors to be considered in determining the standards for actual annual compensation include the Company's performance, industry averages, the seniority of the corporate representative of the director or supervisor in question, and the extent of participation in the management of the Company's operations and the value of their contributions. The factors should encourage directors to improve the Company's image and uphold its reputation, and create a remuneration policy that exposes supervisors to the business risks for the Company.</p>	<p>The Company has established the Performance Evaluation and Bonus Guidelines to ensure a fair performance evaluation process. When setting performance targets, managers, in addition to financial benchmarks, will include nonfinancial benchmarks, such as improvement of corporate image, maintenance of corporate reputation and other social benchmarks, for the purpose of creating an all-win situation for the Company, its employees and shareholders.</p> <p>The remuneration of managers is based mainly on responsibilities, business performance of the Company, and personal performance, and takes into account industry averages and links to future risks at the same time in order to offer competitive remuneration to attract and retain talent.</p>
Structure	<p>Remuneration for directors is described as follows:</p> <ol style="list-style-type: none"> <li>1. Remuneration: to be received for performing the duties of a director of the Bank.</li> <li>2. Business expenses: to be received to compensate for expenses incurred during business activities, including travel expenses for personally attending or be present at board meetings.</li> </ol>	<p>Remuneration for managers is described as follows:</p> <p>Salary: to be determined by responsibilities and market rates.</p> <p>Bonus: to be divided into a Chinese New Year bonus and a yearend bonus. The size of a bonus depends mainly on the Company's results, the corresponding division's results, and the individual's performance evaluation.</p> <p>Employee benefits: include the pension plan, the employee shareholding trust program, physical examinations, and allowances.</p> <p>Long term incentive plan: to avoid putting too much emphasis on short term performance and to encourage employees to develop long term relationships with the company and enjoy long term growth together, the company has designed a long term incentive plan that offers "employee stock options" and the "Taishin Stock Appreciation Rights Plan" as a means of employee retention.</p>

## C. Status of corporate governance

### a. Information on the operation of the board of directors

1.1 In the recent fiscal year (2021), the board of directors convened 52 times and status of attendance by directors and supervisors follows:

Title	Name	Actual attendance	Number of attendance by proxy	Actual rate of attendance (%)	Note
Chairman	Wu, Tong-Liang	51	1	98.08	2021.07.23 on board
Director	Kuo, Jui-Sung	50	2	96.15	2021.07.23 on board
Director	Wu, Tong-Shung	52	0	100.00	2021.07.23 on board
Director	Lin, Long-Su	51	1	98.08	2021.07.23 on board
Director	Kao, Chih-Shang	22	0	91.67	2021.07.23 on board
Director	Hsu, Teh-Nan	52	0	100.00	2021.07.23 on board
Director	Wu, Shang-Pin	51	1	98.08	2021.07.23 on board
Director	Wu, Shin-Hau	51	1	98.08	2021.07.23 on board
Independent Director	Lin, Yi-Fu	52	0	100.00	2021.07.23 on board
Independent Director	Chang, Min-Yu	52	0	100.00	2021.07.23 on board
Independent Director	Lee, Shyan-Yuan	24	0	100.00	2021.07.23 on board
Director	Wang, Chu-Chan	22	6	78.57	2021.07.23 expiration
Standing Supervisor	Tsay, Yang-Tzong	27	0	96.43	2021.07.23 expiration
Supervisor	Kao, Chih-Shang	27	0	96.43	2021.07.23 expiration
Supervisor	Cheng, Chia-Chung	28	0	100.00	2021.07.23 expiration

Note 1: All directors and supervisors of the Bank are representatives from Taishin Financial Holding Co., Ltd.

Note 2: The attendance rate (%) is calculated by actual number of attendance and the number of board meetings during a term.

Other items which should be recorded

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

(a) For items listed in Article 14-3, (2021/01/01~2021/07/22)

Board of Director	Agenda	Opinions of independent directors: None.	The company's responses to the independent directors' opinions: None.
2021/01/21 125th meeting of the 11th board	2020 performance evaluation of senior consultant	None	N/A
	Approval for the performance evaluation of directors and supervisors in 2020	None	N/A
	Approval for the number of months paid to directors and supervisors in 2020	None	N/A
2021/03/18 132nd meeting of the 11th board	2020 Statement on the Internal Control System	None	N/A
	2020 Statement on the AML/CFT Internal Control System	None	N/A
	The demerger of stock agency businesses to Taishin Securities Co., Ltd.	None	N/A
2021/03/25 133rd meeting of the 11th board	Adjustment of monthly remuneration for the chairman	None	N/A
2021/05/20 141st meeting of the 11th board	Appointment of representative to participate in the 10th director election in the subsidiary Taishin Real-Estate Management Co., Ltd.	None	N/A
2021/05/27 142nd meeting of the 11th board	Donation to Taishin Bank Foundation for Arts and Culture	None	N/A
2021/06/03 143rd meeting of the 11th board	An issue of 190,000,000 shares against capitalized earnings	None	N/A
	Amendment of the Internal Control System for the Investment Consulting Business on Foreign Securities	None	N/A
2021/07/15 149th meeting of the 11th board	Amendment of the Internal Control System for Shareholder Agency Services	None	N/A
2021/07/22 150th meeting of the 11th board	Amendment of Internal control system	None	N/A
	Amendment of the AML/CTF Internal Control System	None	N/A

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

- (2) For avoidance by directors for cases involving the interests of them, specify the name of the board director, contents of the case, reason for avoidance, and the status of their participation in voting:

Details of directors absenting themselves due to conflict of interest in 2021				
Board of Directors Date	Agenda	Director name	Reason for conflict of interest	Voting result
2021/01/21	2020 performance evaluation of senior consultant	Wu, Tong-Shung	Where there exists a conflict of interest between the agenda and a director, Article 206 of the Company Act shall apply and the director shall recuse him/herself from the meeting in accordance with Article 178 of the same act	Recusal during discussions and voting
	Proposal for implementation of the 2020 Taishin Stock Appreciation Rights Program	Wu, Tong-Shung		Recusal during discussions and voting
	Approval for the performance evaluation of directors and supervisors in 2020	Wu, Tong-Liang/ Kuo, Jui-Sung / Wu, Tong-Shung / Lin, Long-Su / Wang,Chu-Chan / Wu, Shang-Pin / Hsu, Teh-Nan / Wu, Shin-Hau / Lin, Yi-Fu / Chang, Min-Yu		Recusal during discussions and voting
	Approval for the number of months paid to directors and supervisors in 2020	Wu, Tong-Liang/ Kuo, Jui-Sung / Wu, Tong-Shung / Lin, Long-Su / Wang,Chu-Chan / Wu, Shang-Pin / Hsu, Teh-Nan / Wu, Shin-Hau / Lin, Yi-Fu / Chang, Min-Yu		Recusal during discussions and voting
2021/03/18	The demerger of stock agency businesses to Taishin Securities	Wu, Tong-Liang/ Wu, Tong-Shung/ Wu, Shin-Hau		Recusal during discussions and voting
2021/03/25	Adjustment of monthly remuneration for the chairman	Wu, Tong-Liang/ Wu, Shin-Hau		Recusal during discussions and voting
2021/05/20	Appointment of representative to participate in the 10th director election in the subsidiary Taishin Real-Estate Management Co., Ltd.	Wu, Tong-Liang/ Wu, Tong-Shung/ Wu, Shin-Hau		Recusal during discussions and voting
2021/05/27	Donation to Taishin Bank Foundation for Arts and Culture	Wu, Tong-Liang/ Kuo, Jui-Sung / Wu, Shin-Hau		Recusal during discussions and voting
2021/08/05	Removal of involvement in competing businesses for the 12th board of directors	Wu, Tong-Liang/ Kao, Chih-Shang/ Wu, Shang-Pin/ Lin, Yi-Fu/ Wu, Shin-Hau		Recusal during discussions and voting
2021/09/02	An-Lung Trading Company applied to Taishin International Bank Jianbei Branch for contract renewal	Wu, Tong-Liang/ Kuo, Jui-Sung / Wu, Shin-Hau		Recusal during discussions and voting
2021/10/14	Selling the office in Taiwan Securities Building to Taishin Securities	Wu, Tong-Liang/ Wu, Tong-Shung / Wu, Shin-Hau		Recusal during discussions and voting
2021/11/11	Taishin Life insurance applied to Taishin International Bank Jianbei Branch for new loans	Wu, Tong-Liang/ Wu, Shin-Hau		Recusal during discussions and voting
2021/11/25	Donated to Taishin Charity Foundation	Wu, Tong-Liang/ Wu, Shin-Hau	Recusal during discussions and voting	
2021/12/16	Purchase of Shin Kong Mitsukoshi gift vouchers from Shin Kong Mitsukoshi Department Store	Wu, Tong-Liang/ Wu, Shin-Hau	Recusal during discussions and voting	
	2021 performance evaluation of consultants	Kuo, Jui-Sung	Recusal during discussions and voting	

(3) Targets for strengthening the function of the board of directors in current year and the recent year and the evaluation of their execution:

(a) Board of Directors Meeting Policy have been established for the purpose of strengthening board governance. For better transparency on the board of directors, important resolutions of the board of directors will be published in the annual reports.

(b) In 2007, Taishin Bank started appointing two independent directors; and in late 2007, the company started purchasing directors and key person liability insurance policies to cover such persons in the process of performing their duties during the terms of their offices. Three independent directors were elected and the Audit Committee established on 2020 to replace the supervisors. Audit Committee Charter was established in the same year.

#### b. Operation of the auditing committee or the participation of supervisors in the operation of board of directors.

1. The powers of the Audit Committee are as follows:

Taishin Bank established the Audit Committee to replace Supervisors on July 23, 2021. The Audit Committee consists of all independent directors of the Bank (so far 3). The mission of the Audit Committee is to assist the board of directors in performing its duty to oversee the accounting, audit, and financial reporting processes in Taishin Bank and the quality and integrity of financial management.

The Audit Committee has met 11 times in 2021. Matters reviewed include:

- A. The adoption of or amendments to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- B. Assessment of the effectiveness of the internal control system.
- C. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- D. Matters in which a director is an interested party.
- E. Asset transactions or derivatives trading of a material nature.
- F. The offering, issuance, or private placement of equity-type securities.
- G. The hiring or dismissal of a certified public accountant, or their compensation.
- H. The appointment or discharge of a financial, accounting, or internal audit officer.
- I. Annual and semi-annual financial reports.
- J. Other material matters as may be required by the Company or by the competent authority.

2. In the recent fiscal year (2021/07/23~2021/12/31) the Audit Committee convened 11 times and Status of attend.

Title	Name	Actual number of attendance	Attendances by proxy	Attendance rate (%)	Notes
Independent Director	Chang, Min-Yu	11	0	100.00	2021.07. 23 on board
Independent Director	Lin, Yi-Fu	11	0	100.00	2021.07. 23 on board
Independent Director	Lee, Shyan-Yuan	11	0	100.00	2021.07. 23 on board

Note1 : The Audit Committee of Taishin Bank consists of all of the independent directors of the bank.

Note2 : The actual attendance rate (%) is calculated by the number of Audit Committee meetings and the number of times the independent directors actually attended the meetings during a term.

Other items which should be recorded

- (1) In the event of any of the circumstances occurring while the Audit Committee conducts its activities, details including the date, session, and agenda of the Audit Committee, the contents of objections/considerations/major suggestions of the independent directors, the resolutions of the Audit Committee, and the Company's responses to the Audit Committee's opinions should be provided:

Matters listed in Article 14-5 of the Securities and Exchange Act (2021/07/23~2021/12/31) :

Audit Committee Date and Session	Audit Committee Agenda	Audit Committee Resolutions	Contents of the objections/ considerations/ major suggestions of the independent directors	The Company's response to Audit Committee's opinions
2021/08/05 2nd meeting of the 1st Audit Committee	Removal of involvement in competing businesses for the directors	Approved	None	N/A
	Amendment of the Asset Acquisition or Disposal Procedures	Approved	None	N/A
2021/08/12 3rd meeting of the 1st Audit Committee	Submission of the company's 2021 H1 individual and consolidated financial statements.	Approved	None	N/A
2021/09/02 4th meeting of the 1st Audit Committee	An-Long Enterprise applied to Taishin International Bank Jianbei Branch for contract renewal	Approved	None	N/A
2021/10/14 6th meeting of the 1st Audit Committee	Selling the office in Taiwan Securities Building to Taishin Securities	Amendment approved	None	N/A
	Subscription of Fubon Financial Holding Co., Ltd. Preferred Shares C within the credit limit of NT\$1 billion	Approved	None	N/A
	Amendment of the processing system and procedure for the acquisition of insurance agency businesses	Approved	None	N/A
2021/10/21 7th meeting of the 1st Audit Committee	Participation of the demerger and auction of the consumer finance businesses of Citibank (Taiwan)	Amendment approved	None	N/A
2021/11/11 9th meeting of the 1st Audit Committee	Taishin Life insurance applied to Taishin International Bank Jianbei Branch for new loans	Approved	None	N/A
2021/11/25 10th meeting of the 1st Audit Committee	Donated to Taishin Charity Foundation	Approved	None	N/A
2021/12/16 11th meeting of the 1st Audit Committee	Appointment and remuneration of CPAs for the 2022 financial statements	Approved	None	N/A
	Purchase of Shin Kong Mitsukoshi gift vouchers from Shin Kong Mitsukoshi Department Store	Approved	None	N/A
	2021 performance evaluation of consultants	Approved	None	N/A

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

- (2) Regarding the recusal of independent directors due to conflict of interests, the name of the independent Directors, agenda, reasons for recusal and the participation in voting should be clearly stated:

2021/07/23– 2021/12/31 Implementation of recusal of independent directors due to conflict of interests				
Audit Committee Date	Agenda	Independent Director Name	Reason for conflict of interest	Voting result
2021/08/05	Removal of involvement in competing businesses for the directors	Yi-Fu Lin	Where there exists a conflict of interest between the agenda and a director, Article 206 of the Company Act shall apply and the director shall recuse him/herself from the meeting in accordance with Article 178 of the same act	Recusal during discussions and voting

(b) Status of the communication of supervisors with in-house chief auditor and CPA.

a. Status of the communication between supervisors and in-house chief auditor.

- i. The Bank's supervisors hold nonperiodic communication meetings with the chief auditor (at least once a year). The meeting minutes are submitted to the board of directors.

- ii. Supervisors and chief auditor of the bank attend the board of directors and communicate during and before the meetings over various affairs of the bank.
  - iii. The bank's auditing division regularly submits Auditing report to the board of directors each month, with the contents of the report including the conducting of auditing operation and major audited items, both internal and external ones. Attending supervisors, therefore, can also understand the contents of the report.
  - iv. The auditing reports for the bank and its subsidiaries of the bank's auditing division are submitted to supervisors for inspection.
  - v. Investigation reports on major incidents of the bank (such as irregularities, natural disaster, and major losses) are all submitted to supervisors.
  - vi. Supervisors can communicate and discuss with chief auditor over the aforementioned affairs or other affairs anytime.
- b. Status of the communications between supervisors and CPAs.

The bank's supervisors can discuss with CPAs over the company's finance, business status, and auditing findings of CPAs.

In the recent fiscal year (2021/01/01~2022/07/22) the board of directors convened 48 times and status of attendance.

Title	Name	Actual number of attendance	Attendance rate (%)	Notes
Standing supervisor	Tsai, Yang-Tzong	27	96.43	2021.07.23 expiration
Supervisor	Kao, Chih-Shang	27	96.43	2021.07.23 expiration
Supervisor	Cheng, Chia-Chung	28	100.0	2021.07.23 expiration

Note1 : The supervisors of the Taishin Bank are representatives appointed by Taishin Financial Holdings Co., Ltd.

Note2 : The attendance rate(%) of a director is calculated by his/her actual number of attendance and the number of meetings of the board of directors during his/her term.

(3) The makeup and responsibilities of supervisors:

(a) Communication between supervisors and employees/shareholders:

Supervisors can communicate with employees anytime in the exercise of their duties and employees can reflect and express their opinions to the Human Resources Division via the Company's internal website.

(b) Status of the communication of supervisors with in-house chief auditor and CPA.

a. Status of the communication between supervisors and in-house chief auditor.

- i. The Bank's supervisors hold nonperiodic communication meetings with the chief auditor (at least once a year). The meeting minutes are submitted to the board of directors.
- ii. Supervisors and chief auditor of the bank attend the board of directors and communicate during and before the meetings over various affairs of the bank.
- iii. The bank's auditing division regularly submits Auditing report to the board of directors each month, with the contents of the report including the conducting of auditing operation and major audited items, both internal and external ones. Attending supervisors, therefore, can also understand the contents of the report.
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- vi. Supervisors can communicate and discuss with chief auditor over the aforementioned affairs or other affairs anytime.

b. Status of the communications between supervisors and CPAs.

The bank's supervisors can discuss with CPAs over the company's finance, business status, and auditing findings of CPAs.

(c) Opinions expressed by supervisors in the board of directors which should be put on record, including the date and number of the meeting, contents of the case, resolutions of the meeting, and response of the board to the opinions: None.

c. Items disclosed comply with the guidelines for the practical corporate governance of the banking industry. However, for those already disclosed on the bank's website, it was sufficient to indicate the availability of the related information on the website at: <https://www.taishinbank.com.tw>

d. Status of the bank's corporate governance and its deviation from the guidelines for the practical corporate governance of the banking industry and reasons.

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
<b>1. Shareholding structure and shareholders' rights within the bank</b>				
(1) Has the bank implemented a set of internal procedures to process shareholders' suggestions, queries, disputes and litigations?		✓	(1) The bank has only one shareholder, If there are any suggestions, queries, disputes or litigations, they will be handled immediately.	Although there is no internal procedure available, the Bank does not have any problem in communicating or handling shareholder's queries or suggestions because the Bank has only one shareholder. No deviation
(2) Is the bank constantly informed of the identities of its major shareholders and the controlling stakeholder?	✓		(2) The bank has only one shareholder, Taishin Holdings, which owns 100% stake in the bank.	
(3) Has the bank established and implemented risk management and firewalls in companies?	✓		(3) The Bank has implemented a risk management policy and mechanism in accordance with the Banking Act to ensure an effective risk management and firewall mechanism.	
<b>2. Constitution and obligations of the board of directors</b>				
(1) Apart from the Remuneration Committee and Audit Committee, has the bank assembled other functional committees at its own discretion?	✓		(1) Under the supervision of its board of directors, the Bank has established other functional committees to supervise and review various operational procedures within the company, including the Occupational Health and Safety Strategy Committee, Trust Asset Review Committee, Personnel Review Committee, Credit Assets Committee, and Credit Review Committee.	No deviation
(2) Has the TWSE/TPEX listed bank established and implemented the rules and methods for board performance evaluation, and been conducting annual performance evaluation and submitting the results to the board of directors to provide a basis for director remuneration and nomination for another term?	✓		(2) In order to implement corporate governance, the Board of Directors of Taishin Bank's parent company, Taishin FHC, passed the enactment of the "Board of Directors Performance Evaluation Guidelines" on December 22, 2016, and thereafter adopted the amendment to the "Board of Directors Performance Evaluation Guidelines" on November 28, 2019, where performance evaluation mechanisms for functional committees (including the Audit Committee, the Remuneration Committee, and the Risk Management Committee, Nomination Committee) are added. Such performance evaluation methods are categorized into two types, which are internal evaluation and external evaluation. An internal evaluation shall be conducted at least once a year, while an evaluation performed by external specialists shall be carried out every three years. The aforementioned performance evaluation result was reported to the Board of Directors of Taishin FHC on October 28, 2021, and has been served as a reference for meetings to decide whether improvement measures should be taken, and for the selection and nomination of Directors in the future, as well as for the determination of remuneration for each Director.	No deviation

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons																					
	Yes	No	Explanation																						
(3) Does the bank conduct regular assessments on the independence of its financial statement auditors?	✓		<p>(3) Annual assessment of independence of Taishin's financial statement auditors was completed pursuant to the Guidelines for Assessing Independence and Suitability of Financial Statement Auditors. Assessment results were submitted to 121st meeting of the 11th board of directors on December 24, 2020.</p> <p>Having completed an assessment and obtained declarations of impartiality and independence from the auditors, Taishin Bank deems that CPA Ching-Cheng Yang and CPA Han-Ni Fang of Deloitte Taiwan meet Taishin Bank's independence requirements (Note) and are sufficiently qualified to be Taishin Bank's financial statement auditors.</p> <p>Note:</p> <table border="1"> <thead> <tr> <th>Assessment area</th> <th>Result</th> <th>Independence</th> </tr> </thead> <tbody> <tr> <td>Not a stakeholder under Article 44 or 45 of the Financial Holding Company Act.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>No significant financial interest between Taishin Bank and the person and family that may affect independence.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not having served as a director or supervisor of Taishin Bank or held any other key positions at Taishin Bank in the last two years that may affect the audit services.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not performing concurrently routine work for Taishin Bank and receiving a regular salary.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not receiving any business related commissions.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not having served a term of more than seven years as Taishin Bank's financial statement auditor and not having returned to same position in two years after rotation or resignation.</td> <td>Yes</td> <td>Yes</td> </tr> </tbody> </table>	Assessment area	Result	Independence	Not a stakeholder under Article 44 or 45 of the Financial Holding Company Act.	Yes	Yes	No significant financial interest between Taishin Bank and the person and family that may affect independence.	Yes	Yes	Not having served as a director or supervisor of Taishin Bank or held any other key positions at Taishin Bank in the last two years that may affect the audit services.	Yes	Yes	Not performing concurrently routine work for Taishin Bank and receiving a regular salary.	Yes	Yes	Not receiving any business related commissions.	Yes	Yes	Not having served a term of more than seven years as Taishin Bank's financial statement auditor and not having returned to same position in two years after rotation or resignation.	Yes	Yes	No deviation
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Not performing concurrently routine work for Taishin Bank and receiving a regular salary.	Yes	Yes																							
Not receiving any business related commissions.	Yes	Yes																							
Not having served a term of more than seven years as Taishin Bank's financial statement auditor and not having returned to same position in two years after rotation or resignation.	Yes	Yes																							
<b>3. Does the bank have in place an adequate number of qualified corporate governance officers and appoint a corporate governance supervisor to be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, handling business registration and any change of registration, and compiling minutes of board meetings and annual general meetings)?</b>	✓		<p>Taishin Bank has in place an adequate number of qualified corporate governance officers. The board of directors passed a resolution to appoint Frank Lin, VP and the head of the Secretariat Division under the board of directors, to be the corporate governance supervisor and be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, On June 27, 2019, Taishin Bank's Board of Directors passed the appointment of Senior Vice President Frank Lin, the head of the Secretariat Division under the Board of Directors, as the Chief Corporate Governance Officer to be responsible for corporate governance practices (including but not limited to providing information necessary for Directors and Supervisors to perform their duties, aiding Directors and Supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings), so as to safeguard stockholders' rights and interests and strengthen functions of the Board of Directors. Mr. Lin has work experience related to the management of public companies' meeting procedures for more than five years.</p>	No deviation																					

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
<p><b>4. Has the bank established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a dedicated stakeholder section on the company website, as well as responded appropriately to important corporate social responsibility issues of concern to stakeholders?</b></p>	✓		(1) The bank's parent company complies with laws in the disclosure of financial, business and material information in the Market Observation Post System. This information is made publicly available simultaneously on the company's website. The company also has a designated spokes-person and investor relations mailbox available to serve as communication channels with stakeholders.	No deviation
	✓		(2) Taishin Bank's parent company has completed the Stakeholders Section on its website in 2015 as a means to communicate and consolidate queries from stakeholders (e.g. employees, suppliers, consumers, and customers), so that it can gain a better understanding of stakeholders' expectations and needs. Furthermore, the parent company has several teams responsible for communicating with stakeholders of different kinds and tending to issues that are of concern to them. And it has been reporting results of stakeholder engagement to the board of directors every year since 2018.	
	✓			
<p><b>5. Disclosure of information</b></p> <p>(1) Has the bank established a website that discloses financial, business and corporate governance-related information?</p> <p>(2) Has the bank adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?</p> <p>(3) Does the bank disclose and file annual financial statements on time after the end of a fiscal year according to the Banking Act and the Securities and Exchange Act, and disclose and file the financial statements for the first, second, and third quarters and monthly business results by the specified deadlines?</p>	✓		(1) <p>a. The bank has disclosed finance, business information and corporate governance on its website and disclose major information on Market Observation Post System.</p> <p>b. The bank has established an English website and assigned various departments to gather and disclose information on a regular basis. In addition, a public information reporting system has also been created with personnel assigned to gather and disclose information via the system.</p>	No deviation
	✓		(2) <p>a. The bank has a spokesperson mechanism in place to facilitate external communications. All material information relevant to investors' interests is announced using the Market Observation Post System and press releases. The spokesperson provides further elaboration where deemed necessary.</p> <p>b. The bank's parent company prepares its corporate social responsibility report in both Chinese and English. This report has been made accessible at the company's website and on Market Observation Post System (MOPS).</p> <p>c. The bank's parent company holds quarterly investor conferences; conference proceedings are recorded and uploaded onto the company's website and MOPS on the same day.</p>	
	✓		(3) <p>a. The bank moved the release date for the 2021 financial statements ahead to within two months after the end of the fiscal year.</p> <p>b. The bank disclosed and filed all of the financial statements for the first, second, and third quarters of 2021 and monthly business results by the specified deadlines.</p>	

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
<b>6. Does the bank have other information that enables a better understanding of the company's corporate governance practices including but not limited to employee rights, employee care, (investor relations, stakeholders' rights, continuing education of directors / supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, insuring against liabilities of company directors and supervisors, and donation to political parties, stake-holders and charity organizations)</b>	✓		(1) The bank offers competitive remuneration packages and benefits to retain talented employees. The bank also organizes team building activities and works with the Teacher Chang Foundation to provide employees with a joyful and healthy workplace. Taishin Bank respects employees' opinions and uses morning meetings and employee opinion surveys as a means of communication.	No deviation
	✓		(2) In addition to organizing quarterly corporate investors' conference and participating in domestic and overseas investor forums and road shows from time to time, the Bank's parent company also, through its Investor Relations Department, communicate with the investors via various channels including e-mail, telephone or face-to-face meetings. Information disclosure is made through the company's website in the meantime.	
	✓		(3) The bank's directors and supervisors have all achieved the required number of training hours and announced the progress of their training on the Market Observation Post System.	
	✓		(4) The bank has independent risk management units in place; it has also committed substantial resources to developing risk management systems, and managing credit, market and operational risks using both qualitative and quantitative means.	
	✓		(5) The bank has adopted stringent measures to protect customers' information and has implemented personal information management policies, information security policies, firewalls, and customer information confidentiality measures in accordance with the Financial Holding Company Act, Guidelines for Cross Marketing among Subsidiaries of Financial Holding Company, the Personal Information Protection Act and other relevant regulations stipulated by the competent authority.	
	✓		(6) The bank has taken out liability insurance for board directors and supervisors.	
<b>7. Please describe improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas to be given priority where improvement will be needed (Optional for companies included in the evaluation.)</b>	✓		Taishin's parent company has always performed well on the TWSE Corporate Governance Evaluation. In 2021, Taishin's parent company received another excellent score on the 7th Corporate Governance Evaluation. Taishin FHC has been constantly chosen as a component of the "TWSE CG100 Index.	No deviation

Note 1: Provide details in the comments regardless of the answer.

Note 2: Describe deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons.

### c. The information of duty and component on the operation of remuneration committee:

1. The parent company of Taishin International Bank, Taishin Financial Holding Co., Ltd. Company, has assembled its own Remuneration Committee in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" on September 22, 2011.
2. Any matter regarding the remuneration of the directors and management of Taishin Bank that has to be approved by the board of directors of Taishin Holdings according to the rules regarding authority levels must be submitted to the Remuneration Committee of Taishin Holdings for review before being submitted to the board of directors of Taishin Holdings for discussion.

#### d. Fulfillment of social responsibilities:

Systems and measures embraced by the bank related to social responsibilities, including environmental protection, community participation, social service, social welfare, consumer interest, human right, security, and hygienic, and their environment.

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons										
	Yes	No	Explanation											
<b>1. Does the Company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies based on the principle of materiality?</b>	✓		<p>Taishin FHC established the Corporate Sustainability Committee (CSR Committee), which is responsible for formulating and promoting corporate social responsibility strategies and overall goals. Taishin FHC identified sustainability topics through the topics collection and benchmark analysis. Sustainability topics relevant to the company were assessed by the level of stakeholder concern and the impact on the environment, economy, and society. Taishin FHC followed the materiality principle and assessed risks associated with key topics, and devised risk management policies, strategies, and responses accordingly.</p>	No deviation										
			<table border="1"> <thead> <tr> <th>Topics</th> <th>Risk assessment items</th> <th>Risk Policy / Strategies / Response methods / Opportunities</th> </tr> </thead> <tbody> <tr> <td>Environment</td> <td>Green Operation</td> <td> <ul style="list-style-type: none"> <li>◆ Establishment of the "Environmental Sustainability Policy" and ongoing execution of environmental protection, energy conservation, carbon reduction, and energy efficiency improvement measures for lowering environmental impact.</li> <li>◆ To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.</li> <li>◆ Adopt ISO 14001, ISO 14064-1:2018 and ISO 50001 standards and expand the scope of inventories each year.</li> </ul> </td> </tr> <tr> <td>Society</td> <td>Talent Development</td> <td> <ul style="list-style-type: none"> <li>◆ Establishment of the "Employee Training Guidelines", "Employee Self-development Subsidy Guidelines", and "Employee OJT Subsidy Guidelines", and the use of the Kirkpatrick Model for assessing training outcome.</li> <li>◆ Direct attention towards diversity, fairness and employees' rights, and provide abundant and diverse learning channels. Recruit the most suitable and talented employees through diversified channels.</li> <li>◆ Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Ensure zero difference in recruitment and promotion based on gender to implement Taishin's policy of diversity and non-discrimination</li> </ul> </td> </tr> </tbody> </table>		Topics	Risk assessment items	Risk Policy / Strategies / Response methods / Opportunities	Environment	Green Operation	<ul style="list-style-type: none"> <li>◆ Establishment of the "Environmental Sustainability Policy" and ongoing execution of environmental protection, energy conservation, carbon reduction, and energy efficiency improvement measures for lowering environmental impact.</li> <li>◆ To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.</li> <li>◆ Adopt ISO 14001, ISO 14064-1:2018 and ISO 50001 standards and expand the scope of inventories each year.</li> </ul>	Society	Talent Development	<ul style="list-style-type: none"> <li>◆ Establishment of the "Employee Training Guidelines", "Employee Self-development Subsidy Guidelines", and "Employee OJT Subsidy Guidelines", and the use of the Kirkpatrick Model for assessing training outcome.</li> <li>◆ Direct attention towards diversity, fairness and employees' rights, and provide abundant and diverse learning channels. Recruit the most suitable and talented employees through diversified channels.</li> <li>◆ Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Ensure zero difference in recruitment and promotion based on gender to implement Taishin's policy of diversity and non-discrimination</li> </ul>	
			Topics		Risk assessment items	Risk Policy / Strategies / Response methods / Opportunities								
Environment	Green Operation	<ul style="list-style-type: none"> <li>◆ Establishment of the "Environmental Sustainability Policy" and ongoing execution of environmental protection, energy conservation, carbon reduction, and energy efficiency improvement measures for lowering environmental impact.</li> <li>◆ To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.</li> <li>◆ Adopt ISO 14001, ISO 14064-1:2018 and ISO 50001 standards and expand the scope of inventories each year.</li> </ul>												
Society	Talent Development	<ul style="list-style-type: none"> <li>◆ Establishment of the "Employee Training Guidelines", "Employee Self-development Subsidy Guidelines", and "Employee OJT Subsidy Guidelines", and the use of the Kirkpatrick Model for assessing training outcome.</li> <li>◆ Direct attention towards diversity, fairness and employees' rights, and provide abundant and diverse learning channels. Recruit the most suitable and talented employees through diversified channels.</li> <li>◆ Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Ensure zero difference in recruitment and promotion based on gender to implement Taishin's policy of diversity and non-discrimination</li> </ul>												

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons			
	Yes	No	Explanation				
			<table border="1"> <tr> <td>Corporate governance</td> <td>Corporate Governance and Business Integrity</td> <td> <ul style="list-style-type: none"> <li>◆ Establishment of "Corporate Governance Principles" , "Ethical Corporate Management Best Practice Principles", "Employee Code of Conduct", and "Corporate Social Responsibility Best Practice Principles".</li> <li>◆ Implement a robust corporate governance framework, enhance functionality of the Board of Directors and functional committees, protect shareholders' interests and fulfill corporate responsibilities. "Integrity" has been included as part of the board's regular performance. To hold employees to the highest integrity value and measure their performance accordingly. Through implementation of well-designed systems, awareness programs and training, we hope to establish integrity deep within our corporate culture.</li> <li>◆ Participate in corporate governance evaluation and execute board performance assessment, and regularly review the remuneration policy and systems. To prevent dishonest behaviors through enhanced training, propaganda and supervision. Establishment of "Personnel Review Committee" and diverse communication channels to encourage and protect whistleblowers.</li> </ul> </td> </tr> </table>	Corporate governance	Corporate Governance and Business Integrity	<ul style="list-style-type: none"> <li>◆ Establishment of "Corporate Governance Principles" , "Ethical Corporate Management Best Practice Principles", "Employee Code of Conduct", and "Corporate Social Responsibility Best Practice Principles".</li> <li>◆ Implement a robust corporate governance framework, enhance functionality of the Board of Directors and functional committees, protect shareholders' interests and fulfill corporate responsibilities. "Integrity" has been included as part of the board's regular performance. To hold employees to the highest integrity value and measure their performance accordingly. Through implementation of well-designed systems, awareness programs and training, we hope to establish integrity deep within our corporate culture.</li> <li>◆ Participate in corporate governance evaluation and execute board performance assessment, and regularly review the remuneration policy and systems. To prevent dishonest behaviors through enhanced training, propaganda and supervision. Establishment of "Personnel Review Committee" and diverse communication channels to encourage and protect whistleblowers.</li> </ul>	
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<b>2. Does the bank have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and reports its progress to the board of directors?</b>	✓		In 2014, the bank's parent company established the "Rules Governing the Establishment of Corporate Social Responsibility Committee" and the CSR Committee to oversee and formulate corporate social responsibility related decisions. The committee is chaired by the President of the parent company. The chairman of the committee appoints one deputy chairman, and President of the bank is one of the two deputy chairpersons. The CSR Committee, of which president of the bank is a member, held two meetings in 2021 to discuss corporate governance and CSR related proposals, and presented information on relevant businesses and proposals to the Board of Directors as needed. As part of the effort to achieve corporate sustainability, starting in 2018, performance reports or major plans will be discussed by the CSR Committee and then presented to the board of directors every year.	No deviation			
<b>3. Development of sustainable environment</b> (1) Has the bank developed an appropriate environmental management system, given its distinctive characteristics?	✓		(1) In its formal organizational structure, the company has set up labor security and sanitation section, which adheres to the concept of "the premise for safety of environmental design and priority of precautionary measures" in order to create a sanitary, safe, and healthy environment for Taishin Bank. Since the establishment of a special COVID-19 section, environmental monitoring is performed semiannually to effectively maintain a quality environment for employees and fulfill Taishin's responsibility in environmental management.	No deviation			

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
(2) Is the bank committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	✓		<p>(2) Taishin Bank has dedicated to push e-office and paperless office; install stationery collection boxes to achieve more efficient utilization of resources. Promote "using love as energy" event, urging employees to ride bicycles, take public transportation vehicles, and embrace carpooling, so as to reduce carbon emission, enhance health, and fulfill the commitment to environmental protection.</p> <p>Taishin calls on its employees and clients and their families to join the effort to "turn love into the energy source to save the planet". The campaign urges participants to ride bikes and take public transport instead of driving to reduce carbon emissions while adopting a healthier lifestyle.</p> <p>Regarding green operations, Taishin started purchasing renewable energy in 2016. Taishin also demonstrated its support for renewable energy by installing solar power equipment on its own buildings in Neihu and Yongfu Building in Tainan in 2016 and 2020, respectively.</p> <p>Moreover, water, electricity, and gasoline needed to conduct business activities are measured regularly. Various action plans have been implemented to reduce consumption. Garbage and general waste are processed in compliance with the regulations. Resources are sorted and recycled to reduce the impact on the environment. Suppliers and other partners are united through green procurement in the pursuit of sustainability and the effort to save the earth.</p> <p>Waste disposal: Taishin implements effective waste management. Waste is sorted, and bottles, paper, and equipment that can be recycled or reused are recycled and processed as appropriate by qualified professional cleaning service providers.</p> <p>Resource utilization: Regarding internal activities, in order to reduce the impact on the environment and the amount of waste, Taishin organizes environmental/educational campaigns and promotes environmental conservation measures. All employees are encouraged to get involved in ensuring waste is sorted and resource are recycled and reused so that the entire workforce develops good habits at home and at work and makes best efforts to ensure environmental sustainability. In terms of products and services, Taishin embraces the rise of green finance and campaigns for a number of FinTech products and services in order to reduce paper and energy consumption. Examples of its efforts include issuing virtual credit cards and encouraging the switch to mobile statements. Taishin also encourage customers to use mobile banking services and online applications in order to make environmental conservation a part of business development and work with customers to achieve the goal of being an environmentally friendly bank.</p>	No deviation

Items	Operating status		Deviation from the guidelines of the practical corporate governance of the banking industry and reasons	
	Yes	No		Explanation
(3) Does the Bank evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		(3) The bank responds to climate change issues and the fight against global warming by actively implementing energy efficiency and carbon reduction measures inside the organization. In addition to reviewing regularly the electricity contract capacity of each building, Taishin has been replacing old and energy consuming equipment in branches across Taiwan in order to reduce energy use. Given the effects of climate risks on its clients, Taishin takes exposure, transformation, and physical risks, and applies a weighted scoring system to rank investment/financing customers in terms of climate sensitivity. The bank is thereby able to identify highly climate sensitive customers and to calculate the volume of indirect GHG emissions from the investment/financing activities (Scope 3). To help value chain partners strengthen risk management, Taishin analyzes climate risks to which its major suppliers are exposed. The bank also assesses the levels of disaster potential at these suppliers' geographic locations as well as the impact of cost pass-through induced by low carbon adoption regulations.	No deviation
(4) Does the Bank take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and draw up policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	✓		(4) The Company has included its environmental protection measures and statistics, as well as its quantitative management targets for the coming years in the Taishin FHC CSR Report in accordance with Article 16 and Article 17 of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies. The report is made available on the Taishin FHC website (Taishin Holdings/CSR). <a href="https://www.taishinholdings.com.tw/tsh/responsibility/green/management/">https://www.taishinholdings.com.tw/tsh/responsibility/green/management/</a>	No deviation
<b>4. Social issues</b>				
(1) Has the bank developed its policies and procedures in accordance with laws and the International Bill of Human Rights?	✓		(1) Taishin is dedicated to upholding human rights. The organization shares the value of international human rights rules including Universal Declaration of Human Rights, International Labor Organization, The UN Guiding Principles on Business & Human Rights and Equator Principles, and complies with regulations of Taiwan and all locations Taishin operates in.  In addition to complying with the conventions and recommendations of the International Labor Organization (ILO) on prohibition of forced or compulsory labor, minimum age of admission to employment, regulation of working time, and weekly rest periods, Taishin devises reasonable work rules and employment guidelines in accordance with the Labor Standards Act, the Act of Gender Equality in Employment, the Employment Service Act and other labor laws promulgated by the competent authorities, and discloses the above rules after they are filed with the competent authorities in order to protect the rights of its employees. Taishin also takes steps to ensure that all overseas locations (including branches, offices and preparatory offices) are able to comply with local labor regulations and set reasonable work terms to protect the interests of local employees. Furthermore, Taishin not only ensures equality in pay, employment policy, training and promotion, but also implements measures to protect female employees and creates a friendly workplace of equality. In addition, Taishin takes action to support international human rights regulations by releasing employment and human right protection statements on its private and public websites and providing real or virtual training courses. It aims to raise awareness of human rights and gender equality in the workplace.	No deviation

Items	Operating status		Deviation from the guidelines of the practical corporate governance of the banking industry and reasons	
	Yes	No		Explanation
(2) Does the Company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?	✓		(2) The Bank participates in market-wide salary surveys annually and designs a fair and incentive compensation system. Each year, the Bank plans year-end bonuses based on the Bank's performance and individual performance to reward employees for their effort and contributions. In addition, to avoid putting too much emphasis on short-term performance, and to encourage employees to develop long-term collaboration and enjoy long-term growth together, the Bank utilizes long-term incentive plans - Employee Share Ownership Program and Taishin Stock Appreciation Rights Program - as a means of employee retention. Meanwhile, the Bank provides benefits above the requirements of the Labor Standards Act. These benefits include an employee stock ownership trust, physical examinations, and rank-based holidays superior to statutory requirements. The Bank offers competitive compensation and comprehensive welfare packages as rewards for employees' contributions.	No deviation
(3) Does the bank give employees a safe and healthy work environment and provide regular health and safety training?	✓		(3) Taishin Bank has a safety and health policy in place that complies with relevant laws and received ISO 45001 certification in 2020. In terms of environmental safety, safety of the workplace is inspected twice a year, fire equipment and exits are serviced yearly, and public safety is inspected every two years. Occupational health nurses and qualified standard first aiders and health and safety supervisors are assigned, and first-aid kits and AEDs are installed. Taishin Bank has also certified with AED Safty Location. For the health of our employees, not only do we offer health check-ups once every two years for regular employees and health examination subsidies for managerial personnel once per year, which by the way, are better than the ones regulated by the law, but we also formulate various health management and facilitation measures based on the results of the exams, the Framingham cardiovascular risk assessment, and the four major plans to facilitate the health of employees to keep our employees healthy. In terms of training, all new recruits are required to undergo safety and health orientation upon arrival, whereas existing employees need to be re-trained once every year to ensure a well-designed, safe, and healthy work environment. For effective workplace inspection, indoor carbon dioxide concentration and illumination are checked every six months to ensure those working on the premises are not exposed to hazards over the limits. The company also continues to campaign for a smoke-free workplace by prohibiting all employees and business partners from smoking on all premises across Taiwan. The occupational health and safety courses also serve to raise awareness of the Tobacco Hazards Prevention Act and the company's no-smoking policy.	No deviation
(4) Has the bank implemented an effective training program that helps employees develop skills over the course of their career	✓		(4) New recruits are given a complete orientation upon arrival; Subsequently, each division will arrange respective courses and training that employees are expected to attend. For career development, the bank has an individual development program (IDP) and a training credit system that employees may utilize to improve the skills required.	

Items	Operating status		Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	
(5) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?	✓		<p>(5) To protect the rights of financial consumers and create a corporate culture that pays attention to financial consumer protection, Taishin Bank has established the Fair Customer Treatment Policy and the Fair Customer Treatment Strategy in accordance with the Fair Customer Treatment Principles for Financial Institutions released by the Financial Supervisory Commission. In addition to complying with the principles and rules of “fairness and integrity in contracts”, “authenticity in advertising”, “product or service suitability”, and “informed consent and disclosure” when providing financial products or services, all employees of Taishin Bank are required to follow the principle of client protection in grievance. In other words, a consumer dispute resolution system, including the scope of consumer dispute, acceptance method, processing procedure and time, status inquiry, and regular review, is implemented to ensure the fair customer treatment principle is upheld. To ensure legitimate collection, processing and use of customers' personal data and to keep personal data safe, Taishin Bank has implemented a personal information protection policy in accordance with the Financial Supervisory Commission Personal Information File Security Regulations for Designated Non-Governmental Institutions. This policy is constantly reviewed and revised in line with changes in regulation. In addition to conducting regular inspections on the security of personal information, Taishin also assesses possible personal information risks and uses the findings to establish proper management practices, responses, reporting channels and preventions for incidents such as theft, alteration, destruction, loss or leakage of personal information, and thereby enforce the personal information protection system of the organization.</p> <p>Taishin Bank has a full-time unit dedicated to handling customer complaints and resolving internal/external appeals. The staff responsible for handling customer complaints will call the customer to identify and clarify his/her complaint within one day after a case is accepted. The staff will ask the relevant departments to provide explanation regarding the customer's complaint. The staff will also try to clarify the facts by accessing related documents and recordings at the same time. The aim is to respond to customers in a timely manner, and resolve customers' complaints to their satisfaction by mutual agreement.</p> <p>In case financial consumers have doubts regarding the products or services provided by the bank, there are a number of feedback channels in place. They include the "customer feedback form" in branches, the "customer feedback hotline" and "feedback email" at the head office, the 24-hour customer service hotline, and the "Contact me" message board on the company website. The bank always responds to customer feedback or suggestions in a timely manner. Following the principle of client protection in grievance to ensure fair treatment of customers, the board of directors approve the Taishin Bank Fair Customer Treatment Policy in 2016. The Policy establishes the consumer dispute resolution system (including SOPs) under Article 9, Subparagraph 2. In addition, Taishin Bank implemented the Taishin Bank Consumer Dispute Resolution System, Taishin Bank Instructions on First Level Customer Complaint Processing Operations, and Taishin Bank Instructions on Second Level Customer Complaint Processing Operations to provide the procedures and timing of complaint processing. First level customers complaints should be resolved in 2 working days and second level complaints in 3. Second level written and FCPA assessment cases should be resolved in 7 working days and FCPA complaints in writing/by telephone in 15. In addition to requiring the deadline be met in 100% of the cases in recent years, Taishin Bank tries to resolve customer complaints at first contact and improve the quality of complaint resolution.</p> <p>Starting from 2020, Taishin Bank is equipped with pre-complaint prevention, interim alert, and post-complaint improvement mechanisms to manage complaints. Pre-complaint prevention aims to improve customer satisfaction and reduce complaints, followed by instant improvement and reporting mechanisms to be made as soon as a complaint appears. The approach enables the departments and executive officers to monitor customer opinions and take action. It also contributes to a corporate culture that upholds fair treatment of customers.</p>

Items	Operating status		Explanation	Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No		
(6) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	✓		(6) Taishin Bank's supplier selection and tender process are governed by the Supplier Maintenance and Management Guidelines to ensure products and quality consistently meet requirements. Regarding the selection of suppliers in major procurement projects, Taishin Bank may take into consideration a supplier's CSR commitments and their fulfillment, and ask suppliers to complete a self-assessment survey and a human rights questionnaire to provide a basis for evaluation. Suppliers that comply with the requirements can be certified and registered as Taishin Bank's qualified vendors to provide services or products to the bank.  The bank has formulated a set of Supplier Management Guidelines to make sure that suppliers comply with and fulfill their corporate social responsibilities for the benefit of stakeholders. Priority will be accorded to local suppliers in order to avoid resources being wasted on excessive transportation. When choosing suppliers, Taishin will take into consideration whether a candidate complies duly with the Labor Standards Act, particularly with regards to child labor, human trafficking, forced labor, work hours, compensation, equality (no discrimination or harassment), freedom of association, and collective bargaining. Health and safety have also been included as part of the assessment criteria. In addition to the above, suppliers are also evaluated on how their business activities impact society and the environment, as well as the moral guidelines and risk management policies they have adopted.	No deviation
<b>5. Does the Company prepare corporate social responsibility reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the Company obtain third-party assurance or qualified opinion for the reports above?</b>	✓		5. The most recent Corporate Sustainability Report of Taishin FHC was prepared in accordance with core options of Global Reporting Initiative's sustainability reporting standards (GRI Standards), the Financial Services Sector Supplement, Sustainability Accounting Standards Board (SASB), the IR framework stipulated by the International Integrated Reporting Council (IIRC), Task Force on Climate-related Financial Disclosures (TCFD), "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies," and policies or guidelines of relevant authorities. The 2021 Sustainability Report was received AA1000 Type 2 Accountability Principles (2018) and Performance Information certification, issued by a professional certification agency, BSI, and the Statement of Assurance Engagements Standards No.1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" with limited assurance report, issued by Pricewaterhouse Coopers, Taiwan. Certification by a certification agency contributes to the credibility and transparency of sustainability information. The independent assurance statement is disclosed in the Taishin FHC Sustainability Report 2021.	No deviation
<b>6. Description of deviation of the bank's ethical corporate management guidelines from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies": N/A</b>				

Items	Operating status		Explanation	Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No		
<b>7. Other key information conducive to the understanding of the operation of corporate social responsibility:</b>				
<b>(1) Charity and Welfare</b>				
<p>The Taishin Charity Foundation was founded in 2010 with funds donated by Taishin Bank and its chief charity works include helping the disadvantaged hone their ability to earn a living and thereby raise their living standards, sponsoring activities by other charity groups and funding studies on social issues, and other social welfare related tasks, with the final aim to help the socially disadvantaged become "financially independent and self-reliant". "Your Ballot Decides the Strength of Love", rolled out after establishment, was the first online charity event in Taiwan. Small and medium social welfare institutions were invited to put forth proposals online, receiving an overwhelming response. In addition to charity partners, Taishin managers, employees, clients, and the general public also make donations. The charity fund reached NT\$37.35 million in 2021 for the 11th event, benefiting 198 charity organizations. Other than organizing "Your Ballot Decides the Strength of Love", the Taishin Charity Foundation takes advantage of the platform to increase its social outreach. In 2020, the foundation incorporated a management mechanism for social outreach and obtained a social return on investment (SROI) of 5.33. In other words, social value worth NT\$5.33 is created for every NT\$1 invested by Taishin. Continue to invest in social impact management in 2021.</p>				
<b>(2) Arts and Culture Development</b>				
<p>Taishin Bank donated to establish "Taishin Bank Culture and Art Foundation" in 2001, with the theme of "Promoting cultural life quality and strengthening the artistic development environment." It supports arts as a nonprofit institution, intensifies exchanges between artistic innovation and private industry, and realizes the corporate social responsibility of payback to the society. The Taishin Arts Award was created by the foundation and rewards modern artistic creativity in various fields in Taiwan that inspires interest in culture and reflects the time while demonstrating artistic mastery and technical excellence. 64 arts award winners have received more than NT\$56 million in total over the last 19 years. The award not only commends Taiwanese artists for the professional creations, but also serves as a platform for connecting local creators with the rest of the world. The award not only commends Taiwanese artists for the professional creations, but also serves as a platform for connecting local creators with the rest of the world.</p> <p>The Foundation is also committed to promoting arts and extended works. We created the ARTalks website in 2013 which has accumulated more than 3 million visits to date. The content guides the audience to ponder the phenomenon of modern culture. In addition, Taishin has been using the first floor lobby of Taishin Tower regularly as an exhibition space for contemporary art since 2006. Due to the COVID-19 epidemic in 2021, the Foundation still presented 3 exhibitions in the lobby, so that Taishin employees, customers, and the public have the opportunity to experience art.</p>				
<b>(3) Sports sponsorship</b>				
<p>Taishin is a long term supporter of sports. It started supporting the Nantou Teenage Karate Team in 2005 (calling upon its customers through PayEasy, to join the campaign and raising more than NT\$96.8 million in small donations/receipts). Its sponsorship for female professional golfers has reached NT\$100 million since 2011. In addition, Taishin started hosting charity golf tournaments in 2011. The tournaments have welcomed 518 participants and raised more than NT\$20.32 million in donations. Furthermore, Taishin started sponsoring a wider range of projects, including basketball, baseball, marathons, and e-sports, in 2017. In order to offer greater support for basketball, we started to sponsor the professional basketball team Formosa Taishin Dreamers in 2020, and incorporated our exclusive product, the Richart Life app, into basketball games to create a basketball ecosystem linked to daily life.</p>				
<b>(4) Academic exchange</b>				
<p>Taishin is always keen to get involved in major academic communities with the hope that through communications and exchanges between industry professionals, government officials, and academics sound development of Taiwan's financial sector and the financial market as a whole can be achieved. Regarding industry-academia cooperation, since 2012, Taishin has been cooperating with universities, technology institutions and vocational schools to design industry-academia cooperation programs that offer students internships and the opportunity to learn and gain practical experience outside school. In 2021, a total of 476 students were recruited into an internship program to develop practical experience and professional skills. As part of its commitment to the community and talent development. After establishing the course Financial Innovation Hands-On Program in National Taiwan University and Financial Innovation Master's Program in collaboration with National Sun Yat-sen University, the Bank also developed the Graduate Institute of Finance Industry-Oriented Master's Program alongside National Cheng Kung University in 2021. We hope to develop the professional competence of students through the integration of industry and academia, thereby stabilizing Taishin Bank's talent pool growth.</p>				

**e. Status of the company in fulfilling management of integrity and measures.**

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
<p><b>1. Policies and schemes established to ensure business integrity</b></p> <p>(1) Has the bank stated in its Memorandum or external correspondence about the polices and practices it implements to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?</p> <p>(2) Does the Bank have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Bank implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the bank have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) In order to develop a corporate culture based on honesty and integrity, the Bank's parent company has stablished the "Taishin Financial Holding Co., Ltd.-Ethical Corporate Management Best Practice Principles", which applies to the financial holding company as well as all of its subsidiaries. The Principles have been disclosed publicly.</p> <p>(2) The Bank adheres to its core values of "Integrity, Commitment, Innovation, and Cooperation" and observes the "Ethical Corporate Management Best Practice Principles" established by its parent company. In addition, the Bank has fully implemented all relevant guidelines for preventing dishonest conduct , including operational procedures, code of conduct, disciplinary rules, and employee grievance systems.</p> <p>(3) To ensure full implementation of the "Ethical Corporate Management Best Practice Principles" set forth by its parent company, the Bank has established relevant codes of conduct and prevention measures for business activities that are more likely to involve dishonest conduct, e.g., offering or taking of bribes; making illegal political donations, inadequate sponsorship or charity donations; and providing or receiving improper gifts, treatments, or other unjustified benefits.</p>	No deviation
<p><b>2. Implementation of integrity Management</b></p> <p>(1) Does the bank evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(2) Does the Bank have a unit responsible for business integrity on a full-time basis under the Board of Directors, which will report the business integrity policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(3) Does the bank have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) For the selection of suppliers and public bidding for various procurements, the bank follows the "measures governing procurement and supplier management," so as to assure products have stable quality and meet the requirements. Suppliers meeting the conditions can undertake evaluation and register as the bank's qualified suppliers to provide services or products to the bank.</p> <p>(2) The Bank observes the "Ethical Corporate Management Best Practice Principles" set forth by its parent company. The Compliance Department is designated to handle the planning, management, and execution of all issues related to compliance and other matters pertaining to ethical corporate management. The Compliance Department also reports to the Board of Directors and audit committee at least once every six months on the implementation status of all relevant business.</p> <p>(3) The bank establishes the guidelines for avoiding conflict of interest in compliance with the parent company's Employee Code of Conduct, and has reporting channels in place to accept verbal and written reports of violations.</p>	<p>No deviation</p> <p>No deviation</p> <p>No deviation</p>

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
(4) Does the Bank have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits?	✓		<p>(4)</p> <p>a. Accounting System Accounting policies: The company's accounting policies are formulated in accordance with the Securities and Exchange Act, the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Business Entity Accounting Act, and the Generally Accepted Accounting Principles (GAAP). These accounting policies have been designed to faithfully and thoroughly record the company's business activities, and to present the company's financial and business performance in ways that are consistent with laws and the GAAP, thereby achieving effective internal supervision and reflecting financial status and operational results so as to serve as reference in strategic decision-making.</p> <p>b. Internal control system The audit offices devise audit plans every year. Apart from drafting and preparing annual audit plans according to the competent authority's requirements, key supervision points, key financial inspection points and the establishment and dissolution of business units, Taishin Bank also strengthens inspection and approval of certain cases according to the results of internal audit, disciplinary cases, and extraordinary incidents. These are additionally subjected to case by case approval, to prevent non-compliance and breaches of good faith. The business units use an unethical conduct risk assessment included in the compliance self assessment to ensure preventive measures and plans against unethical conduct are effective.</p> <p>The bank's internal control system follows article 45-1 of the "Bank Law" and article 6 of "the Measures Governing Internal Control and Auditing System of Financial Holding Company and Banking Industry".</p> <p>The system covers the company's business activities, formulation and proper revision of the corporate charter, and organizational charter and various business norms and handling manuals. For major irregularities resulting from violation of the regulations of the system or coverage auditing results due to inadequate internal management, related persons should bear the responsibility or be penalized, in serious cases, according to proper procedure.</p>	No deviation
(5) Does the bank organize internal or external training on a regular basis to maintain business integrity?	✓		<p>(5) Each year, the Bank arranges regular or ad-hoc training courses on corporate governance for its directors, supervisors, risk management, accounting/finance staff and auditors. Mandatory courses for new employees include corporate ethics, banking regulations and code of conduct, etc.</p>	No deviation

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
<b>3. Whistleblowing policy</b> (1) Does the bank provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate the reported malpractices?  (2) Does the bank have in place standard operating procedures for investigating and processing report as well as follow-up actions after the investigations?  (3) Does the company assure employees who reported on malpractices that they will not be prosecuted for making such reports?	✓		(1) Taishin has implemented the Taishin International Bank Co., Ltd. Whistleblowing Policy to establish the whistleblowing channels and procedures. All reports are handled and investigated by dedicated units. Any individual in or outside the bank who discovers any potentially criminal, corrupt, or illegal conduct may report the case by following the whistleblowing procedures. A report may be filed by any of the following means: 1. By mail: Whistleblowing Mailbox, No. 118, Section 4, Renai Road, Taipei City 2. By E-mail: whistling@taishinbank.com.tw 3. By telephone: (02)2325-6135  (2) All reports that Taishin receives should be investigated by the appropriate units as stated in the investigation procedures. The identity of the whistleblower should be kept strictly confidential. No information sufficient to identify the whistleblower may be released.  (3) Taishin's whistleblowing policy states explicitly that the following measures should be taken to protect whistleblowers. 1. The identity of the whistleblower shall be kept confidential. Information sufficient to identify a person shall not be disclosed. 2. Taishin shall not take any report made by a whistleblower and use it against said whistleblower as cause for dismissal, discharge, demotion, pay reduction, damage to the rights to which said whistleblower is entitled by law, contract, or convention, or any other detrimental treatment.	No deviation
<b>4. Strengthen information disclosure</b> Has the bank disclosed the content and implementation progress of its own ethical corporate principles on its website and Market Observation Post System(MOPS)?	✓		The "Taishin Financial Holding Co., Ltd.-Ethical Corporate Management Best Practice Principles" is accessible through the website of the bank's parent company and MOPS.	No deviation
<b>5. If the Bank has established its own ethical corporate management principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSMListed Companies", please describe any discrepancy in the Bank's implementation of the principles and explain why: N/A.</b>				
<b>6. Other key information conducive to the understanding of the implementation of integrity management (e.g.: declaration of the bank's commitment to business integrity to vendors, policies and training programs, reviews over the bank's business integrity principles etc) Taishin started providing CSR education and training for tier-1 and tier-2 suppliers to raise awareness of sustainability and to enable suppliers to understand Taishin's commitment to ethics, environmental conservation, labor rights, charitable involvement, and risk management and its requirements in these areas.</b>				

**f. Banks with corporate-governance guidelines and related regulations must disclose their methods for inquiry:**

Please visit the bank's parent company's website or the Market Observation Post System for more information.

**g. Other important information conducive to the understanding of the corporate governance of the bank**

Please refer to the explanation of item d "Status of the bank's governance and its deviation from the guidelines for the practical corporate governance of the banking industry and reasons."

**h. Items concerning the implementation of Internal Control System which should be disclosed**

1. Statement of internal control

**Taishin International Bank co., Ltd**  
**Statement of Internal Control System**

March 24, 2022

On behalf of Taishin International Bank Co., Ltd., we hereby declare that during the period from January 1, 2021 to December 31, 2021, the Company had established internal control system and exercised risk management in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." The system and practices were also inspected by an independent Audit Division which reported regularly to the Board of Directors and the Audit Committee. The Company also strictly abides by the regulations in Subparagraph 5, Article 38 and Article 38-1 of the aforementioned Rules as well as the self-disciplinary regulations for information security established by the Bankers Association. With respect to the securities operation, the effectiveness of the design and execution of the internal control system were assessed according to the criteria for an effective internal control system as established in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets; With respect to insurance agent business, the Company determines the effectiveness of the design and execution of its internal control system in accordance with the criteria for effective internal control policies as established in the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies. Following our diligent assessment, we concluded that the Company's internal control, legal compliance, and the overall execution of information security across all departments were executed effectively, or are undergoing rectifications, during the current year (as listed in the attachment).

This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

This statement has been passed by the Board of Directors of the Bank on March 24, 2022.

To:

Financial Supervisory Commission

Declarers.

Chairman

吳東亮 

President

尚瑞玲 

Chief Auditor

夏敏莉 

Group Compliance Officer

黃允怡 

Information Security Officer

陳詒昌 

Areas of Improvement and Rectification for the Internal  
Control System of Taishin International Bank Co., Ltd.

(As of December 31, 2021)

Improvement Required	Rectification	Expected time of rectification
I. The data in the outsourced warehouse storage of the Bank were destroyed by accident (This case was disclosed in the 2020 Statement of Internal Control System)	The Bank has completed the review and improvement on the operating procedures of "file retention period for warehouse deliveries" and "execution of data destruction procedures".	Rectification completed.
II. A financial advisor formerly at the Bank's Zhonghe Branch embezzled customer funds and had abnormal fund transactions with customers, and a financial advisor formerly at the Bank's Ximen Branch as well as a financial advisor currently at the Beida Branch had inappropriate business conduct. (The Zhonghe case was disclosed in the 2020 Statement of Internal Control System)	<ol style="list-style-type: none"> <li>1. Policies on transaction monitoring, financial advisor management, and rewards &amp; salaries were amended.</li> <li>2. Audio surveillance equipment is being installed at all of the banks.</li> </ol>	<ol style="list-style-type: none"> <li>1. Amendments on relevant monitoring regulations and policies were completed.</li> <li>2. Regarding the installation of audio surveillance equipment, according to the certificate issued by the manufacturer, the task is estimated to be completed by the end of December 2022 due to the delivery of imported materials being affected by the COVID-19 pandemic.</li> </ol>
III. The parameters established to warn of suspicious transactions for the Bank's AML trading system still require improvement.	<ol style="list-style-type: none"> <li>1. The Bank may perform spot checks on the operating units that are suspected to be performing poorly in transaction monitoring.</li> <li>2. The Bank will authorize an external professional organization to conduct a comprehensive review on the monitoring of automatic transactions and the integrity of the establishment of relevant parameters based on the characteristics of customers and the scale of business.</li> </ol>	<ol style="list-style-type: none"> <li>1. Rectification completed.</li> <li>2. This plan will be completed by the end of December 2022</li> </ol>
IV. The Bank's insurance agent business violated the relevant regulations of the Insurance Act	The Bank will discuss with the insurance company and adjust the contents of signed contracts and memorandums regarding telemarketing commissions and fees in addition to the discussion on the establishment of telemarketing related systems.	The adjustment of contracts and the establishment of telemarketing related systems will be completed by the end of December 2022.
V. The Bank's over-concentrated mortgage loan setting businesses have led to management problems with the land administrators and caught the attention of the media	<ol style="list-style-type: none"> <li>1. The Bank will terminate the labor contracts with the supervisors related to the case.</li> <li>2. Regarding the management problems with the land administrators, the Bank has established an operational manual on the management of relations with land administrators for the purpose of control.</li> </ol>	Rectification completed.
VI. Letters containing special offers for customers with bad debt were sent to the wrong addresses due to human error	<ol style="list-style-type: none"> <li>1. The mail filtering operation has been changed from manual operation to execution by the system.</li> <li>2. The review mechanisms were improved to make sure the name of the customer, address, amount, and collector's phone number match the customer information saved in the system of the Bank before sending out special offer letters. The review records are kept for reference.</li> </ol>	Rectification completed.
VII. The Bank erroneously put the information of other insured customers on the consolidated statement sent to ○○ Machinery Co., Ltd.	<ol style="list-style-type: none"> <li>1. The information was edited and the correct consolidated statement was sent to the customer.</li> <li>2. The function of uploading the insured customer list to the system was added to replace manual operations. The system will automatically check and detect erroneous information in the system when information is uploaded.</li> </ol>	Rectification completed.
VIII. The operating procedures for reimbursements for insurance agent business still requires improvement.	<ol style="list-style-type: none"> <li>1. Relevant operating procedures have been established to improve and implement the payment and controlling procedures.</li> <li>2. The remaining balance of the contract with the insurance company has been entered into the account book.</li> </ol>	Rectification completed.

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www.deloitte.com.tw

### Agreed-Upon Procedures Report

April 8, 2022

To Taishin International Bank Co., Ltd.

I performed the procedures agreed with you with respect to the accuracy of information filed by Taishin International Bank Co., Ltd. with the competent authorities, performance of the internal control system and compliance system, and appropriateness of the allowance for bad debt. The sufficiency of these procedures is solely your responsibility. Consequently, I make no representation regarding the sufficiency of the procedures. This agreed-upon procedures engagement was conducted in accordance with the Statements on Auditing Standards No. 34: Engagements to Perform Agree-Upon Procedures Regarding Financial Information for the purpose of assisting you in the assessment of compliance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries promulgated by the Financial Supervisory Commission. Compliance of the regulations above is the responsibility of your management team. The procedures I performed and my findings are described as follows.

Given the procedures performed will not constitute an audit in accordance with generally accepted auditing standards, I do not provide any level of assurance with respect to the accuracy of information filed by Taishin International Bank Co., Ltd. with the competent authorities, performance of the internal control system and compliance system, or appropriateness of the allowance for bad debt. Had I performed additional procedures or an audit in accordance with generally accepted auditing standards, other matters might have come to my attention that would have been reported.

This report is intended solely for the purpose described in the first paragraph and is not to be used for any other purpose or to be distributed to any other parties.

Certified Public Accountant-Han Ni Fang

Deloitte & Touche Taiwan

#### Notice to Readers

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 original Chinese version shall prevail.

### Auditing Report of Certified Public Accountant

April 8, 2022

Attached is a statement regarding effectiveness of the design and execution of its internal control system (including reports filed with the Taiwan Insurance Institute pursuant to the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies) as of December 31, 2020 provided by the Insurance Broker Division (the "Division") of Taishin International Bank Co., Ltd. (the "Insurance Broker Division of Taishin Bank") on March 19, 2021. We have audited part of this company's compliance system (regarding whether to appoint compliance officers and the adequacy of such appointments). It is the management's responsibility to establish and maintain an effective internal control system and evaluate its effectiveness. Our responsibility is to provide an auditor's opinion on effectiveness of a company's internal control system and the aforesaid statement on internal control according to the results of our audit.

We conducted our audit in accordance with the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies. The procedure involved understanding the company's internal control system, evaluating the management's process of evaluating overall effectiveness of the internal control system, testing and assessing effectiveness of the design and execution of the internal control system, and performing other audit procedures that we deemed necessary. We believe that the audit procedures provide a reasonable basis for our opinion.

An internal control system is always subject to inherent limitations. Therefore, the possibility remains that the aforesaid internal control system implemented by the Insurance Broker Division of Taishin Bank are unable to prevent or detect an error or fraud that has already occurred. Furthermore, circumstances may change in the future and render compliance with the internal control system less effective. Therefore, it does not necessarily follow that an internal control system that is effective in the current period will be effective in the future.

In our opinion, according to the criteria for effective design and execution of an internal control system under the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies, the design and execution of the internal control system regarding the Insurance Broker Division of Taishin Bank and its financial reporting (including reports filed with the Taiwan Insurance Institute pursuant to the regulations) and asset protection (to prevent assets from being acquired, used and disposed without authorization) can remain effective in all material respects as of December 31, 2020. The statement that the design and execution of the aforesaid financial reporting and asset protection related internal controls (including reports filed with the Taiwan Insurance Institute pursuant to the Regulations and compliance measures) have been evaluated and deemed effective as of December 31, 2020 provided by the Insurance Broker Division of Taishin Bank on March 19, 2021 is a fair representation in all material respects.

