O-Bank and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors’ Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The Bank and its subsidiaries required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” as of and for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as those included in International Financial Reporting Standard 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Company name: O-BANK
Chairman: Tina Y. C. Lo
Date: March 16, 2022

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
O-Bank

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

The descriptions of the key audit matters of the consolidated financial statements for the year ended December 31, 2021 are as follows:

Allowance for Credit Losses of Loans

The Bank is engaged principally in providing loans to customers. The Bank's management performed loans impairment assessment in accordance with the requirements of International Financial Reporting Standard 9, "Financial Instruments". In addition, the allowance for credit losses of loans was calculated and classified in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" (referred to as "Banking Institutions Regulations Governing the Procedures for Bad Debt").

For details about the accounting policy on the allowance for credit losses, refer to Note 4 to the accompanying consolidated financial statements; for details about the critical accounting judgments, estimations, and assumptions of loan impairment, refer to Note 5 to the accompanying consolidated financial statements; and for details about the allowance for credit losses, refer to Note 13 to the accompanying consolidated financial statements.

The Bank shall assess the classification of credit-granting assets and recognize allowance for credit losses of loans in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". As the assessment and recognition of loss allowance involve subjective judgments, critical estimations and assumptions of the management, we have included the assessment of allowance for credit losses of loans as a key audit matter.

The main audit procedures we performed in response to certain aspects of the key audit matters described above are as follows:

- We obtained an understanding and performed testing on the internal controls in respect of the Bank's loan impairment assessment.

- We examined that the classifications of loans were in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". We also recalculated the amount of the allowance for credit losses on loans and checked whether the Bank meets the requirement of the regulation or not.

Assessment of Reserve for Losses on Guarantee Contracts

The reserves set aside for the guarantee liabilities of China Bills Finance Corporation are in accordance with both the International Financial Reporting Standard 9, "Financial Instruments", whereby the expected losses on guarantee obligations generated by financial guarantee contracts are assessed, and the "Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt" (referred to as the "Bills Finance Companies Regulations for Evaluating Bad Debt"), whereby the reserves for guarantee liabilities are classified and made.

For details about the accounting policy on the reserve for guarantee liabilities, refer to Note 4 to the accompanying consolidated financial statements; for details about the critical accounting judgments, estimations and assumptions of the reserve for guarantee liabilities, refer to Note 5 to the accompanying consolidated financial statements; and for details about the reserve for guarantee liabilities, refer to Note 13 to the accompanying consolidated financial statements.

China Bills Finance Corporation assesses reserve for guarantee contracts involves subjective judgments, critical estimations and assumptions of the management. The classification of credit-granting assets and recognition of the reserve for guarantee contracts in accordance with the “Bills Finance Companies Regulations for Evaluating Bad Debt” influence the amounts of the reserve for guarantee contracts. Thus, we consider the assessment of reserve losses on guarantee contracts as a key audit matter.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

- We understood the internal controls about the estimated impairment of reserve for losses on guarantee contracts and we tested the effectiveness of the operation of the controls.

- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management of China Bills Finance Corporation used to assess the reserve. We checked the completeness of amount of credit-granting assets in the schedule and rationality of classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked whether the reserve meets the requirements of the “Bills Finance Companies Regulations for Evaluating Bad Debt” or not.

Other Matter

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021, and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Kuan-Hao Lee and Wang-Sheng Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 16, 2022

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

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

O-BANK AND SUBSIDIARIES

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

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 11,779,386	2	$ 9,621,739	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	12,981,310	2	18,125,019	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 42)	151,899,447	27	162,494,696	28
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 42 and 46)	191,156,680	33	172,509,235	30
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS (Note 10)	5,364,108	1	4,732,882	1
RECEIVABLES, NET (Notes 11 and 13)	20,076,514	4	14,952,859	3
CURRENT TAX ASSETS	324,529	-	362,328	-
DISCOUNTS AND LOANS, NET (Notes 12, 13, 41 and 42)	172,727,589	30	183,710,973	32
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD, NET (Note 16)	880,879	-	789,863	-
OTHER FINANCIAL ASSETS (Notes 17 and 42)	875,733	-	858,462	-
PROPERTY AND EQUIPMENT, NET (Notes 18 and 43)	2,545,050	1	2,672,567	1
RIGHT-OF-USE ASSETS, NET (Note 19)	332,938	-	429,678	-
INTANGIBLE ASSETS, NET (Note 20)	1,946,051	-	2,207,244	-
DEFERRED TAX ASSETS (Note 39)	900,743	-	895,887	-
OTHER ASSETS (Notes 19 and 21)	1,289,712	-	1,050,198	-
TOTAL	$ 575,080,669	100	$ 575,413,630	100
LIABILITIES AND EQUITY				
LIABILITIES				
Deposits From the Central Bank and other banks (Note 22)	$ 27,876,301	5	$ 28,479,755	5
Financial liabilities at fair value through profit or loss (Note 8)	441,337	-	790,298	-
Bills and bonds sold under repurchase agreements (Note 23)	187,952,616	33	181,165,826	32
Payables (Note 24)	2,467,406	-	2,740,642	1
Current tax liabilities	238,572	-	172,428	-
Deposits and remittances (Notes 25 and 41)	259,379,425	45	267,719,672	47
Bank debentures payable (Note 26)	15,000,000	3	16,400,000	3
Other financial liabilities (Note 27)	20,580,832	4	18,102,763	3
Provisions (Notes 13, 28 and 29)	2,076,334	-	2,102,012	-
Lease liabilities (Note 19)	350,370	-	444,659	-
Deferred tax liabilities (Note 39)	830,510	-	793,255	-
Other liabilities (Note 30)	2,719,579	-	2,249,555	-
Total liabilities	519,913,282	90	521,160,865	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital				
Common stock	27,330,063	5	27,330,063	5
Preferred stock	3,000,000	1	3,000,000	-
Total capital	30,330,063	6	30,330,063	5
Capital surplus	6,734	-	5,966	-
Retained earnings				
Legal reserve	3,729,690	1	3,697,811	1
Special reserve	797,783	-	1,396,353	-
Unappropriated earnings	2,040,419	-	106,262	-
Total retained earnings	6,567,892	1	5,200,426	1
Other equity	(485,479)	-	57,744	-
Treasury stock	(38,304)	-	(38,304)	-
Total equity attributable to owners of the Bank	36,380,906	7	35,555,895	6
NON-CONTROLLING INTERESTS	18,786,481	3	18,696,870	3
Total equity (Note 31)	55,167,387	10	54,252,765	9
TOTAL	$ 575,080,669	100	$ 575,413,630	100

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

O-BANK 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 REVENUE (Notes 32 and 41)	$ 6,830,219	73	$ 7,733,670	96	(12)
INTEREST EXPENSE (Notes 32 and 41)	(2,170,292)	(23)	(3,709,021)	(46)	(41)
NET INTEREST	4,659,927	50	4,024,649	50	16
NET REVENUE OTHER THAN INTEREST REVENUE					
Service fee income, net (Notes 33 and 41)	2,458,570	26	2,037,365	25	21
Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (Note 34)	851,498	9	(199,950)	(3)	526
Realized gains on financial assets at fair value through other comprehensive income (Note 35)	410,622	5	418,865	5	(2)
Foreign exchange gain, net	619,970	7	1,734,406	22	(64)
Reversal of impairment loss (impairment loss) on assets	3,486	-	(5,203)	-	167
Share of profit (loss) of associates accounted for using equity method (Note 16)	94,846	1	(82,766)	(1)	215
Other net revenue other than interest (Note 41)	215,893	2	129,125	2	67
Total net revenue other than interest revenue	4,654,885	50	4,031,842	50	15
NET REVENUE	9,314,812	100	8,056,491	100	16
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Note 13)	(553,924)	(6)	(599,286)	(7)	(8)

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O-BANK 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**	**%**	**%**
OPERATING EXPENSES					
Employee benefits expenses (Notes 36 and 41)	$ 2,745,513	30	$ 2,609,229	32	5
Depreciation and amortization expenses (Note 37)	637,957	7	628,777	8	1
Other general and administrative expenses (Notes 38 and 41)	1,138,450	12	1,119,902	14	2
Total operating expenses	4,521,920	49	4,357,908	54	4
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	4,238,968	45	3,099,297	39	37
INCOME TAX EXPENSE (Note 39)	1,034,348	11	785,791	10	32
INCOME FROM CONTINUING OPERATIONS	3,204,620	34	2,313,506	29	39
LOSS FROM DISCONTINUED OPERATIONS (Note 14)	(4,697)	-	(12,577)	-	(63)
NET PROFIT FOR THE YEAR	3,199,923	34	2,300,929	29	39
OTHER COMPREHENSIVE INCOME (LOSS)					
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:					
Losses on remeasurements of defined benefit plans (Note 29)	(3,166)	-	(1,642)	-	93
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	814,893	9	428,610	5	90
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 39)	148	-	387	-	(62)
Components of other comprehensive income that will not be reclassified to profit or loss, net of tax	811,875	9	427,355	5	90

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O-BANK 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**	**%**	**%**
Components of other comprehensive income (loss) that will be reclassified to profit or loss:					
Exchange differences on translation of financial statements of foreign operations	$ (296,477)	(3)	$ (466,094)	(6)	(36)
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(1,459,302)	(16)	1,031,070	13	(242)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 39)	166,687	2	(77,219)	(1)	316
Components of other comprehensive income that will be reclassified to profit or loss, net of tax	(1,589,092)	(17)	487,757	6	(426)
Other comprehensive income (loss) for the year, net of tax	(777,217)	(8)	915,112	11	(185)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 2,422,706	26	$ 3,216,041	40	(25)
NET PROFIT ATTRIBUTABLE TO:					
Owners of the Bank	$ 1,840,842	20	$ 1,147,403	14	60
Non-controlling interests	1,359,081	14	1,153,526	15	18
	$ 3,199,923	34	$ 2,300,929	29	39
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 1,497,197	16	$ 1,384,692	17	8
Non-controlling interests	925,509	10	1,831,349	23	(49)
	$ 2,422,706	26	$ 3,216,041	40	(25)

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O-BANK 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**	**%**	**%**
EARNINGS PER SHARE (Note 40)					
From continuing and discontinued operations					
Basic	$0.63		$0.41		
Diluted	$0.57		$0.37		
From continuing operations					
Basic	$0.63		$0.42		
Diluted	$0.57		$0.37		

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

O-BANK AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank (Notes 9 and 31)													
	Capital Stock				Retained Earnings				Other Equity					
	Common Stock	Preferred Stocks	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Owners of the Bank	Non-controlling Interests (Note 31)	Total Equity
BALANCE AT JANUARY 1, 2020	$ 24,130,063	$ 3,000,000	$ 27,130,063	$ 9,750	$ 3,367,681	$ 1,631,335	$ 1,187,851	$ 6,186,867	$ (307,473)	$ 239,996	$ -	$ 33,259,203	$ 17,557,074	$ 50,816,277
Reversal of special reserve	-	-	-	-	-	(234,982)	234,982	-	-	-	-	-	-	-
Appropriation and distribution of 2019 earnings														
Legal reserve	-	-	-	-	330,130	-	(330,130)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(965,203)	(965,203)	-	-	-	(965,203)	-	(965,203)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Unclaimed dividends	-	-	-	329	-	-	-	-	-	-	-	329	1,071	1,400
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	424	-	-	-	-	-	-	-	424	-	424
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(692,624)	(692,624)
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	1,147,403	1,147,403	-	-	-	1,147,403	1,153,526	2,300,929
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(147)	(147)	(390,081)	627,517	-	237,289	677,823	915,112
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	1,147,256	1,147,256	(390,081)	627,517	-	1,384,692	1,831,349	3,216,041
Capital increase	3,200,000	-	3,200,000	(4,537)	-	-	(1,153,209)	(1,153,209)	-	-	-	2,042,254	-	2,042,254
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(38,304)	(38,304)	-	(38,304)
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	112,215	112,215	-	(112,215)	-	-	-	-
BALANCE AT DECEMBER 31, 2020	27,330,063	3,000,000	30,330,063	5,966	3,697,811	1,396,353	106,262	5,200,426	(697,554)	755,298	(38,304)	35,555,895	18,696,870	54,252,765
Reversal of special reserve	-	-	-	-	-	(598,570)	598,570	-	-	-	-	-	-	-
Appropriation and distribution of 2020 earnings														
Legal reserve	-	-	-	-	31,879	-	(31,879)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(545,454)	(545,454)	-	-	-	(545,454)	-	(545,454)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	405	-	-	-	-	-	-	-	405	-	405
Unclaimed dividends	-	-	-	363	-	-	-	-	-	-	-	363	1,023	1,386
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(836,921)	(836,921)
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	1,840,842	1,840,842	-	-	-	1,840,842	1,359,081	3,199,923
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	(2,594)	(2,594)	(248,513)	(92,538)	-	(343,645)	(433,572)	(777,217)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	1,838,248	1,838,248	(248,513)	(92,538)	-	1,497,197	925,509	2,422,706
Disposals of investment in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	202,172	202,172	-	(202,172)	-	-	-	-
BALANCE AT DECEMBER 31, 2021	$ 27,330,063	$ 3,000,000	$ 30,330,063	$ 6,734	$ 3,729,690	$ 797,783	$ 2,040,419	$ 6,567,892	$ (946,067)	$ 460,588	$ (38,304)	$ 36,380,906	$ 18,786,481	$ 55,167,387

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

O-BANK 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		
Profit from continuing operations before tax	$ 4,238,968	$ 3,099,297
Loss from discontinued operations before tax	(4,697)	(12,577)
Adjustments for:		
Depreciation expense	359,168	355,499
Amortization expense	281,967	273,972
Expected credit losses/recognition of provisions	550,438	604,489
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(862,473)	197,210
Interest expense	2,170,292	3,709,021
Interest revenue	(6,830,219)	(7,734,166)
Dividends income	(250,765)	(185,587)
Share of loss (profit) of associates accounted for using equity method	(94,846)	82,766
Loss (gain) on disposal of property and equipment	(231)	678
Gain on disposal of investments	(159,857)	(233,278)
Changes in operating assets and liabilities:		
Due from the Central Bank and call loans to banks	724,820	(2,208,714)
Financial assets at fair value through profit or loss	11,007,217	9,879,510
Financial assets at fair value through other comprehensive income	(18,548,806)	(28,308,801)
Bills and bonds purchased under resell agreements	(631,226)	(4,632,869)
Receivables	(5,349,722)	708,504
Discounts and loans	10,517,050	10,148,245
Deposits From the Central Bank and other banks	(603,454)	(14,959,643)
Financial liabilities at fair value through profit or loss	(348,961)	256,716
Bills and bonds sold under repurchase agreements	6,786,790	21,612,441
Payables	(169,006)	(590,067)
Deposits and remittances	(8,340,247)	1,987,848
Provisions	(18,494)	(24,656)
Cash used in operations	(5,576,294)	(5,974,162)
Interest received	6,951,157	8,355,148
Interest paid	(2,354,341)	(4,043,442)
Dividends received	261,363	199,115
Income taxes paid	(808,793)	(418,828)
Net cash flows used in operating activities	(1,526,908)	(1,882,169)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	-	(863,564)
Acquisition of property and equipment	(97,062)	(92,019)
Proceeds from disposal of property and equipment	3,102	1,472
Increase in refundable deposits	(197,383)	(191,817)
Acquisition of intangible assets	(35,324)	(156,053)
Decrease in other financial assets	536,523	69,934

(Continued)

O-BANK AND SUBSIDIARIES

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

	2021	2020
Increase in other assets	$ (42,131)	$ -
Decrease in other assets	-	58,393
Net cash flows generated from (used in) investing activities	167,725	(1,173,654)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	546,107	458,029
Increase in commercial papers	436,540	4,762,000
Proceeds from issuing bank debentures	1,500,000	-
Repayments of bank debentures	(2,900,000)	(2,300,000)
Proceeds from long-term borrowings	6,700,165	4,811,895
Repayments of long-term borrowings	(4,627,940)	(4,258,439)
Repayments of the principal portion of lease liabilities	(178,417)	(175,620)
Decrease in other financial liabilities	(533,398)	(620,641)
Increase in other liabilities	470,024	-
Decrease in other liabilities	-	(168,551)
Dividends paid to owners of the Bank	(672,954)	(1,092,703)
Capital increase	-	2,032,000
Payments to acquire treasury shares	-	(38,304)
Dividends paid to non-controlling interests	(836,921)	(692,624)
Net cash flows generated from (used in) financing activities	(96,794)	2,717,042
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(251,471)	(306,047)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,707,448)	(644,828)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	16,905,644	17,550,472
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 15,198,196	$ 16,905,644

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

	December 31	
	2021	2020
Cash and cash equivalents reported in the consolidated balance sheets	$ 11,779,386	$ 9,621,739
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	2,865,016	7,283,905
Other items qualifying for cash and cash equivalents under the definition of IAS 7	553,794	-
Cash and cash equivalents at the end of the year	$ 15,198,196	$ 16,905,644

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

O-BANK AND SUBSIDIARIES

1. GENERAL INFORMATION

Industrial Bank of Taiwan started its preparation for incorporation on March 2, 1998, was authorized for incorporation by the Ministry of Finance on July 27, 1999, and began its business operations on September 2, 1999.

To be in coordination with the government's financial liberation policy and to increase the operating efficiency, on August 14, 2015, the Industrial Bank of Taiwan's board of directors approved of the application for a change of registration to a commercial bank and for a change of name to "O-Bank Co., Ltd." ("O-Bank" or the "Bank"). The Financial Supervisory Commission (the "FSC") accepted the application on December 15, 2016 and required the Bank to submit its proposed adjustment plan to comply with the Banking Act of the Republic of China. On January 1, 2017, the Banking Bureau approved and issued the operating license for the Bank to operate a commercial banking business. The Bank's name was changed from "Industrial Bank of Taiwan" to "O-Bank Co., Ltd." on January 1, 2017.

The Bank's operations include the following: (a) accepting various deposits; (b) issuing bank debentures; (c) providing loans, discounts, and acceptance business; (d) providing domestic and foreign exchange and guarantee business; (e) issuing letters of credit at home and abroad; (f) making receipts and payments by agents; (g) investing in and underwriting offering of securities; (h) dealing in bonds; (i) factoring; (j) providing financial advisory services to financing and non-financing business; (k) wealth management business; (l) providing personal insurance and property insurance agent business; (m) dealing with debit card business; (n) providing foreign exchange services for client's imports or exports, overseas remittances, foreign currency deposits, and foreign currency loans and guarantees; (o) overseeing trust business under the Trust Business Law and regulations; and (p) dealing in derivative financial instruments and participating in other operations authorized by the central authorities.

As of December 31, 2021, the Bank has seven main departments - Business Department, Principal Investment Department, Treasury Department, Securities Trading Department, Corporate Finance Department, Consumer Lending Department and Wealth Management Department. It also has five domestic branches - Zhongxiao Dunhua branch, Taoyuan branch, Hsinchu branch, Taichung branch and Kaohsiung branch. In addition, it has an Offshore Banking Unit, Hong Kong branch, and Tianjin representative office.

The Bank's stocks were listed on the Emerging Stock Market of the Taipei Exchange ("TPEx") starting in August 2004. The TWSE approved the Bank's application for listing on November 28, 2016 and transferred the listing from the TPEx to the TWSE on May 5, 2017.

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

As of December 31, 2021 and 2020, the Bank and its subsidiaries (the "Group") had 1,545 and 1,453 employees, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on March 16, 2022.

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

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

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

<u>Effect of interest rate benchmark reform</u>

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

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

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

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

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the 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.

The Group assessed the application of the above standards would not have any material impact on the Group's financial position and financial performance. As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction "	January 1, 2023 (Note 4)

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

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

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and IFRSs endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values and the net defined benefit liabilities (assets) recognized at the fair value of the assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Classification of Current and Non-Current Assets and Liabilities

Since the operating cycle in the banking industry could not be clearly identified, accounts included in the consolidated financial statements of the Group were not classified as current or noncurrent. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by their liquidity. Refer to Note 46 for the maturity analysis of liabilities.

Basis of Consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries shall be attributed to the owners of the Bank and to the non-controlling interests, even if the balance becomes negative or loss is incurred.

Refer to Note 15, Table 5 and Table 6 for the list of main business activities and ownership percentages of subsidiaries.

Foreign Currencies

In preparing the Group's consolidated financial statements, transactions in currencies other than the Group's functional currency (i.e. foreign currencies) are recognized at the amount in original currency.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purpose of presenting consolidated financial statements, the functional currencies of the Bank (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Bank) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

Investments in Associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. Significant influence refers to the power to participate in the financial and operating policy decisions of the investee but does not control or joint control such policies.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Bank's share of the equity of associates and joint ventures.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group'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.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the 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 had the investee 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 using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group'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 using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's 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 Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Bank continues to apply the equity method and does not remeasure the retained interest.

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

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

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

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

1) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the investment in debt instruments at FVTOCI criteria.

Financial assets are designated as FVTPL in the original recognition. If it can eliminate or significantly reduce the measurement or recognition inconsistency.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 45.

2) Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, and trade receivables are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

b) Financial assets that are not initially credit impaired or not credit impaired when purchased but subsequently become credit impaired, for which the interest revenue is calculated by applying the effective interest rate to the amortized cost of such financial assets.