Certified Public Accountant-Han Ni Fang

Deloitte & Touche Taiwan

#### Notice to Readers

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 original Chinese version shall prevail.

## INDEPENDENT AUDITOR' S ASSURANCE REPORT

April 7, 2022

The Board of Directors

Taishin International Bank Co., Ltd.

We have performed an assurance engagement on the statement (includes Areas of Improvement and Rectification for the Internal Control System of Taishin International Bank Co., Ltd.) of internal control over PIPA included in the Internal Control System Statement of Taishin International Bank Co., Ltd. for the year ended December 31, 2021.

### **Subject Matter Information and Applicable Benchmarking**

The subject matter information is the statement (includes Areas of Improvement and Rectification for the Internal Control System of Taishin International Bank Co., Ltd.) of internal control over PIPA included in the Internal Control System Statement of the Company for the year ended December 31, 2021 (see Appendix A).

The following laws and regulations are used to measure or evaluate the subject matter information:

Personal Data Protection Act, Enforcement Rules of the Personal Data Protection Act, Financial Supervisory Commission' s personal information file security maintenance regulations for designated non-government-agencies, Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies, and Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries.

### **Inherent Limitations**

Because of the inherent limitations of any internal control system over PIPA, there is an unavoidable risk that even some material misstatements may remain undetected. Besides, historic evaluation of effectiveness is not relevant to future periods due to the risk that internal control may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

### **Responsibilities of Management**

The Company' s management should establish effective internal control system based on PIPA laws and regulations. Independent Internal Audit Department should conduct the audit on the internal control system and routinely report the results to the Board of Directors in order to ensure the effective operation of internal control system over PIPA.

### **Responsibilities of Auditor**

We conducted our work on the subject matter information in accordance with Statement of Assurance Engagements Standard No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" to get a reasonable assurance on the preparation, in all material respects, of the subject matter information.

### **Independence and Quality Controls**

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 "Quality Control for Public Accounting Firms" in the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

**Summary of Procedures**

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the reasonable assurance. The procedures we performed include understanding and evaluation of the entity's business and industry environment and the design and operation of the entity's Internal Control System on PIPA by examining documents and records, observing activities and inquiring from concerned personnel.

**Conclusion**

In our opinion, the subject matter information present fairly, in all material respects.

**Emphasis of a Matter**

In Appendix A, the Company described the legal and statutory requirements and controls that are not applicable. Our conclusion is not modified in respect of this matter.

**Others**

We are not responsible to update our report after we have issued.

**Use Limitations**

This report is intended solely for filing to the competent authority in compliance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, and should not be used for any other purpose.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

**Notice to Readers**

*For the convenience of readers, the independent auditors' assurance report and the accompanying summary of selected subject matter information 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 auditor's assurance report and summary of selected subject matter information shall prevail.*

**Taishin International Bank co., Ltd**  
**Statement of Internal Control System**

March 24, 2022

On behalf of Taishin International Bank Co., Ltd., we hereby declare that during the period from January 1, 2021 to December 31, 2021, the Company had established internal control system and exercised risk management in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." The system and practices were also inspected by an independent Audit Division which reported regularly to the Board of Directors and the Audit Committee. The Company also strictly abides by the regulations in Subparagraph 5, Article 38 and Article 38-1 of the aforementioned Rules as well as the self-disciplinary regulations for information security established by the Bankers Association. With respect to the securities operation, the effectiveness of the design and execution of the internal control system were assessed according to the criteria for an effective internal control system as established in the Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets; With respect to insurance agent business, the Company determines the effectiveness of the design and execution of its internal control system in accordance with the criteria for effective internal control policies as established in the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies. Following our diligent assessment, we concluded that the Company's internal control, legal compliance, and the overall execution of information security across all departments were executed effectively, or are undergoing rectifications, during the current year (as listed in the attachment).

This declaration constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

This statement has been passed by the Board of Directors of the Bank on March 24, 2022.

To:

Financial Supervisory Commission

Declarers.

Chairman

吳東亮 

President

內瑞玲 

Chief Auditor

夏敏莉 

Group Compliance Officer

黃允治 

Information Security Officer

陳詒昌 

Areas of Improvement and Rectification for the Internal  
Control System of Taishin International Bank Co., Ltd.

(As of December 31, 2021)

Improvement Required	Rectification	Expected time of rectification
I. The data in the outsourced warehouse storage of the Bank were destroyed by accident (This case was disclosed in the 2020 Statement of Internal Control System)	The Bank has completed the review and improvement on the operating procedures of "file retention period for warehouse deliveries" and "execution of data destruction procedures".	Rectification completed.
II. A financial advisor formerly at the Bank's Zhonghe Branch embezzled customer funds and had abnormal fund transactions with customers, and a financial advisor formerly at the Bank's Ximen Branch as well as a financial advisor currently at the Beida Branch had inappropriate business conduct. (The Zhonghe case was disclosed in the 2020 Statement of Internal Control System)	<ol style="list-style-type: none"> <li>1. Policies on transaction monitoring, financial advisor management, and rewards &amp; salaries were amended.</li> <li>2. Audio surveillance equipment is being installed at all of the banks.</li> </ol>	<ol style="list-style-type: none"> <li>1. Amendments on relevant monitoring regulations and policies were completed.</li> <li>2. Regarding the installation of audio surveillance equipment, according to the certificate issued by the manufacturer, the task is estimated to be completed by the end of December 2022 due to the delivery of imported materials being affected by the COVID-19 pandemic.</li> </ol>
III. The parameters established to warn of suspicious transactions for the Bank's AML trading system still require improvement.	<ol style="list-style-type: none"> <li>1. The Bank may perform spot checks on the operating units that are suspected to be performing poorly in transaction monitoring.</li> <li>2. The Bank will authorize an external professional organization to conduct a comprehensive review on the monitoring of automatic transactions and the integrity of the establishment of relevant parameters based on the characteristics of customers and the scale of business.</li> </ol>	<ol style="list-style-type: none"> <li>1. Rectification completed.</li> <li>2. This plan will be completed by the end of December 2022</li> </ol>
IV. The Bank's insurance agent business violated the relevant regulations of the Insurance Act	The Bank will discuss with the insurance company and adjust the contents of signed contracts and memorandums regarding telemarketing commissions and fees in addition to the discussion on the establishment of telemarketing related systems.	The adjustment of contracts and the establishment of telemarketing related systems will be completed by the end of December 2022.
V. The Bank's over-concentrated mortgage loan setting businesses have led to management problems with the land administrators and caught the attention of the media	<ol style="list-style-type: none"> <li>1. The Bank will terminate the labor contracts with the supervisors related to the case.</li> <li>2. Regarding the management problems with the land administrators, the Bank has established an operational manual on the management of relations with land administrators for the purpose of control.</li> </ol>	Rectification completed.
VI. Letters containing special offers for customers with bad debt were sent to the wrong addresses due to human error	<ol style="list-style-type: none"> <li>1. The mail filtering operation has been changed from manual operation to execution by the system.</li> <li>2. The review mechanisms were improved to make sure the name of the customer, address, amount, and collector's phone number match the customer information saved in the system of the Bank before sending out special offer letters. The review records are kept for reference.</li> </ol>	Rectification completed.
VII. The Bank erroneously put the information of other insured customers on the consolidated statement sent to ○○ Machinery Co., Ltd.	<ol style="list-style-type: none"> <li>1. The information was edited and the correct consolidated statement was sent to the customer.</li> <li>2. The function of uploading the insured customer list to the system was added to replace manual operations. The system will automatically check and detect erroneous information in the system when information is uploaded.</li> </ol>	Rectification completed.
VIII. The operating procedures for reimbursements for insurance agent business still requires improvement.	<ol style="list-style-type: none"> <li>1. Relevant operating procedures have been established to improve and implement the payment and controlling procedures.</li> <li>2. The remaining balance of the contract with the insurance company has been entered into the account book.</li> </ol>	Rectification completed.

## INDEPENDENT AUDITOR'S ASSURANCE REPORT

April 7, 2022

The Board of Directors  
Taishin International Bank Co., Ltd.

We have performed an assurance engagement (includes Enhancement Items and Improvement Plan on AML/CFT Internal Control System) on the Internal Control System Statement on Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) of Taishin International Bank Co., Ltd. for the year ended December 31, 2021.

### **Subject Matter Information and Applicable Benchmarking**

The subject matter information is the Internal Control System Statement (includes Enhancement Items and Improvement Plan on AML/CFT Internal Control System) on AML/CFT of the Company for the year ended December 31, 2021 (see Appendix A).

Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets, Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies, Regulations Governing Anti-Money Laundering of Financial Institutions, Regulations Governing Reporting on the Properties or Property Interests and Locations of Designated Sanctioned Individuals or Entities by Financial Institutions, Regulations Governing Internal Audit and Internal Control System of Anti-Money Laundering and Countering Terrorism Financing of Banking Business and Other Financial Institutions Designated by the Financial Supervisory Commission, Template of Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism of Banks and Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Banking Sector.

### **Inherent Limitations**

Because of the inherent limitations of any internal control system over AML/CFT, there is an unavoidable risk that even some material misstatements may remain undetected. Besides, historic evaluation of effectiveness is not relevant to future periods due to the risk that internal control may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

### **Responsibilities of Management**

The Company's management should establish effective internal control system based on AML/CFT laws and regulations. Independent Internal Audit Department should conduct the audit on the internal control system and routinely report the results to the Board of Directors in order to ensure the effective operation of internal control system over AML/CFT.

### **Responsibilities of Auditor**

We conducted our work on the subject matter information in accordance with Statement of Assurance Engagements Standard No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" to get a reasonable assurance on the preparation, in all material respects, of the subject matter information.

### **Independence and Quality Controls**

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 "Quality Control for Public Accounting Firms" in the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### Summary of Procedures

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the reasonable assurance. The procedures we performed include understanding and evaluation of the entity's business and industry environment and the design and operation of the entity's Internal Control System on AML/CFT by examining documents and records, observing activities and inquiring from concerned personnel.

### Conclusion

In our opinion, the subject matter information present fairly, in all material respects.

### Emphasis of a Matter

In Appendix A, the Company described the legal and statutory requirements and controls that are not applicable. Our conclusion is not modified in respect of this matter.

### Others

Although the subject matter information has been presented fairly in all material respects, we have disclosed the (1) Findings and suggestions of auditor about the subject matter information for the year ended December 31, 2021, which include auditor's findings and suggestions for remedial action on the deficiencies, and management's actual or proposed response and (2) Findings of auditor and the result of implementing remedial action about the subject matter information for the year ended December 31, 2020, which include auditor's findings and suggestions for remedial action on the deficiencies, management's actual response and result of implementing remedial action, and a statement about whether the auditor has undertaken any steps to verify whether management's responses have been implemented. The aforementioned auditor's findings were classified as findings (significant deficiencies) or recommendations in accordance with Rule No. 10902705562 issued by the Financial Supervisory Commission (see Appendix B and Appendix C).

We are not responsible to update our report after we have issued.

### Use Limitations

This report is intended solely for filing to the competent authority in compliance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, and should not be used for any other purpose.

Deloitte & Touche Taipei, Taiwan  
Republic of China

### Notice to Readers

*For the convenience of readers, the independent auditors' assurance report and the accompanying summary of selected subject matter information 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 auditor's assurance report and summary of selected subject matter information shall prevail.*

**Statement of Internal Control for Anti Money Laundering and Counter Financing Terrorism**

Date: 2022/3/24

On behalf of Taishin International Bank Co., Ltd., we hereby certify that from January 1 2021 to December 31, 2021, the Bank has duly complied with relevant regulations governing anti-money laundering and countering the financing of terrorism (hereunder “AML/CFT” ) in establishing the internal control system and implementing risk management procedures. The Bank has been audited by an independent and objective internal audit unit who submitted reports periodically to the Bank’s Board of Directors and Audit Committee. After prudent evaluation, each unit of the Bank has either implemented effective internal controls and compliance systems during the year of 2021 or is in the progress of implementing enhanced measures (as listed in the attached “Enhancement Items and Improvement Plan for AML/CFT Internal Control System” ) for anti-money laundering and countering the financing of terrorism.

To  
Financial Supervisory Commission

Undersigned:

Chairman:

吳東亮 

President:

內瑞玲 

Chief Auditor:

夏敏莉 

Chief AML/CFT Officer:

黃允治 

## Enhancement Items and Improvement Plan on AML/CFT Internal Control System

(as of December 31, 2021)

Items for Improvement	Improvement Measures	Planned Completion Date
1. The parameter set for scenarios in AML transaction monitoring system was found not optimal.	1.(1)The Bank increased the sample size for checking on business units with poor transaction alert review quality. (2)The Bank has engaged external professional institution to conduct a comprehensive review of the scenarios, thresholds and parameters of the automated transaction monitoring system, taking into account factors such as nature of customers and scale of business.	1.(1) Completed (2) Expected to be completed by end December 2022

### APPENDIX B

#### FINDINGS AND SUGGESTIONS OF AUDITOR ABOUT THE SUBJECT MATTER INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021

##### Significant Deficiencies

Findings	Auditor' s Suggestions for Remedial Action	Management' s Actual or Proposed Response
None		

##### Recommendations

Items	Auditor' s Suggestions for Remedial Action	Management' s Actual or Proposed Response
<p>We found deviations below about risk classification confirmation and name checking during AML/CFT KYC operation:</p> <p>1. Credit: Two applications without performing name checking of joint-guarantors.</p> <p>2. Acquirer: One application without performing name checking of ultimate beneficiary owner correctly.</p> <p>3. Safe box:</p> <p>(1) Some applications without inspecting existing client' s risk classification;</p> <p>(2) Two applications without performing name checking of deputy.</p> <p>4. Outward remittance: One application without name checking of deputy.</p>	<p>Perform name checking and assess risk level of client following "Guidelines for Anti-Money Laundering and Counter Terrorism Financing Customer Management" and "Anti-Money Laundering Name Checking Regulations"</p>	<p>1. Deviations have been corrected; Responsible parties have provided training materials for such deficiencies and to departments in charge.</p> <p>2. Required departments in charge consider the relevant audit procedure into self-inspection.</p>

**FINDINGS OF AUDITOR AND THE RESULT OF IMPLEMENTING REMEDIAL ACTION ABOUT THE SUBJECT MATTER INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2020**

Significant Deficiencies

Findings	Auditor's Suggestions for Remedial Action	Management's Actual Response	Result of Implementing Remedial Action	Auditor's Verification of Management's Remedial Action
When sampling annual RM review records, we found that some contents of the EDD questionnaire were not filled in correctly during annual customer identity information reviews.	It is recommended that the completion and review of the questionnaire should be enhanced to concretize the review process of high-risk.	<ol style="list-style-type: none"> <li>We noted that the branch employee misunderstood the questions of EDD questionnaire, and they were taught the correct way on the spot and reminded to adjust records thereafter.</li> <li>Inspect and strengthen the comprehensibility of the questionnaire review.</li> </ol>	<ol style="list-style-type: none"> <li>No similar deviations occurred after strengthening the comprehensibility of the questionnaire review.</li> <li>Optimized and amended EDD questionnaire.</li> </ol>	<ol style="list-style-type: none"> <li>Inspected deviations have been corrected.</li> <li>Obtained the EDD questionnaire, the latest revision in July, 2021.</li> <li>Obtained and inspected a sample selection of RM review records in 2021, no deviations noted.</li> </ol>
When sampling application records of opening OBU accounts, some situations related to name checking process were noted as below: <ol style="list-style-type: none"> <li>Only English name checking was performed without its Chinese name checking.</li> <li>Only document name checking result for system alerts without more detailed root cause stated.</li> </ol>	When opening an OBU account, it's suggested for customer name checking process as follows: <ol style="list-style-type: none"> <li>Both English and Chinese name checking should be performed.</li> <li>When suspicious alerts were issued, the branch employee should document complete details to exclude the alerts.</li> </ol>	<ol style="list-style-type: none"> <li>Relevant specific cases were improved, and we issued an electronic newsletter in 2021 Feb. as a reminder.</li> <li>Inspect and adjust the name checking procedure.</li> </ol>	<ol style="list-style-type: none"> <li>Improvement has been communicated by electronic newsletter.</li> <li>"Anti-Money Laundering Name Checking Regulations" has been revised properly.</li> </ol>	<ol style="list-style-type: none"> <li>Inspected deviations have been corrected.</li> <li>Inspected electronic newsletter published in February 2021, corrected procedure of name checking has been noticed.</li> <li>Inspected and obtained "Anti-Money Laundering Name Checking Regulations," validated on November 25, 2021, revision has been approved by president.</li> <li>Obtained and inspected a sample selection of OBU account opening documents in 2021, no deviations about English and Chinese double name checking noted.</li> <li>Obtained and inspected a sample selection of OBU account opening documents in 2021, no deviations about false match without proper descriptions of name checking.</li> </ol>

## Recommendations

Items	Auditor' s Suggestions for Remedial Action	Management' s Actual Response	Result of Implementing Remedial Action	Auditor' s Verification of Management' s Remedial Action
After testing the name-checking database, we found that there is a minor gap in name checking database.	It is recommended that the review and the test on name checking database should be enhanced to ensure the integrity of the database.	The outsourcing vendor has included the name list and proposed an improvement plan.	The outsourcing vendor has provided a validation report from the third party in December 2021.	<ol style="list-style-type: none"> <li>1. Inspected deviations have been corrected.</li> <li>2. Obtained the report from the third party in December 2021, the validation of name checking database has been completed.</li> <li>3. Obtained and inspected a sample selection of list in name checking database, no deviation noted.</li> </ol>

**i. Penalties for violation of law, major defects, and improvement in recent two years and as of the date of the publication of the annual report**

Disclosure items	Cases and values	Status of improvement
<p>I. Indictment of executives or staffers by prosecutors for job-related crimes.</p>	<p>1. Former Taishin Bank financial specialist XXX Yang was suspected of committing the offenses of breach of a special trust under The Banking Act of the Republic of China circulate forged private document and violating the Money Laundering Control Act. Yang was prosecuted on May 28, 2019. The Taiwan New Taipei District Court sentenced Yang to four years in prison on September 29, 2021. The prosecutor filed an appeal. The case is currently being trialed by the Taiwan High Court.</p> <p>2. Former Taishin Bank auto loan advisor XXX Feng was suspected of committing fraud with purpose of obtaining illegal proceeds, entering entries he knew to be false in documents prepared in the course of his occupation, forging private documents, and committing a special breach of trust under The Banking Act of the Republic of China. Feng was prosecuted on February 24, 2020. The case is being trialed by the Taiwan Taipei District Court.</p> <p>3. Former Taishin Bank mortgage business staff XXX Lin was suspected of making in a document or certificate prepared in the course of his occupation an entry which he knows to be false. Lin was prosecuted on February 9, 2021. The Taiwan Hsinchu District Court sentenced a four-month imprisonment with three-year probation and protective restraint during probation period on May 11, 2021. The dependent is required to serve 120 hours of community service for organizations or groups aligned with specific charitable causes. NT\$14,583 in proceeds of crime not seized in the case are to be confiscated. This is the final decision of the court.</p> <p>4. Former Taishin Bank advisor Zhou was suspected of committing a special breach of trust and forgery under the Banking Act of the Republic of China, circulate forged private document and violating the Money Laundering Control Act. Zhou was prosecuted on March 9, 2021. The Taiwan Taipei District Court sentenced Zhou to ten years and six months in prison on September 30, 2021. The prosecutor filed an appeal. The case is currently being trialed by the Taiwan High Court.</p>	
<p>II. When laws or regulations are violated, fines are imposed by the FSC, official reprimands are issued by the FSC, or sanctions are imposed by the FSC pursuant to Paragraph 1, Article 54 of the Financial Holding Company Act, or the Company punishes internal personnel for violating the internal control system rules. In case the punishment results may pose material impacts on shareholders' equity or share price, or violate the regulations prescribed in Article 2 of the Financial Supervisory Commission Regulations Governing Public Announcement and Explanation of Major Sanctions and Disciplinary Actions for Violations of Financial Laws, the punishment contents, major deficiencies, and status of improvements shall be clearly described.</p>	<p>Proposal and amount</p> <p>1. Taishin Bank (1) Taishin Bank was fined NT\$8 million by the FSC, through Letter No. Financial-Supervisory-Banking-Holding-10802223742 dated May 19, 2020, for the fault caused by allowing a customer to purchase an investment-linked policy with funds from a loan against a policy and mortgage lien.</p>	<p>Improvement measures</p> <p>1. If a customer has taken out a loan with Taishin Bank prior to purchasing an insurance product, customer services must use audio recordings to verify the source of the paid premiums with the customer before accepting the purchase.</p> <p>2. The information of a customer who has taken out a loan before purchasing insurance products must be reviewed by a supervisor.</p> <p>3. Strengthen declaration on the purpose for funds.</p>
	<p>(2) Taishin Bank was reprimanded by the FSC, through Letter No. Financial-Supervisory-Banking-Holding-10902066581 dated February 1, 2021, for the fault caused by erroneous destruction of data under outsourced storage.</p>	<p>The Bank has reviewed and improved the operating procedures of "file retention period for storage deliveries" and "execution of data destruction procedures".</p>

Disclosure items	Cases and values	Status of improvement
	(3) For the appropriation of customer funds and abnormal fund transfers by the former financial advisor in Zhonghe Branch, and the improper business actions of the former financial advisors of the Ximen Branch and Beida Branch, Taishin Bank was fined NT\$30 million and reprimanded, through Letter No. Financial-Supervisory-Banking-Holding-10901501692 dated July 22, 2021. The Retail Banking Group Deputy CEO Lin OO was suspended for 3 months and the insurance brokerage services for new customers of the Ximen Branch and Beida Branch was also suspended for 3 months, as per the orders of the FSC. The matters may be resumed after the improvements are approved by the FSC.	<ol style="list-style-type: none"> <li>1. Policies on transaction monitoring, financial advisor management, and rewards &amp; salaries were amended.</li> <li>2. The installation of audio surveillance equipment bank-wide, according to the certificate issued by the manufacturer, is estimated to be completed by the end of December 2022 due to the delivery of imported materials being affected by the COVID-19 pandemic.</li> </ol>
	(4) The reported case of suspected fraudulent transaction involving transfers with customer accounts of the Bank was reprimanded by the FSC, through Letter No. Financial-Supervisory-Banking-Holding-11001454221 dated December 28, 2021.	<ol style="list-style-type: none"> <li>1. The Bank will consider performing spot checks on the business units that are suspected to execute poor transaction monitoring.</li> <li>2. The Bank will authorize an external professional organization to conduct a comprehensive review on the monitoring of automatic transactions and the integrity of the establishment of relevant parameters based on the characteristics of customers and the scale of business. It is expected to be completed by December 2022.</li> </ol>
	(5) For the handling of Insurance Act violations by insurance brokerage services, Taishin was given a 1-month notice for improvement and fined NT\$3 million by the FSC, through Letter No. Financial-Supervisory-Insurance-Life-1100495291E dated December 30, 2021.	The Bank will discuss with the insurance company and adjust the contents of signed contracts and memorandums regarding telemarketing commissions and fees, in addition to formulating plans for the establishment of telemarketing related systems. It is expected to be completed by December 2022.
(3) For employee corruptions, material isolated incidents (fraud, theft, embezzlement, false transactions, certificates and securities forgery, kickbacks, natural disaster losses, losses caused by external factors, hacker attacks, data theft, and leakage of business secrets and customer data, among other material incidents), or security incidents resulting from failure to comply with the Guidelines Governing the Security Maintenance of Financial Institutions, the nature of the incident and amount lost shall be disclosed for losses exceeding NT\$50 million, either individually or in total, in a single year.	None	None
(4) Other matters for disclosure required by the FSC.	None	None

**j. Major resolutions of the shareholder's meeting and the board of directors in the recent year and as of the date of the publication of the annual report.**

2021/02/18	Passed the 2020 financial statements.
2021/02/18	Passed the proposal to permit the board of directors to discuss distribution of employee remuneration for 2020 on behalf of the shareholders' meeting.
2021/03/18	Passed the demerger of stock agency businesses to Taishin Securities.
2021/03/18	Passed the dismissal of partial business locations of the trust department.
2021/05/20	Passed the appointment of representatives Tiao, Chieh-Sheng, Wu, Tong-Shung, Wu, Tong-Liang and Liaw, Shean-Ying to participate in the 10th director election in the subsidiary Taishin Real-Estate Management Co., Ltd.
2021/05/27	Passed the amendment to the "Organizational Charter".
2021/05/27	Passed the promotion of Chen Hsin-Pei as the Division Chief of the Trust Division
2021/06/03	Passed the proposal to permit the board of directors to ratify the 2020 financial statements, business reports, and dividend distribution proposal on behalf of the shareholders' meeting.
2021/06/03	Passed the proposal to permit the board of directors approve an issue of 190,000,000 shares against capitalized earnings on behalf of the shareholders' meeting.
2021/07/22	Passed the amendment of the "Articles of Incorporation" proposed by the board of directors on behalf of the board of shareholders.
2021/07/22	Passed the formulation of "Audit Committee Charter" and the amendment of "Board of Directors Meeting Policy", "Organization Charter", and "Guidelines Governing the Authority and Responsibility".
2021/07/23	Elected Wu Tong-Liang as the 12th Chairman of the Board.
2021/07/29	Passed the appointment of Liu Chih-Yuan as the Division Chief of Investment Products.
2021/08/05	Passed the proposal to have involvement in competing businesses for the 12th board of directors removed by the board of directors on behalf of the shareholders meeting.
2021/08/05	Passed the proposal to permit the board of directors to approve an amendment of the "Handling Procedures for Acquisition or Disposal of Assets" on behalf of the shareholders' meeting.
2021/09/30	Passed the dismissal of partial business locations of the Trust Business Department.
2021/10/14	Passed the selling of office in Taiwan Securities Building to Taishin Securities.
2021/12/23	Passed the 2022 operating plan and budgets.
2022/02/17	Passed the 2021 financial statements.
2022/02/17	Passed the proposal to permit the board of directors to discuss distribution of employee remuneration for 2021 on behalf of the shareholders' meeting.
2022/02/17	Passed the appointment of Chen, Chi-Chang as the CISO.

k. Different opinions of directors or supervisors on record or in written statement on major resolutions passed by the board of directors in the recent year and as of the date of the publication of the annual report: None.

l. Statement (including chairman, president, financial chief, accounting chief, and internal chief auditing) in the recent year and as of the date of the publication of the annual report : None

#### D. Information on CPA fee

Name of Accounting Firm	Name of Accountant	Auditing Period of the Accountant	Auditor's Fee	Non-auditing fee	Total	Note
Deloitte, Taiwan	Han-Ni Fang	2021/01/01~2021/12/31	10,120	9,743	19,863	
	Yang Ching-Cheng					

Note : Non-auditing expenses include special audits for anti-money laundering and countering the financing of terrorism, internal control examinations, digital forensics, protection of personal information report, in-house credit card consultant fee, special audits for electronic payment, security control counseling fee, industrial and commercial registration fees, and other counseling fees..

a. Replacement of accounting firm and the auditing fee for the replacement year decreases from the previous year which requires mandatory disclosure of the auditing fees of the two years and provision of reasons: N/A.

b. Auditing fee decrease 10% from the previous year which requires mandatory disclosure of the reduction amount, percentage, and reason : N/A

## E. Replacement of CPA

### a. Concerning former CPA

Replacement date	Sep. 26, 2020		
Reason for replacement and explanation	Taishin Bank appointed CPA Ching-Cheng Yang and CPA Han-Ni Fang instead of CPA Ching-Cheng Yang and CPA Casey Lai starting from the audit report for Q3 2020, in compliance with Deloitte Taiwan's internal job rotation policy (does not apply hereafter).		
Explain consignor or termination or refusal of consignment by CPA	Status of related parties	CPA	Consigner
	Active terminate consignment	N/A	N/A
	Refusal to accept (continue) consignment	N/A	N/A
Certification auditing report other than report without reserved opinions in the recent two years and reason	N/A		
Existence of different opinions with the bank	Yes	N/A	Accounting principle or practical affairs
		N/A	Disclosure of financial report
		N/A	Auditing scope or procedure
		N/A	Others
		N/A	
	No	N/A	
	N/A		
Other disclosed items (Items which should be disclosed according to item 6-1-4, article 10 of the criteria	N/A		

b. Concerning succeeding CPA: N/A.

c. Reply of former CPA to item 6-1 and item 6-2-3, article 10 of the criteria: N/A.

**F. Chairman, presidents, and financial or accountant managers who served at the accounting firm of the CPAs or its affiliates within the recent year: None.**

**G. Changes in shareholding transfer or shareholding pledge by directors, supervisors, or managers, and all parties that are subject to reporting under article 11 of regulations governing the ownership of banking institutions by single individuals or stakeholders, in the recent year and as of the date of the publication of the annual report**

### a. Changes in shareholdings

Title	Name	2021		Feb. 28, 2022	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Director (Major shareholder)	Taishin Financial Holding Co., Ltd.	190,000,000	0	0	0

b. Information of shareholding transfer : None.

c. Information of shareholding pledge: None.

## H. Information on the relationship of the 10 largest shareholders

Feb. 28, 2022 unit: %, share

Name	Own shareholding		Shareholding of spouse and offspring before the age of majority		Total shareholding in the names of others		Names and relationship of the 10 largest shareholders who are related parties according to Financial Accounting Criteria		Note
	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Name	Relationship	
Taishin Financial Holding Co., Ltd. Representative: Wu, Tong-Liang	8,885,711,853	100	0	0	0	0	None	None	

## I. The number of shares and total share of stake in the same invested company owned by the company directly or indirectly controlled by the bank and the bank's directors, supervisors, presidents, vice presidents, assistant vice presidents, and branch chiefs

Dec.31, 2021 unit: %, share

Equity investment	Investment by the bank		Investment by the company directly or indirectly controlled by the bank and the bank's directors, supervisors, presidents, vice presidents, assistant vice presidents, and branch chiefs		General investment	
	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake
Taishin D.A. Finance Co., Ltd.	128,878,395	100.00%	0	0.00%	128,878,395	100.00%
Taishin Real Estate Management Co., Ltd.	12,000,000	60.00%	8,000,000	40.00%	20,000,000	100.00%
An-Sin Real Estate Management Co., Ltd.	4,500,000	30.00%	0	0.00%	4,500,000	30.00%
Chang Hwa Commercial Bank	27,870,531	0.27%	2,162,968,144	20.62%	2,190,838,675	20.89%
Sunlight Asset Management Co., Ltd.	1,092,317	18.21%	0	0.00%	1,092,317	18.21%
Dah Chung Bills Finance Co., Ltd.	84,501,824	18.29%	2,475,212	0.54%	86,977,036	18.83%
Taiwan Future Exchange Company Co., Ltd.	4,041,187	0.96%	2,141,290	0.51%	6,182,477	1.47%
Taipei Foreign Exchange Company Co., Ltd.	160,000	0.81%	0	0.00%	160,000	0.81%
Financial Information Service Co., Ltd.	12,574,002	2.41%	0	0.00%	12,574,002	2.41%
Taiwan Asset Management Co., Ltd.	6,000,000	0.57%	0	0.00%	6,000,000	0.57%
Taiwan Financial Asset Service Co., Ltd.	5,000,000	2.94%	0	0.00%	5,000,000	2.94%
Taiwan Mobile Payment Co., Ltd.	1,800,000	3.00%	0	0.00%	1,800,000	3.00%
Li Yu Venture Capital Co., Ltd.	174,455	1.49%	0	0.00%	174,455	1.49%
Harbinger Venture Capital Co., Ltd.	6,636	3.35%	0	0.00%	6,636	3.35%
Taiwania Capital Buffalo Fund Co.,Ltd.	200,000,000	4.30%	0	0.00%	200,000,000	4.30%
Taiwania Capital Buffalo II Bioventures, LP	-	6.78%	-	-	(Note)	6.78%
Taiwania Capital Buffalo II Bioventures, LP	-	9.14%	-	-	(Note)	9.14%
Easy Card Investment Holding Co., Ltd.	2,499,874	2.40%	0	0.00%	2,499,874	2.40%
Kaohsiung Rapid Transit Co., Ltd.	643,031	0.23%	0	0.00%	643,031	0.23%
Da Chiang International Co.,Ltd	8,620,690	4.31%	0	0.00%	8,620,690	4.31%
Lien An Service Co.,Ltd.	125,000	5.00%	0	0.00%	125,000	5.00%

# IV. Capital Overview

## A. Capital and shares

### a. Sources of capital

Feb. 28, 2022 Unit: share ; NT\$

Month year	Issuing price	Registered capital		Paid-in capital		Note	
		Number of shares	Value	Number of shares	Value	Source of Capital	Others
Aug.2021	10	9,500,000,000	95,000,000,000	Common shares 8,885,711,853	Common shares 88,857,118,530	Issuance of new shares from earnings	Letter Jing-Shou-Shang No. 11001149290 dated Aug. 19, 2021 (Note 1)

Note 1: The Bank issued 190,000,000 common shares from earnings.

Feb. 28, 2022 Unit: share

Type of share	Registered capital			Note
	Outstanding shares	Unissued shares	Total	
Common shares	8,885,711,853	614,288,147	9,500,000,000	Unlisted shares

### b. Shareholders' structure

Feb. 28 2022 Unit:%,share

Makeup of shareholders Amount	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions and foreigners	Total
	Number	0	1	0	0	0
Number of shares	0	8,885,711,853	0	0	0	8,885,711,853
Share of stake	0	100	0	0	0	100

### c. Distribution of shareholding

Ordinary shares  
at a face value of NT\$10

Feb. 28, 2022 Unit: %,share

Grades of shareholding	Number of shareholders	Number of shares owned	Share of stake
1-999	0	0	0
1,000-5,000	0	0	0
5,001-10,000	0	0	0
10,001-15,000	0	0	0
15,001-20,000	0	0	0
20,001-30,000	0	0	0
30,001-40,000	0	0	0
40,001-50,000	0	0	0
50,001-100,000	0	0	0
100,001-200,000	0	0	0
200,001-400,000	0	0	0
400,001-600,000	0	0	0
600,001-800,000	0	0	0
800,001-1,000,000	0	0	0
1,000,001-	1	8,885,711,853	100
Total	1	8,885,711,853	100

## 2. Preferred shares: None

### d. List of major shareholders

Feb. 28, 2022 Unit:%,share

Names of major shareholders	Shares	Number of shares owned	Share of stake
Taishin Financial Holding Co., Ltd.		8,885,711,853	100

Note: Taishin bank is a subsidiary 100% owned by Taishin Financial Holding Co., Ltd.

### e. Information on market price, net worth per share, earnings, and dividends in the most recent fiscal two years

Item	Year	2020	2021	Feb. 28, 2022 (Note 3)
		Market price per share (note 1)	Highest	N/A
	lowest	N/A	N/A	N/A
	Average	N/A	N/A	N/A
Book value per share (note 2)	Weighted average shares (1,000 shares)	18.65	18.76	18.89
	Earning per share (NT\$)	17.52	(Note 2)	N/A
Earnings per share	Weighted average shares (1,000 shares)	8,885,712	8,885,712	8,885,712
	Earning per share (NT\$)	1.37	1.48	0.25
Dividend per share	Cash dividend (NT\$)	0.74	(Note 2)	N/A
	Allotment by retained earnings (NT\$)	0.22	(Note 2)	N/A
	Allotment by legal reserves (NT\$)	-	(Note 2)	N/A
	Accumulated undistributed dividend (NT\$1,000)	-	-	-
Analysis of investment returns (note1)	Price to earnings ratio	N/A	N/A	N/A
	Price to dividends ratio	N/A	N/A	N/A
	Cash dividend yield	N/A	N/A	N/A

Note 1: Due to unlisted bank, there is no market price.

Note 2: The board of directors has not adopted, on behalf of shareholder's meeting, the proposal for distribution of 2021 profits.

Note 3: Data exposed as of the date for the publication of the 2019 annual report.

### f. Information on market price, net worth per share, earnings, and dividends in the most recent fiscal two years

#### 1. Dividend policy

According to the company's corporate charter, earnings in the final accounts, should it exist, should be used to pay tax and duties, with the remainder being used to cover loss of previous year first. If there is still surplus, the company shall either provide a legal reserve and a special earnings reserve from the surplus, or reverse existing special earnings reserves into the opening balance of undistributed earnings. For the balance, pay out stock dividend and bonus to preferred shares. The remaining surplus should be combined with retained earnings at the beginning of the period, for payout of stock dividend and bonus for common shareholders in part or in entirety.

As a subsidiary of Taishin Holdings, the bank should support the need of the operating fund of the parent company. Under the principle of maintaining the bank's capital adequacy ratio at the reasonable level, except the payout of dividend and bonus of preferred shares, the dividend and bonus pay-out for common shareholders should be made in the form of cash dividend in principle. The company should keep the policy of stock dividend and cash payout in stable.

If the bank fails to achieve a reasonable capital rate, except the payout of stock dividend and bonus for preferred shares, payout of stock dividend and bonus for common shares should be made in the form of 50% cash dividend and 50% stock dividend in principle. The ratio, however, can be adjusted according to the status of profits, corporate funds, capital accumulation, and dilution effect of stock-dividend. The dilution effect of stock-dividend payout should not exceed 20% for estimated after-tax earnings per share after the issuance of new shares.

## 2. Earning distribution Proposal

The dividend of 2021 proposed to distribute is NT\$7,000,000,848. In which cash dividend is NT\$2,132,700,000 and stock dividend is NT\$1,900,000,000.

### **g. The effects of stock dividends proposed by shareholders' meeting, on the operational performance and earning per share: Not applicable.**

### **h. Compensations for employees, directors and supervisors**

#### 1. Percentages and scope of compensations for employees, directors and supervisors:

0.01% of any profit made by the Bank in a year shall be allocated as employee bonus, and the board of directors shall decide to distribute the bonus as shares or cash, which can also be distributed to employees of affiliated companies that meet the criteria specified in the Company Act. A sum shall be set aside in advance to pay down any outstanding cumulative losses before employee bonus can be allocated according to the above percentage. Employee bonus proposals shall be presented to the shareholders meeting.

#### 2. Basis for estimating the amount of remuneration of employees, directors and supervisors, basis for calculating the number of shares to be distributed as employee bonus and the actual distributed amount for the current period. The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount.

Employee bonuses for the current period have been estimated based on the criteria laid out in the bank's Articles of Incorporation. Should the actual amount differ from the amount estimated, the difference will be treated as changes in accounting estimates. The estimated amount of employee bonus for the current period does not deviate from the actual amount decided by the board of directors.

#### 3. Remuneration distribution passed by the board of directors.

(1) Employee, director and supervisor remuneration will be distributed in cash or stocks. In case of any discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses should be disclosed.

Employee bonus is NT\$1,531,000. The estimated amount of employee bonus for the current period does not deviate from the actual amount decided by the board of directors.

(2) The amount of employee bonus to be paid in stocks out of the current company-level financial statement in terms of the sum of net profit after tax and employee bonus: Not applicable as the board of directors has decided to distribute employee bonus in cash this time.

#### 4. Remuneration report and results at the shareholders meeting: Presented at the shareholders meeting on Feb. 17, 2022.

#### 5. Actual distribution of employee bonus and compensations for board directors and supervisors of previous year (including dividend shares, amount and stock price), discrepancies if any from the amount of employees' bonus and directors'/supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies:

The employee salary in cash for the previous year was NT\$1.384 million. No deviation is found between the actual distributed amount and the recognized amount.

### **i. Repurchase of the bank's shares: None.**

## B. Issuance of bank debenture

### Issuance of bank debenture-1

Feb. 28.2022

Types of bank debentures	1st subordinated bank debenture in 2012	2nd subordinated bank debenture in 2012
Date and serial No. approved by authority	FSC No. 10100301840, September 24, 2012	FSC No. 10100301840, September 24, 2012
Issuing date	October 19, 2012	December 14, 2012
Face value	NT\$ 50 M	NT\$ 50 M
Issuing and trading	R.O.C.	R.O.C.
Currency	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value
Total amount	NT\$5.6 bn (Bond A:NT\$1.1 bn; Bond B: NT\$4.5 bn)	NT\$6.1 bn (Bond A:NT\$3.8 bn; Bond B: NT\$2.3 bn)
Coupon	Bond A: Fixed interest rate at 1.53% per annum Bond B: Fixed interest rate at 1.65% per annum	Bond A: Fixed interest rate at 1.53% per annum Bond B: Fixed interest rate at 1.65% per annum
Maturity	Bond A: 7 years from the issue date. Maturity on October 19, 2019 (Redemption) Bond B: 10 years from the issue date. Maturity on October 19, 2022	Bond A: 7 years from the issue date. Maturity on December 14, 2019 (Redemption) Bond B: 10 years from the issue date. Maturity on December 14, 2022
Rank	Subordinated	Subordinated
Guarantor	None	None
Trustee	None	None
Underwriter	None	None
Certified lawyer	None	None
Certified CPA	Qin-zhen, Yang	Qin-zhen, Yang
Certified financial institution	N/A	N/A
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 4.5bn	NT\$ 2.3 bn
Paid-in capital in the previous year	NT\$49,157,526 (thousand)	NT\$49,157,526 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$57,550,558 (thousand)	NT\$57,550,558 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	None	None
Conditions for conversion or exchange	N/A	N/A
Restrictive terms	None	None
Use of proceeds	Strengthen capital structure, improve capital adequacy ratio and redeem financial bonds issued earlier.	Strengthen capital structure, improve capital adequacy ratio and redeem financial bonds issued earlier.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	53.17	63.77
Eligible capital and type	Yes, Tier II	Yes, Tier II
Name of rating agency, issue date, and the rating	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on October 9, 2012.	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on December 7, 2012.

Issuance of bank debenture-2

Feb. 28.2022

Types of bank debentures	3rd subordinated financial bonds in 2014
Date and serial No. approved by authority	FSC No. 10300054050, March 10, 2014
Issuing date	May 16, 2014
Face value	NT\$ 50 M
Issuing and trading	R.O.C.
Currency	New Taiwan dollar
Issuing price	At par value
Total amount	NT\$3 bn
Coupon	Fixed rate at 1.95% per annum
Maturity	10 years from the issue date. Maturity on May 16, 2024
Rank	Subordinated
Guarantor	None
Trustee	None
Underwriter	None
Certified lawyer	None
Certified CPA	Peter Tsai
Certified financial institution	N/A
Repayment	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$3 bn
Paid-in capital in the previous year	NT\$49,157,526 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$61,067,093 (thousand)
Default status	Normal
The terms and conditions for redemption or early liquidation	None
Conditions for conversion or exchange	N/A
Restrictive terms	None
Use of proceeds	Strengthen capital structure, enhance the Capital Adequacy Ratio.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	45.85
Eligible capital and type	Yes, Tier II
Name of rating agency, issue date, and the rating	"twA-" issued by TaiwanRatings on May 5, 2014.

Issuance of bank debenture-3

Feb.28, 2022

Types of bank debentures	1st subordinated financial bondsin 2015	2nd subordinated financial bond-sin 2015	3rd subordinated financial bondsin 2015
Date and serial No. approved by authority	FSC No. 10400093940,May 07, 2015	FSC No. 10400093940,May 07, 2015	FSC No. 10400093940,May 07, 2015
Issuing date	Jun. 10, 2015	Sep. 18, 2015	Sep. 22, 2015
Face value	NT\$ 50 M	NT\$ 50 M	NT\$ 50 M
Issuing and trading	R.O.C.	R.O.C.	R.O.C.
Currency	New Taiwan dollar	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value	At par value
Total amount	NT\$9.1 bn(Bond A: NT\$4.25 bn; Bond B: NT\$4.85 bn)	NT\$6 bn	NT\$4.9 bn(Bond A: NT\$0.7 bn; Bond B: NT\$4.2)
Coupon	Bond A: Fixed interest rate at 2.15% per annumBond B: Fixed interest rate at 2.45% per annum	Fixed rate at 2.25% per annum	Bond A: Fixed interest rate at 2.15% per annumBond B: Fixed interest rate at 2.45% per annum
Maturity	Bond A: 10 years from the issue date. Maturity on Jun. 10, 2025 Bond B: 15 years from the issue date. Maturity on Jun. 10, 2030	12 years from the issue date. Maturity on Sep. 18, 2027	Bond A: 10 years from the issue date. Maturity on Sep. 22, 2025 Bond B: 15 years from the issue date. Maturity on Sep. 22, 2030
Rank	Subordinated	Subordinated	Subordinated
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certified lawyer	None	None	None
Certified CPA	Peter Tsai	Peter Tsai	Peter Tsai
Certified financialinstitution	N/A	N/A	N/A
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 9.1 bn	NT\$ 6 bn	NT\$ 4.9 bn
Paid-in capital in the previous year	NT\$52,025,626 (thousand)	NT\$52,025,626 (thousand)	NT\$52,025,626 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$82,083,307 (thousand)	NT\$82,083,307 (thousand)	NT\$82,083,307 (thousand)
Default status	Normal	Normal	Normal
The terms and conditions for redemption or early liquidation	None	None	None
Conditions for conversion or exchange	N/A	N/A	N/A
Restrictive terms	None	None	None
Use of proceeds	Strengthen capital structure, enhance the Capital Adequacy Ratio.	Strengthen capital structure, enhance the Capital Adequacy Ratio.	Strengthen capital structure, enhance the Capital Adequacy Ratio.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	51.29	58.60	64.57
Eligible capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Name of rating agency, issue date, and the rating	"AA-(twn)" issued by Fitch Ratings, Taiwan Branch on Nov. 17, 2014.	"AA-(twn)" issued by Fitch Ratings, Taiwan Branch on Nov. 17, 2014.	"AA-(twn)" issued by Fitch Ratings, Taiwan Branch on Nov. 17, 2014.

Issuance of bank debenture-4

Feb.28, 2022

Types of bank debentures	1st issue of unsecured senior financial debenture of Taishin Bank in 2018	2nd issue of unsecured senior financial debenture of Taishin Bank in 2018
Date and serial No. approved by authority	FSC No.10702077250, May 02, 2018	FSC No.10702077250, May 02, 2018
Issuing date	July 05,2018	July 05,2018
Face value	US\$1M	US\$1M
Issuing and trading	R.O.C.	R.O.C.
Currency	US dollar	US dollar
Issuing price	At par value	At par value
Total amount	US\$80M	US\$20M
Coupon	Issued as zero coupon bond with an IRR of 4.75%	Issued as zero coupon bond with an IRR of 4.75%
Maturity	30 years from the issue date. Maturity on July 05, 2048	30 years from the issue date. Maturity on July 05, 2048
Rank	Senior	Senior
Guarantor	None	None
Trustee	None	None
Underwriter	None	None
Certified lawyer	None	None
Certified CPA	Tza-Li Gung	Tza-Li Gung
Certified financial institution	N/A	N/A
Repayment	The Bank may exercise its redemption rights and redeem the bond early. If the Bank has not exercised its redemption rights by maturity, the Bank will make a lump sum repayment of principal plus accrued interest on the maturity date.	The Bank may exercise its redemption rights and redeem the bond early. If the Bank has not exercised its redemption rights by maturity, the Bank will make a lump sum repayment of principal plus accrued interest on the maturity date.
Outstanding balance	US\$80M	US\$20M
Paid-in capital in the previous year	NT\$68,845,983 (thousand)	NT\$68,845,983 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$130,009,331 (thousand)	NT\$130,009,331 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	On the 5th anniversary of the bond issue and annually thereafter(or extended to the next business but not the next month if falling on a holiday), the Bank may exercise its redemption rights at 100% of the price plus accrued interest. To exercise the early redemption right, the Bank will make a public announcement 5 business days prior to the intended redemption date, and then make a full redemption at par value plus accrued interest.	On the 5th anniversary of the bond issue and every 2 year thereafter (or extended to the next business but not the next month if falling on a holiday), the Bank may exercise its redemption rights at 100% of the price plus accrued interest. To exercise the early redemption right, the Bank will make a public announcement 5 business days prior to the intended redemption date, and then make a full redemption at par value plus accrued interest.
Conditions for conversion or exchange	N/A	N/A
Restrictive terms	None	None
Use of proceeds	Addition to the working capital	Support for green loans and investments.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	32.89	32.89
Eligible capital and type	N/A	N/A
Name of rating agency, issue date, and the rating	"AA-(tw)" issued by Fitch Ratings, Taiwan Branch on Nov. 16, 2017.	"AA-(tw)" issued by Fitch Ratings, Taiwan Branch on Nov. 16, 2017.

Issuance of bank debenture-5

Feb.28, 2022

Types of bank debentures	1st issue of unsecured senior financial debenture of Taishin Bank in 2018
Date and serial No. approved by authority	FSC No. 10701220530, Jan 24, 2019
Issuing date	March 28, 2019
Face value	NT\$ 50 M
Issuing and trading	R.O.C.
Currency	New Taiwan dollar
Issuing price	AT par value
Total amount	NT\$5 bn
Coupon	Fixed rate at 2.45% per annum
Maturity	Prepetural (issuer with call right)
Rank	Subordinated to holders of Tier- 2 capital, deposit holders and other general creditors
Guarantor	None
Trustee	None
Underwriter	None
Certified lawyer	None
Certified CPA	Tza-Li Gung
Certified financial institution	N/A
Repayment	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$5 bn
Paid-in capital in the previous year	NT\$75,497,712 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$140,546,894 (thousand)
Default status	Normal
The terms and conditions for redemption or early liquidation	Taishin Bank may redeem the debts in whole at their aggregate principal amount, together with any interest payment five years and one month after the issuing date subject to regulators' approval, provided that the bank's post-redemption BIS is above legal requirement.
Conditions for conversion or exchange	N/A
Restrictive terms	<p>1. The Bank may not pay interest if it produces no earnings and distributes no common share dividends (including cash and stock dividends) for the first half of the year; however this restriction does not apply in circumstances where the balance of cumulative undistributed earnings less amortized losses on sale of non-performing loans is greater than the amount of payable interest, and provided that the payment results in no changes to the terms of interest. Non-payment of interest due to the above will not be accumulated or deferred in later periods.</p> <p>2. The Bank shall defer interest and principal payments in situations where its capital adequacy ratio fails to meet the minimum level specified in Article 5, Paragraph 1 of the Regulations Governing the Capital Adequacy and Capital Category of Banks; in which case, deferred interest may not accrue any late interest.</p>
Use of proceeds	Strengthen capital structure, enhance the Capital Adequacy Ratio.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	30.42%
Eligible capital and type	Yes, Tier I
Name of rating agency, issue date, and the rating	"AA-(tw)" issued by Fitch Ratings, Taiwan Branch on Oct. 23, 2018

**C. Issuance of preferred shares: None.**

**D. Issuance of global depository receipt: None.**

## E. Issuance of employees' stock option and restricted right shares

1. Issuance of employees' stock option for employees: None.
2. Issuance of employees' restricted right shares for employees: None.

## F. Merger or transfer other financial institutions

1. Mandatory disclosure of the opinions of certified public accountant on the propriety of share-swap ratio for the acquisition of or sell to other financial institutions in the recent one year: N/A
2. Mandatory disclosure of the acquisition of or sell to other financial institutions by a bank listed on the centralized or over-the-counter market in the recent five years and of the opinions of underwriting securities firms for the cases conducted via the issuance of new shares: N/A
3. Mandatory disclosure of the execution of the acquisition of or sell to other financial institutions via issuance of new shares by a bank not listed on the centralized or over-the-counter market and its effect on the interest of shareholders: None.
4. Mandatory disclosure of the execution of the resolution passed by the board of directors for acquiring or selling to other financial institutions via the issuance of new shares and the basic information on the financial institutions in the recent year and as of the date of the publication of the annual report:

The third-party agency of stock affairs of this bank has

Table of Basic Information for Demerged and Transferred Financial Institutions

Unit: NT\$ thousand

Name of financial institution Address of Financial Institution		Taishin Securities Co., Ltd. 2F, No. 44, Section 2 Zhongshan North Road, Zhongshan District, Taipei City	
Person in charge		Chia-Hung Kuo	
Paid-in capital		6,924,124	
Scope of business		Securities & futures	
Primary Products			
Financial Information for 2021	Total assets	64,844,105	
	Total liabilities	54,578,137	
	Total shareholder equity	10,265,968	
	Return	5,216,259	
	Operating Profit	1,999,518	
	Pre-tax profit	2,028,596	
	Current profit and loss	1,785,370	
Earnings per share	2.54		

5. For undergoing merger and the acceptance of new shares floated by other financial institutions, disclose their execution and the effect on the interest of shareholders: None.,

## G. Status of the execution of fund-utilization plan

As of the end of the quarter preceding the date of the publication of the annual report, the bank had completed the execution of the fund utilization plan for the issuance of securities or bond debentures either by public or private placement and there is no fund utilization plan in the recent three years whose execution has been completed but has yet to manifest its benefits or which fails to achieve the goal in execution schedule or benefits.

### a. Contents of plan

Analysis of previous offerings or private placements of securities and financial debentures that haven't been completed, and the expected benefits of the fund utilization plan over the past three years that haven't been realized: None.

### b. Status of execution

As of the quarter preceding the publish date of the annual report, here are reasons why the fund utilization plan of previous offerings or private placements of securities and financial debentures hasn't been completed, or the fund utilization plan over the past three years has been completed but the expected benefits haven't been realized, or the implementation progress or benefits fall short of expected targets: None.

# V. Operating Status

## A. Business contents

### a. Growth by business area and changes

#### 1. Wealth Management

The bank's wealth management operation offers a variety of services for different customer segments such as individuals, households, and business owners. Tailored financial planning and consulting services are available as a combination of TWD and foreign currency deposits, investment products, short- and medium-term insurance policies, and consumer loans and one-stop tax and asset allocation advisory services, all of which are aimed at building stronger customer relationships. With the three major advantages of "a team of professional specialists, a diverse range of products, and member-exclusive privileges", Taishin Bank has brought stable growth in the number of wealth management customers and has won multiple domestic and international awards such as the PWM/The Banker Private Banking Awards for "Best Private Banking in Taiwan", the Digital Banker Awards for "Excellence in Mass Affluent Banking", PBI Global Wealth Awards for "Customer Experience - Wealth Management", and the "Best Wealth Management Awards" from Business Today and Wealth Magazine.

#### 2. Retail Banking

Taishin Bank's retail banking operations cover consumer loans (mortgage, auto loan, unsecured loan, and subordinated mortgage), micro corporate loans, and credit card for individual customers and payment processing services for merchants. The development of financial products follows market differentiation and the needs of various customer groups.; The number of credit cards in circulation increased by 5.7%; 4th place in market share; 5.7% increase in total card accepting merchants, and 1st place in market share; 4th place in market share by credit card spending and an excellent performance with 49% increase in food and drink and 29% increase in online/TV shopping.

#### 3. Digital Banking

Due to the unstoppable trend towards digital banking, the emergence of exclusively online banks, and the effects of the post-pandemic era, digital banking in Taiwan continues to thrive. Taishin has been continuously actively developing digital banking, and not only has the market share of our digital banking remained at number one in the market, we have also focused on providing the best customer experience. Building on a foundation of our core financial services, we link industries and non-financial services to build an ecosystem that blends everyday life and the financial industry, thereby satisfying the comprehensive needs of customers and becoming the leading brand in the market. Relevant details of the priority businesses of financial services are as follows:

##### (1) Richart - the digital banking brand

As a response to the trend of digital banking, Taishin Bank launched the digital banking brand Richart in 2016. According to the statistics of the Financial Supervisory Commission (FSC) on digital saving accounts, over 2.7 million digital saving accounts have been opened at Taishin Bank, placing the bank at number one in the market share of Taiwanese digital banking. Taishin Bank has ensured that the Richart digital banking is 100% built to improve the user experience and has won more than 70 domestic and international awards for it.

## (2) Mobile banking

Taishin Bank has been continuously following market trends and listening to customer feedback. In 2021, our mobile banking was overhauled to focus on four major areas: enhancing product features, optimizing operational processes, increasing scenario-based applications, and improving product recommendations. Five main themes were also featured (homepage, foreign currencies, investments, life, and mine) to considerably divert customer needs into groups. Taishin Bank won 7 major domestic and international awards this year.

## (3) New Payment & Collection Services

In terms of mobile payment services, Taishin Bank was not only the first bank in Taiwan to support the four major contactless mobile payment services (Apple Pay, Samsung Pay, Google Pay, and Taiwan Pay) but also has built the Taishin Bank exclusive digital wallet “Taishin Pay”, the only mobile payment service in Taiwan that can be used at the four major convenience store chains and the major department store Shinkong Mitsukoshi. In terms of new payment and collection services, Taishin Bank is the first in Taiwan to concurrently support Alipay, WeChat Pay from China and payment tools used by the KEB Hana Bank. Thanks to the joint efforts of the bank and its partners, Taishin Bank has over 100,000 points of service in duty-free stores, department stores, major shopping districts, and night markets. Furthermore, the bank continues to promote this service to more stores, building an ecosphere that focuses more on life and less on payments.

In terms of building the everyday life and finance ecosystem, the Richart Life app is regarded as the key channel for Taishin Bank to run the everyday life and finance ecosystem. The details of the bank’s priority businesses are as follows:

## (4) Richart Life

Taishin Bank launched the “Richart Life” app in August 2020, and it is key service to link and run the everyday life and finance ecosystem. The bank has collaborated with strategic partners to create a new platform that combined payments, points, everyday offers, and financial services. Richart Life has served Taishin Bank’s close to 7.5 million customers. As more customers are guided by discount offers to shop in scenarios involving different strategic partners, all strategic partners can be brought into one app to work with Taishin Bank and provide services for its customers partners, and further extend their services to the entire country through membership.

In order to combine payment and points to link to the everyday life and finance ecosystem, transactions can be made through “Taishin Pay” in Richart Life at the four major convenience store chains, Shinkong Mitsukoshi department stores, and over 100,000 points of service in Taiwan. Users can even get discounts or redeem gifts and services by using “Taishin Point” at 7-11 and Familymart. The “everyday life and finance ecosystem” concept was also implemented in the National Games New Taipei City 2021. By issuing 20,000 exclusive and limited edition National Games Richart Debit ATM Cards as well as gathering exclusive privileges offered by thousands of stores, customers were able to make purchases and deduct points with Richart Life, embodying the concept of the everyday life and finance ecosystem.

## 4. Wholesale Banking Services

The Wholesale Banking Division provides a diverse range of banking products and professional services for institutional clients that include transnationals, corporations, small and medium sized enterprises, government agencies and financial institutions. The scope of business includes commercial banking and investment banking services such as deposit, short/long-term loan, guarantee, trade financing, syndicated lending, bond trading, bill financing, factoring, cash management, corporate Internet banking, foreign currency and interest rate derivative trading.

## 5. Financial Market Services

The integrated banking platform offers a diverse range of professionally delivered banking products that are tailored to suit the needs of individual customers and meet different onshore and offshore demands. Financial market services offer primarily exchange rate, interest rate, equity, commodity derivatives and structured products. For wholesale banking and retail banking customers looking for investment options, Taishin Bank offers a wide range of banking products, including exchange rate, interest rate, stock, bond, commodity, and gold account. The Bank also provides funding, underwriting, and bond management services for onshore/offshore bond issuers. Furthermore, market updates and advisory services are provided as needed to increase variety in the available banking products and help investors achieve optimal portfolio allocation. Regarding position management, Taishin Bank follows the risk management policy for financial markets. It aims for financial security, sound business practices, and steady profit growth that create a win-win situation for customers and the Bank.

## 6. Trust Services

- (1) Taishin's trust planning service offers Taishin's trust customers a complete range of financial planning products, including funds, collective investment accounts, foreign bonds, offshore structured products, foreign ETFs, foreign stocks, other foreign securities, trust services, and custody services. The service is also constantly working on customer segmentation into high net worth, wealth management, and digital segments in order to provide personalized asset allocation recommendations. Regarding digital transactions, Taishin Bank tries to add more transactions to Internet and mobile banking services. The aim is to provide a digital banking service and investing experience that is more innovative and friendly and in real-time.
- (2) Regarding funds and collective accounts, Taishin Bank sets itself to utilize a line of funds with both depth and width and helps customers construct core and opportunity assets in order to achieve optimal portfolios and create more flexibility and better protection in asset allocation. The Bank continues to build a comprehensive product line. In response to increasingly volatile financial markets, Taishin Bank increases product diversification to give stability to customers' investment portfolios. The Bank is first to introduce new and innovative funds with specific focuses. Customers will have more options when markets are volatile. For high net worth customers, Taishin Bank takes an active approach to making products more unique. It works with domestic and international securities investment trust enterprises and asset management firms to launch private equity funds available exclusively through Taishin Bank and meet the financial needs of high net worth customers. Taishin Bank also promotes regular savings plans to help customers accumulate wealth at a steady pace in a fast-changing market. Furthermore, Taishin Bank works hard to expand NTD and foreign currency denominated collective investment services. The Bank also works with international investment firms to achieve better returns. The effort not only brings quality services for customers, but also strengthens the investment teams. In terms of digital investments, other than featuring new functions in Internet banking and mobile banking, Taishin Bank has also been constantly updating "Richart" and "Roboking", providing more convenient services and more varieties of fund products on our digital platforms and smart investment platforms, thereby helping our customers with investment planning and personal investment management as well as satisfying the investment needs of various customer groups.

- (3) Regarding fixed income products, foreign bonds continue to offer a wide range of international premium bank debentures, corporate bonds, and government bonds to provide more asset allocation choices for customers who prefer to hold fixed income in their portfolios. Regarding offshore structured products available only to accredited investors investing on behalf of their clients, principal protected products achieve risk diversification through variety in the underlying instruments. Equity linked products without principal protection are offered alongside market opinions, and underlying securities are selected to track opportunities in the market. The real-time trading system for foreign ETFs, foreign stocks, and other foreign securities gives customers an easier-to-use trading platform that is more instant and responsive. The foreign securities investment advisory service also helps customers stay updated on their investments.
- (4) Regarding trust services, Taishin Bank starts by identifying customer needs. In addition to designing standard contracts to satisfy the needs of mainstream clients, Taishin Bank provides personalized contracts and one-stop trust services for high end clients who may have different needs. Furthermore, to meet institutional clients' many different demands for trust services, Taishin Bank provides the custody services for foreign investors that enable foreign individuals and institutions to gain access to growth opportunities in Taiwan's stock market. Taishin Bank also provides the custody services for foreign/Chinese employee investment accounts for domestic TWSE/TPEX listed companies and primary listed companies in Taiwan. In addition, Taishin Bank works actively to gain a larger share in employee welfare trusts and help companies provide incentives and retain top talents.

#### 7. Insurance broker services

Taishin Bank is committed to operating its insurance brokerage business as an open platform dedicated to provide the best insurance brokerage services for its customers. As of the end of 2021, Taishin Bank has agreements with 28 insurance companies, including 18 life insurers and 10 property insurers, to provide service and satisfy different insurance needs of its customers.

Taishin Bank's life insurance partners	Nan Shan Life \ Shin Kong Life \ Cathay Life \ China Life \ BNP PARIBAS \ Chubb Life \ Taiwan Life \ Fubon Life \ Yuanta Life \ American International Assurance \ Transglobe Life \ MassMutual Mercuries Life \ Taishin Life \ Far Glory Life \ Cigna Taiwan Life \ Allianz Taiwan Life \ First Life \ PCA Life
Taishin Bank's property insurance partners	Shinkong Insurance \ Insurance Company of North America Taipei Branch \ Union Insurance \ Hotai Insurance \ Taian Insurance \ Tokio Marine Newa Insurance \ Fubon Financial Holding \ Chung Kuo Insurance \ The First Insurance \ MingTai insurance

As the market and insurance laws change, Taishin Bank continues to introduce more protection products, including life insurance, accident insurance, and health insurance, through the insurance brokerage operation. At the same time, Taishin Bank has joined the effort to raise awareness of retirement planning in response to Taiwan's aging population, low birth rates and other social issues. The bank utilizes easy retirement insurance products to help customers start planning early, and endeavors to make Taishin a more competitive brand in the insurance market. Since July 2021, we have added the Taishin Life Insurance product strategies, prioritizing the development of USD short-term savings insurance. Since September 2021, we have added USD insurances and mortgage life insurance as a response to the competent authority favoring life insurances as well as providing tax planning and asset allocation to high-end customers. Through short-term mortgage life insurance, six-year mortgage life insurance etc. we have added new options for our customers in the management of life insurance. Meanwhile, following the competent authority's policy, Taishin Bank is devoting more resources to provide professional training in protection and aging population related products for our salespersons. By having employees become better trained in tax and estate planning and in exploring customers' protection and other needs, Taishin Bank expects to achieve better matches between customers and products.

Furthermore, since 2020, the COVID-19 pandemic has continued to impact the global economy, and with lockdowns gradually easing in 2021, inflation was also spurred, so it is estimated that central banks or federal banks in major countries like the US may step in and gradually tighten their monetary policy, causing great impacts to the finance market and creating instability in the investment market. In order to satisfy our customers' investment and insurance needs, Taishin Bank shall endeavor to provide a variety of stable investment-linked insurance products to help our customers secure their assets through life insurances while also helping them make investments and accumulate wealth under the protection of insurance. We will also present various customized pseudo discretionary insurance policies while following the trend of the investment environment such as including ESG issues, which have become a major area of concern, in investment strategies.

As digital transformation in banking continues to gain momentum, Taishin Bank is also investing heavily in the digital transformation of our insurance brokerage business. The Taishin Bank online insurance enrollment platform, e-Insure, has more than 17,000 members as of the end of 2021. The platform offers property and casualty insurance (e.g. motorcycle/auto insurance \ Mobile Device Insurance) and life insurance (e.g. travel insurance and variable annuity). There are plans to introduce new forms of insurance products exclusively for the online platform in order to enable customers to purchase coverage anytime, anywhere.

Taishin Bank's insurance brokerage service is widely praised by the customers. The bank invests a lot of resources in training to help employees enhance their professional knowledge and skills. The mission is to give customers the most up-to-date and market leading insurance services. Meanwhile, Taishin Bank ranked second place in the agency and brokerage category of the Micro Insurance Competition organized by the Financial Supervisory Commission and the Insurance Agency Association of the Republic of China in 2020 and 2021. Furthermore, since 2020 the pandemic has caused many inconveniences and placed restrictions on the general population's daily routines. Joining the public in the fight against COVID-19, Taishin Bank launched COVID-19 health insurance products and insurance policies that cover vaccine adverse effects to provide better protection and more peace of mind for customers during a pandemic.

The net profit percentages for key activities of the Bank and the growths and changes are listed as follows:

Net profit percentage	2021	2020
Retail banking	57%	62%
Wealth management	29%	33%
Consumer finance	20%	21%
Credit card	8%	8%
Wholesale banking	25%	25%
Financial Market	18%	13%
Total	100%	100%

Note: The cash card business is merged into retail banking services.

## b. Business plan for the current year

### 1. Wealth Management

- (1) The Taishin Bank brand is built on "Expert-driven Decisions" and "Dedication". The Bank offers a diverse range of localized and personalized customer services. Taishin Bank is constantly in pursuit of innovation and stronger customer relationships, aided by its outstanding digital services that establish the Bank as an Intelligent Partner of its customers.

- (2) As part of its commitment to sustainable development and customer-centric values, Taishin Bank offers appropriate asset allocation, regular investment checkups, and after-sales services in risk management and market analysis reports, all of which are designed to help customers achieve consistent returns and asset growth in the markets.
- (3) Continue to enhance member services for wealth management customers. Teams of experts are on hand to provide personalized services for individual, household, and YBO members as well as cloud members. Such services include retirement planning, estate planning, children's education funding, and asset and health preservation.