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

a) Significant financial difficulty of the issuer or the borrower;

b) Breach of contract, such as a default;

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

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

3) Investments in debt instruments at FVTOCI

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

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

b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest revenue calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

4) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

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

The Group's policy is to always recognize lifetime expected credit losses (i.e. ECLs) on trade receivables and lease receivables. For all other financial instruments, the Group will recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group will measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

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

1) Internal or external information show that the debtor is unlikely to pay its creditors.

2) When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

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

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the FSC, the Bank should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as noteworthy, substandard, having highly doubtful collectability and uncollectable, on the basis of the customers' financial position, a valuation of the respective collateral and the length of time in which the principal repayments or interest payments have become overdue.

The Bank made minimum provisions of 1%, 2%, 10%, 50% and 100% for credit assets deemed to be uncollectable, to have highly doubtful collectability, to be substandard, to be noteworthy and to have sound credit (excluding assets that represent claims against an ROC government agency), respectively.

Furthermore, the Bank should make at least 1.5% provisions each for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions, respectively.

In addition to valuating impairment loss of receivables and recognizing allowance or bad debts under IFRS 9, China Bills Finance Corporation (CBF) will evaluate impairment loss, under the "Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-Performing Credit, Non-Accrual Loans, and Bad Debt" issued by the authorities and the CBF's provision procedures, and recognize the higher of allowance of and debts between the above regulations expect.

The Group shall determine the unrecoverable claims and write them off after reporting them to the Board for approval.

c. Derecognition of financial assets

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

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

Equity instruments

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

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 Group are recognized at the proceeds received, net of direct issue costs.

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

Financial liabilities

a. Subsequent measurement

Except for the following situation, all financial liabilities are measured at amortized cost using the effective interest method less any impairment:

1) Financial liabilities at FVTPL

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

A financial liability 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 Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

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

Financial liabilities at FVTPL, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item. For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss. The fair value is determined in the manner described in Note 45.

2) Financial guarantee contracts

Financial guarantee contracts issued by the Group are subsequently measured at the higher of:

a) The amount of the loss allowance determined in accordance with IFRS 9; and

b) The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with IFRS 15.

Besides subsequently measuring financial guarantee contracts at the higher of the abovementioned amounts as IFRS assessment result, assessment is also performed under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and "Regulation Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt" as regulatory assessment result. The higher adequacy provision between above IFRS and regulatory assessment results is recognized.

Financial guarantee contracts issued by the Group, if not designated as at FVTPL, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses; and the amount initially recognized less the cumulative amortization.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, are cancelled or expire. The difference between the carrying amount of a 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 on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

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

Modification of financial instruments

For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

Non-performing Loans

Under the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans issued by the FSC, loans and other credits (including accrued interests) that remain unpaid as they fall due are transferred to non-performing loans, if the transfer is approved by the Board.

Under the "Regulation Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt" issued by the FSC, receivables and the balances of guaranteed and endorsed credits that are unpaid within six months after maturity are transferred to non-accrual loans.

Non-performing loans transferred from loans are recognized as discounts and loans, and those transferred from other credits are recognized as other financial assets.

Repurchase and Resale Transactions

Bills and bonds purchased under agreements to resell and bills and bonds sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements are recognized as interest revenue or interest expenses over the term of each agreement.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Except of freehold land without depreciated, depreciation is recognized so as to write off the cost of 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 the estimates accounted for on a prospective basis.

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

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over the assets' 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 the estimates accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

b. Derecognition of intangible assets

   An intangible asset is derecognized on disposal or when no future economic benefits are expected to arise from its use or disposal. Gains or losses arising from derecognition of an intangible asset, which is measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Goodwill

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

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

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

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

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

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

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset 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.

Provisions

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

Onerous contracts

Onerous contracts are those in which the Group’s unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligations arising under onerous contracts are recognized and measured as provision.

Revenue Recognition

Interest revenue on loans is recorded by the accrual method. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by the Group that are classified as non-performing loans. The interest revenue on those loans and credits is recognized upon collection.

Revenue from brokering is recognized when the earnings process has been completed.

Dividend income from investments is recognized on the shareholders’ right to receive payment. The premise is that the economic benefits related to the transaction. They are likely to flow into the Group and the amount of income can be reliably measured it.

Leases

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

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.
Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

   Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

   Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

   Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. The net defined benefit assets shall not exceed the present value with the refund withdrawal from the plan or the reduction of future withdrawals.

c. Staff preferential deposit

   The Bank provides preferential deposit account for employees, which are used to pay fixed preferential deposits for current employees. The effect of the difference between the interest rate of these preferential deposits and the market interest rate is treated as employee benefits.

Share-based Payment Arrangements

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

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, an additional tax of unappropriated earnings is provided for as income tax 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. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

c. Current and deferred tax for the period

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

Cash and Cash Equivalents

The cash and cash equivalent items in the consolidated balance sheet include cash on hand, demand deposits, and short-term and highly liquid investments that can be converted into fixed amount of cash at any time. They have little risk of change in value. For the consolidated statements of cash flows, the cash and cash equivalents account refers to the accounts in the consolidated balance sheets titled cash and cash equivalents, due from the Central Bank and call loans to banks, and call loans to securities firms that meet the definition of cash and cash equivalents in IAS 7 "Statement of Cash Flows" endorsed and issued into effect by the FSC.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Estimated Impairment of Loans and Financial Guarantee Contract

The impairment of loans and financial guarantee contracts is based on assumptions about the risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs of the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand and petty cash	$ 83,873	$ 70,930
Checking for clearing	75,133	451,158
Due from banks	11,620,380	9,099,651
	$ 11,779,386	$ 9,621,739

The cash and cash equivalents of the consolidated cash flows and the related adjustments of the consolidated balance sheets as of December 31, 2021 and 2020, refer to the consolidated statements of cash flows.

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

	December 31 2021	December 31 2020
Reserves for deposits - Type A	$ 2,921,318	$ 4,091,431
Reserves for deposits - Type B	5,166,200	5,521,144
Due from Central Bank - Financial	2,001,086	1,200,031
Call loans to banks	2,865,016	7,283,905
Others	27,690	28,508
	$ 12,981,310	$ 18,125,019

Under a directive issued by the Central Bank, deposit reserves are determined monthly at prescribed rates on average balances of customers' deposits. Type B deposit reserves are subject to withdrawal restrictions.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2021	December 31 2020
Financial assets mandatorily classified as at FVTPL		
Hybrid financial assets		
Convertible bonds - domestic (include assets swap contracts)	$ 11,103,311	$ 9,793,156
Structured debt	557,116	577,236
	11,660,427	10,370,392
Derivative financial assets		
Currency swap contracts	211,885	269,278
Forward contracts	40,823	30,816
Interest rate swap contracts	5,528	8,324
Currency option contracts - call	4,630	8,028
	262,866	316,446
Non-derivative financial assets		
Bills	95,940,011	106,494,789
Negotiable certificates of deposit	42,434,758	44,080,443
Stocks and beneficiary certificates	1,601,385	1,232,626
	139,976,154	151,807,858
	$ 151,899,447	$ 162,494,696
Held-for-trading financial liabilities		
Derivative financial instruments		
Currency swap contracts	$ 273,190	$ 682,233
Forward contracts	62,885	42,719
Interest rate swap contracts	9,311	18,334
Currency option contracts - put	4,289	8,030
Others	40,404	37,022
	390,079	788,338
Non-derivative financial liabilities		
When-issued government bonds	49,567	-
Commercial paper contracts	1,691	1,960
	51,258	1,960
	$ 441,337	$ 790,298

The Group engages in derivative transactions, including forward contracts, currency swap contracts and currency option contracts, mainly for accommodating customers' needs and managing the exposure positions. As for the engagement in interest rate swap contracts and cross-currency swap contracts, its purpose is to hedge risk of cash flow and risk of market value caused by the change of interest rates or exchange rates. The Group strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a high negative correlation with the changes in the market of the exposures being hedged.

The contract amounts (or notional amounts) of outstanding derivative transactions as of December 31, 2021 and 2020 were as follows:

	December 31	
	2021	**2020**
Interest rate swap contracts	$ 14,010,914	$ 13,219,615
Currency swap contracts	99,978,371	58,701,818
Forward contracts	10,506,426	5,899,199
Currency option contracts		
Buy	388,971	368,196
Sell	307,351	368,196
Promised purchase contracts	12,900,000	12,800,000

As of December 31, 2021 and 2020, financial assets at fair value through profit and loss under agreement to repurchase were in the face amount of $78,572,100 thousand and $73,379,700 thousand, respectively.

Refer to Note 42 for information relating to financial assets at fair value through profit or loss pledged as security.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	**2020**
Investments in equity instruments at FVTOCI	$ 7,600,894	$ 6,118,890
Investments in debt instruments at FVTOCI		
Government bonds	21,349,542	20,713,254
Bank debentures	34,596,305	38,028,140
Corporate bonds	86,613,703	74,779,579
Overseas government bonds	2,721,421	2,199,467
Mortgage backed securities	2,467,423	885,917
Commercial paper	6,384,497	-
Negotiable certificates of deposit	29,422,895	29,783,988
	$ 191,156,680	$ 172,509,235

a. Investments in equity instruments at FVTOCI

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

The Group disposed stock classified as at FVTOCI for invested management purpose for the years ended December 31, 2021 and 2020. The fair value of stocks classified as at FVTOCI which had to be disposed of were $2,118,890 thousand and $2,948,771 thousand and the accumulated gain related to the sold assets of $202,172 thousand and $112,215 thousand, respectively, were transferred from other equity-unrealized valuation gain or loss on financial assets at FVTOCI to retained earnings.

Dividends income from FVTOCI of $250,765 thousand and $185,587 thousand were recognized in profit or loss for the years ended December 31, 2021 and 2020. The dividends related to investments held at the end of the reporting period were $216,430 thousand and $180,810 thousand, respectively.

b. Investments in debt instruments at FVTOCI

1) Refer to Note 42 for information relating to investments in debt instruments at FVTOCI pledged as security.

2) Refer to Note 46 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

3) Investments in debt instruments at FVTOCI under agreement to repurchase were in the face amount of $99,219,428 thousand and $98,234,855 thousand as of on December 31, 2021 and 2020, respectively.

10. BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS

As of December 31, 2021 and 2020, bonds and bills in the amounts of $5,364,108 thousand and $4,732,882 thousand, respectively, had been purchased under resell agreements, would subsequently be sold for $5,365,201 thousand and $4,734,256 thousand before February 2022 and March 2021, respectively. As of December 31, 2021 and 2020, bonds and bills purchased under resell agreements were sold under repurchase agreements in the face amount of $5,330,000 thousand and $4,726,100 thousand, respectively.

11. RECEIVABLES, NET

	December 31	
	2021	**2020**
Lease payment receivable	$ 17,072,141	$ 12,727,198
Factored receivable	1,568,952	869,297
Interest receivable	980,147	1,098,072
Accounts receivable	1,557,850	1,077,159
Investment settlements receivable	88,899	92,502
Acceptances receivable	84,266	43,447
Settlement accounts receivable - trusteeship	60,580	82,227
Others	145,595	101,479
	21,558,430	16,091,381
Less: Unrealized interest revenue	976,710	707,317
Allowance for credit losses	505,206	431,205
Receivables, net	$ 20,076,514	$ 14,952,859

The changes in gross carrying amount on receivables (less unrealized interest revenue) for the years ended December 31, 2021 and 2020 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	$ 15,070,846	$ 86,938	$ 226,280	$ 15,384,064
Transfers				
To 12-month ECLs	6,718	(6,717)	(1)	-
To lifetime ECLs	(243,747)	243,747	-	-
To credit-impaired financial assets	(318)	(170,766)	171,084	-
New financial assets purchased or originated	23,168,363	35,373	2,017	23,205,753
Derecognition of financial assets	(17,755,198)	(49,206)	(95,119)	(17,899,523)
Write-offs	-	-	(51,147)	(51,147)
Exchange rate or other changes	(52,591)	(3,540)	(1,296)	(57,427)
Balance at December 31, 2021	$ 20,194,073	$ 135,829	$ 251,818	$ 20,581,720
Balance at January 1, 2020	$ 16,348,342	$ 190,010	$ 425,106	$ 16,963,458
Transfers				
To 12-month ECLs	8,417	(8,403)	(14)	-
To lifetime ECLs	(164,596)	164,596	-	-
To credit-impaired financial assets	(44,590)	(79,400)	123,990	-
New financial assets purchased or originated	14,544,657	18,043	11	14,562,711
Derecognition of financial assets	(15,665,790)	(199,108)	(228,769)	(16,093,667)
Write-offs	-	-	(93,384)	(93,384)
Exchange rate or other changes	44,406	1,200	(660)	44,946
Balance at December 31, 2020	$ 15,070,846	$ 86,938	$ 226,280	$ 15,384,064

Rental equipment is held as collateral for the lease payment receivable. The Group is not allowed to sell or re-pledge the collateral if the lessee has no arrears.

The Group provides an appropriate allowance for doubtful debts for the assessment of receivables. Refer to Note 13 for the details and changes in the allowance for doubtful debts of receivables.

Refer to Note 46 for the impairment loss analysis of receivables.

12. DISCOUNTS AND LOANS, NET

	December 31 2021	December 31 2020
Short-term	$ 61,988,195	$ 55,209,054
Medium-term	87,064,663	102,429,234
Long-term	25,363,949	27,583,799
Export bill negotiated	91,416	1,222
Guaranteed overdraft	138,453	142,971
Overdue loans	649,859	704,710
Accounts receivables financing	-	102,706
	175,296,535	186,173,696
Less: Allowance for credit losses	2,568,946	2,462,723
	$ 172,727,589	$ 183,710,973

The changes in gross carrying amount on discounts and loans for the years ended December 31, 2021 and 2020 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	$ 167,034,025	$ 17,442,689	$ 1,696,982	$ 186,173,696
Transfers				
To 12-month ECLs	2,178,996	(2,175,684)	(3,312)	-
To lifetime ECLs	(1,837,260)	1,837,260	-	-
To credit-impaired financial assets	(124,116)	(10,627)	134,743	-
New financial assets purchased or originated	88,801,008	8,335,568	386,480	97,523,056
Derecognition of financial assets	(93,977,152)	(12,281,830)	(620,015)	(106,878,997)
Write-offs	-	-	(350,610)	(350,610)
Exchange rate or other changes	(790,643)	(371,835)	(8,132)	(1,170,610)
Balance at December 31, 2021	$ 161,284,858	$ 12,775,541	$ 1,236,136	$ 175,296,535
Balance at January 1, 2020	$ 177,477,719	$ 16,398,011	$ 3,082,728	$ 196,958,458
Transfers				
To 12-month ECLs	229,306	(214,268)	(15,038)	-
To lifetime ECLs	(1,810,042)	1,810,042	-	-
To credit-impaired financial assets	(60,114)	(213,239)	273,353	-
New financial assets purchased or originated	87,813,038	10,943,398	389,554	99,145,990
Derecognition of financial assets	(94,749,782)	(10,895,101)	(1,508,333)	(107,153,216)
Write-offs	-	-	(617,019)	(617,019)
Exchange rate or other changes	(1,866,100)	(386,154)	91,737	(2,160,517)
Balance at December 31, 2020	$ 167,034,025	$ 17,442,689	$ 1,696,982	$ 186,173,696

The balance of the overdue loans of the Group as of December 31, 2021 and 2020 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $21,641 thousand and $23,762 thousand for the years ended December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, the Group wrote off credits only upon completing the required legal procedures.

Refer to Note 42 for information relating to discounts and loan assets pledged as security.

The Group provides an appropriate allowance for doubtful debts based on the assessment of discounts and loans. Refer to Note 13 for the details and changes in the allowance for doubtful debts of discounts and loans.

Refer to Note 46 for the impairment loss analysis of discounts and loans.

13. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The change in allowance for credit loss and provisions for the years ended December 31, 2021 and 2020 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2021	$ 220,734	$ 25,785	$ 175,691	$ 422,210	$ 8,995	$ 431,205
Transfers						
To 12-month ECLs	15	(15)	-	-	-	-
To lifetime ECLs	(7,240)	7,240	-	-	-	-
To credit-impaired financial assets	(181)	(63,234)	63,415	-	-	-
New financial assets purchased or originated	60,806	18,739	270	79,815	-	79,815
Derecognition of financial assets	(2,540)	(70)	(79,571)	(82,181)	-	(82,181)
Change in model or risk parameters	203	39,698	53,523	93,424	-	93,424
Difference between IFRS 9 and local requirements	-	-	-	-	6,734	6,734
Write-offs	-	-	(51,147)	(51,147)	-	(51,147)
Withdrawal after write-offs	-	-	29,681	29,681	-	29,681
Exchange rate or other changes	(801)	(107)	(1,368)	(2,276)	(49)	(2,325)
Balance at December 31, 2021	$ 270,996	$ 28,036	$ 190,494	$ 489,526	$ 15,680	$ 505,206

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2021	$ 530,975	$ 194,967	$ 352,887	$ 1,078,829	$ 1,383,894	$ 2,462,723
Transfers						
To 12-month ECLs	60,664	(60,662)	(2)	-	-	-
To lifetime ECLs	(11,553)	11,553	-	-	-	-
To credit-impaired financial assets	(61,599)	(5,281)	66,880	-	-	-
New financial assets purchased or originated	164,073	22,718	67,406	254,197	-	254,197
Derecognition of financial assets	(273,884)	(53,561)	(218,053)	(545,498)	-	(545,498)
Change in model or risk parameters	(22,162)	301	303,470	281,609	-	281,609
Difference between IFRS 9 and local requirements	-	-	-	-	476,026	476,026
Write-offs	-	-	(350,610)	(350,610)	-	(350,610)
Withdrawal after write-offs	-	-	16,424	16,424	-	16,424
Exchange rate or other changes	(4,437)	(1,715)	(39)	(6,191)	(19,734)	(25,925)
Balance at December 31, 2021	$ 382,077	$ 108,320	$ 238,363	$ 728,760	$ 1,840,186	$ 2,568,946

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2021	$ 131,948	$ 21,026	$ -	$ 152,974	$ 1,686,303	$ 1,839,277
Transfers						
To 12-month ECLs	2,833	(2,833)	-	-	-	-
New financial assets purchased or originated	94,994	5,976	-	100,970	-	100,970
Derecognition of financial assets	(100,365)	(5,770)	-	(106,135)	-	(106,135)
Change in model or risk parameters	(7,431)	(2,799)	-	(10,230)	-	(10,230)
Difference between IFRS 9 and local requirements	-	-	-	-	5,193	5,193
Withdrawal after write-offs	-	-	-	-	13,936	13,936
Exchange rate or other changes	(368)	(139)	-	(507)	3	(504)
Balance at December 31, 2021	$ 121,611	$ 15,461	$ -	$ 137,072	$ 1,705,435	$ 1,842,507

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2020	$ 196,173	$ 35,928	$ 226,869	$ 458,970	$ 21,314	$ 480,284
Transfers						
To 12-month ECLs	2,714	(2,078)	(6)	-	-	-
To lifetime ECLs	(11,480)	11,480	-	-	-	-
To credit-impaired financial assets	(1)	(42,872)	42,873	-	-	-
New financial assets purchased or originated	33,282	23,932	400	57,614	-	57,614
Derecognition of financial assets	(1,749)	(116)	(43,121)	(44,986)	-	(44,986)
Change in model or risk parameters	(12)	4	84	76	-	76
Difference between IFRS 9 and local requirements	-	-	-	-	(12,043)	(12,043)
Write-offs	-	-	(93,384)	(93,384)	-	(93,384)
Withdrawal after write-offs	-	-	42,139	42,139	-	42,139
Exchange rate or other changes	1,807	137	(163)	1,781	(276)	1,505
Balance at December 31, 2020	$ 220,734	$ 25,785	$ 175,691	$ 422,210	$ 8,995	$ 431,205

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2020	$ 265,977	$ 77,304	$ 403,522	$ 746,803	$ 1,965,426	$ 2,712,229
Transfers						
To 12-month ECLs	7,704	(1,278)	(6,426)	-	-	-
To lifetime ECLs	(2,449)	2,449	-	-	-	-
To credit-impaired financial assets	(170)	(1,901)	2,071	-	-	-
New financial assets purchased or originated	279,649	83,320	348,907	711,876	-	711,876
Derecognition of financial assets	(113,769)	(16,615)	(184,184)	(314,568)	-	(314,568)
Change in model or risk parameters	100,097	53,160	375,301	528,558	-	528,558
Difference between IFRS 9 and local requirements	-	-	-	-	(538,855)	(538,855)
Write-offs	-	-	(617,019)	(617,019)	-	(617,019)
Withdrawal after write-offs	-	-	31,597	31,597	-	31,597
Exchange rate or other changes	(6,064)	(1,472)	(882)	(8,418)	(42,677)	(51,095)
Balance at December 31, 2020	$ 530,975	$ 194,967	$ 352,887	$ 1,078,829	$ 1,383,894	$ 2,462,723

Reserve for Losses on Guarantees Contracts and Financing Commitments	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2020	$ 75,284	$ 4,380	$ -	$ 79,664	$ 1,531,119	$ 1,610,783
Transfers						
To 12-month ECLs	111	(111)	-	-	-	-
To lifetime ECLs	(413)	413	-	-	-	-
New financial assets purchased or originated	96,312	16,697	-	113,009	-	113,009
Derecognition of financial assets	(44,223)	(2,573)	-	(46,796)	-	(46,796)
Change in model or risk parameters	5,650	2,242	-	7,892	-	7,892
Difference between IFRS 9 and local requirements	-	-	-	-	137,509	137,509
Withdrawal after write-offs	-	-	-	-	18,125	18,125
Exchange rate or other changes	(773)	(22)	-	(795)	(450)	(1,245)
Balance at December 31, 2020	$ 131,948	$ 21,026	$ -	$ 152,974	$ 1,686,303	$ 1,839,277

14. DISCONTINUED OPERATIONS

Chun Teng New Century Co., Ltd. (the former IBTS) decided to transfer operating rights and property of brokerage of securities to SinoPac Securities Corp. Ltd. approved by the temporary stockholders' meeting on May 25, 2016. Total price of transfer was $390,000 thousand, and set the business transfer date was set on September 26, 2016.