## 2. Retail Banking

- (1) In terms of customer base management, we have used big data to analyze customer behavior and established multiple review parameters (such as behavioral preferences in the bank, payment capacity, and social relationship) to innovate customer base management models. We have also continued to optimize our efforts in media, combining digitized marketing with lively marketing strategies to attract the attention of younger generations.
- (2) In terms of product design, we have assisted merchants with digital transformation and the co-operation of the ecosystem via new payment technologies and the optimization of processes. We aim not only to enhance the stickiness between merchants and Taishin Bank but also plan to expand our co-op with merchants, combining life scenarios and financial services (such as using API linking) and directly insert digital financial products in third-party platforms to create B2B2C service processes, thus providing seamless experiences to customers.
- (3) In terms of channel management, we have integrated sales teams to create marketing synergy, and utilize cross selling among the departments to provide a one-stop service, enhancing sales of consumer banking products and the number of products held by each customer.
- (4) In terms of micro-enterprise services, we have expanded the “e enterprise loan” function on the micro enterprise digital financing platform by connecting to the “SME financing platform information” gathered by the Joint Credit Information Center to create the best service application experience. We have also established standard review processes to quickly assist enterprises in using the new payment technologies or acquiring working capital, thus realizing inclusive finance.
- (5) In terms of digital innovation, we have combined payment, privileges, points, and data platforms, accompanied by the Taishin Richart Life app to create a variety of scenario-based finances. We have also continued to expand our online customer acquisition mechanisms, including importing new technologies as per deregulations (using MyData and connecting to the Joint Credit Information Center to acquire personal information) and establishing loan matching platforms via AI prediction models and big data analytics, in order to shorten the online application time of customers and create new customer experiences.

## 3. Digital Banking

In order to improve the Taishin everyday life and finance ecosystem, Taishin will continue on the layout of finance and life scenarios to expand customer contact channels. First, we will continue to optimize customer experience in financial services and digital platforms, enhancing personalized experiences and implementing online to offline (O2O), building a service to sales social commerce model for financial products. Relevant details of priority businesses of financial services and digital platforms are as follows:

- (1) Richart - the digital banking brand
  - ◆ The first financial institution to adopt agile development, the first digital banking brand that is 100% customer experience oriented and mobile app oriented, providing customers with the latest financial service experience by quickly responding to the market.
  - ◆ First in the market to offer integrated products and services that combine "savings, payment, financial planning, foreign currency, insurance, loan, and time deposit" to deliver simple, convenient, transparent and intuitive service, to make investments more affordable to young generations and to bring financial services easily within reach of younger generations.

- ◆ Through interviews combined with big data analysis, Richart will continue to create better, smoother service and user experience.
- ◆ Providing gamified and highly interactive service experiences to customers and enhancing the brand awareness and brand favorability of Richart by combining the creative operations of social platforms (Facebook fanpage, LINE official account, Instagram official account) and the official LINE personalized service experience.
- ◆ Winning the Global Finance World's Best Digital Bank Awards for three years in a row in 2019, 2020, and 2021.

## (2) Internet or mobile banking

- ◆ Continuing to explore different innovative financial services:
  - Reinforcing user security: The new version of Taishin's mobile banking has added FIDO to reinforce the saving of passwords, enhancing the security of users when they are verifying during login on the mobile banking app. By working with financial service companies commissioned by the Ministry of Finance on tax payment service APIs, four types of taxes can be paid online by either scanning the QRCode of tax bills or entering tax bill information. These four tax types are individual income tax, vehicle license tax, house tax, and land value tax.
  - More convenient investment and wealth management services: The all-new "Easy GO" service announced for Internet banking and mobile banking allows financial advisors to remotely provide financial planning services and suggestions for the allocation of funds, and customers may complete the transaction of funds after agreeing to the service agreement via mobile banking/online banking. Not only do transactions became easier, it is also no longer necessary to go out and come into contact with people, therefore customers may make investments while preventing COVID-19.
- ◆ Developing engagement marketing for digital banking:
  - We are working with multiple strategic partners to build a banking innovation laboratory. The lab covers 10 major industries, and works on more than 20 innovative business partnerships. We were the first to simulate common everyday life scenarios through various techniques and business process redesign. We demonstrate innovative banking and future business applications to showcase a one-stop service covering hardware/software, payment system, and platform to merchants and affiliated partners. The service covers 80% of the everyday needs of the average consumer. Innovations and fintech applications from the banking innovation lab won a best innovative initiative award from the Global Retail Banking Innovation Awards, and they also won a World's Best Financial Innovation Labs award from the Global Finance Awards.

## (3) New payment & collection services

- ◆ Supporting government policies to increase the percentage of electronic payment as a payment mode; and implementing a multi-payment service model to help traditional markets or merchants adopt digital services.
- ◆ Providing Taishin Pay to enable Taishin Bank cardholders to make digital payments with ease. Adding Taishin Points to the service to let customers pay with points.
- ◆ Expanding acquiring services for affiliated merchants to create an Taishin Omni Payment System (TOPS) platform that supports various electronic wallets and makes it easier for merchants to handle different payment modes.
- ◆ Providing the Taishin Payment App (for merchants to collect payments) to affiliated merchants of Taishin Bank for easier barcode payment collection.
- ◆ Continuing to work with offshore third-party payment service providers and seeking potential partnerships in Hong Kong, Japan, South Korea, Singapore, and Southeast Asia.
- ◆ Develop electronic voucher and gift certificate modules with trust or performance guarantee to help merchants affiliated with Taishin Bank develop stored value wallets or e-gift certificates. The goal is to use new modules to achieve all-win among the bank, merchants, and members of the merchants.

We have optimized the existing financial services to provide the best user experience, have built the Richart Life app and ATM, and have expanded service locations both online and offline. The relevant details of Richart Life services and ATM are as follows:

#### (4) Richart Life

- ◆ Richart Life integrates reward points, payments, offers and discounts, and financial services to guide customers to shop at scenarios of each strategic partner, eliminating the boundary separating everyday life and finance via a one-stop app.
- ◆ The services of Taishin Points include the exchange of points with cross-industry businesses, the deduction of credit card outstanding payments, deduction of digital payments, and the redemption of various coupons, thereby allowing customers to use points on things that are closer to their daily lives through a variety of daily applications.

#### (5) ATM services:

- ◆ Providing diverse and friendly ATM Services: Taishin Bank ATM services combine new businesses to create an international remittance collection service, thus helping the government to build the friendliest financial environment. Furthermore, in accordance with the government's COVID-19 economic relief policy, the transfer fee for physical ATMs was reduced, and people may also collect the "Subsidy for Children" and the "Subsidy for Partial Work Hours" directly from Taishin Bank ATMs. This helps to reduce the economic impact of COVID-19. In order to build a friendly financial environment, Taishin Bank has added multiple languages (including Japanese, Korean, Thai, Vietnamese, and Indonesian in addition to the existing Mandarin Chinese and English) to the interfaces of ATM transactions since 2020 such as withdrawal, transfer, deposit, balance inquiry, change of password, and Visa Money Transfer which are often used by foreign workers, immigrants, and tourists. Furthermore, the IC ATM Card Activation function was further added in 2021, which improves the inclusivity of finance.
  - Expand new types of ATM points of service: Apart from continuing collaboration with three major chains of convenience stores to maintain ATM points of service, this bank is also expanding collaborations with different industries to develop new types of points of service (such as hospitals, traditional markets, pharmacy chains, wholesale store chains, and public transport hubs). The expansion brings the bank into the everyday life of its customers to meet the demand for cash in different customer groups.

### 4. Wholesale Banking Services

- (1) Building on strengths in product innovation and service development to provide one-stop financial services and increase customer loyalty.
- (2) Introducing integrated NTD and foreign currency cash management; promoting cash services (collection and payment) as means of sourcing current deposits; anchoring customer relationship and minimizing credit risks.
- (3) Taking advantage of local branches to develop close ties with local customers; trying to expand the customer base in small- and medium-sized enterprises; and targeting high net worth customers in Asia Pacific.
- (4) Focusing more on niche export businesses and high net worth enterprises with an emphasis on asset products and financial planning services in order to build an image of a regional bank.
- (5) Taishin Bank is actively deploying its plans for the China and Asia-Pacific markets. Currently, it owns branches in Hong Kong, Singapore, Tokyo in Japan, Brisbane in Australia, Labuan in Malaysia, and a Marketing Service Office in Kuala Lumpur, Malaysia. It also has representative offices in Ho Chi Minh City in Vietnam, Yangon in Myanmar, Shanghai in China, and Bangkok in Thailand. The Bangkok Representative Office were opened for business in June 2021, and the Labuan Branch and Kuala Lumpur Marketing Service Office were both opened in November 2021. We will continue to expand our market in the future and increase profits from overseas.
- (6) Improving the lending process and strengthening risk management in order to maintain sound asset quality.

- (7) Investing more in training and job rotation mechanisms in response to the growing momentum in overseas operations, and building an overseas talent database.

## 5. Financial Market Services

- (1) The Bond Market Department provides planning and management of underlying onshore and offshore bonds in underwriting cases. The department is an active participant in bond issuance and financing planning for onshore and offshore companies, and brings in diverse cases with overseas issuers and provide Taiwanese investors with diverse options.
- (2) Develop new products and platforms to increase product range, to provide customers with diverse financial products and increase adhesion of customers.

## 6. Trust Services

Respond quickly to changes in market conditions by expanding the range of products, and strengthen post-investment management mechanisms on an ongoing basis to support a complete range of financial planning services. The focus of product development is as follows:

### (1) Fund and collective investment management

- ◆ Extending the line of onshore/offshore funds to better reflect changes in market dynamics. Introducing new type products and promoting different thematic funds to meet asset allocation needs of different customer segments with different attributes.
- ◆ We will continue to incorporate market and product information services into the online and mobile trading platforms, establishing the “Awesome Finance” to create financial planning services that are more convenient and more instant. We will add more fund features to the digital banking app, and launch funds in time with current affairs and lowering the thresholds in order to offer more investment choices for digital banking customers.
- ◆ Introducing by private placement funds not yet filed with the competent authority in the country or flagship products offered by foreign private banks in order to use products to develop stronger relationships with high net worth customers.
- ◆ Promoting regular savings plans, and making investing readily accessible through various digital channels to help all customers make long term investment.
- ◆ Attracting more customers of custody services and securing assets under management (AUM) for funds while generating more stable income from the AUM base.

### (2) Foreign securities

- ◆ The real-time trading system for foreign ETFs, foreign stocks, and other foreign securities gives customers an easier-to-use trading platform that is more instant and responsive. The foreign securities investment advisory service also helps customers stay updated on their investments.
- ◆ Provide various types of bonds, including overseas bank debentures, corporate bonds, and government bonds of good ratings; and develop online and mobile banking services to give customers an easier-to-use online investment channel.
- ◆ Regarding offshore structured products available only to accredited investors investing on behalf of their clients, principal protected products are available in multiple time periods, and variety in the underlying instruments allows risk diversification. Equity linked products without principal protection are offered alongside market approach, simplified transaction processes and underlying securities selected to assist customers to track opportunities in market volatility. Planning trusts and custody services

### (3) Planning trusts and custody services

As a response to the Trust 2.0 Project of the Financial Supervisory Commission, we have customized trust contracts based on customer needs and continued to promote trust services such as "retirement trust", "family trust" and "employee welfare trust" for the purpose of providing more options of trust services to customers. Meanwhile, as Taiwanese businesses find prosperity around the world, Taishin is providing the "foreign/Chinese employee investment accounts" service to satisfy the needs of businesses to retain talent and implement their plans for rewarding and compensating employees.

## 7. Insurance broker services

- (1) In coordination with the policies of the competent authorities, we have continued to promote the transformation of insurance products and promoted protection-oriented products that match customer needs. We have introduced life insurance products that fulfill customers' needs and developed competitive products for the market through our life insurance subsidiary, and maintain a diversified product portfolio by including death, health, and accident benefits to cover medical, long term care, and disability needs. The bank builds on the channel strengths of the existing branches, and try to increase the percentage of customers holding insurance in their portfolios.
- (2) Meanwhile, to satisfy the demand for financial planning and protection focused products, investment-linked insurance policies that combine investment returns and protection are offered to provide protection with the life insurance element while allowing more flexible asset allocation with international standard compliant and innovative structures or guarantees introduced on an ongoing basis. Other than providing security to our customers with life insurance, we will also continue to introduce innovative structures that meet international standards and add to the product strategy of Taishin Life Insurance. We will also prioritize the development of pseudo discretionary products that are operated by a team of experts.
- (3) Develop digital channels for insurance distribution. To be closer to digital natives, the Taishin Bank online policy application service offers simple auto insurance and travel insurance, and taking advantage of its relationship with and understanding of digital users, Taishin Bank has launched variable annuity insurance online that requires little money and mobile device insurance that also covers secondhand mobile phones. Resources within the bank itself and those from partner insurers will be combined to identify new customers and enable more effective differentiation marketing.

### c. Market analysis

#### 1. Wealth Management

- (1) Supply and demand and growth potential:
  - ◆ Customers at the top of the pyramid are the targeted base for wealth management services. Competition in the wealth management market is fierce.
  - ◆ New data related technologies at other banks are showing rapid development. There are a large number of external data sources, and the overall quality of customer service has improved.
- (2) Competitive niche:
  - ◆ After Taishin Life Insurance joined Taishin FHC, Taishin Bank has become more capable of completely satisfying the comprehensive protection needs of customers with our diversified products, thereby fulfilling the requirements for asset inheritance and financial diversification for individuals and families.
  - ◆ A complete line of products is available to customize financial plans and asset allocation advice to suit each customer's needs.
  - ◆ Taking advantage of the insight into market changes and strong environmental adaptability and combining big data and AI models to provide personalized services with speed and precision.
  - ◆ With professionalism and innovation as our competitive advantages, we have been assessed by PWM magazine as the best Private Bank in Asia for the use of Big Data and AI Applications for four consecutive years.
- (3) Favorable factors for development outlook:
  - ◆ The big data platform offers insight into market movements and customer demand in advance.
  - ◆ The pandemic has accelerated the digitalization process, and the application of technology and the integration of virtual channels and physical branch offer more business advantages and higher efficiency.
- (4) Unfavorable factors for development outlook:
  - ◆ Customers at the top of the pyramid have complex and unpredictable needs, making it more challenging to manage the business.

- ◆ Competitors are investing more and more resources, such as technology, big data platform, and data mining experts, into the area, creating an increasingly competitive market.

(5) The bank's countermeasures:

- ◆ Continuing to optimize the customer experience in the integration of virtual channels and physical channels, accelerating digital transformation. In addition, the Company provides well-designed and easy-to-use digital financial planning services, strengthens customer relationships, increases customer satisfaction, and meets the demand for 24-hour uninterrupted financial services.
- ◆ The digital platform offers a variety of innovative services and analytics technology in order to create more contact points and expand the customer base.
- ◆ Taishin Bank provides personalized consumer banking and wealth management services in response to market changes and customer needs. Meanwhile, data analytics capabilities are being refined to allow the bank to target customer segments with precision and gain a good understanding of customer needs as well as the ability to provide more friendly and personalized financial planning services.
- ◆ Taishin Bank develops talent and strengthens professional training of first line personnel on an ongoing basis. The existing system for passing down knowledge and experience is designed and perfected to ensure the sustainability- and customer-oriented philosophies are upheld and suitable asset allocation and investment advice is provided to customers.
- ◆ The Bank deploys innovative services and digital experiences to enhance its reputation by utilizing the advantages of social media.

## 2. Retail Banking

(1) Supply and demand and growth potential:

[Loans]

- ◆ Our market capital was ample in 2021, and although the Central Bank revised the "Central Bank Regulations on Mortgage Loans by Financial Institutions" three times, we have added regulations for the purchase of second housing and lands in specific regions in addition to controlling the mortgage loans for high-priced residential properties and the third or above purchase of houses made by natural persons to keep the market prices of construction company projects and housing stable. Yet the need to purchase owner-occupied housing still exists. In 2021, a total of 348,000 houses were bought, sold, or transferred, which was an increase of 7% compared to 2020 and a record high for the past eight years, and the prices of housing have gone up as a result. In 2022, with the improving economy and sufficient capital, we estimate that the prices of housing will remain stable with a rising trend in 2022 even though there is the issue of rising interest rates.
- ◆ In terms of the auto loan market, the annual number of registered vehicles of 2021 had a slight decrease of 1.7% compared to 2020, ending at a total of 449,000 vehicles. This fall was due to the impact of the COVID-19 pandemic, as well as shortages in automotive chips and freight transport. Yet consumers' demand for purchasing vehicles is still strong, and with people's increasing focus on ESG issues, the growth of new green energy vehicles has become more significant, therefore we estimate that the sales of green energy vehicles will slightly increase in 2022. However, the unsolved supply issue of automotive chips, the rising prices of raw materials leading to an increase in prices of automotive vehicles and the speed of global freight transport, these are all important factors determining whether or not the automotive vehicle market will grow in 2022.
- ◆ Regarding personal loans, strong growth will continue in online venues and physical banks and online-only banks will be competing vigorously as online services are becoming more deregulated, the fintech sector is delivering innovation and strong progress, consumer habits are changing, and online-only banks are launching. The post-pandemic era has seen many great impacts on industries, so the recovery of the economy is still not looking up.

#### [Credit cards]

- ◆ Major co-brand channels remain in the hands of the six largest card issuing banks, who together hold an over 60% market share in terms of the number of cards in circulation.

As of the end of December 2021, there were 33 card issuers in the market with a total of 52.63 million cards in circulation and a total of 33.8 million active cards. The average is more than 4 cards per capita.

- ◆ The number of card accepting merchants reached 740,546 in 2021, up by 7.2% compared to 2020.
- ◆ The usage rate of consumer mobile payment increased from 37% in 2020 to 50% in 2021 due to the pandemic and promotional policies. With the usage of cash decreasing and the usage of mobile payment increasing, a growth in the mobile payment market is expected.

#### (2) Competitive niche:

- ◆ iLoan is a digital platform for consumer loans. The online loan application experience is constantly optimized. Furthermore, with policy deregulation, the scope of service is expanded and the loan application process is made more efficient.
- ◆ The well-rounded team of sales professionals cross-sells a variety of products. The production output continues to increase.
- ◆ The complete line of financial products is sufficient to counter market changes and meet the demand.
- ◆ As the average age of customers falls, Taishin Bank relies on innovative products and digital services to attract the target audience.
- ◆ Internal data are utilized in combination with Big Data, AI tags and different channels of communication (such as ATMs, customized text messages and EDMs) to achieve precision marketing.
- ◆ Digital technologies and social media are combined to expand distribution channels for consumer banking products. The combination moves the bank further into the daily lives of its customers and provides innovative products to increase the number of younger customers.
- ◆ With the largest acquiring market share, we continue to proactively develop digital finance and payment application and expand business opportunities in the ecosystem.
- ◆ Taishin Bank combines resources in Taishin FHC to seek opportunities to work with industry leaders.

#### (3) Favorable factors for development outlook:

- ◆ Taking the ecosystem approach contributes to customer solicitation across different industries, and expands channels for customer acquisition.
- ◆ In response to the development of digital banking, the bank actively utilizes new technology (such as block chain and big data), develops platforms of automated systems, and enhances information security measures in order to increase efficiency of service.
- ◆ Apart from steady growth of the existing customer base and the newly acquired Richart customers, Taishin Bank utilizes an extensive network of real-time online/offline communication channels, supported by big data based segment analysis, to increase precision marketing and penetration of consumer banking products.
- ◆ The government continues to promote digital finance (such as the Open Banking API, My Data, digital platforms connecting to the government's data, etc.), which enhances the efficiency of online loan applications.
- ◆ By combining our ecosystem experience with the complete services and products of Taishin FHC and working with leading brands of industries that have the potential for development to build financial scenarios, we develop new customers through cross-industry collaboration.
- ◆ The coronavirus is accelerating digital transformation in different industries and creating new opportunities for offline businesses trying to implement online payments. Merchants work actively to launch membership apps with built-in payments in order to increase member loyalty. These apps also encourage consumers to make electronic payments.

- ◆ Consumer shopping behaviors are responding to trends in digitization/ubiquity of online and mobile devices. Online/Mobile payments continue to grow.

(4) Unfavorable factors for development outlook:

- ◆ The physical bank/online-only bank price competition and the success of Taishin Bank can be easily replicated.
- ◆ The combination of increasingly saturated financial markets and persistent low interest rates leads to highly homogeneous products and creates challenges in maintaining profitability.
- ◆ The financial markets are gradually becoming saturated. Price competition and copying successful business models in the financial industry have made raising profits difficult.
- ◆ The pandemic and border lockdowns have impacted overseas businesses and traveling purchases.
- ◆ The rise of fintech and purely online banks will bring diversity into payment scenarios while inducing changes in the mutually dependent relationship between merchants and financial service providers. The cost of competing against other banks will rise and eat into a bank's income.

(5) The bank's countermeasures:

- ◆ Continue with more extensive use of digital technologies; optimize internal systems; and develop and refine new products and services in order to improve operating performance and offer a variety of user experiences.
- ◆ Increase penetration of consumer Banking products and create synergy through collaboration among Taishin Bank's channels and integration of its resources.
- ◆ Form cross industry alliances and engage in precision advertisement, and redirect customers from different channels to acquire more customers.
- ◆ Focus on increasing loyalty of customers with medium to high purchasing power, securing spending with high unit price and high frequency and on fees and Insurance taxes.
- ◆ Cultivate industries that benefit from the pandemic (E-commerce/delivery/digital video/online shopping), focusing on key areas of mobile payment (supermarkets/convenience stores/restaurants), and securing the business opportunity of contactless payment both online and offline.
- ◆ Work with fintech and build on big data to help merchants attract customers and generate demand in order to strengthen the stickiness between Taishin Bank and merchants and create more partnerships in the ecosystem. At present, affiliated merchants include well known department stores and many in transportation, food and beverage, e-commerce, and tourism.

### 3. Digital Banking

(1) Supply and demand and growth potential:

- ◆ According to the 2020 Taiwan Internet Report published by the Taiwan Network Information Center, more than 83% of the population of Taiwan uses the Internet, with more than 77% of the population using the Internet via mobile devices. It is an inevitable trend for banking services to be accessible via the Internet and mobile devices.
- ◆ 2021 Mobile Payment Consumer Survey by Market Intelligence & Consulting Institute (MIC): The usage frequency of mobile payment came close to 70% (69%) for the first time, falling only behind physical cards (74%) and cash (71%); mobile payment has become the only tool to grow for three consecutive years among the four major payment tools.
- ◆ The Market Intelligence & Consulting Institute had also conducted a special survey on consumer behavior during the national level 3 alert period and found that the usage frequency of cash was 38%, a significant drop of 30%, the biggest drop rate among all payment tools. The most frequently used tools are physical cards (56.2%) and mobile payment (55.7%), and mobile payment had almost caught up with physical cards.

## (2) Competitive niche:

- ◆ Provide digital customers with the best product portfolio that comprehensively covers demand deposit, time deposit, payment, foreign currency, insurance, and loans, which is different from the traditional banking, where customers have to combine different financial products by themselves.
- ◆ The smart customer service has upgraded the Google-developed Bidirectional Encoder Representations from Transformers (BERT) through Natural Language Processing, and it currently answers 98% or more of the questions with very high accuracy. It is easy to use and available 24 hours a day to answer customers' questions and satisfy user needs in a timely manner.
- ◆ Constantly hold several wealth management lectures on campus and give lectures on digital banking at forums organized by the competent authority or associated with FinTech, which helps raise the awareness and acquire the brand recognition of the young generation, and overturn the young generation's stereotype of investments coming with a high threshold.
- ◆ Build on advantages of merchants affiliated with the bank and strength in the number of card accepting merchants and play an active role in the government's pilot programs for new payment tools in order to identify customers' needs before competitors.
- ◆ Taishin Bank developed different payment and collection models ahead of its competitors, and take innovative approaches to create differentiation.
- ◆ Starting from the perspective of customers, not only have we provided complete digital banking transactions and inquiry services to our customers but we have also built consumption scenarios with our strategic merchants at the same time, assembling various special offers and cross-industry points to build the Taishin Bank Everyday Life and Finance Ecosystem in a cooperative fashion.

## (3) Favorable factors for development outlook:

- ◆ Implement effective agile development to enable the bank to launch new financial services ahead of competitors.
- ◆ Build on "customer experience" and have open platforms and cross industry partners bring in new products and services in a way that reduces costs and responds more quickly to market demand.
- ◆ Awarded multiple invention and utility model patents: money saving credit card, login preview, cardless withdrawal, Proximity Transfer, Easy Transfer, One-stop Fund Transfer, ATM facial recognition with filter, and credit application system without financial proof. Patented technologies are applied in the daily lives of customers to establish everyday financial scenarios.
- ◆ Combine AI and biometric identification technologies to develop facial recognition for services such as opening an account, making a payment, withdrawal or transfer, identifying VIP in branch and making payments by facial recognition. Achieve the vision of complete digital banking.

## (4) Unfavorable factors for development outlook:

- ◆ The entry barrier to copying financial services is low and the sandbox policy for the banking sector is still in the early stage. There has not been much major development in the area.
- ◆ The product cycles for diverse new types of payment solutions (e.g. NFC, barcode scanning, and biometric identification) are becoming shorter, and it is uncertain which solution(s) will become mainstream. For the time being, this area requires more IT and marketing resources.

## (5) The bank's countermeasures:

- ◆ The bank continues to engage the digital customer base via virtual channels and to organize marketing campaigns in response to popular topics on the internet.
- ◆ Nonfinancial big data are introduced in combination with internal behavior analysis to correctly predict customers' needs and recommend suitable products.
- ◆ We commence cross-industry collaboration through strategic alliance, promoting the application of financial products in different scenarios. Wholesale Banking Services.

#### 4. Wholesale Banking Services

##### (1) Supply and demand and growth potential:

- ◆ Looking forward to 2022, the COVID-19 pandemic keeps many uncertainties in the global economic recovery. These uncertainties include: vaccine development and performance, US-China trade and technology disputes, monetary policies in certain countries, global trends in raw material prices, and volatility in financial markets worldwide. In terms of the domestic market, whether the policies of the government to encourage Taiwanese businesses to invest and set up plants here in Taiwan can truly help the domestic financial industry amidst a slow-down in the global economy remain to be seen. Consequently, there will be many challenges in 2022. In addition, an excessively large number of banks and homogeneous competition in Taiwan make it very difficult for banks to maintain profit growth. The government is actively supporting banking deregulation, innovative measures, and the New Southbound Policy to encourage banks to enter emerging countries in Southeast Asia and expand their overseas network. Such expansion will help banks increase the percentage of overseas profits and diversify their profit sources. Furthermore, Taishin Bank will be following topics such as continuing semiconductor production output in Taiwan, suppliers injecting more cash flows into the country, and the fast growing demand for 5G, automotive, and IoT applications. In summary, 2022 will be a year filled with challenges. The wholesale banking service will be paying more attention to risk management and environmental factors while pursuing growth.

##### (2) Competitive niche:

- ◆ Ability to integrate a multitude of products offered under the financial holding group; commitment to financial product/service innovation; attention to customers' multidimensional needs; and the ability to deliver one-stop financial shopping experience.
- ◆ With an outstanding corporate Internet banking platform, we provide integrated cash flow collection & payment transfer to our customers.
- ◆ Excellent risk control mechanisms help ensure sound asset quality.

##### (3) Favorable factors for development outlook:

- ◆ Given the ongoing liberalization and rapid economic growth of Asian emerging markets, there is going to be substantial growth in demand for overseas banking services.
- ◆ Possess plural product resources and development capability of the financial holding firm to provide one-stop-shopping financial services to customers.
- ◆ The government encourages financial institutions to adopt new technologies and expand overseas, both of which contribute to the scope of business.

##### (4) Unfavorable factors for development outlook:

- ◆ Over-banking status, homogeneous traditional financial products are difficult to create high profits.
- ◆ The bank still has only a few branches overseas; its global network remains sub-optimal.
- ◆ Financial supervision has become more stringent than ever. The implementation of Basel III accord will put further strains on the bank's capital and liquidity. All of which present added costs and risks.

##### (5) The bank's countermeasures:

- ◆ Make proper use of group resources. Provide differentiated services and products to different client segments, so as to create service value.
- ◆ The Bank continues to expand its business abroad while developing domestic and international customer bases.
- ◆ Accelerate the application for the establishment of branches in Long An, Vietnam for the purpose of expanding its business territory and boosting overseas income Financial Market Services

## 5. Wholesale Banking Services

### (1) Supply and demand and growth potential:

- ◆ We estimate that in 2022 the domestic export for overseas market demands will continue to stay strong and private consumption will stabilize; easing pandemic, recovering consumer confidence, private investment and other domestic factors will contribute to economic growth. However, we need to be cautious when facing challenges such as the uncertainties of the pandemic, inflation, and the international requirements for zero carbon emissions.
- ◆ The year 2022 will be one full of challenges for the international financial market. Due to the pandemic, the economy will be sluggish, but virus variants, vaccines and disease prevention still dominate our economic activities, currency policies and inflation during the post-pandemic era, the market prices of oil and commodities, energy and electricity crises, and the effects on carbon reduction and zero carbon emissions. The global economy is still currently stable; however, it has slowed down compared to 2021. With the Federal Reserve Board of Governors raising interest rates, economic growth will be difficult, adding more uncertainties to the financial market.

### (2) Competitive niche:

- ◆ A large variety of consumer banking products, comprehensive offerings, and closely integrated investment planning and marketing channels allow quick adjustment of sales and investment strategies in response to market changes in order to achieve synergy.
- ◆ Financial market research, daily market commentary, real-time macroeconomic analysis and interest/exchange rate reports are provided to help customers follow market developments. One-stop financial portfolios are offered to help customers make choices most suitable for their financial goals.

### (3) Favorable factors for development outlook:

- ◆ As the revenue of Taiwan-invested enterprises grows, the need for hedging increases.
- ◆ Utilizing the resources of the head office to capture business opportunities overseas, build up a presence in overseas markets and develop closer relationships with local customers.

### (4) Unfavorable factors for development outlook:

- ◆ With both stock and bond markets reaching nearly 10-year high, there are even more challenges in investing.
- ◆ Financial supervision has become more stringent than ever. The amended regulations on derivative products and tightened rules on KYC and product suitability impose restrictions on product sales.

### (5) The bank's countermeasures:

- ◆ Increase sources of foreign capital and diversify investment targets, to increase the return on investment and liquidity of the capital. Increase flexibility and expand the sources of regular income.
- ◆ Develop new and more varied products, optimize sale processes and platforms to satisfy customers' needs for wholesale banking, institutional investment and wealth management.
- ◆ Strengthen compliance, self audit, and market and operational risk management; develop better internal control systems; and adhere strictly to the compliance rules and other applicable laws and regulations.

## 6. Trust Services

### (1) Supply and demand and growth potential:

- ◆ According to SITCA statistics, subscriptions of onshore and offshore funds through special-purpose money trusts continue to increase and have consistently shown positive growth in the last five years. It suggests that more consumers are paying attention to financial planning. In addition, the Internet is making real time market information more readily available, and banks are improving their investment platforms to cater to more investors.

- ◆ As the Financial Supervisory Commission proactively promotes the "Trust 2.0 Project" and customers also gradually have more knowledge on and needs for trust, providing different options of trust products for our customers has become our top priority. For example, a family trust is an ideal tool for passing on assets and allocating shares among family members in an explicit manner. Its ability to eliminate troubles in passing on assets to the third generation provides an answer for century-old businesses. With the early arrival of a super-aged society, there is an urgent need for retirement trusts as they offer special purpose funds and asset preservation for the senior, the disabled, the critically ill, and those who are bedridden and unable to care for themselves.
- (2) Competitive bedridden and unable to care for themselves. Competitive niche:
- ◆ Personalized financial services are offered to different customer groups based on different characteristics. Products with various themes are introduced in response to market trends.
  - ◆ The line of onshore/offshore funds has been extended. The Bank, by careful screening, is the first to introduce new and innovative products with specific focuses.
  - ◆ Database analysis helps the Bank get a deep understanding of needs of different customers so that the Bank can provide personalized services and send updates on market development to customers.
  - ◆ Optimize Internet banking and mobile banking transactions as well as market and product information. Develop a smart fund platform to provide better asset allocation advice.
  - ◆ Launched Taiwan's first funds and overseas bonds available via digital banking, and added e-Class Bonds exclusively for the automated channels. Lower the threshold for investing to make it readily accessible to general investors.
  - ◆ With plenty of investing experience, Taishin Bank offers customers personalized trust planning and complete Employee welfare trust services as well as planning advice, assisting customers to reach the objectives of property security, wealth inheritance, and management associate pension for corporate employees.
- (3) Favorable factors for development outlook:
- ◆ The competent authority is actively supporting the digital finance policy. The younger generations are having more influence and depending more on social media, leading to the growth of automated channels and a higher frequency of self directed investing.
  - ◆ With an increasingly aged society and businesses paying more attention to talent retention and incentive, Taishin Bank supports the FSC "Trust 2.0 Program", which contributed to the development of retirement trust and employee welfare trust.
- (4) Unfavorable factors for development outlook:
- ◆ Products are highly similar with little differentiation. Competitors continue to open more overseas branches to gain larger market shares.
  - ◆ New forms of competitors (e.g. 100% online banks and fund platform operators) enter the market, leading to more fierce competition.
- (5) The bank's countermeasures:
- ◆ Service quality is enhanced for both physical branches and digital channels in order to create an integrated business model and explore innovative cross industry alliances.
  - ◆ New type products and private placements are introduced to reflect changes in market dynamics and meet customer needs for asset allocation.
  - ◆ The Bank endeavors to build strong relationships with wealth management customers. Honesty, integrity, and sincerity are the Bank's watchwords in understanding customer needs and providing suitable products.
  - ◆ Resources under Taishin Holdings are combined to achieve synergy through cross selling. The Bank provides one-stop services so that customers are able to make complete various transactions under one roof.

- ◆ Professional trust services are one of the cornerstones of the wealth management business. These services are aimed to satisfy the demand for trust services and generate investment income.
- ◆ Strengthen relationship with existing wealth management customers, deeply understand customers needs, and provide appropriate products.

## 7. Insurance broker services

### (1) Supply and demand and growth potential:

- ◆ According to LIA statistics, domestic life insurers reported a total of NT\$731.5 billion in first year premium in 2021. The decline, 6.7% compared to 2020, was the largest in the last 9 years. The initial annual premium of traditional life insurance policies in 2021 had declined by over 18.4% compared to 2020 due to factors such as sales being affected by the home quarantine policy for COVID-19, the Financial Supervisory Commission starting to request life insurance companies to comply with IFRS17, declining government bond yield rates that led to life insurance companies decreasing the valuation interest rate at the beginning and in the middle of 2021 as well as declared interest rates for interest rate sensitive policies trending downward or remaining unchanged, the competent authorities focusing on long-term protection or aging policies, and declared interest rates possibly reflecting the performance of segmented assets and having stabilizing mechanisms, etc. The initial annual premium of investment insurance policies, however, saw an increase of 26% compared to 2020 due to the revival of the global economy after the pandemic was controlled, creating new opportunities of industry rotation for the investment market.
- ◆ Looking forward to 2022, there will be fewer and fewer saving oriented products under the FSC's current policy. Given the aging population and other social trends, more attention will be given to protection oriented products, health and long term care insurance, and annuities to meet a wide range of insurance needs.

### (2) Competitive niche:

- ◆ The bank adopts an "open platform" model with Taishin Life Insurance's strategies, which targets different customer attributes and tries to provide suitable financial planning services for customers with different responsibilities and financial objectives in different life stages.
- ◆ The Insurance Broker Division of Taishin Bank excels at adapting quickly to constantly changing market conditions and aligning different trends and developments to introduce various insurance products as needed.
- ◆ Familiarity with international markets enable the bank to help customers review their policies and taxation, retirement planning, and estate planning needs, and then offer comprehensive policy planning and asset allocation advice.

### (3) Favorable conditions for future development:

- ◆ Following the rise of fintech, Taishin Bank is investing in the development of fintech and online insurance enrollment services. Meanwhile, young people's internet and digital device dependence makes it easier for Taishin Bank to develop and manage digital channels.
- ◆ The aging population presents a massive opportunity in the retirement market and creates favorable conditions for protection oriented products and annuities (including traditional and investment-linked insurance products).

### (4) Unfavorable conditions for future development:

- ◆ In the interest of stable insurance operations and in anticipation of the adoption of IFRS 17, valuation interest rates are expected to stay low in the long term. Apart from potential premium hikes and lower customer interest, much less attractive endowment insurance products will make it harder to sell endowment insurance, which will push the bank to complete product transformation and make salespersons better professionally trained.
- ◆ For better consumer protection, insurance regulations are becoming increasingly rigorous. In addition to expanding the list of products requiring recording of the sale process and lowering the minimum age

requiring recording for unit linked insurance products, a telephone interview on the source of funds is now also required. Such interviews create a complicated policy application process, and make customers less willing to include such products in their portfolios.

- ◆ Digital technologies are advancing by leaps and bounds. To stay ahead in the digital insurance business, one needs a large-scale replacement or upgrade of existing systems.

(5) Response strategies:

- ◆ Take advantage of strong physical channels, step up development of digital channels, and combine resources in the financial holding company to develop O2O marketing.
- ◆ Align with the market, and develop first-of-its-kind or exclusive new-type products to satisfy different needs of customers in different life stages.
- ◆ Follow current affairs and discuss with external experts to create points of contact with customers and stimulate customer needs in order to increase penetration and enhance customer segment management.
- ◆ Analyze credit card holders or customers coming through other digital channels, explore new customer bases, and achieve synergy.
- ◆ Strengthen relationship with existing wealth management customers, deeply understand customers needs, and provide appropriate products.

#### d. R&D of financial products and business development status

##### 1. Major financial products and scale of retail banking in recent two years

###### [Loans]

- (1) The outstanding balance of mortgage loans reaches NT\$589 billion and is growing at 6.0% per year.
- (2) The outstanding balance of auto loans reaches NT\$52.4 billion and is growing at 3.5% per year, again placing the bank in a leading position in the financial industry.
- (3) The outstanding balance of personal loans reaches NT\$81.0 billion and is growing at 8.5% per year.
- (4) The outstanding balance of micro corporate loans reaches NT\$9.0 billion and is growing at 22% per year.

###### [Credit cards]

- (1) 6.06 million credit cards outstanding, ranking fourth with a 11.5% market share.
- (2) 4.07 million active credit cards, ranking fourth with a 12.0% market share.
- (3) NT\$349.1 billion in annual card purchases, ranking fourth with a 11.2% market share.
- (4) 163,000 card accepting merchants in total, ranking first with a market share of 22.0%.

##### 2. Major financial products and scale of Digital Banking in recent two years

###### (1) Richart - the digital banking brand

Customers of Richart are primarily 20 to 40 years old. The average age of consumers with digital banking needs has been falling in recent years. Richart was first to launch an online account application service for minors in April 2020. Consumers aged 7 or above but under 20 will be able to apply to open a Richart account entirely over the internet. "Subaccount" was introduced in August 2020. The feature satisfies various fund management needs, and help customers reach their savings goals. In September 2021, the "Provision" product was introduced to satisfy the customer need for temporary funds, and help customers to use their funds with greater financial flexibility. In November 2021, the "KKBOX music time deposit" product was introduced to assist customers with converting their time deposit interest into music serial numbers of KKBOX, providing more varieties of financial products to satisfy different financial needs. In December 2021, "friends of Richart" was introduced to guide customers to use Richart financial service through games, thus encouraging customers to make plans for their finances.

## (2) Internet or mobile banking

Responding to the financial needs of customers, Taishin Bank has been continuously optimizing Internet banking and mobile banking. In 2021, our mobile banking was overhauled to focus on four major areas: enhancing product features, optimizing operational processes, increasing scenario-based applications, and improving product recommendations. Five main homepages were also featured to considerably divert customer needs into groups and helped Taishin Bank win 7 major domestic and international awards within a year. By working with financial service companies commissioned by the Ministry of Finance on tax payment service APIs as a response to the trend created by the worsened pandemic, individual income tax, vehicle license tax, house tax, and land value tax can be paid online by either scanning the QRCode of tax bills or entering tax bill information. Payment statuses can also be checked immediately after payments are sent, providing a tax payment service that is convenient, secure, and has no time restrictions to customers.

## (3) New Payment & Collection Services

### ◆ Promoting New Payment Tools:

"Taishin Pay", the exclusive wallet of Taishin Bank, was introduced to 7-11 and Shinkong Mitsukoshi in 2021, leading to a growth of over 330% in the annual transaction amount compared to the previous year.

In cooperation with the government policy of increasing the domestic market share of electronic payment, we are currently offering the electronic payment service providers account link, and its overall transaction volume has increased by 101% compared to the previous year.

### ◆ Developing New Payment Tools Accepting Merchants:

Versatile payment/collection integrated solutions were developed by combining payment and collection needs. Taishin Bank works hard to help merchants build an optimal mobile payment environment. Taishin Omni Payment System (TOPS) helps various merchants accept mobile payments. The number of payments accepting points at affiliated merchants exceeded 100,000. We have helped store apps to transform into digital payment by using the pay+ payment module. In 2021, we had over 10 cooperating brands with an increase of 72% in transaction volume.

## (4) Richart Life

Acquiring new customers to increase the number of members and points liquidity of Richart Life has always been our top goal since its establishment in September 2020, and as of December 2021, we have acquired over a million members. Our secondary mission is to increase revenue via scenario-based applications and relevant financial services. Through data analysis, API system connection, and business cooperation with merchants, we have broken the restrictions of single fields and created a scenario-based finance to increase shopping guidance, points exchange, and the establishment of data models among cross-field members, which is beneficial for business partners on making business decisions and analyses.

## (5) ATM services:

Other than developing digital platforms, we have also been developing offline businesses. We have established foreign currency ATMs at service points in 101 branches of Taishin Bank in Taiwan, FamilyMarts, and Funcom Supermarkets, thereby providing customers of all domestic banks (or Chunghwa Post) to withdraw USD, JPY, and RMB via ATM cards. In August 2021, we have introduced the ATM EUR withdrawal and foreign currency deposit services, becoming the first bank in Taiwan that provides the deposit and withdrawal services of foreign currency cash ATM for USD, JPY, RMB, and EUR.

## (6) New payment tools

Versatile payment/collection integrated solutions were developed by combining payment and collection needs. Taishin Bank works hard to help merchants build an optimal mobile payment environment. The One Code Platform helps various merchants accept mobile payments. The number of payments accepting points at affiliated merchants exceeded 100,000. We have helped store apps to transform into digital payment by using the pay+ payment module. In 2021, we had 9 new cooperating brands with an increase of 72%

in transaction volume. "Taishin Pay" was introduced to 7-11 and Shinkong Mitsukoshi in 2021, leading to a growth of over 330% in annual transaction amount compared to the previous year. In cooperation with the government policy of increasing domestic market share of electronic payment, we are currently offering the electronic payment service providers account link, and its overall transaction volume has increased by 101% compared to the previous year.

#### (7) Richart Life

Acquiring new customers to increase the number of members and points liquidity of Richart Life has always been our top goal since its establishment in September 2020, and as of December 2021, we have acquired approximately 1.5 million members. Our secondary mission is to increase revenue via scenario-based applications and relevant financial services. Through data analysis, API system connection with over 50 merchants, and 14 or more items of business cooperation with merchants, we have broken the restrictions of single fields and created a scenario-based finance to increase shopping guidance, points exchange, and the establishment of data models among cross-field members, which is beneficial for business partners on making business decisions and analyses. °

### 3. Major financial products and scale of wholesale Banking in recent two years

#### (1) Outstanding of loans extended by domestic branches to state and private enterprises.

With equal emphasis on risk management and business development, the bank's outstanding of loans for state and private enterprises reached NT\$368.7 billion at the end of 2021, ranking 13th place among 36 domestic financial institutions and represented a 11% growth over the previous year, compared to the peer average growth of 8.7%.

#### (2) Outstanding of loans for small and medium enterprises

Owing to its support of the government's credit extension policy for small and medium enterprises and success in developing its own customer base, Taishin Bank reported an outstanding balance of SME loans up to NT\$ 237.7 billion at the end of 2021, which was a 26% YOY growth.

#### (3) L/C and export negotiation

The undertaken volume of export bills of exchange in 2021 was US\$1.6 billion, a massive increase of 79% compared to 2020. Other than developing businesses (including secondary forfaiting), Taishin Bank has continued to cultivate quality customers, defeating our competitors in performance.

#### (4) Factoring business

For factoring, Taishin Bank took a balanced approach in customer relationship management, and market price while considering credit risk. In 2021, Taishin Bank undertook NT\$201.3 billion in factoring, up by 9.4% from the previous year, taking the lead in the market.

### 4. Major financial products and scale of financial markets in recent two years

#### (1) June 2020 - 2019 CBC Government Bond Dealer Evaluation, 5th place.

#### (2) July 2020 - 2020 Taipei Exchange, Excellent Market Maker of Central Government Bonds in H1 2020.

#### (3) August 2020 - 6th TAIEX Futures Diamond Awards - Trading Volume Diamond Award for Banks, 1st place.

#### (4) In January 2021, Taishin was awarded first place in the team competition of the 2020 "Trading Competition of the New Taiwan Dollar Interest Rate Exchange Trading System".

#### (5) September 2021 - 7th TAIEX Futures Diamond Awards - Trading Volume Diamond Award for Banks, 1st place.

#### (6) In January 2022, Taishin was awarded first place in the team competition of the 2021 "Trading Competition of the New Taiwan Dollar Interest Rate Exchange Trading System".

## 5. Major financial products and scale of trust financial business in recent two years

unit: million

Project	2021	2020
Special-purpose money trusts investing in domestic/ foreign securities	184,194	178,598
Securities investment trust funds under administration	181,993	158,970
Other money trusts	64,635	49,001
Employee benefits trust	4,834	2,179
Securities trust	34,827	33,350
Collective investment trust account	438	563
Discretionary - specify separate accounts	0	0
Real estate trust	60,375	45,142
Money and securities	686	697

## 6. R&D achievements in recent two years

### (1) Credit Cards

Date	R&D Project	R&D Project Results
2020/12	Turning mobile phone into card terminal	To facilitate easier and more frequent payments, Taishin Payment App (a payment app with tap on phone) is developed specifically for card accepting merchants. It enables individuals and microbusinesses use the contactless and barcode scanning features of a mobile phone to accept payments with ease without needing a physical card terminal. Approximately 8,000 merchants are using the tool at present. It is expected to be expanded to include small cash payment scenarios soon.
2020/12 2021/12	Promotion of mobile SMS statements	To protect the environment and save the Earth, Taishin Bank launched mobile SMS statements in July 2017, and started promoting mobile statements in January 2018 in collaboration with DOMI Earth. For every 1,000 Taishin Bank credit card customers who switched from paper statements to digital statements, Taishin Bank would fund the upgrade to energy-saving lighting equipment for one energy poor household. As of 2021, more than one million Taishin Bank credit card holders had give their support, and more than 100 disadvantaged households had energy saving lighting equipment installed. So far in the campaign, the percentage of users of digital statements at Taishin Bank has doubled. In addition, this innovative platform has won the following rewards for four consecutive years. (1) In December 2020, Taishin Bank won second prize in the Buying Power - New Product and Service of Social Innovation Purchase Reward Program. (2) In December 2021, Taishin Bank won second prize in the Buying Power - New Product and Service of Social Innovation Purchase Reward Program.

### (2) Digital Banking

#### ◆ Richart - the digital banking brand

Through interviews combined with big data analysis, Richart will continue to create better, smoother services and user experiences.

Category	Date	R&D Project and Results
New Products/ Functions	2020/04 2020/09 2020/12 2021/09	<ul style="list-style-type: none"> <li>The first bank in the market to introduce the "Online A/C Opening for Underage Users", developing young account holders of Richart.</li> <li>Introduced the "subaccount" function, combining saving and life simulation game to help users achieve their savings goals.</li> <li>Introduced "feeder fund" to help young generations invest early and build up their savings.</li> <li>The first bank in the market to introduce the "Contingency Fund" product to make funds more accessible to customers and allow them to make better use of their funds.</li> </ul>
Cross-industry collaboration	2020/12 2021/11	<ul style="list-style-type: none"> <li>Introduced the "group ordering dog" (2020/12) and the "KKBOX music time deposit" (2021/11) through cross-industry collaboration.</li> </ul>
Awards	2020-2021	<ul style="list-style-type: none"> <li>Richart has won a total of 13 awards from 2020 to 2021 (10 in 2020 and 3 in 2021) such as Asiamoney Banking Awards for "Best Digital Bank", Global Finance World's Best Digital Bank Awards for "Best Online Product Offerings", Taiwan Banking and Finance Best Practice Awards, and the 17th and 18th National Brand Yushan Award.</li> </ul>

#### ◆ Internet or mobile banking

For Internet and mobile banking, we continued to focus on the customer experience and were dedicated to provide customers simple and intuitive service experiences.

Category	Date	R&D Project and Results
New Products/ Functions	2020/03	<ul style="list-style-type: none"> <li>"Omnichannel transfer by mobile phone number": has obtained a utility model patent.</li> <li>We provided the online order placing service of "Dual Currency Investment Account" on our Internet banking, the first in the industry to do so.</li> </ul>
	2020/05	
	2020/08	<ul style="list-style-type: none"> <li>Version upgrade - Internet banking: provides images of asset distribution, personalized detailed statements, and keyword search, allowing customers to easily see information about their personal accounts.</li> </ul>
	2021/07	<ul style="list-style-type: none"> <li>Mobile Banking Version Upgrade: provides more financial information, life information, and personalized services to customers with the "five main homepages" function. Also was the first in the industry to introduce the "foreign exchange widget" compatible with iPhones.</li> </ul>
Awards	2021/12	<ul style="list-style-type: none"> <li>In 2021, our mobile banking has won 7 domestic and foreign awards including the IDC "Best Bank in Taiwan" Award and the Global Finance Best Asian Pacific Consumer Finance Digital Banking Award.</li> </ul>

#### ◆ New Payment & Collection Services

On customer end, we continued to innovate and optimize new payment tools for our customers to give them better payment experiences.

Category	Date	R&D Project and Results
New Products/ Functions	2020/11	<ul style="list-style-type: none"> <li>Taishin Pay integrated reward points and introduced a service that allows customers to spend points on purchases, increasing the usage rate of points and optimizing the user experience.</li> </ul>
	2021/07	<ul style="list-style-type: none"> <li>Taishin Pay creatively combined the membership mechanisms and electronic invoice carriers of merchants, allowing customers to use one single barcode to accumulate points, pay, and save electronic invoices when purchasing.</li> </ul>

On the merchant end, we continued to optimize multiple mobile payment & collection integrated platforms and collaborate with different industries and electronic service providers to build the Richart Life Everyday Life and Finance Ecosystem.

Category	Date	R&D Project and Results
New Products/ Functions	2020/03	<ul style="list-style-type: none"> <li>We optimized merchant billing integrated services on multiple mobile payment and collection integrated platforms (2020/04) and added more digital wallet service providers (2020/03), thereby providing more than 10 digital wallet collection services to merchants</li> </ul>
	2020/04	
Awards	2020/11	<ul style="list-style-type: none"> <li>The Taiwan Banking and Finance Best Practice Awards are known as the "Academy Awards of the Finance Industry", and Taishin Bank has won the Special Award in "Best Digital Banking" at the Taiwan Banking and Finance Best Practice Awards for its "mobile payment and collection integrated platform".</li> </ul>

#### ◆ Richart Life

The Richart Life app links the everyday needs of customers with different industries to build the Richart Life Everyday Life and Finance Ecosystem.

Category	Date	R&D Project and Results
New Products/ Functions	2020/08	<ul style="list-style-type: none"> <li>We introduced the Richart Life app to create a borderless everyday financial service ecosystem that combines scenario payments, points economy, everyday offers, and banking needs.</li> </ul>
Cross-industry collaboration	2021/01	<ul style="list-style-type: none"> <li>We introduced the experience membership mechanism and points integrated accounts, the first bank to do so in the market. We also collaborated with different industries to introduce services such as online everyday life shopping mall.</li> </ul>
Awards	2021/12	<ul style="list-style-type: none"> <li>In 2021, Richart Life won 6 major awards including The Asian Banker International Excellence in Retail Financial Services Awards for "Best Customer Loyalty/Reward Initiative", Global Finance Best Digital Bank Awards, Financial Insights Innovation Awards for "Best Online Product Offerings", and Future Commerce Awards for Innovative Commerce.</li> </ul>

◆ ATM and other digital financial services

Aside from devoting great efforts to digital platforms and provide innovative services to customers, we also continued to introduce new physical channel ATMs.

Category	Date	R&D Project and Results
New Products/ Functions	2020/08	• ATM version upgrade: Four major personalized services (1) Personalized services (2) intuitive interface (3) personal benefits page that can be read quickly (4) multiple language options. The interface was optimized for ease of use and to give consumers the friendliest personalized experience and services.
	2021/04	• First in Taiwan to introduce "ATM International remittance", providing convenient remittance services to foreign workers in Taiwan.
	2021/07	• Provided the "Family Subsidy for Disease Prevention" and the "Subsidy for Partial Work Hours" during the pandemic.

In customer service, we combined Intelligent Customer Service to provide online services to our customers 24/7 without waiting

Category	Date	R&D Project and Results
New Products/ Functions	2021/04	• Our Intelligent Customer Service introduced "Automatic Marketing" (2021/04) and "Voice Recognition System Upgrade" (2021/07), allowing customers to receive the latest information through the automatic push notifications of the Intelligent Customer Service while they are browsing our website so they would not miss out on deals and offers. The Google BERT Natural Language Identification Model was also introduced to increase the comprehension ability of the voice recognition system, thereby optimizing the user experience.
	2021/07	

- ◆ April 15, 2020 - The bank received CBC approval in Tai-Yang-Wai-Qi No. 1090014174 dated April 15, 2020 for structured notes (principal protected) with foreign currency principal linked FX and interest rate swap.
- ◆ October 27, 2020 - The bank received FSC approval for filing in Jin-Guan-Yin-Kong-Zi No. 1090225384 dated October 27, 2020 for trading futures of foreign products as futures trader.
- ◆ May 13, 2020 - The Internet banking platform for the Dual Currency Investment (DCI) Account was expanded.
- ◆ September 29, 2020 - The mobile banking platform for the Dual Currency Investment (DCI) Account was expanded.
- ◆ September 29, 2020 - The Internet/mobile banking inquiry service for foreign bonds (proprietary platform) was expanded.
- ◆ On June 1, 2021, we added the service of opening new gold accounts online.
- ◆ On December 27, 2021, the bank received FSC approval for filing in Jin-Guan-Yin-Kong-Zi No. 1100213717 dated December 27, 2021 for processing transactions of negotiable securities lending by means of negotiated transactions.

(3) Trust Services

Date	R&D Project	R&D Project Results
2020/03-05	Launch of online overseas bond trading	March 2020 - Following the FSC Letter Jin-Guan-Yin-Guo-Zi No. 10702255770 that amended the Standards for the Security Management Operation of Electronic Banking Business of Financial Institutions and deregulated the service, online overseas bond trading was planned and launched for Internet banking on March 25, 2020 and for mobile banking on May 20, 2020.

7. Future R&D plan

(1) Wealth Management

- ◆ Combine resources in the financial holding company and a variety of product platforms to meet the financial services needs of customers in different stages of their lives. Increase customer satisfaction with the wealth management service in the process.

- ◆ Continue to strengthen the development of big data and AI technology. Optimize digital banking services and learn about customers' needs through big data analytics and contact via virtual channels. Provide a constantly expanding range of services for better operating performance.

#### (2) Retail Banking

- ◆ Work with open banking and create ecosystem business models to reach consumers via merchant platforms and enable instant activation of personalized products.
- ◆ Utilize the innovation approval mechanism and create a variety of review parameters (e.g. in-branch behaviors and preferences, ability to pay, and social network) and instant approval lists for a more efficient approval process.
- ◆ Install different digital application channels to make the service more accessible.
- ◆ Combine customer segmentation analysis and footprint tags to find marketing potential in existing customers.
- ◆ Connect fintech firms and third party payment service providers and work together with card accepting merchants' new technology plans to create digital payment venues.

#### (3) Digital Banking

- ◆ Invest in expanding the line of digital banking services and continue to optimize platforms and implement innovations to facilitate more effective O2O integration.
- ◆ Work with various industry/government/academia partners and apply AI technologies, new payment tools, and big data to revolutionize banking and payment services and start a brand new digital age.

#### (4) Wholesale Banking

- ◆ Expand pluralized treasury product lineup via combination of interest rate, exchange rate, bond, bulk commodities, and equity.
- ◆ Establish new financial trading system to accommodate the rollout of new diversified products in the future, and improve trading flow and enhance trading capability.
- ◆ Focus on launching RMB business in light of current round of deregulations.
- ◆ Expand offshore financing and the number of overseas branches, strengthen the function of e-network trading platform, so as to satisfy customers' need for cross-border fund maneuvering.

#### (5) Financial Market Services

- ◆ Assemble interest rate, exchange rate, bond, commodity, and equity products to increase product variety.
- ◆ Implement well-organized or electronic trading systems that respond to market trends and improve trading processes and capabilities.

#### (6) Trust Services

- ◆ Continue to introduce or develop new types of products to expand the product lines.
- ◆ Refine customer segmentation to provide investment products that meet customer needs.
- ◆ Follow the trends in digital and smart technologies and enhance trading platforms and processes to create a better user experience.

#### (7) Insurance Broker Services

- ◆ We continued to introduce first-of-its-kind or exclusive insurance products while coordinating with the Taishin Life Insurance strategies to expand product lines to satisfy different needs of customers in different life stages
- ◆ Strengthen relationships with existing wealth management customers, identify and provide insurance products that meet customer needs, and increase the percentage of customers holding insurance products and raise awareness of sufficient coverage among customers.

- ◆ Following the rise of fintech, Taishin invests in development and management of digital channels, and provides a wide range of insurance products and enrollment channels for customers.
- ◆ Offer different insurance products to different customer groups, and generate income through asset allocation in order to meet the demand for steady cash flows after retirement

## e. Short-and long-term business development plans

### 1. Wealth Management

#### (1) Short-term business development plan

- ◆ We applied precision data analysis and integrated the resources of Taishin FHC to enable customized marketing and maximize cost effectiveness. We also provided customers with tailor-made finance and debt solutions which in turn result in greater satisfaction and higher AUM.
- ◆ We constructed an O2O financial network consistent with customers' individual and household needs for a complete range of wealth management services.
- ◆ Build customer relationships as a local business and assign customers to nearby branches by work address. Observe customers' transactions on a regular basis and change home branches accordingly.
- ◆ The rise of a new generation makes it necessary to follow changes in younger customers' behavior, revamp financial services and create a new customer service experience in order to effectively attract younger generations.
- ◆ We combined big data analytics, digital footprint, and real time personalized marketing platform to track the customer needs of wealth management and provide integrated financial planning services.

#### (2) Long-term business development plan

- ◆ A well established digital banking system is constructed by collecting external data from various sources, improving CRM modeling techniques, and achieving more precise segmentation with an integrated real and virtual platform.
- ◆ Complete O2O integration, including Internet banking, mobile banking, Richart, Richart Life, the corporate website, customer service, automated service facilities, branches, and affiliated merchants, in order to provide better financial services for customers.
- ◆ Continue to build a stronger team and a wider range of products and instant services; and incorporate premium wealth management membership benefits to create one-stop wealth management services for customers.

### 2. Retail Banking

#### (1) Short-term business development plan

- ◆ We took a customer-oriented approach to optimize the online loan application process and card functions.
- ◆ We provided timely loan application services through precise analysis of the data of customers' behavior in handling their accounts and the bank via AI technology combined with online and offline consumption fields.
- ◆ In credit loans, we used modeling technology, focused operations, and improved digital loan application processes to increase the turnover rate and give our customers a better loan application experience.
- ◆ By combining the resources of Taishin FHC and Taishin Securities, we expanded our customer services to increase our customers' product holding rates.
- ◆ We reached consumers via merchant platforms and enable instant activation of personalized products.
- ◆ In micro-enterprises, we combined credit guarantee funds to expand the number of subcontracting industries. We increased the number of customers acquired through digital channels through precision marketing in media.

- ◆ By taking the advantage of the numerous cross industry suppliers of the Richart Life app, we expanded the credit card application platform to multiple scenarios of different industries to discuss partnerships with suppliers in the ecosystem on card solicitation.
- ◆ We used customer data analysis/tags/prediction models to find out the preferred consumption scenario of high profiting potential customers to effectively acquire customers and increase product holding rates.
- ◆ We developed the online application and instant card-linking function to give our customers a better shopping experience.
- ◆ Responding to Merchants' needs to go digital, we offered new digital technology products to develop closer partnerships in financial products.

#### (2) Long-term business development plan

- ◆ Explore potential opportunities in micro businesses or individual sellers, expand the industry network, and introduce different financial products to increase merchant value.
- ◆ Develop big data and ecosystems. Utilize big data analytics to help merchants manage member relationships and attract customers. Increase stickiness between Taishin Bank and merchants, and create the needs for financial products.

### 3. Digital Banking

#### (1) Short-term business development plan

- ◆ In addition to continuously developing Richart comprehensive digital financial products such as utility model insurance, utility model investments, and utility model loans, we also continued to develop financial scenario applications such as electronic payment and e-commerce.
- ◆ We launched new payment modules and services, including optimized Pay + payment module, Taishin Omni Payment System (TOPS) and apps for merchant collection, and we also developed e-gift card platforms to provide faster and easier-to-use integrated payment plans.
- ◆ We developed the Richart Life Member API Anti-linking Mechanism (the financial service that provides better bilateral user experience by establishing a single Richart Life member log in interface with channels of collaborating merchants in the ecosystem) and continued to link cross industry members to increase the application of points and make digital wallet payment more convenient.
- ◆ Create one points account and an instant cash redemption feature that combines all points and allow instant redemption of points for cash for a better customer experience.
- ◆ We developed the Richart Life "transportation code" function, allowing customers to pay for public transportation fees with mobile payment.
- ◆ We are the first in the industry to introduce the ATM that offers deposit/withdrawal of four major foreign currency cash, and we are the first in the industry to provide international remittance services, thus offering the most convenient foreign currency services through the integration of online and offline functions.

#### (2) Long-term business development plan

- ◆ Through cross industry collaboration, we applied our products to multiple financial scenarios.
- ◆ Introduce new technologies, and develop new digital tools and models.
- ◆ Utilize a combination of new AR/VR technologies/new scenarios to provide integrated O2O smart financial services.
- ◆ Build an open ATM platform to encourage businesses to transform themselves and explore cross industry partnership opportunities.
- ◆ We built the points integrated service platform to provide various plans of payment and points integration to merchants.

#### 4. Wholesale Banking

##### (1) Short-term business development plan

- ◆ Implement customer relationship management by segmentation, improve product dimensions, and strengthen relationships with customers.
- ◆ Enforce group-wide limit control to ensure optimal allocation of credit risk among subsidiaries.
- ◆ Expand relationships with securities customers through cash flow services and demand deposit privileges; increase the percentage of customers' demand deposits for lower funding costs.
- ◆ Combine channel resources within the bank; cater to local customers and expand the SME customer base; and focus equally on profitability and quality.
- ◆ Increase the number of branches in China and Asia and build an integrated cross border platform that embodies the policy to serve Taiwanese businesses worldwide and position the bank as a global business.
- ◆ Build the bank's overseas talent pool through regular job rotation, in order to accommodate growing businesses.
- ◆ Support the government's lending policy for SMEs and startups which includes the Asian Silicon Valley project, intelligent machinery, biomedicine, green energy technology, national defense and aerospace, a circular economy, and a new agricultural paradigm, and provide financing for potential businesses, while in the meantime paying close attention to risk control.
- ◆ While the Southeast Asian economies continue to grow, the need for financing infrastructure in the region grows. The government's New Southbound Policy offers benefits for investment and therefore benefits for the bank's operations in Southeast Asia.
- ◆ Offer "Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" in line with the government's policy to assist returning businesses to obtain funds for construction of plants and relevant facilities, purchase of equipment and provide working capital via loans.
- ◆ In support of the government's policy to encourage the return of overseas Taiwanese businesses and stimulate economic growth in Taiwan, the Bank offers "Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan".
- ◆ Work with relief programs from government departments (MOEA, MOTC, MOC, MOHW, and CBC) and provide relief plans for customers, including extension of existing accounts, operating funds, and revival funding.
- ◆ We promoted green finance, financial sustainability, and responded to international advocacies of implementing corporate sustainability and all facets of ESG.

##### (2) Long-term business development plan

- ◆ Enhance service capabilities and product innovation; anchor customer relationship and aim to raise customers' satisfaction and contribution.
- ◆ Allocate group resources with greater efficiency; deliver all-round financial services through synergistic use of existing product lines.
- ◆ Actively explore overseas markets; increase profit contributions from overseas and broaden the bank's presence in China and the Asia Pacific region.
- ◆ Continue recruitment and cultivation of overseas talents to support the medium and long-term development of overseas business.

## 5. Financial Market

### (1) Short-term business development plan

- ◆ Continue to improve the financial structure, reduce the cost of funds, increase investment returns and transaction margin, and create more sources of regular income.
- ◆ Continue to explore new customer bases while strengthening existing customer relationships; and seek opportunities for wholesale banking, institutional investment, wealth management, and private banking services in domestic and international markets in order to generate more domestic and foreign income.
- ◆ Enforce self audit, develop better internal control systems, and adhere strictly to the compliance rules and other applicable laws and regulations.
- ◆ Recruit and retain talent, build up human capital, provide training, and create a stronger talent database.

### (2) Long-term business development plan

- ◆ Continue to develop innovative financial products and services in order to optimize sale process and platforms and satisfy customers' needs for investment and wealth management to create mutual benefit for the bank and the customer.
- ◆ Implement and promote the use of electronic platforms, and improve the quality and efficiency of products and services.
- ◆ Strengthen market and operational risk management to monitor risks with more precision.

## 6. Trust Services

### (1) Short-term business development plan

- ◆ Help seniors and disabled customers build suitable retirement trusts, and expand the employee welfare trust service. In addition, promote foreign/Chinese employee investment accounts to domestic TWSE/TPEX listed companies and primary listed companies in Taiwan in order to provide a complete range of domestic and international employee reward plans for institutional customers.
- ◆ Develop a smart digital banking environment with more convenient services such as electronic account opening, smart trading, and financial planning services.
- ◆ Introduce an adequate understanding of asset allocation, and provide regularly investment performance reviews and post-investment services such as risk management and market trend analysis in order to help customers achieve stable returns and in turn increase product sales and total assets under management.
- ◆ The real-time trading system for foreign ETFs, foreign stocks, and other foreign securities gives customers an easier-to-use trading platform that is more instant and responsive. The foreign securities investment advisory service also helps customers stay updated on their investments.
- ◆ Provide various types of bonds, including overseas bank debentures, corporate bonds, and government bonds of good ratings; and develop online and mobile banking services to give customers an easier-to-use online investment channel.
- ◆ Regarding offshore structured products available only to accredited investors investing on behalf of their clients, principal protected products are available in multiple time periods, and variety in the underlying instruments allows risk diversification. Equity linked products without principal protection are offered alongside a market approach, simplified transaction processes and underlying securities selected to assist customers to track opportunities in market volatility.
- ◆ Potential customer bases are explored and offered financial publication and information. Investment seminars and promotional events are organized to increase AUM.
- ◆ The Bank, by careful screening, is the first to introduce new products with specific focuses to suit different financial planning and asset allocation needs.

- ◆ A rich variety of online financial information is available for one-stop online financial planning services.
- ◆ The idea of regular fixed-amount investment is matched to investment objectives of customers at various stages of their lives to encourage customers to accumulate wealth, thereby increasing AUM for the Bank.

#### (2) Long-term business development plan

- ◆ We developed a wide range of trust services, and continued to work with the wholesale banking division, the payroll division, and Taishin Securities to design employee welfare trusts, providing enterprises a full range of employee reward and salary consulting service and planning advice.
- ◆ In promoting financial product, it is necessary to periodically review new or revised announced by the government.
- ◆ Continue introducing a diverse range of new products and services intended to deliver consistent returns for investors in bearish markets.
- ◆ Promote asset allocation and regular fixed investment, and aim to increase product sales and total AUM.
- ◆ Track product performance regularly and continue to improve risk indicators to monitor product performance and risks for customers.
- ◆ Continue introducing a variety of new funds or flagship products offered in other countries for high net worth customers; and innovative means of investment to meet the demand for financial planning and investment efficiency.