The subsidiary ended the securities business on September 23, 2016, and was dissolved and liquidated on November 11, 2016 which had been approved by the board of directors' in their meeting on October 17, 2016.

From September 30, 2016, the self-operating and new financial assets business of the operating department of the subsidiary has ended and conformed to the discontinued operations definition of IFRS 5. Hence, the consolidated financial report regarded the operating department above as discontinued operations.

The details and cash flows information of discontinued operations are exhibited below:

	For the Year Ended December 31	
	2021	**2020**
Interest revenue	$ 167	$ 1,717
Interest expenses	-	-
Net interest	167	1,717
Net revenue other than interest		
Gain on financial assets and liabilities measured at fair value through profit or loss	10,975	2,740
Foreign exchange gain, net	-	11
Other net revenue (loss) other than interest	141	(203)
Total net revenue other than interest	11,116	2,548
Net revenue	11,283	4,265
Operating expenses		
Employee benefits expenses	7,951	7,063
Depreciation and amortization expense	3,178	694
Others general and administrative expenses	5,121	8,549
Total operating expenses	16,250	16,306
Income tax expense	-	-
Loss from discontinued operations before elimination	(4,967)	(12,041)
Elimination of transactions with related parties	270	(536)
Loss from discontinued operations	$ (4,697)	$ (12,577)
Loss from discontinued operations attributable to:		
Owners of the Bank	$ (4,685)	$ (12,545)
Non-controlling interests	(12)	(32)
	$ (4,697)	$ (12,577)

(Continued)

	For the Year Ended December 31	
	2021	2020
Net cash flows used in operating activities	$ (274)	$ (24,295)
Net cash flows generated from investing activities	55	208
Net cash flows used in financing activities	(2,790)	-
Effects of exchange rate changes on cash and cash equivalents	5,983	9,588
Net cash inflow (outflow)	$ 2,974	$ (14,499)

(Concluded)

15. SUBSIDIARIES

a. Subsidiary included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership December 31 2021	% of Ownership December 31 2020	Remark	Audited by CPA
The Bank	China Bills Finance Co. (CBF)	Bonds underwriting, dealing and brokerage of securities	28.37	28.37	Founded in 1978	Yes
	IBT Holding Corp. (IBTH)	Holding company	100.00	100.00	Founded in 2006 in California	Yes
	IBT Leasing	Leasing	100.00	100.00	Founded in 2011	Yes
	IBTM	Investment consulting	100.00	100.00	Founded in 2000	Yes
	Chun Teng New Century Co., Ltd. (former IBTS)	Investment (former Security Firm)	99.75	99.75	Founded in 1961 (dissolved on November 11, 2016 and still recognized using the equity method)	Yes
IBT Leasing	IBT International Leasing Corp.	Leasing	100.00	100.00	Founded in 2011 in mainland China (commonly held with IBT VII)	Yes
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	100.00	Founded in 2014	Yes
Chun Teng New Century Co., Ltd. (formerly IBTS)	IBTS Holding B.V.I. Limited (IBTSH)	Holding company	100.00	100.00	Founded in 2003 in the British Virgin Islands	Yes
IBTSH	IBTS Financial (HK) Limited	Investment	100.00	100.00	Founded in 2003 in Hong Kong	Yes
	IBTS Asia (HK) Limited	Securities and investment	100.00	100.00	Founded in 2004 in Hong Kong	Yes
IBTH	EverTrust Bank	Banking	91.78	91.78	Founded in 1994 in California	Yes

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31 2021	Proportion of Ownership and Voting Rights Held by Non-controlling Interests December 31 2020
CBF	Taipei	71.63%	71.63%

The summarized financial information below represents amounts before intragroup eliminations:

	December 31	
	2021	2020
CBF		
Equity attributable to:		
Owners of CBF	$ 7,250,266	$ 7,219,701
Non-controlling interests of CBF	18,306,919	18,229,741
	$ 25,557,185	$ 25,449,442

	For the Year Ended December 31	
	2021	2020
Net revenue	$ 2,847,301	$ 2,507,171
Net profit from continuing operations	$ 1,857,666	$ 1,578,242
Other comprehensive income (loss) for the year	(582,975)	981,173
Total comprehensive income for the year	$ 1,274,691	$ 2,559,415
Profit attributable to:		
Owners of CBF	$ 526,998	$ 447,728
Non-controlling interests of CBF	1,330,668	1,130,514
	$ 1,857,666	$ 1,578,242
Total comprehensive income attributable to:		
Owners of CBF	$ 361,615	$ 726,075
Non-controlling interests of CBF	913,076	1,833,340
	$ 1,274,691	$ 2,559,415
Net cash inflow (outflow) from:		
Operating activities	$ (1,536,468)	$ 4,856,260
Investing activities	41,743	(5,100)
Financing activities	1,784,603	(4,831,171)
Net cash inflow	$ 289,878	$ 19,989
Dividends paid to non-controlling interests of CBF	$ 836,921	$ 692,624

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Investments in Associates

	December 31	
	2021	2020
Associates - Beijing Sunshine Consumer Finance Co., Ltd.	$ 880,879	$ 789,863

The investment in Beijing Sunshine Consumer Finance Co., Ltd., was jointly invested by the Bank, China Everbright Bank and China CYTS Tours Holding. The Bank’s investment amounted to RMB200,000 thousand with the shareholding ratio of 20%, and Beijing Sunshine Consumer Finance Co., Ltd. has begun operation since August 17, 2020.

Refer to Table 5 “Name, locations and other information of investees on which the Bank exercises significant influence” and Table 6 “Information on Investments in Mainland China” for the nature of activities, principal place of business and country of incorporation of the associate.

The financial information of the Bank's affiliates is as follows:

	December 31	
	2021	2020
Total assets	$ 51,554,378	$ 13,752,736
Total liabilities	$ 47,149,983	$ 9,803,422

	For the Year Ended December 31	
	2021	2020
Net profit (loss) for the year	$ 474,228	$ (413,832)
Total other comprehensive income (loss) for the year	$ 474,228	$ (413,832)

17. OTHER FINANCIAL ASSETS

	December 31	
	2021	2020
Time deposits with original maturities more than 3 months	$ 9,414	$ 57,843
Pledged time deposits	232,100	744,108
Compensation account for payment	36,310	15,500
Call loans to securities corporation limited	553,794	-
Others	44,115	41,011
	$ 875,733	$ 858,462

18. PROPERTY AND EQUIPMENT

	December 31	
	2021	2020
Carrying amounts of each class of		
Land	$ 781,970	$ 781,970
Buildings	1,239,222	1,284,858
Machinery and computer equipment	304,007	326,010
Transportation equipment	24,886	31,574
Office and other equipment	49,632	65,234
Lease improvement	125,143	161,712
Construction in progress and prepayments for equipment	20,190	21,209
	$ 2,545,050	$ 2,672,567

The movements of property and equipment for the years ended December 31, 2021 and 2020 are summarized as follows:

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2021	$ 781,970	$ 1,905,429	$ 842,003	$ 80,683	$ 282,030	$ 393,822	$ 21,209	$ 4,307,146
Additions	-	744	35,674	5,860	7,684	16,365	30,735	97,062
Disposals and scrapped	-	-	(32,332)	(9,305)	(5,151)	(827)	-	(47,615)
Reclassification	-	-	11,823	60	584	2,289	(31,608)	(16,852)
Effect of foreign currency exchange differences	-	-	(934)	(300)	(1,565)	(4,458)	(146)	(7,403)
Balance at December 31, 2021	$ 781,970	$ 1,906,173	$ 856,234	$ 76,998	$ 283,582	$ 407,191	$ 20,190	$ 4,332,338
Accumulated depreciation and impairment								
Balance at January 1, 2021	$ -	$ 620,571	$ 515,993	$ 49,109	$ 216,796	$ 232,110	$ -	$ 1,634,579
Disposals and scrapped	-	-	(31,790)	(7,162)	(4,966)	(826)	-	(44,744)
Depreciation expense	-	46,380	69,177	10,302	22,928	53,627	-	202,414
Reclassification	-	-	(429)	-	429	-	-	-
Effect of foreign currency exchange differences	-	-	(724)	(137)	(1,237)	(2,863)	-	(4,961)
Balance at December 31, 2021	$ -	$ 666,951	$ 552,227	$ 52,112	$ 233,950	$ 282,048	$ -	$ 1,787,288
Carrying amounts								
Balance at December 31, 2021	$ 781,970	$ 1,239,222	$ 304,007	$ 24,886	$ 49,632	$ 125,143	$ 20,190	$ 2,545,050
Cost								
Balance at January 1, 2020	$ 781,970	$ 1,898,849	$ 809,120	$ 78,739	$ 280,283	$ 373,783	$ 91,330	$ 4,314,074
Additions	-	6,580	37,986	7,041	5,654	5,796	28,962	92,019
Disposals and scrapped	-	-	(14,306)	(5,561)	(875)	-	-	(20,742)
Reclassification	-	-	9,851	800	(244)	22,162	(98,819)	(66,250)
Effect of foreign currency exchange differences	-	-	(648)	(336)	(2,788)	(7,919)	(264)	(11,955)
Balance at December 31, 2020	$ 781,970	$ 1,905,429	$ 842,003	$ 80,683	$ 282,030	$ 393,822	$ 21,209	$ 4,307,146
Accumulated depreciation and impairment								
Balance at January 1, 2020	$ -	$ 574,367	$ 459,515	$ 42,797	$ 196,897	$ 186,304	$ -	$ 1,459,880
Disposals and scrapped	-	-	(13,112)	(4,616)	(864)	-	-	(18,592)
Depreciation expense	-	46,204	69,727	11,054	23,495	51,547	-	202,027
Reclassification	-	-	550	-	(748)	(1,403)	-	(1,601)
Effect of foreign currency exchange differences	-	-	(687)	(126)	(1,984)	(4,338)	-	(7,135)
Balance at December 31, 2020	$ -	$ 620,571	$ 515,993	$ 49,109	$ 216,796	$ 232,110	$ -	$ 1,634,579
Carrying amounts								
Balance at December 31, 2020	$ 781,970	$ 1,284,858	$ 326,010	$ 31,574	$ 65,234	$ 161,712	$ 21,209	$ 2,672,567

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	5-55 years
Machinery and computer equipment	3-25 years
Transportation equipment	3-5 years
Office and other equipment	3-15 years
Lease improvement	5-8 years

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	2020
Carrying amounts		
Buildings	$ 314,304	$ 418,692
Transportation equipment	16,967	8,369
Office equipment	1,667	2,617
	$ 332,938	$ 429,678

	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	$ 66,793	$ 52,701
Depreciation charge for right-of-use assets		
Buildings	$ 144,909	$ 144,500
Transportation equipment	10,667	7,806
Office equipment	1,178	1,166
	$ 156,754	$ 153,472

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2021 and 2020.

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts	$ 350,370	$ 444,659

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Buildings	0.44%-5.70%	0.44%-5.70%
Transportation equipment	2.04%-6.00%	2.28%-6.00%
Office equipment	0.65%-2.76%	1.71%-2.76%

c. Material lease-in activities

Due to the rental of buildings, the Group had entered into various leasehold contracts with others, respectively. These contracts are gradually expiring before the end of October 2028. As of December 31, 2021 and 2020, refundable deposits paid under operating lease amounted to $35,026 thousand and $37,809 thousand, respectively.

d. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 20,037	$ 20,194
Expenses relating to low-value asset leases	$ 2,654	$ 3,399
Total cash outflow for leases	$ (201,108)	$ (199,213)

20. INTANGIBLE ASSETS

	December 31	
	2021	2020
Carrying amounts of each class of		
Computer software	$ 894,295	$ 1,124,681
Goodwill	1,051,756	1,082,563
	$ 1,946,051	$ 2,207,244

The changes in of intangible assets for the years ended December 31, 2021 and 2020 are summarized as follows:

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2021	$ 2,376,821	$ 1,082,563	$ 6,960	$ 3,466,344
Additions	35,324	-	-	35,324
Disposals	(221)	-	-	(221)
Reclassification	17,501	-	-	17,501
Effect of foreign currency exchange differences	(2,353)	(30,807)	(200)	(33,360)
Balance at December 31, 2021	$ 2,427,072	$ 1,051,756	$ 6,760	$ 3,485,588
Accumulated amortization and impairment				
Balance at January 1, 2021	$ 1,252,140	$ -	$ 6,960	$ 1,259,100
Amortization	281,967	-	-	281,967
Disposals	(221)	-	-	(221)
Reclassification	649	-	-	649
Effect of foreign currency exchange differences	(1,758)	-	(200)	(1,958)
Balance at December 31, 2021	$ 1,532,777	$ -	$ 6,760	$ 1,539,537
Carrying amounts				
Balance at December 31, 2021	$ 894,295	$ 1,051,756	$ -	$ 1,946,051

(Continued)

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2020	$ 2,157,522	$ 1,142,865	$ 7,351	$ 3,307,738
Additions	156,053	-	-	156,053
Disposals	(273)	-	-	(273)
Reclassification	65,702	-	-	65,702
Effect of foreign currency exchange differences	(2,183)	(60,302)	(391)	(62,876)
Balance at December 31, 2020	$ 2,376,821	$ 1,082,563	$ 6,960	$ 3,466,344
Accumulated amortization and impairment				
Balance at January 1, 2020	$ 981,402	$ -	$ 6,789	$ 988,191
Amortization	273,420	-	552	273,972
Disposals	(273)	-	-	(273)
Effect of foreign currency exchange differences	(2,409)	-	(381)	(2,790)
Balance at December 31, 2020	$ 1,252,140	$ -	$ 6,960	$ 1,259,100
Carrying amounts				
Balance at December 31, 2020	$ 1,124,681	$ 1,082,563	$ -	$ 2,207,244

(Concluded)

The goodwill was recognized from IBT Holding Corp.'s purchase of 100% of the stocks of Ever Trust Bank on March 30, 2007. The investment cost exceeded the fair value of net identifiable assets.

When the Group executes the goodwill impairment test, Ever Trust Bank was used as a cash-generating unit, and the recoverable amount is assessed by the value in use of the cash-generating unit. The key assumptions base the expected future cash flows on the actual profit conditions of the cash-generating units. On the assumption of sustainable operations, the Group discounts the net cash flows from those of the operations of the cash-generating units in the next five years in order to calculate the value in use. Under the estimation of the Group, there is no occurrence of impairment.

The computer software and other intangible assets are amortized on a straight-line basis of 3 and 15 years, respectively.

21. OTHER ASSETS

	December 31	
	2021	2020
Refundable deposits	$ 659,672	$ 462,289
Life insurance cash surrender value	319,399	327,517
Prepayments	109,618	84,754
Others	201,023	175,638
	$ 1,289,712	$ 1,050,198

22. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31 2021	December 31 2020
Call loans from banks	$ 25,107,334	$ 18,628,924
Deposits from Chunghwa Post Co., Ltd.	-	7,000,000
Call loans from the Central Bank	2,768,967	2,850,831
	$ 27,876,301	$ 28,479,755

23. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	December 31 2021	December 31 2020
Bills	$ 78,017,892	$ 73,092,529
Government bonds	21,680,879	24,707,835
Corporate bonds	66,112,201	62,377,074
Bank debentures	21,607,056	20,988,388
Beneficiary Securities	534,588	-
	$ 187,952,616	$ 181,165,826
Date of agreements to repurchase	Before August 2022	Before December 2021
Amount of agreements to repurchase	$ 188,018,898	$ 181,233,857

24. PAYABLES

	December 31 2021	December 31 2020
Investment settlements payable	$ 150,764	$ 202,014
Settlement accounts payable - trusteeship	60,579	82,226
Acceptances	84,266	43,447
Accrued interest	353,405	545,613
Accrued expenses	1,296,025	1,020,850
Collections payable	81,188	95,555
Factored payables	114,189	79,059
Checks for clearing	75,133	451,158
Others	251,857	220,720
	$ 2,467,406	$ 2,740,642

25. DEPOSITS AND REMITTANCES

	December 31 2021	December 31 2020
Deposits		
Checking	$ 7,578,807	$ 6,534,134
Demand	69,422,918	51,119,498
Time	163,221,744	193,289,924
Savings deposits	19,016,234	16,729,084
Export remittances	139,722	47,032
	$ 259,379,425	$ 267,719,672

26. BANK DEBENTURES PAYABLE

	December 31 2021	December 31 2020
Subordinate bonds first issued in 2014; fixed 1.95% interest rate; maturity: March 27, 2021; interest paid annually and repay the principal at maturity	$ -	$ 1,300,000
Subordinate bonds second issued in 2014; fixed 1.85% interest rate; maturity: June 26, 2021; interest paid annually and repay the principal at maturity	-	1,000,000
Subordinate bonds third issued in 2014; fixed 1.95% interest rate; maturity: September 26, 2021; interest paid annually and repay the principal at maturity	-	600,000
Subordinate bonds forth issued in 2014; fixed 2.20% interest rate; maturity: May 5, 2022; interest paid annually and repay the principal at maturity	1,500,000	1,500,000
Subordinate bonds first issued in 2015; fixed 1.85% interest rate; maturity: December 29, 2022; interest paid annually and repay the principal at maturity	1,000,000	1,000,000
Subordinate bonds A first issued in 2016; fixed 1.70% interest rate; maturity: June 29, 2023; interest paid annually and repay the principal at maturity	1,500,000	1,500,000
Subordinate bonds B first issued in 2016; fixed 1.80% interest rate; maturity: June 29, 2024; interest paid annually and repay the principal at maturity	1,500,000	1,500,000
Subordinate bonds first issued in 2017; fixed 1.97% interest rate; maturity: September 5, 2027; interest paid annually and repay the principal at maturity	2,000,000	2,000,000
Subordinate bonds A second issued in 2017; fixed 4.00% interest rate; no maturity, interest paid annually	750,000	750,000
Subordinate bonds B second issued in 2017; fixed 1.82% interest rate; maturity: December 27, 2027; interest paid annually and repay the principal at maturity	1,000,000	1,000,000
Subordinate bonds A first issued in 2018; fixed 4.00% interest rate; no maturity, interest paid annually	700,000	700,000

(Continued)

	December 31	
	2021	2020
Subordinate bonds B first issued in 2018; fixed 1.75% interest rate; maturity: June 29, 2028; interest paid annually and repay the principal at maturity	$ 1,050,000	$ 1,050,000
Subordinate bonds first issued in 2019; fixed 1.50% interest rate; maturity: June 6, 2026; interest paid annually and repay the principal at maturity	2,500,000	2,500,000
Subordinate bonds first issued in 2021; fixed 0.90% interest rate; maturity: June 25, 2028; interest paid annually and repay the principal at maturity	1,000,000	-
Bonds second issued in 2021; fixed 0.65% interest rate; maturity: December 22, 2024; interest paid annually and repay the principal at maturity	500,000	-
	$ 15,000,000	$ 16,400,000

(Concluded)

27. OTHER FINANCIAL LIABILITIES

	December 31	
	2021	2020
Bank borrowings	$ 12,569,012	$ 9,993,528
Commercial papers payable	5,697,210	5,261,227
Principal of structured products	44,900	25,939
Funds obtained from the government - intended for specific types of loans	2,269,710	2,822,069
	$ 20,580,832	$ 18,102,763

a. Bank borrowings

	December 31	
	2021	2020
Short-term borrowings	$ 5,517,631	$ 4,971,524
Long-term borrowings	7,051,381	5,022,004
	$ 12,569,012	$ 9,993,528
Interest rate interval		
New Taiwan dollars	1.00%-1.30%	1.00%-1.60%
U.S. dollars	1.51%-1.80%	0.95%-1.93%
Renminbi	4.05%-4.85%	4.69%-5.50%

b. Commercial papers payable

	December 31	
	2021	2020
Commercial papers payable	$ 5,700,000	$ 5,262,000
Less: Unamortized discount	(2,790)	(773)
	$ 5,697,210	$ 5,261,227
Interest rate interval	0.30%-1.14%	0.27%-1.14%

c. Funds obtained from the government - intended for specific types of loans

	December 31	
	2021	2020
Funds obtained from the government - intended for specific types of loans	$ 2,269,710	$ 2,822,069

The Lending Fund is a development fund established by the Executive Yuan to promote the development of the financial market economy. The Bank applied for the quota and appointed Export-Import Bank of the Republic of China, China Trust Commercial Bank, and Taiwan Enterprise Bank to act as the managing bank wherein the loan quota is available for use.

28. PROVISIONS

	December 31	
	2021	2020
Provisions for employee benefits	$ 233,827	$ 262,735
Provisions for losses on guarantees contracts	1,750,786	1,747,556
Provisions for losses on financing commitments	91,721	91,721
	$ 2,076,334	$ 2,102,012

Refer to Note 13 for the details and changes in the provision for losses on guarantees contracts and financing commitments.

29. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The pension system under the “Labor Pensions Ordinance” applicable to the Bank and its subsidiaries is the required retirement plan stipulated by the government, except that of Ever Trust Bank which is not more than 10% of the annual salary of the respective employees. A pension of 6% of an employee’s monthly salary is paid to the Labor Insurance Bureau under each individual’s account.

The amount to be paid in accordance with the percentage specified in the proposed plan for the years ended December 31, 2021 and 2020 was recognized in the consolidated statements of comprehensive income in the total amounts of $69,573 thousand and $72,427 thousand, respectively.

Defined Benefit Plan

The defined benefit plans adopted by the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Bank contribution amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor; the Bank has no right to influence the investment policy and strategy.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	$ 541,439	$ 566,114
Fair value of plan assets	(307,612)	(303,379)
Net defined benefit liabilities	$ 233,827	$ 262,735

Movement in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2020	$ 601,193	$ (296,922)	$ 304,271
Service cost			
Current service cost	9,797	-	9,797
Past service cost and liquidity loss	611	-	611
Net interest expense (income)	3,359	(2,174)	1,185
Recognized in profit or loss	13,767	(2,174)	11,593
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(9,392)	(9,392)
Changes in demographic assumptions	230	-	230
Changes in financial assumptions	9,454	-	9,454
Experience adjustments	1,461	-	1,461
Other	-	(111)	(111)
Recognized in other comprehensive income	11,145	(9,503)	1,642
Employer contributions	-	(15,382)	(15,382)
Benefits paid	(20,602)	20,602	-
Business paid	(32,133)	-	(32,133)
Other	(7,256)	-	(7,256)
Balance at December 31, 2020	$ 566,114	$ (303,379)	$ 262,735

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 566,114	$ (303,379)	$ 262,735
Service cost			
Current service cost	7,567	-	7,567
Net interest expense (income)	2,086	(1,517)	569
Recognized in profit or loss	9,653	(1,517)	8,136
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(3,754)	(3,754)
Changes in demographic assumptions	9,799	-	9,799
Changes in financial assumptions	(2,570)	-	(2,570)
Experience adjustments	(458)	-	(458)
Other	-	149	149
Recognized in other comprehensive income	6,771	(3,605)	3,166
Employer contributions	-	(18,569)	(18,569)
Benefits paid	(19,458)	19,458	-
Business paid	(5,127)	-	(5,127)
Other	(16,514)	-	(16,514)
Balance at December 31, 2021	$ 541,439	$ (307,612)	$ 233,827

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

a. Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

b. Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

c. Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2021	2020
Discount rate(s)	0.50%-0.63%	0.50%
Expected rate(s) of salary increase	2.50%	2.50%

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

	December 31	
	2021	2020
Discount rate(s)		
0.25% increase	$ (8,916)	$ (9,454)
0.25% decrease	$ 9,207	$ 9,775
Expected rate(s) of salary increase		
0.25% increase	$ 8,877	$ 9,415
0.25% decrease	$ (8,643)	$ (9,156)

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

	December 31	
	2021	2020
Expected contributions to the plans for the next year	$ 18,929	$ 15,667
Average duration of the defined benefit obligation	8.7-9.0 years	8.7-9.6 years

30. OTHER LIABILITIES

	December 31	
	2021	2020
Guarantee deposits received	$ 2,242,552	$ 1,929,469
Advance revenue	59,158	47,999
Payable for custody	33,048	39,403
Others	384,821	232,684
	$ 2,719,579	$ 2,249,555

31. EQUITY

a. Capital stock

	December 31	
	2021	2020
Number of stock authorized (in thousands)	3,500,000	3,500,000
Amount of capital stock authorized	$ 35,000,000	$ 35,000,000
Number of stocks issued and fully paid (in thousands)		
Common stock	2,733,006	2,733,006
Preferred stock	300,000	300,000
Amount of stocks issued	$ 30,330,063	$ 30,330,063

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

On June 27, 2018, the Bank's board of directors resolved to issue 300,000 thousand Series A preferred stock, with a par value of $10. The subscription date was November 29, 2018, and finished the registration on December 21, 2018. The rights and obligations of Series A preferred stockholders are as follows:

1) The interest rate of Series A preferred stock shall be based on the 5-year Interest Rate Swap (IRS) rate on the pricing date and the interest shall be calculated on the issue price per share; the interest rate is initially set at 0.94375% plus 3.30625% (total 4.25%) per annum. The interest Rate Swap issued price per share. Interest rate per annum will be reset on the day after the 5.5-year anniversary of the issue date and the day after each subsequent period of 5.5 years thereafter. Dividends for the Series A preferred stock shall be declared once every year in cash. After the stockholders' approval of the Bank's financial statements at its annual stockholders' meeting, the board of directors may set a record date for the distribution of dividends declared from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year.

2) The Bank has sole discretion on dividend issuance of Series A preferred stock including, but not limited to, its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for preferred stock dividends, or preferred stock dividend declaration would render the Bank of International Settlement (BIS) ratio below the level required by the law or relevant authorities, or due other necessary consideration. The Series A preferred stockholders shall not have any objection towards the Bank's cancellation of preferred stock dividend declaration. Undeclared or under declared dividends are not cumulative and are not paid in subsequent years with profit.

3) Unless the authorities take over the Bank, order the Bank to suspend, terminate or liquidate its business in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", Series A preferred stockholders shall have the same priority as the common stockholders in the event of liquidation, both second to tier 2 capital instrument holder, depositor, and common creditor, but will be capped at the value of issuance.

4) Series A preferred stockholders have no voting rights at the annual stockholders' meeting and cannot elect directors. However, the preferred stockholders should have voting rights at the preferred stockholders' meeting and also at the stockholders' meeting when it involves the rights and obligations of the preferred stockholders, and the aforesaid stockholders are eligible for director candidacy. Series A preferred stockholders have voting rights at Series A stockholders' meeting.

5) The preferred stock issued by the Bank shall not be converted within one year from the date of issuance. Starting from the day after the expiration of one year, stockholders of convertible preferred stock may apply for the conversion of part or all of the preferred stock held, from preferred stock to common stock during the conversion period (conversion ratio 1:1). After the convertible preferred stocks are converted into common stock, their rights and obligations are the same as the common stock. The issuance of annual dividends for the convertible preferred stock is based on the ratio of the actual number of issued days in the current year to the number of days within the whole year. However, stockholders who converted their preferred stock into common stock before the date of distribution of dividends (interests) in each year shall not participate in the distribution in that year but may participate in the distribution of common stock surplus and additional paid in capital.

6) After five and a half years from the issue date, the Bank may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement. If the Bank's board of directors approves the distribution of dividends in the year the Bank redeems the outstanding shares of preferred stock - A, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

7) When the Bank issues new shares for cash, Series A preferred stockholders have the same subscription rights as the common stockholders.

On July 7, 2020, the Bank's board of directors resolved to issue 320,000 thousand common shares with a par value of $10 and plans to issue at $6.35 per share, which increased the share capital issued and fully paid to 30,330,063 thousand. The above transaction was approved by the FSC.

b. Capital surplus

	December 31	
	2021	**2020**
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note)		
Treasury share transactions	$ 3,193	$ 3,193
Must be used to offset a deficit		
Unclaimed dividends	1,341	978
May not be used for any purpose		
Share of changes in capital surplus of subsidiaries, associates or joint ventures	2,200	1,795
	$ 6,734	$ 5,966

Note: Such capital surplus may be used to offset a deficit; in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital stock (limited to a certain percentage of the Bank's capital surplus and once a year).

c. Special reserves

	December 31	
	2021	**2020**
Trading loss and default loss reserve	$ 133,955	$ 133,955
Employee transfer or placement expenditure related to financial technology development	15,902	17,181
Other equity deductions special reserves	-	67,477
According to the Bank's policy	647,926	1,177,740
	$ 797,783	$ 1,396,353

The Bank 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.

In addition, according to Rule No. 10510001510 issued by the FSC on May 25, 2016, a public bank shall appropriate to special reserve an amount in the range of 0.5% to 1% of net profit after tax from 2016 to 2018; from 2017, the same amount of employee transfer or placement expenditure arising from financial technology development shall be reversed from the balance of the special reserve. The above order was repealed by the FSC Rule No. 10802714560 on May 15, 2019, which stipulates that in 2019, a public bank shall no longer continue to provide a special reserve for the purpose of protecting the interests of domestic bank practitioners in the development of financial technology. The Bank is allowed to reverse the special reserve appropriated in 2016 to 2018 at the amounts of the following expenses.

1) Expenses for staff transfer or placement, including the related expenses for assisting employees to transfer between departments or groups, and the payment of retirement and severance benefits to employees that are superior to labor-related laws and regulations.

2) Expenses for financial technology or banking business development, i.e., expenditure for education and training to enhance or develop employee functions.

Under related regulations, the Bank should appropriate or reverse to a special reserve according to the net debit balance of other equity. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

d. Retained earnings and dividends policy

1) The Bank's dividend policy approved by the stockholders' meeting of the Bank on June 19, 2020 is as follows:

Under the dividends policy as set forth in the amended Articles, where the Bank made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit until the accumulated legal reserve equals the Bank's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders.

In principle, common stock dividends shall not be less than 20% of the available for distribution retained earnings minus the amount for preferred stock dividends. Cash dividend shall not be less than 20% of the total dividend for the current year. When the amount of legal reserve has not reached the Bank's total capital, the amount of cash dividends cannot exceed 15% of the Bank's paid-in capital.

The Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the stockholders' meeting.

2) The dividend policy before June 19, 2020 is as follows:

Under the dividends policy as set forth in the amended Articles, where the Bank made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit until the accumulated legal reserve equals the Bank's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders. When the amount of legal reserve has not reached the Bank's total capital, the amount of cash dividends cannot exceed 15% of the Bank's paid-in capital.

In addition, according to the provisions of the Bank's articles of incorporation, the Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. In principle, cash dividend shall not be less than 20% of the total dividend for the current year. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the shareholders' meeting.

For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 36.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Bank's paid-in capital. Legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, the Banking Law limits the appropriation of cash dividends to 15% of the Bank's paid-in capital.

The appropriations of earnings for 2020 and 2019 have been proposed by the Bank's board of directors and approved in the stockholders' meetings on July 20, 2021 and June 19, 2020, respectively. The appropriations and dividends per share were as follows:

	2020 Appropriation of Earnings	2019 Appropriation of Earnings
Legal reserve	$ 31,879	$ 330,130
Special reserve appropriated (reversed)	(598,570)	(234,982)
Cash dividends - common stock	545,454	965,203
Preferred stock dividends	127,500	127,500

The appropriations of earnings for 2021 had been proposed by the Board on March 16, 2022. The appropriations were as follows:

	Appropriation of Earnings
Legal reserve	$ 612,126
Special reserve reversed	(163,173)
Cash dividends - common stock	819,145
Cash dividends - preferred stock	127,500

The appropriations of earnings for 2021 are subject to the resolution of the shareholders' meeting to be held on June 17, 2022.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (697,554)	$ (307,473)
Exchange differences arising on translating the financial statements of foreign operations	(280,110)	(446,246)
Income tax related to gains or losses arising on translating the financial statements of foreign operations	31,597	56,165
Balance at December 31	$ (946,067)	$ (697,554)

2) Unrealized valuation gains (losses) on financial assets at FVOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 755,298	$ 239,996
Recognized during the period		
Unrealized gain - debt instruments	(755,763)	284,191
Unrealized gain - equity instruments	660,949	339,439
Loss allowance of debt instruments	2,276	3,887
Other comprehensive income recognized in the period	(92,538)	627,517
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	(202,172)	(112,215)
Balance at December 31	$ 460,588	$ 755,298

f. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 18,696,870	$ 17,557,074
Attribute to non-controlling interests		
Shares of profit for the year	1,359,081	1,153,526
Capital surplus	1,023	1,071
Exchange differences arising on translation of foreign entities	(13,738)	(25,777)
Unrealized gains and losses on FVTOCI	(419,410)	704,708
Actuarial profit and loss of defined benefit plans	(424)	(1,108)
Cash dividends distributed by subsidiary	(836,921)	(692,624)
Balance at December 31	$ 18,786,481	$ 18,696,870

g. Treasury stock

Unit: In Thousands of Shares

	For the Year Ended December 31	
	2021	2020
Number of shares at January 1, 2020	5,737	-
Increase during the year	-	5,737
Number of shares at December 31, 2020	5,737	5,737

On March 19, 2020, the Bank's board of directors proposed to acquire treasury stocks transfer to employees. The acquiring period is from March 20, 2020 to May 19, 2020. As of May 19, 2020, the Bank had acquired 5,737 thousand shares of treasury stocks for $38,304 thousand.

Under the Securities and Exchange Act, the Bank shall neither pledge treasury shares nor exercise stockholders' rights on these shares, such as the rights to receive dividends or to vote.

32. NET INTEREST

	For the Year Ended December 31	
	2021	2020
Interest revenue		
Discounts and loans	$ 3,906,226	$ 4,800,133
Investments in securities	1,647,880	1,822,032
Installment sales and leases	1,123,081	910,524
Due from the Central Bank and call loans to banks	42,766	105,792
Others	110,266	95,189
	6,830,219	7,733,670
Interest expense		
Deposits	$ 1,022,516	$ 2,134,139
Deposits from the Central Bank and other banks	56,628	218,024
Bank debentures	303,664	349,741
Bills and bonds sold under repurchase agreements	429,084	724,181
Others	358,400	282,936
	2,170,292	3,709,021
	$ 4,659,927	$ 4,024,649

33. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2021	2020
Service fee income		
Guarantee business	$ 1,137,545	$ 1,006,850
Loan business	264,743	126,503
Underwrite business	515,301	435,730
Trust business	52,295	32,751
Lease business	332,113	241,158
Credit examining business	113,041	149,797
Import and export business	14,518	11,705
Factoring business	21,962	16,066
Insurance agent business	39,420	70,527
Others	99,704	58,130
	2,590,642	2,149,217
Service charge		
Others	132,072	111,852
	$ 2,458,570	$ 2,037,365

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

	For the Year Ended December 31	
	2021	2020
Realized gains or losses		
Bills	$ 130,350	$ 125,873
Stocks and beneficiary certificates	398,192	105,616
Bonds	85,834	12,147
Derivatives	(753,856)	(1,374,722)
	(139,480)	(1,131,086)
Gains (losses) on valuation		
Bills	(21,488)	20,864
Stocks and beneficiary certificates	13,500	103,592
Bonds	27,628	15,236
Derivatives	342,550	(120,875)
	362,190	18,817
Interest revenue	628,788	912,319
	$ 851,498	$ (199,950)

35. REALIZED GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Year Ended December 31	
	2021	2020
Realized income - debt instruments	$ 159,857	$ 233,278
Dividend revenue	250,765	185,587
	$ 410,622	$ 418,865

36. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits		
Salaries and wages	$ 2,246,789	$ 2,193,281
Labor insurance and national health insurance	154,255	135,325
Others	266,385	195,712
Post-employment benefits		
Pension expenses	77,395	83,496
Pension benefits	689	1,415
	$ 2,745,513	$ 2,609,229

The Bank accrued compensation of employees and remuneration of directors at the rates of 1%-2.5% and no higher than 2.5%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors.

The amounts and accrual rates of employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020 were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	1.25%	1.25%
Remuneration of directors	2.50%	2.50%

Amount

	For the Year Ended December 31	
	2021	2020
Compensation of employees	$ 26,170	$ 16,056
Remuneration of directors	$ 52,339	$ 32,111

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

The compensation of employees and remuneration of directors for 2020 and 2019, which were approved by the Bank's board of director on March 22, 2021 and March 25, 2020, respectively, were as follows:

	For the Year Ended December 31			
	2020		2019	
	Cash	Stock	Cash	Stock
Compensation of employees	$ 16,056	$ -	$ 15,715	$ -
Remuneration of directors	32,111	-	31,430	-

There are no differences between the 2020 and 2019 actual amounts of compensation of employees and remuneration of directors paid and the 2020 and 2019 amount recognized in the annual consolidated financial statements.

The Board had been proposed compensation of employees and remuneration of directors for the year ended December 31, 2021 on March 16, 2022, were as follows:

	For the Year Ended December 31, 2021
Compensation of employees - cash	$ 26,170
Remuneration of directors	$ 52,339

Information for the employee' compensation and remuneration of directors proposed by the Board is available at the Market Observation Post System website of the Taiwan Stock Exchange.

37. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2021	2020
Property and equipment	$ 201,932	$ 201,333
Right-of-use assets	154,058	153,472
Intangible assets	281,967	273,972
	$ 637,957	$ 628,777

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Year Ended December 31	
	2021	2020
Taxation	$ 223,347	$ 227,391
Rental fees	14,248	19,876
Management fees	40,146	42,043
Computer operating and consulting fees	304,538	297,724
Entertainment fees	34,934	44,711
Professional services fees	107,322	94,998
Advertisement fees	55,143	47,562
Others	358,772	345,597
	$ 1,138,450	$ 1,119,902

39. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 857,233	$ 694,146
Income tax on unappropriated earnings	681	-
Adjustment of prior years	(17,524)	(1,054)
	840,390	693,092
Deferred tax		
In respect of the current year	193,958	92,699
Income tax expense recognized in profit or loss	$ 1,034,348	$ 785,791

A reconciliation of accounting profit and income tax expense for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	$ 4,238,968	$ 3,099,297
Income tax expense calculated at the statutory rate	$ 1,332,227	$ 981,354
Realized gain on investment in equity instruments measured at fair value through other comprehensive income	61,816	36,348
Endorsee/Guarantee calculated interest income	-	1,323
Nondeductible expenses and tax-exempt income in determining taxable income	(408,277)	(293,951)
Unrecognized unused loss carryforwards	(14,275)	(13,178)
Unrecognized deductible temporary differences	(57,066)	(21,316)
Additional income tax under the Alternative Minimum Tax Act	32,671	24,824
Income tax on unappropriated earnings	681	-
Overseas income taxes	104,095	71,441
Adjustments for prior years' tax	(17,524)	(1,054)
Income tax expense recognized in profit or loss	$ 1,034,348	$ 785,791

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
Translation of foreign operations	$ 34,227	$ 50,238
Remeasurement of defined benefit plans	148	387
Unrealized gains or losses on financial assets at FVTOCI	132,460	(127,457)
Income tax recognized in other comprehensive income	$ 166,835	$ (76,832)

c. Deferred tax assets and liabilities

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Other	Closing Balance
Deferred tax assets					
Temporary differences					
FVTPL financial instruments	$ 79,383	$ (19,547)	$ -	$ (136)	$ 59,700
Property and equipment	11,544	3,043	-	(349)	14,238
Exchange differences on translating the financial statements of foreign operations	107,396	-	34,226	-	141,622
Defined benefit plans	47,991	(6,522)	148	(961)	40,656
Allowance for bad debts	479,203	(2,747)	-	(2,983)	473,473
Provisions	58,468	(7,400)	-	-	51,068
Impairment of assets	5,286	(4,804)	-	(22)	460
Other	18,043	(6,686)	12,998	(825)	23,530
Unused loss carryforwards	88,573	7,423	-	-	95,996
	$ 895,887	$ (37,240)	$ 47,372	$ (5,276)	$ 900,743
Deferred tax liabilities					
Temporary differences					
Share of profit of associates and joint ventures accounted for using equity method	$ 618,067	$ 169,507	$ -	$ -	$ 787,574
Other	175,188	(12,789)	(119,463)	-	42,936
	$ 793,255	$ 156,718	$(119,463)	$ -	$ 830,510

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Other	Closing Balance
Deferred tax assets					
Temporary differences					
FVTPL financial instruments	$ 52,952	$ 25,940	$ -	$ 491	$ 79,383
Property and equipment	9,492	2,618	-	(566)	11,544
Exchange differences on translating the financial statements of foreign operations	57,159	-	50,237	-	107,396
Defined benefit plans	51,372	(1,806)	387	(1,962)	47,991
Allowance for bad debts	470,696	12,505	-	(3,998)	479,203
Provisions	50,215	8,253	-	-	58,468
Impairment of assets	5,729	(383)	-	(60)	5,286
Other	36,927	(8,509)	(5,663)	(4,712)	18,043
Unused loss carryforwards	-	88,573	-	-	88,573
	$ 734,542	$ 127,191	$ 44,961	$ (10,807)	$ 895,887
Deferred tax liabilities					
Temporary differences					
Share of profit of associates and joint ventures accounted for using equity method	$ 400,545	$ 217,522	$ -	$ -	$ 618,067
Other	51,027	2,368	121,793	-	175,188
	$ 451,572	$ 219,890	$ 121,793	$ -	$ 793,255

d. Assessment of the income tax returns

The income tax returns of the Bank through 2018 have been assessed by the tax authorities. The income tax returns of the Bank’s subsidiaries IBT Leasing, IBTM and IBT VII Venture Capital Co., Ltd. through 2019 have been assessed. The income tax returns of CBF through 2017 have been assessed by the tax authorities.

40. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	**2020**
Basic earnings per share		
From continuing operations	$ 0.63	$ 0.42
From discontinued operations	-	(0.01)
Total basic earnings per share	$ 0.63	$ 0.41
Diluted earnings per share		
From continuing operations	$ 0.57	$ 0.37
From discontinued operations	-	-
Total diluted earnings per share	$ 0.57	$ 0.37

Earnings used in calculating earnings per share and weighted average number of common stocks are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2021	**2020**
Profit for the period attributable to owners of the Bank	$ 1,840,842	$ 1,147,403
Less: Declared preferred stock dividend	127,500	127,500
Earnings used in the computation of basic earnings per share	1,713,342	1,019,903
Less: Loss for the period from discontinued operations used in the computation of basic earnings per share from discontinued operations	(4,685)	(12,545)
Earnings used in the computation of basic and diluted earnings per share from continuing operations	$ 1,718,027	$ 1,032,448

Stock (In Thousand Shares)

	For the Year Ended December 31	
	2021	**2020**
Weighted average number of common stocks in computation of basic earnings per share	2,727,269	2,471,797
Effect of potentially dilutive common stocks:		
Compensation of employees	3,782	2,886
Convertible preferred stock	300,000	300,000
	303,782	302,886
Weighted average number of common stocks in the computation of diluted earnings per share	3,031,051	2,774,683

If the Bank offered to settle compensation paid to employees in cash or stocks, then the Bank will assume the entire amount of the compensation will be settled in stocks and the dilutive effect of the resulting potential stocks will be included in the weighted average number of stocks outstanding used in the computation of diluted earnings per share. Such dilutive effect of the potential stocks will be included in the computation of diluted earnings per share until the number of stocks to be distributed to employees is resolved in the following year.

41. RELATED PARTY TRANSACTIONS

The transactions, account balances, income and loss of the Bank and its subsidiaries (which are the related parties of the Bank) are all eliminated upon consolidation, so they are not disclosed in this note. Except for other transactions disclosed in other notes, the transactions between the Group and other related parties are as follows:

a. The related parties and their relationships with the Group are summarized as follows：

Related Party	Relationship with the Bank
IBT II Venture Capital Co., Ltd. (IBT II Venture) (Company in liquidation)	Associates
Beijing Sunshine Consumer Finance Co., Ltd.	Associates
IBT Education Foundation (IBTEF)	The Group is the major donor of the foundation
Taiwan Cement Corporation	The Bank’s legal director
Yi Chang Investment Co., Ltd.	The Bank’s legal director
Ming Shan Investment Co., Ltd.	The Group’s legal director
TCC Chemical Corporation (TCC)	Other related party
Others	The Group’s management and their other related parties

b. The significant transactions and balances with the related parties are summarized as follows:

1) Deposits (part of deposits and remittances)

	Ending Balance	Interest Expense	Rate (%)
For the year ended December 31, 2021			
Associates	$ 261	$ -	0.03-0.04
Others	10,555,219	53,679	0.00-6.29
	$ 10,555,480	$ 53,679	
For the year ended December 31, 2020			
Associates	$ 1,977	$ 1	0.03
Others	4,809,246	48,140	0.00-6.315
	$ 4,811,223	$ 48,141	

2) Loan

	Maximum Balance	Ending Balance	Interest Income	Rate (%)
For the year ended December 31, 2021				
Others	$ 430,000	$ 430,000	$ 5,068	1.179
For the year ended December 31, 2020				
Others	$ 430,000	$ 430,000	$ 5,317	1.179

December 31, 2021

Category	Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Transactions with Unrelated Parties
Other loans	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None

December 31, 2020

Category	Name	Maximum Balance (Note)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Transactions with Unrelated Parties
Other loans	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None

Note: The maximum balance of daily totals for each category of loan.

3) Service fee income (part of service fee income, net)

	For the Year Ended December 31	
	2021	2020
Others	$ 14	$ 33

Service fee income is earned by providing authentication, custody and fund purchase services.

4) Other expenses (part of other general and administrative expense)

	For the Year Ended December 31	
	2021	2020
Others	$ 5,650	$ 5,720

Other expenses are donations.

5) Rental income and others (part of other net revenue other than interest)

	For the Year Ended December 31	
	2021	2020
Others	$ 552	$ 552

Rental income received by the department is revenue from leasing contract of providing part of the office and equipment and management service contract.

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 386,402	$ 317,456
Post-employment benefits	14,454	9,459
Stock-based payments	-	761
	$ 400,856	$ 327,676

The remuneration of directors and other key management personnel is reviewed by the remuneration committee and determined by the Bank's board of director or chairman.

The terms of the transactions with related parties are similar to those for third parties, except for the preferential interest rates given to employees for savings and loans. These rates should be within certain limits.

Under the Banking Law Article 32 and 33, except for consumer loans and government loans, credits extended by the Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

42. PLEDGED ASSETS

	December 31	
	2021	2020
Financial assets at FVTPL	$ 3,900,978	$ 9,100,504
Financial assets at FVTOCI	15,076,563	8,470,589
Receivables	629,434	862,500
Discounts and loans	7,780,357	6,065,517
Pledged time deposits	232,100	744,108
Compensation account for payment	36,310	15,500
	$ 27,655,742	$ 25,258,718

Under the requirement for joining the Central Bank's Real-time Gross Settlement (RTGS) clearing system, the Bank provided time deposits (parts of other financial assets) and negotiable certificates of deposits (part of financial assets at FVTPL and financial assets at FVTOCI) as collateral for day-term overdrafts. The pledged amount is adjustable based on the respective overdraft amount, and at the end of the day, the unused part can be used for liquidity reserve. The above financial assets were debt and equity investments and were mainly provided as collateral for exchange clearing, interest rate swap contracts, trust compensation, and for EverTrust Bank to issue certificates of deposit in the United States. Besides, the above loans were provided as collateral for EverTrust Bank to apply for credit limits with Federal Home Loan Bank of San Francisco. Pledged time deposits and compensation account for payment (both were parts of other financial assets) have been provided as collaterals or short-term loans.

Under the requirement of credit given by other banks, subsidiaries provided checks issued by their customers as collaterals.

43. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those mentioned in other notes, as of December 31, 2021 and 2020, the Group had commitments as follows:

	December 31	
	2021	2020
Office decorating and contracts of computer software		
Amount of contracts	$ 41,599	$ 31,836
Payments for construction in progress and prepayments for equipment	20,190	21,209

44. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	December 31	
	2021	2020
Trust assets		
Petty cash	$ 100	$ 100
Bank deposits	1,820,544	2,404,446
Financial assets	4,236,190	3,285,615
Receivables	27	18
Prepayments	1,222	1,374
Real estate	6,121,444	8,544,916
Structured products	45,854	-
Other assets	42	21,329
Total trust assets	$ 12,225,423	$ 14,257,798

(Continued)

	December 31	
	2021	2020
Trust liabilities and capital		
Payables	$ 1,787	$ 1,188
Unearned receipts	1,180	1,201
Taxes payable	4,203	4,256
Guarantee deposits received	39,020	51,530
Other liabilities	981	955
Trust capital	12,024,438	14,022,448
Provisions and accumulated profit and loss	153,814	176,220
Total trust liabilities and capital	$ 12,225,423	$ 14,257,798

(Concluded)

Income Statements of Trust Accounts

	For the Year Ended December 31	
	2021	2020
Trust revenue		
Interest revenue	$ 1,106	$ 3,182
Rent revenue	109,739	113,034
Other revenue	3,280	1,427
	114,125	117,643
Trust expenses		
Management fees	(3,880)	(3,340)
Service charge	(13,480)	(5,169)
Tax	(14,114)	(14,347)
Other expenses	(12,672)	(13,263)
Income tax expense	(25)	(210)
	(44,171)	(36,329)
	$ 69,954	$ 81,314

Note: The above income accounts of the trust business were not included in the Group's income statement.

Trust Property List

	December 31	
	2021	2020
Petty cash	$ 100	$ 100
Bank deposits	1,820,544	2,404,446
Stocks	228,378	228,378
Funds	3,468,761	2,839,148
Bonds	539,051	218,089
Land	5,302,344	7,704,221
Buildings	819,100	840,695
Receivables	27	18
Prepayments	1,222	1,374
Structured products	45,854	-
Other	42	21,329
	$ 12,225,423	$ 14,257,798

45. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

1) Financial instruments significant difference between carrying amount and fair value

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values cannot be reliably measured.

	December 31			
	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial liabilities</u>				
Bank debentures payable	$ 15,000,000	$ 15,150,259	$ 16,400,000	$ 16,574,644

2) The fair value hierarchy

Financial Instrument Items at Fair Value	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Financial liabilities</u>				
Bank debentures payable	$ 15,150,259	$ -	$ 15,150,259	$ -

Financial Instrument Items at Fair Value	December 31, 2020			
	Total	Level 1	Level 2	Level 3
<u>Financial liabilities</u>				
Bank debentures payable	$ 16,574,644	$ -	$ 16,574,644	$ -

Refer to quoted market prices for fair value if there are public quotations on bank debentures payable with active market. If quoted market prices are not available, the fair value is determined by using a valuation technique or counterparty quotation.

b. Fair value information - financial instruments measured at fair value on a recurring basis

1) The fair value hierarchy of the financial instruments as of December 31, 2021 and 2020 were as follows:

Item	December 31, 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,601,385	$ 879,772	$ 527,946	$ 193,667
Bills	95,940,011	-	95,940,011	-
Hybrid financial assets	11,660,427	435,348	1,245,732	9,979,347
Negotiable certificates of deposit	42,434,758	-	42,434,758	-
Financial assets at FVTOCI				
Equity instruments	7,600,894	6,646,416	118,575	835,903
Bills	6,384,497	-	6,384,497	-
Debt instruments	147,748,394	19,466,751	128,281,643	-
Negotiable certificates of deposit	29,422,895	-	29,422,895	-
Liabilities				
Financial liabilities at FVTPL	51,258	-	51,258	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	262,866	-	262,866	-
Liabilities				
Financial liabilities at FVTPL	390,079	-	390,079	-

Item	December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,232,626	$ 596,870	$ 503,298	$ 132,458
Bills	106,494,789	-	106,494,789	-
Hybrid financial assets	10,370,392	176,050	1,097,692	9,096,650
Negotiable certificates of deposit	44,080,443	-	44,080,443	-
Financial assets at FVTOCI				
Equity instruments	6,118,890	5,175,647	118,719	824,524
Debt instruments	136,606,357	-	136,606,357	-
Negotiable certificates of deposit	29,783,988	-	29,783,988	-
Liabilities				
Financial liabilities at FVTPL	1,960	-	1,960	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	316,446	-	316,446	-
Liabilities				
Financial liabilities at FVTPL	788,338	-	788,338	-

2) Valuation techniques and assumptions applied for the purpose of measuring the fair values

In a fair deal, the transaction is fully understood and there is willingness to achieve by the two sides in exchange of assets or settle of liabilities, fair value is the amount settled. Financial instruments at fair value through profit or loss and available-for-sale financial assets refer to quoted market prices for fair value. If quoted market prices are not available, then fair value is determined by using a valuation technique.

a) Marking-to-market

This measurement should be used first. Following are the factors that should be considered when using marking-to-market:

i. Ensure the consistency and completeness of market data.

ii. The source of market data should be transparent, easy to access, and should come from independent resources.

iii. Listed securities with high liquidity and representative closing prices should be valued at closing prices.

iv. Unlisted securities which lack tradable closing prices should use quoted middle prices from independent brokers and follow the guidelines required by regulatory authorities.

b) Marking-to-model

The marking-to-model is used if marking-to-market is infeasible. This valuation methodology is based upon the market parameters to derive the value of the positions and incorporate estimates, as well as assumptions consistent with acquirable information generally used by other market participants to price financial instruments.

Fair values of forward contracts used by the Group are estimated based on the forward rates provided by Reuters. Fair values of interest rate swap and cross-currency swap contracts are based on counterparties' quotation, using the Murex^{+} information system to capture market data from Reuters for calculating the fair value assessment of individual contracts. Option trading instruments use option pricing model commonly used in the market (ex: Black-Scholes model) to calculate the fair value.

i. Level 1 - quoted prices in active markets for identical assets or liabilities. Active markets are markets with all of the following conditions: (i) the products traded in the market are homogeneous, (ii) willing parties are available anytime in the market, and (iii) price information is available to the public.

ii. Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).

iii. Level 3 - inputs not based on observable market data (unobservable inputs. i.e., option pricing model of historical volatility, due to historical volatility could not represent the overall market participants' volatility expectations of the future).

3) Reconciliation of the financial instruments classified in Level 3

For the year ended December 31, 2021

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 9,096,650	$ 132,458	$ 824,524	$ 10,053,632
Recognition in profit or loss - gains (losses) on financial assets or liabilities measured at fair value through profit or loss	(28,903)	18,095	-	(10,808)
Recognition in other comprehensive income - unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	-	48,092	48,092
Purchases	16,714,300	43,949	12,000	16,770,249
Disposals	(15,802,700)	(203)	(48,713)	(15,851,616)
Other	-	(632)	-	(632)
Ending balance	$ 9,979,347	$ 193,667	$ 835,903	$ 11,008,917

For the year ended December 31, 2020

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 8,623,449	$ 203,543	$ 854,704	$ 9,681,696
Recognition in profit or loss - gains (losses) on financial assets or liabilities measured at fair value through profit or loss	12,301	(31,305)	-	(19,004)
Recognition in other comprehensive income - unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	-	54,804	54,804
Purchases	10,349,800	89,352	147,544	10,586,696
Disposals	(9,888,900)	(3,032)	(232,528)	(10,124,460)
Other	-	(126,100)	-	(126,100)
Ending balance	$ 9,096,650	$ 132,458	$ 824,524	$ 10,053,632

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses for the years ended December 31, 2021 and 2020, were consisted of $2,871 thousand and $36,186 thousand in profit, respectively.

The Group had no significant transfers in Level 3 for the years ended December 31, 2021 and 2020.

4) Transfers between Level 1 and Level 2

The Group had no significant transfers between Level 1 and Level 2 for the year ended December 31, 2020. For the year ended December 31, 2021, certain debt instrument investments were transferred from Level 2 to Level 1, which resulted from the change in the determination of fair value from the use of valuation model with market parameters to the adoption of quoted prices in active markets.

5) Sensitivity to using reasonable alternative in assumption against Level 3 fair value

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different evaluation results. For the fair value measurements of structured bonds which fall under Level 3 of the fair value hierarchy, they are evaluated according to counterparty quotes; for bonds and convertible bonds for asset swaps which have no quoted market prices, they are evaluated using the future cash flows discounted model. Were there to be a 10% or 1 basis point change in either direction of the quotes from respective counterparties or in discount rates and all other conditions remained the same, the effects on the income and other comprehensive income for the years ended December 31, 2021 and 2020 would be as follows:

For the year ended December 31, 2021

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 1,830	$ (1,830)	$ -	$ -
Equity instruments	10%	19,367	(19,367)	92,220	(92,220)

For the year ended December 31, 2020

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 1,379	$ (1,379)	$ -	$ -
Equity instruments	10%	13,246	(13,246)	91,274	(91,274)

c. Transfer of financial assets

Transferred financial assets not derecognized

Most of the transferred financial assets of the Group that were not fully derecognized were securities sold under repurchase agreements. Under the terms of these transfers, the right to the cash flows of the transferred financial assets would be transferred to other entities, and the associated liabilities of the Group's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. Since the Group is restricted from using, selling, or pledging the transferred financial assets within the transaction period, and is still exposed to interest rate risks and credit risks on these assets, the transferred financial assets were not fully derecognized.

December 31, 2021

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	$ 77,979,560	$ 78,017,892
Bonds sold under repurchase agreements	502,343	534,588
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	100,946,933	103,773,535
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	5,334,108	5,626,601

December 31, 2020

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	$ 73,059,276	$ 73,092,529
Bonds sold under repurchase agreements	245,568	245,180
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	100,837,056	102,892,974
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	4,728,980	4,935,143

d. Offsetting financial assets and financial liabilities

Certain transactions of the Bank and its subsidiaries are covered by enforceable master netting agreements or similar agreements, or under similar repurchase agreements may not meet all offsetting criteria under IFRSs. However, in these transactions, financial liabilities are allowed to be offset against financial assets when any of the counterparties specifies to settle at net amounts. If no counterparty specifies to settle at net amounts, the transactions will be settled at gross amounts instead. One of the counterparties can decide to settle at net amounts if the other party of the transaction defaults.

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

December 31, 2021

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 262,866	$ -	$ 262,866	$ (56,086)	$ (71,922)	$ 134,858

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 349,675	$ -	$ 349,675	$ (56,086)	$ (3,260)	$ 290,329
Repurchase agreements	187,952,616	-	187,952,616	(184,711,607)	-	3,241,009
	$ 188,302,291	$ -	$ 188,302,291	$ (184,767,693)	$ (3,260)	$ 3,531,338

December 31, 2020

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 316,446	$ -	$ 316,446	$ (108,045)	$ (2,851)	$ 205,550

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Derivatives	$ 751,316	$ -	$ 751,316	$ (108,045)	$ (206,660)	$ 436,611
Repurchase agreements	181,165,826	-	181,165,826	(178,823,433)	-	2,342,393
	$ 181,917,142	$ -	$ 181,917,142	$ (178,931,478)	$ (206,660)	$ 2,779,004

Note: Included non-cash financial collaterals.

46. FINANCIAL RISK MANAGEMENT

a. Overview

For the potential expected and unexpected risk, the Group establishes a comprehensive risk management system to distribute resource effectively and enhance competitiveness by ensuring that all operating risks are controlled to an acceptable extent. The Group continues to engage actively in the capital adequacy ratio with in the accordance to the regulator’s requirements and monitors to meet the international requirement of the Basel Commission.

b. Risk management framework

Ultimate responsibility for setting the Bank’s risk appetite rests with the board of director. The Auditing Department, Audit Committee and Compensation Committee report to the board of director. Risk Management Committee, which is under the Chairman, deliberate the bank risk management mechanism and the risk management proposals of the board of directors, supervising the risk management of each risk and review the implementation effect. Assets and Liabilities Committee and Loan Evaluation Subcommittee, which are under the President, hold Capital Meetings and Quality Evaluation of Assets Meetings for discussing and considering risk management proposals regularly. The Risk Management Department is responsible for establishing a total scheme of risk management and monitoring the execution of such management scheme.

China Bills Finance Corporation’s (CBF) board of directors has the ultimate responsibility for risk framework decision making and oversees the implementation of risk management. Business risk management which is headed by the President is comprised of Financial Assets and Liabilities Management Committee, Business Committee and the Investment Commission for the joint implementation of market risk, credit risk, operational risk control, and other set of business and oversight of the audit office, and the business risk control management unit case. To effectively manage the overall risk and risks associated with integration of information, CBF has defined risk assessment methods and has summarized risk positions for the risk management group responsible for implementing the risk management operations.

c. Credit risk

1) Sources and definition of credit risk

Credit risk is the potential loss due to the failure of counterparty to meet its obligations to pay the Group in accordance with agreed terms. The source of credit risks includes the subjects in the balance sheet and off-balance sheet items.

2) Strategy/objectives/policies and procedures

   a) Credit risk management strategy: The Bank implements the relevant provisions of the principles of credit risk management requirement and establish the Bank's credit risk management mechanism to ensure that credit risk control is within effective but affordable range, and maintain adequate capital, and execute sound management of the Bank credit risk, and achieve operational and management objectives.

   b) Credit risk management objectives: Through appropriate risk management strategies, policies and procedures, application of the principle of risk diversification, implementation of the Bank's credit risk management, to minimize potential financial losses and pursue optimal rewards.

      Sound risk management systems and control processes, strengthened information integration, analysis and early warning validation, make credit management and monitoring to ensure compliance with laws and regulations to maintaining high credit standards and asset quality.

   c) Credit risk management policy: To establish risk management system and to ensure the integrity of business risk management and compliance, the Bank stipulated its "Risk Management Policy" which is in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" issued by the FSC. The Bank keeps its capital adequately, achieves the goal of credit risk strategy and creates risk adjusted return maximization plan under the Bank's acceptable range of credit risk.

   d) Credit risk management process:

      i. Risk identification

         Credit risk management process begins with the identification of existing and potential risks, including all the transactions in banking book and trading book, balance sheet and off-balance sheet transactions. With financial innovation, as new credit businesses become increasingly complex; business executives in order do existing and new credit businesses, should be fully aware of the complexity involved in the business of re-order business and other cases or transactions to be able to identify any possibility of having an event of default.

      ii. Risk measurement

         i) The Bank manages asset portfolios by the risk rating scale.

            The risk rating scale qualifies the default possibilities of debtors and operation difficulty possibilities of investees in the next year. Risk ratings must actually be scaled when the individual credit and investment accounts are approved. The continual change of the market gives rise to the change in credit or investment household. Therefore, risk ratings must be reevaluated and updated often to adjust the risk rating scale when it is verified.

         ii) Portfolio management:

            - It is used to ensure the risk of loan is within the tolerable scope.

            - "Concentrative risks" are concentration-limited, avoiding the risks to be overly centralized to sufficiently diversify the risk.

            - It achieves the optimal profits.

iii. Risk communication

i) Internal reporting: Risk management position shall establish appropriate credit risk reporting mechanism for regular statistical reporting and the preparation of a variety of business risk management reports which contain correct, consistent, and real-time credit risk reporting information to ensure any exceptions can be acted on immediately, and as a reference for decision-making. The above communication may include asset quality, portfolio rating classification status, and all kinds of exception reports.

ii) External disclosure: To comply with the requirements for capital adequacy supervisory review and market discipline principles, the business director of credit risk level should prepare reports in the format specified by the competent authority showing contents, methods and frequency to provide information on the credit risk of the Bank's quantitative, qualitative indicators to illustrate the self-assessment and credit risk management system and disclose information about capital and other capital adequacy matters.

iv. Risk monitoring

i) The Bank shall establish monitoring system to assess the changes in credit risk of borrower or counterparty or issuer (e.g., bonds issuer and guarantor of issuers of equity related products, derivatives counterparties' credit rating information and credit information), to serve timely detection of problems on assets or transactions, and take immediate action to cope with the possible breach.

ii) Besides monitoring the individual credit risk, the Bank also deal with credit portfolio monitoring and management.

iii) Establish stringent credit processes, credit standards and loan management; the project includes the credit factors that should be considered for new credit and credit transfer period, commitment to the periodic review of credit, maintenance of credit records and the proportion of various types of loans in the credit portfolio.

iv) Establish quota management system to avoid excessive concentration of credit risk to nationality, industry types, same group, same relations, etc.

v) Establish collateral management system to ensure that collaterals can be effectively managed.