### 7. Insurance Broker Services

#### (1) Short-term business development plan

- ◆ We continued to provide suitable protection-oriented products for customers, and introduced a wide range of life insurance products (such as participating policy and spillover policy) to increase the penetration rate of insurance products.
- ◆ We continued to introduce innovative structures in addition to adding Taishin Life Insurance investment-linked insurance products to meet different needs for financial planning and protection.
- ◆ Expand the range of insurance products available over the internet. Considering the characteristics of online shoppers, introduce fragmented and scenario based insurance products that are relevant to current affairs for more effective differentiation marketing.
- ◆ Continue to cooperate with insurance companies to develop mobile insurance functions to provide customers with a digital experience and achieve paperless effects.

#### (2) Long-term business development plan

- ◆ Check regularly changes in the competent authority's policies and regulations, and respond promptly to the latest guidelines while promoting new type insurance products and services.
- ◆ We continued to introduce different insurance products and combined the Taishin Life Insurance strategies to enable a one-stop insurance shopping for customers.
- ◆ In response to increased awareness of consumer rights and the need to ensure suitability of financial products and services, the insurance brokerage service at Taishin Bank treats customers equally, and works constantly to optimize the process before, during, and after a sale and review the services. Meanwhile, Taishin Bank continues to provide professional and compliance training for salespersons on a regular/ad hoc basis. Furthermore, as part of its commitment to corporate social responsibility, sustainability, and ESG compliant services, Taishin Bank reviews the service and financial data of its affiliated insurers against strict standards in order to provide suitable and secure insurance planning and after-sales services.

## B. Employee

### a. Employee information in the recent two years and as of the date of the publication of the annual report.

Feb. 28, 2021 Units: years ; people

Year		2020	2021	Current year as of February 28, 2022
Numbers of employee	Male	3,043	3,040	3,053
	Female	4,621	4,565	4,552
	Total	7,664	7,605	7,605
Average age		38.4	38.7	38.8
Average service years		9.04	9.23	9.32
Shares of education degrees	Doctor	0.1%	0.1%	0.1%
	Master	20.7%	21.3%	21.4%
	College	74.6%	74.4%	74.3%
	Senior high	4.6%	4.2%	4.1%
	Under Senior high	0.1%	0.1%	0.1%
Kinds of professional certificates owned by employees and their numbers	Test for trust business	4,212	3,993	4,028
	Basic test for internal control	4,185	4,124	4,151
	Qualification test for property insurance staffers	3,665	3,492	3,488
	Investment-type insurance policy staffers.	1,774	1,225	1,700
	Life insurance staffers	3,788	3,512	3,494
	Future business staffers	398	390	390
	Securities investment analysis	32	30	31
	Senior securities staffers	443	431	473
	Investment trust and consulting staffers	573	535	568
B-type laws and regulations for investment trust and consulting (including professional ethical code)	2,108	2,102	2,128	

### b. Employee training and development

To support continuous business growth, personal training and development has been the consistent insistence of Taishin Group. In 2021, the company's training efforts received the highest level of subsidy from the Ministry of Labor under its "Corporate Talent Improvement Program." The total number of trainees reached more than 381,878 people/attendances and the average annual training hours per person reached more than 50.2hours. The following talent training measures have been adopted to maintain the organization's competitiveness:

#### 1. Taishin University

Utilize the integration of Taishin University and CTMS training management system, each of the courses offered had been associated to various managerial roles and general roles within the organization, so that every staffer can take advantage of systematic and structured course design and system function to carry out plural learning. The platform features "transparent learning information," "diversified learning channel," "and integrated learning resources." Furthermore, a number of digital banking and language courses were provided in 2021 in support of the trends in fintech and the company's overseas expansion strategies.

#### 2. Talent Inventory Program

Choosing and recruiting different levels of colleagues by the 360 evaluation mechanism and the talent committee, and thereby identify prospective managers for various levels such as MA, AMA and TSP. The identified candidates are then assigned with job duties and goals that help build up skills to their intended positions.

### 3. Individual Development Program

By analyzing MBO and career goals, the company is able to identify skills that employees' lack. These gaps are then addressed through training, job rotation, mentoring, meeting participation, and project involvement with close guidance from managers. The company has implemented a training account system where each employee is given 10,000 training points to spend each year; furthermore, employees are subsidized for their efforts in gaining professional qualifications, secondary skills, language and computer skills etc, so that their personal goals are congruent with those of the company.

## C. Corporate responsibility and code of ethics

**Taishin Bank, as a financial institution, is devoted to fulfilling its corporate social responsibility. It coordinates and combines resources from its subsidiaries, and has for years been offering support in areas including charities, arts and culture, sport sponsorship, and financial education. As a responsible corporate citizen, Taishin Bank tries to give back to the community and to support the disadvantaged.**

### a. Charity and Welfare

#### 1. "Caring Taiwan" series

Taishin Bank teamed up with the well known shopping website, PayEasy.com by Systems & Technology Corp., and launched the "Caring Taiwan" Project in 2002. The project has reached into Xinyi Township, Zhongliao Township, Yuchi Township, and Guoxing Township and utilized corporate resources to help disaster victims develop local economies. The idea is to teach them to fish instead of giving them fish. Online campaigns advertise local specialties of disadvantaged regions and tourist attractions and call on the general public to purchase local produce and make credit card donations. The project has succeeded in helping to rebuild the disaster areas and establishing a model of corporate citizenship.

In 2008, the "Caring Taiwan" Project extended its reach into rice production in Taiwan. To ensure the continuity of Taiwan's agriculture and the population's access to 100% locally grown rice, Taishin Holdings and PayEasy.com created an innovative platform for the production and marketing of Taiwanese rice. The programs "My One Acre of Farm" for corporations and "My Family's One Acre of Farm" for households helped bring Taiwanese rice into households. They not only provided healthy choices for consumers, but generated income for rice farmers, which in turn created more jobs on rice farms in Taiwan. In total, Taishin Holdings purchased more than 178 units and funded close to 90 hectares of paddy field. More than 10,000 clients and employees consumed close to 311,500kg of premium Taiwanese rice. The total investment reached NT\$33.6 million, which benefited rice farmers and provided excellent advertising for Taiwanese rice.

#### 2. Power of Love

The Taishin Charity Foundation was founded in 2010 with funds donated by Taishin Bank and its chief charity works include helping the disadvantaged hone their ability to earn a living and thereby raise their living standards, sponsoring activities by other charity groups and funding studies on social issues, and other social welfare related tasks, with the final aim to help the socially disadvantaged become "financially independent and self-reliant". After its establishment, the foundation rolled out "Your Ballot Decides the Strength of Love" event, the first online public-service event in Taiwan. Under the event, small and medium social-welfare institutions were invited to put forth proposals online for voting by online social groups, in deciding the recipients of donations. Taishin pays attention to more sectors and groups every year, and events have received an overwhelming response over time. In addition to charity partners, Taishin managers, employees, clients, and the general public also make donations. The charity fund reached NT\$37.4 million in 2021 for the 12th event, benefiting 198 charity organizations.

Other than organizing "Your Ballot Decides the Strength of Love", the Taishin Charity Foundation takes advantage of the platform to actively integrate resources under Taishin FHC and partners interested in offering help. Social welfare groups are empowered to make public statements and become self-sufficient through workshops, resource matchmaking, and volunteer counseling. Some long-term endeavors include the Minority Project, Campus Charity Project, Charity Art, Power of Love Workshop, Festive Joy, and charity sales. Taishin FHC's groups, employees, customers, and suppliers are invited to join efforts and step up social outreach. In 2020, the foundation incorporated a management mechanism for social outreach and obtained a social return on investment (SROI) of 5.33. In other words, social value worth NT\$5.33 is created for every NT\$1 invested by Taishin.

## b. Arts and Culture Development

### 1. Contemporary art

Taishin Bank donated to establish "Taishin Bank Culture and Art Foundation" in 2001, with the theme of "promoting cultural life quality and strengthening artistic-development environment". It supports arts as a nonprofit institution, intensifies exchanges between artistic innovation and private industry, and realizes the corporate social responsibility of payback to the society. The Taishin Arts Award was created by the foundation and rewards modern artistic creativity in various fields in Taiwan that demonstrates growth potential and reflects the society and local cultures. 61 winners have received the award and more than NT\$50 million in prize money over 19 years. The award not only commends Taiwanese artists for the professional creations, but also serves as a platform for connecting local creators with the rest of the world. ARTalks, a critics platform, was founded in 2013 in order to promote artworks nominated for the award. In 2020, it accumulated 2.1 million visits and prompted audiences to reflect on contemporary cultural phenomena.

Additionally, Taishin Bank has used open space in the first floor lobby of Taishin Tower to regularly organize contemporary art exhibitions since 2006. Due to impact from the COVID-19 pandemic in 2020, an art installation in the form of an anti-epidemic hallway that served practical purposes was built during the Taishin Arts Award season to bring art closer to Taishin employees, customers, and the general public. A total of 69 art exhibitions have been held as of 2020.

### 2. Public art

The Lunchtime Concerts, which started in 2006, take place 23 to 24 times a year. Due to impact from the COVID-19 pandemic in 2020, the concerts were live streamed between May and October, and then held as physical concerts for the latter half of the year. 359 shows have been held throughout 14 years, and we will continue to bring music to communities, customers, and employees. Taishin has invested close to NT\$249 million in arts and cultural sponsorships in Taiwan since 2006. The events together attracted 6.13 million participants.

### 3. Employee arts courses

"Employee arts courses" have been introduced with themes ranging from arts appreciation, theatrical performance, parental activities, to human culture. A total of 9 arts courses were organized in 2021 to a total participant count of 392. These arts courses help Taishin employees develop cultural quality and character, whereas exposure to contemporary arts and aesthetics also inspires creative thinking.

## c. Sports Sponsorship

Taishin is a long term supporter of sports. It started supporting the Nantou Teenage Karate Team in 2005 (calling upon its customers through the online platform PayEasy, one of its affiliates, to join the campaign and raising more than NT\$98.7 million in small donations/receipts). Its sponsorship for female professional golfers has surpassed NT\$100 million since 2011. Taishin also expanded the scope of its charity golf tournaments by started to invite featured guests since 2011. A total of 518 guests have participated and more than NT\$20.32 million

have been raised in charity donations. Furthermore, we started sponsoring more sports since 2017, including basketball, baseball, marathons, and e-sports. In order to offer greater support for basketball, we started to sponsor the professional basketball team Formosa Taishin Dreamers in 2020, and incorporated our exclusive product, the Richart Life app, into basketball games to create a basketball ecosystem linked to daily life.

#### **d. Academic Exchange**

Taishin is always keen to get involved in major academic communities with the hope that through communications and exchanges between industry professionals, government officials, and academics sound development of Taiwan's financial sector and the financial market as a whole can be facilitated. To encourage cross strait exchange between top performing students, we have signed a memorandum of understanding (MOU) with Guanghua School of Management, Peking University and created the "Peking University Crossstrait Academic Fund" in 2012. The two institutions have been arranging academic and practical exchanges on a yearly basis. Taishin works also with National Taiwan University, National Chengchi University and other top universities in Taiwan. The project has successfully invited 65 professors and students from Peking University to engage and share their ideas with their counterparts in Taiwan.

Regarding industry-academia cooperation, since 2012, Taishin has been cooperating with universities, technology institutions and vocational schools to design industry-academia cooperation programs that offer students internships and the opportunity to learn and gain practical experience outside school. In 2021, a total of 476 students were recruited into an internship program, and 300 openings were offered. Given the uprise of financial technologies, Taishin has even launched a number of postgraduate internship programs that aimed to explore potential talents in relevant fields such as digital banking, data mining, data analysis and Fintech development.

#### **e. Environmental Protection**

Taishin is a long term supporter of environmental protection and energy conservation. It supports the green campaign through policies for energy conservation, carpooling, and casual summer dress code. Since the launch of its campaign to practice "Environmental Protection through Energy Saving" in 2009, Taishin has been urging its employees to support environmental efforts. In addition to the purchase of renewable energy, Taishin also demonstrated its support for renewable energy by installing solar power panels on its Neihu building in and Tainan Yongfu building. Meanwhile, Taishin is investing in green services, and has incorporated processes, such as teller transactions, online loan application, and card terminal application for merchants, into the Image Process Management system. Taishin is also devoted to the development of digital finance with the aim of reducing paper use and carbon footprint at the same time.

Regarding management systems, Taishin FHC continues to adopt ISO 14064-1:2018 Greenhouse Gas Inventory standards. It is expected that ISO 14001 environmental management system certification and ISO 50001 energy management system certification will be implemented for the entire company by 2023 and 2025 respectively in order to effectively monitor and track GHG emissions.

## D. The number of full-time, non-managerial staff, the average and median of salaries for full-time, non-managerial staff, and differences of the aforementioned figures from the previous year

Unit:NT\$1,000; people

Number of People/Amount	Year	
	2021	2022
Number of Employees	6,700	6,745
Average salary	1,271	1,245
Median salary	1,017	994

## E. Information system

### a. Major information systems

Item number	System name	Hardware	Software	Name of service
1	NT\$ core system (B@NCS)	◆ HP Superdome2	◆ HP-UX ◆ ORACLE	◆ B@NCS NT\$ application system ◆ B@NCS NT\$ reports system ◆ General ledger
2	ATM front end processor (FEP)	◆ IBM P750	◆ IBM AIX ◆ IBM MQ ◆ ORACLE	◆ ATM front end processor system ◆ Clearing system
3	Integrated database system (ODS)	◆ HP BL870C ◆ HP BL890C	◆ HP-UX ◆ ORACLE	◆ Operational database system(ODS) ◆ Data warehouse(DW/DM)
4	Sales force automation system (SFA)	◆ HP Flex ◆ MS Windows	◆ Linux ◆ Weblogic ◆ ORACLE ◆ MS Windows ◆ MS SQL	◆ Sales force automation system(SFA) ◆ Financial planning system
5	Personal finance (Internet/mobile banking)	◆ Oracle SUN T5-2 ◆ X86 Server ◆ IBM S822	◆ Solaris ◆ Weblogic ◆ ORACLE ◆ IBM AIX	◆ Internet Banking/Action Bank ◆ NT\$/foreign currency transaction inquiries, funds, trust services, credit cards, insurance, shares
6	Digital banking system	◆ IBM S822 ◆ IBM S814 ◆ X86 Server	◆ IBM AIX ◆ Weblogic ◆ ORACLE	◆ Richart digital banking ◆ NTD/FCY transaction inquiry, funds, trust services, and credit cards
7	Corporate banking network (B2B)	◆ HP BL680C ◆ IBM P570	◆ MS Windows ◆ IBM AIX ◆ Websphere ◆ ORACLE	◆ NTD/FCY deposit and remittance, collection and payment transfer, wholesale financing, corporate financial planning, broker service, Hong Kong deposit and remittance, and Hong Kong wholesale financing
8	Trust Investment Platform system (TIPS)	◆ HP BL620C	◆ MS Windows ◆ MS SQL	◆ A trading system for funds, ETF, offshore structured instruments, offshore bonds, ADR, and preferred shares
9	Credit card merchant acquiring system (NCPS)	◆ IBM S822	◆ IBM AIX ◆ ORACLE	◆ Merchant acquisition of credit card transactions
10	Foreign currency system (WBS)	◆ IBM S922 ◆ IBM S814 ◆ IBM S822	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ Limit control, guarantor and collateral management ◆ Import/export/loans/Deposits/ Remittance ◆ Price negotiation/Media reporting

Item number	System name	Hardware	Software	Name of service
11	Image process management system (IPMS)	<ul style="list-style-type: none"> <li>◆ HP RX2800</li> <li>◆ HP RP4440</li> <li>◆ Oracle T4-1</li> <li>◆ Oracle S7-2</li> <li>◆ Dell R740</li> <li>◆ HP BL620C</li> <li>◆ Oracle T5-2</li> </ul>	<ul style="list-style-type: none"> <li>◆ Solaris</li> <li>◆ HP/Unix</li> <li>◆ Weblogic</li> <li>◆ SOA</li> <li>◆ UCM</li> <li>◆ Linux</li> <li>◆ Docker</li> </ul>	<ul style="list-style-type: none"> <li>◆ Management of imaged processes such as NTD services (account/remittance/ applications/ account opening/negotiable instruments/KYC/ CIF update/official correspondence),merchant acquiring application, debt collection(attestation letters/ property ownership/household transcript/ overdue documents),retail mortgage/ unsecured credit/ auto loans,case submission app, corporate banking (debt entitlement certificates/scorecards ) etc.</li> </ul>
12	Factoring management system (OAEFB)	<ul style="list-style-type: none"> <li>◆ IBM P710</li> </ul>	<ul style="list-style-type: none"> <li>◆ IBM AIX</li> <li>◆ Oracle</li> <li>◆ IBM Websphere</li> </ul>	<ul style="list-style-type: none"> <li>◆ Accounts receivable system</li> </ul>
13	Trade finance system (Murex)	<ul style="list-style-type: none"> <li>◆ Oracle SUN X3-2</li> <li>◆ Oracle SUN X5-2</li> </ul>	<ul style="list-style-type: none"> <li>◆ Solaris</li> <li>◆ Murex</li> <li>◆ Oracle</li> </ul>	<ul style="list-style-type: none"> <li>◆ Financial trading (FX and MM) system</li> <li>◆ Trading risk control system</li> </ul>
14	Structured product sales system (SDS)	<ul style="list-style-type: none"> <li>◆ Dell R740 Server</li> <li>◆ X86 Server</li> </ul>	<ul style="list-style-type: none"> <li>◆ MS Windows</li> <li>◆ Oracle Forms and Reports</li> </ul>	<ul style="list-style-type: none"> <li>◆ DCI/ELI/GLI/FCI transactions</li> <li>◆ SI transactions</li> <li>◆ Spot orders</li> <li>◆ Gold trading</li> </ul>
15	Singapore wholesale banking system (SGWBS)	<ul style="list-style-type: none"> <li>◆ IBM S922</li> </ul>	<ul style="list-style-type: none"> <li>◆ IBM AIX</li> <li>◆ Weblogic</li> <li>◆ Oracle</li> </ul>	<ul style="list-style-type: none"> <li>◆ CIF, limit control, guarantor and collateral management</li> <li>◆ Funding/Spot/Forward/Swap</li> </ul>
16	Mobile office	<ul style="list-style-type: none"> <li>◆ HP Blade Server</li> <li>◆ HP X86 Server</li> </ul>	<ul style="list-style-type: none"> <li>◆ MS Windows</li> <li>◆ VMware</li> </ul>	<ul style="list-style-type: none"> <li>◆ A mobile office based on cloud technology</li> <li>◆ Software development tools based on cloud technology</li> </ul>
17	Japan wholesale banking system (JPWBS)	<ul style="list-style-type: none"> <li>◆ IBM S814</li> </ul>	<ul style="list-style-type: none"> <li>◆ IBM AIX</li> <li>◆ Weblogic</li> <li>◆ Oracle</li> </ul>	<ul style="list-style-type: none"> <li>◆ CIF,Limit control, guarantor and collateral management</li> <li>◆ Import/Export/Loans/Deposits/Remittanc</li> <li>◆ Funding/Spot/Forward/Swap</li> </ul>
18	Bankwide anti-money laundering control system (AML)	<ul style="list-style-type: none"> <li>◆ HP DL380 Server</li> <li>◆ Dell R740 Server</li> </ul>	<ul style="list-style-type: none"> <li>◆ MS Windows</li> <li>◆ MS SQL</li> <li>◆ PATRIOT OFFICER</li> </ul>	<ul style="list-style-type: none"> <li>◆ Anti-money laundering control systems for head office and overseas branches</li> </ul>
19	Brisbane wholesale banking system (AUWBS)	<ul style="list-style-type: none"> <li>◆ IBMP720</li> </ul>	<ul style="list-style-type: none"> <li>◆ IBM AIX</li> <li>◆ Weblogic</li> <li>◆ Oracle</li> </ul>	<ul style="list-style-type: none"> <li>◆ CIF, Limit control, guarantor and collateral management</li> <li>◆ Import/Export/Loans/Deposits/Remittance</li> <li>◆ Funding/Spot/Forward/Swap</li> </ul>
20	Hong Kong wholesale banking system (HKWBS)	<ul style="list-style-type: none"> <li>◆ IBM S814</li> </ul>	<ul style="list-style-type: none"> <li>◆ IBM AIX</li> <li>◆ Weblogic</li> <li>◆ Oracle</li> </ul>	<ul style="list-style-type: none"> <li>◆ CIF, limit control, guarantor and collateral management</li> <li>◆ Import/Export/Loans/Deposits/Remittance</li> </ul>
21	Global Digital Banking Network (gB2B)	<ul style="list-style-type: none"> <li>◆ LENOVO x3650</li> <li>◆ LENOVO x86</li> <li>◆ IBM S814</li> </ul>	<ul style="list-style-type: none"> <li>◆ IBM AIX</li> <li>◆ Weblogic</li> <li>◆ Oracle</li> </ul>	<ul style="list-style-type: none"> <li>◆ NTD/FCY deposit and remittance, collection and payment transfer, wholesale financing, corporate financial planning, broker service, Hong Kong deposit and remittance, and Hong Kong wholesale financing</li> </ul>
22	Labuan Branch system (MYWBS)	<ul style="list-style-type: none"> <li>◆ IBM S922</li> </ul>	<ul style="list-style-type: none"> <li>◆ IBM AIX</li> <li>◆ Weblogic</li> <li>◆ Oracle</li> </ul>	<ul style="list-style-type: none"> <li>◆ CIF, limit control, guarantor, and collateral management</li> <li>◆ Loans/Deposits/Remittance</li> </ul>
23	Credit Card Issuance Authorization System (CCIAS)	<ul style="list-style-type: none"> <li>◆ HP DL580/BL620C/ DL580G10 M3000</li> <li>◆ M300</li> </ul>	<ul style="list-style-type: none"> <li>◆ MS Windows</li> <li>◆ MS SQL</li> </ul>	<ul style="list-style-type: none"> <li>◆ The core system for processing of credit card businesses, including credit card issuance, transaction authorization, account settlement, bill payment, bad debt processing, cardholder management, card management, and other functions and services.</li> </ul>
24	Payment Processing and Settlement System(APSS)	<ul style="list-style-type: none"> <li>◆ HP DL580 Gen9</li> </ul>	<ul style="list-style-type: none"> <li>◆ IMS Windows</li> <li>◆ MS SQL</li> </ul>	<ul style="list-style-type: none"> <li>◆ Merchant application and management, rates, installments, payments, and settlement procedures</li> </ul>
25	e-Store and online authorization service system(TSPG)	<ul style="list-style-type: none"> <li>◆ HP DL380</li> <li>◆ HP BL620C</li> </ul>	<ul style="list-style-type: none"> <li>◆ MS Windows</li> <li>◆ MS SQL</li> <li>◆ TomCat</li> </ul>	<ul style="list-style-type: none"> <li>◆ Cash services for e-Stores support the 3DS2.0 authentication and payment page for PC, mobile phone, and app</li> <li>◆ V/M/J Credit Card/Smart Pay/Union Pay/AE/ FISC Bill &amp; Tax Payment/DCC Transaction &amp; Cancellation/Return Transaction &amp; Payment Request/Settlement Service</li> </ul>

Item number	System name	Hardware	Software	Name of service
26	Open source mobile point of sale P+ (APPOS)	◆ HP BL620C	◆ MS Window ◆ MS SQL	◆ Payment: COF (Card On File) ◆ Payment Barcode: Token Payment, First 2-3 Code Merchant Settings, Exclusive Rules, and Barcode Life Cycle
27	New Service Payment System(TSCB)	◆ HP BL620C	◆ MS Windows ◆ MS SQL	◆ Providing domestic/overseas payment instrument interfaces
28	Online OTP authentication system (ACSOTP)	◆ HP BL620C	◆ MS Windows ◆ MS SQL	◆ Credit Card 3D Online Transaction ◆ Add Credit Card to International Digital Wallet
29	Credit Card Issuance Authorization Direct Connection(CCAUTH)	◆ DELL R730	◆ MS Windows ◆ MS SQL	◆ Credit Card and VD Debit Card International Transaction ◆ Credit card and Visa Debit transactions by international digital wallets

#### b. Future development or installation plan

1. Apply cloud technology to achieve resource integration; and maximize use of IT resources to improve service quality.
2. Upgrade Windows AD and replace existing equipment.
3. Assist with construction of IT systems for overseas branches - Hong Kong, Vietnam, and Singapore.
4. Proceed with the mobile banking app revamp, and continue to expand the application services for mobile devices.
5. Conduct the outdialing system replacement project to increase efficiency of sales, collection and other outdialing processes and service capacity.
6. Improve stability of the personal banking online systems, and implement microservices and container architecture for Internet and mobile banking.
7. Develop the latest generation of the IT environment monitoring system to enable instant alerts, shorten processing of anomalies, and improve system stability.
8. Install automatic application monitoring mechanisms to supervise system performance effectively.
9. Continuous replacement and upgrade of customer service system; implement local and off-site support; improve efficiency and service capability of customer service personnel.
10. Implement simplified lending that utilizes a standard procedure engine and combines lending product logic to allow flexibility in product design and faster product launch.
11. Replace the WBS bank-wide foreign currency system and improve system performance.
12. Implement new tapeless backup technology to reduce the total cost of backup systems and enhance service capability.
13. Upgrade and optimize NTD media upload systems, strengthen information security management, and enhance system flexibility and processing performance.
14. Build a new credit card information system with an open structure in anticipation of new types of businesses and technological advancement in the future.
15. Expand use of the personalized real-time computing platform and continue to introduce Richart Life, corporate website and other digital channels to give customers the best personalized experience across channels.
16. Develop the smart form processing system to give customers access to fax transaction services and make the Bank more competitive.

17. Construct an overseas wholesale banking website to improve the quality of services provided by the overseas branches, responding to market trends while complying with internal and external information security regulations.
18. Expand the scope of Richart Life development, and develop payment scenarios and points programs in everyday environments.
19. Proceed to expand the EAI platform for financial information, and expand the capacity and efficiency for processing electronic messages.
20. Proceed with the digital banking (Richart) capacity expansion project, and maintain the growth momentum in the business and customer appeal.
21. Develop a new assets and liabilities system and complete Basel III integration.
22. Build a big data platform to provide data storage frameworks suitable for new structured and unstructured data, and improve the company's ability to stay competitive and provide services in the age of big data.
23. Build a global digital corporate banking app to provide a wider range of friendly services for corporate banking customers.
24. Optimize the mobile office framework to give users a faster and easier-to-use environment.
25. Create a new online One Code feature in the New Service Payment System.
26. EMV 3DS Secure 2.0 ACS authentication is changed by the tender owner, NCCC, to an in-house project.
27. Construct a dual core Bancs system to raise the level of service to active/active

### **c. Emergent backup and security protection system**

1. Implement standardized data management practices and systems in accordance with the Personal Information Protection Act for added protection.
2. Comply with ISO 27001 ISMS standards. Ensure proper protection to data operations and information systems. Prevent incidents such as data corruption, theft, leakage, alteration, abuse, and infringement. Enhance the confidentiality, completeness and usability of stored information.
3. Introduce the use of infiltration tools to scan for network weaknesses.
4. Develop an information security action plan, promote each implement plan.
5. Implement Mobile Device Management for enhanced security in accessing business-related information.
6. Build network access control (NAC) for better network access security.
7. Create an ATM white list management system for better ATM security.
8. Taishin Bank assesses computer system security by following the security guidelines on computer systems for financial Institutions in order to improve security of its computer system and website.
9. Improve off-site support to accommodate business requirements.
10. Install distributed denial-of-service (DDoS) attack prevention mechanisms so that all network traffic will be filtered through DDoS protection to ensure proper functioning of Taishin Bank's network.
11. Install double advanced persistent threat (APT) detection mechanisms that are capable of detecting unknown attacks and preventing hacker attacks on internal trading systems.
12. Install endpoint protection to enable detection of and defense against irregularities as a result of hacker attacks on endpoints.

13. Create an information security management platform and integrate infosec data from across the bank to be analyzed by AI and big data analytics so to detect early potential hacker activities and take countermeasures.
14. Edit the information security disaster handling procedures to provide the Bank with contingency guidelines in the event of an information security disaster, to reduce the impact time and scope of the disaster, and implement information security disaster drills and test the feasibility of the handling procedures.
15. Purchase information security insurance to reduce the losses incurred from information security incidents. (Transfer risk control)
16. Establish a digital forensic environment and standards to impart basic knowledge, and understand how to collect and preserve digital evidence to strengthen data completeness and availability and improve the ability to analyze incidents, handle incidents, and provide evidence.
17. Introduce two-factor authentication to connect to the production environment, and use two types of authentication methods at the same time to increase the strength of information security.
18. Regularly conduct inventories of IoT devices in accordance with the Regulations on the Use of Internet of Things Devices by Financial Institutions, and establish appropriate control measures and access controls to strengthen the usage management of IoT devices.

## F. Labor-management relationship

### a. Various employee welfare measures, retirement system and its execution, labor-management agreements, and various employee interest protection measures are listed in the following:

#### 1. Employee Insurance:

- (1)Labor Insurance: The company bears 70% of the insurance premium; employees bear 20%.
- (2)Health Insurance: The company bears 60% of insurance premium; employees bear 30%.
- (3)Group Insurance: Employees are entitled to the coverage of association life insurance, accident insurance, medical and surgery insurance, cancer insurance, and occupational injury insurance, whose premiums are born by the company.
- (4)Travel safety insurance: Employees traveling abroad for company affairs are covered by travel safety insurance, whose premiums are born by the company.

#### 2. Employee Welfares:

- (1)The company has an “Employee Welfare Committee” in place to supervise the execution of welfare-related activities. The company also implements an “Employee Welfare Committee Subsidy Policy” that provides employees with subsidies for various occasions such as wedding, child birth, funeral, hospitalization, festivity, birthday, travel, private associations, and children's education.

In addition to various subsidies provided by employee welfare committee, the company also provides employee stock ownership trust, employees physical examination, long-service incentive, subsidy for self development (including subsidy for studying foreign language and computer and subsidy for professional certificates).

- (2)For employee assistance, the company cooperates with Teacher Chang Foundation in providing “employee daily-life support program” and establishes “care-for-employee mailbox” and “care-for-employee line” for use by employees.
- (3)With regards to employee health management, the company hires occupational health nurses on-site to perform a variety of tasks such as promoting health awareness, hosting seminars, and performing health checkups. In addition, the company has contracted physicians available to provide medical consultation and workplace inspection services.

### 3. Employee Retirement System

The company has instituted “employee retirement measures” according to which pensions for retirees are paid according to the labor pension system and related laws/regulations.

### 4. Annual Leaves

The number of leave days are adjusted according to job grades, and exceed stipulated standards under the law.

5. The authority has taken the following disciplinary actions against the Company and its subsidiaries for results of labor inspections in last year up to the publication date of this annual report: None

6. There is no other important agreement.

**b. Specify loss resulting from labor-management disputes in the recent year and as of date of the publication of the annual report and disclose the value of current and possible future loss and countermeasures, as well as reasons for inability to estimate loss.**

Company	Date	Case No.	Article number	Article content	Description
Taishin Bank	2021/04/29	Bei-Shih-Lao-Dong-Zi No.11060038371	Paragraph 6, Article 30 of the Labor Standards Act	Some of the working hours recorded on the system log were not confirmed by employees and sent to supervisors for review, so the competent authority sees this as a violation of the regulation of recording the working hours of employees every day to the minute.	A fine of NT\$20,000 and publication of name.
Taishin Bank	2021/10/25	Bei-Shih-Lao-Dong-Zi No.11060256161	Paragraph 6, Article 30 of the Labor Standards Act	Some of the working hours recorded in the system log were not confirmed by employees and sent to supervisors for review, so the competent authority sees this as a failure to comply with the regulation of faithfully recording the actual working hours of employees due to carelessness.	A fine of NT\$100,000 and publication of name.

## G. Important contract

Contract type	Party	Start date/Expiration date	Content	Restrictions
Procurement contract	Lian An Services Co., Ltd. Anfeng Enterprise Ltd.	2020.01.01 -2022.12.31	ATM cash security services	None
Procurement contract	Taiwan Security Co., Ltd.	2021.12.04 - 2026.12.04	Armored car services (CPC revenue deposits)	None
Procurement contract	Taiwan Security Co., Ltd.	2020.01.01 - 2022.12.31	Armored car services (branches)	None
Procurement contract	Acer Inc.	2021.01.01 - 2023.12.31	Microsoft Enterprise Agreement (EA) Large account procurement	None
Procurement contract	Mercuries Data Systems Ltd.	2021.11.10 - 2023.12.31	Maintenance of automated service equipment	None
Real Estate Purchase Agreement	Taishin Securities Co., Ltd.	2021.10.20 - 2021.11.08	Agreement to buy/sell real estate represented by 13F, B1-1 and B1-2 of No. 96, Sec. 1, Jianguo N. Rd., Zhongshan Dist., Taipei City.	None

**H. Approval of applications for securitized products according to the statute for the securitization of financial assets or the statute for realty securitization in the recent year and related information: For details , refer to the description of the bank's assets securitization business in point six, chapter seven**

# VI. Financial Information

## A. Brief balance sheet and comprehensive income statement in recent five years

### Brief Balance Sheet (Single)

Unit: NT\$1,000

Items	Year	Financial analysis for recent five years				
		2017	2018	2019	2020	2021
Cash and cash equivalents, due from central bank, and interbank loans		75,984,544	75,309,590	89,284,951	106,574,248	111,232,755
Financial assets at fair value through profit and loss		94,888,085	96,874,012	118,491,900	104,573,778	93,937,997
Financial assets at fair value through other comprehensive income		0	336,184,472	273,212,640	190,210,737	138,582,353
Debt instruments at amortized cost		0	3,072,107	131,876,458	270,627,928	298,239,804
Available-for-sale financial assets		306,613,777	0	0	0	0
Investment in resale bills and bonds		7,114,843	2,358,754	10,582,727	3,768,198	9,776,840
Receivables - net		106,063,763	116,296,508	121,366,132	115,646,375	130,669,473
Current income tax assets		674,454	674,257	674,257	2,520	0
Loans and advances - net		959,689,092	1,018,514,979	1,138,476,030	1,243,698,700	1,319,913,808
Equity method investments - net		2,213,409	2,882,607	2,967,477	2,337,883	1,889,831
Other financial assets - net		8,366,153	8,347,560	4,744,939	4,920,328	5,876,466
Property, plant, and equipment - net		18,544,488	18,291,218	18,191,920	18,120,798	17,632,881
Right-of-use asset-net		0	0	2,671,366	2,731,449	2,368,596
Intangible assets - net		1,800,478	1,780,895	1,954,650	2,701,694	2,628,082
Deferred income tax assets - net		2,288,288	3,164,958	2,430,459	2,873,268	2,740,397
Other assets		5,240,371	10,176,554	7,193,358	6,761,056	11,448,341
<b>Total assets</b>		<b>1,589,481,745</b>	<b>1,693,928,471</b>	<b>1,924,119,264</b>	<b>2,075,548,960</b>	<b>2,146,937,624</b>
Central bank and interbank deposits		64,252,429	57,441,338	53,393,057	49,824,469	57,075,272
Central bank and interbank loans		0	1,536,650	1,505,300	1,925,590	3,984,460
Financial liabilities at fair value through profit and loss		17,259,114	27,099,531	24,578,932	30,828,522	23,322,146
Repurchase bills and bonds		76,621,455	73,654,426	105,587,770	78,215,782	72,590,202
Payables		22,990,803	22,690,446	29,086,994	27,721,633	20,098,972
Current income tax liabilities		1,044,221	1,816,812	1,499,397	1,143,977	932,611
Deposits and remittances		1,196,916,733	1,266,563,291	1,439,689,958	1,612,907,727	1,694,146,062
Debentures payable		39,700,000	39,700,000	34,800,000	34,800,000	34,800,000
Other financial liabilities		41,148,999	58,610,818	71,800,865	66,596,514	64,091,289
Liability provisions		1,255,615	1,525,383	1,638,442	1,792,627	1,870,559
Lease liability		0	0	2,739,424	2,833,533	2,452,383
Deferred income tax liabilities		88,190	53,552	82,175	136,848	57,887
Other liabilities		3,709,567	2,689,330	4,363,552	4,633,278	4,802,464
Total liabilities	Before distribution	1,464,987,126	1,553,381,577	1,770,765,866	1,913,360,500	1,980,224,307
	After distribution	1,472,396,415	1,553,381,577	1,774,580,551	1,919,838,924	Note1
Equity attributable to parent company shareholders		124,494,619	140,546,894	153,353,398	162,188,460	166,713,317
Share capital	Before distribution	68,845,983	75,497,712	82,557,118	86,957,118	88,857,118
	After distribution	68,845,983	82,557,118	86,957,118	88,857,118	Note1
Capital reserve		23,974,496	30,246,767	30,249,980	30,249,980	30,319,980
Retained earnings	Before distribution	31,632,229	34,382,105	39,042,711	42,784,021	47,428,303
	After distribution	24,222,940	27,322,699	30,828,026	34,405,597	Note1
Other equity		41,911	420,310	1,503,589	2,197,341	107,916
Total equity	Before distribution	124,494,619	140,546,894	153,353,398	162,188,460	166,713,317
	After distribution	117,085,330	140,546,894	149,538,713	155,710,036	Note1
CPA		Tza Li Gung	Tza Li Gung	Tza Li Gung	Ching-Cheng Yang	Han-Ni Fang
CPA		Ching-Cheng Yang	Kwan Chung Lai	Kwan Chung Lai	Han-Ni Fang	Ching-Cheng Yang
Type of CPA's auditing report		Standard without reservation	Standard without reservation	Standard without reservation	Standard without reservation	Standard without reservation

Note 1: At the time this annual report was published, the board of directors had yet to convene a meeting to resolve the 2021 earnings appropriation on behalf of shareholders.

Note 2: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

Note 3: At the time this annual report was published, no audited financial data for 2022 were available.

## Brief Balance Sheet (Consolidated)

Unit: NT\$1,000

Items	Year	Financial analysis for recent five years				
		2017	2018	2019	2020	2021
Cash and cash equivalents, due from central bank, and interbank loans		76,033,902	75,445,497	89,484,792	106,780,390	111,417,531
Financial assets at fair value through profit and loss		94,888,085	96,874,012	118,491,900	104,589,049	93,937,997
Financial assets at fair value through other comprehensive income		0	336,196,720	273,224,593	190,223,460	138,594,848
Debt instruments at amortized cost		0	3,081,240	131,888,616	270,634,022	298,245,867
Available-for-sale financial assets		306,613,777	0	0	0	0
Investment in resale bills and bonds		7,114,843	2,358,754	10,582,727	3,768,198	9,776,840
Receivables - net		116,117,579	125,228,878	130,453,535	125,906,311	141,510,692
Current income tax assets		683,522	682,738	674,306	2,520	0
Loans and advances - net		959,678,741	1,018,505,146	1,138,467,117	1,243,688,768	1,319,902,582
Held-to-maturity financial assets		6,095	0	0	0	0
Equity method investments - net		529,105	524,897	549,174	564,646	79,580
Other financial assets - net		8,408,846	8,350,560	4,744,939	4,920,328	5,876,466
Property, plant, and equipment - net		18,608,671	18,364,845	18,298,721	18,221,796	17,776,530
Right-of-use asset-net		0	0	2,674,105	2,774,071	2,400,474
Investment property, net		180,380	177,643	384,939	363,235	349,792
Intangible assets - net		1,804,928	1,783,063	1,956,403	2,702,983	2,633,498
Deferred income tax assets - net		2,347,087	3,236,446	2,493,690	2,928,910	2,796,459
Other assets		5,870,434	10,616,375	7,577,474	7,275,330	11,837,494
<b>Total assets</b>		<b>1,598,885,995</b>	<b>1,701,426,814</b>	<b>1,931,947,031</b>	<b>2,085,344,017</b>	<b>2,157,136,650</b>
Central bank and interbank deposits		64,252,429	57,441,338	53,393,057	49,824,469	57,075,272
Central bank and interbank loans		0	1,536,650	1,505,300	1,925,590	3,984,460
Financial liabilities at fair value through profit and loss		17,259,114	27,099,531	24,578,932	30,828,522	23,322,146
Repurchase bills and bonds		76,621,455	73,654,426	105,587,770	78,215,782	72,590,202
Payables		23,074,625	22,778,148	29,167,445	27,835,957	20,217,580
Current income tax liabilities		1,089,847	1,828,225	1,505,934	1,174,580	962,768
Deposits and remittances		1,195,905,814	1,265,550,385	1,438,757,647	1,612,660,225	1,693,855,429
Debentures payable		39,700,000	39,700,000	34,800,000	34,800,000	34,800,000
Other financial liabilities		50,929,523	66,499,692	79,940,321	75,997,088	73,941,070
Liability provisions		1,255,615	1,525,383	1,638,442	1,792,627	1,870,559
Lease liability		0	0	2,742,065	2,878,604	2,486,468
Deferred income tax liabilities		88,190	53,552	82,175	136,848	57,887
Other liabilities		3,969,802	2,964,203	4,657,411	4,942,817	5,118,819
Total liabilities	Before distribution	1,474,146,414	1,560,631,533	1,778,356,499	1,923,013,109	1,990,282,660
	After distribution	1,481,555,703	1,560,631,533	1,782,171,184	1,929,491,533	Note1
Equity attributable to parent company shareholders		124,494,619	140,546,894	153,353,398	162,188,460	166,713,317
Share capital	Before distribution	68,845,983	75,497,712	82,557,118	86,957,118	88,857,118
	After distribution	68,845,983	82,557,118	86,957,118	88,857,118	Note1
Capital reserve		23,974,496	30,246,767	30,249,980	30,249,980	30,319,980
Retained earnings	Before distribution	31,632,229	34,382,105	39,042,711	42,784,021	47,428,303
	After distribution	24,222,940	27,322,699	30,828,026	34,405,597	Note1
Other equity		41,911	420,310	1,503,589	2,197,341	107,916
Non-Controlling Interest		244,962	248,387	237,134	142,448	140,673
Total equity	Before distribution	124,739,581	140,795,281	153,590,532	162,330,908	166,853,990
	After distribution	117,330,292	140,795,281	149,775,847	155,852,484	Note1
CPA		Tza Li Gung	Tza Li Gung	Tza Li Gung	Ching-Cheng Yang	Han-Ni Fang
CPA		Ching-Cheng Yang	Ching-Cheng Yang	Kwan Chung Lai	Han-Ni Fang	Ching-Cheng Yang
Type of CPA's auditing report		Standard without reservation	Standard without reservation	Standard without reservation	Standard without reservation	Standard without reservation

Note 1: At the time this annual report was published, the board of directors had yet to convene a meeting to resolve the 2021 earnings appropriation on behalf of shareholders.

Note 2: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

Note 3: At the time this annual report was published, no audited financial data for 2022 were available.

## Brief Comprehensive Income Statements (Single)

Unit: NT\$1,000

Items \ Year	2017	2018	2019	2020	2021
Interest revenues	28,757,626	32,022,638	34,801,465	31,459,165	28,451,333
Interest expenses	( 10,964,692)	( 13,721,906)	( 16,426,849)	( 11,125,988)	( 7,142,489)
Net interest income	17,792,934	18,300,732	18,374,616	20,333,177	21,308,844
Net Income other than net interest income	14,708,945	15,650,295	18,955,848	17,563,922	17,128,475
Net revenue and gains	32,501,879	33,951,027	37,330,464	37,897,099	38,437,319
(Provisions for) Reversed of bad debts expense, commitments and guarantee liability	( 1,556,546)	( 2,915,365)	( 2,227,183)	( 1,661,733)	( 360,250)
Operating expenses	( 18,700,101)	( 19,384,163)	( 21,722,373)	( 22,179,622)	( 22,770,455)
Income before income tax	12,245,232	11,651,499	13,380,908	14,055,744	15,306,614
Income tax expense	( 1,694,898)	( 1,249,681)	( 1,570,766)	( 1,881,045)	( 2,181,734)
Net income from continuing operations	10,550,334	10,401,818	11,810,142	12,174,699	13,124,880
Net Income	10,550,334	10,401,818	11,810,142	12,174,699	13,124,880
Other comprehensive income (net of tax)					
Total Comprehensive Income	156,836	( 284,226)	993,149	475,048	( 2,191,599)
Earnings per share (NT\$)	10,707,170	10,117,592	12,803,291	12,649,747	10,933,281
	1.53	1.34	1.36	1.37	1.48

Note1: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

Note2: At the time this annual report was published, no audited financial data for 2022 were available.

## Brief Comprehensive Income Statement (Consolidated)

Unit: NT\$1,000

Items \ Year	2017	2018	2019	2020	2021
Interest revenues	29,419,960	32,773,218	35,420,412	32,084,165	29,096,302
Interest expenses	( 11,016,125)	( 13,787,967)	( 16,489,432)	( 11,194,768)	( 7,199,121)
Net interest income	18,403,835	18,985,251	18,930,980	20,889,397	21,897,181
Net Income other than net interest income	14,775,347	15,661,927	18,880,447	17,477,419	17,012,344
Net revenue and gains	33,179,182	34,647,178	37,811,427	38,366,816	38,909,525
(Provisions for) Reversed of bad debts expense, commitments and guarantee liability	( 1,842,594)	( 3,254,153)	( 2,330,111)	( 1,705,892)	( 391,455)
Operating expenses	( 19,028,685)	( 19,698,213)	( 22,058,080)	( 22,545,584)	( 23,150,062)
Income before income tax	12,307,903	11,694,812	13,423,236	14,115,340	15,368,008
Income tax expense	( 1,729,960)	( 1,274,501)	( 1,604,733)	( 1,925,601)	( 2,230,754)
Net income from continuing operations	10,577,943	10,420,311	11,818,503	12,189,739	13,137,254
Net Income	10,577,943	10,420,311	11,818,503	12,189,739	13,137,254
Other comprehensive income (net of tax)					
Total Comprehensive Income	156,961	( 284,108)	993,908	475,231	( 2,191,605)
Net income attributable to owners of parent	10,734,904	10,136,203	12,812,411	12,664,970	10,945,649
Net income attributable to Non- controlling interests	10,550,334	10,401,818	11,810,142	12,174,699	13,124,880
Comprehensive Income attributable to owners of parent	27,609	18,493	8,361	15,040	12,374
Comprehensive Income attributable to Non- controlling interests	10,707,170	10,117,592	12,803,291	12,649,747	10,933,281
Earnings per share (NT\$)	27,734	18,611	9,120	15,223	12,368
	1.53	1.34	1.36	1.37	1.48

Note1: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

Note2: At the time this annual report was published, no audited financial data for 2022 were available.

## B. Financial analysis for recent five years

Financial analysis (Single)

Items		Year	2017	2018	2019	2020	2021
Management ability	Deposit/loan ratio (%)		79.67	80.07	79.03	77.07	78.15
	NPL ratio (%)		0.22	0.18	0.17	0.15	0.12
	Interest income/average outstanding deposit ratio (%)		0.93	1.09	1.19	0.72	0.33
	Interest income/average outstanding loans ratio (%)		3.09	3.19	3.18	2.60	1.73
	Turnover rate of total assets (times)		2.09	2.07	2.06	1.90	1.82
	Revenue per employee (NT\$1,000)		4,408	4,506	4,928	4,945	5,054
	Profit per employee (NT\$1,000)		1,431	1,381	1,559	1,589	1,726
Profit-making capability	Returns on tier 1 capital (%)		9.97	8.78	9.16	8.99	9.35
	Returns on assets (%)		0.68	0.63	0.65	0.61	0.62
	Returns on shareholder's equity (%)		8.63	7.85	8.04	7.72	7.98
	Net Profit rate (%)		32.46	30.64	31.64	32.13	34.15
	Earnings per share (NT\$1)		1.53	1.34	1.36	1.37	1.48
Financial structure	Liabilities/assets ratio (%)		92.17	91.70	92.03	92.19	92.23
	Fixed asset/shareholder's equity ratio (%)		14.90	13.01	11.86	11.17	10.58
Growth rate	Asset growth (%)		4.97	6.57	13.59	7.87	3.44
	Profit growth (%)		10.89	( 4.85)	14.84	5.04	8.90
Cash flow	Cash flow rate (%)	( 4.56)	( 10.70)	18.39	4.66	2.48	
	Propriety of cash flow ratio (%)	5.17	( 91.93)	29.5	100.34	83.81	
	Cash-flow satisfaction ratio (%)	532.67	1,387.02	( 3,115.66)	( 743.43)	( 634.19)	
Liquid reserve ratio (%)			25.54	25.98	25.27	24.84	22.85
Secured loans for related parties (NT\$1,000)			8,093,076	8,558,316	8,745,608	9,532,951	9,627,915
Share of outstanding secured loans for related parties in total outstanding loans (%)			0.77	0.77	0.71	0.72	0.68
Business Scale	Market share of asset (%)		3.08%	3.17%	3.43%	3.48%	78.15
	Market share of book value (%)		3.43%	3.63%	3.67%	3.73%	0.12
	Market share of deposit (%)		3.07%	3.15%	3.39%	3.47%	0.33
	Market share of loans (%)		3.37%	3.39%	3.64%	3.77%	1.73

Reasons for changes in various financial ratios in recent two years

1. Business operating ability:

- (1) The decrease in the overdue loan ratio in 2021 compared to 2020 was mainly due to the decrease in overdue loans.
- (2) The decrease in interest expenses as a percentage of average deposit balances in 2021 compared to 2020 was mainly due to the decrease in interest expenses.
- (3) The decrease in interest income as a percentage of average loan balances in 2021 compared to 2020 was mainly due to the decrease in interest incomes.

2. Growth Rate:

- (1) The 2021 asset growth rate compared to 2020 had decreased, and this was mainly due to the decrease in the growth of investments in debt instruments at amortized cost.
- (2) The 2021 profit growth rate compared to 2020 had increased, and this was mainly due to the 2021 increase in the profit before tax.

## Financial analysis (Consolidated)

Items		Year	2017	2018	2019	2020	2021
Management ability	Deposit/loan ratio (%)		79.74	80.14	79.08	77.08	78.16
	NPL ratio (%)		0.22	0.18	0.17	0.15	0.12
	Interest income/average outstanding deposit ratio (%)		0.93	1.10	1.20	0.72	0.33
	Interest income/average outstanding loans ratio (%)		3.16	3.27	3.24	2.66	1.73
	Turnover rate of total assets (times)		2.13	2.10	2.08	1.91	1.83
	Revenue per employee (NT\$1,000)		4,384	4,479	4,872	4,883	4,990
	Profit per employee (NT\$1,000)		1,398	1,347	1,523	1,551	1,685
Profit-making capability	Returns on tier 1 capital (%)		9.94	8.74	9.11	8.97	9.34
	Returns on assets (%)		0.68	0.63	0.65	0.61	0.62
	Returns on shareholder's equity (%)		8.63	7.85	8.03	7.72	7.98
	Net Profit rate (%)		31.88	30.08	31.26	31.77	33.76
	Earnings per share (NT\$1)		1.53	1.34	1.36	1.37	1.48
Financial structure	Liabilities/assets ratio (%)		92.20	91.72	92.05	92.22	92.27
	Fixed asset/shareholder's equity ratio (%)		14.92	13.04	11.91	11.23	10.65
Growth rate	Asset growth (%)		5.31	6.41	13.55	7.94	3.44
	Profit growth (%)		11.06	( 4.98)	14.78	5.16	8.87
Cash flow	Cash flow rate (%)		( 7.36)	( 9.51)	17.80	4.21	2.13
	Propriety of cash flow ratio (%)		( 20.30)	( 115.12)	8.81	82.30	67.49
	Cash-flow satisfaction ratio (%)		905.43	2,195.38	( 2,593.12)	( 447.42)	( 537.12)
Liquid reserve ratio (%)			25.54	25.98	25.27	24.84	22.85
Secured loans for related parties (NT\$1,000)			8,093,076	8,558,316	8,745,608	9,532,951	9,627,915
Share of outstanding secured loans for related parties in total outstanding loans (%)			0.77	0.77	0.71	0.72	0.68
Business Scale	Market share of asset (%)						
	Market share of book value (%)						
	Market share of deposit (%)						
	Market share of loans (%)						

Reasons for changes in various: financial ratios in recent two years

1. Business operating ability:

- (1) The decrease in the overdue loan ratio in 2021 compared to 2020 was mainly due to the decrease in overdue loans.
- (2) The decrease in interest expenses as a percentage of average deposit balances in 2021 compared to 2020 was mainly due to the decrease in interest expenses.
- (3) The decrease in interest income as a percentage of average loan balances in 2021 compared to 2020 was mainly due to the decrease in interest incomes.

2. Growth Rate:

- (1) The 2021 asset growth rate compared to 2020 had decreased, and this was mainly due to the decrease in the growth of investments in debt instruments at amortized cost.
- (2) The 2021 profit growth rate compared to 2020 had increased, and this was mainly due to the 2021 increase in the profit before tax.

Note: The market share is calculated on the basis of all financial institutions capable of handling deposits in Taiwan, therefore the combined operational scale is not calculated.

Calculation formula:

1. Management capability

- (1) Deposit / loan ratio=total deposits / total loans.
- (2) NPL ratio=Total NPL ratio / total loans.
- (3) Ratio of interest outlay in annual average of outstanding deposits=total interest outlay / annual average of outstanding deposits.
- (4) Ratio of interest income in annual average of outstanding loans=Total interest income / annual average of outstanding loans.
- (5) Turnover rate of assets=Net revenue/total assets value.
- (6) Revenue per employee =net revenue/total number of employees.
- (7) Profit per employee=After-tax net profit/total number of employees.

2. Profit-making capability

- (1) Returns on Tier1 capital=pre-tax income/average value of Tier1 capital.
- (2) Returns on assets=after-tax income/average value of assets.
- (3) Returns on shareholders' equity=after-tax income/average value of net shareholders' equity.
- (4) Net profit rate=after-tax income/net revenue.
- (5) Earnings per share=(after-tax net profit-dividend for preferred shares) weighted average of issued shares.

3. Financial structure

- (1) Ratio of liabilities in assets=total liabilities/total assets.
- (2) Ratio of fixed assets in book value=net value of fixed assets/net shareholders' equity.

4. Growth rate

- (1) Assets growth rate= (total assets in current year-total assets in previous year)/total assets in previous year.
- (2) Profit growth= (Pre-tax income in current year-pre-tax income in previous year)/pre-tax income in previous year.

5. Cash flow

- (1) Cash flow ratio=net cash flow for business activities/(call loans and overdraft of bank and peers + promissory notes payable + financial liabilities from change in fair value + liabilities of repot bills and bonds + accounts payable due in one year).
- (2) Propriety ratio of net cash flow=net cash flow for business activities in recent five years/(capital outlay +cash dividend) in recent five years.
- (3) Satisfactory rate for cash flow=net cash flow for business activities/net cash flow for investments.

6. Liquid reserves ratio=liquid assets required by the Central Bank of China/required liquid reserves for various liabilities

7. Analysis of business scale

- (1) Market share of assets=total assets/total assets of financial institutions capable of undertaking deposit/loan business.
- (2) Market share of book value=book value/total book value of financial institutions capable of undertaking deposit/ loan business.
- (3) Market share of deposits=total deposits/total deposits of financial institutions capable of undertaking deposit/ loan business.
- (4) Market share of loans=total loans/total loans of financial institutions capable of undertaking deposit/loan business.

## BIS Ratio (Single)–Basel III

Unit: NT\$million

Items		Year	2017	2018	2019	2020	2021	
Eligible Capital	Common shares equity		100,313	115,933	128,252	136,398	142,418	
	Other Tier I		24,864	24,330	23,676	24,379	24,369	
	Tier II capital		38,141	36,719	36,712	34,911	32,958	
	Eligible Capital		163,318	176,892	188,640	195,688	199,745	
Weighted risk assets	Credit risk	Standard approach	1,037,691	1,085,372	1,192,565	1,094,637	1,162,766	
		Internal evaluation approach	-	-	-	-	-	
		Securitized assets	-	-	122	102	1,795	
	Operating risk	Basic indicator approach	-	-	-	-	-	
		Standard approach/selective standard approach	53,327	54,509	58,514	61,407	101,842	
		Advanced measurement approach	-	-	-	-	-	
	Market risk	Standard approach	56,487	62,286	58,647	45,921	60,335	
		Internal model approach	-	-	-	-	-	
	Total weighted risk assets			1,147,505	1,202,167	1,309,848	1,202,067	1,326,739
	BIS ratio			14.23%	14.72%	14.40%	16.28%	15.06%
Ratio of tier I capital in risk weighted assets			10.91%	11.67%	11.60%	13.38%	12.57%	
Ratio of common shares in total assets			8.74%	9.64%	9.79%	11.35%	10.73%	
Leverage Ratio			7.20%	7.59%	7.38%	7.27%	7.18%	

1. Eligible capital = Common shares equity + other tier 1 + tier II capital
2. Total weighted risk assets = weighted credit-risk assets + capital provisions for (operating risk + market risk) x 12.5
3. BIS ratio = Eligible capital/total weighted risk assets
4. Ratio of tier I capital in risk assets = (Common shares equity + Other Tier1) / total weighted risk assets
5. Ratio of Common shares equity in risk assets = common-share equity capital / total weighted risk assets
6. Leverage Ratio = tier I capital / total risk exposure

## BIS Ratio (Consolidated)–Basel III

Unit: NT\$million

Items		Year	2017	2018	2019	2020	2021	
Eligible Capital	Common shares equity		100,921	116,712	128,801	136,784	142,810	
	Other Tier I		25,231	24,863	24,227	24,766	24,766	
	Tier II capital		38,876	37,786	37,814	35,686	33,753	
	Eligible Capital		165,028	179,361	190,842	197,236	201,329	
Weighted risk assets	Credit risk	Standard approach	1,045,875	1,092,745	1,200,558	1,103,838	1,172,431	
		Internal evaluation approach	-	-	-	-	-	
		Securitized assets	-	-	122	102	1,795	
	Operating risk	Basic indicator approach	-	-	-	-	-	
		Standard approach/selective standard approach	53,327	55,656	59,594	62,394	103,174	
		Advanced measurement approach	-	-	-	-	-	
	Market risk	Standard approach	56,487	62,286	58,647	45,951	60,335	
		Internal model approach	-	-	-	-	-	
	Total weighted risk assets			1,155,689	1,210,688	1,318,921	1,212,285	1,212,285
	BIS ratio			14.28%	14.81%	14.47%	16.27%	15.05%
Ratio of tier I capital in risk weighted assets			10.92%	11.69%	11.60%	13.33%	12.53%	
Ratio of common shares in total assets			8.73%	9.64%	9.77%	11.28%	10.68%	
Leverage Ratio			7.21%	7.63%	7.40%	7.28%	7.18%	

1. Eligible capital = Common shares equity + other tier 1 + tier II capital
2. Total weighted risk assets = weighted credit-risk assets + capital provisions for (operating risk + market risk) x 12.5
3. BIS ratio = Eligible capital/total weighted risk assets
4. Ratio of tier I capital in risk assets = (Common shares equity + Other Tier 1) / total weighted risk assets
5. Ratio of Common shares equity in risk assets = common-share equity capital / total weighted risk assets
6. Leverage Ratio = tier I capital / total risk exposure

## C. Inspection report on the financial statement of the latest year by

### Taishin International Bank co., Ltd Supervisors' Audit Report

April 28, 2022

The board of directors has prepared the 2021 business report, financial statements and earnings distribution proposal for the Company. The financial statements have been audited and certified by CPA Han-Ni Fang and CPA Ching-Cheng Yang of Deloitte Taiwan, who have also expressed an opinion. The above reports and statements compiled by the board of directors have been audited by the Audit Committee and considered in compliance with relevant rules and regulations. Please kindly note that the report hereby presented has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To 2022 Shareholder's Meeting of Taishin International Bank:

The convener of Audit Committee  
Chang, Min-Yu



**D. Financial statement of the latest year: Refer to appendix 1.**

**E. Consolidated financial statements of the latest year audited by CPAs: Refer to appendix 2.**

**F. Should there occur financial insolvency of the bank and its affiliates in the recent year and as of the date of the publication of the annual report, specify its effect on the bank's finance: None.**

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

### A. Financial status

Main reasons for major changes in assets, liabilities, shareholders' equity in recent two years and their effects

Unit: NT\$1,000

Items	Year	2020.12.31	2021.12.31	change	
					%
<b>Assets</b>					
Cash and cash equivalents		22,490,492	24,415,458	1,924,966	8.56%
Due from central bank and interbank loans		84,083,756	86,817,297	2,733,541	3.25%
Financial assets at fair value through profit and loss		104,573,778	93,937,997	( 10,635,781)	-10.17%
Financial assets at fair value through other comprehensive income		190,210,737	138,582,353	( 51,628,384)	-27.14%
Debt instruments at amortized cost		270,627,928	298,239,804	27,611,876	10.20%
Investment in resale bills and bonds		3,768,198	9,776,840	6,008,642	159.46%
Receivables - net		115,646,375	130,669,473	15,023,098	12.99%
Current income tax assets		2,520	0	( 2,520)	-100.00%
Loans and advances - net		1,243,698,700	1,319,913,808	76,215,108	6.13%
Equity method investments - net		2,337,883	1,889,831	( 448,052)	-19.16%
Other financial assets		4,920,328	5,876,466	956,138	19.43%
Property, plant, and equipment		18,120,798	17,632,881	( 487,917)	-2.69%
Right-of-use asset-net		2,731,449	2,368,596	( 362,853)	-13.28%
Intangible assets		2,701,694	2,628,082	( 73,612)	-2.72%
Deferred income tax assets		2,873,268	2,740,397	( 132,871)	-4.62%
Other assets		6,761,056	11,448,341	4,687,285	69.33%
<b>Total assets</b>		<b>2,075,548,960</b>	<b>2,146,937,624</b>	<b>71,388,664</b>	<b>3.44%</b>
<b>Liabilities</b>					
Central bank and interbank deposits		49,824,469	57,075,272	7,250,803	14.55%
Central bank and interbank loans		1,925,590	3,984,460	2,058,870	106.92%
Financial liabilities at fair value through profit and loss		30,828,522	23,322,146	( 7,506,376)	-24.35%
Repurchase bills and bonds		78,215,782	72,590,202	( 5,625,580)	-7.19%
Payables		27,721,633	20,098,972	( 7,622,661)	-27.50%
Current income tax liabilities		1,143,977	932,611	( 211,366)	-18.48%
Deposits and remittances		1,612,907,727	1,694,146,062	81,238,335	5.04%
Debentures payable		34,800,000	34,800,000	0	0.00%
Other financial liabilities		66,596,514	64,091,289	( 2,505,225)	-3.76%
Liability provisions		1,792,627	1,870,559	77,932	4.35%
Lease liability		2,833,533	2,452,383	( 381,150)	-13.45%
Deferred income tax liabilities		136,848	57,887	( 78,961)	-57.70%
Other liabilities		4,633,278	4,802,464	169,186	3.65%
<b>Total liabilities</b>		<b>1,913,360,500</b>	<b>1,980,224,307</b>	<b>66,863,807</b>	<b>3.49%</b>
Share capital		86,957,118	88,857,118	1,900,000	2.18%
Capital reserve		30,249,980	30,319,980	70,000	0.23%
Retained earnings		42,784,021	47,428,303	4,644,282	10.86%
Other equity		2,197,341	107,916	( 2,089,425)	-95.09%
<b>Total equity</b>		<b>162,188,460</b>	<b>166,713,317</b>	<b>4,524,857</b>	<b>2.79%</b>

## Gap analysis:

1. The decrease in financial assets at fair value through other comprehensive income was mainly attributed to the reduced investment in short-bills notes and Bank debentures.
2. The increase in repurchase bill and bond investments were mainly attributed to an increase in repurchase bonds.
3. The decrease in current income tax assets is attributed mainly to a decrease in tax refund receivable.
4. The increase in other assets is attributed mainly to an increase in guarantee deposits.
5. The increase in CBC and interbank loans is attributed mainly to an increase in refinancing of CBC deposits.
6. Decreases in financial liabilities at fair value through profit and loss were mainly attributed to the decrease in financial liabilities of derivative instruments.
7. The decrease in payables was mainly attributed to a decrease in accounts and bills payable.
8. The decrease in deferred income tax liabilities was mainly attributed to changes in unrealized gains on financial assets at fair value through other comprehensive income.
9. The increase in other equities is attributed mainly to changes in unrealized gains on financial assets at fair value through other comprehensive income.

## B. Management outcome

**Main reasons for major changes in interest income and pre-tax net profit in recent years, business goal and basis, their possible effect on the bank's future finance, and countermeasures:**

Unit: NT\$1,000

Items	Year	2020	2021	change	
					%
Net interest revenue		20,333,177	21,308,844	975,667	4.80%
Interest income		31,459,165	28,451,333	( 3,007,832)	-9.56%
Interest expenses		( 11,125,988)	( 7,142,489)	3,983,499	-35.80%
Non-interest net revenue		17,563,922	17,128,475	( 435,447)	-2.48%
Net fees and commissions		12,072,610	12,470,567	397,957	3.30%
Gain on financial assets and liabilities at FVTPL (Notes 5, 31 and 41)		2,818,685	3,405,816	587,131	20.83%
Realized gain (loss) on financial assets at FVTOCI (Notes 5 and 32)		1,346,262	823,108	( 523,154)	-38.86%
Gain on derecognition of financial assets at amortized cost		291	( 3,576)	( 3,867)	-1328.87%
Share of profit (loss) of subsidiaries and associates accounted for using equity method (Notes 5 and 14 )		236,631	202,383	( 34,248)	-14.47%
Foreign exchange gains (losses)		730,405	( 237,535)	( 967,940)	-132.52%
Asset impairment losses		( 11,720)	( 5,844)	5,876	-50.14%
Other non-interest net gains and losses		370,758	473,556	102,798	27.73%
Bad loan expenses, commitments, and guarantee provisions (deposit)		( 1,661,733)	( 360,250)	1,301,483	-78.32%
Reversal gains					
Operating expenses		( 22,179,622)	( 22,770,455)	( 590,833)	2.66%
Net profit before tax		14,055,744	15,306,614	1,250,870	8.90%
Income tax (expense) benefit		( 1,881,045)	( 2,181,734)	( 300,689)	15.99%
Current net profit (loss)		12,174,699	13,124,880	950,181	7.80%

## Gap analysis:

1. The decrease in interest expenses is attributed mainly to a decrease in deposit interest expenses recognized in the current period.
2. The increase in gains or losses on financial assets and liabilities at fair value through profit or loss was mainly due to the increase in valuation gains or losses on bonds and derivative instruments.
3. The decrease in realized gains or losses on financial assets and liabilities at fair value through other comprehensive income was mainly attributed to a decrease in gains or losses on disposal of bonds recognized in the current period.
4. The decrease in financial assets at amortized cost was mainly due to the loss on the disposal of beneficiary securities.
5. The decrease in gains or losses on exchange was mainly attributed to a decrease in gains or losses on exchange for derivative instruments.
6. The decrease in asset impairment losses was mainly attributed to a decrease in impairment loss on financial assets measured at fair value through other comprehensive income recognized in the current period.
7. The increase in other non-interest net gains and losses was mainly attributed to the increase in property transaction profits in the current period.
8. The decrease in bad loan expenses, promises, and guarantee provisions is attributed mainly to a decrease in bad loan provisions recognized in the current period.