3) Credit risk management and framework

a) Board of Directors: Responsible for authorizing and reviewing the credit risk management strategies and approving the credit risk management framework. The strategy reflects the level of risk that the Bank can tolerate and the level of profitability that the Bank expects to achieve under various credit risks.

b) Audit Committee: Responsible for the stipulation and amendment on issues relating to internal control framework, effectiveness of internal control framework, acquisition or disposal of assets or derivatives, monitoring of directors' self-interest issues, appointment or dismissal of the CPA and internal auditors, and other important issues ruled by the FSC.

c) Risk Management Committee: Responsible for the risk management policies, various risk management regulations, annual risk appetites, limits, risk management proposals for the board of directors' approval levels and various risk management mechanisms, supervise and review credit, market, operations, liquidity, information security, AML, personal data protection, emergencies and other risk management, improve the Bank’s risk management mechanism to ensure the effective implementation of the Bank's risk management procedures.

d) Assets and Liabilities Committee: Holds asset/liability management meeting to inspect asset/liability management, liquidity risk, interest rate sensitivity risk management, market risk, BIS management and in charge of making decisions on policies.

e) Loan Evaluation Subcommittee: Reviews the loan cases rendered by the corporate credit management department and retail credit management department. After passing the provisions, they are still need to be submitted to the competent level for review.

f) Loan Assets Quality Evaluation Meeting: In charge of making policies and strategies for identifying the possibilities of loss on credit assets. The Bank evaluates the adequacy of the allowance for credit assets.

g) The Risk Management Department: Independent risk management unit which is in charge of risk management and responsible for the related operations of credit risks. It also makes sure the Bank follows the BASEL regulations. It is also responsible for the preparation of risk management reports presented to appropriate management, and plans to establish monitoring tools for credit risk measurement.

h) Corporate Credit Management Department: Supervises the establishment of corporate finance risk identification, measurement, monitoring and management, preparation of regulatory review of credit grading, devising and enhancement of deed lists, deed for credit and guarantee amount control, proper release and other release matters.

i) Retail Credit Management Department: Manages personal financial risk, identifies, measures, monitors the allowance for bad debts, and prepares for bad debts presentation, loss assessment and post-loan management.

4) The scope and characteristics of credit risk reports and measurement system

For the credit risks implicated in all products and business activities, new products and business, the Bank regularly monitors the credit risk management and is authorized by the board of directors or appropriate committee.

Credit risk measurement and control procedures include credit review, rating scoring, credit control, post-loan management and collection operations. The risk management units regularly provide analysis reports of various types of credit risk and asset quality in addition to the above operational procedures for management indicators. In addition, the Bank also actively controls and periodically reports the monitoring results to the board of directors to grasp the risk situations faced by the state, the group, the industry, the same related parties and the related enterprise risks.

In order to understand the risk appetite and its changes in the financial environment and the impact on capital adequacy, the Bank handles its credit according to the “Regulation on Stress Test Operation for Banks” and “Bank Credit Risk Stress Test Guidelines” issued by the FSC, as an important basis for credit risk management, and continues to adjust the direction of business development, credit policy and credit evaluation procedures.

5) Mitigation of risks or hedging of credit risk and monitoring the risk avoidance

The Bank primarily applies the following risk mitigation tools to reduce extent of credit risk exposures: (1) by requiring the counterparty or third parties to provide collateral, (2) the balance sheet netting: Credit is backed by the counterparty's bank deposits (on-balance sheet netting), (3) third party guarantees.

Credit risk mitigation tools can reduce or transfer credit risk, but may give rise to other residual risks, including: Legal risk, operational risk, liquidity risk and market risk. The Bank adopted stringent procedures necessary to control these risks, such as policy formulation, development of operating procedures to conduct credit checks and evaluation, system implementation, contract control and so on.

The Bank has developed collateral management policies and operating procedures, including recognition of collateral data, and building of collateral management system. The Bank uses a computing platform for mitigation of complex risk and completes the required collateral to offset data field collection and analysis, and links credit systems and collateral management system information to build up capital provision.

6) Maximum exposure to credit risk

The maximum credit risk exposure amount of financial assets is the book value of the specific asset on the balance sheet date. The analysis of the maximum credit exposure amount (excluding the fair value of collateral) of each off-balance sheet financial instrument held by the Bank and its subsidiaries is as follows:

Off-balance Sheet Item	Maximum Exposure Amount	
	December 31, 2021	December 31, 2020
Financial guarantees and irrevocable documentary letter of credit		
Contract amounts	$ 149,267,289	$ 145,888,269
Maximum exposure amounts	149,267,289	145,888,269
Loan commitments	47,740,121	42,770,934

7) Concentrations of credit risk exposure

Concentration of credit risk exist when the counterparty includes only one specific person or include many people who engage in similar business which are similar in economic characteristics. The emergence of concentrations of credit risk includes the operating activities property of the debtor. The Group does not concentrate on single customer or counterparty in trading but have similar counterparty, industry and geographic region on the loan business (including loan commitments and guarantees and commercial bond issuing commitments).

On December 31, 2021 and 2020, the Group's significant concentrations of credit risk were summarized as follows (only the top three are shown below):

a) By industry

Credit Risk Profile by Industry Sector	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Financial intermediary	$ 78,675,612	27	$ 78,116,172	26
Manufacturing	58,775,129	20	63,281,714	21
Real estate	57,361,927	20	56,497,428	19

b) By counterparty

Credit Risk Profile by Industry Sector	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Private sector	$ 139,529,652	80	$ 150,712,058	81
Natural person	35,766,883	20	35,461,639	19

c) By geographical area

Credit Risk Profile by Industry Sector	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Domestic	$ 116,051,668	66	$ 122,417,279	66
Other Asia area	27,972,835	16	25,203,739	14
America	27,471,135	16	31,854,819	17

8) Credit quality and impairment assessment of financial assets

Some financial assets such as cash and cash equivalents, due from Central Bank and call loan to other banks, financial asset at fair value through profit or loss, bills and bonds purchased under resell agreements, refundable deposits, operating deposits and settlement fund are regarded as very low credit risk owing to the good credit rating of counterparties.

The related financial asset impairment valuation is as follows:

a) Credit business (including loan commitments and guarantees)

On each reporting date, the Group assesses the change in the default risk of financial assets and considers reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, including the overdue status of credit assets from clients, actual repayment situations, credit investigation results, announcements of dishonored checks and negotiations of the debts from other financial institutions, or information that the debtor has reorganized or is likely to reorganize, to determine whether the credit risk has increased significantly.

The Group adopts the 12-month ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has not increased significantly since initial recognition and adopts the lifetime ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or which are credit-impaired.

The Group considers both the 12-month and lifetime probability of default (“PD”) of the borrower together with the loss given default (“LGD”), multiplied by the exposure at default (“EAD”), and considers the impact of the time value of money in order to calculate the 12-month ECLs and lifetime ECLs, respectively.

The PD refers to the borrower’s probability to default, and the LGD refers to losses caused by such default. The Group applies the PD and LGD for the impairment assessment of the credit business according to each group entity’s historical information (such as credit loss experience) from internal statistical data and adjusts such historical data based on the current observable and forward-looking macroeconomic information. It then calculates the respective impairment by applying the progressive one factor model.

Considering the impact of COVID-19 to the overall economy, the Bank has adjusted the weights of the assessment factors to reflect the estimated influence of the economic indicator changes on the default rate.

The Group estimates the balance of each account based on the method of amortization and considers the possible survival rate in order to calculate the EAD. In addition, the Group estimates the 12-month ECLs and lifetime ECLs of loan commitments based on the guidelines issued by the Bank's Association and Basel Accords. The Group calculates the EAD of expected credit losses by considering the portion of the loan commitments expected to be used within 12 months after the reporting date as compared with the expected lifetime of the loan commitments.

The Group uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions are met, for instance, the financial assets are overdue for more than 90 days or the credit investigation appears to be abnormal, then the Group determines that the financial assets have defaulted and are credit-impaired.

Credit assets are classified into five categories. In addition to the first category of credit assets, which are normal credit assets classified as sound assets, the remaining credit assets are classified as unsound assets and assessed according to the respective collateral and the length of time in which the respective payments become overdue. Such unsound credit assets are then categorized within the second category if they should only be noted; within the third category if they have substandard expected recovery; within the fourth category if their collectability is highly doubtful; and within the fifth category if they are considered uncollectable. The Group also sets up policies for the management of provisions for doubtful credit assets and the collection and settlement of overdue debts in order to deal with collection problems.

b) Credit risk management for investments in debt instruments

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Bank and its subsidiaries' exposure and the external credit ratings are continuously monitored. The Bank and its subsidiaries review changes in bond yields and other public information and make an assessment as to whether there has been a significant increase in credit risk since the last period to the current reporting date.

In order to minimize credit risk, the Group has tasked its credit management committee with developing and maintaining a credit risk grading framework for categorizing exposures according to the degree of risk of default. The credit rating information may be obtained from independent rating agencies where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses.

The Group's current credit risk grading mechanism is as follows:

Category	**Description**	**Basis for Recognizing Expected Credit Losses (ECLs)**
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit-impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECLs - credit-impaired

The Group’s gross carrying amounts of debt instrument investments by credit category were as follows:

Category	December 31 2021	December 31 2020
Performing	$ 182,232,250	$ 163,611,133
Doubtful	1,000,010	1,000,025
In default	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI for the years ended December 31, 2021 and 2020, grouped by credit rating, is reconciled as follows:

	Credit Rating		
	Performing (12-month ECLs)	**Doubtful (Lifetime ECLs - Not Credit-impaired)**	**Total**
Balance at January 1, 2021	$ 42,548	$ 8,821	$ 51,369
New financial assets purchased or originated	16,548	-	16,548
Derecognition of financial assets	(13,925)	-	(13,925)
Change in model or risk parameters	(2,161)	(3,603)	(5,764)
Exchange rates or others	(554)	-	(554)
Balance at December 31, 2021	$ 42,456	$ 5,218	$ 47,674

	Credit Rating		
	Performing (12-month ECLs)	**Doubtful (Lifetime ECLs - Not Credit-impaired)**	**Total**
Balance at January 1, 2020	$ 38,272	$ 8,136	$ 46,408
Transfers			
Abnormal to default	914	(914)	-
New financial assets purchased or originated	12,996	-	12,996
Derecognition of financial assets	(9,242)	-	(9,242)
Change in model or risk parameters	294	1,599	1,893
Exchange rates or others	(686)	-	(686)
Balance at December 31, 2020	$ 42,548	$ 8,821	$ 51,369

In addition to the above, the credit quality analysis of the remaining financial assets of the Bank and its subsidiaries is as follows:

a) Credit analysis for receivables and discounts and loans

December 31, 2021

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 20,194,073	$ 135,829	$ 251,818	$ -	$ 20,581,720
Allowance for credit losses	(270,996)	(28,036)	(190,494)	-	(489,526)
Difference of impairment loss under regulations	-	-	-	(15,680)	(15,680)
Net total	$ 19,923,077	$ 107,793	$ 61,324	$ (15,680)	$ 20,076,514

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Discounts and loans	$ 161,284,858	$ 12,775,541	$ 1,236,136	$ -	$ 175,296,535
Allowance for credit losses	(382,077)	(108,320)	(238,363)	-	(728,760)
Difference of impairment loss under regulations	-	-	-	(1,840,186)	(1,840,186)
Net total	$ 160,902,781	$ 12,667,221	$ 997,773	$ (1,840,186)	$ 172,727,589

December 31, 2020

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 15,070,846	$ 86,938	$ 226,280	$ -	$ 15,384,064
Allowance for credit losses	(220,734)	(25,785)	(175,691)	-	(422,210)
Difference of impairment loss under regulations	-	-	-	(8,995)	(8,995)
Net total	$ 14,850,112	$ 61,153	$ 50,589	$ (8,995)	$ 14,952,859

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Discounts and loans	$ 167,034,025	$ 17,442,689	$ 1,696,982	$ -	$ 186,173,696
Allowance for credit losses	(530,975)	(194,967)	(352,887)	-	(1,078,829)
Difference of impairment loss under regulations	-	-	-	(1,383,894)	(1,383,894)
Net total	$ 166,503,050	$ 17,247,722	$ 1,344,095	$ (1,383,894)	$ 183,710,973

b) Credit analysis for marketable securities

December 31, 2021

	At FVTOCI - Debt Instruments
Gross carrying amount	$ 183,232,260
Allowance for impairment loss	(47,674)
Amortized cost	183,184,586
Fair value adjustment	371,200
	$ 183,555,786

December 31, 2020

	At FVTOCI - Debt Instruments
Gross carrying amount	$ 164,611,158
Allowance for impairment loss	(51,369)
Amortized cost	164,559,789
Fair value adjustment	1,830,557
	$ 166,390,346

9) Aging analysis for overdue but not yet impaired financial assets

Delays in processing payments by borrowers and other administrative reasons could result in financial assets which are overdue but not yet impaired.

As of December 31, 2021 and 2020, the Group had no financial assets which were overdue but not impaired.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity is the Group’s capacity to realize assets, obtain financing or funds to meet obligations at maturity, including deposits and off-balance sheet guarantees.

Liquidity risk is the risk that the Group’s fund is unable to meet its payment obligation and to operate normally.

2) Management strategy and principles of liquidity risk

a) Liquidity risk management process should be able to adequately identify, measure effectively, monitor continuously, and properly control of the Group’s liquidity risk, to ensure that banks both in normal operating environments or under pressure, have sufficient funds to cope assets or settle liabilities when due.

b) Manage current assets to ensure that the Group have enough instantly-realized assets to deal with currency risks.

c) Capital management should include regular review of the asset and liability structure, and proper configuration of assets and liabilities, and should take into account the realization of assets and the stability of financing sources to plan combinations of funding sources to ensure that the Group’s liquidity.

d) To establish an appropriate information system to measure, monitor and report liquidity risk.

e) The setting of the measurement systems or models should include important factors which affect the currency risks of the Bank fund (including the introduction of new products or services) for managing current risks to help the Bank to evaluate and monitor the fund currency risks in the regular condition and under pressure.

f) To use early warning tools and continuously monitor and report liquidity risk profile, and set liquidity risk limits, with due consideration of business strategy, operational characteristics and risk preference factors.

g) In addition to the monitoring of the capital requirements, under normal business conditions, the Group should regularly conduct stress tests to evaluate the assumptions in the liquidity position and ensure that banks have sufficient liquidity to withstand stress scenarios; assessment should be made to view liquidity risk management indicators and reasonableness of limits.

h) Develop appropriate action plans to respond to possible occurrence of liquidity crisis, and regularly review such plans to ensure that the action plans are in line with the Bank's operating environment and conditions, and can continue to play its role effectively.

As of December 31, 2021 and 2020, the liquidity reserve ratio was 46.81% and 46.39%, respectively.

3) The analysis of cash outflow of non-derivative financial liabilities held was prepared according to the remaining periods from reporting date to contractual maturity date. The maturity analysis of non-derivative financial liabilities was as follows:

December 31, 2021	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 27,322,508	$ 553,793	$ -	$ -	$ -	$ 27,876,301
Financial liabilities at fair value through profit or loss	-	49,567	-	-	1,691	51,258
Bills and bonds sold under repurchase agreements	145,883,179	39,298,675	2,721,818	115,226	-	188,018,898
Payables	1,093,095	55,976	309,460	906,858	65,974	2,431,363
Deposits and remittances	45,081,502	75,571,865	45,197,884	47,580,591	45,947,583	259,379,425
Bank debentures payable	-	-	1,500,000	1,000,000	12,500,000	15,000,000
Other financial liabilities	4,259,658	4,718,033	1,667,612	2,438,087	7,497,442	20,580,832
Lease liabilities	12,373	28,137	40,484	60,039	229,508	370,541
	$ 223,652,315	$ 120,276,046	$ 51,437,258	$ 52,100,801	$ 66,242,198	$ 513,708,618

December 31, 2020	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deposits from the Central Bank and other banks	$ 21,479,755	$ -	$ -	$ -	$ 7,000,000	$ 28,479,755
Financial liabilities at fair value through profit or loss	-	-	-	-	1,960	1,960
Bills and bonds sold under repurchase agreements	139,138,761	39,633,058	2,450,172	11,866	-	181,233,857
Payables	1,350,419	296,256	224,223	680,370	151,903	2,703,171
Deposits and remittances	51,209,846	84,746,765	37,206,852	50,379,624	44,176,585	267,719,672
Bank debentures payable	-	1,300,000	1,000,000	600,000	13,500,000	16,400,000
Other financial liabilities	5,591,440	2,023,964	1,371,701	1,868,192	7,247,466	18,102,763
Lease liabilities	12,336	29,097	39,871	75,686	315,950	472,940
	$ 218,782,557	$ 128,029,140	$ 42,292,819	$ 53,615,738	$ 72,393,864	$ 515,114,118

4) The Group assessed based contractual maturities at the balance sheet to understand all the basic elements of derivative financial instruments. The maturity analysis of derivative financial liabilities was as follows:

December 31, 2021	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 29,786	$ 12,570	$ 9,446	$ 11,083	$ -	$ 62,885
Currency swap contracts	88,795	66,584	76,687	41,124	-	273,190
Others	2,951	61	1,277	1,266	39,138	44,693
	121,532	79,215	87,410	53,473	39,138	380,768
Non-deliverable						
Interest rate swap contracts	365	-	882	1,537	6,527	9,311
	$ 121,897	$ 79,215	$ 88,292	$ 55,010	$ 45,665	$ 390,079

December 31, 2020	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 12,252	$ 21,126	$ 5,384	$ 3,957	$ -	$ 42,719
Currency swap contracts	211,140	268,534	114,314	88,245	-	682,233
Others	3,658	2,511	342	2,031	36,510	45,052
	227,050	292,171	120,040	94,233	36,510	770,004
Non-deliverable						
Interest rate swap contracts	-	-	2,992	1,158	14,184	18,334
	$ 227,050	$ 292,171	$ 123,032	$ 95,391	$ 50,694	$ 788,338

5) The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the sent financial guarantee contracts, the maximum amounts are possibly asked for settlement in the earliest period. The amounts in the table below were on cash flow basis; therefore, some disclosed amounts will not match with the consolidated balance sheet.

December 31, 2021	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 613,264	$ 1,341,312	$ 245,066	$ 40,189	$ -	$ 2,239,831
Other guarantees	49,164,358	80,786,091	13,675,750	3,182,797	218,462	147,027,458
Loan commitments	4,034,995	8,069,990	12,104,985	23,530,151	-	47,740,121
	$ 53,812,617	$ 90,197,393	$ 26,025,801	$ 26,753,137	$ 218,462	$ 197,007,410

December 31, 2020	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 500,885	$ 309,705	$ 99,347	$ -	$ -	$ 909,937
Other guarantees	50,971,514	78,156,967	11,193,704	4,626,849	29,298	144,978,332
Loan commitments	3,614,999	7,229,999	10,844,998	21,080,938	-	42,770,934
	$ 55,087,398	$ 85,696,671	$ 22,138,049	$ 25,707,787	$ 29,298	$ 188,659,203

e. Market risk

1) Source and definition of market risk

Market risk is defined as an unfavorable change in market prices (such as interest rates, exchange rates, stock prices, commodity prices etc.) which may cause financial instruments classified in trading book a potential loss on or off the balance sheet.

2) Market risk management strategy and process

The Bank manages the market risk with active, careful attitude.

The Bank makes the profit mainly from doing trading business through knowing how market risk factors fluctuate. (e.g., market price, exchange rate, interest rate). More violent the market risk factors fluctuate, the bigger the opportunity for profit or loss. When preparing the Annual Trading Budget Report of the trading business, the Bank will refer to the overall economic and industrial analysis of the Bank itself and also the other similar business. After discussions by the president, the trading department and the market risk management department, it is submitted to the Assets and Liabilities Committee and the board of directors with the plan of stop-loss quotas and product parts quotas to avoid setting up the goal in an impracticable way that leads the dealer to take more risk on operating.

The Bank sets up definite management rules and risk management indicators for different trading business and its risk attribute, and stipulates exposure amount, submission of expiration, authorizing management and ways of disposure. Implement certainly and ensure the trading department to abide by the discipline to control the market risk exposure extent in a safe range.

3) Market risk management organization and framework

a) The Board of Directors: It is the top market risk supervising organization. The product part quotas and total annual stop-loss quotas of the trading business market risk monitored and managed by the Bank, approved by the board of directors, are the top stipulation in market risk management.

b) Assets and Liabilities Committee: In charge of stipulating market risk management policy and monitoring the operating of market risk management. The Bank assembles related departments to hold an assets-and-liabilities assessment meeting to review the market risk management policy and the next year proposal of product parts quotas and annual stop-loss of the trading business expected to be submitted to Board.

c) Risk Management Department: In charge of market risk management. According to the Bank's regulation, the department is in charge of every operation related to market risk management, including planning of market risk limit, statistics, reporting and monitoring.