## C. Cash flow

### Liquidity Analysis for the Recent Two Years

Unit: %

Items	Year	2020	2021	Change
Cash flow ratio		4.66	2.48	-46.79%
Propriety ratio for cash flow		100.34	83.81	-16.47%
Satisfaction ratio for cash flow		( 743.43)	( 634.19)	-14.69%

1. A different cash flow ratio was mainly attributed to falling net cash inflows from current operating activities.
2. A different cash flow adequacy ratio was mainly attributed to falling net cash inflows from operating activities over the last five years.
3. A different cash flow coverage ratio was mainly attributed to net cash inflows from current operating activities.

### Cash Flow Analysis for the Coming One Year

Unit: NT\$1,000

Cash balance at the start of the period A	Forecast net cash flow from business activities for the entire year B	Anticipated cash influx for the entire year C	Value of anticipated cash surplus (shortfall) A+B+C	Remedies for anticipated cash shortfall	
				Investment plan	Funding plan
61,216	7,069	( 15,530)	52,755	-	-

The company expects that increased deposits resulting from the rollout of new deposit products and cash inflow deriving from steady profit growth in the coming year will be sufficient to fund new loans and investment for new equipment. Therefore, there will be no cash shortfall.

## D. The effect of major capital outlays in the recent year on finance

### Major Capital Outlays and Funding Sources

Unit: NT\$1,000

Plan items	Actual or planned funding sources	Actual or planned completion dates	Total funds needed	Actual or anticipated fund utilization					
				2018	2019	2020	2021	2022	
Buildings	Own fund	2018	10,776	10,776					
		2019	11,840		11,840				
		2020	26,795			26,795			
		2021	23,582				23,582		
		2022	3,232						3,232
Machinery Equipment	Own fund	2018	477,463	477,463					
		2019	600,612		600,612				
		2020	825,159			825,159			
		2021	485,663				485,663		
		2022	934,789						934,789
Transportation Equipment & Miscellaneous Equipment	Own fund	2018	41,051	41,051					
		2019	57,026		57,026				
		2020	82,114			82,114			
		2021	82,826				82,826		
		2022	54,168						54,168
Leased Assets	Own fund	2018	14,849	14,849					
		2019	32,594		32,594				
		2020	70,847			70,847			
		2021	70,453				70,453		
		2022	220,326						220,326

Note: Expected potential benefits: In 2022, in response to the business expansion, Taishin Bank installed domestic and foreign systems, upgraded systems, and purchased equipment, so as to enhance its information environment, provide diversified products to increase customer retention, and increase service quality.

## E. Long-term investment policy in the recent year, main reasons for their profit or loss, improvement plan, and investment plans for the coming year

Long-term investment policy and plan of Taishin Bank is being managed by the parent company Taishin Holdings, in line with the stipulation of article 36, Financial Holdings Company Law, Taishin Bank is a subsidiary of Taishin Holdings. Article 36 of Financial Holding Company Law stipulates that “Without approval, financial holding companies and affiliates under their direct or indirect control cannot carry out applied investments, except in various financial businesses according to related laws.” Consequently, the bank follows article 74 of the Banking Law in its equity-investment policy and plan. The bank performed well in investments in 2021.

## F. Analysis and evaluation of risk management

### a. A Series of Qualitative and Quantitative Requirements for Risk Management:

#### 1. Credit Risk Management System and Accrued Capital

##### 2021 Credit Risk Management System

Items	Contents
1. Credit Risk Management Strategy, Goal, Policy, and Process	<p>Credit Risk Management aims at protecting the interests of shareholders by maximizing profits under reasonable risk appetite. As the basis for adjustments in credit policy and collection policy, changes in net cash flow are regularly monitored to catch the trend in asset qualities.</p> <p>Under the prerequisite to comply with laws and regulations, credit risk management, follows pre-determined business goals, should adopt the following strategies:</p> <ul style="list-style-type: none"> <li>• To emphases cash flow as the main source of payments while earning appropriate returns on risk for credit extension;</li> <li>• To strengthen credit risk measurement, monitoring and management via various systems, analytical tools and monitoring reports</li> <li>• To review and adjust credit monitoring methodology and tolerance limits according to the movements of the macro economic situation, the international financial market and so on.</li> </ul>
2. Credit Risk Management Organization and Structure	<p>In addition to the credit management units under Retail and Wholesale Banking Groups, there is an independent credit risk management unit to coordinate and facilitate the credit portfolio management for the whole bank as well as trading credit risk management of Financial Market Group.</p> <p>Retail Banking Credit Division is in charge of the setting and management of credit policy for Retail Banking Group. Retail Banking Credit Division evaluate and review cases based on the credit policy. Retail Banking Non-Performing Asset Recovery Division is responsible for collection and management of delinquent cases. Retail Banking Credit Division and other Retail business units are parallel units within organization.</p> <p>Wholesale Credit Administration Division is the credit risk management unit for Wholesale Banking Group. It consists of credit administration, credit risk management and special asset management departments. Credit administration department is responsible for the establishment of internal credit rating system, the monitoring of credit risk positions and diversification status, the planning of management measurement, the appraisal of real estate, planning and recheck of loan reviews and examinations, and etc. Credit risk management departments are responsible for loan evaluation and credit extension. Special asset management department is responsible for collection and management of delinquent cases and bad loans, provisioning assessment and loan asset measurement.</p> <p>Financial Market Group, Credit risk management unit shall review the credit risk profile and limit proposal of the trading desks annually based on the annual budget and the expected loss of the overall credit risk. According to the management needs of financial transactions and accounting holding purposes, credit risk management unit shall set up the credit risk appetite. Adopting a top-down management structure, credit risk management unit reports the credit risk appetite to the board annually. The annual trading credit limits are set based on the approved credit risk appetite. Through the daily monitoring mechanism and regular post-investment management procedures, risk team keep closely watching on the appearance of the financial transaction credit risk investment portfolio.</p>

Items	Contents
3. Scope and features of credit risk report and evaluation system	<p>For Retail Banking Group, setting appropriate credit policy based on business goals, by utilizing Application Scoring System, Behavior Scoring System, Collection/Recovery Scoring System, and Credit Bureau Scoring System and applying multi-dimension risk grading on customers. Coupled with product profit models, customers are grouped into test and champion according to various credit criteria as to strike the best balance between risk and profits. Asset qualities and the characteristics of defaults are analyzed regularly to adjust risk management indicators and achieve the business goals.</p> <p>For Wholesale Banking Group, internal rating system is used for measurement and management of credit risk. All cases should be rated during application, and tracked and reviewed afterwards. The internal rating system has two dimensions, Obligor Risk Rating (ORR) and Facility Risk Rating (FRR). ORR applies statistical model and scorecards. FRR analyzes collaterals, claim seniority and product types for limit settings. Internal rating system is re-assessed every year to test its stability and performance. Migration analysis and scenario analysis are also conducted under stress testing framework.</p> <p>For Financial Market Group, Financial trading credit management is based on internal rating as the main axis of management, and external rating as auxiliary. The monitoring unit performs daily monitor and reports, performing pre-investment assessment and post-investment management rely on front desk officers. Through a complete program planning and notification mechanism, credit risk unit evaluates various risk indicators to establish overall portfolio mastery. For treasury marketing counterparty credit risk management (CCR), the internal model method combined with the Current Exposure Method (CEM) is applied to measure credit risk, in order to incorporate multiple risk factors and price fluctuations into the system. Hence the accuracy and completeness of the calculation can be improved.</p>
4. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations.	<p>Taking collaterals is the main credit risk mitigation technique. Collaterals include real estate, chattels, and securities. Each of them has its own appraisal method and period.</p> <p>The continuing effectiveness of hedges/mitigations is monitored by applying the internal credit rating system, credit portfolio management and review, plus credit exposures diversification and credit limit setting. Strategies and processes for hedging and/or mitigating risk are reviewed and adjusted according to changes in factors such as macro economy or financial regime.</p>
5. Regulatory Capital Requirement Methodology	Standardized Approach

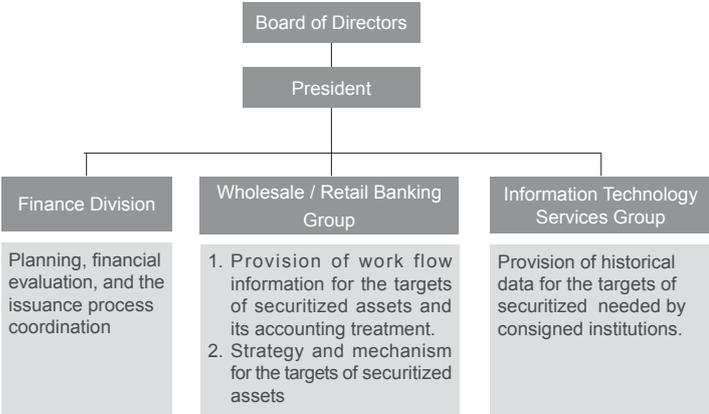
#### Credit Risk Exposure and Capital Requirement after Mitigation on Standardized Method

Dec. 31, 2021 Unit: NT\$1,000

Type of Risk Exposure	Risk Exposure after Mitigation	Capital Requirement
Sovereigns	336,578,221	13,360
Non-central government public sector entities	1,925,742	62,797
Banks (including multilateral development bank)	184,350,382	6,172,338
Corporates	525,523,226	37,940,684
Retail	226,256,018	13,129,482
Real estate	767,300,985	31,941,708
Equity investments	3,389,223	271,138
Equity investments in fund and venture capital	1,148,357	172,109
Other Assets	48,940,437	3,092,598
Total	2,095,412,591	92,796,214

## 2. Risk management system for securitized assets, risk exposure, and capital requirement

### 2021 Risk Management System for Securitized Assets

Items	Contents
1. Strategy and Process for Securitized Assets	<p>1. Strategy for Securitized Assets The bank's assets securitization business aims to achieve optimal deployment of the bank's assets and liabilities, as well as diversify assets and risks.</p> <p>2. Process for Securitized Assets The bank's financial management division first analyzes the deployment status of the bank's assets and liabilities, before putting forth proposal for the securitization business according to the direction of the bank's management strategy (including execution costs and benefits) for resolution by the board of directors. (note) Securitized assets of non-originating bank are managed according to market risk management policy. In the enforcement of management flow, various business units should obtain approval and quota before trading, while independent management units evaluate the income of existing positions daily for regularly reporting the income and exposure status of the positions to executives.</p>
2. Management Organization and Structure for Securitized Assets	 <pre> graph TD     Board[Board of Directors] --&gt; President[President]     President --&gt; Finance[Finance Division]     President --&gt; Wholesale[Wholesale / Retail Banking Group]     President --&gt; IT[Information Technology Services Group]     Finance --- FinanceDesc[Planning, financial evaluation, and the issuance process coordination]     Wholesale --- WholesaleDesc["1. Provision of work flow information for the targets of securitized assets and its accounting treatment. 2. Strategy and mechanism for the targets of securitized assets"]     IT --- ITDesc[Provision of historical data for the targets of securitized needed by consigned institutions.]     </pre>
3. Scope and features of report on risk of securitized assets and evaluation system	<p>Contents of regular risk management report include:</p> <ol style="list-style-type: none"> <li>Detailed information in kind, value, credit rating, and evaluation of investment beneficiary certificates and assets-backed securities</li> <li>Trust report and report of custodian institution (should it exist)</li> <li>Performance of securitized assets</li> </ol>
4. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations.	<p>Consider industrial concentration, economic cycle risk, and effective capital utilization of risk assets in undertaking assets securitization business and carry out random review of cost-effectiveness, so as to determine proper timing for continuing the securitization business.</p>
5. Regulatory Capital Requirement Methodology	Standardized Approach

Risk exposure and required capital relating to asset securitization - by transaction type

Dec. 31, 2021 Unit: NT\$1,000

Exposure type	Bank role	Book type	Type of assets	Conventional				Synthetic		Total			
				Exposure				Capital requirement (2)	Exposure	Capital requirement (4)	Exposure (5)= (1)+(3)	Capital requirement (6)= (2)+(4)	Capital requirement before securitization
				Retained or acquired	Liquidity facility	Credit enhancement	Subtotal (1)						
Non- Originating bank	Banking book	Mortgage backed securities	8,977,453			8,977,453	143,639			8,977,453	143,639		
	Trading book												
	Sub- total												
Originating bank	Banking book												
	Trading book												
	Sub- total												
Total			8,977,453			8,977,453	143,639			8,977,453	143,639		

Instructions:

1. "Asset Table Category" can be the type of securities issued (e.g. credit card, net worth mortgage, and auto loan) or the type of securities investment (e.g. mortgage backed securities, commercial mortgage backed securities, asset backed securities, and secured debt).
2. Exposure on the banking book should be included in the exposure after risk mitigation.  
"Supply of liquidity facilities" should include allocated and unallocated exposures.

Information on Securitized Products

(1) Summarized Information on Investment in Securitized Products

Dec 31, 2021 Unit: NT\$1,000

Items	Listed accounting items	Original cost A	Evaluated accumulated income B	Accumulated reduction C	Value on book D=A-(B+C)
1	No investment in securitization products	9,024,700	( 49,853)		8,974,847
Total		9,024,700	( 49,853)		8,974,847

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

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

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

- (2) Mandatory information disclosure for investment in securitized products with original cost exceeding NT\$300 million. (excluding those held for credit enhancement with the bank serving as an originator) :  
None.

(3) Mandatory information disclosure for position of securitized products held by the bank for credit enhancement with the bank serving as an originator :

Names of securities (note2)	Listed accounting item	Denomination currency	Issuer and its location	Purchase date	Maturity date	Coupon rate	Credit rating (note 3)	Payment method for principal and interest	Original cost	Unrealized Profit & Loss	Accumulated Impairment	BookValue	attachment point (note 4)	Contents of assets pool (note 5)
G2MA 7135	Financial assets at fair value through other comprehensive income (FVTOCI)	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/2/1	2051/1/1	Fixed 2%	Moody's: Aaa	Interest payment every month and early return of principal every month	1,029,887	-37,149	-	992,739	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 35,858,353.59, number of transactions: 1 pool/122444 loans
GNR2020-191PC	Financial assets at amortized cost	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/1/19	2050/12/1	Fixed 1%	Moody's: Aaa	Interest payment every month and early return of principal every month	780,742	-	-	780,742	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 28,200,895.44, number of transactions: 7 pools/435 loans
GNR2021-155GH	Financial assets at amortized cost	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/9/30	2051/9/1	Fixed 1%	Moody's: Aaa	Interest payment every month and early return of principal every month	771,300	-	-	771,300	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 27,859,858.8, number of transactions: 21 pools/244 loans
GNR2021-78JH	Financial assets at amortized cost	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/5/28	2051/5/1	Fixed 1.5%	Moody's: Aaa	Interest payment every month and early return of principal every month	691,463	-	-	691,463	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 24,976,082.55, number of transactions: 1 pool/15636 loans
GNR2021-59UB	Financial assets at amortized cost	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/4/30	2051/4/1	Fixed 1.5%	Moody's: Aaa	Interest payment every month and early return of principal every month	558,418	-	-	558,418	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 20,170,424.46, number of transactions: 1 pool/23609 loans
GNR2021-172PB	Financial assets at amortized cost	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/9/30	2051/9/1	Fixed 1.25%	Moody's: Aaa	Interest payment every month and early return of principal every month	548,052	-	-	548,052	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 19,796,006.88, number of transactions: 1 pool/24577 loans
GNR2021-176GD	Financial assets at amortized cost	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/10/29	2051/10/1	Fixed 1.25%	Moody's: Aaa	Interest payment every month and early return of principal every month	543,236	-	-	543,236	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 19,622,039.31, number of transactions: 1 pool/30255 loans
GNR21-155EH	Financial assets at amortized cost	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/9/30	2051/9/1	Fixed 1%	Moody's: Aaa	Interest payment every month and early return of principal every month	542,601	-	-	542,601	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 19,599,091.3, number of transactions: 33 pools/475 loans

Names of securities (note2)	Listed accounting item	Denomination currency	Issuer and its location	Purchase date	Maturity date	Coupon rate	Credit rating (note 3)	Payment method for principal and interest	Original cost	Unrealized Profit & Loss	Accumulated Impairment	BookValue	attachment point (note 4)	Contents of assets pool (note 5)
GNR2021-155TD	Financial assets at amortized cost	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/9/30	2051/9/1	Fixed 1.25%	Moody's: Aaa	Interest payment every month and early return of principal every month	511,154	-	-	511,154	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 18,463,215.69, number of transactions: 50 pools/942 loans
GNR2021-93KD	Financial assets at amortized cost	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/5/28	2051/5/1	Fixed 1.5%	Moody's: Aaa	Interest payment every month and early return of principal every month	453,618	-	-	453,618	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 16,384,991.59, number of transactions: 1 pool/15636 loans
GNR2021-59HY	Financial assets at amortized cost	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/4/30	2050/4/1	Fixed 1.5%	Moody's: Aaa	Interest payment every month and early return of principal every month	452,569	-	-	452,569	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 16,347,092.98, number of transactions: 1 pool/23609 loans
GNR2021-213PC	Financial assets at amortized cost	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ US	2021/12/30	2051/12/1	Fixed 1.5%	Moody's: Aaa	Interest payment every month and early return of principal every month	415,216	-	-	415,216	-	Ginnie Mae guaranteed mortgage loans, carrying amount in original currency=USD 14,997,856.05, number of transactions: 29 pools/518 loans

Note 1: The table includes domestic and foreign products.

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

Note 3: Provide result of the latest credit rating.

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

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

(4) Mandatory information disclosure for the bank serving as buyer or position-squaring buyer of securitized assets with impaired credit: None.

(5) Mandatory information disclosure for the bank serving as guarantor for securitized products or liquid credit line provided by the bank: None.

### 3. Operational risk management system and capital requirement

#### 2021 Operational Risk Management System

Items	Contents
1. Operational Risk Management Strategy and Process	Taishin Bank got the approval of FSC for the Standardized Approach in 2007. So far, we have developed systems and processes to comprehensively identify, monitor, measure, mitigate, manage and report operational risks.
2. Operational Risk Management Organization and Structure	Taishin Bank has set up a operating-risk management framework including the following tools and mechanisms: 1. Loss Event Database (LED) All business and support units are required to report any loss events into the LED system in a timely, accurate manner and to take remedial actions, where necessary, to prevent recurrence of the events. 2. Risk Control Self-Assessment (RCSA) Front-line personnel are required to perform RCSA for both current and potential risks and to follow up on the risk control weaknesses monthly for enhancements. 3. Key Risk Indicators (KRIs) KRIs have been defined by each business unit as an early warning to alert appropriate management to significant risks faced by the Bank.
3. Scope and features of operational risk report and evaluation system	The scope of operating risk is defined as "risks triggered by improprieties or mistakes of internal flow, staffers, systems, or external incidents, including legal risk but excluding strategic risk and reputation risk." Meanwhile, the ORM system has set up to evaluate and monitor the action plan of operational loss event.
4. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations.	The bank has instituted Business Continuity Management (BCM) and taken out insurance as the hedging tools.
5. Regulatory Capital Requirement Methodology	Standardized Approach

#### Capital Requirement for Operational Risk

Dec. 31, 2021 Unit: NT\$1,000

Year	Gross Income	Capital Requirement
2019	37,646,970	-
2020	37,257,551	
2021	38,217,684	
Total	113,122,205	5,092,084

### 4. Market risk management system and capital requirement

#### 2021 Market Risk Management System

Items	Contents
1. Market Risk Management Strategy and Process	Taishin's market risk policy is in the business of managing risk to maximize shareholder value. We have established a risk management framework, including an independent risk management unit to preserve integrity of the risk control processes, clearly defined market risk management policies and procedures, and set of risk limits, which are regularly reviewed to ensure that Taishin's risk taking is consistent with its business strategy, capital structure and current market conditions.
2. Market Risk Management Organization and Structure	Our market risk team is responsible for daily management and control of market risk exposures and to ensure our business activities adhere to our market risk policies. Segregation of duties is separated by function as follows: product control, risk IT and Quants. Risk IT team is responsible for system maintain and Quant Team supports the quantification model building and validation. In addition, accounting unit is in charge of settlements and process flow.

Items	Contents
3. Scope and features of market risk report and evaluation system	<p>Risk reporting is performed in a timely fashion and measurements are made at different levels, from products to trading desks. We seek to monitor and control our market risk exposures through a variety of separate but complementary financial, trading management, and reporting systems.</p> <p>Qualitative tools: Our major objectives are to promote risk transparency and risk awareness. We accomplish this through an independent risk management function, along with setting up risk policies and processes, including pricing verifications, benchmarking, model validation and a new product review/approval mechanism.</p> <p>Quantitative tools: We manage our market risk exposures using a number of quantitative tools, including risk limits, stress testing &amp; scenario analyses, and Value-at-Risk (VaR). Our future goal is to gain approval from the supervisory authorities to use internal VaR model to calculate regulatory market risk capital for our general and specific market risks.</p>
4. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations	<p>Market risk is managed by diversifying exposures, controlling position sizes and establishing economic hedges in related securities or derivatives. The ability to actively manage risk is related to its hedge strategy, and identifying adverse changes in the liquidity of an exposure or its related hedge instrument and in the correlation of price movements between the two are essential to effective hedging. We have policies and procedures in place to ensure active and efficient hedges.</p>
5. Regulatory Capital Requirement Methodology	Standardized Approach

### Capital Requirement for Market Risk

Dec. 31, 2021 Unit: NT\$1,000

Type of Risk	Capital Requirement
Interest rate risk	4,247,782
Equity securities risk	423,459
Currency rate risk	155,590
Commodity price risk	0
Total	4,826,831

5. Liquidity risk includes analysis of maturity of assets and liabilities, as well as explanation of management method for assets liquidity and fund-shortfall liquidity.

(1) Analytical table for the structure of maturity dates for NT-dollar funds

Dec. 31, 2021 Unit: NT\$1,000

	Total	The Amount for the Remaining Period to Maturity					
		0 -10 days	11 -30 days	31- 90 days	91-180 days	181 days- one year	Over one year
Main Cash inflow on maturity	2,250,684,784	264,328,465	402,573,125	291,361,964	203,196,887	248,882,724	840,341,619
Main Cash outflow on maturity	2,751,719,234	132,526,803	226,095,470	360,445,780	368,526,003	517,458,673	1,146,666,505
Gap	( 501,034,450)	131,801,662	176,477,655	( 69,083,816)	(165,329,116)	(268,575,949)	( 306,324,886)

(2) Analytical table for the structure of maturity dates for US-dollar funds.

(a) The Bank

Dec. 31, 2021 Unit: US\$1,000

	Total	The Amount for the Remaining Period to Maturity				
		0 -30 days	31-90 days	91-180 days	181 days- one year	Over one year
Main Cash inflow on maturity	43,584,309	14,804,221	11,146,905	7,209,885	6,159,429	4,263,869
Main Cash outflow on maturity	43,522,292	11,460,011	11,638,570	7,209,588	7,018,534	6,195,589
Gap	62,017	3,344,210	( 491,665)	297	( 859,105)	( 1,931,720)

(b) Overseas branch

Dec. 31, 2021 Unit: US\$1,000

	Total	The Amount for the Remaining Period to Maturity				
		0 -30 days	31-90 days	91-180 days	181 days- one year	Over one year
Main Cash inflow on maturity	6,068,803	2,226,108	1,011,649	334,825	599,347	1,896,874
Main Cash outflow on maturity	6,021,727	1,979,892	2,128,780	558,430	640,898	713,727
Gap	47,076	246,216	( 1,117,131)	( 223,605)	( 41,551)	1,183,147

(3) Assets liquidity and the management of fund-shortfall liquidity

1. Management principle

Risk management for fund liquidity is to assure that under any circumstance at present or in the future, the bank's liquid fund can meet the fund need resulting from assets growth or fulfilling mature obligations. The bank should monitor and manage the following items:

- ◆ Under normal market change or emergent situation, possess sufficient fund to meet due obligations and fulfill guarantee and commitment for credit extension.
- ◆ Carry out fund maneuvering at reasonable market prices.
- ◆ Meet liquidity need for business growth.

2. Basic principles for funding liquidity-risk management include:

- ◆ Principle of diversification: Avoid over-concentration in fund maneuvering, in terms of maturity date, maneuvering tools, currency, place, funding source, and trading partners.
- ◆ Principle of stability: Follows the strategy of fund stability to reduce the reliance on unstable funding sources and avoid the effect of market swing on funding sources.
- ◆ Principle of maintaining adequate assets liquidity: As the status of market liquidity will indirectly affect fund- ing liquidity, the bank must assure that total assets are sufficient to cover total liabilities and keep a certain share of assets with good liquidity or good for use as collaterals, capable of meeting need of working capital in emergency and short-term liabilities.
- ◆ Principle of matching of assets and liabilities on maturity.
- ◆ Pay attention to payment commitment resulting from credit-extension business.

**b. Effect of changes in major domestic or foreign policies and law regulations on the bank's finance and countermeasures:**

Standards for Security Management of Electronic Banking Business of Financial Institutions	Regarding expansion of eligibility for online services, in addition to existing deposit account holders, loan account holders, and credit cardholders, customers of other banks are now also eligible. The expansion will strengthen existing customer relationships while extending the reach of the loan services.	Systems and business practices are modified in response to deregulation.
1. The Central Bank has revised the "Central Bank Regulations on Mortgage Loan Operations for Real Properties by Financial Institutions" . 2. The FSC applies strengthened measures towards the management of real property credit operations for banks.	In the management of real property credit operations and their risk management, banks should apply identity checks on the customers (KYC) and the 5P Principles of credit operations, and strengthen the vetting of credit customers and management measures after loan approval.	Complete the execution of relevant management measures, which the auditing authorities will also include as a focus of audit.
Privacy protection methods for non-public agency personal information as directed by the Financial Supervisory Commission	If an incidence of major personal information breach occurs, the FSC shall be notified within 72 hours (including weekends and holidays). However, when other laws and regulations apply, it will be processed accordingly.	Establishment of Relevant Internal Management Regulations

**c. Effect of technological and industrial changes on the finance of the bank and countermeasures.**

1. Impact and response to technological changes

Fast technological advances are fueling accelerated transformation in the financial sector. Innovation of banking services has become one of the keys to the future of banking. It is inevitable for more banks to start forming cross industry alliances but also a potential source for more opportunities. Taishin Bank will continue to develop cross industry alliances and provide a wide range of innovative services in the future.

The growing popularity of financial technology (FinTech) is starting a revolution in the banking sector. Taishin takes the initiative to understand and get involved in the lawmaking process. Taishin effectively combines technology and new market trends and sets the goal at "meeting customer demand for personalization and differentiation at the right time" .

(1) Cloud-end service technology

Following its growing business needs and latest developments in technology, Taishin Bank has been implementing cloud services and strengthening information security management in order to facilitate business development and expansion and to take cloud services to borderless management. Results from recent years include.

- (a) Launched customer services on the cloud as another means by which customers and the bank might communicate and exchange information.
- (b) Build a software development cloud for developers. The idea is to improve security by gathering resources and reducing costs.
- (c) Implement a mobile office on the cloud to enable employees to establish connections and perform office tasks anytime anywhere.
- (d) The content delivery network (CDN) allows customers to swiftly acquire the latest business news and increases the efficiency of customer service.

## (2) Consumer finance

- (a) Simplified auto loans were planned and developed to use standardized processes, and additional rules for car appraisal were implemented to accelerate the launch of products as well as shortening the time needed for customer loans.
- (b) Established the visual management interface in the loan process as a response to the critical analysis of end-to-end processes.
- (c) With the increased ubiquity of mobile devices, Taishin Bank is developing the application submission and GPS-enabled onsite survey features on the mobile app, and integrating the front- and back-end systems to improve operational efficiency and competitiveness.
- (d) The post-pandemic era has seen many great impacts on industries, so the recovery of the economy is still not looking up. The loan approval and risk-based pricing process is constantly modified to ensure stable growth.
- (e) Develop new operational models for new enterprises through big data and innovative virtual channel services, thus creating new demand and new opportunities for loans.

## (3) Digital banking :

With the rise of fintech, Taishin Bank works to support government policies and make financial services an integral part of the everyday life.

- (a) A variety of mobile payment tools: Apart from responding to the development of the Internet and mobile phones, we also focus on the development of various mobile payment platforms, applications for mobile phones, and new types of wearable devices. Furthermore, for the protection of consumers, we actively integrate the field of biometrics (facial scans) with payments, and concurrently design password inspection mechanisms (authentication codes) to ensure the correctness of the transaction and avoid risk. These measures have also opened new possibilities in the field of biometric payment.
- (b) Online banking services: The online application system is implemented to integrate front- and back-office systems and improve efficiency and competitiveness. IT contingency plans are in place for all online processes. All designs of the processes comply with the Standards for the Security Management Operation of Electronic Banking Business of Financial Institutions in terms of transactions, login authentication, administration, and systems and equipment.

## (4) Plans for big data development

- (a) The plans include integration of internal and external data, implementation of the latest data analysis techniques, identification of customer behavioral intentions and spending patterns, and real and virtual channels to provide instant personalized products and services.
  - Integrate external information to inspect customers' multi-dimensional data: Adroit use of the government's open data and open data on the Internet, combined with the customers' online/offline behaviors, to increase the breadth and depth of business analysis, thus accelerating exploration of the motives and needs of customers.
  - Utilize cloud structures to increase the efficiency in conducting business: Leverage cloud architectures to shorten the introduction time of new technologies and system structures, increase the success rate of practical operations and develop automatic operations to increase the efficiency of data analysis.
  - Establish big data computing platforms to develop analytical competence: Establish big data computing platforms, research and develop intelligent analysis technology for the understanding of languages and automatic model construction via machine learning to increase the precision of predictions of customer's behavior.
  - Adopt an agile model towards development to speed up business applications: Utilize technologies such as data labeling, business intelligence visualization and microservice, combined with agile development to encourage management and market personnel to take the initiative in using the data and hence speed up market share gains.

- Optimize channels the customer comes into contact with and provide personal banking service: Continue to optimize user experiences with digital platforms and introduce new channels of contact, coupled with precise customer behavior analysis to promote the most appropriate personal banking service at the most appropriate time.

(b) Establish industry-academia collaboration and actively promote technology advances for the industry and academic institutions:

- This bank continues to cultivate talent and promote innovative financial education on campuses, creating opportunities for industry and academia to exchange research and development resources, recruit talent in new technical fields and upgrade their soft power.

## 2. Impact and response to industry changes

In response to a rapidly changing banking industry, the bank has incorporated resources to provide up-to-date industry analysis so as to improve the quality of its credit assessments. Furthermore, the bank has set risk limits on various industries, and on the group as a whole, to monitor the latest industry developments and how they affect the bank's credit risks.

### d. Effect of change in the corporate images of the bank and countermeasures.

Apart from its financial businesses, Taishin Financial Holding co., Ltd. has long dedicated itself to caring for society and has devoted itself to charitable work and environmental protection. Taishin is well-aware of the responsibilities a company owes to the society, and therefore actively supports environmental protection, charitable, cultural and artistic activities, in the hope of bringing about social change and real benefits for the socially disadvantaged, and fulfilling its role as a member of the society.

### e. Anticipated benefits and possible risks from acquisition and countermeasures.

According to bank's experience in financial acquisitions, including Tainan First Credit Cooperation and HsinChu Tenth Credit Cooperative and the acquisition of Daan Bank, financial mergers can generate a number of benefits, including expansion of financial scope.

Via deep cultivation of abundant resource, economy of scale, the integration of various business resources, and product and client integration, financial mergers create concrete synergy effect and bring substantial benefits to shareholders.

#### 1. Anticipated benefits:

- (1) Make the bank's service and product portfolio more comprehensive therefore providing customers with greater variety and meeting their needs to drive revenue growth.
- (2) Ability to serve customers through a more tightly integrated platform, thereby giving them more convenience and facilitating expansion of the bank's financial services.
- (3) Potential to integrate information systems, marketing resources and operating platforms, while making more efficient use of the company's resources at lower costs.

#### 2. Possible risks for acquisition

Risks associated with mergers and acquisitions lie in execution and integration. Only when businesses, personnel, resources and corporate culture are integrated as planned can mergers deliver the hoped for synergies.

3. Countermeasure:

The bank will develop effective management practices and open communication channels to ensure the smoothness of merger transitions, and ultimately achieve the expected synergies.

**f. Anticipated benefits from the expansion of business offices, possible risk, and countermeasures:**

1. The Bank's selection of branch location is always preceded by a complete market survey and assessment, which gathers information on local wealth concentration, growth, and business activities. Meanwhile, the Bank starts with a branch network and the idea of balanced development to increase the width of customer services provided by the Bank. The mission is to deliver on the expected benefits including becoming more competitive in the market, increasing the number of wealth management accounts, and providing customers easier, faster, better quality services. The Bank relies on its extended branch network to facilitate the development of the Bank's service network.
2. Expanding branch coverage may result in a number of risks such as over supply of services in the nearby area, over-competition for the same customers etc.
3. The Bank conducts thorough assessments before committing to any new branch establishments. It also adjusts business strategies and risk management policies where appropriate to respond to the risks it encounters.

**g. Risk associated with business concentration**

1. Backup mechanism

Due to the sharing of resources and talents resulting from the concentrating of some of the bank's business, the occurrence of incidents will create major impact on the bank. Therefore, in addition to the disaster recovery plan formulated by the information service division, the bank has set up "business continuity planning" (BCP) and labor-hygiene and security-related policy and measures, so as to assure the continuation of the bank's integrated operation, including back-up mechanism for site, system, and personnel, which would undergo regular testing every year. The bank also regularly prepares back-up copies for data which are stored at a different site.

2. Document transmission

In the wake of operating concentration, internal transmission or delivery of original copies of document may result in information leakage or loss of documents, thereby causing serious consequence on the customers and the bank. To prevent the problems, the bank keeps the track for signed reception and formulates complete delivery rules for the delivery of key documents.

**h. The effect of the change of management right on the bank, related risk and Countermeasures: As of the end of 2020, Taishin Bank is a wholly-owned subsidiary of Taishin Financial Holding Co., Ltd. There has been no material change in ownership.**

**i. Impact on the Bank and risk and response measures as a result of change of any major shareholder with more than 1% ownership interest or of large transfer/exchange of equity: The Bank is a wholly owned subsidiary of Taishin Financial Holding Co., Ltd.**

**j. Litigation and non-litigation incident: None.**

Unappealable judgment, or under litigation	The facts of the dispute	Value of Claim	The initiation of Litigation	The involved parties	The current status
Claim for damage compensation	The Taiwan Taipei District Court sentenced Zhou in the criminal case regarding unauthorized withdrawals of clients' funds to ten years and six months in prison. Taishin Bank filed an ancillary civil action with the Taiwan Taipei District Court, and the court transferred the case to the civil court.	NT\$266,189,647 + US\$1,730,000	2021.08	Taishin Bank vs Zhou, Huang, and Zhou	January 4, 2022 Mediation failed (2021 Chong-Fu-Min-Zi No. 65)

**k. Other major risks and countermeasures: None.**

For the purpose of anti-money laundering and countering terrorism financing and preventing Taishin Bank financial products and services from being

used as tools or media of money laundering or terrorism financing, Taishin Bank has implemented the Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) Internal Control System and the Guidelines for Anti-Money Laundering and Countering Terrorism Financing. Taishin Bank takes a risk-based approach to detection and prevention in order to ensure effective AML/CTF controls.

In addition, an AML/CTF committee is installed to aid the board of directors and executive officers in performing their compliance management duties and ensure related banking procedures and internal controls can be executed effectively.

The three lines of defense play a crucial role in Taishin Bank's effort to strengthen AML/CFT control. The first line of defense, which is embodied by the sales units worldwide, has senior managers appointed as the supervisors to oversee AML/CFT programs in their respective units and make AML/CFT practices part of their daily management routines. The second line is responsible for coordinating and overseeing execution of AML/CFT programs, and invests resources to identify and monitor risks on an ongoing basis. Finally, the third line, which is embodied by the internal audit units, conduct audits according to the rules in order to ensure the design and execution of AML/CFT programs remain valid.

**G. Crisis response mechanism:**

Taishin Bank has followed the policy of “Business Continuity Management” (BCM) formulated by the holding company to assure the continuity of the company's essential business activities. Based on the BCM policy, all units in Taishin set up their BCP to ensure that the essential operations can be maintained or recovered in a timely fashion in the event of a disruption.

In addition, the BCM system has built for further management to minimize the operational, financial, legal, reputation and other material consequences arising from a disruption.

**H. Other important affairs: None.**

# VIII. Special Disclosure

## A. Information of affiliates

### a. Consolidated financial statement with affiliates

In 2021, the affiliated enterprises subject to the preparation of consolidated business reports in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," were identical to the affiliated companies subject to the preparation of consolidated financial statements under the Statement of International Financial Reporting Standards No.10. All mandatory disclosure of the consolidated business reports has already been executed in the consolidated financial statements, therefore no separate consolidated business report was prepared.

### b. Consolidated financial statement with affiliates

#### 1. Organizational chart of affiliates

Taishin International Bank Organizational chart of affiliates

(Base date: Dec 31, 2021)



#### 2. Business status of affiliates

Dec. 31, 2021 Unit: NT\$1,000

Name of enterprises	Capital	Total Assets	Total Liabilities	Book Value	Operating revenue	Operating profit	Current Profit/loss (after tax)	After-tax Profit/loss Per share
Taishin D.A. Finance	1,288,784	11,726,349	10,124,364	1,601,984	777,291	241,920	213,789	1.66
Taishin Real Estate Management	200,000	592,649	240,966	351,683	43,439	20,314	29,633	1.48

Note 1: All affiliates, regardless of size, are required to make the disclosure.

Note 2: Affiliates that are foreign companies shall show all figures in TWD by converting them at the exchange rates applicable on the report date.

### 3. Information on affiliates

Dec. 31, 2021 Unit: NT\$1,000

Name of enterprise	Date of establishment	Date of establishment	Paid-in Capital	Major business or product items
Taishin D.A. Finance Co., Ltd.	1997.10.13	7F., No.44, Sec.2 Zhongshan N Rd., Zhongshan Dist., Taipei City	1,288,784	<ol style="list-style-type: none"> <li>1. Leasing.</li> <li>2. Wholesale of machinery.</li> <li>3. Retail of machinery and apparatus.</li> <li>4. Wholesale of precision equipment.</li> <li>5. Retail of precision equipment.</li> <li>6. Retail of auto.</li> <li>7. Retail of ship and parts.</li> <li>8. Retail of flying devices and parts.</li> <li>9. procurement of money debt claim of financial institutions.</li> <li>10. Management consulting.</li> <li>11. Information software service.</li> <li>12. Information processing service.</li> <li>13. Other business services.</li> <li>14. Wholesale of medical goods.</li> <li>15. Retail sale of medical goods.</li> <li>16. Energy Technical Services</li> <li>17. Retail sale of motorcycles.</li> <li>18. In addition to the licensed activities, the company may also engage in other business activities that are not prohibited or restricted by law.</li> </ol>
Taishin Real Estate Management Co., Ltd.	1995.08.17	2F-4, No.9, Dehui Street, Taipei city	200,000	<ol style="list-style-type: none"> <li>1. Construction management industry.</li> <li>2. Residence and office building development and leasing.</li> <li>3. Development and leasing of industrial factories.</li> <li>4. Specific professional zone development.</li> <li>5. Investment and construction of public construction projects.</li> <li>6. New town and new community development.</li> <li>7. Agency for area ex propriation and urban land rezoning.</li> <li>8. Urban renewal.</li> <li>9. Realty transaction.</li> <li>10. Realty leasing.</li> <li>11. Business credit investigation.</li> <li>12. In addition to the licensed activities, the company may also engage in other business activities that are not prohibited or restricted by law.</li> </ol>

### 4. Information on directors, supervisors, and presidents

Dec. 31, 2021 Unit: shares

Name of enterprise	Title	Name or representative	Shareholding	
			Shareholding	Stake
Taishin D.A. Finance	(Representative)	Taishin International Bank	128,878,395	100.00%
	Chairman	Chen, Li-Hsiung		
	Director	Shin-Chu Chien Welch Lin		
	Director	Charles Wan		
	Director	Peter Tsai		
	Supervisor President	Tsai, Chih-Fang	-	-
Taishin Real Estate Management	(Representative)	Taishin International Bank	12,000,000	60.00%
	Chairman Director	Tiao, Chieh-Sheng		
	Director	Wu, Tong-Shung		
	Director	Wu, Tong-Liang		
	Director	Liaw, Shean Yng	8,000,000	40.00%
	(Representative)	Taishin Asset Management		
	Supervisor	Welch Lin		
	President	Liaw, Shean Yng	-	-

c. Affiliate report

Statement

**Taishin International Bank  
Statement on Affiliation Report**

Feb. 17, 2022

The company's affiliation report for fiscal 2021 (Jan.1, 2021-Dec. 31, 2021) was compiled according to guidelines for Compilation of Consolidated Business Report, Consolidated Financial Statement, and Affiliation Report of Affiliates, whose disclosed information has no major differences from related information disclosed in the notes of the financial statement for the same period.

Taishin International Bank



Wu, Tong-Liang  
Chairman



Date: February 17, 2022

To: Taishin International Bank Co., Ltd.

Subject: No significant deficiencies between the information included in the 2021 affiliation report and the notes to the 2021 financial statements.

Gentlemen:

#### AUDITOR'S REVIEW REPORT ON AFILIATION REPORT

1. Taishin International Bank Co., Ltd (the "Company") has issued a statement, as shown in the attached, indicating its affiliation report for the year ended December 31, 2021 (the "2021 Affiliation Report") was prepared in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". The statement also indicated that the information included in the 2021 Affiliation Report has no significant differences from the related notes to the Company's 2021 financial statement.
2. We have reviewed and compared the information included in the 2021 Affiliation Report and the notes to the Company's 2021 financial statements. Based on the aforementioned procedures performed, no significant deficiencies were noted.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

#### d. Relationship between subordinated and controlling company

Dec.31, 2021 Unit: %, share

Controlling company name	Controlling Reason	Shareholding and lien obligation of controlling company			Director, supervisor, or manager representing controlling company	
		Shares owned	Share of stake	Shares with lien	Title	Name
Taishin Financial Holding Co., Ltd.	Own 100% of the shares with voting right issued by the bank	8,885,711,853	100.00	-	Chairman	Wu, Tong-Liang
					Director	Wu, Tong-Shung
					Director	Hsu, Teh-Nan
					Director	Kuo, Jui-Sung
					Director	Wu, Shang-Pin
					Director	Kao, Chih-Shang
					Director	Wu, Shin-Hau
					Director	Lin, Long-Su
					Independent director	Chang, Min-Yu
					Independent director	Lin, Yi-Fu
					Independent director	Lee, Shyan-Yuan

#### e. Dealing between subordinated and controlling company

1. Dealing for purchase and sale: None.
2. Property dealing: None.

Transaction date	Transaction party	Transaction counterparty	Instrument traded	Legal relationship (Purchase, sell, lease, rent, lend, or loan)	Stakeholder Yes/No (If yes, please specify the relationship)	Transaction amount	Authorized level of trade	Transaction Date
March 2020	Banking	Taishin Asset Management Co., Ltd.	1F., No. 9, Dehui St., Zhongshan Dist., Taipei City, 1F., No. 9-1, Dehui St., Zhongshan Dist., Taipei City, and 12 ramp-surface parking spaces	Selling	Yes, both are wholly owned subsidiaries of Taishin FHC	429,650	Board of Directors	2020/03/12

3. Fund lending: None.

#### 4. Asset leading

Unit: NT\$1,000

Type of dealing (Rental out or On lease)	Target		Lease Period		Nature of Lease	Basis for rental	Method of rental collection (payment)	Comparison with common rental level	Amount of current rental	Collection of current rental	Other agreed conditions
	Name	Address									
Rental out	Taishin Holdings Building	Fl. 13, No. 118, Renai Road, Sec. 4, Taipei	2017.05.01	2022.04.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	161	Normal	Deposit of 40
Rental out		Fl. 13, No. 118, Renai Road, Sec. 4, Taipei	2017.07.01	2022.06.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	164	Normal	Deposit of 40
Rental out		Fl. 16, No. 118, Renai Road, Sec. 4, Taipei	2020.11.01	2025.10.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	7,549	Normal	Deposit of 1,887
Rental out		Fl. 12, 13, 15, 16, 21, 22, 23, No. 118, Renai Road, Sec. 4, Taipei	2021.01.01	2025.12.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	6,050	Normal	Deposit of 1,513
Rental out		Fl. 18, No. 118, Renai Road, Sec. 4, Taipei	2021.03.17	2025.03.16	Business lease	Set on reference of market price	Monthly collection	Similar to market price	1,818	Normal	Deposit of 412
Rental out	Taiwan Securities Building	Fl. 11, 12, No. 96, Jianguo N. Road, Sec. 1, Taipei	2019.01.16	2024.01.15	Business lease	Set on reference of market price	Monthly collection	Similar to market price	23,169	Normal	Deposit of 5,792
Rental out		Fl. 11, No. 96, Jianguo N. Road, Sec. 1, Taipei	2019.06.16	2024.01.15	Business lease	Set on reference of market price	Monthly collection	Similar to market price	505	Normal	Deposit of 42
Rental out		Fl. 11, No. 96, Jianguo N. Road, Sec. 1, Taipei	2019.06.16	2024.01.15	Business lease	Set on reference of market price	Monthly collection	Similar to market price	512	Normal	Deposit of 128
Rental out	Jianbei Building	Fl. 3, No. 17, Jianguo N. Road, Sec. 2, Taipei	2019.07.01	2024.06.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	3,344	Normal	Deposit of 836
Rental out	Zhung Shan Building	Fl. 2, No. 44, Zhongshan N. Road, Sec. 2, Zhongshan District, Taipei	2017.12.01	2022.11.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	16,738	Normal	Deposit of 4,602
Rental out	Neihu Building	Fl. 5, No. 207, Jiuzhong Road, Sec. 2, Neihu District, Taipei	2018.01.01	2022.12.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	554	Normal	Deposit of 139
Rental out		Fl. 5, No. 207, Jiuzhong Road, Sec. 2, Neihu District, Taipei	2018.08.01	2023.08.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	257	Normal	Deposit of 64
Rental out		Fl. 7, No. 207, Jiuzhong Road, Sec. 2, Neihu District, Taipei	2017.10.01	2022.09.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	5,489	Normal	Deposit of 1,320
Rental out	Nanggang Building	Fl. 5, No. 19-3, Sanchong Rd., Nangang Dist., Taipei City	2020.02.01	2026.01.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	796	Normal	Deposit received 2,388
Rental out	Nantun Building	2F. (partial) and 3F., No. 187, Sec. 2, Dongxing Rd., Nantun Dist., Taichung City	2020.06.01	2025.05.31	Business lease	Set on reference of market price	Monthly payments	Similar to market price	1,607	Normal	Deposit received 402
Rental out	Tainan Building	Fl. 3, No. 389, Ximen Rd., Central Dist., Tainan City	2019.05.01	2024.04.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	848	Normal	Deposit received 212
Rental out	Yongfu Building	5F., No. 150, Sec. 2, Yongfu Rd., West Central Dist., Tainan City	2020.12.01	2023.11.30	Business lease	Set on reference of market price	Monthly payments	Similar to market price	311	Normal	Deposit received 75
On lease	Lingya Building	3F.-1, No. 260, Zhongshan 2nd Rd., Qianzhen Dist., Kaohsiung City	2017.12.01	2022.11.30	Business lease	Set on reference of market price	Monthly payments	Similar to market price	2,048	Normal	Deposit received 75
On lease		1F., No. 95, Wenchang Rd., Shilin Dist., Taipei City	2020.10.01	2023.09.30	Business lease	Set on reference of market price	Paid annually	Similar to market price	302.4	Normal	Refundable deposit 0

Type of dealing (Rental out or On lease)	Target		Lease Period		Nature of Lease	Basis for rental	Method of rental collection (payment)	Comparison with common rental level	Amount of current rental	Collection of current rental	Other agreed conditions
	Name	Address									
On lease		ATMs at Shinkong Mitsukoshi islandwide	2021.01.01	2021.12.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	1,260	Normal	Refundable deposit 0
On lease		1F. and B1, No. 150, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City	2021.04.16	2022.04.15	Business lease	Set on reference of market price	Paid monthly	Similar to market price	9,507	Normal	Refundable deposit 2,280
On lease		4F.-1 and -2, No. 207, Fuxing Rd., Taoyuan Dist., Taoyuan City	2020.09.01	2022.08.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	3,743	Normal	Refundable deposit 468
On lease		1F., No. 50, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City	2020.09.01	2014.08.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	198	Normal	Refundable deposit 17
On lease		1F. and 2F., No. 88, Sec. 6, Zhongshan N. Rd., Shilin Dist., Taipei City	2020.09.01	2030.08.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	189,810	Normal	Refundable deposit 4,426
On lease		22F.-1, No. 2, Zhongshan 2nd Rd., Lingya Dist., Kaohsiung City	2020.12.01	2022.11.30	Business lease	Set on reference of market price	Paid monthly	Similar to market price	599	Normal	Refundable deposit 75
On lease		22-2F. and 22-5F, No.2 Zhongshan 2nd Road, Kaohsiung City	2021.08.01	2023.07.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	1,961	Normal	Refundable deposit 163

5. Other important dealings: None.

f. Endorsements and guarantees between subsidiary company and controlling company: None.

**B. Securities and financial bonds issuance via private placement in 2021 and as of February 28, 2022:None.**

**C. Holding or disposal of the bank's shares by subsidiaries in the recent year and as of the date of the publication of the annual report: None.**

**D. Other necessary supplementary explanation: None.**

**E. Stocks: None.**

## IX. Directory of Head Office & Branches

Name	Address	Phone Number
Head Office & Business Department	No.44, Sec. 2, Zhongshan N. Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2568-3988
Dunnan Branch	No.118, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2326-8899
Sinsheng Branch	No.62, Sec. 1, Sinsheng S. Rd., Zhongzheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2395-2888
Sinjhuang Branch	No.75, Sec. 2, Jhonghua Rd., Xinzhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02) 2998-0888
Taoyuan Branch	No.205, Fusing Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03) 339-6000
Taichung Branch	No.416, Sec. 2, Taiwan Blvd., West Dist., Taichung City 403, Taiwan (R.O.C.)	(04) 2328-5577
Banciao Branch	No.176, Jhongjheng Rd., Banciao District, New Taipei City 220, Taiwan (R.O.C.)	(02) 2965-8888
Kaohsiung Branch	No.10, Mingcheng 4th Rd., Gushan Dist., Kaohsiung City 80457, Taiwan (R.O.C.)	(07) 553-6653
Tainan Branch	No.389, Sec. 2, Simen Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06) 223-3383
Nantung Branch	No.289, Sec. 3, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 2546-1068
Jhongli Branch	No.366, Yanping Rd., Zhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03) 427-2345
Trust Department	No.118, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2326-8899
International Department	2F ~ 6F, No.17, Sec. 2, Jianguo N. Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2505-6966
Linya Branch	No.260, Jhongshan 2nd Rd., Qianzhen District, Kaohsiung City 806, Taiwan (R.O.C.)	(07) 537-5537
Lujhou Branch	No.197, Changrong Rd., Luzhou Dist., New Taipei City 247, Taiwan (R.O.C.)	(02) 2848-5858
Tienmou Branch	No.88, Sec. 6, Zhongshan N. Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	(02) 2836-3988
Dali Branch	No.127, Sec. 2, Jhongsing Rd., Dali District, Taichung City 412, Taiwan (R.O.C.)	(04) 2483-4088
Offshore Banking Unit	2F ~ 6F., No.17, Sec. 2, Jianguo N. Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2505-6966
Jhonghe Branch	No.341, Jhonghe Rd., Yonghe District, New Taipei City 234, Taiwan (R.O.C.)	(02) 2232-7788
Chiayi Branch	No.620, Chueiyang Rd., West District, Chiayi City 600, Taiwan (R.O.C.)	(05) 222-2818
Fongyuan Branch	No. 368, Yuanhuan E. Rd., Fengyuan Dist., Taichung City 420, Taiwan (R.O.C.)	(04) 2525-7999
Hualien Branch	No.408-9, Zhongshan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03) 834-5930
Hsinchu Branch	No.83, Sec. 2, Dongda Rd., North District, Hsinchu City 300, Taiwan (R.O.C.)	(03) 535-1546
Cisian Branch	No.386, Cisian 1st Rd., Xinxing District, Kaohsiung City 800, Taiwan (R.O.C.)	(07) 238-8545
Sinyi Branch	No.1, Songgao Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02) 2723-0088
North Taichung Branch	No.55, Sec. 2, Chongde Rd., Beitun District, Taichung City 406, Taiwan (R.O.C.)	(04) 2232-6886
Sanchong Branch	No.116, Jhengyi N. Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02) 2983-6100
Yongfu Branch	No.150, Sec. 2, Yongfu Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06) 220-4622
Pingtung Branch	No.103, Guangdong Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08) 721-7777
Da-an Branch	No.118, Sec. 3, Sinyi Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2700-9388
Longtan Branch	No.176, Jhongjheng Rd., Longtan Dist., Taoyuan City 325, Taiwan (R.O.C.)	(03) 499-3800
Chongde Branch	No.260, Chongde Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06) 290-6901
Jinhua Branch	No.195, Sec. 2, Jinhua Rd., South District, Tainan City 702, Taiwan (R.O.C.)	(06) 263-9121
Houchia Branch	No.520, Yunong Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06) 209-2638
Haidian Branch	No.130, Sec. 1, Haidian Rd., Annan District, Tainan City 709, Taiwan (R.O.C.)	(06) 258-5015
Changhua Branch	No.273, Sec. 1, Jhongjheng Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04) 722-7789
Wujia Branch	No.734, Wujia 2nd Rd., Fengshan Dist., Kaohsiung City 83085, Taiwan (R.O.C.)	(07) 813-1168
Fongshan Branch	No.105, Jhongshan W. Rd., Fengshan District, Kaohsiung City 830, Taiwan (R.O.C.)	(07) 719-9999
Kuting Branch	No.28, Sec. 3, Roosevelt Rd., Zhongzheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2364-6888
Jianciao Branch	No.150, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02) 2508-1899
Minsheng Branch	No.88, Sanmin Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02) 8787-2680
Taiping Branch	No.511, Yichang Rd., Taiping District, Taichung City 411, Taiwan (R.O.C.)	(04) 2273-0588
Heping Branch	No.238, Sec. 1, Heping E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2368-5589
North Kaohsiung Branch	No.360, Bo-ai 2nd Rd., Zuoying District, Kaohsiung City 813, Taiwan (R.O.C.)	(07) 550-9900
South Sinjhuang Branch	No.58, Fuguo Rd., Xinzhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02) 2906-8868

Name	Address	Phone Number
Neihu Branch	No.358, Sec. 1, Neihu Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02) 2659-9966
Yonghe Branch	No.195, Jhulin Rd., Yonghe District, New Taipei City 234, Taiwan (R.O.C.)	(02) 8928-0588
Fong Jia Branch	No.258, Sec. 2, Henan Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)	(04) 2451-7890
Chuke Branch	No.289, Sec. 2, Guangfu Rd., East District, Hsinchu City 300, Taiwan (R.O.C.)	(03) 516-3123
Nantun Branch	No.187, Sec. 2, Dongsing Rd., Nantun District, Taichung City 408, Taiwan (R.O.C.)	(04) 2472-0788
Dazhi Branch	No.645, Bei-an Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 8509-6858
Nanmen Mini-Branch	No.55, Sec. 1, Nanchang Rd., Zhongzheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2397-2588
Simen Branch	No.57, Sec. 1, Chongcing S. Rd., Zhongzheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2371-7878
Dunbei Branch	No.133, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 2712-6666
Jhongsiao Branch	No.282, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 6636-9999
Fusing Branch	No.150, Fusing N. Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2713-7666
Bannan Branch	No.41, Guancian E. Rd., Banqiao District, New Taipei City 220, Taiwan (R.O.C.)	(02) 2956-6789
Mincyuan Branch	No.559, Mincyuan Rd., North District, Taichung City 404, Taiwan (R.O.C.)	(04) 2205-1888
Sanmin Branch	No.573, Chengqing Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07) 398-7111
Jianpei Branch	No.17, Sec. 2, Jianguo N. Rd., Zhongsha District, Taipei City 104, Taiwan (R.O.C.)	(02) 2505-6966
Sanhe Branch	No.183, Sec. 4, Sanhe Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02) 2287-7979
North Xindian Branch	No.23, Baoqiang Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02) 2912-3988
Fucheng Branch	No.88, Jhongsan Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06) 228-4400
East Kaohsiung Branch	No.309, Jiansing Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07) 380-1500
Keelung Rd. Branch	No.55, Sec. 2, Keelung Rd., Xinyi District, Taipei City 110, Taiwan (R.O.C.)	(02) 2735-2567
Sindian Branch	No. 136, Sec. 1, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02) 2915-7766
North Taoyuan Branch	No.166, Sec. 1, Daxing W. Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03) 346-4888
Dadun Branch	No.711, Dadun Rd., Nantunn District, Taichung City 407, Taiwan (R.O.C.)	(04) 2327-4567
Yanping Branch	No.202, Sec. 2, Yanping N. Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02) 2557-9155
Nankan Branch	No.68, Zhongzheng Rd., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)	(03) 321-5999
Jingping Branch	No.634-9, Jingping Rd., Zhonghe District, New Taipei City 235, Taiwan (R.O.C.)	(02) 2242-8989
Wunsin Branch	No.218, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04) 2473-6767
Gangshan Branch	No. 67, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City 820, Taiwan (R.O.C.)	(07) 621-9677
Songjiang Branch	No.236, Songjiang Rd., Zhongshan Dist., Taipei City 10467, Taiwan (R.O.C.)	(02) 2523-7166
Daya Branch	No.242, Zhongqing E. Rd., Daya Dist., Taichung City 428, Taiwan (R.O.C.)	(04) 2565-2299
Sijih Branch	No.135, Jhongsing Rd., Xizhi District, New Taipei City 221, Taiwan (R.O.C.)	(02) 2694-5133
Chenggong Branch	No.180, Zihciang S. Rd., Jhubei City, Hsinchu County 30264, Taiwan (R.O.C.)	(03) 550-8396
Shihpai Branch	No.49, Sec. 2, Shihpai Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)	(02) 55815052
Yongkang Branch	No.986, Jhonghua Rd., Yongkang District, Tainan City 710, Taiwan (R.O.C.)	(06) 242-5788
South Songshan Branch	No.108, Sec. 5, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 2528-6188
Danshui Branch	No.76, Zhongshan Rd., Tamsui District, New Taipei City 251, Taiwan (R.O.C.)	(02) 2626-8689
East Keelung Branch	No.133-1, Sin 1st Rd., Xinyi District, Keelung City 202, Taiwan (R.O.C.)	(02) 2424-9999
Xinban Branch	No.98,102, Sec. 2, Xianmin Blvd., Banqiao District, New Taipei City 220, Taiwan (R.O.C.)	(02) 2957-1858
Peishih Branch	No.347,Sec.2,HepingE.Rd.,Da-an District,TaipeiCity106,Taiwan(R.O.C.)	(02) 2705-8588
Yonghua Branch	No. 377, Sec. 2, Yonghua Rd., Anping Dist., Tainan City 708, Taiwan (R.O.C.)	(06)299-6973
Chiangtsui Branch	No.79, Alley 3, Lane 182, Sec. 2, Wunhua Rd., Banqiao District, New Taipei City 220, Taiwan (R.O.C.)	(02) 8252-9999
Songde Branch	No.408, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02) 8789-5788
Beida Branch	No.457, Beida Rd., North District, Hsinchu City 300, Taiwan (R.O.C.)	(03) 521-8181
Nangang Branch	No.19-12, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	(02) 2655-9988
Guandong Ciao Branch	No.271, Sec. 1, Guangfu Rd., East District, Hsinchu City 300, Taiwan (R.O.C.)	(03) 577-9292
Jhubei Branch	No.331, Jhongjheng E. Rd., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03) 551-8383
Nanliao Branch	No.543, Sec. 3, Dongda Rd., North District, Hsinchu City 300, Taiwan (R.O.C.)	(03) 536-2611
Bade Branch	No.991, Sec. 1, Jieshou Rd., Bade Dist., Taoyuan City 334, Taiwan (R.O.C.)	(03) 362-6668
Yuanlin Branch	No.28, Yuying Rd., Yuanlin City, Changhua County 510, Taiwan (R.O.C.)	(04) 839-7899

Name	Address	Phone Number
Shifu Branch	No.91, Sec. 2, Wenxin Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)	(04) 2258-8757
Youchang Branch	No.750, Houchang Rd., Nanzi District, Kaohsiung City 811, Taiwan (R.O.C.)	(07) 365-2200
Shalu Branch	No.201-1, Jhongshan Rd., Shalu District, Taichung City 433, Taiwan (R.O.C.)	(04) 2665-6699
Zhunan Branch	No.61, Minzu St., Jhunan Township, Miaoli County 35041, Taiwan (R.O.C.)	(037) 468777
Luodong Branch	No.153, Gongjheng Rd., Luodong Township, Yilan County 265, Taiwan (R.O.C.)	(03) 953-3366
Donghu Branch	No.452-1, Sec. 5, Chenggong Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02) 2630-5678
Wenshan Branch	No.9, Baoyi Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	(02) 2938-2323
Fuduxin Branch	No.150, Zhongyuan Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02) 8521-1388
Jingmei Branch	No.11-1, Cheqian Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	(02) 2930-3013
Hsiungko Branch	No.21, Fuxing 4th Rd., Qianzhen Dist., Kaohsiung City 80661, Taiwan (R.O.C.)	(07) 331-6765
Overseas offices		
Name	Address	Phone Number
Hong Kong Branch	6/F,Tower 5, The Gateway,15 Canton Road, Tsimshatsui, Kowloon,Hong Kong	(852) 2234-9009
Singapore Branch	18 Robinson Road,#26,Robinson Centre,Singapore 048547	(65) 6224-0888
Tokyo Branch	8F, Meiji Yasuda Life Insurance Bldg.,2-1-1 Marunouchi, Chiyoda-ku, Tokyo 100-0005	(81) 3-3212-6668
Brisbane Branch	Level 24, 111 Eagle Street Brisbane, QLD 4000 Australia	(61) 7-32299869
Malaysia Labuan Branch	Office Unit 4(H), Main Office Tower, Financial Park Complex Labuan, Jalan Merdeka, 87000 W.p. Labuan, Malaysia	(60) 87-413636
Malaysia Labuan Branch Kuala Lumpur Marketing Office	Lot No 11-8, Level 11, Menara Hap Seng 2, Plaza Hap Seng, No. 1, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia	(60) 3-20221636
Vietnam Representative Office	7th floor,8 Nguyen Hue,Dist 1,HCM City,Vietnam	(84) 28-38228375
Myanmar Representative Office	422, Strand Road (Corner of Botahtaung Pagoda Road), #03-01, Botahtaung Township, Yangon, Myanmar	(95)18203409
Shanghai Representative Office	Room 05-122, 5 / F, 1000 Lujiazui Ring Road, Pudong New Area, Shanghai, China	(86)21-50380398
Thailand Representative Office	No.11/1, AIA Sathorn Tower, 6th Floor, Room no.603, South Sathorn Road, Yannawa Sub-district, Sathorn District, Bangkok	(66) 2-853-3879

# Appendix I. Financial Statements and Independent Auditors' Report

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholder

Taishin International Bank Co., Ltd.

### Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

### Basis for Opinion

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

### Key Audit Matters

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

The following were the description of key audit matters in the audit of the financial statements of the Company for the year ended December 31, 2021:

#### Impairment of Loans

Commercial lending is the core business of the Company. Loans represent the Company's significant accounts, which reached around 62% of the Company's total assets as of December 31, 2021. The Company assesses the impairment of loans in accordance with IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the Financial Supervisory Commission (FSC) (collectively referred to as "the Regulations"), and the impairment of loans is recognized at the higher of the amount based on IFRS

9 and the Regulations. See Notes 5 and 13 to the financial statements for the relevant and additional information. The Company management's judgments and the assumptions used have significant impact on the impairment assessments. Therefore, we consider the impairment of loans as a key audit matter. Refer to Note 6 to the financial statements for the relevant and additional information.

Our audit procedures on the impairment of loans included understanding and testing of the design and operating effectiveness of controls and procedures for identifying loans exposed to impairment and for ensuring that provisions against those assets were made. We identified loans and checked from public information to see whether the borrowers were possibly problematic companies, or have already been included in the companies under evaluation for lifetime expected credit losses (ECLs). We evaluated whether main assumptions and parameters used in the Company's impairment assessment model of ECLs complied with IFRS 9 and recalculated the amount of the impairment of loans. In addition, we tested the classification of loan accounts in accordance with the Regulations and evaluated whether the amount of the impairment of loans complied with the Regulations.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the

matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Han-Ni Fang and Ching-Cheng Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

The logo for Deloitte & Touche, featuring the company name in a stylized, handwritten script font.

February 18, 2022

Notice to Readers

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

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

# TAISHIN INTERNATIONAL BANK CO., LTD.

## BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
Cash and cash equivalents (Notes 5, 7 and 41)	\$ 24,415,458	1	\$ 22,490,492	1
Due from the Central Bank and call loans to banks (Note 8)	86,817,297	4	84,083,756	4
Financial assets at fair value through profit or loss (FVTPL) (Notes 5, 9 and 41)	93,937,997	4	104,573,778	5
Financial assets at fair value through other comprehensive income (FVTOCI) (Notes 5 and 10)	138,582,353	6	190,210,737	9
Financial assets at amortized cost (Notes 5 and 11)	298,239,804	14	270,627,928	13
Securities purchased under resale agreements (Notes 5 and 41)	9,776,840	1	3,768,198	-
Receivables, net (Notes 5 and 12)	130,669,473	6	115,646,375	6
Current tax assets (Notes 5 and 35)	-	-	2,520	-
Loans, net (Notes 5, 6, 13, 40 and 41)	1,319,913,808	62	1,243,698,700	60
Investments accounted for using the equity method, net (Notes 5 and 14)	1,889,831	-	2,337,883	-
Other financial assets, net (Notes 5, 12, 13 and 15)	5,876,466	-	4,920,328	-
Property and equipment, net (Notes 5 and 16)	17,632,881	1	18,120,798	1
Right-of-use assets, net (Notes 5 and 17)	2,368,596	-	2,731,449	-
Intangible assets, net (Notes 5 and 18)	2,628,082	-	2,701,694	-
Deferred tax assets (Notes 5 and 35)	2,740,397	-	2,873,268	-
Other assets, net (Note 19)	11,448,341	1	6,761,056	1
<b>TOTAL</b>	<b>\$ 2,146,937,624</b>	<b>100</b>	<b>\$ 2,075,548,960</b>	<b>100</b>

(Continued)

LIABILITIES AND EQUITY	2021		2020	
	Amount	%	Amount	%
Due to the Central Bank and banks (Note 20)	\$ 57,075,272	3	\$ 49,824,469	2
Funds borrowed from the Central Bank and other banks	3,984,460	-	1,925,590	-
Financial liabilities at FVTPL (Notes 5, 9 and 41)	23,322,146	1	30,828,522	2
Securities sold under repurchase agreements (Notes 5 and 41)	72,590,202	3	78,215,782	4
Payables (Note 21)	20,098,972	1	27,721,633	1
Current tax liabilities (Notes 5 and 35)	932,611	-	1,143,977	-
Deposits and remittances (Notes 22 and 41)	1,694,146,062	79	1,612,907,727	78
Bank debentures (Note 23)	34,800,000	2	34,800,000	2
Other financial liabilities (Note 24)	64,091,289	3	66,596,514	3
Provisions (Notes 5 and 25)	1,870,559	-	1,792,627	-
Lease liabilities (Notes 5 and 17)	2,452,383	-	2,833,533	-
Deferred tax liabilities (Notes 5 and 35)	57,887	-	136,848	-
Other liabilities (Note 26)	4,802,464	-	4,633,278	-
Total liabilities	<u>1,980,224,307</u>	<u>92</u>	<u>1,913,360,500</u>	<u>92</u>
EQUITY (Note 28)				
Capital stock				
Common stock	<u>88,857,118</u>	<u>4</u>	<u>86,957,118</u>	<u>4</u>
Capital surplus	<u>30,319,980</u>	<u>2</u>	<u>30,249,980</u>	<u>2</u>
Retained earnings				
Legal reserve	33,996,364	1	30,409,565	1
Special reserve	405,143	-	418,461	-
Unappropriated earnings	<u>13,026,796</u>	<u>1</u>	<u>11,955,995</u>	<u>1</u>
Total retained earnings	<u>47,428,303</u>	<u>2</u>	<u>42,784,021</u>	<u>2</u>
Other equity	<u>107,916</u>	<u>-</u>	<u>2,197,341</u>	<u>-</u>
Total equity	<u>166,713,317</u>	<u>8</u>	<u>162,188,460</u>	<u>8</u>
TOTAL	<u>\$ 2,146,937,624</u>	<u>100</u>	<u>\$ 2,075,548,960</u>	<u>100</u>

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

(Concluded)

# TAISHIN INTERNATIONAL BANK CO., LTD.

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	
INTEREST INCOME (Notes 5, 29 and 41)					
Interest revenue	\$ 28,451,333	74	\$ 31,459,165	83	( 10)
Interest expense	( 7,142,489)	( 19)	( 11,125,988)	( 29)	( 36)
Net interest income	<u>21,308,844</u>	<u>55</u>	<u>20,333,177</u>	<u>54</u>	5
NET INCOME OTHER THAN NET INTEREST INCOME					
Net service fee and commission income (Notes 5, 30 and 41)	12,470,567	33	12,072,610	32	3
Gain on financial assets and liabilities at FVTPL (Notes 5, 31 and 41)	3,405,816	9	2,818,685	7	21
Realized gain (loss) on financial assets at FVTOCI (Notes 5 and 32)	823,108	2	1,346,262	3	( 39)
Gain on derecognition of financial assets at amortized cost	( 3,576)	-	291	-	( 1,329)
Foreign exchange gains (losses) (Impairment loss on assets) reversal of impairment loss on assets (Notes 5, 10, 11 and 19)	( 237,535)	( 1)	730,405	2	( 133)
Share of profit (loss) of subsidiaries and associates accounted for using equity method (Notes 5 and 14 )	202,383	1	236,631	1	( 14)
Net other non-interest income	<u>473,556</u>	<u>1</u>	<u>370,758</u>	<u>1</u>	28
Net income other than net interest income	<u>17,128,475</u>	<u>45</u>	<u>17,563,922</u>	<u>46</u>	( 2)
NET REVENUE AND GAINS	<u>38,437,319</u>	<u>100</u>	<u>37,897,099</u>	<u>100</u>	1
BAD DEBTS EXPENSES, COMMITMENTS AND GUARANTEE LIABILITIES PROVISION (Notes 5, 12, 13 and 25)	( 360,250)	( 1)	( 1,661,733)	( 4)	( 78)
OPERATING EXPENSES					
Employee benefits expenses (Notes 5, 27, 33 and 41)	( 12,680,157)	( 33)	( 12,067,451)	( 32)	5
Depreciation and amortization expenses (Notes 5 and 34)	( 2,113,922)	( 5)	( 1,998,451)	( 5)	6
Other general and administrative expenses (Note 41)	( 7,976,376)	( 21)	( 8,113,720)	( 22)	( 2)
Total operating expenses	<u>( 22,770,455)</u>	<u>( 59)</u>	<u>( 22,179,622)</u>	<u>( 59)</u>	3
INCOME BEFORE INCOME TAX	15,306,614	40	14,055,744	37	9
INCOME TAX EXPENSE (Notes 5 and 35)	( 2,181,734)	( 6)	( 1,881,045)	( 5)	16
NET INCOME	<u>13,124,880</u>	<u>34</u>	<u>12,174,699</u>	<u>32</u>	8

(Continued)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Gain (loss) on remeasurement of defined benefit plans	(\$ 176,397)	( 1)	(\$ 123,024)	( 1)	43
Unrealized gain (loss) on investments in equity instruments designated as at FVTOCI	19,471	-	( 43,115)	-	145
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	( 19,801)	-	( 38,589)	-	( 49)
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	6,390	-	3,282	-	95
Income tax relating to items that will not be reclassified subsequently to profit or loss	35,279	-	24,605	-	43
Items that may be reclassified subsequently to profit or loss:					
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	6,227	-	( 2,210)	-	382
Unrealized gain (loss) on investments in debt instruments at FVTOCI	( 2,206,031)	( 6)	699,745	2	( 415)
(Impairment loss) reversal of impairment on investment in debt instruments at FVTOCI	( 2,800)	-	5,829	-	( 148)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>146,063</u>	<u>1</u>	<u>( 51,475)</u>	<u>-</u>	<u>384</u>
Other comprehensive income (loss) for the year, net of income tax	<u>( 2,191,599)</u>	<u>( 6)</u>	<u>475,048</u>	<u>1</u>	<u>( 561)</u>
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 10,933,281</u>	<u>28</u>	<u>\$ 12,649,747</u>	<u>33</u>	<u>( 14)</u>
<b>EARNINGS PER SHARE (Note 36)</b>					
Basic	<u>\$ 1.48</u>		<u>\$ 1.37</u>		
Diluted	<u>\$ 1.48</u>		<u>\$ 1.37</u>		

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

(Concluded)

# TAISHIN INTERNATIONAL BANK CO., LTD.

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

	Capital Stock		Capital Surplus	
	Common Stock	Additional Paid-in Capital in Excess of Par	Stock-based Compensation	Other
BALANCE AT JANUARY 1, 2020	\$ 82,557,118	\$ 30,181,333	\$ 65,434	\$ 3,213
Appropriation of 2019 earnings				
Legal reserve	-	-	-	-
Special reserve	-	-	-	-
Cash dividends on common stock	-	-	-	-
Stock dividends on common stock	4,400,000	-	-	-
Net income (loss) for the year ended December 31, 2020	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2020, net of tax	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-
Share-based payments	-	35,900	(35,900)	-
BALANCE AT DECEMBER 31, 2020	86,957,118	30,217,233	29,534	3,213
Appropriation of 2020 earnings				
Legal reserve	-	-	-	-
Special reserve	-	-	-	-
Cash dividends on common stock	-	-	-	-
Stock dividends on common stock	1,900,000	-	-	-
Net income (loss) for the year ended December 31, 2021	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2021, net of tax	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-
Disposals of investments accounted for using the equity method	-	-	-	-
Share-based payments	-	1,441	(1,441)	-
Corporate restructuring	-	70,000	-	-
BALANCE AT DECEMBER 31, 2021	\$ 88,857,118	\$ 30,288,674	\$ 28,093	\$ 3,213

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

Retained Earnings			Other Equity				Total Equity
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statement of Foreign Operations	Unrealized Gains (Losses) on Financial Assets FVTOCI	Changes in Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities at FVTPL		
\$ 26,893,562	\$ 429,137	\$ 11,720,012	(\$ 4,564)	\$ 1,468,586	\$ 39,567	\$ 153,353,398	
3,516,003	-	( 3,516,003)	-	-	-	-	
-	( 10,676)	10,676	-	-	-	-	
-	-	( 3,814,685)	-	-	-	( 3,814,685)	
-	-	( 4,400,000)	-	-	-	-	
-	-	12,174,699	-	-	-	12,174,699	
-	-	( 97,481)	( 3,522)	614,640	( 38,589)	475,048	
-	-	12,077,218	( 3,522)	614,640	( 38,589)	12,649,747	
-	-	( 121,223)	-	121,223	-	-	
-	-	-	-	-	-	-	
30,409,565	418,461	11,955,995	( 8,086)	2,204,449	978	162,188,460	
3,586,799	-	( 3,586,799)	-	-	-	-	
-	( 9,228)	9,228	-	-	-	-	
-	-	( 6,478,424)	-	-	-	( 6,478,424)	
-	-	( 1,900,000)	-	-	-	-	
-	-	13,124,880	-	-	-	13,124,880	
-	-	( 141,573)	8,086	( 2,038,311)	( 19,801)	( 2,191,599)	
-	-	12,983,307	8,086	( 2,038,311)	( 19,801)	10,933,281	
-	-	29,451	-	( 29,451)	-	-	
-	( 4,090)	14,038	-	( 9,948)	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	70,000	
\$ 33,996,364	\$ 405,143	\$ 13,026,796	\$ -	\$ 126,739	(\$ 18,823)	\$ 166,713,317	

# TAISHIN INTERNATIONAL BANK CO., LTD.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 15,306,614	\$ 14,055,744
Adjustments:		
Adjustment to reconcile profit or loss		
Depreciation expenses	1,704,996	1,639,638
Amortization expenses	408,926	358,813
Provisions for bad debts expenses, commitments and guarantee liabilities	360,250	1,661,733
Net gain on financial assets and liabilities at FVTPL	( 3,405,816)	( 2,818,685)
Interest expenses	7,142,489	11,125,988
Gain on derecognition of financial assets at amortized cost	3,576	( 291)
Interest income	( 28,451,333)	( 31,459,165)
Dividend income	( 230,592)	( 267,300)
Share-based payments	153,839	9,586
Share of profit of subsidiaries and associates accounted for using equity method	( 202,383)	( 236,631)
Gain on disposal of investments	( 592,516)	( 1,078,962)
Impairment loss on financial assets	5,844	11,611
Other adjustments	( 219,847)	( 135,171)
Total adjustments	( 23,322,567)	( 21,188,836)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to banks	( 427,988)	( 10,928,944)
(Increase) decrease in financial assets at FVTPL	50,760,836	58,063,256
(Increase) decrease in financial assets at FVTOCI	50,046,417	84,348,215
(Increase) decrease in financial assets at amortized cost	( 27,704,737)	( 138,788,010)
(Increase) decrease in securities purchased under resale agreements	( 377,532)	182,823
(Increase) decrease in receivables	( 15,346,176)	4,603,039
(Increase) decrease in loans	( 76,634,200)	( 106,696,476)
(Increase) decrease in other financial assets	( 787,693)	5,244
(Increase) decrease in other assets	( 4,687,285)	432,193
Increase (decrease) in due to the Central Bank and banks	( 4,163,237)	162,704
Increase (decrease) in financial liabilities at FVTPL	( 44,555,076)	( 35,584,430)
Increase (decrease) in securities sold under repurchase agreements	( 5,625,580)	( 27,371,988)
Increase (decrease) in payables	( 7,670,253)	( 561,517)
Increase (decrease) in deposits and remittances	81,238,335	173,217,769
Increase (decrease) in other financial liabilities	( 2,505,225)	( 5,204,351)
Increase (decrease) in other liabilities	7,224	120,934
Cash generated from (used in) operations	( 16,448,123)	( 11,132,631)
Interest received	29,725,846	33,346,721
Dividend received	518,660	535,765
Interest paid	( 7,360,077)	( 12,089,686)
Income taxes returned	-	459,334
Income taxes paid	(\$ 2,148,436)	(\$ 2,431,672)
Net cash generated from (used in) operating activities	4,287,870	8,687,831

	2021	2020
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of investment accounted for using the equity method	-	691,965
Acquisition of property and equipment	( 820,319)	( 1,185,860)
Proceeds from disposal of property and equipment	480,851	431,141
Acquisition of intangible assets	( 336,646)	( 1,105,857)
Net cash generated from (used in) investing activities	( 676,114)	( 1,168,611)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to the Central Bank and banks	13,472,910	-
Decrease in due to the Central Bank and banks		
Repayment of the principal portion of lease liabilities	-	( 3,311,002)
Cash dividends distributed	( 701,194)	( 664,886)
Net cash payments for business transfer	( 6,478,424)	( 3,814,685)
	( 43,419)	-
Net cash generated from (used in) financing activities	6,249,873	( 7,790,573)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,861,629	( 271,353)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	51,354,674	51,626,027
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 61,216,303</u>	<u>\$ 51,354,674</u>

<u>Reconciliation of cash and cash equivalents:</u>	2021	2020
Cash and cash equivalents in balance sheet	\$ 24,415,458	\$ 22,490,492
Due from central bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS7	27,539,460	25,233,907
Securities purchased under resale agreements qualifying as cash and cash equivalents under the definition of IAS7	9,261,385	3,630,275
Cash and cash equivalents at the end of the year	<u>\$ 61,216,303</u>	<u>\$ 51,354,674</u>

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

(Concluded)

# TAISHIN INTERNATIONAL BANK CO., LTD.

## NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

### 1. ORGANIZATION AND OPERATIONS

Taishin International Bank Co., Ltd. ( "the Company" ) incorporated in the Republic of China ( "ROC" ) is a public bank, began preparations for its establishment as a commercial bank on October 4, 1990 and started its business operations on March 23, 1992. The Company provides customers with (a) general commercial banking services - commercial lending, foreign exchange transactions, installments and term loans, wire transfers, marketable security investments, receivable factoring, offshore banking business, etc. as well as (b) various financial instruments - letters of credit, bankers' acceptances, checking and savings accounts, credit cards, derivative instruments, etc. The Company was established and located at B1 and 1F, No. 44, Zhongshan N. Rd., Sec. 2, Zhongshan Dist., Taipei City 104, Taiwan (ROC). The main operation office of the Company is at No. 118, Ren' Ai Rd., Sec. 4, Da' An Dist., Taipei City 106, Taiwan (ROC).

The Company and Dah An Commercial Bank Co., Ltd. ( "Dah An Bank" ) decided to establish Taishin Financial Holding Co., Ltd. ( "Taishin Financial Holding" ) through a share swap, effective on February 18, 2002, with The Company as the survivor company.

Taishin Financial Holding integrates financial resources to expand business development, enhance competitiveness and other expected benefits, Taishin Financial Holding conducted an internal organization restructuring. Therefore, the board of directors resolved on March 18, 2021 to approve the separation and transfer of the stock transfer agency department from the Company to Taishin Securities Co., Ltd. ( "Taishin Securities" ). The base date of the separation and transfer of the stock transfer agency department was November 8, 2021. Please refer to Note 41.

The parent company and the ultimate parent company of Taishin Bank is Taishin Financial Holding, which had a 100% equity interest in the Company as of December 31, 2021 and 2020.

### 2. STATEMENT OF COMPLIANCE

The financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and the Regulations Governing the Preparation of Financial Reports by Securities Firm.

### 3. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company' s board of directors on February 17, 2022.

### 4. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the "IFRSs" ) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports and the IFRSs endorsed and issued into effects by the FSC did not have any material impact on the Company's accounting policies:

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

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

Except for the above impact, the Company assessed that the application of other standards and interpretations would have no impact on the Company's financial position and financial performance.

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

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

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

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

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

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

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies:

**1) Annual Improvements to IFRS Standards 2018-2020**

Several standards, including IFRS 9 "Financial Instruments", were amended in the annual improvements. 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) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"**

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Company shall restate its comparative information when it initially applies the aforementioned amendments.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)

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.

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Company's accounting policies:

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e., the Company's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
  - b) The Company chose the accounting policy from options permitted by the standards;
  - c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
  - d) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or
  - e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.
- 3) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

## 5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

According to Order No. 10902734581 and No. 1090364782 issued by the FSC, the Company applied IFRSs and the related amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, which were approved by the FSC for 2021.

### **Basis of Preparation**

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, payable incurred by cash-settled share-based payment, and defined benefit plans which is recognized by present value of the defined benefit obligations subtracted fair value of plan assets (refer to the summary of accounting policies below). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The functional currency of the Company is New Taiwan dollar. Thus, the financial statements are presented in New Taiwan dollars.

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries, associates and jointly controlled entities. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for using equity method, share of profit or loss of subsidiaries and associates, share of other comprehensive income of subsidiaries and associates and related equity items, as appropriate, in the parent company only financial statements.

The Company categorized economic activities into operating, investing, and financing activities. The statements of cash flows reported the change of cash and cash equivalents in the current period based on operating, investing, and financing activities. Refer to Note 7 for the components of cash and cash equivalents.

The cash flow of operating activities was reported by using indirect method. Under the indirect method, profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid and interest and dividends received are classified as operating cash flows. Dividends paid are classified as financing cash flow because they are cost of obtaining financial resources.

When preparing the financial statements in accordance with the FSC-endorsed IFRSs, the Company has to make certain significant accounting assumptions and estimates based on professional judgments to determine its accounting policies. Change in assumptions may result in significant effects on financial report. The Company believes that the financial report was prepared based on appropriate assumptions. For items that required management's most difficult or complex judgments, or assumptions and estimates that significantly affect the financial statements, please refer to Note 6.

### **Classification of Current/Noncurrent Assets and Liabilities**

Because of banking business characteristics, classification of assets and liabilities according to the nature and the sequence of liquidity can provide more reliable and relevant information. Therefore, those assets and liabilities are not classified as current or noncurrent, but classified according to the nature and sequence of liquidity. In addition, maturity analysis of liabilities was disclosed in Note 39.

## Foreign Currencies

In preparing the financial statements of the Company, the currency of the primary economic environment in which the Company operates (the “functional currency”) is used. Transactions in currencies other than the Company’s functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. When several exchange rates are available, the rate used is that at which the future cash flows, represented by the transaction amount or balance, could have been settled if those cash flows had occurred at the measurement date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from settlement are recognized in profit or loss in the period in which they arise. Exchange differences on monetary items arising from translation are recognized in profit or loss in the period in which they arise except items that qualify as hedging instruments in a cash flow hedge are recognized initially in other comprehensive income to the extent that the hedge is effective. Exchange differences arising on the retranslation of non-monetary assets (such as equity investment) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

## Cash and Cash Equivalents

Cash and cash equivalents are cash in vault, cash in banks, short-term time deposits and short-term financial instruments that must be readily convertible to a known amount of cash or time deposits subject to an insignificant risk of changes in value. For the statement of cash flows, cash and cash equivalents are cash and cash equivalents on the balance sheet, due from the Central Bank and call loans to banks and securities purchased under resell agreements that are in conformity with the definition of cash and cash equivalents in the IAS 7 endorsed by the FSC.

## Investment Accounted for Using Equity Method

Investments in subsidiaries and associates are accounted for using equity method.

### a. Investment in subsidiaries

Subsidiaries (including structured entities) are the entities controlled by the Company.

Under the equity method, an investment in an subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. Besides, the Company also recognizes the Company’s share of the change in other equity of the subsidiary.

Changes in the Company’s ownership interests in subsidiaries that do not result in the Company’s loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

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

b. Investment in associates

An associate is an entity over which the Company has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The Company uses the equity method to recognize the investment in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes its share in the changes in the equity of associates.

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

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

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

The requirements of IAS 36 "Impairment of Assets" endorsed by the FSC are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 "Impairment of Assets" endorsed by the FSC to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

### **Property and Equipment**

Property and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss. Cost is capitalized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis in accordance with FSC-endorsed IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

### **Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

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

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

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

### **Intangible Assets (Except Goodwill)**

#### **a. Intangible assets acquired separately**

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis which is in accordance with FSC-endorsed IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Company expects to dispose of the intangible asset before the end of its economic life.

#### **b. Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss.

#### **c. Derecognition of intangible assets**

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss on derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

### **Impairment of Non-financial Assets (Except Goodwill)**

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

Recoverable amount is the higher of fair value less costs to sell and value in use.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment loss is recognized in profit or loss.

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

### **Bonds and Securities Purchased/Sold under Specific Agreements**

Bonds and securities purchased under resale agreements are recorded at purchase price and are accounted for as financing transactions. Bonds and securities sold under repurchase agreements are recorded at sale price. Interest revenue and expenses recognized from the transactions mentioned above are recorded on accrual basis.

### **Financial Instruments**

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

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

#### Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### a. Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL and at amortized cost and investments in debt instruments and equity instruments at FVTOCI. The categories are based on the contractual cash flows on the initial recognition of the financial assets and the Company's business model.

For the Company's debt instruments that have contractual cash flows that are solely for repayments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- 1) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets (including cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resale agreements, receivables, loans, debt instruments at amortized cost, other financial assets, other assets - refundable deposits, other assets - operating guarantee deposits and settlement funds) are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest income is recognized in profit or loss by using the effective interest method; and

- 2) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at FVTOCI and are assessed for impairment. Interest income is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Fair value is determined in the manner described in Note 39.

Except for the above, all other financial assets are measured at FVTPL. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss. Fair value is determined in the manner described in Note 39.

Except for the above, on initial recognition, the Company may make an irrevocable election to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings. Fair value is determined in the manner described in Note 39.

b. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets other than investments in equity instruments that are measured at FVTOCI and financial assets at FVTPL.

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

The Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

For purchased or originated credit-impaired financial assets, the Company takes into account the ECLs on initial recognition in the credit-adjusted effective interest rate. Subsequently, any changes in ECLs are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss even if lifetime ECLs are lower than the ECLs on initial recognition.

In addition, specific industries are mandatorily assessed such that the loss allowance for loans is measured at the higher of the amount calculated in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans.

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

c. Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

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

Financial liabilities

a. Subsequent measurement

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

1) Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

- a) It has been acquired principally for the purpose of repurchasing it in the near term; or
- b) On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- c) It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

- a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

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

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at FVTPL.

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

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income. However, in the case of avoiding an accounting mismatch or the amount of changes in fair value is due to loan commitments and financial guarantee contracts, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 39.

## 2) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the following and should be dealt with based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans:

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

## 3) Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

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

## b. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

### Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

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

#### Modification of financial instruments

When a contractual cash flows of financial instrument is renegotiation or modified, the Company assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Company elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Company first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

#### Financial assets and financial liabilities offsetting

Financial assets and financial liabilities are allowed to be offset and expressed in the net amount in balance sheets when amounts to be offset are 1) objects of legally enforceable right to offset, and 2) objects of intended net settlement, i.e. liquidation of assets for discharge of liabilities.

### **Provisions, Contingent Liabilities and Contingent Assets**

A provision shall be recognized when:

- a. An entity has a present obligation (legal or constructive) as a result of a past event;
- b. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. A reliable estimate can be made of the amount of the obligation.

The Company does not recognize provisions for future operating losses. Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognized.

Provisions are subsequently measured by the present value of the expected expenditures to settle the obligations. Discount rate is the pre-tax discount rate and is adjusted in time to reflect current market assessments of the time value of money and the risks specific to the liability.

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present obligation but payment is not probable or the amount cannot be measured reliably. The Company does not recognize a contingent liability but disclose it appropriately in accordance with related guidelines.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize a contingent asset. A contingent asset is disclosed appropriately in accordance with related guidelines, where an inflow of economic benefits is probable.

## Income Recognition

### a. Interest income

Except for financial assets at FVTPL, interest income of all financial instruments is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognized in the statements of comprehensive income. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts and the accrual of interest income is stopped. Interest income will be recognized when the delinquent interest is collected. If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue and recognized as income when collected. Interest income from securities trading margin purchase and short sale is accrued according to the terms stated in the financing and trading contract.

### b. Service fee and commission income

Service fee revenue is recognized from providing loans and other services. The Company identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. If the service fee revenue is for further loan service and of significant amount, it is recognized over the period of the service or included in the base of calculation of the effective interest rate of loans and receivables.

The Company's customer loyalty program provides customers with award credits, which gives customers material rights by providing discount to future consumption. The transaction price allocated to award credit is recognized as a liability, and the Company recognizes revenue when award credits are redeemed or forfeited.

## Leasing

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

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

### a. The Company as lessor

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

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any

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

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

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

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Company. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b. The Company as lessee

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

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

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

## Employee Benefits

### a. Retirement benefits costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The retirement benefit obligation recognized in the balance sheets represents the present value of the defined benefit obligation and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Net defined benefit liability (asset) remeasurement comprises (1) actuarial gains and losses on the defined benefit obligation; (2) return on plan assets, excluding the net interest on the net defined benefit liability (asset); and (3) any changes in the effect of the limit involving surplus in a defined benefit plan, excluding the net interest on the net defined benefit liability (asset). Moreover, the net defined benefit liability (asset) remeasurements are recognized in other comprehensive income; these remeasurements should be transferred immediately to retained earnings, and will not be reclassified to profit or loss. Significant unrecognized past service cost is immediately recognized retrospectively in profit or loss. If the defined benefit retirement plan is curtailed or settled, the gain or loss on curtailment or settlement is recognized.

### b. High-yield savings account for employee

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

## Share-based Payment Arrangements

### Equity-settled share-based payment

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants vested immediately.

The grant date of employee share options, which are reserved when the Company's parent company Taishin Financial Holding issues new shares, is the date when the number of employee subscription is confirmed. The Company recognized an expense and capital surplus at the fair value of the share options determined at the grant date.

### Cash-settled share-based payment

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

### **Taxation**

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

#### a. Current tax

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

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

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

#### b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Land revaluation increment tax accrued from the Company's land revaluation increment in accordance with related regulations is a taxable temporary difference and shall be recognized as a deferred tax liability. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in subsidiaries acquisition) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A deferred tax asset shall be recognized for the unused loss carryforward and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

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

#### c. Current and deferred tax for the period

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

- d. The Company, its parent company Taishin Financial Holding, and other more than 90% owned subsidiaries adopt the linked-tax system for tax filings. Differences between current and deferred income tax expenses on consolidated entity basis and those on nonconsolidated entity basis are adjusted in Taishin Financial Holding's income tax expenses. Related reimbursement and appropriation are recognized as receivables or payables, and eliminated on consolidation.

## 6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company's accounting policies, accounting assumptions and estimates have significant impact on the financial statements. Accordingly, the management exercised appropriate professional judgments in the preparation of the financial statements.

The assumptions and estimates involve significant risks that significant adjustments might result in changes in the carrying amounts of assets and liabilities in the next fiscal year. The assumptions and estimates made were the best estimates based on the FSC-endorsed IFRSs. The estimates and assumptions are based on historical experience and other factors, including future expectations and are continuously assessed. The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The accounting policies and management's judgments that could have significant impact on the financial statements were as follows:

### Assessment of Impairment of Loans

The measurement of ECLs is based on the present value of the difference of all contractual cash flows receivable from a contract and all cash flows that are expected to be received, discounted at the original or credit-adjusted effective interest rate, and the calculated weighted average of the probability of default.

In the calculation of required provision of allowance for possible losses, the Company also takes into consideration the classification of loans based on the status of the loan collaterals and the length of time the loans are overdue. The Company evaluates the impairment of loans based on the customer's financial conditions, whether the repayments of principal and interest are overdue and the status of the collateral, etc. If future actual cash flows are lesser than expected, a material impairment loss may arise.

Refer to Note 13 for the carrying amounts of loans and allowance for loans as of December 31, 2021 and 2020.

## 7. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 11,107,681	\$ 10,372,712
Checks for clearing	1,664,802	1,328,201
Due from banks	10,184,647	8,711,463
Others	1,458,328	2,078,116
	<u>\$ 24,415,458</u>	<u>\$ 22,490,492</u>

- a. Due from banks include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.

- b. The loss allowance was measured at an amount equal to 12-month ECLs based on historical experience and forward-looking information; there was no loss allowance on cash and cash equivalents as of December 31, 2021 and 2020.

## 8. DUE FROM CENTRAL BANK AND CALL LOANS TO BANKS

	December 31	
	2021	2020
Deposits reserve for checking accounts	\$ 12,726,316	\$ 17,572,741
Deposits reserve for demand accounts	41,380,270	38,090,722
Deposits reserve for foreign deposits	116,132	110,152
Deposit transfer to Central Bank	54,724	75,536
Call loans to other banks	27,539,460	25,233,907
Interbank clearing funds	5,000,395	3,000,698
	<u>\$ 86,817,297</u>	<u>\$ 84,083,756</u>

The loss allowance was measured at an amount equal to 12-month ECLs based on historical experience and forward-looking information; there was no loss allowance on due from the Central Bank and call loans to banks as of December 31, 2021 and 2020.

## 9. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2021	2020
Financial assets mandatorily classified as at FVTPL		
Derivative instruments		
Futures	\$ 108,755	\$ 2,989
Forward exchange contracts	447,417	1,162,304
Currency swaps	6,027,098	13,095,365
Interest rate swaps	8,315,541	9,282,489
Cross-currency swaps	198,344	462,098
Equity-linked swaps	7,213	254
Commodity price swaps	836	138
Foreign-exchange options	971,607	974,315
Equity-linked options	1,128	-
Commodity options	538	1,356
Non-derivative financial assets		
Investment in bills	54,264,117	58,787,535
Domestic and overseas stocks and beneficiary certificates	4,301,997	4,248,995
Government bonds	3,254,366	7,090,047
Corporate bonds, bank debentures and other bonds	16,039,040	9,465,893
Financial assets at FVTPL	<u>\$ 93,937,997</u>	<u>\$ 104,573,778</u>

	December 31	
	2021	2020
Financial liabilities designated as at FVTPL (a) and (b) Financial liabilities held for trading	\$ 3,023,578	\$ 3,203,055
Derivative instruments		
Futures	20,185	11,211
Forward exchange contracts	494,381	909,271
Currency swaps	6,705,510	15,902,316
Interest rate swaps	7,889,464	8,860,989
Cross-currency swaps	182,977	419,996
Equity-linked swaps	7,213	254
Commodity price swaps	836	-
Foreign-exchange options	1,046,368	1,035,098
Interest rate options	-	5
Equity-linked options	1,212,359	485,269
Commodity options	155	1,058
Non-derivative financial liabilities		
Borrowing stock	2,739,120	-
Financial liabilities at FVTPL	<u>\$ 23,322,146</u>	<u>\$ 30,828,522</u>

(Concluded)

a. The Company issued unsecured USD senior bank debentures were as follows:

First unsecured USD senior bank debentures of the Company of year 2018, 30 years, US\$80,000 thousand, 100% of the principal amount of the bonds, put redemption on the fifth anniversaries of the debentures issue, and repay the holders at principal value plus accrued interests, maturity: July 5, 2048.

Second unsecured USD senior bank debentures of the Company of year 2018, 30 years, US\$20,000 thousand, 100% of the principal amount of the bonds, put redemption on the fifth anniversaries of the debentures issue, and repay the holders at principal value plus accrued interests, maturity: July 5, 2048.

b. The Company considered unsecured USD senior bank debentures financial instruments designated as FVTPL to eliminate the recognition inconsistency.

The Company engaged in various derivative instrument transactions in the years ended December 31, 2021 and 2020 to fulfill customers' needs, as well as to manage its positions and risks of assets and liabilities.

The nominal principal amounts of outstanding derivative contracts were as follows:

	December 31	
	2021	2020
Futures	\$ 9,488,140	\$ 1,121,116
Forward exchange contracts	97,214,166	96,952,237
Currency swaps	1,711,420,162	1,194,865,294
Interest rate swaps	812,896,890	960,441,364
Cross-currency swaps	19,877,877	17,863,755
Equity-linked swaps	251,934	44,960
Commodity price swaps	52,009	61,820
Foreign-exchange options	137,097,766	192,223,978
Interest rate options	951,000	2,690,000
Equity-linked options	6,949,226	3,952,800
Commodity options	127,290	239,798

## 10. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2021	2020
<u>Debt instrument</u>		
Investment in bills	\$ -	\$ 30,227,206
Bonds	42,007,136	38,591,566
Corporate bonds	42,453,694	40,405,343
Bank debentures	49,264,669	75,869,057
Beneficiary securities	1,453,655	510,978
	<u>135,179,154</u>	<u>185,604,150</u>
<u>Equity instrument</u>		
Domestic stocks	3,403,199	4,606,587
	<u>\$ 138,582,353</u>	<u>\$ 190,210,737</u>

a. Because some equity instruments are held by the Company for long-term purposes and not for trading, which is reasonably reflected in the operating performance, equity instruments are classified as at fair value through other comprehensive income.

b. The amount of the loss allowance for debt instruments was as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit- impaired	Stage 3 Lifetime ECLs - Credit- impaired	Total
December 31, 2021	\$ 35,931	\$ -	\$ -	\$ 35,931
December 31, 2020	38,060	671	-	38,731

As the Company's debt instruments at FVTOCI were measured using the ECL model, the Company had recognized impairment loss on assets. Such reversal of impairment loss or impairment loss recognized in profit or (loss) amounted to \$2,288 thousand and \$(7,024) thousand for the years ended December 31, 2021 and 2020, respectively.

c. The Company sold the domestic common stock for strategic purposes with the fair value of \$4,008,117 thousand and \$2,900,609 thousand, and the Company transferred the gain (loss) of \$29,667 thousand and \$(121,393) thousand from other equity to retained earnings for the years ended December 31, 2021 and 2020, respectively.

d. Refer to Note 39 for information relating to the management of credit risk and the impairment assessment on investments in debt instruments at FVTOCI.

e. Refer to Note 42 for information relating to debt instruments at FVTOCI pledged as collateral.

## 11.FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2021	2020
Investment in bills	\$ 226,855,000	\$ 241,182,747
Bank debentures	40,340,263	21,887,046
Corporate bonds	15,509,419	4,489,514
Government bonds	8,031,064	3,077,746
Beneficiary securities	7,521,192	-
	298,256,938	270,637,053
Less: Allowance for impairment	( 17,134)	( 9,125)
	<u>\$ 298,239,804</u>	<u>\$ 270,627,928</u>

a. The amount of the loss allowance for debt instruments was as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit-impaired	Stage 3 Lifetime ECLs - Credit- impaired	Total
December 31, 2020	\$ 17,134	\$ -	\$ -	\$ 17,134
December 31, 2019	9,125	-	-	9,125

As the Company's debt instruments at amortized cost were measured using the ECLs model, the Company had recognized impairment loss on assets. Such impairment loss amounted to \$8,132 thousand and \$4,587 thousand for the years ended December 31, 2021 and 2020, respectively

- b. Refer to Note 39 for information relating to the management of credit risk and the impairment assessment on investments in financial assets in debt instruments at amortized cost.
- c. Refer to Note 42 for information relating to financial assets in debt instruments at amortized cost pledged as collateral.

## 12.RECEIVABLES, NET

a. The details of receivables were as follows:

	December 31	
	2021	2020
Notes and accounts receivable	\$ 67,182,665	\$ 51,398,528
Credit cards receivable	61,040,754	61,447,848
Interest receivable	3,102,121	3,291,391
Other receivables	1,003,159	1,050,138
	132,328,699	117,187,905
Less: Allowance for receivables	( 1,659,226)	( 1,541,530)
	<u>\$ 130,669,473</u>	<u>\$ 115,646,375</u>

b. The movements in the allowance for receivables (including non-performing receivables transferred from other than loans) for the years ended December 31, 2021 and 2020 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non- purchased or Originated Credit- impaired (POCI) Financial Assets)	Loss Allowance under IFRS 9	Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/ Non-accrual Loans	Total
Loss allowance as of January 1, 2021	\$ 81,688	\$ 29,358	\$ 429,580	\$ 556,244	\$ 1,096,870	\$ 601,567	\$ 1,698,437
Changes in the loss allowance							
Transferred to stage 3	( 67)	13,377	-	( 221)	13,089		13,089
Transferred to stage 2	( 326)	( 1,795)	-	82,419	80,298		80,298
Transferred to stage 1	217	( 4,483)	-	( 53,977)	( 58,243)		( 58,243)
Financial assets derecognized	( 18,007)	( 14,968)	( 9,361)	( 474,437)	( 516,773)		( 516,773)
New financial assets originated or purchased	28,807	3,297	9,805	25,243	67,152		67,152
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						147,457	147,457
Write-offs	( 3)	( 126)	( 1,952)	( 63,914)	( 65,995)		( 65,995)
Recovery of written-off loans	-	-	2,546	422,113	424,659		424,659
Other movements	-	-	( 3,822)	-	( 3,822)		( 3,822)
Loss allowance as of December 31, 2021	\$ 92,309	\$ 24,660	\$ 426,796	\$ 493,470	\$ 1,037,235	\$ 749,024	\$ 1,786,259

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non- purchased or Originated Credit- impaired (POCI) Financial Assets)	Loss Allowance under IFRS 9	Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/ Non-accrual Loans	Total
Loss allowance as of January 1, 2020	\$ 123,030	\$ 28,101	\$ 98,458	\$ 457,497	\$ 707,086	\$ 771,180	\$ 1,478,266
Changes in the loss allowance							
Transferred to stage 3	( 79)	10,042	-	( 39)	9,924		9,924
Transferred to stage 2	( 598)	( 1,948)	( 6)	173,227	170,675		170,675
Transferred to stage 1	11	( 2,339)	-	( 1,172)	( 3,500)		( 3,500)
Financial assets derecognized	( 72,158)	( 21,975)	( 16,984)	( 576,188)	( 687,305)		( 687,305)
New financial assets originated or purchased	31,485	17,654	355,699	162,366	567,204		567,204
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						( 169,613)	( 169,613)
Write-offs	( 3)	( 177)	( 1,778)	( 71,293)	( 73,251)		( 73,251)
Recovery of loans written off	-	-	11,116	411,846	422,962		422,962
Other movements	-	-	( 16,925)	-	( 16,925)		( 16,925)
Loss allowance as of December 31, 2020	\$ 81,688	\$ 29,358	\$ 429,580	\$ 556,244	\$ 1,096,870	\$ 601,567	\$ 1,698,437

c. The movements in the gross carrying amount of the allowance for receivables (including non-performing receivables transferred from other than loans) for the years ended December 31, 2021 and 2020 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non-POCI Financial Assets)	Total
Loss allowance as of January 1, 2021	\$ 107,255,657	\$ 133,301	\$ 7,600,403	\$ 2,391,077	\$ 117,380,438
Changes in the loss allowance					
Transferred to stage 3	( 63,961)	66,865	311	( 724)	2,491
Transferred to stage 2	( 239,705)	( 7,065)	( 157)	287,330	40,403
Transferred to stage 1	154,452	( 20,444)	-	( 132,340)	1,668
Financial assets derecognized	( 23,269,181)	( 58,809)	( 1,497,062)	( 414,844)	( 25,239,896)
New financial assets originated or purchased	37,349,982	16,739	2,964,209	78,662	40,409,592
Write-offs	( 504)	( 475)	( 1,952)	( 139,581)	( 142,512)
Loss allowance as of December 31, 2021	\$ 121,186,740	\$ 130,112	\$ 9,065,752	\$ 2,069,580	\$ 132,452,184

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non-POCI Financial Assets)	Total
Loss allowance as of January 1, 2020	\$ 111,155,763	\$ 117,787	\$ 9,456,706	\$ 2,123,481	\$ 122,853,737
Changes in the loss allowance					
Transferred to stage 3	( 48,505)	44,670	4,744	( 122)	787
Transferred to stage 2	( 421,148)	( 7,591)	( 1,343)	519,248	89,166
Transferred to stage 1	11,134	( 10,275)	-	( 3,891)	( 3,032)
Financial assets derecognized	( 48,593,896)	( 86,812)	( 3,207,045)	( 809,987)	( 52,697,740)
New financial assets originated or purchased	45,152,844	76,161	1,349,119	705,941	47,284,065
Write-offs	( 535)	( 639)	( 1,778)	( 143,593)	( 146,545)
Loss allowance as of December 31, 2020	\$ 107,255,657	\$ 133,301	\$ 7,600,403	\$ 2,391,077	\$ 117,380,438

## 13. LOANS, NET

a. The details of loans were as follows:

	December 31	
	2021	2020
Negotiated	\$ 3,281,857	\$ 3,208,801
Overdrafts	79,393	251,016
Short-term loans	308,627,153	299,542,406
Medium-term loans	431,660,822	407,241,921
Long-term loans	592,865,374	548,719,674
Delinquent loans	1,413,675	1,769,243
	<u>1,337,928,274</u>	<u>1,260,733,061</u>
Less: Adjustment for discounts	( 630,580)	( 609,248)
Less: Allowance for loan losses	( 17,383,886)	( 16,425,113)
	<u>\$ 1,319,913,808</u>	<u>\$ 1,243,698,700</u>

b. The movements in the allowance for loans for the years ended December 31, 2021 and 2020 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non-POCI Financial Assets)	Loss Allowance under IFRS 9	Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/ Non-accrual Loans	Total
Loss allowance as of January 1, 2021	\$ 1,932,484	\$ 935,922	\$ 202,107	\$ 4,273,395	\$ 7,343,908	\$ 9,081,205	\$ 16,425,113
Changes in the loss allowance							
Transferred to stage 3	( 10,189)	315,695	12,840	( 36,962)	281,384		281,384
Transferred to stage 2	( 11,361)	( 30,486)	( 25,517)	987,755	920,391		920,391
Transferred to stage 1	3,769	( 102,066)	-	( 335,686)	( 433,983)		( 433,983)
Financial assets derecognized	( 681,418)	( 313,737)	( 30,512)	( 1,780,625)	( 2,806,292)		( 2,806,292)
New financial assets originated or purchased	667,075	42,997	1,364	134,423	845,859		845,859
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						1,332,199	1,332,199
Write-offs	( 365)	( 5,807)	-	( 300,608)	( 306,780)		( 306,780)
Recovery of written-off loans	-	-	-	1,125,995	1,125,995		1,125,995
Loss allowance as of December 31, 2021	\$ 1,899,995	\$ 842,518	\$ 160,282	\$ 4,067,687	\$ 6,970,482	\$ 10,413,404	\$ 17,383,886

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs	Loss Allowance under IFRS 9	Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/ Non-accrual Loans	Total
Loss allowance as of January 1, 2020	\$ 2,164,288	\$ 791,488	\$ 2,309,802	\$ 3,601,049	\$ 8,866,627	\$ 7,386,213	\$ 16,252,840
Changes in the loss allowance							
Transferred to stage 3	( 22,957)	395,349	22,718	( 22,505)	372,605		372,605
Transferred to stage 2	( 21,927)	( 72,206)	( 910,366)	4,514,944	3,510,445		3,510,445
Transferred to stage 1	1,958	( 74,947)	-	( 309,413)	( 382,402)		( 382,402)
Financial assets derecognized	( 986,766)	( 142,558)	( 1,290,015)	( 2,823,285)	( 5,242,624)		( 5,242,624)
New financial assets originated or purchased	798,363	47,395	69,968	197,951	1,113,677		1,113,677
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						1,694,992	1,694,992
Write-offs	( 475)	( 8,599)	-	( 1,961,222)	( 1,970,296)		( 1,970,296)
Recovery of written-off loans	-	-	-	1,075,876	1,075,876		1,075,876
Loss allowance as of December 31, 2020	\$ 1,932,484	\$ 935,922	\$ 202,107	\$ 4,273,395	\$ 7,343,908	\$ 9,081,205	\$ 16,425,113

c. The movements in the gross carrying amount of the allowance for loans for the years ended December 31, 2021 and 2020 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs	Total
Loss allowance as of January 1, 2021	\$ 1,222,816,651	\$ 20,776,732	\$ 759,405	\$ 16,380,273	\$ 1,260,733,061
Changes in the loss allowance					
Transferred to stage 3	( 9,298,185)	8,862,047	390,474	( 144,025)	( 189,689)
Transferred to stage 2	( 3,559,480)	( 157,772)	( 208,468)	3,587,963	( 337,757)
Transferred to stage 1	3,766,063	( 2,682,471)	-	( 1,318,505)	( 234,913)
Financial assets derecognized	( 314,021,562)	( 3,704,103)	( 54,113)	( 3,711,912)	( 321,491,690)
New financial assets originated or purchased	398,626,832	750,324	1,937	569,564	399,948,657
Write-offs	( 69,803)	( 23,802)	-	( 405,790)	( 499,395)
Loss allowance as of December 31, 2021	\$ 1,298,260,516	\$ 23,820,955	\$ 889,235	\$ 14,957,568	\$ 1,337,928,274

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs	Total
Loss allowance as of January 1, 2020	\$ 1,126,080,523	\$ 16,264,932	\$ 3,744,039	\$ 9,240,257	\$ 1,155,329,751
Changes in the loss allowance					
Transferred to stage 3	( 9,400,872)	9,080,192	42,678	( 34,731)	( 312,733)
Transferred to stage 2	( 9,571,124)	( 515,919)	( 1,405,253)	11,463,330	( 28,966)
Transferred to stage 1	2,268,460	( 1,950,584)	-	( 510,588)	( 192,712)
Financial assets derecognized	( 287,977,092)	( 2,749,502)	( 1,742,708)	( 2,509,987)	( 294,979,289)
New financial assets originated or purchased	401,495,430	681,650	120,649	836,445	403,134,174
Write-offs	( 78,674)	( 34,037)	-	( 2,104,453)	( 2,217,164)
Loss allowance as of December 31, 2020	\$ 1,222,816,651	\$ 20,776,732	\$ 759,405	\$ 16,380,273	\$ 1,260,733,061

d. Details of the (provisions for) reversal of the allowance for loan losses, commitments and guarantee liabilities for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Provisions for losses on receivables, loans and other miscellaneous financial assets	(\$ 352,012)	(\$ 1,616,828)
Provisions for losses on guarantee liabilities	( 6,765)	( 38,127)
Provisions for losses on loan commitments	( 1,442)	( 6,652)
Provisions for losses on letters of credit	( 31)	( 126)
	(\$ 360,250)	(\$ 1,661,733)

## 14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in subsidiaries	\$ 1,810,251	\$ 1,773,237
Investments in associates	79,580	564,646
	<u>\$ 1,889,831</u>	<u>\$ 2,337,883</u>

### a. Investments in subsidiaries

	December 31			
	2021		2020	
	Carrying Value	Proportion of Ownership and Voting Rights	Carrying Value	Proportion of Ownership and Voting Rights
Unlisted shares				
Taishin Real-Estate Management Co., Ltd. ( "Taishin Real-Estate" )	\$ 211,099	60.00	\$ 213,693	60.00
Taishin D.A. Finance Co., Ltd. ( "Taishin D.A. Finance" )	1,599,152	100.00	1,559,544	100.00
	<u>\$ 1,810,251</u>		<u>\$ 1,773,237</u>	

### b. Investments in associates

	December 31	
	2021	2020
Associates that are not individually material	\$ 79,580	\$ 564,646

Aggregate information of associates that are not individually material:

	December 31	
	2021	2020
The Company's share of		
Net profit for the period	\$ 21,636	\$ 28,458
Other comprehensive income (loss)	3,544	( 662)
Total comprehensive income (loss) for the period	<u>\$ 25,180</u>	<u>\$ 27,796</u>

As the Company and its parent company Taishin Financial Holding held 22.81% ownership interest in Chang Hwa Commercial Bank, Ltd. ( "Chang Hwa Bank" ), the Company had significant influence on Chang Hwa Bank and recognized 0.27% ownership interest as an associate accounted for using the equity method. Since June 10, 2021, Taishin Financial Holding no longer exercised shareholder rights other than dividend distribution rights, thereby losing significant influence. In compliance with parent company policy, the Company discontinued the use of the equity method from the date on which the Company ceases to have significant influence over the associate. The fair value of the remaining ownership interest held by the Company was \$460,830 thousand at the date; the investment was changed to financial assets at FVTOCI. The transaction resulted in the recognition of a loss in profit or loss, calculated as follows:

Fair value of investment on the date of loss of significant influence	\$	460,830
Less: Carrying amount of investment on the date of loss of significant influence	(	500,909)
Less: Share of other comprehensive income of the associate accounted for using the equity method	(	9,322)
Unrealized loss recognized	<u>(\$</u>	<u>49,401)</u>

c. The Company's equity-method investments were not pledged as collateral as of December 31, 2021 and 2020.

## 15. OTHER MISCELLANEOUS FINANCIAL ASSETS, NET

a. The details of other miscellaneous financial assets items were as follows:

	December 31	
	2021	2020
Non-performing receivables transferred from other than loans	\$ 135,772	\$ 192,533
Less: Allowance for bad debt	( 127,033)	( 156,907)
Gold deposit account	844,091	726,432
Due from banks	5,023,636	4,158,270
	<u>\$ 5,876,466</u>	<u>\$ 4,920,328</u>

b. The due from banks recognized under other miscellaneous financial assets held by the Company are time deposits with original maturities of more than 3 months or pledged as collateral. Refer to Note 42 for the information relating to the due from banks and time deposits pledged as collateral.

c. Refer to Note 12 for the movements of the allowance for non-performing receivables transferred from other than loans for the years ended December 31, 2021 and 2020.

d. The loss allowance was measured at an amount equal to lifetime ECLs based on historical experience and forward-looking information; there was no allowance for loss on other miscellaneous financial assets excluding non-performing receivables transferred from other than loans as of December 31, 2021 and 2020.

## 16. PROPERTY AND EQUIPMENT, NET

	December 31	
	2021	2020
Land	\$ 10,363,835	\$ 10,564,266
Buildings	4,451,055	4,609,114
Machinery equipment	2,297,017	2,475,783
Transportation equipment	97,631	69,772
Miscellaneous equipment	95,274	95,356
Leasehold improvements	285,989	244,566
Prepayments for buildings and equipment	42,080	61,941
	<u>\$ 17,632,881</u>	<u>\$ 18,120,798</u>

	December 31							Total
	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Prepayment for Buildings and Equipment	
<b>Cost</b>								
Balance, January 1, 2021	\$ 10,564,266	\$ 7,098,437	\$ 4,474,365	\$ 126,324	\$ 169,807	\$ 379,235	\$ 61,941	\$ 22,874,375
Additions	-	23,582	485,663	52,047	30,779	70,453	157,795	820,319
Disposals	( 200,431)	( 118,098)	( 475,650)	( 26,668)	( 25,656)	( 36,482)	-	( 882,985)
Reclassification	-	82,732	55,796	-	-	39,128	( 177,656)	-
Balance, December 31, 2021	<u>\$ 10,363,835</u>	<u>\$ 7,086,653</u>	<u>\$ 4,540,174</u>	<u>\$ 151,703</u>	<u>\$ 174,930</u>	<u>\$ 452,334</u>	<u>\$ 42,080</u>	<u>\$ 22,811,709</u>
Balance, January 1, 2020	\$ 10,793,599	\$ 7,193,315	\$ 4,127,224	\$ 98,061	\$ 154,766	\$ 404,473	\$ 64,342	\$ 22,835,780
Additions	-	26,795	825,159	42,806	39,308	70,847	180,945	1,185,860
Disposals	( 229,333)	( 172,803)	( 585,289)	( 14,543)	( 24,267)	( 121,030)	-	( 1,147,265)
Reclassification	-	51,130	107,271	-	-	24,945	( 183,346)	-
Balance, December 31, 2020	<u>\$ 10,564,266</u>	<u>\$ 7,098,437</u>	<u>\$ 4,474,365</u>	<u>\$ 126,324</u>	<u>\$ 169,807</u>	<u>\$ 379,235</u>	<u>\$ 61,941</u>	<u>\$ 22,874,375</u>

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Prepayment for Buildings and Equipment	Total
<u>Accumulated depreciation</u>								
Balance, January 1, 2021	\$ -	\$ 2,489,323	\$ 1,998,582	\$ 56,552	\$ 74,451	\$ 134,669	\$ -	\$ 4,753,577
Depreciation	-	184,461	717,157	23,951	28,362	68,158	-	1,022,089
Disposals	-	(38,186)	(472,582)	(26,431)	(23,157)	(36,482)	-	(596,838)
Balance, December 31, 2021	\$ -	\$ 2,635,598	\$ 2,243,157	\$ 54,072	\$ 79,656	\$ 166,345	\$ -	\$ 5,178,828
Balance, January 1, 2020	\$ -	\$ 2,408,005	\$ 1,911,754	\$ 51,523	\$ 72,281	\$ 200,297	\$ -	\$ 4,643,860
Depreciation	-	168,454	671,189	19,504	26,348	55,403	-	940,898
Disposals	-	(87,136)	(584,361)	(14,475)	(24,178)	(121,031)	-	(831,181)
Balance, December 31, 2020	\$ -	\$ 2,489,323	\$ 1,998,582	\$ 56,552	\$ 74,451	\$ 134,669	\$ -	\$ 4,753,577

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

Buildings	35-56 years
Machinery equipment	1-10 years
Transportation equipment	4-6 years
Miscellaneous equipment	5-20 years
Leasehold improvements	5-50 years

No impairment assessment was performed because there was no indication of impairment for the years ended December 31, 2021 and 2020.

## 17. LEASE ARRANGEMENTS

### a. Right-of-use assets

	December 31	
	2021	2020
<u>Carrying amounts</u>		
Buildings	\$ 2,368,596	\$ 2,731,449
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	\$ 326,955	\$ 785,719
Depreciation charge for right-of-use assets		
Buildings	\$ 682,907	\$ 698,740

### b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amounts</u>	\$ 2,452,383	\$ 2,833,533
	For the Year Ended December 31	
	2021	2020
Interest expenses (other interest expenses)	\$ 24,415	\$ 28,931

Range of discount rates for lease liabilities as of December 31, 2021 and 2020 were 0.35%-1.32% and 0.75%-1.32%, respectively.

c. Material lease activities and terms

The Company leases buildings for the use of its bank branches and offices with lease terms of 1 to 10 years.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 10,605	\$ 1,437
Expenses relating to low-value asset leases	\$ 29	\$ 77
Total cash outflow for leases	\$ 736,243	\$ 695,331

Certain lease contracts of the Company qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates were as follows:

	December 31	
	2021	2020
Lease commitments	\$ -	\$ 4,584

## 18. INTANGIBLE ASSETS, NET

	December 31	
	2021	2020
Goodwill	\$ 1,152,274	\$ 1,152,274
Computer software	1,475,808	1,549,420
	\$ 2,628,082	\$ 2,701,694

	Goodwill	Computer Software	Total
Balance, January 1, 2021	\$ 1,152,274	\$ 1,549,420	\$ 2,701,694
Additions	-	336,646	336,646
Disposals	-	( 1,332)	( 1,332)
Amortization	-	( 408,926)	( 408,926)
Balance, December 31, 2021	\$ 1,152,274	\$ 1,475,808	\$ 2,628,082
Balance, January 1, 2020	\$ 1,152,274	\$ 802,376	\$ 1,954,650
Additions	-	1,105,857	1,105,857
Amortization	-	( 358,813)	( 358,813)
Balance, December 31, 2020	\$ 1,152,274	\$ 1,549,420	\$ 2,701,694

The goodwill included the Company merged with Dah An Bank through a share swap on February 18, 2002, on which the Company issued new shares to acquire the total assets and liabilities with excess difference. The unamortized excess difference as of December 31, 2021 and 2020 was \$884,937 thousand with no material impairment loss noted. In addition, the Company merged with the 10th Credit Cooperative of Hsin-Chu in October 2004, in which the Company paid in cash to acquire the total assets and liabilities with excess difference. The unamortized excess difference as of December 31, 2021 and 2020 was \$267,337 thousand with no material impairment loss noted.

## 19. OTHER ASSETS, NET

	December 31	
	2021	2020
Prepayments	\$ 729,780	\$ 677,623
Refundable deposits	10,617,877	5,970,654
Operating guarantee deposits and settlement funds	35,239	66,155
Others	65,445	46,624
	<u>\$ 11,448,341</u>	<u>\$ 6,761,056</u>

a. Refer to Note 42 for information relating to refundable deposits, operating guarantee deposits and settlement funds pledged as collateral.

b. The amount of the loss allowance for refundable deposits was as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit-impaired	Stage 3 Lifetime ECLs - Credit-impaired	Total
December 31, 2021	\$ -	\$ -	\$ -	\$ -
December 31, 2020	-	-	3,000	3,000

Based on the above-mentioned measurement results, the Company did not recognize any impairment loss for the years ended December 31, 2021 and 2020.

c. The loss allowance was measured at an amount equal to lifetime ECLs based on historical experience and forward-looking information; there was no allowance for loss on operating guarantee deposits and settlement funds as of December 31, 2021 and 2020, respectively.

d. As it is expected that future net cash inflows, which are to be generated from the Company's collateral and other assets - others, will decrease, whereas it will make the recoverable amount be less than the carrying amount of such other assets - others, impairment loss of \$0 thousand and \$109 thousand were recognized for the years ended December 31, 2021 and 2020, respectively.

## 20. DUE TO CENTRAL BANK AND BANKS

	December 31	
	2021	2020
Due to other banks	\$ 21,043,229	\$ 25,273,069
Call loans from other banks	35,603,627	24,111,038
Bank overdrafts	271,758	350,307
Due to the Central Bank	156,658	90,055
	<u>\$ 57,075,272</u>	<u>\$ 49,824,469</u>

## 21. PAYABLES

	December 31	
	2021	2020
Notes and accounts payable	\$ 8,471,067	\$ 15,524,496
Accrued expenses	5,792,660	5,738,152
Interest payable	1,844,128	1,913,008
Check for clearing payable	1,664,092	1,327,995
Other tax payable	340,859	305,741
Collection payable	595,869	694,172
Other payables	1,390,297	2,218,069
	<u>\$ 20,098,972</u>	<u>\$ 27,721,633</u>

## 22. DEPOSITS AND REMITTANCES

	December 31	
	2021	2020
Checking deposits	\$ 7,403,039	\$ 9,133,024
Demand deposits	476,355,169	425,918,912
Time deposits	347,866,695	362,500,159
Negotiable certificates of deposit	690,771	1,853,352
Savings deposits	855,194,177	805,850,966
Public treasury deposits	3,795,456	5,952,581
Remittances	2,840,755	1,698,733
	<u>\$ 1,694,146,062</u>	<u>\$ 1,612,907,727</u>

## 23. BANK DEBENTURES

The Company has issued bank debentures to enhance its capital ratio and raise medium to long-term operating funds. Details of the bank debentures were as follows:

	December 31	
	2021	2020
Subordinated Bank Debentures - 2012 (I)	\$ 4,500,000	\$ 4,500,000
Subordinated Bank Debentures - 2012 (II)	2,300,000	2,300,000
Subordinated Bank Debentures - 2014 (III)	3,000,000	3,000,000
Subordinated Bank Debentures - 2015 (I)	9,100,000	9,100,000
Subordinated Bank Debentures - 2015 (II)	6,000,000	6,000,000
Subordinated Bank Debentures - 2015 (III)	4,900,000	4,900,000
Subordinated Bank Debentures - 2019 (I)	5,000,000	5,000,000
	<u>\$ 34,800,000</u>	<u>\$ 34,800,000</u>

a. The Company made first issue of \$4,500 million in subordinated bank debentures in 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Re-demption and Interest Payment
B	2012.10.19	2022.10.19	10 years	\$4,500 million	1.65% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.

b. The Company made second issue of \$2,300 million in subordinated bank debentures in 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The method of Re-demption and Interest Payment
B	2012.12.14	2022.12.14	10 years	\$2,300 million	1.65% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.

- c. The Company made third issue of \$3,000 million in unsecured subordinated bank debentures in 2014 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and In-terest Payment
2014, third issue	2014.05.16	2024.05.16	10 years	\$3,000 million	1.95% fixed interest rate	\$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Principal will be repaid on maturity date.

- d. The Company made first issue of \$9,100 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and In-terest Payment
A	2015.06.10	2025.06.10	10 years	\$4,250 million	2.15% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2015.06.10	2030.06.10	15 years	\$4,850 million	2.45% fixed interest rate		

- e. The Company made second issue of \$6,000 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and In-terest Payment
2015, second issue	2015.9.18	2027.9.18	12 years	\$6,000 million	2.25% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.

- f. The Company made third issue of \$4,900 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.9.22	2025.9.22	10 years	\$700 million	2.15% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2015.9.22	2030.9.22	15 years	\$4,200 million	2.45% fixed interest rate		

- g. The Company's made first issue of \$5,000 million in unsecured, no maturity, and non-cumulative subordinated bank debentures in 2019 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and In-terest Payment
2019, first issue	2019.03.28	No maturity. (Issuer has redemption right.)	No maturity. (Issuer has redemption right.)	\$5,000 million	2.45% fixed interest rate	\$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually on July 1 from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date.

### 1) Interest payment

The Company may not pay the interest if it had no earnings during the previous fiscal year and did not declare dividends to its common stockholders. Where the balance of accumulated undistributed earnings after deducting the unamortized loss on the disposal of non-performing loans exceeds the interest payment and such payment does not alter the originally agreed conditions for interest payment, payment is allowed. The unpaid interest should not be accumulated or deferred.

The Company shall defer the payment of principal and interest if the ratio of regulatory capital to risk-weighted assets does not meet the minimum requirements in Regulations Governing the Capital Adequacy and Capital Category of Banks Paragraph 1 of Article 5; the deferred payment of principal or interest shall not be imposed further with interest.

### 2) Redemption policy

After five years and one month of issuance, if the ratio of regulatory capital to risk-weighted assets after redemption will meet the minimum rate and the redemption has an approval from the competent authority, the debts may be redeemed earlier by the Company at 100% plus interest payable. And the redemption would be announced on the 30th day prior to the scheduled redemption date.

## 24. OTHER FINANCIAL LIABILITIES

	December 31	
	2021	2020
Principal of structured products	\$ 63,258,827	\$ 65,883,616
Gold account	832,462	712,898
	<u>\$ 64,091,289</u>	<u>\$ 66,596,514</u>

## 25. RESERVE FOR LIABILITIES

	December 31	
	2021	2020
Reserve for employee benefits (Note 27)	\$ 1,297,309	\$ 1,226,177
Reserve for guarantee liabilities	268,589	262,035
Reserve for loan commitments	183,367	182,340
Other reserves	121,294	122,075
	<u>\$ 1,870,559</u>	<u>\$ 1,792,627</u>

	Reserve for Guarantee Liabilities	Reserve for Loan Commitments	Other Reserves
Balance, January 1, 2021	\$ 262,035	\$ 182,340	\$ 122,075
Provision (reverse)	6,765	1,442	209
Payment	-	-	( 670)
Exchange differences	( 211)	( 415)	( 320)
Balance, December 31, 2021	<u>\$ 268,589</u>	<u>\$ 183,367</u>	<u>\$ 121,294</u>
Balance, January 1, 2020	\$ 224,821	\$ 176,675	\$ 124,102
Provision (reverse)	38,127	6,652	338
Payment	-	-	( 845)
Exchange differences	( 913)	( 987)	( 1,520)
Balance, December 31, 2020	<u>\$ 262,035</u>	<u>\$ 182,340</u>	<u>\$ 122,075</u>

Other reserves are loss allowance for letters of credit, and the reserve for compensation of dispute cases.

The amount of the loss allowance for financial guarantees (including reserve for guarantee liabilities and letters of credit recognized in other reserve) and loan commitments was as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit-impaired	Stage 3 Lifetime ECLs - Cred-it-impaired	Loss Allowance under IFRS 9	Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
December 31, 2021	\$ 154,061	\$ 15,813	\$ 17,798	\$ 187,672	\$ 269,309	\$ 456,981
December 31, 2020	153,701	15,276	22,542	191,519	257,881	449,400

## 26. OTHER LIABILITIES

	December 31	
	2021	2020
Unearned revenue	\$ 366,594	\$ 399,137
Unearned interest	729,827	567,831
Guarantee deposits	1,649,568	2,098,535
Deferred income	765,736	768,834
Temporary credits	1,290,739	798,941
	<u>\$ 4,802,464</u>	<u>\$ 4,633,278</u>

## 27. POST-EMPLOYMENT BENEFIT PLANS

### Defined Contribution Plans

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

### Defined Benefit Plans

The Company also has defined benefit plan under the Labor Standards Law (the "LSL"). Under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of six months before retirement. The Company contributes amounts is within 2%-15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Enforcement Rules of the Labor Pension Act, the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The Company's plan assets and present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of actuarial valuations were as follows:

	December 31	
	2021	2020
Discount rate used in determining present values	0.500%	0.500%
Expected rate of salary increase	3.000%	3.000%

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Year Ended December 31	
	2021	2020
Current service cost	\$ 16,690	\$ 18,160
Interest cost, net	6,038	9,573
	<u>\$ 22,728</u>	<u>\$ 27,733</u>

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans was as follows:

	December 31	
	2021	2020
Present value of funded defined benefit obligation	(\$ 2,731,407)	(\$ 2,717,076)
Fair value of plan assets	1,434,098	1,490,899
Deficit	<u>( 1,297,309)</u>	<u>( 1,226,177)</u>
Net liability arising from defined benefit obligation	<u>(\$ 1,297,309)</u>	<u>(\$ 1,226,177)</u>

Movements in the present value of the defined benefit obligation were as follows:

	For the Year Ended December 31	
	2021	2020
Opening defined benefit obligation	\$ 2,717,076	\$ 2,611,507
Current service cost	16,690	18,160
Interest cost	13,378	22,850
Net remeasurement of defined benefit liabilities		
Actuarial (gain) loss - changes in demographic assumptions	82,682	27,400
Actuarial (gain) loss - changes in financial assumptions	-	121,596
Actuarial (gain) loss - experience adjustments	111,890	22,840
Benefits paid	( 118,819)	( 107,277)
Paid by the Company	<u>( 91,490)</u>	<u>-</u>
Closing defined pension obligation	<u>\$ 2,731,407</u>	<u>\$ 2,717,076</u>

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2021	2020
Opening fair value of plan assets	\$ 1,490,899	\$ 1,498,663
Interest income	7,340	13,277
Remeasurement		
Expected return on plan assets	18,175	48,812
Contribution from the employer	36,503	37,424
Benefits paid	<u>( 118,819)</u>	<u>( 107,277)</u>
Closing fair value of plan assets	<u>\$ 1,434,098</u>	<u>\$ 1,490,899</u>

For information about the categories and percentages, etc. of the composition of the fair value of plan assets as of December 31, 2021 and 2020, please refer to the authorities' public information about Labor Pension Funds.

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the significant actuarial assumptions used in the sensitivity analysis of the present value of the defined benefit obligation were as follows:

	Change in Actuarial Assumptions %	Increase (Decrease) in the Value of the Defined Obligation %	
		December 31	
		2021	2020
Discount rate used in determining present value	Increase 0.25%	(2.93%)	(3.02%)
	Decrease 0.25%	3.05%	3.15%
Expected rate of salary increase	Increase 0.25%	2.93%	3.02%
	Decrease 0.25%	(2.83%)	(2.92%)

The sensitivity analysis presented above applied when the change in assumptions would occur in isolation and all other assumptions remain constant. Practically, the above assumptions are unlikely to occur and each actuarial assumptions may be correlated. The calculation method of the movements in the present value of the defined benefit obligation also adopted projected unit credit method.

The Company expects to make a contribution of \$36,262 thousand and \$37,079 thousand to the defined benefit plans within one year beginning from December 31, 2021 and 2020, respectively. The weighted average duration of the defined benefit plans are 11.9 years and 12.3 years, respectively.

## 28.EQUITY

### Capital Stock

	December 31	
	2021	2020
Numbers of shares authorized (in thousands)	9,500,000	9,500,000
Shares authorized	\$ 95,000,000	\$ 95,000,000
Numbers of shares issued and fully paid (in thousands)		
Common stock	8,885,712	8,695,712
Shares issued	\$ 88,857,118	\$ 86,957,118

On June 4, 2020, the Company's board of directors (on behalf of the shareholders) resolved the modification of the Articles of Incorporation, Increase the amount of capital, and transfer of \$4,400,000 thousand of earnings to common stock and the ex-dividend date was set on July 31, 2020. The registration of conversion had been completed.

On June 3, 2021, the Company's board of directors (on behalf of the shareholders) resolved the transfer of \$1,900,000 thousand of earnings to common stock and the ex-dividend date was set on July 23, 2021. The registration of conversion had been completed.

### Paid-in Capital

The capital surplus from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from investments using equity method, employee stock options and conversion options may not be used for any purpose.

Taishin Financial Holding's Board of Directors resolved the fourth stock options and warrants issue plan based on IFRSs 2 on September 2, 2010. According to the plan, subsidiaries shall recognize the grant of equity instruments from Taishin Financial Holding to their employees as equity-settled shared-based payments transaction to measure the services provided by subsidiaries' employees, the increase in equity as funding from Taishin Financial Holding, and the same amount of increase in equity as current expenses based on the fair value of the equity instrument and the percentage of service provided by Taishin Financial Holding to its subsidiaries over the vesting period, as well as adjust additional paid-in capital - stock warrants. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

All the employee share options issued by parent company of the Company had been acquired.