4) Market risk report and evaluation system

The Bank setup the risk index, exposure amount and authority levels by products' type (e.g. equity, interest rate, currency exchange rate).

The Bank setup the limit amount of trading and loss, and other index including VaR, MAT limit, 20-Day average liquidity and FS sensitivity limit to enhance the risk control system.

The Bank calculates the risk exposure amount of the trade department and traders based on authorized amount, and submits risk report, monitors the limits and executes the following measures.

The Bank sets up the index of stop loss to control the risk of transaction including bonds, Forex, securities and derivative by building the risk evaluation module, and monitor the loss caused by the fluctuation of stock market, exchange rate and interest rates.

5) Value at Risk

The Bank adopts Value at Risk to evaluate trading book products such as rate financial instruments, TWD interest products and market risks of trading assets IPO stocks. When market factors happen negative changes, Value at Risk reveals the potential losses of holding financial instruments during a certain period and in a confidence interval. The bank adopts Monte Carlo method to estimate Value at Risk, the confidence interval is 99%, the sample interval of rate and stock products is the past year, the sample interval of interest products is the past three years, simulation times is 5,000 times, simulation path is GBM.

The following table illustrates the Value at Risk of the Bank, this risk value is based on confidence interval, estimated in one day potential losses and assumed unfavorable interest and rate changes can cover all possible fluctuation in one day. Based on this assumption, the Value at Risk of financial assets and liabilities in the table have one in hundred days possibility more than the amount in the table due to the fluctuation of interest, rate and stock prices. Annual average value, maximum value and minimum value are calculated based on daily Value at Risk. The total market risk value of the bank is less than the sum of the fair value risk value, rate risk value and price risk value of interest changes.

O-Bank

	December 31					
	2021			**2020**		
	Average	**High**	**Low**	**Average**	**High**	**Low**
Currency exchange rate risk	$ 1,684	$ 5,086	$ 365	$ 2,701	$ 5,282	$ 352
Fair value risk resulting from interest rate	2,490	4,162	1,056	4,043	6,925	1,243
Fair value resulting from stock price	14,991	31,270	4,874	9,019	16,652	1,526

6) Effect of interest rate benchmark reform

The Group is exposed to USD LIBOR and HKD HIBOR which are subject to interest rate benchmark reform. The exposures arise on non-derivative financial assets. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. HONIA (Hong Kong Dollar Overnight Index Average) is expected to replace HKD HIBOR. There are key differences among these benchmarks. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Group established USD LIBOR and HKD HIBOR transition project plans for each benchmark. These transition projects are considering changes to risk management policies, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. As at December 31, 2021, the Bank has identified all the information systems and internal processes that need to be updated, and planned the update schedule. The Bank has completed the identification of the affected contracts, and expects to gradually switch to alternative interest rate indicators in 2022, and pay close attention to the regulations of the competent authority, market development, and processing methods among other banks.

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

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

	Book Value Not Transitioned to Alternative Benchmark Rates	Transition Progress
USD LIBOR financial assets		
Financial assets at fair value through other comprehensive income	$ 4,075,429	The Group will pay close attention to the regulations of the competent authority, market development, and processing methods among other banks, and will cooperate with the issuer and counterparty to negotiate the contract revision. It is expected that the contract revision will be sold or completed in the first half of 2023.
Discounts and loans	1,467,553	It is expected to gradually switch to alternative interest rate indicators in 2022, and pay close attention to the regulations of the competent authority, market development, and processing methods among other banks.
	5,542,982	
HKD HIBOR financial asset		
Discounts and loans	$ 275,113	It is expected to gradually switch to alternative interest rate indicators in 2022, and pay close attention to the regulations of the competent authority, market development, and processing methods among other banks.
	$ 5,818,095	

7) Foreign currency rate risk information

The information of significant foreign financial assets and liabilities is as follows:

Unit: Foreign Currencies (Thousands)/NT$(Thousands)

	December 31, 2021		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 3,112,041	27.6897	$ 86,171,399
JPY	3,981,910	0.2404	957,168
HKD	6,609,887	3.5506	23,468,933
EUR	23,834	31.3001	746,003
AUD	205,517	20.0948	4,129,826
RMB	3,515,948	4.3453/4.3460	15,280,308
Investments accounted for using the equity method			
RMB	202,722	4.3453	880,879
Financial liabilities			
Monetary item			
USD	3,972,367	27.6897	109,993,525
JPY	3,765,547	0.2404	905,159
HKD	3,221,115	3.5506	11,436,826
EUR	13,438	31.3001	420,622
AUD	47,150	20.0948	947,472
RMB	3,053,131	4.3453/4.3460	13,268,907

	December 31, 2020		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 2,488,873	28.5083	$ 70,953,550
JPY	1,535,130	0.2763	424,210
HKD	6,380,651	3.6774	23,464,080
EUR	20,543	35.0416	719,868
AUD	204,922	21.9686	4,501,838
RMB	2,755,208	4.3665/4.3822	12,036,006
Investments accounted for using the equity method			
RMB	180,891	4.3665	789,863

(Continued)

	December 31, 2020		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial liabilities			
Monetary item			
USD	$ 2,994,593	28.5083	$ 85,370,790
JPY	2,569,136	0.2763	709,943
HKD	4,719,183	3.6774	17,354,229
EUR	9,831	35.0416	344,494
AUD	8,597	21.9686	188,874
RMB	1,954,158	4.3665/4.3822	8,563,414

(Concluded)

f. Banking book interest rate risk

1) Source and definition of interest rate risk of banking book

Banking book's interest rate risk means the probably loss of non-trading book's position within balance sheet and off-balance sheet arise from interest change.

2) Management strategy and process of interest rate risk of banking book

The Bank controls this interest rate risk with a positive and strict attitude. The Bank hopes to pursue the stability and growth of surplus without liquidity flaws.

The Bank set the clear management methods and risk management indicators with different trading, investment and risk, and set the report of risk amount and over limit, approved level and reaction plan. The Bank executes the procedures clearly, establishes a trading discipline that upholds the discipline of investment, and controls the interest rate risk of banking book within the limit.

3) Management organization and framework of interest rate risk of banking book

a) The Board of Directors: It is the top organization to supervise interest rate risk of banking book. The product part quotas and total annual stop-loss quotas of the trading business market risk monitored and managed by the Bank and approved by the board of director are the top stipulation in bank book interest risk.

b) Assets and Liabilities Committee: In charge of stipulating risk management policy of interest rate risk of banking book and monitoring the risk management operating of interest rate risk of banking book. The Bank assembles related departments to hold an assets-and-liabilities assessment meeting to review the risk management conditions of interest rate risk of banking book and the result of interest rate pressure test once a month.

c) Risk Management Department: In charge of risk management of interest rate risk of banking book. According to the Bank's regulation, the department is in charge of every operation related to management of interest rate risk of banking book, including planning limits, statistics, reporting and monitoring.

4) The extent and characteristics of interest rate risk report and evaluation system of banking book

The Risk Management Department set the regulation with interest rate risk of banking book as follow, limit of position, annual stop buying maximum loss limit, FS sensitivity limit, duration limit, Individual Investment Target Warning Limits, Individual Investment Target stop buying limit, Tier I Capital Interest Rate Sensitivity Warning Limit-Rising/falling interest rates by 1bp, net income interest rate sensitivity warning limit: Interest rate rise/fall 25bps, 50bps, 75bps, 100bps.

In summary, it is intended to enhance the risk control framework of interest rate risk of banking book.

Besides, the Risk Management Department executes the following tests to assess the impact to the Bank's net income in special situation pressure test, and reports the result to the Assets and Liabilities Committee.

The Risk Management Department calculates the exposure amount of each trading departments and traders, and it also reports the risk reports, monitors over-limits, and performs follow-up actions under the regulations.

g. Average amount and average interest rate of interest-earning assets and interest-bearing liabilities

Interest rate fluctuations affect the earning assets and interest-bearing liabilities, and current average interest rates are as follows:

O-Bank

	For the Year Ended December 31			
	2021		2020	
	Average Balance	**Average Rate (%)**	**Average Balance**	**Average Rate (%)**
Interest-earning assets				
Due from banks (part of cash and cash equivalents and other financial assets)	$ 852,282	1.12	$ 963,688	1.19
Call loans to other banks	10,051,381	0.17	9,081,872	0.76
Due from the Central Bank	5,321,116	0.39	5,315,272	0.46
Financial assets at FVTPL	43,042,384	0.31	66,571,088	0.52
Bills and bonds purchased under resell agreements	10,236	0.09	13,156	0.13
Discounts and loans	156,824,702	1.90	172,849,123	2.17
Financial assets at FVTOCI	69,166,776	0.61	51,321,095	0.93
Receivables	1,056,555	1.49	1,218,615	1.61
Interest-bearing liabilities				
Deposits from the Central Bank and other banks	17,992,124	0.35	32,330,827	0.68
Demand deposits	64,352,856	0.20	50,459,872	0.33
Time deposits	173,099,432	0.44	192,091,535	0.88
Bills and bonds sold under repurchase agreements	1,909,925	0.20	2,256,438	0.32
Bank debentures payable	15,273,973	1.99	17,355,191	2.02

China Bills Finance Corporation (CBF)

	For the Year Ended December 31			
	2021		2020	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents (including certificate of deposits)	$ 347,622	0.04	$ 765,369	0.06
Call loans to banks	127,288	0.11	67,757	0.20
Financial assets at fair value through profit or loss - bonds and bills	99,956,081	0.38	88,593,970	0.49
FVTOCI - debt instruments	100,745,035	1.19	99,597,371	1.31
Financial instruments at fair value through profit or loss - hybrid financial assets	8,935,605	1.44	9,704,665	1.47
Securities purchased under resell agreements	6,411,458	0.17	4,300,649	0.22
Interest-bearing liabilities				
Call loans from other banks	9,077,356	0.24	13,971,217	0.41
Bank overdraft	955	1.50	1,308	1.59
Securities sold under repurchase agreements	178,797,692	0.24	163,287,187	0.44
Commercial paper payable	4,500,000	0.33	1,885,246	0.43

47. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

The Groups' common equity ratio of Tier I capital ratio and capital adequacy ratio required by the competent authority shall comply with the minimum capital ratio for each year; leverage ratio measurement basis is subject to the competent authorities. The calculation of the ratio mentioned above by competent authority regulations.

b. Capital assessment program

Measures are taken when capital ratio and leverage ratio deteriorates such as regular calculation, analysis, monitoring and reporting, the annual allocation of each business's capital adequacy ratio targets and regularly tracking the target achievement rate in the capital.

c. Capital adequacy ratio

O-Bank

Items \ Year			December 31, 2021 Standalone Capital Adequacy Ratio	December 31, 2021 Consolidated Capital Adequacy Ratio
Eligible capital	Common equity		$ 27,505,405	$ 27,505,405
	Other Tier 1 capital		235,115	235,115
	Tier 2 capital		2,194,638	2,194,638
	Eligible capital		29,935,158	29,935,158
Risk-weighted assets	Credit risk	Standardized approach	184,900,099	184,900,099
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	9,483,113	9,483,113
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	9,171,150	9,171,150
		Internal model approach	-	-
	Total risk-weighted assets		203,554,362	203,554,362
Capital adequacy ratio			14.71%	14.71%
Ratio of common equity to risk-weighted assets			13.51%	13.51%
Ratio of Tier 1 capital to risk-weighted assets			13.63%	13.63%
Leverage ratio			7.99%	7.99%

Items \ Year			December 31, 2020 Standalone Capital Adequacy Ratio	December 31, 2020 Consolidated Capital Adequacy Ratio
Eligible capital	Common equity		$ 26,668,441	$ 26,668,441
	Other Tier 1 capital		300,001	300,001
	Tier 2 capital		2,843,868	2,843,868
	Eligible capital		29,812,310	29,812,310
Risk-weighted assets	Credit risk	Standardized approach	204,697,317	204,697,317
		Internal rating based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	9,020,363	9,020,363
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	21,536,500	21,536,500
		Internal model approach	-	-
	Total risk-weighted assets		235,254,180	235,254,180
Capital adequacy ratio			12.67%	12.67%
Ratio of common equity to risk-weighted assets			11.34%	11.34%
Ratio of Tier 1 capital to risk-weighted assets			11.46%	11.46%
Leverage ratio			7.49%	7.49%

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

Note 2: Formulas used were as follows:

1) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital.

2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

4) Ratio of common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.

5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.

6) Leverage ratio = Tier 1 capital ÷ Exposure measurement.

According to the Banking Law and other related regulations, in order to improve the financial foundation of banks, the Bank's standalone and consolidated capital adequacy ratio shall not be lower than 10.5%. The ratio of Tier 1 capital shall not be lower than 8.5%. The ratio of common equity shall not be lower than 7.0%. Should any actual ratios be lower than the requirements, the central competent authority has the right to constrain the earnings distribution.

<u>China Bills Finance Corporation</u>

Items / **Year**		**December 31, 2021**	**December 31, 2020**
Eligible capital	Tier 1 capital	$ 24,748,352	$ 23,899,222
	Tier 2 capital	151,242	172,840
	Tier 3 capital	369,873	753,504
	Eligible capital	25,269,467	24,825,566
Risk-weighted assets	Credit risk	129,434,396	125,949,038
	Operational risk	4,062,412	3,807,116
	Market risk	66,290,668	64,163,236
	Total risk-weighted assets	199,787,476	193,919,390
Capital adequacy ratio (Note)		12.65%	12.80%
Ratio of Tier 1 capital to risk-weighted assets (Note)		12.39%	12.32%
Ratio of Tier 2 capital to risk-weighted assets (Note)		0.08%	0.09%
Ratio of Tier 3 capital to risk-weighted assets (Note)		0.18%	0.39%
Ratio of common shareholders' equity to total assets (Note)		5.87%	6.15%

Note: Formulas used were as follows:

1) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

2) The amount of total assets used in the calculation refers to all assets in the balance sheets.

3) The capital adequacy ratios (CARs) should be computed at the end of June and December. In the reports of the first-quarter and the third-quarter the CARs disclosed are based on the data of the last preceding period, i.e., the end of December and the end of June, respectively.

4) Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Bills Finance Companies" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Bills Finance Companies."

48. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND DISCLOSURE OF RELATED INFORMATION OF INDUSTRY REGULATIONS OF MATURITY ANALYSIS OF ASSETS AND LIABILITIES

O-Bank

a. Credit risk

1) Asset quality of loans: See Table 4.

2) Concentration of credit extensions

December 31, 2021

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Group (real estate development)	$ 6,256,678	17.20
2	B Group (real estate development)	3,973,750	10.92
3	C Group (glass and glass made products manufacturing)	3,404,716	9.36
4	D Group (real estate development)	3,311,005	9.10
5	E Group (real estate lease industry)	3,180,000	8.74
6	F Group (Insurance of the person)	2,940,000	8.08
7	G Group (real estate development)	2,432,955	6.69
8	H Group (water supply and remediation activities)	2,226,820	6.12
9	I Group (mixed concrete development)	2,195,533	6.03
10	J Group (unclassified other financial service)	2,070,000	5.69

December 31, 2020

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Group (real estate development)	$ 6,070,402	17.07
2	F Group (unclassified other financial service)	5,000,000	14.06
3	G Group (real estate development)	3,948,600	11.11
4	B Group (real estate development)	3,463,866	9.74
5	C Group (glass and glass made products manufacturing)	2,867,564	8.06
6	K Group (retail sale of other food, beverages and tobacco in specialized stores)	2,694,711	7.58
7	H Group (water supply and remediation activities)	2,565,020	7.21
8	L Group (short-term accommodation activities)	2,506,680	7.05
9	I Group (mixed concrete development)	2,378,896	6.69
10	M Group (ocean transportation)	2,288,233	6.44

Note 1: The list shows top 10 rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate - General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings"

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

b. Market risk

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

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 152,300,462	$ 20,291,583	$ 18,349,678	$ 24,096,996	$ 215,038,719
Interest rate-sensitive liabilities	65,201,377	63,211,840	45,089,611	35,110,497	208,613,325
Interest rate-sensitive gap	87,099,085	(42,920,257)	(26,739,933)	(11,013,501)	6,425,394
Net worth					32,391,717
Ratio of interest rate-sensitive assets to liabilities					103.08%
Ratio of interest rate sensitivity gap to net worth					19.84%

December 31, 2020

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 166,617,648	$ 27,109,896	$ 19,442,085	$ 13,240,863	$ 226,410,492
Interest rate-sensitive liabilities	86,971,113	53,710,041	46,607,835	31,028,330	218,317,319
Interest rate-sensitive gap	79,646,535	(26,600,145)	(27,165,750)	(17,787,467)	8,093,173
Net worth					31,587,200
Ratio of interest rate-sensitive assets to liabilities					103.71%
Ratio of interest rate sensitivity gap to net worth					25.62%

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank and excluded contingent assets and contingent liabilities items.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

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

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

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

(In Thousands of U.S. Dollars)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,133,803	$ 21,691	$ -	$ 1,414,647	$ 2,570,141
Interest rate-sensitive liabilities	1,080,612	1,217,122	120,832	508	2,419,074
Interest rate-sensitive gap	53,191	(1,195,431)	(120,832)	1,414,139	151,067
Net worth					126,544
Ratio of interest rate-sensitive assets to liabilities					106.24%
Ratio of interest rate sensitivity gap to net worth					119.38%

December 31, 2020

(In Thousands of U.S. Dollars)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,386,743	$ 45,633	$ 14,858	$ 838,439	$ 2,285,673
Interest rate-sensitive liabilities	1,142,565	874,559	148,455	40	2,165,619
Interest rate-sensitive gap	244,178	(828,926)	(133,597)	838,399	120,054
Net worth					120,088
Ratio of interest rate-sensitive assets to liabilities					105.54%
Ratio of interest rate sensitivity gap to net worth					99.97%

Note 1: The above amounts included only U.S. dollar amounts held by the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

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

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

c. Liquidity risk

1) Profitability

(In %)

Items		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Before income tax	0.63	0.37
	After income tax	0.57	0.35
Return on equity	Before income tax	5.60	3.59
	After income tax	5.12	3.33
Net income ratio		33.40	24.67

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

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

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

Note 4: Income before (after) income tax represents income for the years ended December 31, 2021 and 2020.

2) Maturity analysis of assets and liabilities

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

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 252,962,571	$ 49,606,865	$ 13,769,195	$ 24,172,783	$ 31,312,899	$ 25,351,214	$ 108,749,615
Main capital outflow on maturity	290,582,062	22,516,947	28,684,600	58,640,450	41,329,378	69,994,808	69,415,879
Gap	(37,619,491)	27,089,918	(14,915,405)	(34,467,667)	(10,016,479)	(44,643,594)	39,333,736

December 31, 2020

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 262,332,096	$ 64,095,871	$ 20,700,615	$ 22,974,910	$ 23,836,815	$ 30,968,773	$ 99,755,112
Main capital outflow on maturity	295,589,959	18,721,529	26,002,566	72,207,928	33,181,228	67,024,836	78,451,872
Gap	(33,257,863)	45,374,342	(5,301,951)	(49,233,018)	(9,344,413)	(36,056,063)	21,303,240

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

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

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 4,367,803	$ 1,828,104	$ 961,934	$ 405,965	$ 348,921	$ 822,879
Main capital outflow on maturity	4,496,465	1,915,031	1,073,733	646,113	332,035	529,553
Gap	(128,662)	(86,927)	(111,799)	(240,148)	16,886	293,326

December 31, 2020

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 3,300,572	$ 989,563	$ 742,797	$ 349,232	$ 248,629	$ 970,351
Main capital outflow on maturity	3,381,571	1,122,743	933,356	429,820	268,086	627,566
Gap	(80,999)	(133,180)	(190,559)	(80,588)	(19,457)	342,785

Note 1: The above amounts included only U.S. dollar amounts held by the Bank.

Note 2: If the overseas assets are at least 10% of the total assets, there should be additional disclosures.

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

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,727,352	$ 1,110,761	$ 299,055	$ 42,184	$ 65,770	$ 209,582
Main capital outflow on maturity	1,718,524	792,860	400,188	197,111	94,077	234,288
Gap	8,828	317,901	(101,133)	(154,927)	(28,307)	(24,706)

December 31, 2020

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,189,456	$ 646,460	$ 127,635	$ 52,502	$ 45,992	$ 316,867
Main capital outflow on maturity	1,169,148	328,887	276,564	143,306	114,680	305,711
Gap	20,308	317,573	(148,929)	(90,804)	(68,688)	11,156

China Bills Finance Corporation

a. Asset quality

Item / Period	December 31, 2021	December 31, 2020
Balance of guarantees and endorsement credits overdue within 3 months	$ -	$ -
Nonperforming debts (include overdue receivables)	-	-
Credits under observation	-	-
Overdue receivables	-	-
Ratio of non-performing debts	0.00%	0.00%
Ratio of non-performing debts and credits under observation	0.00%	0.00%
Required provision for credit losses and reserve for losses on guarantees	1,375,981	1,196,691
Actual provision for credit losses and reserve for losses on guarantees	1,382,077	1,375,077

b. The principal operation

Item / Period	December 31, 2021	December 31, 2020
Balance of guarantees and endorsement securities	$ 112,558,100	$ 109,165,300
Multiple of guarantees and endorsement securities to net worth	4.71	4.84
Short-term bills and bonds sold under repurchase agreement	$ 187,122,588	$ 179,794,171
Multiple of short-term bills and bonds sold under repurchase agreement to net worth	7.83	7.98

c. The provision policy and allowance for doubtful accounts, refer to Note 13.

d. Concentrations of credit extensions

(In %)

Item \ Period	December 31, 2021		December 31, 2020	
Credit of the common interested party	$ -		$ -	
Ratio of credit extensions to common interest parties	-		-	
Ratio of credit extensions secured by pledged share	19.28		22.68	
Loan concentration by industry (ratio of top three industries to which credit line issued to credit extension balance)	**Type of Industry**	**%**	**Type of Industry**	**%**
	Finance and insurance industry	30.86	Finance and insurance industry	32.73
	Real estate industry	26.65	Real estate industry	26.38
	Manufacturing industry	20.48	Manufacturing industry	21.57

Note 1: Ratio of credit extensions to common interest related parties: Credit to common interest related party ÷ Total credit.