### Retain Earnings and Dividend Policy

In accordance with dividend policy of the Articles of Incorporation of the Company, where the Company made profit in a fiscal year, the profit shall be utilized for paying taxes and adjusted in accordance with accounting standards, then offsetting losses of previous years firstly. The remaining profit, if any, would be set aside as legal reserve and set aside or reversed a special reserve in accordance with the laws and regulations. The special reserve after reversal would be added into undistributed earnings at the beginning of the period. The remaining profit, if any, should be preferentially distributed the dividends and bonus in accordance with the Articles of Incorporation of the Company in each year of preferred stock outstanding. Then, the remaining profit together with any undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. Cash distributions in any given year cannot exceed 15% of the Company's paid-in capital including, but not limited to, self-owned capital and risk-weighted assets ratio lower than regulations of the authorities. But if the Company's legal reserve equals to or exceeds paid-in capital, this restriction does not apply.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items refer to under Rule No. 1010012865 and No. 1090150022 issued by the FSC and the directive titled "(Question and Answer for Special Reserves Appropriated Following Adoption of IFRSs)", should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2020 and 2019 approved in the board of directors on behalf of the shareholders on June 3, 2021 and June 4, 2020, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended	
	2020	20119	December 31	20119
Legal reserve	\$ 3,586,799	\$ 3,516,003		
Special reserve	( 9,228)	( 10,676)		
Cash dividends				
Common stock	6,478,424	3,814,685	\$ 0.74	\$ 0.46
Stock dividends				
Common stock	1,900,000	4,400,000	0.22	0.53

### Special Reserves

The Company reclassified reserve for trading loss and default losses as of December 31, 2010 to a special reserve account, which is part of equity, in accordance with Order No. 10010000440 issued by the FSC.

The Company appropriated special reserves in accordance with Order No. 1010012865 and No. 1090150022 issued by the FSC and the Q&As on “Question and Answer for Special Reserves Appropriated Following Adoption of IFRSs” .

The Company appropriated and reversal special reserves in accordance with Order No. 10510001510 and No.10802714560 issued by the FSC for the development of financial technology and protection of the bank employees’ rights.

### Other Equity - Unrealized Gains (Losses) on Financial Assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Beginning balance	\$ 2,204,449	\$ 1,468,586
Recognized during the period		
Unrealized gain (loss) - debt instruments	( 1,616,315)	1,784,536
Unrealized gain (loss) - equity instruments	19,471	( 43,115)
Income tax related to profit or loss of debt instruments	146,063	( 51,475)
Share of subsidiaries and associates accounted for using the equity method	5,135	3,656
Reclassification adjustments		
Disposal of investments in debt instruments	( 592,516)	( 1,078,962)
Disposal of investments accounted for using the equity method	( 149)	-
Other comprehensive income (loss) recognized in the period	( 2,038,311)	614,640
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	( 29,451)	121,223
Disposal of investments accounted for using the equity method	( 9,948)	-
Ending balance	\$ 126,739	\$ 2,204,449

## 29.NET INTEREST INCOME

	For the Year Ended December 31	
	2021	2020
Interest revenue		
Loans	\$ 22,452,991	\$ 23,930,450
Investment in marketable securities	3,461,766	4,288,313
Revolving interest of credit cards	1,267,636	1,378,439
Others	1,268,940	1,861,963
	28,451,333	31,459,165
Interest expense		
Deposits	( 5,514,797)	( 8,585,542)
Issuance of bonds and securities	( 756,350)	( 756,350)
Structured products	( 456,808)	( 798,422)
Others	( 414,534)	( 985,674)
	( 7,142,489)	( 11,125,988)
Net interest income	\$ 21,308,844	\$ 20,333,177

### 30.NET SERVICE FEES AND COMMISSION INCOME

	For the Year Ended December 31	
	2021	2020
Service fees and commission income		
Interbank fees	\$ 883,167	\$ 950,482
Fees from loan	467,206	454,988
Fees from trustee business	2,806,425	2,932,037
Fees from trustee affiliated business	146,391	164,008
Insurance commission fees	5,989,530	5,514,786
Fees from credit cards	3,792,242	3,856,527
Others	1,630,478	1,585,792
	<u>15,715,439</u>	<u>15,458,620</u>
Service fees and commission expenses		
Fees from credit cards	( 1,663,702)	( 1,705,561)
Marketing fees	( 372,165)	( 581,132)
Interbank fees	( 332,638)	( 343,904)
Others	( 876,367)	( 755,413)
	<u>( 3,244,872)</u>	<u>( 3,386,010)</u>
Net service fees and commission income	<u>\$ 12,470,567</u>	<u>\$ 12,072,610</u>

The Company provided custody, trust, investment managements and consultancy services to the third party. Therefore, the Company involved in the execution of planning management and trading of financial instruments. In order to the purpose of inner management, the Company recorded in independent accounts and prepared financial statements for management of custody and application of trust and portfolio but it not included in the financial statement of the Company.

### 31.GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Year Ended December 31	
	2021	2020
Disposal gains (losses)		
Stocks and beneficiary certificates	\$ 355,430	\$ 232,421
Bills	48,496	12,384
Bonds	173,432	550,611
Derivative financial instruments	1,486,699	2,450,369
	<u>2,064,057</u>	<u>3,245,785</u>
Valuation gains (losses)		
Stocks and beneficiary certificates	( 71,207)	37,284
Bills	( 15,618)	7,325
Bonds	711,944	75,339
Derivative financial instruments	406,980	( 1,016,030)
	<u>1,032,099</u>	<u>( 896,082)</u>
Interest revenue	372,523	523,439
Dividend revenue	85,845	95,811
Interest expense	( 148,708)	( 150,268)
	<u>\$ 3,405,816</u>	<u>\$ 2,818,685</u>

## 32. REALIZED GAINS ON FINANCIAL ASSETS AT FVTOCI

	For the Year Ended December 31	
	2021	2020
Disposal gains (losses)		
Bills	\$ -	(\$ 11,969)
Bonds	606,256	1,095,914
Beneficiary certificates	( 13,740)	( 4,983)
	592,516	1,078,962
Disposal gains (losses)		
Related to investments held at the end of the period	143,788	176,187
Related to investments derecognized at the end of the period	86,804	91,113
	<u>\$ 823,108</u>	<u>\$ 1,346,262</u>

## 33. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2021	2020
Short-term benefits	\$ 11,974,212	\$ 11,518,678
Post-employment benefits		
Defined contribution plans	406,355	399,987
Defined benefit plans	22,728	27,733
Share-based payments		
Cash-settled share-based payments	153,839	9,586
Others	123,023	111,467
	<u>\$ 12,680,157</u>	<u>\$ 12,067,451</u>

### a. Employees' compensation

In compliance with the Articles, the Company accrued employees' compensation at a rate of 0.01% of net profit before income tax. The employee's compensation for the years ended December 31, 2021 and 2020 were \$1,531 thousand and \$1,384 thousand, respectively.

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences will be recorded as a change in the accounting estimate and will be adjusted in the next year.

The Company held board of directors' meetings on February 18, 2021 and February 20, 2020 in which it resolved the appropriations of employees' compensation and which resulted in the actual amounts of the employees' compensation paid for 2020 and 2019 to differ from the amounts recognized in the financial statements for the year ended December 31, 2019. Because the amount is immaterial, the adjustment for differences will be and was recognized in profit and loss for the year ended December 31, 2020..

	For the Year Ended December 31	
	2020	2019
	Employees' Compensation	Employees' Compensation
Amounts approved at the board of directors' meeting	<u>\$ 1,384</u>	<u>\$ 1,329</u>
Amounts recognized in the annual financial statements	<u>\$ 1,384</u>	<u>\$ 1,326</u>

Information on the employees' compensation resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

## b. Cash-settled share-based payments

The Company issued stock appreciation rights (SAR) to employees that required the Company's parent company Taishin Financial Holding to pay the intrinsic value of SAR to the qualified people. Provision for the expense recognized by the Company for the years ended December 31, 2021 and 2020 were \$153,839 thousand and \$9,586 thousand, respectively. The related liabilities, recognized as of December 31, 2021 and 2020 were \$173,320 thousand and \$33,798 thousand, respectively.

## 34. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2021	2020
Property and equipment	\$ 1,022,089	\$ 940,898
Right-of-use assets	682,907	698,740
Intangible assets	408,926	358,813
	<u>\$ 2,113,922</u>	<u>\$ 1,998,451</u>

## 35. INCOME TAX

### a. Income tax recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current period	\$ 1,726,734	\$ 1,987,725
Adjustment for prior years	142,976	255,239
Offshore income tax expense	52,293	46,857
Land value increment tax	24,479	6,230
Deferred tax		
In respect of the current period	282,637	( 270,573)
Adjustment for prior years	( 47,385)	( 144,433)
Income tax expense (benefit) recognized in profit or loss	<u>\$ 2,181,734</u>	<u>\$ 1,881,045</u>

Reconciliation of profit before income tax and income tax was as follows:

	For the Year Ended December 31	
	2021	2020
Income before income tax	\$ 15,306,614	\$ 14,055,744
Income tax expense calculated at the statutory rate	\$ 3,061,323	\$ 2,811,149
Nondeductible expenses in determining taxable income	( 3,807)	10,830
Increasable revenue in determining taxable income	14,000	-
Tax-exempt income	( 980,817)	( 1,069,944)
Temporary differences	( 78,988)	( 21,438)
Loss carryforwards	( 2,340)	( 13,445)
Offshore income tax expense	52,293	46,857
Adjustments to prior years' tax	95,591	110,806
Land value increment tax	24,479	6,230
Income tax expense (benefit) recognized in profit or loss	<u>\$ 2,181,734</u>	<u>\$ 1,881,045</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
In respect of the current period		
Fair value changes of financial assets at FVTOCI	(\$ 146,063)	\$ 51,475
Remeasurements of the defined benefit plans	( 35,279)	( 24,605)
Total income tax recognized in other comprehensive income	<u>(\$ 181,342)</u>	<u>\$ 26,870</u>

c. Current tax assets and liabilities

	December 31	
	2021	2020
<u>Current tax assets</u>		
Tax refund receivable	<u>\$ -</u>	<u>\$ 2,520</u>
<u>Current tax liabilities</u>		
Income tax payable	<u>\$ 932,611</u>	<u>\$ 1,143,977</u>

d. Deferred tax

Movements in deferred tax assets and liabilities were as follows:

	For the Year Ended December 31, 2021			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred tax assets</u>				
Allowance for bad debts in excess of tax limit	\$ 1,923,070	(\$ 39,365)	\$ -	\$ 1,883,705
Reserve for guarantee liabilities in excess of tax limit	2,511	684	-	3,195
Linked debt settlement compensation	15,728	( 134)	-	15,594
Credit card bonus points liabilities	151,832	( 620)	-	151,212
Unfunded pension liabilities	245,300	( 21,052)	35,279	259,527
Unrealized gains or losses on financial instruments	534,827	( 174,311)	-	360,516
Compensation of dispute	-	683	-	683
Unrealized gains or losses on financial assets at FVTOCI	-	-	65,965	65,965
	<u>\$ 2,873,268</u>	<u>(\$ 234,115)</u>	<u>\$ 101,244</u>	<u>\$ 2,740,397</u>
<u>Deferred tax liabilities</u>				
Land value increment tax	(\$ 53,552)	\$ -	\$ -	(\$ 53,552)
Unrealized gains or losses on financial assets at FVTOCI	( 80,098)	-	80,098	-
Property and equipment depreciation	( 3,198)	( 1,137)	-	( 4,335)
	<u>(\$ 136,848)</u>	<u>(\$ 1,137)</u>	<u>\$ 80,098</u>	<u>(\$ 57,887)</u>

	For the Year Ended December 31, 2020			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<b>Deferred tax assets</b>				
Allowance for bad debts in excess of tax limit	\$ 1,677,622	\$ 245,448	\$ -	\$ 1,923,070
Reserve for guarantee liabilities in excess of tax limit	7,444	( 4,933)	-	2,511
Linked debt settlement compensation	15,897	( 169)	-	15,728
Credit card bonus points liabilities	173,627	( 21,795)	-	151,832
Unfunded pension liabilities	222,633	( 1,938)	24,605	245,300
Unrealized gains or losses on financial instruments	333,236	201,591	-	534,827
	<u>\$ 2,430,459</u>	<u>\$ 418,204</u>	<u>\$ 24,605</u>	<u>\$ 2,873,268</u>
<b>Deferred tax liabilities</b>				
Land value increment tax	(\$ 53,552)	\$ -	\$ -	(\$ 53,552)
Unrealized gains or losses on financial assets at FVTOCI	( 28,623)	-	( 51,475)	( 80,098)
Property and equipment depreciation	-	( 3,198)	-	( 3,198)
	<u>(\$ 82,175)</u>	<u>(\$ 3,198)</u>	<u>(\$ 51,475)</u>	<u>(\$ 136,848)</u>

e. The estimated payables to Taishin Financial Holding due to the adoption of the linked-tax system were as follows:

	December 31	
	2021	2020
Linked-tax payable to Taishin Financial Holding (recorded under current tax liabilities)	<u>\$ 777,973</u>	<u>\$ 1,067,140</u>

f. Income tax assessments

The Company's income tax returns through 2016 had been assessed by the tax authorities.

## 36. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	<u>\$ 1.48</u>	<u>\$ 1.37</u>
Diluted earnings per share	<u>\$ 1.48</u>	<u>\$ 1.37</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 23, 2021. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2020 was as follows:

	For the Year Ended December 31, 2020	
	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	<u>\$ 1.40</u>	<u>\$ 1.37</u>
Diluted earnings per share	<u>\$ 1.40</u>	<u>\$ 1.37</u>

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

## Net Income for the Periods

	For the Year Ended December 31	
	2021	2020
Earnings used in computation of basic earnings per share	\$ 13,124,880	\$ 12,174,699
Earnings used in computation of diluted earnings per share	\$ 13,124,880	\$ 12,174,699

## Weighted Average Number of Common Stocks Outstanding (In Thousands of Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of Common Stocks outstanding used in computation of basic earnings per share	8,885,712	8,885,712
Effect of dilutive potential Common Stocks:		
Employees' compensation	91	84
Weighted average number of Common Stocks outstanding used in computation of dilutive earnings per share	8,885,803	8,885,796

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

## 37. CASH FLOWS INFORMATION

### Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2021

	Non-cash Changes					Closing Balance
	Opening Balance	Cash Flows	New Leases	Termination of Lease Contract	Fair Value Adjustments	
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	\$ 26,386,935	\$ 13,472,910	\$ -	\$ -	\$ -	\$ 39,859,845
Lease liabilities	2,833,533	( 701,194)	326,955	( 6,911)	-	2,452,383
Financial liabilities designated as at FVTPL	3,203,055	-	-	-	( 179,477)	3,023,578
	<u>\$ 32,423,523</u>	<u>\$ 12,771,716</u>	<u>\$ 326,955</u>	<u>(\$ 6,911)</u>	<u>(\$ 179,477)</u>	<u>\$ 45,335,806</u>

For the year ended December 31, 2020

	Non-cash Changes					Closing Balance
	Opening Balance	Cash Flows	New Leases	Termination of Lease Contract	Fair Value Adjustments	
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	\$ 29,697,937	(\$ 3,311,002)	\$ -	\$ -	\$ -	\$ 26,386,935
Lease liabilities	2,739,424	( 664,886)	785,719	( 26,724)	-	2,833,533
Financial liabilities designated as at FVTPL	3,287,359	-	-	-	( 84,304)	3,203,055
	<u>\$ 35,724,720</u>	<u>(\$ 3,975,888)</u>	<u>\$ 785,719</u>	<u>(\$ 26,724)</u>	<u>(\$ 84,304)</u>	<u>\$ 32,423,523</u>

## 38. CAPITAL RISK MANAGEMENT

### a. Summary

The Company's goals in capital management are as follows:

- 1) The Company's eligible self-owned capital should meet the requirement of legal capital, and reached the minimum capital adequacy ratio.
- 2) The calculation of eligible self-owned capital and legal capital are according to the regulation of administration.
- 3) To ensure the Company is able to meet the capital needs of taking any kinds of risks, it should be evaluated periodically and observed the variation between eligible self-owned capital and risk assets.

### b. Capital management procedures

The Company maintains a sound capital adequacy ratio to meet the requirement of the administration, and reports to the administration quarterly. In addition, the capital management procedures for the overseas branches of the Company are carried out according to the regulation of local administrations.

The Company's capital adequacy performance, which is calculated based on Regulations Governing the Capital Adequacy and Capital Category of Banks, is reported to the Asset and Liability Management Committee of Taishin Financial Holding monthly. The regulatory capital is classified into Tier I capital and Tier II capital respectively.

Tier I capital: Include common equity Tier I and other Tier I capital.

- 1) Common equity Tier I: Include common stock, additional paid-in capital in excess of par, capital reserves, legal reserve, special reserve, accumulated earnings, non-controlling interests and other equity and deduct legal adjustment of calculations announced by administration.
- 2) Other Tier I capital: Include noncumulative perpetual preferred stock, additional paid-in capital in excess of par and noncumulative perpetual subordinated debts and deduct legal adjustment of calculations announced by administration.

Tier II capital: Include long-term subordinated bonds, property at fair values or revaluation values as firstly applied by IAS recognized as increases of retained earning, 45% of unrealized gains or losses on financial assets at FVTOCI and operating reserve and allowance and deduct legal adjustment of calculations announced by administration.

## c. Capital adequacy

Item		Period	December 31, 2021	December 31, 2020
Self-owned capital	Common equity Tier I		142,418,309	136,397,935
	Other Tier I capital		24,368,801	24,378,703
	Tier II capital		32,958,152	34,910,919
	Self-owned capital		199,745,262	195,687,557
Risk-weighted assets	Credit risk	Standardized approach	1,162,766,268	1,094,636,587
		IRB	-	-
		Securitization	1,795,491	102,411
	Operation risk	Basic indicator approach	-	-
		Standardized approach/optional standard	101,841,688	61,407,175
		Advanced internal-rating based approach	-	-
	Market price risk	Standardized approach	60,335,388	45,920,525
		Internal model approach	-	-
	Total		1,326,738,835	1,202,066,698
	Capital adequacy ratio		15.06%	16.28%
Common equity Tier I to risk-weighted assets ratio		10.73%	11.35%	
Tier I capital to risk-weighted assets ratio		12.57%	13.38%	
Leverage ratio		7.18%	7.27%	

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on December 23, 2019 (Ref. No. FSC 10802744341), on January 14, 2020 (Ref. No. FSC 10802747311), and on January 12, 2021 (Ref. No. FSC 10902745641).

Note 2: Formula:

- Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital
- Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) × 12.5
- Capital adequacy = Self-owned capital ÷ Risk-weighted assets
- Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets
- Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital) ÷ Risk-weighted assets
- Leverage ratio = Tier I capital ÷ Adjusted average assets

## 39. FINANCIAL INSTRUMENTS

### Fair Value of Financial Instruments

#### a. Summary

Fair value is the exchange price in an orderly transaction between market participants and is the amount to be received on the sale of an assets or the amount to be paid on the transfer of a liability.

Financial instruments are initially measured at fair value. In many cases, the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the Company will use valuation techniques or refer to Bloomberg or Reuters' quotes or the fair value quoted by the counterparty.

#### b. The definition of three levels of fair value

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Active markets must have the following attributes: (A) assets or liabilities traded in the market are identical, (B) the market is principal (or most advantageous), providing ease in finding buyers and sellers that are both able and willing to transact an asset sale or liability transfer; and (C) pricing information is readily available on an ongoing basis to the public.

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., value derived from price), in the active markets.
  - a) Quoted prices of similar financial instruments in active market are the Company's fair value of financial instruments if based on recent quoted price for similar financial instruments. Similar financial instruments should be decided in accordance with characteristics and transaction conditions of these instruments. Fair value of financial instruments will vary depending on factors specific to the similar asset or liability. The factors include: Prices are not current, price quotations vary substantially, transaction price between related parties, relevance of quoted price of similar instruments and the quoted price of financial instruments.
  - b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
  - c) Valuation models are used to measure fair value, and the inputs (e.g. interest rate, yield curve, and volatilities) are based on accessible data from the markets (the observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data).
  - d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).
- 3) Level 3 inputs are inputs that are not available in the market. Unobservable inputs are inputs such as historical volatilities used in option pricing model. Historical volatility typically does not represent current market participants' expectations about future volatility.

#### c. Financial instruments measured at fair value

- 1) Information on fair value hierarchy

The financial instruments measured at fair value of the Company are measured at fair value on a recurring basis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Financial Assets and Liabilities	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>				
<u>Non-derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stocks and beneficiary certificates	\$ 4,301,997	\$ 3,745,702	\$ -	\$ 556,295
Bond investments	19,293,406	5,511,481	13,781,925	-
Investment in bills	54,264,117	-	54,264,117	-
Financial assets at FVTOCI				
Stock investments	3,403,199	976,546	-	2,426,653
Bond investments	133,725,499	4,700,628	129,024,871	-
Beneficiary securities	1,453,655	-	1,453,655	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	2,739,120	2,739,120	-	-
Financial liabilities designated as at FVTPL	3,023,578	-	3,023,578	-
<u>Derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL	16,078,477	108,755	11,144,566	4,825,156
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	17,559,448	20,185	12,983,436	4,555,827

Financial Assets and Liabilities	December 31, 2020			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>				
<u>Non-derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stocks and beneficiary certificates	\$ 4,248,995	\$ 3,745,501	\$ -	\$ 503,494
Bond investments	16,555,940	8,874,128	7,681,812	-
Investment in bills	58,787,535	-	58,787,535	-
Financial assets at FVTOCI				
Stocks investments	4,606,587	2,565,424	-	2,041,163
Bond investments	154,865,966	60,296,641	94,569,325	-
Investment in bills	30,227,206	212,566	30,014,640	-
Beneficiary securities	510,978	-	510,978	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,203,055	-	3,203,055	-
<u>Derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL	24,981,308	2,988	21,359,111	3,619,209
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	27,625,467	11,211	24,406,585	3,207,671

2) The valuation techniques based on fair value

Financial instruments are initially measured at fair value. In many cases the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the Company will use valuation techniques or refer to Bloomberg or Reuters' quotes or the fair value quoted by the counterparty.

If there is an active market and a price for a financial instrument quoted in that market, the quoted price will be the fair value of the financial instrument. Market prices provided by major stock exchanges and market prices of popular central government bonds announced by the Taipei Exchange (formerly the GreTai Securities Market) are considered to be the basis of fair values for equity instruments and debt instruments with active market.

If a quoted price, which represents the price being practically and frequently transacted in orderly transactions, can be acquired from stock exchanges, brokers, underwriters, pricing service institutions or the administration in time then there is an active market for the financial instrument. If the conditions mentioned above are not met, then the market is regarded as inactive. Generally speaking, extremely high bid-ask spread, significant increase of bid-ask spread or extremely low transaction amounts are all indications of an inactive market.

The Company's financial instruments with active markets and the basis of their fair values are described as follows:

a) Foreign currency products

Since the foreign exchange market is very active, the Company adopts the market prices of each respective currency or the last trading prices as fair values.

b) Government bonds and part of interest rate derivatives

i. New Taiwan Dollar Central Government Bonds: If there is a trading price on the measurement date, then the last trading price is the fair value. If there is no trading price for reference and the subordinated bond fair price provided by the Taipei Exchange is not in the market quoted price interval, then the median price of the market quoted prices is the fair value. If the subordinated bond fair price is in the market quoted price interval, then the fair price is the fair value.

ii. Interest rate derivatives: The quoted price from Reuters is the fair value.

c) Stock-related products

The Company adopts stock market quoted prices or the last trading prices as fair values.

d) Credit-related products

The quoted price from Bloomberg is the fair value.

Except for the financial instruments with active market, fair values of other financial instruments are acquired based on valuation techniques or the quoted prices from counterparties. Fair values acquired through valuation techniques can be calculated using models based on fair values from financial instruments with similar conditions and characteristics, cash flow discount method and other valuation techniques, including accessible information on the balance sheet date such as the yield curve from the Taipei Exchange or the average quoted price from Reuters commercial papers interest rate.

When measuring financial instruments that are not standardized and with low complexity such as options without active market, the Company will adopt valuation techniques consistent with those generally used by other market participants to price financial instruments. Parameters applied for the valuation models for this type of financial instruments are observable in the market.

With regard to financial instruments with high complexity, the Company will adopt self-developed valuation techniques and methods consistent with those generally used by other market participants and valuation models to measure fair values. These types of valuation models are often applied to derivatives, embedded bond instrument or securitized products, etc. Part of parameters applied for the valuation models for this type of financial instruments are not observable in the market. Therefore, the Company makes appropriate estimates based on assumptions.

Valuation of derivatives is based on valuation models consistent with those generally used by other market participants, such as the discount rate method or the option pricing models.

Valuation of investments in equity instruments is based on generally used valuation methods, which are consistent with those described in the Statements of Valuation Standards (SVS) No. 11 - "Business Valuation", such as the asset based approach and the market approach (which is comparable to the market approach).

### 3) Adjustments of fair values

#### a) Limits of valuation models and indeterminate input value

Valuation models generate estimated approximate values. That is, valuation techniques may not be able to reflect all the factors relevant to the performance of the Company's financial instruments. Thus, results generated by valuation models are adjusted appropriately by using additional parameters, such as determinants of fair value (prevailing economic conditions, financial condition of counterparties to financial instruments, etc.) or assumptions and forecasts (future economic conditions, amount and pricing of future cash flows, etc.). Based on the Company's valuation basis manual and model management policies, the price information and parameters used in the valuation process are carefully assessed and appropriately adjusted in accordance with actual market conditions.

#### b) Credit risk value adjustments

Credit risk value adjustments are mainly classified into credit value adjustments (CVA) and debit value adjustments (DVA), described as follows:

The CVA is an adjustment to the valuation of derivative contracts made in decentralized market, which is the Over the counter (OTC) market, to reflect within fair value the possibility that the counterparty may default and that the Company may not receive the full market value of the transactions.

The DVA is an adjustment to the valuation of derivative contracts made in decentralized market, which is the OTC market, to reflect within fair value the possibility that the Company may default, and that the Company may not pay the full market value of the transactions.

The Company would calculate CVA by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying by exposure at default (EAD) of the counterparty. On the contrary, DVA is computed by applying probability of default of the Company and considering loss given default of the Company before being multiplied by exposure at default of the Company.

The Company manages PD through its regular internal rating review. After examining the experiences of foreign financial institutions, the Company adopted 60% as its LGD and chose the marking to market of OTC derivative instruments to determine EAD. In addition, in calculating the fair values of financial instruments, the Company took credit risk rating adjustments into consideration to reflect competitors' credit risk and the Company's credit quality, respectively

4) The transfer between Level 1 and Level 2

The source used to measure the fair value of part of bonds held by the Company has been changed from a quoted price in an active market to an evaluation price from yield curve information in the market put into the general practice bond evaluation model. Therefore, it has been reclassified to the Level 2 based on observable price information other than a quoted price in an active market. The Company had reclassified from the Level 1 to the Level 2 of \$24,297,592 thousand and \$5,393,100 thousand for the years ended December 31, 2021 and 2020, respectively.

5) Reconciliation of Level 3 financial assets

For the Year Ended December 31, 2021								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	\$ 4,122,703	\$ 760,687	\$ -	\$ 717,378	\$ -	(\$ 219,317)	\$ -	\$ 5,381,451
Financial assets at FVTOCI	2,041,163	-	( 74,554)	467,962	-	( 7,918)	-	2,426,653
Total	\$ 6,163,866	\$ 760,687	(\$ 74,554)	\$ 1,185,340	\$ -	(\$ 227,235)	\$ -	\$ 7,808,104

Note: No transfer from Level 3.

For the Year Ended December 31, 2021								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	\$ 6,248,559	(\$ 1,546,424)	\$ -	\$ 1,258,889	\$ -	(\$ 1,838,321)	\$ -	\$ 4,122,703
Financial assets at FVTOCI	1,925,121	-	116,042	-	-	-	-	2,041,163
Total	\$ 8,173,680	(\$ 1,546,424)	\$ 116,042	\$ 1,258,889	\$ -	(\$ 1,838,321)	\$ -	\$ 6,163,866

Note: No transfer from Level 3.

Above-mentioned valuation gains (losses) above recognized in current profits or losses in the amounts of \$824,922 thousand and \$(1,318,334) thousand were attributed to gains (losses) on assets owned for the years ended December 31, 2021 and 2020, respectively.

Above-mentioned valuation gains (losses) above recognized in other comprehensive income in the amounts of \$(74,554) thousand and \$107,488 thousand were attributed to gains (losses) on assets owned during the years ended December 31, 2021 and 2020, respectively.

Reconciliation of Level 3 financial liabilities:

For the Year Ended December 31, 2021							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	\$ 3,207,671	\$ 866,841	\$ 669,859	\$ -	(\$ 188,544)	\$ -	\$ 4,555,827

Note: No transfer from Level 3.

For the Year Ended December 31, 2021							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	\$ 4,527,329	(\$ 1,626,845)	\$ 1,057,286	\$ -	(\$ 750,099)	\$ -	\$ 3,207,671

Note: No transfer from Level 3.

Above-mentioned valuation gains (losses) above recognized in current profits or losses in the amounts of \$(933,843) thousand and \$1,462,919 thousand were attributed to gains (losses) on liabilities owned during the years ended December 31, 2021 and 2020, respectively.

6) Quantitative information of the fair value measurement of significant unobservable inputs (Level 3)

Most of the Level 3 fair value attributed to the Company only has single significant unobservable input.

The quantitative information of significant unobservable inputs was as follows:

	Fair Value on December 31, 2021	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
<u>Non-derivative financial instrument</u>					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Stock investments	\$ 556,295	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	10%-30%	The higher the discount for non-controlling interest, the lower the fair value.
Financial assets at FVTOCI					
Stock investments	2,364,468	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	10%-30%	The higher the discount for non-controlling interest, the lower the fair value.
	62,185	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial assets</u>					
Financial assets at FVTPL					
Interest rate swaps	243,933	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Equity-linked swaps	222	Option pricing model/ Cash flow discount method	Volatility rate	5%-40%	The higher the volatility rate, the higher the fair value.
<u>Derivative financial liabilities</u>					
Financial liabilities at FVTPL					
Interest rate swaps	3,653	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Equity-linked swaps	222	Option pricing model/ Cash flow discount method	Volatility rate	5%-40%	The higher the volatility rate, the higher the fair value.

	Fair Value on December 31, 2020	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
<u>Non-derivative financial instrument</u>					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Stock investments	\$ 503,494	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	10%-30%	The higher the non-controlling interest discount, the lower the fair value.
Financial assets at FVTOCI					
Stock investments	1,809,675	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	10%-30%	The higher the non-controlling interest discount, the lower the fair value.
	231,488	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial liabilities</u>					
Financial assets at FVTPL					
Interest rate swaps	420,773	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial liabilities</u>					
Financial liabilities at FVTPL					
Interest rate swaps	2,210	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.

#### 7) The assessment of fair value based on Level 3 inputs

The financial instruments assessment group of the Company's department of risk management is responsible for independently verifying fair value, using an impartial, reliable source of information, so that the evaluation results reflect market status closely, same with other resource and representing executable price calibrating the assessment model regularly, and updating input values, information and any other information needed to ensure that the assessment model results are reasonable.

The department of investment management targets in equity instruments which obtain financial information audited or reviewed recently from invested company and collect information acquired from public market or private market for the purpose of valuation in proper method.

The department of finance and the department of risk management set assessment policies and procedures for determining the fair values of financial instruments and ensure that these policies and procedures are in compliance with IFRS.

#### d. Not measured at fair value

##### 1) Fair value information

The Company's assets that are not measured at fair value—such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resale agreements, receivables, other financial assets, loans, due to the Central Bank and banks, securities sold under repurchase agreements, payables, deposits and remittances, bank debentures and other financial liabilities—have carrying amounts that are equal to, or reasonably approximate, their fair values.

	December 31			
	2021		2020	
<u>Financial assets</u>	Book Value	Fair Value	Book Value	Fair Value
Debt instruments at amortized cost	\$ 298,239,804	\$ 297,088,115	\$ 270,627,928	\$ 270,951,333

##### 2) Information on fair value hierarchy

Assets and Liabilities	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets				
Debt instruments at amortized cost	\$ 297,088,115	\$ 1,599,719	\$ 295,488,396	\$ -

Assets and Liabilities	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Financial assets				
Debt instruments at amortized cost	\$ 270,951,333	\$ 3,524,964	\$ 267,426,369	\$ -

##### 3) Valuation techniques

a) Financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resale agreements, receivables, other financial assets, due to the Central Bank and banks, securities sold under repurchase agreements, payables, remittances and other financial liabilities, are disclosed at their carrying amounts as shown in the individual balance sheets since their maturities are very short or their future payments/receipts approximate their carrying amounts.

b) Financial assets at amortized cost: Refer to Note 39. c. for related information.

c) Loans (including delinquent loans)

The Company's loan interest rate is usually determined based on the prime rate plus or minus basic points (i.e. the floating rate), which reflects the market interest rate. The expected recovery of loans is taken into consideration. Therefore, loans are disclosed at their carrying amounts.

Medium and long-term loans, which are determined at fixed rates and account for a minor proportion of loans, are disclosed at their carrying amounts.

d) Deposits

Considering that most of the banking transactions are within one year of maturity, deposits are disclosed at their carrying amounts.

e) Bank debentures

The bank debentures issued by the Company are intended to enhance liquidity or for capital management purpose instead of earning short-term profits; therefore, the bank debentures are disclosed at carrying amounts.

## Financial Assets and Financial Liabilities Offsetting

The Company signs net settlement contracts or similar agreements with counterparties. When both transaction parties choose to do netting, the Company can offset financial assets and financial liabilities after the signing of the net settlement agreement. If not, the Company would execute total settlement. However, if one of the transaction parties breaks a contract, the other party can choose to execute net settlement. The table below shows more information on the offset of financial assets and financial liabilities.

December 31, 2021						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Assets (a)	Offset of Realized Financial Liabilities in Balance Sheet (b)	Net Financial Assets in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Received Cash Collateral	
Derivative	8,566,233	-	8,566,233	6,406,290	1,075,663	1,084,280

Note: Including net settlement and non-cash collateral.

December 31, 2021						
Offset and Execution of Net Settlement or Similar Agreement on Financial Liabilities						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	13,684,598	-	13,684,598	6,406,290	4,070,889	3,207,419

Note: Including net settlement and non-cash collateral.

December 31, 2020						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Liabilities in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	13,341,243	-	13,341,243	8,006,768	1,350,764	3,983,711

Note: Including net settlement and non-cash collateral.

December 31, 2020						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	21,057,335	-	21,057,335	8,006,768	4,419,257	8,631,310

Note: Including net settlement and non-cash collateral.

## Transfer of Financial Assets

The Company treats debt securities under repurchase agreements as transferred financial assets that do not qualify for full derecognition; thus, the Company will recognize debts on the transferred financial assets to be bought back at a confirmed price because of the transfer of cash on the debt security contracts. In addition, the Company should not use, sell or pledge the transferred financial assets during the transaction validity period. However, the Company still bears interest and credit risks although the financial assets will not be fully derecognized. The following table shows the amounts of the financial assets that did not qualify for full derecognition and information on the related financial liabilities.

December 31, 2021		
Financial Assets	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Financial assets at FVTPL sold under repurchase agreement	\$ 40,889,076	\$ 41,798,426
Financial assets at FVTOCI sold under repurchase agreement	28,374,737	27,848,092
Financial assets in debt instruments at amortized cost repurchase agreement	3,024,016	2,943,684

December 31, 2020		
Financial Assets	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Financial assets at FVTPL sold under repurchase agreement	\$ 48,900,589	\$ 51,755,854
Financial assets at FVTOCI sold under repurchase agreement	27,978,264	26,459,928

## Financial Risk Management Objectives and Policies

### a. Summary

The Company's goal in risk management is to balance the risks and returns by giving consideration to business operation, overall risk appetite, and external legal restrictions. The major risks the Company sustains includes in- and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity security prices, credit spread and commodity price risks) and liquidity risks.

The parent company Taishin Financial Holding has rules for risk management policies and risk control procedures, which had been approved by The board of directors or monthly risk management meeting, and the Company has its own risk management policies, which had been followed the rules for risk management of parent company, in order to effectively identify, measure, supervise and control credit risks, market risks and liquidity risks.

### b. Organizational structure of risk management function

The board of directors is the highest level in the risk management function in the Company and takes the full responsibility for risk management issues. The board of directors authorizes the monthly risk management meeting to examine policies and standards and establish risk management system. Important risk management issues need to be reported to parent company. The chairman of Risk Management Committee takes charge of risk management and reports to the board of directors periodically.

Risk management department is independent of business department and identifies, assesses, and controls various risks according to risk management standards. In addition, internal auditing department is responsible for the independent review of risk management and control environment.

### c. Market risk

#### 1) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of in- and off-balance-sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices, credit spread and commodity prices:

##### a) Interest rate risks

Interest rate risk is fair value changes in interest rate risk position held by the Company due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

b) Exchange rate risks

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

c) Equity securities price risks

Equity security price risk is the valuation effect on the position held by the Company when the equity security price changes. The Company's equity security price risk mainly comes from public and OTC stocks, index futures and options.

d) Credit spread risk

Credit spread risk is the risk of the effect of changes in credit spreads on positions held by the Company. The major risk comes from derivatives such as credit default swaps.

The major market risks of the Company are equity securities price risks, credit spread risks, interest rate risks, and exchange rate risks. The main position of equity securities risk includes domestic public stock, domestic stock index options and stock index futures. The main position of credit spread risk includes the credit derivatives, such as credit default swaps and convertible bond asset swap (CBAS), etc. 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 Company's investments denominated in foreign currencies, such as foreign currency spots and foreign currency options.

Effect of interest rate benchmark reform

The Company is exposed to LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. LIBOR includes currencies USD, EUR, JPY and GBP. There are no CHF LIBOR derivatives and non-derivative financial assets and liabilities held by the Company. Secured Overnight Financing Rate ( "SOFR" ) is expected to replace LIBOR. There are key differences between LIBOR and SOFR. LIBOR is "forward looking" , which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a "backward-looking" rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR in accordance with market practice to enable the two benchmark rates to be economically equivalent.

The Company established a LIBOR transition project plan. This transition project is considering changes to risk management policies, product service planning, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. The updates on market progress, the progress of transition project plan and the situation of reducing exposures are reported to Asset and Liability Committee periodically. The Company will continue to promote the update and adjustment of IT systems and internal processes required for the introduction of alternative interest rate benchmarks, and ensure that the re-negotiation and agreement of terms, contract amendments or other arrangements with counterparties are completed before the cessation of each benchmark.

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

December 31, 2021

Interest Rate Benchmark	Effect of interest Rate Benchmark Reform					
	USD LIBOR		EUR LIBOR	GBP LIBOR	JPY LIBOR	Other LIBOR
	1 Week or 2 Months	Other Periods	Whole Period	Whole Period	Whole Period	Whole Period
Type	Maturity Date Between January 1, 2022 and June 30, 2023	Maturity Date after June 30, 2023	Maturity Date after December 31, 2021	Maturity Date after December 31, 2021	Maturity Date after December 31, 2021	Maturity Date after March 31, 2022
Non-derivative financial assets - book value	\$ 5,439,106	\$ 55,168,313	\$ 770,510	\$ 589,322	\$ 858,357	\$ 477,410
Financial assets at FVTPL	-	174,080	-	-	-	-
Financial assets at FVTOCI	-	4,671,684	-	-	-	-
Financial assets in debt instruments at amortized cost	-	3,361,195	-	-	-	-
Securities purchased under resale agreements	-	1,010,677	-	-	-	-
Loans	5,439,106	45,950,677	770,510	589,322	858,357	477,410
Non-derivative financial liabilities - book value	-	583,184	-	-	-	-
Securities sold under resale agreements	-	583,184	-	-	-	-
Derivative instruments - nominal principal amount	-	138,954,642	-	-	-	-

Note a: The book value is the total value, that is, impairment loss or allowance for bad debt is not deducted.

Note b: Other LIBOR includes EONIA, SGD SIBOR and THB FIX.

Note c: Except that the due date for the USD LIBOR overnight, 1 month, 3 months, 6 months and 12 months was extended to June 30, 2023, the due date for other LIBOR currencies is December 31, 2021.

## 2) Market risk management policy

The Company's risk management policy clearly defines the risk management procedures for risk identifying, risk measuring, risk controlling and risk reporting, which are executed by risk management department independent of trading and other departments. The risk management department develops management principles for different businesses and for various aspects of market risk management based on the risk management policy. It establishes market risk management system and regulates market risks, risk limits, stop loss limits and stress tests of various financial assets.

## 3) Market risk management procedure

### a) Identifying risks and measuring possible effects

The Company's risk management department identifies the exposures of positions or new financial instruments to market risks and measures the gains and losses on positions held due to changes in market risk factors based on standards.

The risk management department calculates price sensitivity and gains and losses on positions which are recorded in trading books daily; and calculates the maximum potential losses recorded in each trading books monthly. The Company takes measures to avoid tremendous losses that will harm the Company's operations due to overwhelming changes in market risk factors.

### b) Controlling of risk and reporting of issues

The Company controls market risk by managing risk limits. The risk management department sets various trading and non-trading limits, such as value at risk, 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 and monthly risk management meeting.

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 risk appetite and limits approved by the board of directors and monthly risk management meeting and prepares reports to the high-level management, monthly risk management meeting, and the board of directors periodically for their sufficient understanding of the implementation of the market risk management work and, if necessary, issuance of additional guidance.

#### 4) Principles of the market risk management

Based on the related risk management standards, the Company classifies financial instruments into trading and non-trading portfolios according to the purpose of holding the instruments and manages them with different methods.

Trading portfolios consists of financial instruments held for trading purposes or commodities held to hedge positions in trading portfolios. A position, such as self-run position or position produced by matched principal brokering or market making, is for trading purposes if it is intended to be sold within a short period, to earn or to lock in profit from actual or expected short-term price fluctuations.

Non-trading portfolios are positions other than aforementioned trading portfolios positions, consisting of medium to long-term equity investments and hedging positions to earn from the appreciation of values and dividends, bonds and notes investments and hedging positions to earn from interests, positions held for fund dispatching, liquidity risk management, and interest rate risk management in banking books, and positions held for other management purposes.

##### a) Management strategy

The goal of market risk management is to pursue maximum return on capital, meaning maximizing the capital usage efficiency to improve stockholders' interest.

In order to control market risks, the risk management department sets risk limits for various investment portfolio based on trading strategies, category of trading products and annual profit goals in order to control exposure to risks on positions and losses.

##### b) Management principles

The parent company stipulated "Principles of Market Risk Limit Management" and "Instructions of Valuation Benchmark", which are the important control rules for market risk limits management and valuation.

##### c) Valuation gains and losses

If objective prices of financial instruments exist in open market, such as trading prices, gains and losses on positions are valued in accordance with the market prices by the risk management department. If fair value data is inaccessible, the risk management department will cautiously adopt verified mathematical models to value gains and losses and review the assumptions and parameters of the valuation models periodically.

##### d) Risk measuring methods

The methods applied by the risk management department in measuring market risks are as follows:

###### i. Measure the price sensitivity of various risk factors

###### i) Interest rate risk

It applies DV01 to measure interest risk. DV01 is the change in the value of interest rate risk positions when the yield curve moves upward by one basis point (1bp).

###### ii) Exchange rate risks

It applies Delta to measure the exchange rate risk of the first order change and applies Gamma 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.

iii) Equity securities price risks

It applies Delta to measure the independent equity security price risk of the first order change, or market value is applied to indicate the exposure risks on positions of stocks.

iv) Credit spread risk

It applies CS 01, which is the impact of the changes in fair value of a position in response to a one basis point (1bp) credit spread change.

ii. Refer to Item 7 for the risk assumptions and calculation methods.

iii. Measure potential losses (stress losses) resulting from extreme market volatility in order to assess capital adequacy and essential position adjustments. Refer to item 6 for the stress test.

e) Risk management procedures

The risk management department identifies the products that can be included in the portfolio, evaluates the risk factors on positions, and sets stop-loss limit and limit of VaR to control exposure to position loss. If the stop-loss limit is reached, then the trading department should take immediate remedial steps to reduce the exposure to the risk position.

5) Interest rate risk management in the banking book positions

Banking book interest rate risk involves bonds and bills and their hedge positions, which are held to manage the Bank's liquidity risk and the interest rate risk of deposits and loans undertaken by business departments. The interest rate risk is transferred to banking book management department for centralized management through internal fund transfer pricing (FTP) system. Banking book interest rate risk is the effect on net interest income of risk exposure positions held due to changes in interest rate. There is no secondary market for loan transactions and the purpose of holding non-trading portfolios in the banking book is to establish deposit reserve. The purpose is different from short-term investments holding for pursuing profit. Banking book interest rate risks are regulated separately by the risk management department.

a) Management strategy

The goal of banking book interest rate risk management is to control interest rate risk position and pursue stability and growth of banking book net interest income under the circumstances that liquidity is appropriate.

b) Management principles

The Company stipulated "The Principles of Banking Book Interest Rate Risk Management" as the important control regulations for banking book interest rate risk management.

c) Measuring methods

The banking book interest rate risk is the risk of quantitative or repricing term differences due to the differences in amounts and maturity or repricing dates of banking book assets, liabilities and off-balance-sheet items. The Company measures the effect on net interest income when the yield curve moves upward by 1bp.

d) Management procedures

The Company defines the instruments of banking book interest rate management and sets the limit of interest rate risk in order to avoid severe recession of net interest income when the interest rate changes unfavorably. The banking book management unit sets limits and keeps the interest rate risk within the limits.

## 6) Stress test

A stress test is applied to measure loss under extremely unfavorable market circumstances in order to assess financial institutions' tolerance to extreme market volatility.

The risk management unit is required to execute the stress test at least once a month to calculate stress loss for trading portfolios. The risk management unit observes historical information of market price and sets the biggest possible volatility range for various market risk factors as the stress circumstance, which should be approved by the monthly risk management meeting of the parent company. Since there are so many market risk factors that affect trading portfolios, there might be plenty of permutation and combination of stress circumstances when the unit calculates stress loss. For instance, change in a market risk factor might result in the biggest loss of one investment portfolio but create profits for another investment portfolio. Based on the conservative principles, the risk management unit will take into account correlation between various risk factors to calculate the biggest loss as the stress loss.

The risk management unit should confirm that overall stress loss for trading portfolios does not exceed the stress loss limit and report to the high-level management as references for adjusting positions or resource distributions.

## 7) Value at risk, "VaR"

The Company uses a variety of methods to control market risk; the VaR is one of them. The Company is using risk model to assess the value of trading portfolios and potential loss amount of holding positions. VaR is the Company's important internal risk control system, the Board of Directors and monthly risk management meeting reviews and establishes trading portfolio's limits annually. Actual exposures of the Company are monitored daily by risk management.

VaR is used to estimate adverse market potential loss of existing positions. The VaR model uses historical simulation method, a one-year historical observation period, the estimate of 99% confidence interval, the maximum possible amount of loss holding positions for one day, and the probability that actual losses may exceed the estimate.

	For the Year Ended December 31, 2021			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 3,062	\$ 11,768	\$ 775	\$ 3,691
Interest rate VaR	35,231	59,318	16,999	45,265
Equity securities VaR	63,197	117,391	32,595	90,644
Credit spread VaR	309	1,793	-	533
Value at risk	73,689	143,649	40,744	99,928

	For the Year Ended December 31, 2020			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 4,673	\$ 75,675	\$ 1,058	\$ 6,259
Interest rate VaR	46,473	128,188	6,038	47,436
Equity securities VaR	68,652	119,097	18,065	116,168
Credit spread VaR	3,427	8,983	321	342
Value at risk	96,965	152,968	34,843	139,230

## 8) Information of exchange rate risk concentration

Refer to Note 44 for information regarding the Company's non-functional currency financial assets and liabilities on the balance sheet date.

#### d. Credit risk

##### 1) Source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability of fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance-sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility on the collateral and market liquidity risk of the collateral.

Credit risk can be divided into the following categories based on the object and nature of business:

##### a) Credit risk

Credit risk is the risk that a borrower is unable to pay its debt or fulfill its debt commitments in credit loans operation.

##### b) Issuer (guarantor) risk of the underlying issue

It is the credit risk that stock issuers go into liquidation or are unable to pay back money when debt, bills and other securities mature.

##### c) Counterparty risk

It is the credit risk that the counterparty undertaking OTC derivatives or RP/RS transactions are unable to fulfill settlement obligations.

Counterparty risk is also divided into settlement risk and pre-settlement risk.

##### i. Settlement risk

It is the loss resulting from the counterparty failing to deliver goods or other money on the settlement date when the Company had fulfilled settlement obligations.

##### ii. Pre-settlement risk

It is the loss resulting from the counterparty failing to fulfill settlement or pay the obligations and from changes in market prices before the settlement date.

##### d) Other credit risks

Country risk, custodian risk and brokers risk, etc.

##### 2) Credit risk management policies

To ensure its credit risk under control within the tolerable range, the Company has stipulated in the guidelines for risk management that for all the products provided and businesses conducted, including all on- and off-balance-sheet transactions in the banking and trading books, the Company should make detailed analyses to identify existing and potential credit risks. Before launching new products or businesses, the Company ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factoring and credit derivative instruments, the Company also establishes risk management system described in the related rules and guidelines.

Unless the assessment of asset qualities and provision for potential losses of the overseas business department is regulated by the local authorities, it is in accordance with the Company's risk management policies and guidelines.

The measurement and management procedures of credit risks in the Company's main businesses are as follows:

##### a) Credit granting business (including loans and guarantees)

##### i. Credit risk rating

For risk management purposes, the Company rates credit qualities (by using internal rating models for credit risk or credit score tables) in accordance with the nature and scale of a business.

The corporate finance department's internal rating adopts two aspects. One is obligor risk rating (ORR) and the other is Facility Risk Rating (FRR). ORR is used to assess the possibility of the debtor performing financial commitments, which is a quantitative value based on the probability of default (PD) within one year. FRR is used to assess the effect of rating structures and collateral conditions on credit rating, which is a quantitative value based on loss given default (LGD). At the same time, experts also engage in judging and adjusting the rating overrides of statistic models to make up for the limitation of the model.

The consumer finance department's internal rating system adopts product characteristic and debtor condition (such as new case or behavior grading) as the basis of segmentation. It is to ensure that the same pools of debtors and risk exposure are homogeneous. At the same time, review of loans based on experts' override is complemented to make up for the limitation of the model.

ii. Strengthening of management and tracking of credit account after loan

Corporate Finance Department post-loan control unit has built post-loan management system. Online functions include post-loan condition inspection, reviews, early warning indicators and material information notifications, etc. They hope to make tracking and processing of interim management information of credit accounts faster via system automation and strengthen the management and reduce credit risk.

iii. The measurement of ECLs

At the end of the reporting period, the Company evaluates the risk of default occurring over the expected life of loans, to determine if the credit risk has increased significantly since original recognition. In order to perform this evaluation, the Company considers the information regarding whose credit risk has significantly increased since the respective loan's initial recognition as well as corroborative information (including forward-looking information). The key indicators include quantitative indicators such as changes in internal and external credit ratings, overdue conditions (such as being more than one month overdue), etc., as well as qualitative indicators such as a worsening of debt paying ability, unfavorable changes in operating financial and economic conditions and significant increases in credit risk of borrowers' other financial instruments. At the end of the reporting period, the Company assumes that the credit risk has not increase significantly for those whose credit risk is determined to be low.

The Company has the same definition of default on credit assets and credit impairment. The evidence of credit losses on financial assets includes overdue conditions (e.g. past due for more than three months) and significant financial distress of the borrower. The definitions of default and credit impairment are consistent with the definitions of the financial assets for the purpose of internal credit risk management, which are also used in the relevant impairment assessment model.

In order to assess the ECLs, the loans will be assessed in groups based on the nature of the products, borrowers' credit ratings and collateral, and the Company takes into consideration each borrower's probability of default (PD), loss given default (LGD) and exposure at default (EAD) for the next 12 months and for the lifetime of the loan and considers the impact of the monetary time value in order to calculate the ECLs for 12 months and for the lifetime of the loan, respectively.

The PD and LGD used in the impairment assessment are based on internal historical information (such as credit loss experience) of each combination and are calculated based on current observable data and forward-looking general economic information.

The Company assesses the EAD, PD and LGD using the current exposure method, the group estimating method and the recovery rate adjustment method, respectively. When assessing internal credit ratings, the Company takes factors into account to adjust PD as follows: It considers the respective borrower's future financial and business prospect, guarantors, stockholders and group background, as well as the forward-looking effects of environmental changes in the economy, markets and regulations in corporate finance; and it considers overall economic indicators (e.g. gross domestic product (GDP)) that are adjusted according to the asymptotic single risk factor (ASRF) model.

There was no significant change in valuation techniques and major assumptions used to assess the expected credit losses of the loans by the Company in 2021 and 2020.

In addition to the aforementioned assessment procedures, which classify loans in accordance with the regulations governing the procedures for banking institutions to evaluate assets and deal with non-performing/non-accrual loans, the loans are classified into five categories for evaluation. except for normal loans, the remainder are classified into the first category. after the assets are assessed on the basis of the guarantee status of the claims and the length of the time overdue, they are respectively classified within the remaining categories according to the probability of recovery as follows: the second category is for notable assets; the third category is for assets which are expected to be recovered; the fourth category is for assets which will be difficult to recover; and the fifth category is for assets for which recovery is considered hopeless. the highest values of the aforementioned evaluation results are taken to measure the allowance loss.

in order to manage problematic loans, procedures are adopted for the reorganization of loan loss provisions, the allowance for bad debt or guarantee liability provisions, the measurement of overdue loans and the collection of default loans. in the management of loans, the company is also guided by the regulations governing the procedures for corporation credit businesses to evaluate assets and deal with non-performing assets, measures for corporation credit businesses to be taken when credit extensions become past due and regulations governing collection procedures, regulations governing the procedures for consumer finance to evaluate assets and deal with non-performing assets, regulations governing the procedures for overdue loans, non-accrual loans and doubtful loans.

#### iv. Write-off policy

Overdue loans and non-accrual loans for which one of the following events have occurred should have the estimated recoverable amount deducted and should then be written off as bad debts.

- The debtor may not recover all or part of the obligatory claim due to dissolution, disappearance, settlement, bankruptcy or other reasons.
- The appraisal of the collateral, the property of the principal debtor and the surety is low, or the amount of the loan's priority is deducted, or the collection implementation costs may approach or exceed the amount that the Company can repay, or the loan is not able to be collected.
- The property of the principal debtor and the surety were auctioned off at multiple auctions, no one was required to buy it and the Company did not bear the benefit.
- Overdue loans and non-accrual loans which have been overdue for more than two years have been collected but have not been received.

However, for overdue loans and non-accrual loans which have been overdue for more than three months but less than two years, after the collection has not been recovered and after deducting the recoverable portion, the remainder will be written off as bad debts.

Loans are written off in accordance with relevant regulations and procedures; the activities of the principal debtor and the surety from obligatory claims shall still be monitored by the relevant business department. If there is property that is available for execution, the Company shall sue according to the relevant laws.

If an evaluation determines that there is no benefit to be gained from the collection activities described in the preceding paragraph, such shall be reported to and approved by the board of directors, and the debt shall no longer be posted in the accounts and subject to control; however, such debt shall continue to be recorded in registry books for acknowledgement.

b) Due from and call loans to banks

The Company evaluates the credit status of counterparties before deals are closed. The Company grants different limits to the counterparties based on their respective credit ratings as suggested by external qualified credit rating agencies.

c) Security investment and financial derivatives transaction

Regarding the credit risk of security investments and financial derivatives, the Company manages the risk by internal credit rating of issuers, issued underlying, counterparties, and by external credit rating of debt instruments and counterparties or status of regions/countries.

The other banks with which the Company conducts derivative transactions are mostly considered investment grade. The credits extended to counterparties that are not rated as investment grade are assessed on a case-by-case basis. The credits extended to counterparties are monitored in accordance with the related contract terms and conditions, and the credit limits for derivatives established in normal credit granting processes. Meanwhile, the Company has set the total position limit on trading and banking book securities and each issuer's limit based on credit ratings.

The Company assesses the change in risk of default over the expected lifetime of investments in debt instruments as of the end of the reporting period, so as to determine whether there has been a significant increase in credit risk since initial recognition. In order to make this assessment, the Company considers reasonable indicators of a significant increase in credit risk since initial recognition and corroborative information (including forward-looking information). The main indicators include quantitative indicators, such as external credit ratings, qualitative indicators, such as weakening solvency from adverse changes in operating, financial and economic conditions, and a significant increase in credit risk of the issuer's other financial instruments. Where the Company determines that the credit risk is low as of the reporting date, it will assume that the credit risk will not have a significant increase.

The Company defines default of investments in debt instruments and credit impairment the same. Evidence of financial asset credit impairment includes external credit ratings and the issuers experiencing severe financial difficulties. The definitions of default and credit impairment apply to the relevant impairment assessment model.

Based on credit assessment charts, the Company manages the internal and external credit assessment of debt instruments according to Moody's long-term credit ratings. Credit risk is significant increase if:

- i. The rating is over Baa3 on the initial recognition date, and the rating is lower than Ba1, not including ratings of Ca-D on the measurement date.
- ii. The rating is Ba1-Ba3 on the initial recognition date, and the rating is downgraded to B1-Caa3 on the measurement date.
- iii. The rating is B1-Caa3 on the initial recognition date.

A loan is considered to have been defaulted on if the rating is Ca-D on the measurement date.

The trading department should monitor the credit position of investments in debt instruments. Once it knows that the issuer, guarantor or issued underlying has a credit event (such as a downgrade of credit ratings to non-investment grade, a discharge or a default), it should notify the relevant department immediately and dispose of the investments in debt instruments.

In order to assess the purpose of the ECLs, debt instruments are assessed by grade based on their credit rating. In order to measure the ECLs, the default probability of the issuers is considered, the PD, LGD, EAD for the next 12 months and over the full lifetime of the debt instruments shall be considered, and the impact of the time value of money shall be considered. From this, the 12-month and full-lifetime ECLs shall be calculated separately.

The Company assesses the EAD of investments in debt instruments using the current exposure method (CEM) and adopts external rating information, PD and LGD which are announced periodically by international credit rating agencies (S&P and Moody's), to calculate the ECLs.

Due to international credit rating agencies already considering the prospective information, it is appropriate to assess such information and then include it in the assessment of the related ECLs of the Company.

The Company evaluated that the assessment techniques or material assumptions of the ECLs of investments in debt instruments had no material change in 2021 and 2020.

### 3) Credit risk hedging or mitigation policies

#### a) Collateral

The Company 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 Company 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 Company stipulates the security mechanism for loans and the conditions and terms for collateral and offsetting to state clearly that the Company reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debt of the borrowers with their deposits in the Company in order to reduce the credit risks.

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

The following table details the information on the collateral of credit-impaired financial assets:

#### December 31, 2021

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	\$ 9,074,700	\$ 2,455,112	43.46%
Business guaranteed loans	1,446,963	348,216	113.51%
Others	6,505,485	1,757,829	
Total	\$ 17,027,148	\$ 4,561,157	

#### December 31, 2020

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	\$ 10,703,240	\$ 2,691,840	47.75%
Business guaranteed loans	503,640	90,572	108.34%
Others	7,564,470	2,047,227	
Total	\$ 18,771,350	\$ 4,829,639	

Note: The value of the collateral is calculated based on the latest accessible internal and external data.

#### b) Credit risk concentration limits and control

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

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

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

c) Net settlement

The Company settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or some circumstances where the transactions with counterparties are terminated due to defaults.

d) Other credit enhancements

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

4) Maximum exposure to credit risk and credit quality analysis

The maximum credit risk exposures of various financial instruments held by the Company are the same as per book amounts. Refer to the notes to the financial statements.

Part of financial assets held by the Company, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at FVTPL, securities purchased under resale agreement, deposit refunds, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

Based on risk ratings, the amounts of maximum credit risk exposure (excluding the guarantees or other credit enhancements) at each stage of ECLs on December 31, 2021 and 2020 are as follows:

	December 31, 2021			
	12-month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Loans				
Consumer finance				
Excellent	\$ 692,408,827	\$ 23,509,072	\$ -	\$ 715,917,899
Good	5,999,335	163,060	-	6,162,395
Acceptable	-	148,823	-	148,823
Default	-	-	13,224,581	13,224,581
Corporation finance				
Excellent	301,766,762	-	-	301,766,762
Good	297,143,742	-	-	297,143,742
Acceptable	941,850	889,235	-	1,831,085
Default	-	-	1,732,987	1,732,987
Total	\$ 1,298,260,516	\$ 24,710,190	\$ 14,957,568	\$ 1,337,928,274
Receivables (including non-performing receivables transferred, from other than loans)				
Consumer finance				
Excellent	\$ 59,788,337	\$ 89,761	\$ -	\$ 59,878,098
Good	179,738	584	-	180,322
Acceptable	-	39,767	-	39,767
Default	-	-	1,946,379	1,946,379
Corporation finance				
Excellent	54,938,025	-	-	54,938,025
Good	6,279,495	-	-	6,279,495
Acceptable	1,145	811	-	1,956
Default	-	-	123,201	123,201
Others	-	9,064,941	-	9,064,941
Total	\$ 121,186,740	\$ 9,195,864	\$ 2,069,580	\$ 132,452,184
Debt instruments at FVTOCI				
Excellent	\$ 135,179,154	\$ -	\$ -	\$ 135,179,154
Debt investments at amortized cost				
Excellent	\$ 298,256,938	\$ -	\$ -	\$ 298,256,938
Financial guarantees				
Excellent	\$ 23,413,207	\$ -	\$ -	\$ 23,413,207
Good	6,786,168	-	-	6,786,168
Total	\$ 30,199,375	\$ -	\$ -	\$ 30,199,375
Loan commitments				
Excellent	\$ 1,090,833,630	\$ 304,110	\$ -	\$ 1,091,137,740
Good	186,781,115	228	-	186,781,343
Acceptable	-	100,803	-	100,803
Default	-	-	446,362	446,362
Total	\$ 1,277,614,745	\$ 405,141	\$ 446,362	\$ 1,278,466,248

	December 31, 2020			
	12-month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Loans				
Consumer finance				
Excellent	\$ 647,655,004	\$ 20,391,283	\$ -	\$ 668,046,287
Good	9,462,549	282,300	-	9,744,849
Acceptable	-	103,149	-	103,149
Default	-	-	15,505,757	15,505,757
Corporation finance				
Excellent	306,308,733	-	-	306,308,733
Good	257,393,390	-	-	257,393,390
Acceptable	1,996,975	759,405	-	2,756,380
Default	-	-	874,516	874,516
Total	\$ 1,222,816,651	\$ 21,536,137	\$ 16,380,273	\$ 1,260,733,061
Receivables (including non-performing receivables transferred, from other than loans)				
Consumer finance				
Excellent	\$ 59,788,410	\$ 78,648	\$ -	\$ 59,867,058
Good	188,582	1,382	-	189,964
Acceptable	-	53,272	-	53,272
Default	-	-	2,257,355	2,257,355
Corporation finance				
Excellent	42,809,124	-	-	42,809,124
Good	4,467,285	-	-	4,467,285
Acceptable	2,256	586	-	2,842
Default	-	-	133,722	133,722
Others	-	7,599,816	-	7,599,816
Total	\$ 107,255,657	\$ 7,733,704	\$ 2,391,077	\$ 117,380,438
Debt instruments at FVTOCI				
Excellent	\$ 185,402,459	\$ 201,691	\$ -	\$ 185,604,150
Debt investments at amortized cost				
Excellent	\$ 270,637,053	\$ -	\$ -	\$ 270,637,053
Financial guarantees				
Excellent	\$ 23,927,029	\$ -	\$ -	\$ 23,927,029
Good	4,873,950	-	-	4,873,950
Total	\$ 28,800,979	\$ -	\$ -	\$ 28,800,979
Loan commitments				
Excellent	\$ 1,002,523,304	\$ 258,464	\$ -	\$ 1,002,781,768
Good	148,381,201	107	-	148,381,308
Acceptable	16,986	97,263	-	114,249
Default	-	-	485,704	485,704
Total	\$ 1,150,921,491	\$ 355,834	\$ 485,704	\$ 1,151,763,029

##### 5) 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 Company 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 Company's information on loans with a significant concentration of credit risk was as follows:

Industry Type	December 31			
	2021		2020	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Manufacturing	\$ 193,001,601	14	\$ 188,404,432	15
Wholesale and retail	66,327,872	5	63,961,051	5
Finance and insurance	126,409,860	9	113,902,487	9
Real estate and leasing	122,979,988	9	108,736,007	8
Service	20,665,886	2	22,051,160	2
Individuals	758,766,681	57	715,056,071	57
Others	49,776,386	4	48,621,853	4
	<u>\$ 1,337,928,274</u>		<u>\$ 1,260,733,061</u>	

Geographic Location	December 31			
	2021		2020	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,241,316,496	93	\$ 1,171,772,924	93
Europe	5,073,994	-	4,328,427	1
America	2,349,318	-	3,418,361	-
Others	89,188,466	7	81,213,349	6
	<u>\$ 1,337,928,274</u>		<u>\$ 1,260,733,061</u>	

e. Liquidity risk

1) The source and definition of liquidity risk

Liquidity risk is the potential loss that the Company 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. Sources of liquidity risk are as follows:

- a) Inability to fulfill funding gap due to asymmetric time and amount in cash inflows and outflows.
- b) Liabilities paid off in advance before maturity, inability to maintain liabilities at maturity or inability to acquire funds from the market.
- c) Inability to liquidate current assets at reasonable price or raising funds to fulfill funding gap with price higher than the reasonable one.

Except for the liquidity risks arising from normal operation, the Company's liquidity might be affected by events such as credit ratings being downgraded, credibility seriously damaged, financial system's system risk, causing customers to lack confidence and canceling deposits before maturity, call loans from banks being suspended, resale or repurchase transactions being deterred and liquidity of financial assets decreasing.

2) Liquidity risk management policy

The objective of liquidity risk management is to ensure that the Company can acquire funds at reasonable price to pay off debt, perform obligations and contingent liabilities and satisfy demands required by business growth either in normal operation or under sudden, serious and unusual circumstances.

The Company has established policies on assets and liabilities management that stipulate related liquidity risk management rules and principles, stipulate clear distinction between accountability and responsibility of Asset and Liability Committee and management departments and regulate the limits of liquidity risk, risk measuring, risk monitoring and the scope and procedures of reporting to ensure that overall liquidity risk is within the limits of liquidity risk approved by the board of directors.

Basic principles of liquidity risk management policy are as follows:

- a) Principle of risk diversification: The Company should avoid excessively concentrating funds on the same maturity, instruments, currencies, regions, funding sources or counterparties.

- b) Principle of stability: The Company should follow stable strategies and pay attention to market and internal funding liquidity. For example, the Company should absorb the core deposits at appropriate time in order to prevent market volatility from affecting funding sources and thus lower dependence on unstable fund sources.
- c) Principle of maintaining appropriate asset liquidity: Market liquidity will indirectly affect funding liquidity. Therefore, the Company should make sure total assets can pay off total liabilities and maintain certain proportion of assets with high liquidity or collateral in order to finance funds and pay off current liabilities in critical and urgent time.
- d) Principle of matching asset and liability maturity: The Company should pay attention to the spread of maturity and liquidity of liquid assets and current assets should be sufficient to pay off current liabilities.

For urgent or sudden liquidity events, the Company has stipulated urgent fund dispatching handling plan as the highest principle for urgent events in order to integrate the Company's resources quickly to resolve emergencies efficiently.

3) Financial assets held to manage liquidity risk and maturity analysis of non-derivative financial liabilities

a) Financial assets held to manage liquidity risk:

The Company holds cash and cash equivalents, due from the Central Bank and banks and financial assets at FVTOCI and debt instruments at amortized cost held for the purpose of managing liquidity risk, in order to perform contractual obligations when due and meet the needs of urgent fund dispatching.

b) Maturity analysis of non-derivative financial liabilities

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

Financial Instruments Item	December 31, 2021									
	1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and banks	\$ 21,328,671	\$ 19,975,197	\$ 10,657,044	\$ 5,085,760	\$ 15,600	\$ 13,000	\$ -	\$ -	\$ -	\$ 57,075,272
Funds borrowed from Central Bank and other banks	-	-	3,984,460	-	-	-	-	-	-	3,984,460
Non-derivative financial liabilities at FVTPL	2,739,120	-	-	-	-	-	-	-	11,139,494	13,878,614
Securities sold under repurchase agreements	55,307,466	15,439,850	1,302,212	-	540,674	-	-	-	-	72,590,202
Payables	10,474,882	1,915,495	300,633	7,382,550	21,338	4,074	-	-	-	20,098,972
Deposits and remittances	169,825,515	230,182,835	196,830,669	270,422,566	823,916,324	2,966,615	1,538	-	-	1,694,146,062
Bank debentures	-	-	-	6,800,000	-	8,000,000	4,950,000	-	15,050,000	34,800,000
Lease liabilities	116,889	112,937	171,383	325,506	533,319	424,500	314,056	210,716	305,008	2,514,314
Other financial liabilities	989,722	130,068	223,978	387,376	2,230,452	5,160,763	883,344	685,721	53,399,865	64,091,289
<b>Total</b>	<b>\$ 260,782,265</b>	<b>\$ 267,756,382</b>	<b>\$ 213,470,379</b>	<b>\$ 290,403,758</b>	<b>\$ 827,257,707</b>	<b>\$ 16,568,952</b>	<b>\$ 6,148,938</b>	<b>\$ 896,437</b>	<b>\$ 79,894,367</b>	<b>\$1,963,179,185</b>

Financial Instruments Item	December 31, 2020									
	1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and banks	\$ 19,208,131	\$ 11,036,889	\$ 14,018,563	\$ 5,537,286	\$ 8,000	\$ 15,600	\$ -	\$ -	\$ -	\$ 49,824,469
Funds borrowed from Central Bank and other banks	-	-	-	1,925,590	-	-	-	-	-	1,925,590
Non-derivative financial liabilities at FVTPL	-	-	-	-	-	-	-	-	11,306,476	11,306,476
Securities sold under repurchase agreements	64,197,506	12,668,548	519,201	247,487	-	583,040	-	-	-	78,215,782
Payables	24,533,312	522,754	102,576	2,552,596	8,518	1,877	-	-	-	27,721,633
Deposits and remittances	164,357,882	181,907,686	168,458,654	315,134,660	779,392,646	3,652,907	2,209	1,083	-	1,612,907,727
Bank debentures	-	-	-	-	6,800,000	-	8,000,000	4,950,000	15,050,000	34,800,000
Lease liabilities	138,952	118,006	179,217	332,576	618,071	473,324	373,980	263,910	404,974	2,903,010
Other financial liabilities	1,323,937	1,088,611	441,662	979,815	310,686	2,745,263	7,161,595	1,329,724	51,215,221	66,596,514
<b>Total</b>	<b>\$ 273,759,720</b>	<b>\$ 207,342,494</b>	<b>\$ 183,719,873</b>	<b>\$ 326,710,010</b>	<b>\$ 787,137,921</b>	<b>\$ 7,472,011</b>	<b>\$ 15,537,784</b>	<b>\$ 6,544,717</b>	<b>\$ 77,976,671</b>	<b>1,886,201,201</b>

The maturity analysis of time deposits in “deposits and remittances” is allocated to each time band based on the Company’s historical experience. If all the time deposits were required to be paid off in recent period, the funds outflows in less than one-month time band would have been \$1,056,820,378 thousand and \$961,357,707 thousand as of December 31, 2021 and 2020, respectively.

#### 4) Maturity analysis of derivative financial liabilities

The Company disclosed amounts of derivative financial liabilities at fair value through profit or loss using fair values recognized in the earliest time band as follows:

Financial Instruments Item	December 31, 2021					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	\$ 17,559,448	\$ -	\$ -	\$ -	\$ -	\$ 17,559,448

Financial Instruments Item	December 31, 2020					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	\$ 27,625,467	\$ -	\$ -	\$ -	\$ -	\$ 27,625,467

#### 5) Maturity analysis of off-balance-sheet items

Below are the amounts of the Company’s off-balance-sheet items presented based on the residual maturities from the balance sheet date to the maturity date of loan commitments, guarantees or letters of credit. As of December 31, 2021 and 2020, assuming that all amounts, including the amounts in the longest time band, were due in the less than one-month time band, the amounts would have been \$25,306,496 thousand and \$25,103,263 thousand, respectively, for guarantees; \$4,892,879 thousand and \$3,697,716 thousand, respectively, for letters of credit; \$721,979,647 thousand and \$612,300,683 thousand, respectively, for loans commitments (excluding credit card); and \$11,132,738 thousand and \$12,315,038 thousand, respectively, for credit cards commitments.

Item	December 31, 2021					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 5,975,361	\$ 6,034,968	\$ 3,934,322	\$ 2,955,527	\$ 6,406,318	\$ 25,306,496
Letters of credit	1,932,266	1,981,648	893,073	25,879	60,013	4,892,879
Loans commitments (excluding credit cards)	10,604,363	142,392,392	133,916,448	332,577,510	102,488,934	721,979,647
Credit cards commitments	5,351	147,147	240,720	378,809	10,360,711	11,132,738

Item	December 31, 2020					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 6,450,223	\$ 9,299,292	\$ 1,906,919	\$ 2,108,894	\$ 5,337,935	\$ 25,103,263
Letters of credit	756,996	2,371,013	388,786	180,921	-	3,697,716
Loans commitments (excluding credit cards)	8,060,919	129,129,348	121,617,417	288,003,388	65,489,611	612,300,683
Credit cards commitments	742	110,782	262,705	725,188	11,215,621	12,315,038

## Structured Entities

The Company holds interests in structured entities which are not in the Company's financial statements and the Company does not provide financial support or other support to these structured entities. The maximum exposure to these structured entities is the carrying amount of the related assets held by the Company.

Type of Structured Entity	Nature and Purpose	Interests Owned
Real estate-backed securities	The risks and rewards related to the structured entities' assets transferred to investors to receive returns through bonds issued	Investment in real estate-backed securities issued by the entities

As of December 31, 2021 and 2020, the carrying amounts related to the interests in unconsolidated structured entities are disclosed as follows:

	December 31	
	2021	2020
Real estate-backed securities		
Financial assets at FVTOCI	\$ 1,453,655	\$ 510,978
Financial assets measured at amortized cost	7,521,192	-
	<u>\$ 8,974,847</u>	<u>\$ 510,978</u>

## 40. OTHER DISCLOSURES REQUIRED FOR OF FINANCIAL INSTITUTIONS

### a. Asset quality

#### Non-performing loans and receivables

Business Type		Item	December 31, 2021					December 31, 2020				
			Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)
Corporate finance	Secured		248,803	289,876,648	0.09%	3,160,956	1,270.47%	437,016	264,302,565	0.17%	2,630,928	602.02%
	Unsecured		445,189	321,709,825	0.14%	4,771,177	1,071.72%	537,032	310,573,655	0.17%	4,699,662	875.12%
Consumer finance	Mortgage loans (Note d)		327,069	344,853,086	0.09%	5,177,775	1,583.08%	304,889	317,066,866	0.10%	4,784,027	1,569.10%
	Cash cards		9,968	466,775	2.14%	55,493	556.71%	9,402	691,093	1.36%	70,750	752.50%
	Credit loans (Note e)		203,646	81,317,350	0.25%	942,047	462.59%	217,162	75,043,111	0.29%	965,989	444.82%
	Others (Note f)	Secured	337,778	298,479,975	0.11%	3,261,984	965.72%	413,021	292,358,683	0.14%	3,265,113	790.54%
	Unsecured	1,899	1,224,615	0.16%	14,454	761.14%	1,852	697,088	0.27%	8,644	466.74%	
Subtotal			1,574,352	1,337,928,274	0.12%	17,383,886	1,104.19%	1,920,374	1,260,733,061	0.15%	16,425,113	855.31%
Credit card			116,171	61,051,315	0.19%	544,463	468.67%	156,592	61,526,090	0.25%	594,974	379.95%
Accounts receivable factoring with no recourse (Note g)			-	60,306,099	-	756,088	-	-	46,259,354	-	598,679	-

Note a: Non-performing loans are 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 FSC. 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 loans ÷ 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 applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collaterals and assign the right on mortgage 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 others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on August 24, 2009 (Ref. No. Jin-Guan-Yin (Out) 09850003180), accounts receivable without recourse are classified as non-performing loans if not compensated by the factor or insurance company within three months..

Exempted from report as non-performing loans and receivables

Business Type	December 31, 2021		December 31, 2020	
	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables
Amounts negotiated in accordance with the agreement (Note a)	\$ 206,488	\$ 72,399	\$ 293,604	\$ 98,832
Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,805,332	1,199,828	1,791,640	1,231,550
Total	2,011,820	1,272,227	2,085,244	1,330,382

Note a: Disclosed in accordance with the Letter issued by the Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note b: Disclosed in accordance with the letter issued by the Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940) and September 20, 2016 (Ref. No. Jin-Guan-Yin 10500134790).

b. Concentration of credit risk

Year	December 31, 2021			December 31, 2020		
	Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity	Transaction Party (Note b)	Loans (Note c)
1	A Group (manufacture of computers)	\$ 20,383,403	12.23%	A Group (manufacture of computers)	\$ 20,536,172	12.66%
2	B Group (manufacture of woven cotton-type or woolen-type fabrics)	14,914,530	8.95%	C Group (ocean freight transportation forwarding services)	14,819,354	9.14%
3	C Group (ocean freight transportation forwarding services)	14,866,801	8.92%	K Group (liquid crystal panel and components manufacturing industry)	14,739,637	9.09%
4	D Group (manufacture of computers)	13,898,031	8.34%	B Group (manufacture of woven cotton-type or woolen-type fabrics)	13,720,530	8.46%
5	E Group (manufacture of computers)	11,690,616	7.01%	F Group (activities of other holding companies)	11,071,572	6.83%
6	F Group (activities of other holding companies)	10,395,617	6.24%	G Group (real estate activities for sale and rental with own or leased property)	10,853,282	6.69%
7	G Group (other financial service not elsewhere classified)	10,205,000	6.12%	D Group (manufacture of computers)	8,535,493	5.26%
8	H Group (rolling and extruding of iron and steel)	8,278,717	4.97%	E Group (manufacture of computers)	7,867,235	4.85%
9	I Group (wholesale of computers, computer peripheral equipment and software)	7,776,568	4.66%	J Group (manufacture of computers)	6,760,818	4.17%
10	J Group (manufacture of computers)	7,232,834	4.34%	L Group (manufacture of computers)	6,736,413	4.15%

Note a: Sorted by the balance of loans, excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note b: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdrafts, short-term loans, short-term secured loans, financing receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, delinquent loans, inward remittances, factoring without recourse, acceptances, and guarantees.

c. Interest rate sensitivity

Item	December 31, 2021				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,222,895,220	\$ 25,522,627	\$ 72,964,735	\$ 196,788,908	\$ 1,518,171,490
Interest-sensitive liabilities	445,043,741	135,036,179	148,670,071	672,684,344	1,401,434,335
Interest sensitivity gap	777,851,479	( 109,513,552)	( 75,705,336)	( 475,895,436)	116,737,155
Net equity					162,581,839
Ratio of interest-sensitive assets to liabilities					108.33%
Ratio of interest sensitivity gap to net equity					71.80%

Item	December 31, 2020				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,205,932,854	\$ 41,664,149	\$ 43,986,308	\$ 184,059,146	\$ 1,475,642,457
Interest-sensitive liabilities	442,779,277	96,346,276	196,502,516	631,403,489	1,367,031,558
Interest sensitivity gap	763,153,577	( 54,682,127)	( 152,516,208)	( 447,344,343)	108,610,899
Net equity					155,751,183
Ratio of interest-sensitive assets to liabilities					107.95%
Ratio of interest sensitivity gap to net equity					69.73%

Note a: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) =  $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

(In Thousands of U.S. Dollars)

Item	December 31, 2021				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 10,762,513	\$ 1,359,646	\$ 3,171,988	\$ 2,602,980	\$ 17,897,127
Interest-sensitive liabilities	8,374,919	2,219,094	1,556,611	6,172,986	18,323,610
Interest sensitivity gap	2,387,594	( 859,448)	1,615,377	( 3,570,006)	( 426,483)
Net equity					( 2,546)
Ratio of interest-sensitive assets to liabilities					97.67%
Ratio of interest sensitivity gap to net equity					16,751.10%

(In Thousands of U.S. Dollars)

Item	December 31, 2020				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 10,737,160	\$ 1,668,397	\$ 2,070,305	\$ 2,054,322	\$ 16,530,184
Interest-sensitive liabilities	5,943,473	1,617,016	2,482,987	5,665,473	15,708,949
Interest sensitivity gap	4,793,687	51,381	( 412,682)	( 3,611,151)	821,235
Net equity					31,250
Ratio of interest-sensitive assets to liabilities					105.23%
Ratio of interest sensitivity gap to net equity					2,627.95%

Note a: The amounts listed above include amounts in U.S. dollars only for domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities.

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) =  $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

d. Profitability

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Pretax	0.73%	0.70%
	After tax	0.62%	0.61%
Return on net equity	Pretax	9.31%	8.91%
	After tax	7.98%	7.72%
Profit margin		34.15%	32.13%

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 the Company's financials for the years ended December 31 of 2021 and 2020, respectively.

e. Maturity analysis of assets and liabilities

	Total	December 31, 2021				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days- 1 Year	More Than 1 Year
Major maturity cash inflow	\$ 2,250,684,784	\$ 666,901,590	\$ 291,361,964	\$ 203,196,887	\$ 248,882,724	\$ 840,341,619
Major maturity cash outflow	2,751,719,234	358,622,273	360,445,780	368,526,003	517,458,673	1,146,666,505
Gap	( 501,034,450)	308,279,317	( 69,083,816)	( 165,329,116)	( 268,575,949)	( 306,324,886)

	Total	December 31, 2020				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days- 1 Year	More Than 1 Year
Major maturity cash inflow	\$ 2,065,909,715	\$ 683,465,775	\$ 244,505,224	\$ 177,685,771	\$ 166,189,357	\$ 794,063,588
Major maturity cash outflow	2,472,085,128	383,333,448	319,710,910	270,459,141	446,231,801	1,052,349,828
Gap	( 406,175,413)	300,132,327	( 75,205,686)	( 92,773,370)	( 280,042,444)	( 258,286,240)

Note: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

(In Thousands of U.S. Dollars)

	Total	December 31, 2021				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days- 1 Year	More Than 1 Year
Major maturity cash inflow	\$ 49,653,112	\$ 17,030,329	\$ 12,158,554	\$ 7,544,710	\$ 6,758,776	\$ 6,160,743
Major maturity cash outflow	49,544,019	13,439,903	13,767,350	7,768,018	7,659,432	6,909,316
Gap	109,093	3,590,426	( 1,608,796)	( 223,308)	( 900,656)	( 748,573)

(In Thousands of U.S. Dollars)

	Total	December 31, 2020				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	38,903,997	16,939,357	9,428,553	4,215,218	3,212,133	5,108,736
Major maturity cash outflow	39,056,182	13,812,543	8,475,361	5,087,831	5,007,740	6,672,707
Gap	( 152,185)	3,126,814	953,192	( 872,613)	( 1,795,607)	( 1,563,971)

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

f. Trust accounts

Under Article 3 of the Trust Law, the Company can offer trust services. The items and amounts of trust accounts were as follows:

	December 31	
	2021	2020
Special purpose trust account-foreign and domestic investments	\$ 184,194,110	\$ 178,598,325
Domestic securities investment trust for custody	181,992,977	158,969,815
Other monetary fund	64,635,042	49,000,714
Employee benefit trust	4,833,651	2,179,471
Securities trust	34,826,873	33,349,885
Collective administration account	438,518	563,196
Real estate trust	60,374,918	45,142,161
Monetary and securities trust	685,871	696,757
	<u>\$ 531,981,960</u>	<u>\$ 468,500,324</u>

## 41. RELATED-PARTY TRANSACTIONS

### a. Names and relationships of related parties were as follows:

Name	Relationship
Taishin Financial Holding	Parent Company
Taishin Venture Capital Investment Co., Ltd. ("Taishin Venture Capital")	Fellow subsidiaries
Taishin Asset Management Co., Ltd. ("Taishin AMC")	Fellow subsidiaries
Taishin Securities	Fellow subsidiaries
Taishin Securities Investment Trust Co., Ltd. ("Taishin Securities Investment Trust")	Fellow subsidiaries
Taishin Securities Venture Capital Co., Ltd. ("Taishin Securities Venture Capital")	Fellow subsidiaries
Taishin Securities Investment Advisory Co., Ltd. ("Taishin Securities Investment Advisory")	Fellow subsidiaries
Taishin Capital Management Consulting Co., Ltd. (Taishin Capital)	Fellow subsidiaries
Taishin Financial Leases (China) Co., Ltd.	Fellow subsidiaries
Taishin Financial Leases (Tianjin) Co., Ltd.	Fellow subsidiaries (as a non-related party from September 23, 2021)
Credidi Inc. ("Credidi")	Fellow subsidiaries
Taishin Health Investment Co., Ltd. ("Taishin Health Investment")	Fellow subsidiaries
Taishin Life Insurance Co., Ltd. ("Taishin Life Insurance")	Fellow subsidiaries (as a related party from June 30, 2021)
Taishin D.A. Finance	Subsidiary
Xiang An Insurance Agency	Subsidiary (as a non-related party from the third quarter of 2020)
Taishin Real-Estate	Subsidiary
An Hsin Construction Manager Corp. ("An Hsin Construction Manager")	Associates
Chang Hwa Commercial Bank, Ltd. ("Chang Hwa Bank")	Associates (as a non-related party from June 10, 2021)
Shin Kong Life Insurance Co., Ltd. ("Shin Kong Life Insurance")	Others
Shin Kong Synthetic Fibers Co., Ltd. ("Shin Kong Synthetic Fibers")	Others
Dah Chung Bills Finance Corp. ("Dah Chung Bills")	Others
CyberSoft Digital Service Corp. ("CyberSoft Digital Service")	Others
Shin Kong Mitsukoshi Department Store Co., Ltd. ("Shin Kong Mitsukoshi")	Others
Shin Kong Insurance Co., Ltd. ("Shin Kong Insurance")	Others
An Shin Construction Manager Corp. ("An Shin Construction Manager")	Others
Peng-Cheng Co., Ltd. ("Peng-Cheng")	Others
Yuanta Commercial Bank Co., Ltd. ("Yuanta Bank")	Others
Creative Sensor Inc. ("CSI")	Others
CyberLink Corp. ("CyberLink")	Others
Ubright Optronics Corporation ("Ubright")	Others
Small & Medium Enterprise Credit Guarantee Fund of Taiwan ("Taiwan SMEG")	Others
TASCO Chemical Corp. ("Tasco Chemical")	Others
Taiwan Fieldrich Corp. ("Taiwan Fieldrich")	Others
Darfon Electronics Corp. ("Darfon Electronics")	Others
Chin Wei Corp. ("Chin Wei")	Others
Yi Huan Co., Ltd. ("Yi Huan")	Others
Xiang Zhao Investment Co., Ltd. ("Xiang Zhao")	Others
EXCEL Chemical Corp. ("Excel Chemical")	Others
MasterLink Securities Corp. ("MasterLink Securities")	Others
Taiwan Shin Kong Commercial Bank Co., Ltd. ("Shin Kong Bank")	Others
Taiwan Shin Kong Security Co., Ltd. ("Shin Kong Security")	Others
Yunteh Co., Ltd. ("Yunteh")	Others
Chang Ho Co., Ltd. ("Chang Ho")	Others
Hung Shin Industrial Co., Ltd. ("Hung Shin")	Others
Mega Green Energy Corporation ("Mega Green Energy")	Others

(Continued)

Name	Relationship
Jia Hao Corporation ( "Jia Hao" )	Others
Ezconn Corporation ( "Ezconn" )	Others
Global Tek Fabrication Co., Ltd. ( "Global Tek Fabrication" )	Others
Sercomm Corporation ( "Sercomm" )	Others
United Microelectronics Corp. ( "United Microelectronics" )	Others
Individual A	Spouse of key management personnel
Others	Including key management personnel and others

(Concluded)

## b. Material transactions with related parties

Material transactions with other related parties were as follows

### 1) Loans, deposits and guaranteed loans

#### Loans

	Ending Balance	Percentage of Loans (%)
December 31, 2021	\$ 3,050,077	0.23%
December 31, 2020	2,700,508	0.21%

For the years ended December 31, 2021 and 2020, the amounts of interest income were \$41,344 thousand and \$29,204 thousand, respectively. Interest rates ranged from 0.45% to 12.23% and from 0.65% to 15.00%, respectively.

	December 31, 2021					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Party
<u>Consumer loans</u>						
178 accounts	\$ 693,012	\$ 805,714	\$ 693,012	\$ -	Land, buildings and chattels	None
<u>Self-used residence mortgage loans</u>						
131 accounts	1,104,404	1,276,096	1,104,404	-	Land and buildings	None
<u>Other loans</u>						
Shin Kong Security	430,000	8,740,000	430,000	-	Land and buildings	None
Ezconn	450,000	3,817,940	450,000	-	Land and buildings	None
Global Tek Fabrication	100,000	780,000	100,000	-	-	None
Others	272,661	7,993,670	272,661	-	Land and buildings	None
	<u>\$ 3,050,077</u>		<u>\$ 3,050,077</u>	<u>\$ -</u>		

December 31, 2020						
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Party
<u>Consumer loans</u>						
140 accounts	\$ 622,792	\$ 688,768	\$ 622,792	\$ -	Land, buildings and chattels	None
<u>Self-used residence mortgage loans</u>						
131 accounts	837,047	992,874	837,047	-	Land and buildings	None
<u>Other loans</u>						
Shin Kong Security	520,000	520,000	520,000	-	Land and buildings	None
Darfon Electronics	400,000	400,000	400,000	-	-	None
Peng-Cheng	110,000	132,000	110,000	-	Land, buildings and chattels	None
Others	210,669	653,344	210,669	-	Land, buildings, chattels and securities -deposits	None
	<u>\$ 2,700,508</u>		<u>\$ 2,700,508</u>	<u>\$ -</u>		

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

#### Deposits

	Ending Balance	Percentage of Deposits (%)
December 31, 2021	\$ 27,113,067	1.60%
December 31, 2020	17,004,473	1.05%

For the years ended December 31, 2021 and 2020, the amounts of interest expenses were \$32,999 thousand and \$60,216 thousand, respectively. Interest rates ranged from 0.00% to 6.05% and from 0.00% to 5.00%, respectively.

	December 31, 2021		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Securities	\$ 10,185,299	0.00~0.81	(\$ 2,443)
An Shin Construction Manager	2,239,237	0.01~0.25	( 2,164)
Shin Kong Mitsukoshi	2,221,087	0.00~0.01	( 178)
Taishin Life Insurance	1,638,793	0.00~0.03	( 90)
Taiwan SMEG	996,961	0.00~0.79	( 6,782)
Shin Kong Synthetic Fibers	638,018	0.00~0.20	( 195)
CyberLink	535,165	0.01~0.50	( 1,140)
Shin Kong Insurance	503,051	0.00~1.03	( 1,437)
Dah Chung Bills	419,709	0.00~0.30	( 1,066)
Ezconn	373,705	0.00~2.50	( 471)
Tasco Chemical	334,581	0.00~0.65	( 256)
Mega Green Energy	317,076	0.01~0.81	( 559)
Taishin Securities Investment Advisory	280,558	0.01~0.81	( 1,512)
Taishin D.A. Finance	212,238	0.00~0.76	( 18)
Hung Shin	202,882	0.01~0.01	( 9)
Sercomm	177,135	0.00~0.03	( 17)
EXCEL Chemical	170,209	0.01~0.01	( 9)
Taishin Financial Holding	155,574	0.00~0.01	( 3)
Taishin Securities Investment Trust	132,102	0.01~0.76	( 162)
Taiwan Fieldrich	120,905	0.03~0.03	( 35)
Individual A	117,680	0.00~0.01	( 3)
Global Tek Fabrication	113,958	0.01~0.29	( 128)
Shin Kong Life Insurance	101,673	0.00~0.20	( 44)
Others	4,925,471		( 14,278)
	<u>\$ 27,113,067</u>		<u>(\$ 32,999)</u>

	December 31, 2020		
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Securities	\$ 4,009,343	0.00~1.30	(\$ 3,000)
Shin Kong Mitsukoshi	2,355,457	0.00~0.06	( 211)
Taiwan SMEG	1,729,360	0.00~1.05	( 9,066)
CyberLink	738,603	0.01~0.50	( 1,052)
An Shin Construction Manager	640,868	0.01~0.63	( 3,770)
Shin Kong Insurance	503,151	0.00~1.03	( 2,082)
EXCEL Chemical	438,930	0.01~0.06	( 18)
Shin Kong Synthetic Fibers	436,067	0.00~0.32	( 248)
Dah Chung Bills	434,489	0.00~0.70	( 2,525)
Tasco Chemical	284,089	0.00~0.65	( 2,009)
Taishin Securities Investment Advisory	222,921	0.01~2.20	( 2,153)
Yunteh	212,615	0.01~0.06	( 8)
Taishin D.A. Finance	171,738	0.00~1.03	( 32)
Chang Ho	139,049	0.01~0.06	( 4)
Taishin Securities Investment Trust	129,412	0.01~1.03	( 176)
Taiwan Fieldrich	125,772	0.01~0.22	( 45)
Ubright	111,632	0.00~0.32	( 70)
Taishin Financial Holding	109,411	0.00~0.20	( 2,043)
Hung Shin	100,499	0.01~0.01	( 3)
Others	4,111,067		( 31,701)
	<u>\$ 17,004,473</u>		<u>(\$ 60,216)</u>

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

## 2) Call loan to banks and call loan from banks

December 31, 2021				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Dah Chung Bills	Call loan to banks	\$ -	0.22~0.33	\$ 501
Yuanta Bank	Call loan to banks	-	0.06~0.26	775

December 31, 2021				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Yuanta Bank	Call loan from banks	\$ -	0.08	(\$ 1)

December 31, 2020				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Dah Chung Bills	Call loan to banks	\$ -	0.20~0.52	\$ 2,089
Yuanta Bank	Call loan to banks	-	0.09~1.90	677

December 31, 2020				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Yuanta Bank	Call loan from banks	\$ -	2.05	(\$ 12)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

## 3) Due from Banks

December 31, 2020				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Chang Hwa Bank	Due from banks	\$ 1,920	-	\$ -

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

#### 4) Trading Securities

	December 31, 2021					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 7,680,415	\$ 5,882,094	\$ 499,853	0.20~0.20	\$ -	-
Taishin Financial Holding	-	-	700,000	0.13~0.19	-	-
Taishin Securities	149,482	298,906	-	-	-	-
Dah Chung Bills	50,020	-	-	-	-	-
Yuanta Bank	-	5,318,943	-	-	-	-
Chin Wei	-	-	5,001	0.13~0.18	-	-
Yi Huan	-	-	28,010	0.13~0.18	-	-
Xiang Zhao	-	-	58,033	0.13~0.18	-	-
Jia Hao	-	-	63,030	0.13~0.18	-	-
Chang Ho	-	-	10,001	0.14~0.19	-	-
United Microelectronics	100,000	-	-	-	-	-
	<u>\$ 7,979,917</u>	<u>\$ 11,499,943</u>	<u>\$ 1,363,928</u>		<u>\$ -</u>	

	December 31, 2020					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 3,912,693	\$ 8,314,809	\$ -	-	\$ -	-
Taishin Financial Holding	7,000,000	-	450,126	0.14~0.45	-	-
Taishin Securities	3,649,508	251,268	-	-	-	-
Dah Chung Bills	-	300,000	-	-	-	-
Chang Hwa Bank	-	50,432	-	-	-	-
Shin Kong Bank	\$ -	\$ 100,130	\$ -	\$ -	\$ -	\$ -
Yuanta Bank	-	3,648,178	-	-	-	-
Chin Wei	-	-	40,012	0.14~0.45	-	-
Peng-Cheng	-	149,970	-	-	-	-
	<u>\$ 14,562,201</u>	<u>\$ 12,814,787</u>	<u>\$ 490,138</u>		<u>\$ -</u>	

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

#### 5) Derivatives

Related Parties	Derivative Contracts	Period	December 31, 2021			
			Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
			Dah Chung Bills	Interest rate swaps	2016/6/29-2022/6/20	\$ 600,000

Related Parties	Derivative Contracts	Period	December 31, 2020			
			Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
			Dah Chung Bills	Interest rate swaps	2016/6/29-2022/6/20	\$ 600,000
CSI	Forward exchange contracts	2020/7/20-2021/3/25	168,600	( 10,109)	Financial liabilities at FVTPL	( 10,109)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

## 6) Other Material Transactions

For the Year Ended December 31					
		2021		2020	
	Item	Amount		Item	Amount
CyberSoft Digital Service	Operating expenses	(\$	437,213)	Operating expenses	(\$ 541,673)
Shin Kong Mitsukoshi	Service charge and operating expenses	(	337,287)	Service charge and operating expenses	( 367,661)
Shin Kong Mitsukoshi	Fee income		325,598	Fee income	334,741
Shin Kong Life Insurance	Commission income		225,451	Commission income	383,940
Taishin Life Insurance	Commission income		548,863	Commission income	-

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

- 7) On September 24, 2020, the Company's board of directors resolved to sell credit assets of \$501,500 thousand in syndicated loans Shin Kong Bank. The transaction with the related party is made under arm's length terms, which are consistent with the normal policies.
- 8) On March 12, 2020, the Company sold a real estate to Taishin AMC through a resolution of the board of directors. The sale price was \$429,650 thousand. The transaction gain of \$119,838 thousand was recognized when the transaction was completed in May 2020. The transaction with the related party was made under arm's length terms, which are consistent with normal policies.
- 9) On March 18, 2021, the Company's board of directors resolved to sell the stock transfer agency department to Taishin Securities. On the base date, November 8, 2021, Taishin Securities generally assumed all the assets, liabilities and operations of the stock transfer agency department with the cash payment of \$43,419 thousand by the Company. This transaction is a group reorganization under common control. The difference of \$70,000 thousand between the price paid by the Company and the book value of the net assets transferred is recognized under the capital surplus. In order to comply with Article 75 of the Banking Act, the Company sold a real estate to Taishin Securities through a resolution of the board of directors on October 14, 2021. The sale price was \$476,150 thousand. The transaction gain of \$195,808 thousand was recognized when the transaction was completed in October 2021. The transaction with the related party was made under arm's length terms, which are consistent with normal policies.

### c. Compensation of key management personnel

For the years ended December 31, 2021 and 2020, the remuneration of directors and other members of key management personnel were as follows:

For the Year Ended December 31					
		2021		2020	
Short-term employee benefits	\$	429,006	\$	431,176	
Post-employment benefits		5,282		6,635	
Termination benefits		3,485		-	
Share-based payment		50,112		3,821	
	\$	487,885	\$	441,632	

## 42. PLEDGED ASSETS

The following assets were provided as collateral for overdrafts from Central Bank and other banks, derivative trading, repurchase agreements and other operating deposits:

Pledged Assets	Description	December 31	
		2021	2020
Investments in debt instrument at FVTOCI	Bills and bonds	\$ 618,779	\$ 7,909,388
Investments in financial in debt instruments at amortized cost	Bills and bonds	15,018,304	7,700,000
Other financial assets, due from banks	Certificates of time deposits	1,303,846	1,296,116
Refundable deposits	Cash and certificates of time deposits	10,617,877	5,970,654
Operating deposits and settlement funds	Cash and certificates of time deposits	35,239	66,155

## 43. CONTINGENT LIABILITIES AND COMMITMENTS

a. In addition to those mentioned in other Notes, the Company has contingent liabilities and commitments as follows:

	December 31	
	2021	2020
Trust liabilities	\$ 531,981,960	\$ 468,500,324
Securities custody payable	68,496,716	25,400,657
Unpaid equipment purchase contracts	963,212	1,148,793

b. Under Article 17 of the implementation rules of the Trust Law, the Company disclosed its balance sheets and income statements of trust accounts and its asset items, as follows:

Trust Accounts Balance Sheets					
December 31, 2021 and 2020					
Trust Assets	2021	2020	Trust Liabilities	2021	2020
Deposit	\$ 66,414,907	\$ 49,082,051	Payables	\$ 50,196	\$ 61,713
Financial assets			Securities custody payable	181,992,977	158,969,815
Bonds	21,314,961	26,698,770	Trust capital	343,456,652	305,938,711
Stocks	44,268,700	38,252,360	Reserves and retained earnings		
Mutual funds	130,721,788	118,073,283	Net income (loss)	4,188,520	1,986,315
Other foreign marketable securities	1,461,733	2,793,826	Retained earning	4,683,000	3,943,192
Structured products	29,228,034	31,924,682	Deferred carryover	65,556	87,886
Receivables	60,692	58,116	Income distribution and others	( 2,454,941)	( 2,487,308)
Real estate					
Land	43,776,899	32,026,705			
Buildings	45,613	21,034			
Construction-in-progress	12,695,656	10,599,682			
Securities under custody	181,992,977	158,969,815			
	<u>\$ 531,981,960</u>	<u>\$ 468,500,324</u>		<u>\$ 531,981,960</u>	<u>\$ 468,500,324</u>

**Trust Income Statements**  
**For the Years Ended December 31, 2021 and 2020**

	2021	2020
<b>Revenues</b>		
\$	173,573	\$ 210,967
Interest	4,706	7,736
Rent	1,146,006	1,091,897
Cash dividends	87,735	101,083
Fund distribution	3,049,825	1,328,703
Investment benefits	7,698	10,459
Others	4,469,543	2,750,845
<b>Expenses</b>		
(	25,906)	( 22,253)
Administration fees	( 19,041)	( 22,233)
Taxes	( 20,479)	( 15,190)
Service fees	( 190)	( 193)
Professional service fees - CPA	( 80,972)	( 462,136)
Investment loss	( 52,140)	( 165,245)
Others	( 198,728)	( 687,250)
Net income before tax	4,270,815	2,063,595
Net income (loss) equalization	( 82,295)	( 77,280)
Net income	\$ 4,188,520	\$ 1,986,315

**Trust Asset Summary**  
**December 31, 2021 and 2020**

Investment item	2021	2020
Deposit	\$ 66,414,907	\$ 49,082,051
Financial assets		
Bonds	21,314,961	26,698,770
Stocks	44,268,700	38,252,360
Mutual funds	130,721,788	118,073,283
Other foreign marketable securities	1,461,733	2,793,826
Structured product investments	29,228,034	31,924,682
Receivables	60,692	58,116
Real estate		
Land	43,776,899	32,026,705
Buildings	45,613	21,034
Construction-in-progress	12,695,656	10,599,682
Securities under custody	181,992,977	158,969,815
	\$ 531,981,960	\$ 468,500,324

According to the General Agreement, the net assets value denominated in U.S. dollar should be translated into New Taiwan dollar at the settlement rate of New Taiwan dollar against U.S. dollar announced by Taipei Forex Brokerage Co., Ltd. for the day on a net basis. If foreign exchange rates are not available, the last known rate should be used.

## 44. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

Significant financial assets and liabilities denominated in foreign currencies were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)  
December 31

	2021			2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
<u>Monetary items</u>						
AUD	\$ 1,756,952	20.10	\$ 35,311,094	\$ 1,999,369	21.68	\$ 43,341,805
CAD	106,671	21.62	2,306,556	3,498	22.05	77,147
RMB	7,100,539	4.35	30,860,038	8,741,671	4.32	37,767,383
EUR	306,236	31.33	9,593,011	324,816	34.56	11,224,796
GBP	62,827	37.29	2,343,108	46,756	38.37	1,794,072
HKD	5,306,350	3.55	18,837,645	4,491,304	3.62	16,280,187
JPY	72,473,996	0.24	17,425,358	61,360,915	0.27	16,719,131
SGD	192,451	20.46	3,937,627	84,775	21.27	1,803,373
USD	13,330,119	27.69	369,047,067	11,252,603	28.10	316,198,156
ZAR	2,522,929	1.73	4,376,244	2,015,173	1.92	3,875,000
<u>Non-monetary items</u>						
USD	352,412	27.69	9,756,518	125,893	28.10	3,537,580
<u>Financial liabilities</u>						
<u>Monetary items</u>						
AUD	545,505	20.10	10,963,515	583,347	21.68	12,645,638
CAD	62,712	21.62	1,356,021	52,733	22.05	1,162,930
RMB	8,313,919	4.35	36,133,572	9,562,055	4.32	41,311,761
EUR	226,670	31.33	7,100,584	171,543	34.56	5,928,084
HKD	3,130,668	3.55	11,113,932	3,900,311	3.62	14,137,940
JPY	54,622,905	0.24	13,133,313	24,257,214	0.27	6,609,412
USD	16,540,048	27.69	457,911,222	15,071,659	28.10	423,513,621
ZAR	3,672,956	1.73	6,371,069	4,026,552	1.92	7,742,706
<u>Non-monetary items</u>						
AUD	50,068	20.10	1,006,272	196,996	21.68	4,270,439
USD	453,900	27.69	12,566,225	144,807	28.10	4,069,079
<u>Derivative instruments</u>						
<u>Financial assets</u>						
AUD	597,931	20.10	12,017,174	1,741,904	21.68	37,760,548
CAD	415,850	21.62	8,991,916	93,948	22.05	2,071,830
RMB	35,457,256	4.35	154,102,697	13,277,033	4.32	57,361,894
EUR	300,891	31.33	9,425,572	271,840	34.56	9,394,076
GBP	23,254	37.29	867,227	52,976	38.37	2,032,733
HKD	486	3.55	1,724	625,792	3.62	2,268,385
JPY	11,270,843	0.24	2,709,916	3,576,341	0.27	974,453
NZD	32,865	18.89	620,895	76,283	20.31	1,549,570
SGD	-	-	-	93,518	21.27	1,989,378
USD	23,537,623	27.69	651,639,098	21,617,019	28.10	607,438,231
ZAR	1,494,029	1.73	2,591,527	2,284,569	1.92	4,393,026
<u>Financial liabilities</u>						
AUD	1,785,216	20.10	35,879,136	2,938,737	21.68	63,705,181

(Continued)

(Concluded)

	2021			2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
CAD	459,444	21.62	9,934,562	44,521	22.05	981,821
RMB	33,831,837	4.35	147,038,373	14,425,161	4.32	62,322,251
EUR	401,508	31.33	12,577,467	403,654	34.56	13,949,223
GBP	89,435	37.29	3,335,417	75,031	38.37	2,878,999
HKD	2,286,189	3.55	8,116,013	1,257,179	3.62	4,557,051
JPY	32,194,932	0.24	7,740,821	40,308,045	0.27	10,982,814
NZD	35,909	18.89	678,395	84,719	20.31	1,720,931
SGD	169,126	20.46	3,460,388	160,920	21.27	3,423,188
USD	20,322,045	27.69	562,615,803	17,496,348	28.10	491,647,382

## 45. DISCLOSURES UNDER STATUTORY REQUIREMENTS

- a. Under Article 18 of the Regulations Governing the Preparation of Financial Reports by Public Banks, material transactions are summarized as follows:

No.	Item	Explanation
1	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	None
2	Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	None
3	Disposal of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	Table 1
4	Discounts of service charges for related parties amounting to at least \$5 million	None
5	Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital	None
6	Sales of NPL	None
7	Authorities 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 transactions that may have significant impact on the decision made by the financial statement users	None

- b. Information on the Company's subsidiaries:

No.	Item	Explanation
1	Financings provided	None (Note)
2	Endorsements/guarantees provided	None (Note)
3	Marketable securities held	Table 2
4	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	None (Note)
5	Derivative transactions of investees	None

Note: It is not required to disclose if the investee is a bank, insurance or security company.

- c. Names, locations and related information of investees: Refer to Table 3.

- d. Information of investment in Mainland China: None.

TAISHIN INTERNATIONAL BANK CO., LTD.

TABLE 1

DISPOSAL OF INDIVIDUAL REAL ESTATE REACHING NT\$300 MILLION OR 10% OF THE PAID-  
IN CAPITAL OR MORE  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection Status	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
The Company	Taiwan Securities financial building	October 14, 2021	December 15, 2009	\$ 280,342	\$ 476,150	Fully collected	\$ 195,808 (Recognized as net income other than other interest)	Taishin Securities	Wholly-owned subsidiary of Taishin Financial Holding	To separate and transfer the Company's stock transfer agency department on November 8, 2021 and conform to Article 75 of the Banking Act.	Negotiated price based on third party appraisal reports and resolved by the board of directors.	-

MARKETABLE SECURITIES HELD BY SUBSIDIARIES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars; in Thousands of Units)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Number of Shares/ Units/ Nominal	Carrying Amount	Percentage of Ownership (%)	Market Value	
Taishin D.A. Finance	<u>Stock</u> Yuan Tai Forex Brokerage Co., Ltd.	Its corporate director is Taishin D.A. Finance	Financial assets at FVTOCI	600,000	\$ 9,767	5.00	\$ 9,767	
	Bon-Li International Technology Co., Ltd.	None	Financial assets at FVTOCI	125,000	-	1.50	-	Go out of business
	<u>Bonds</u> Government Bonds 102-6	None	Financial assets at amortized cost	6,000	6,063	-	6,051	
Taishin Real Estate	<u>Stock</u> Metro Consulting Service Ltd.	Its corporate director is Taishin Real Estate	Financial assets at FVTOCI	300	2,729	6.00	2,729	

**NNAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(In Thousands, Except for Percentages and Shares**

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership				Note
							Current Shares	Imputed Shares (Note 1)	Total		
									Shares	Ownership Interest (%)	
<b>Financial business</b>											
Taishin D.A. Finance	16094812	7F., No. 44, Jungshan N. Rd., Sec. 2, Taipei City 114, Taiwan	Leasing and retailing of machinery, precision instruments, mobile, aircraft, retail sale of ship and component, financial institution creditor's right (money) purchase business, management consulting, information software services, and data processing services	100.00	\$ 1,599,152	\$ 211,519	128,878,395	-	128,878,395	100.00	Investments accounted for using the equity method
<b>Nonfinancial business</b>											
Taishin Real-Estate	89597170	2F-4, No. 9 Dehuei St., Sec. 2, Taipei, Taiwan	Housing and building development and rental, industrial factory development and rental, investment, development and construction in public construction, audit and consulting of construction plan, contract witness, industrial and commercial credit checking service	60.00	211,099	18,629	20,000,000	-	20,000,000	100.00	
An Hsin Construction Manager	89458276	9F, No. 100, Sinyi Rd., Sec. 5, Taipei, Taiwan	Housing and building development and rental, industrial factory development and rental, investment, development and construction in public construction, audit and consulting of construction plan, contract witness, industrial and commercial credit checking service	30.00	79,580	12,353	4,500,000	-	4,500,000	30.00	

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership				Note
							Current Shares	Imputed Shares (Note 1)	Total		
									Shares	Ownership Interest (%)	
<b>Financial business</b>											
Chang Hwa Bank	51811609	No. 38, Tsu Yu Rd., Sec. 2, Taichung, Taiwan	Commercial bank business, trust, and offshore banking	0.27	473,799	(40,118) (Note 2)	2,190,836,663	-	2,190,836,663	20.89	Financial assets at FVTOCI
Sunlight Asset Management Co., Ltd.	28008025	11F, No. 85 and No. 87, Nanjing E. Rd., Sec. 2, Taipei, Taiwan	Financial institution creditor's right (money) purchase business, evaluation, industrial and commercial credit checking service, and investment consulting	18.21	11,854	-	1,092,317	-	1,092,317	18.21	
Dah Chung Bills	89391748	4F-1, -2, -3 No. 88, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan	Bills finance	18.29	1,219,569	-	86,977,036	-	86,977,036	18.83	
Taiwan Futures Exchange	16092130	13F, No. 102, and 14F, No. 100, Luossu Fu Rd., Sec. 2, Taipei, Taiwan	Futures exchange and futures clearing houses	0.96	211,179	-	6,182,477	-	6,182,477	1.47	
Taipei Foreign Exchange Brokerage Co., Ltd.	84703601	8F, No. 400, Bade Rd., Sec. 2, Taipei, Taiwan	Exchange trading, DEPOS, and swap	0.81	6,639	-	160,000	-	160,000	0.81	
Financial Information Service Co., Ltd.	16744111	No. 81, Kang Ning Rd., Sec. 3, Taipei, Taiwan	Type II telecommunications business and information software services	2.41	280,814	-	12,574,002	-	12,574,002	2.41	
Taiwan Asset Management Co., Ltd.	70808864	11F and 12F, No. 85 and No. 87, Nanjing E. Rd., Sec. 2, Taipei, Taiwan	Financial institution creditor's right (money) purchase business, process financial institution creditor's right (money) appraisal and auction business, evaluation, auction, and management	0.57	68,962	-	6,000,000	-	6,000,000	0.57	

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership				Note
							Current Shares	Imputed Shares (Note 1)	Total		
									Shares	Ownership Interest (%)	
Taiwan Financial Asset Service Co., Ltd.	70820924	10F, No. 300, Zhongxiao E. Rd., Sec 4, Taipei, Taiwan	Fair third party asset auction business	2.94	43,729	-	5,000,000	-	5,000,000	2.94	Financial assets at FVTOCI
Taiwan Mobile Payment Corporation	54390700	No. 81, Kang Ning Rd., Sec. 3, Taipei, Taiwan	Computer equipment installation, wholesale of machinery, wholesale of computer software, wholesale of electronic materials, retail sale of machinery and tools, retail sale of computer software, international trade, printing	3.00	8,500	-	1,800,000	-	1,800,000	3.00	Financial assets at FVTOCI
Universal Venture Fund Co., Ltd.	16446106	8F, No. 70, Nanjing E. Rd., Sec. 3, Taipei, Taiwan	Investment start-up	1.49	4,406	-	174,455	-	174,455	1.49	Financial assets at FVTOCI
Harbinger Venture Capital Investment Co., Ltd.	70777004	7F, No. 187, Ti Titing Ta. Rd., Sec. 2, Taipei, Taiwan	Investment start-up	3.35	47	-	6,636	-	6,636	3.35	Financial assets at FVTOCI
Taishan Investment Management Consultants Co., Ltd.	55665698	18F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	Investment start-up	4.30	167,541	15,298	200,000,000	-	200,000,000	4.30	Financial assets at FVTOCI
Taishan II Medtech Partnership., Ltd.	42904438	18F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	Investment start-up	6.78	359,454	51,402	(Note 3)	-	(Note 3)	6.78	Financial assets at FVTPL
Taishan III Medtech Partnership., Ltd.	42905083	18F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	Investment start-up	9.14	29,300	(8,200)	(Note 3)	-	(Note 3)	9.14	Financial assets at FVTPL

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership				Note
							Current Shares	Imputed Shares (Note 1)	Total		
									Shares	Ownership Interest (%)	
Nonfinancial business											
EasyCard Investment Holdings Co., Ltd.	28988941	6F-2, No. 3-1 Yuanqu Str., Taipei, Taiwan	Investment	2.40	28,577	-	2,499,874	-	2,499,874	2.40	Financial assets at FVTOCI
Kaohsiung Rapid Transit Corp.	70798839	No. 1, Chung An Rd., Kaohsiung, Taiwan	Mass rapid transit system transport, general advertisement service, rail vehicle and parts manufacturing, and parking area operators	0.23	4,905	-	643,031	-	643,031	0.23	
Da Chiang International Co., Ltd.	97430717	15F, No. 109, Ren Ai Rd., Sec. 4, Taipei, Taiwan	Investment in the construction of industrial and commercial integrated area of the office buildings, commercial buildings, conference centers, exhibition venues, shopping centers, repair yards, warehouses, hotels, and its management business	4.31	62,185	-	8,620,690	-	8,620,690	4.31	
Lien An Co., Ltd.	97290477	5F, No. 128, Xing'ai Rd., Neihu Dist., Taipei City 144, Taiwan	Other industrial and commercial services, other repair, rental and leasing, wholesale of precision instruments, and retail sale of precision instruments	5.00	1,488	-	125,000	-	125,000	5.00	

Note 1: Imputed shares are considered if equity securities such as convertible bond, warrant, etc., or derivative contract such as stock options, are converted to shares.

Note 2: As the Company and its parent company Taishin Financial Holding held 22.81% ownership interest in Chang Hwa Bank, the Company had significant influence on Chang Hwa Bank and recognized the investment as an associate accounted for using the equity method. Since June 10, 2021, Taishin Financial Holding no longer exercised shareholder rights other than dividend distribution rights, thereby losing significant influence. In compliance with parent company policy, the Company discontinued the use of the equity method from the date which ceases to have significant influence over the associate. The fair value of the remaining ownership interest held by the Company was \$460,830 thousand at the date; the investment was changed to financial assets at FVTOCI.

Note 3: Because partnership limited company did not issue stocks, the Company held no shares.

# Appendix II. Consolidated Financial Statements and Independent Auditors' Report

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Taishin International Bank Co., Ltd.

### Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matters

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

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

### Impairment of Loans

Commercial lending is the core business of the Company. Loans represent the Group's significant accounts, which reached around 61% of the Group's total assets as of December 31, 2021. The Company assesses the impairment of loans in accordance with IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the Financial Supervisory Commission (FSC) (collectively referred to as "the Regulations"), and the impairment of loans is recognized at the higher of the amount based on IFRS 9 and the Regulations. See Notes 5 and 13 to the consolidated financial statements for the relevant and additional information. The Company management's judgments and the assumptions used have significant impact on the impairment assessments. Therefore, we consider the impairment of loans as a key audit matter. Refer to Note 6 to the consolidated financial statements for the relevant and additional information.

Our audit procedures on the impairment of loans included understanding and testing of the design and operating effectiveness of controls and procedures for identifying loans exposed to impairment and for ensuring that provisions against those assets were made. We identified loans and checked from public information to see whether the borrowers were possibly problematic companies, or have already been included in the companies under evaluation for lifetime expected credit losses (ECLs). We evaluated whether main assumptions and parameters used in the Company's impairment assessment model of ECLs complied with IFRS 9 and recalculated the amount of the impairment of loans. In addition, we tested the classification of loan accounts in accordance with the Regulations and evaluated whether the amount of the impairment of loans complied with the Regulations.

### **Others**

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2021 and 2020 on which we have issued an unqualified opinion report.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Han-Ni Fang and Ching-Cheng Yang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

The logo for Deloitte & Touche, featuring the company name in a stylized, handwritten-style script.

February 18, 2022

#### Notice to Readers

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

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

# TAISHIN INTERNATIONAL BANK CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
Cash and cash equivalents (Notes 5, 7 and 42)	\$ 24,600,234	1	\$ 22,696,634	1
Due from the Central Bank and call loans to banks (Note 8)	86,817,297	4	84,083,756	4
Financial assets at fair value through profit or loss (FVTPL) (Notes 5, 9 and 42)	93,937,997	4	104,589,049	5
Financial assets at fair value through other comprehensive income (FVTOCI) (Notes 5 and 10)	138,594,848	6	190,223,460	9
Financial assets at amortized cost (Notes 5 and 11)	298,245,867	14	270,634,022	13
Securities purchased under resale agreements (Notes 5 and 42)	9,776,840	1	3,768,198	-
Receivables, net (Notes 5 and 12)	141,510,692	7	125,906,311	6
Current tax assets (Notes 5 and 36)	-	-	2,520	-
Loans, net (Notes 5, 6, 13, 41 and 42)	1,319,902,582	61	1,243,688,768	60
Investments accounted for using the equity method, net (Notes 5 and 14)	79,580	-	564,646	-
Other financial assets, net (Notes 5, 12, 13 and 15)	5,876,466	-	4,920,328	-
Property and equipment, net (Notes 5 and 16)	17,776,530	1	18,221,796	1
Right-of-use assets, net (Notes 5 and 17)	2,400,474	-	2,774,071	-
Investment property, net (Notes 5 and 18)	349,792	-	363,235	-
Intangible assets, net (Notes 5 and 19)	2,633,498	-	2,702,983	-
Deferred tax assets (Notes 5 and 36)	2,796,459	-	2,928,910	-
Other assets, net (Note 20)	11,837,494	1	7,275,330	1
<b>TOTAL</b>	<b>\$ 2,157,136,650</b>	<b>100</b>	<b>\$ 2,085,344,017</b>	<b>100</b>

(Continued)

	2021		2020	
	Amount	%	Amount	%
<b>LIABILITIES AND EQUITY</b>				
Due to the Central Bank and banks (Note 21)	\$ 57,075,272	3	\$ 49,824,469	2
Funds borrowed from the Central Bank and other banks	3,984,460	-	1,925,590	-
Financial liabilities at FVTPL (Notes 5, 9 and 42)	23,322,146	1	30,828,522	2
Securities sold under repurchase agreements (Notes 5 and 42)	72,590,202	3	78,215,782	4
Payables (Note 22)	20,217,580	1	27,835,957	1
Current tax liabilities (Notes 5 and 36)	962,768	-	1,174,580	-
Deposits and remittances (Notes 23 and 42)	1,693,855,429	79	1,612,660,225	77
Bank debentures (Note 24)	34,800,000	2	34,800,000	2
Other financial liabilities (Note 25)	73,941,070	3	75,997,088	4
Provisions (Notes 5 and 26)	1,870,559	-	1,792,627	-
Lease liabilities (Notes 5 and 17)	2,486,468	-	2,878,604	-
Deferred tax liabilities (Notes 5 and 36)	57,887	-	136,848	-
Other liabilities (Note 27)	5,118,819	-	4,942,817	-
Total liabilities	<u>1,990,282,660</u>	<u>92</u>	<u>1,923,013,109</u>	<u>92</u>
<b>EQUITY ATTRIBUTABLE TO OWNER OF PARENT (Note 29)</b>				
Capital stock				
Common stock	88,857,118	4	86,957,118	4
Capital surplus	30,319,980	2	30,249,980	2
Retained earnings				
Legal reserve	33,996,364	1	30,409,565	1
Special reserve	405,143	-	418,461	-
Unappropriated earnings	13,026,796	1	11,955,995	1
Total retained earnings	<u>47,428,303</u>	<u>2</u>	<u>42,784,021</u>	<u>2</u>
Other equity	107,916	-	2,197,341	-
Total equity attributable to owner of parent	<u>166,713,317</u>	<u>8</u>	<u>162,188,460</u>	<u>8</u>
NON-CONTROLLING INTERESTS (Note 29)	140,673	-	142,448	-
Total equity	<u>166,853,990</u>	<u>8</u>	<u>162,330,908</u>	<u>8</u>
TOTAL	<u>\$ 2,157,136,650</u>	<u>100</u>	<u>\$ 2,085,344,017</u>	<u>100</u>

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

(Concluded)

# TAISHIN INTERNATIONAL BANK CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	
INTEREST INCOME (Notes 5, 30 and 42)					
Interest revenue	\$ 29,096,302	75	\$ 32,084,165	83	( 9)
Interest expense	( 7,199,121)	( 19)	( 11,194,768)	( 29)	( 36)
Net interest income	<u>21,897,181</u>	<u>56</u>	<u>20,889,397</u>	<u>54</u>	5
NET INCOME OTHER THAN NET INTEREST INCOME					
Net service fee and commission income (Notes 5, 31 and 42)	12,490,262	32	12,093,172	32	3
Gain on financial assets and liabilities at FVTPL (Notes 5, 32 and 42)	3,404,629	9	2,819,090	7	21
Realized gain (loss) on financial assets at FVTOCI (Notes 5 and 33)	827,788	2	1,351,227	4	( 39)
Gain on derecognition of financial assets at amortized cost	( 3,576)	-	291	-	( 1,329)
Foreign exchange gains (losses)	( 237,535)	( 1)	730,405	2	( 133)
(Impairment loss on assets) reversal of impairment loss on assets (Notes 5, 10, 11 and 20)	( 5,844)	-	( 11,720)	-	( 50)
Share of profit (loss) of associates accounted for using equity method (Notes 5 and 14)	( 27,765)	-	28,458	-	( 198)
Net other non-interest income	<u>564,385</u>	<u>2</u>	<u>466,496</u>	<u>1</u>	21
Net income other than net interest income	<u>17,012,344</u>	<u>44</u>	<u>17,477,419</u>	<u>46</u>	( 3)
NET REVENUE AND GAINS	<u>38,909,525</u>	<u>100</u>	<u>38,366,816</u>	<u>100</u>	1
BAD DEBTS EXPENSES, COMMITMENTS AND GUARANTEE LIABILITIES PROVISION (Notes 5, 12, 13 and 26)	( 391,455)	( 1)	( 1,705,892)	( 4)	( 77)
OPERATING EXPENSES					
Employee benefits expenses (Notes 5, 28, 34 and 42)	(\$ 12,971,252)	( 33)	(\$ 12,348,626)	( 32)	5
Depreciation and amortization expenses (Note 35)	( 2,151,765)	( 5)	( 2,031,365)	( 6)	6
Other general and administrative expenses (Note 42)	( 8,027,045)	( 21)	( 8,165,593)	( 21)	( 2)
Total operating expenses	( 23,150,062)	( 59)	( 22,545,584)	( 59)	3
INCOME BEFORE INCOME TAX	15,368,008	40	14,115,340	37	9
INCOME TAX EXPENSE (Notes 5 and 36)	( 2,230,754)	( 6)	( 1,925,601)	( 5)	16
NET INCOME	<u>13,137,254</u>	<u>34</u>	<u>12,189,739</u>	<u>32</u>	8

(Continued)

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>					
Items that will not be reclassified subsequently to profit or loss:					
Gain (loss) on remeasurement of defined benefit plans	( 176,425)	( 1)	( 121,877)	( 1)	45
Unrealized gain (loss) on investments in equity instruments designated as at FVTOCI	19,244	-	( 42,345)	-	145
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	( 19,801)	-	( 38,589)	-	( 49)
Share of the other comprehensive income (loss) of associates accounted for using the equity method	6,639	-	1,548	-	329
Income tax relating to items that will not be reclassified subsequently to profit or loss	35,279	-	24,605	-	43
Items that may be reclassified subsequently to profit or loss:					
Share of the other comprehensive (loss) income of associates accounted for using the equity method	\$ 6,227	-	(\$ 2,210)	-	382
Unrealized gain (loss) income on investment in debt instruments at FVTOCI	( 2,206,031)	( 6)	699,745	2	( 415)
(Impairment loss) reversal of impairment on investment in debt instruments at FVTOCI	( 2,800)	-	5,829	-	( 148)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>146,063</u>	<u>1</u>	<u>( 51,475)</u>	<u>-</u>	384
Other comprehensive income (loss) for the year, net of income tax	<u>( 2,191,605)</u>	<u>( 6)</u>	<u>475,231</u>	<u>1</u>	( 561)
<b>TOTAL COMPREHENSIVE INCOME</b>	<u>\$ 10,945,649</u>	<u>28</u>	<u>\$ 12,664,970</u>	<u>33</u>	( 14)
<b>NET PROFIT ATTRIBUTABLE TO:</b>					
Owner of the parent	\$ 13,124,880	34	\$ 12,174,699	32	8
Non-controlling interests	<u>12,374</u>	<u>-</u>	<u>15,040</u>	<u>-</u>	( 18)
	<u>\$ 13,137,254</u>	<u>34</u>	<u>\$ 12,189,739</u>	<u>32</u>	8
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>					
Owner of parent	\$ 10,933,281	28	\$ 12,649,747	33	( 14)
Non-controlling interests	<u>12,368</u>	<u>-</u>	<u>15,223</u>	<u>-</u>	( 19)
	<u>\$ 10,945,649</u>	<u>28</u>	<u>\$ 12,664,970</u>	<u>33</u>	( 14)
<b>EARNINGS PER SHARE (Note 37)</b>					
Basic	<u>\$ 1.48</u>		<u>\$ 1.37</u>		
Diluted	<u>\$ 1.48</u>		<u>\$ 1.37</u>		

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

(Concluded)

# TAISHIN INTERNATIONAL BANK CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Parent			
	Capital Surplus			
	Capital Stock Common Stock	Additional Paid-in Capital in Excess of Par	Stock-based Compensation	Other
BALANCE AT JANUARY 1, 2020	\$ 82,557,118	\$ 30,181,333	\$ 65,434	\$ 3,213
Appropriation of 2019 earnings				
Legal reserve	-	-	-	-
Special reserve	-	-	-	-
Cash dividends on common stock	-	-	-	-
Stock dividends on common stock	4,400,000	-	-	-
Net income (loss) for the year ended December 31, 2020	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2020, net of tax	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-
Non-controlling interests	-	-	-	-
Share-based payments	-	35,900	(35,900)	-
BALANCE AT DECEMBER 31, 2020	86,957,118	30,217,233	29,534	3,213
Appropriation of 2020 earnings				
Legal reserve	-	-	-	-
Special reserve	-	-	-	-
Cash dividends on common stock	-	-	-	-
Stock dividends on common stock	1,900,000	-	-	-
Net income (loss) for the year ended December 31, 2021	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2021, net of tax	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-
Disposals of investments accounted for using the equity method	-	-	-	-
Non-controlling interests	-	-	-	-
Share-based payments	-	1,441	(1,441)	-
Corporate restructuring	-	70,000	-	-
BALANCE AT DECEMBER 31, 2021	\$ 88,857,118	\$ 30,288,674	\$ 28,093	\$ 3,213

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

## Equity Attributable to Owners of the Parent

Retained Earnings			Other Equity				Total Equity
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statement of Foreign Operations	Unrealized Gains (Losses) on Financial Assets FVTOCI	Changes in Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities at FVTPL	Non-controlling Interests	
\$ 26,893,562	\$ 429,137	\$ 1,720,012	(\$ 4,564)	\$ 1,468,586	\$ 39,567	\$ 237,134	\$ 153,590,532
3,516,003	-	( 3,516,003)	-	-	-	-	-
-	( 10,676)	10,676	-	-	-	-	-
-	-	( 3,814,685)	-	-	-	-	( 3,814,685)
-	-	( 4,400,000)	-	-	-	-	-
-	-	12,174,699	-	-	-	15,040	12,189,739
-	-	( 97,481)	( 3,522)	614,640	( 38,589)	183	475,231
-	-	12,077,218	( 3,522)	614,640	( 38,589)	15,223	12,664,970
-	-	( 121,223)	-	121,223	-	-	-
-	-	-	-	-	-	( 109,909)	( 109,909)
-	-	-	-	-	-	-	-
30,409,565	418,461	11,955,995	( 8,086)	2,204,449	978	142,448	162,330,908
3,586,799	-	( 3,586,799)	-	-	-	-	-
-	( 9,228)	9,228	-	-	-	-	-
-	-	( 6,478,424)	-	-	-	-	( 6,478,424)
-	-	( 1,900,000)	-	-	-	-	-
-	-	13,124,880	-	-	-	12,374	13,137,254
-	-	( 141,573)	8,086	( 2,038,311)	( 19,801)	( 6)	( 2,191,605)
-	-	12,983,307	8,086	( 2,038,311)	( 19,801)	12,368	10,945,649
-	-	29,451	-	( 29,451)	-	-	-
-	( 4,090)	14,038	-	( 9,948)	-	-	-
-	-	-	-	-	-	( 14,143)	( 14,143)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	70,000
\$ 33,996,364	\$ 405,143	\$ 13,026,796	\$ -	\$ 126,739	(\$ 18,823)	\$ 140,673	\$166,853,990

# TAISHIN INTERNATIONAL BANK CO., LTD. AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 15,368,008	\$ 14,115,340
Adjustments:		
Adjustments to reconcile profit or loss		
Depreciation expenses	1,740,921	1,671,492
Amortization expenses	410,844	359,873
Provisions for bad debts expenses, commitments and guarantee liabilities	391,455	1,705,892
Net gain on financial assets and liabilities at FVTPL	( 3,404,629)	( 2,819,090)
Interest expenses	7,199,121	11,194,768
Gain (loss) on derecognition of financial assets at amortized cost	3,576	( 291)
Interest income	( 29,096,302)	( 32,084,165)
Dividend income	( 235,272)	( 272,265)
Share-based payments	155,444	9,713
Share of profit of associates accounted for using equity method	27,765	( 28,458)
Gain on disposal of investments	( 592,516)	( 1,078,962)
Impairment loss on financial assets	5,844	11,611
Other adjustments	( 232,697)	( 159,695)
Total adjustments	( 23,626,446)	( 21,489,577)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to banks	( 427,988)	( 10,928,944)
(Increase) decrease in financial assets at FVTPL	50,774,920	58,048,390
(Increase) decrease in financial assets at FVTOCI	50,046,417	84,348,215
(Increase) decrease in financial assets at amortized cost	( 27,704,737)	( 138,788,010)
(Increase) decrease in securities purchased under resale agreements	( 377,532)	182,823
(Increase) decrease in receivables	( 15,947,915)	3,368,813
(Increase) decrease in loans	( 76,634,200)	( 106,696,476)
(Increase) decrease in other financial assets	( 787,693)	5,244
(Increase) decrease in other assets	( 4,562,192)	310,514
Increase (decrease) in due to the Central Bank and banks	( 4,163,237)	162,704
Increase (decrease) in financial liabilities at FVTPL	( 44,555,076)	( 35,584,430)
Increase (decrease) in securities sold under repurchase agreements	( 5,625,580)	( 27,371,988)
Increase (decrease) in payables	( 7,667,738)	( 527,835)
Increase (decrease) in deposits and remittances	81,195,204	173,902,578
Increase (decrease) in other financial liabilities	( 2,505,225)	( 5,204,351)
Increase (decrease) in other liabilities	17,366	142,851
Cash generated from (used in) operations	( 17,183,644)	( 12,004,139)
Interest received	30,361,391	33,990,355
Dividend received	330,456	380,400
Interest paid	( 7,417,338)	( 12,156,284)
Income taxes returned	-	459,334
Income taxes paid	( 2,198,322)	( 2,444,586)
Net cash generated from (used in) operating activities	\$ 3,892,543	\$ 8,225,080
CASH FLOWS FROM INVESTING ACTIVITIES		

(Continued)

	2021	2020
Proceeds from disposal of financial assets at amortized cost	-	6,000
Acquisition of property and equipment	( 883,657)	( 1,204,180)
Proceeds from disposal of property and equipment	482,773	431,141
Acquisition of intangible assets	( 342,691)	( 1,106,453)
Proceeds from disposal of investment properties	18,866	35,170
Net cash generated from (used in) investing activities	( 724,709)	( 1,838,322)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in due to the Central Bank and banks	13,472,910	-
Decrease in due to the Central Bank and banks	-	( 3,311,002)
Repayment of the principal portion of lease liabilities	( 714,495)	( 675,599)
Increase in other financial liabilities	450,000	1,259,000
Cash dividends distributed	( 6,478,424)	( 3,814,685)
Changes in non-controlling interests	( 14,143)	( 109,524)
Net cash payments for business transfer	( 43,419)	-
Net cash generated from (used in) financing activities	6,672,429	( 6,651,810)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	9,840,263	( 265,052)
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	51,560,816	51,825,868
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 61,401,079</u>	<u>\$ 51,560,816</u>

## Reconciliation of cash and cash equivalents:

	2021	2020
Cash and cash equivalents in balance sheet	\$ 24,600,234	\$ 22,696,634
Due from central bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS7	27,539,460	25,233,907
Securities purchased under resale agreements qualifying as cash and cash equivalents under the definition of IAS7	9,261,385	3,630,275
Cash and cash equivalents at the end of the year	<u>\$ 61,401,079</u>	<u>\$ 51,560,816</u>

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

(Concluded)



# Taishin International Bank Co., Ltd.



Chairman

A handwritten signature in black ink, appearing to read "Thomas Wu". The signature is fluid and cursive, with a prominent initial "T" and "W".



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