Note 2: Ratio of credit extensions secured by pledged stocks: Credit with stocks pledged ÷ Total credit.

Note 3: Total credit included guarantees, endorsement notes and overdue credit (including overdue receivables, accounts receivable, and notes receivable).

e. Interest rate sensitivity information of the balance sheet

December 31, 2021

(In Millions of New Taiwan Dollars)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 106,430	$ 12,173	$ 11,795	$ 94,735	$ 225,133
Interest rate-sensitive liabilities	197,818	2,719	115	-	200,652
Interest rate-sensitive gap	(91,388)	9,454	11,680	94,735	24,481
Net worth					25,557
Ratio of interest rate-sensitive assets to liabilities (%)					112.20
Ratio of interest rate sensitivity gap to net worth (%)					95.79

December 31, 2020

(In Millions of New Taiwan Dollars)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 101,567	$ 8,343	$ 7,059	$ 97,571	$ 214,540
Interest rate-sensitive liabilities	187,907	2,447	12	-	190,366
Interest rate-sensitive gap	(86,340)	5,896	7,047	97,571	24,174
Net worth					25,449
Ratio of interest rate-sensitive assets to liabilities (%)					112.70
Ratio of interest rate sensitivity gap to net worth (%)					94.99

Note 1: Interest rate-sensitive assets and liabilities mean the revenues or costs of interest-earning assets and interest-bearing liabilities affected by interest rate changes.

Note 2: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

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

f. The use of funding sources table

December 31, 2021

(In Millions of New Taiwan Dollars)

Items	Period	1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 49,705	$ 46,434	$ 6,962	$ 117	$ -
	Bonds	2,050	2,322	5,211	11,678	94,735
	Due from banks	255	-	-	-	-
	Call loans	300	-	-	-	-
	Securities purchased under resell agreements	4,864	500	-	-	-
	Total	57,174	49,256	12,173	11,795	94,735
Cash provided by	Borrowing	11,096	2,499	-	-	-
	Securities sold under repurchase agreements	145,214	39,009	2,719	115	-
	Eligible capital	-	-	-	-	25,557
	Total	156,310	41,508	2,719	115	25,557
Net cash flows		(99,136)	7,748	9,454	11,680	69,178
Accumulated cash flows		(99,136)	(91,388)	(81,934)	(70,254)	(1,076)

December 31, 2020

(In Millions of New Taiwan Dollars)

Items	Period	1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 55,095	$ 37,074	$ 3,944	$ 101	$ -
	Bonds	1,599	2,801	4,399	6,958	97,571
	Due from banks	265	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	4,162	571	-	-	-
	Total	61,121	40,446	8,343	7,059	97,571
Cash provided by	Borrowing	10,639	-	-	-	-
	Securities sold under repurchase agreements	138,066	39,202	2,447	12	-
	Eligible capital	-	-	-	-	25,449
	Total	148,705	39,202	2,447	12	25,449
Net cash flows		(87,584)	1,244	5,896	7,047	72,122
Accumulated cash flows		(87,584)	(86,340)	(80,444)	(73,397)	(1,275)

g. Matters requiring special notation

Causes	December 31, 2021	December 31, 2020
Within the past year, a responsible person or professional employee violated the law in the course of business, resulting in an indictment by a prosecutor	None	None
Within the past year, a fine was levied on for violations of the Act Governing Bills Finance Business and the other laws	None	None
Within the past year, misconduct occurred, resulting in the Ministry of Finance's imposing strict corrective measures	None	None
Within the past year, the individual loss or total loss from employee fraud, accidental and material events, or failure to abide by the "Guidelines for Maintenance of Soundness of Financial Institutions" which exceeded NT$50 million dollars	None	None
Other	None	None

Note: The term "within the past year" means one year before the balance sheet date.

49. CASH FLOWS INFORMATION

Changes in Liabilities from Financing Activities

For the year ended December 31, 2021

	January 1, 2021	Cash Inflow (Outflow)	None-cash Change		December 31, 2021
			Add Leasing	Other	
Bank debentures payable	$ 16,400,000	$ (1,400,000)	$ -	$ -	$ 15,000,000
Lease liabilities	444,659	(178,417)	66,793	17,335	350,370
Other financial liabilities	18,102,763	2,521,474	-	(43,405)	20,580,832
Other liabilities	2,249,555	470,024	-	-	2,719,579
	$ 37,196,977	$ 1,413,081	$ 66,793	$ (26,070)	$ 38,650,781

For the year ended December 31, 2020

	January 1, 2020	Cash Inflow (Outflow)	None-cash Change		December 31, 2020
			Add Leasing	Other	
Bank debentures payable	$ 18,700,000	$ (2,300,000)	$ -	$ -	$ 16,400,000
Lease liabilities	498,832	(175,620)	52,701	68,746	444,659
Other financial liabilities	12,909,259	5,152,844	-	40,660	18,102,763
Other liabilities	2,416,851	(168,551)	-	1,255	2,249,555
	$ 34,524,942	$ 2,508,673	$ 52,701	$ 110,661	$ 37,196,977

50. OTHERS

The Group has evaluated the economic impact of the COVID-19. Until the issue date of the consolidated financial statements, the Group found no significant impact on its financial condition and operations through its relevant risk management and control procedures.

51. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and investees and

b. Names, locations, and other information of investees over which the Bank exercises significant influence

1) Financing provided: The Group - not applicable; investees - Table 1 (attached)

2) Endorsement/guarantee provided: The Group - not applicable; investees - Table 2 (attached)

3) Marketable securities held: The Group - not applicable; investees - Table 3 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least NT $300 million or 10% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT $300 million or 10% of the paid-in capital: None

6) Disposal of individual real estate at costs of at least NT $300 million or 10% of the paid-in capital: None

7) Allowance of service fees to related parties amounting to at least NT $5 million: None

8) Receivables from related parties amounting to at least NT $300 million or 10% of the paid-in capital: None

9) Sale of non-performing loans: None

10) Information of applying for authorization of securitized product type according to the "Regulations of Financial Assets Securitization or Regulations of Real Estate Securitization": None

11) Other significant transactions which may affect the decisions of users of individual financial reports: None

12) Related information and total stockholding circumstances of "Name, locations and other information of investees on which the Bank exercises significant influence." - Table 5 (attached)

13) Derivative instrument transactions: Note 8

c. Investment in mainland China: Table 6 (attached)

d. Business relationships and significant transactions among the Group: Table 7 (attached)

e. Information of major shareholders：List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 8 (attached)

52. OPERATING SEGMENT FINANCIAL INFORMATION

The Group provides CODM to assess segment performance, focusing on the nature of business operations, assets and profit and loss. The accounting policies of each operating segment are described in Note 4. The same significant accounting policies. The Group shall be reported to the operating divisions are as follows:

a. Bank: Business ruled by Banking Law Article 71.

b. Overseas: Overseas banking business.

c. Leasing: Leasing business.

d. Bills: Bills-related business approved by the competent authority.

e. Others: Other non-core businesses.

The following was an analysis of the Group's revenue and results by reportable segment.

	Bank	Overseas	Leasing	Bills	Others	Eliminations	Consolidated
For the year ended December 31, 2021							
Net interest							
From unaffiliated segment	$ 2,210,773	$ 839,370	$ 852,804	$ 756,831	$ (165)	$ 314	$ 4,659,927
From other segment	(478)	-	59	-	3	416	-
	$ 2,210,295	$ 839,370	$ 852,863	$ 756,831	$ (162)	$ 730	$ 4,659,927
Net revenue other than interest							
From unaffiliated segment	$ 3,262,554	$ 71,150	$ 638,350	$ 2,120,519	$ 36,918	$ -	$ 6,129,491
From other segment	38,451	-	(12,977)	(30,049)	5,278	(1,475,309)	(1,474,606)
	$ 3,301,005	$ 71,150	$ 625,373	$ 2,090,470	$ 42,196	$ (1,475,309)	$ 4,654,885
Income from continuing operation	$ 1,840,842	$ 345,332	$ 564,818	$ 1,857,666	$ 26,206	$ (1,430,244)	$ 3,204,620
Identifiable assets	$ 298,609,018	$ 27,666,690	$ 19,804,517	$ 228,733,880	$ 261,932	$ 4,632	$ 575,080,669
Depreciation and amortization	$ 525,492	$ 47,718	$ 59,395	$ 12,759	$ 814	$ (8,221)	$ 637,957
Capital expenditures	$ 56,273	$ 448	$ 33,992	$ 6,270	$ 79	$ -	$ 97,062
For the year ended December 31, 2020							
Net interest							
From unaffiliated segment	$ 1,915,840	$ 872,908	$ 692,110	$ 543,548	$ (149)	$ 417	$ 4,024,674
From other segment	(1,257)	-	4	-	6	1,222	(25)
	$ 1,914,583	$ 872,908	$ 692,114	$ 543,548	$ (143)	$ 1,639	$ 4,024,649
Net revenue other than interest							
From unaffiliated segment	$ 2,710,187	$ 82,805	$ 362,766	$ 1,990,326	$ 15,321	$ -	$ 5,161,405
From other segment	26,705	-	(5,370)	(26,703)	6,065	(1,130,260)	(1,129,563)
	$ 2,736,892	$ 82,805	$ 357,396	$ 1,963,623	$ 21,386	$ (1,130,260)	$ 4,031,842
Income from continuing operation	$ 1,147,403	$ 279,881	$ 389,218	$ 1,578,242	$ 6,442	$ (1,087,680)	$ 2,313,506
Identifiable assets	$ 313,101,403	$ 28,660,049	$ 15,061,923	$ 218,284,001	$ 272,563	$ 33,691	$ 575,413,630
Depreciation and amortization	$ 526,662	$ 52,230	$ 43,757	$ 13,370	$ 922	$ (8,164)	$ 628,777
Capital expenditures	$ 63,432	$ 288	$ 20,478	$ 7,618	$ 4	$ 199	$ 92,019

O-BANK AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3)	Aggregate Financing Limits (Notes 4)	Note
													Item	Value			
1	IBT Leasing	Inhon Communication Co., Ltd.	Account receivable - short-term accommodations	No	$ 50,000	$ 38,021	$ 38,021	2-8	2	$ -	Working capital turnover	$ 504	Margin	$ 10,000	$ 330,631	$ 1,322,524	
		An Chieh Bao Corp.	Account receivable - short-term accommodations	No	40,000	37,887	37,887	2-8	2	-	Working capital turnover	574	Margin	6,000	330,631	1,322,524	
		Yuan Mao Construction Co., Ltd.	Account receivable - short-term accommodations	No	135,000	110,700	110,700	2-8	2	-	Working capital turnover	1,993	Stock	64,680	330,631	1,322,524	
		Taroko Entertainment Co., Ltd.	Account receivable - short-term accommodations	No	38,907	-	-	2-8	2	-	Working capital turnover	-	Stock	-	330,631	1,322,524	
		Priority International Finance	Account receivable - short-term accommodations	No	24,000	509	509	2-8	2	-	Working capital turnover	9	Certificate of deposit	1,200	330,631	1,322,524	
		Qiaoding Investment Co., Ltd.	Account receivable - short-term accommodations	No	96,000	84,000	84,000	2-8	2	-	Working capital turnover	1,512	Stock/real estate	51,830	330,631	1,322,524	
		Taiwan Star Telecom Corporation Limited	Account receivable - short-term accommodations	No	150,000	50,643	50,643	2-8	1	150,000	-	658	Equipment	33,152	330,631	3,306,309	
		Teamphon Energy Co., Ltd.	Account receivable - short-term accommodations	No	120,000	86,477	86,477	2-8	2	-	Working capital turnover	1,557	-	-	330,631	1,322,524	
		Home Credit Vietnam Finance Co. Ltd	Account receivable - short-term accommodations	No	41,715	41,535	41,535	2-8	2	-	Working capital turnover	542	Account receivable	-	330,631	1,322,524	
		VPBank Finance Co. Ltd	Account receivable - short-term accommodations	No	111,239	110,759	83,069	2-8	2	-	Working capital turnover	1,084	Account receivable/ pledge receivable	-	330,631	1,322,524	
2	IBT International Leasing Corp.	Suzhou Leading Car Service Co., Ltd.	Entrusted loans	No	15,054	-	-	6-16	2	-	Working capital turnover	-	-	-	312,529	1,250,114	
		Nanjing Forland automobile leasing Co., Ltd.	Entrusted loans	No	15,054	-	-	6-16	2	-	Working capital turnover	-	-	-	312,529	1,250,114	

Note 1: Explanation:

a. Issuing entity: 0.
b. Invested companies were sequentially numbered from No. 1.

Note 2: Loan type: Business "1"; short-term financial intermediation "2".

Note 3: IBT Leasing and IBT International Leasing Corp. loaned to individual company were limited by 10% net assets.

Note 4: Each issuing entity's total amount of loans was limited to 40% of IBT Leasing Corp.'s and IBT International Leasing Corp.'s net assets. The loan mentioned formerly which belongs to business transactions is limited to 100% of the Corporation net assets.

O-BANK AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
1	IBT Leasing	IBT International Leasing Corp.	b	$ 26,450,470	$ 10,220,376	$ 8,515,411	$ 6,647,184	$ -	257.55	$ 39,675,705	No	No	Yes
		IBT VII Venture Capital Co., Ltd.	b	26,450,470	80,000	80,000	-	-	2.42	39,675,705	No	No	No

Note 1: Explanation:

a. Issuing entity: 0.
b. Invested companies were sequentially numbered from 1.

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

a. Trading partner.
b. Directly and indirectly owns over 50% of the common stocks of the subsidiary.
c. Companies that directly and indirectly hold more than 50% of the voting rights of the company.
d. The company directly or indirectly holds more than 90% of the voting shares.
e. Guaranteed by the Bank according to the construction contract.
f. An investee company, for which the guarantees were provided based on the Bank’s proportionate share in the investee company.
g. The inter-industry is engaged in joint and several guarantees for the performance of the pre-sale house sales contract in accordance with the Consumer Protection Law.

Note 3: Based on the IBT International Leasing Corp’s guidelines, the maximum amount of guarantee to its subsidiary. is up to eight times of the IBT International Leasing Corp’s net value under direct and indirect holding voting right of stockholders; the maximum amount of guarantee to the IBT International Leasing Corp is up to twelve times of the Bank’s net value.

Note 4: The endorsement belongs to the grandson company from IBT International Leasing Corp.

O-BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and U.S. dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT Holdings	Stocks							
	EverTrust Bank	Subsidiaries	Investments accounted for using the equity method	10,714	US$ 193,970	91.78	US$ 193,970	
IBT Management Corp.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	3,059	27,867	1.02	27,867	
	Stocks							
	Thunder Tiger Biotechnology Co., Ltd	-	Financial asset at FVTPL	1,773	39,329	7.38	39,329	Note 2
	TaiRx Co., Ltd	-	Financial asset at FVTPL	511	27,147	0.57	27,147	Note 2
	Beauty Essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	31,379	2.41	31,379	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	15,044	2.17	15,044	Note 2
	Shihlien China Holding Corp.	-	Financial asset at FVTPL	19,682	89,367	0.46	89,367	Notes 1, 2
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	400	17,140	0.18	17,140	
IBT Leasing Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	12,260	111,689	4.09	111,689	
	Stocks							
	IBT International Leasing Corp.	Subsidiaries	Investments accounted for using the equity method	-	2,969,021	95.00	2,969,021	
	IBT VII Venture Capital Co., Ltd.	Subsidiaries	Investments accounted for using the equity method	65,000	708,218	100.00	708,218	
	Fubon Financial Holding Co., Ltd. Preferred Shares C	-	Financial asset at FVTOCI	553	32,033	0.16	32,033	
	Shihlien China Holding Corp.	-	Financial asset at FVTOCI	32,500	147,568	0.75	147,568	Note 1
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	1,700	72,845	0.77	72,845	
IBT VII Venture Capital Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	14,000	127,540	4.67	127,540	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2021				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Stocks							
	IBT International Leasing Corp.	Subsidiaries	Investments accounted for using the equity method	-	$ 156,264	5.00	$ 156,264	Note 3
	TAIRX Corp.	-	Financial asset at FVTPL	3,800	201,943	4.26	201,943	Note 2
	Meridigen Corp.	-	Financial asset at FVTPL	500	10,437	0.55	10,437	
	Femcosteel Tech Co., Ltd.	-	Financial asset at FVTPL	1,298	48,026	3.10	48,026	
	Shihlian China Holdings Corp.	-	Financial asset at FVTPL	9,135	41,480	0.21	41,480	Notes 1, 2
	New Applied Materials Co., Ltd.	-	Financial asset at FVTPL	634	36,600	0.80	36,600	Note 2
	BioResource International, Inc.	-	Financial asset at FVTPL	1,105	102,639	5.84	102,639	Note 2
	Chipwell Tech Corporation	-	Financial asset at FVTPL	391	15,628	2.61	15,628	Note 2
	Biocontrol Gene Vaccine Co., Ltd.	-	Financial asset at FVTPL	1,008	419	0.98	419	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	461	2,062	1.49	2,062	Note 2
	Kaohsiung Rapid Transit Corporation All Rights Reserved.	-	Financial asset at FVTPL	3,845	49,080	1.38	49,080	
	Evergreen Steel Corp.	-	Financial asset at FVTPL	247	13,585	0.06	13,585	
	Evergreen Aviation Technologies Corp.	-	Financial asset at FVTPL	650	40,950	0.18	40,950	
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	125	5,356	0.06	5,356	
	Mesh Cooperative Ventures Fund LP	-	Financial asset at FVTOCI	-	12,000	2.46	12,000	
IBT International Leasing Corp.	Stocks							
	Tianjin Bosteel No.13 Enterprise Management Partnership (Limited Partnership)	-	Financial asset at FVTPL	-	25,781	0.81	25,781	

Note 1: The holding company is registered in Hong Kong. The registered capital stock and number of stocks are in Hong Kong dollars and Hong Kong stocks.

Note 2: The securities are transferred within the group and are listed in the financial asset at FVTOCI when they are combined.

Note 3: On April 22, 2021, the board of directors of IBT Leasing Co. Ltd, approved the proposed transfer 5% of the shares of IBT International Leasing Corp. from IBT VII Venture Capital Co., Ltd. And the acceptance was processed after the completion of the necessary procedures of relevant cross-strait authorities.

(Concluded)

O-BANK AND SUBSIDIARIES

NONPERFORMING LOANS AND ACCOUNTS RECEIVABLE
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars or in %)

Period			December 31, 2021					December 31, 2020				
Items			Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 403,576	$ 71,506,153	0.56%	$ 1,017,517	252.13%	$ 418,641	$ 74,359,778	0.56%	$ 910,746	217.55%
	Unsecured		231,441	60,333,924	0.38%	866,270	374.29%	268,279	64,041,050	0.42%	860,294	320.67%
Consumer banking	Housing mortgage (Note 4)		-	13,360,217	-	200,760	-	7,544	15,334,873	0.05%	230,205	3,051.50%
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		-	1,931,948	-	26,515	-	310	1,537,037	0.02%	19,537	6,302.26%
	Other (Note 6)	Secured	-	5,235,713	-	52,704	-	999	5,941,536	0.02%	59,492	5,955.16%
		Unsecured	14,843	6,678,039	0.22%	133,907	902.16%	9,246	4,886,019	0.19%	103,155	1,115.67%
Total lending business			649,860	159,045,994	0.41%	2,297,673	353.56%	705,019	166,100,293	0.42%	2,183,429	309.70%
			Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			-	-	-	-	-	-	-	-	-	-
Factored accounts receivable without recourse (Note 7)			-	1,568,952	-	16,499	-	-	869,297	-	9,380	-

	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable
Exempt amount - due to debt negotiation and performance (Note 8)	$ -	$ -	$ -	$ -
Debt settlement plan and rehabilitative program (Note 9)	98,026	-	79,994	-
Total	98,026	-	79,994	-

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of Nonperforming loans: Nonperforming loans ÷ Outstanding loan balance.
Ratio of Nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.
Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Small-amount pure credit loans that must be governed by the Bank of China Ref. No. 09440010950 dated December 19, 2005 and are not credit cards or cash cards.

Note 6: "Others" in consumer finance refers to other secured or unsecured consumer loans that are not "residential property mortgage", "cash cards", "small amount pure credit loans", excluding credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), factored accounts receivable without recourse are reported as Nonperforming receivables within three months after the factoring or insurance companies refuse to indemnify banks for any liabilities on these accounts.

(Continued)

Note 8: According to the letter of the Bank of China Ref. No. 09510001270 dated April 25, 2006, the letters of credit and the information disclosure requirements as required by the "Unsecured Debt Negotiation Mechanism for Consumer Financial Cases of the Republic of China Banking Association" should include supplemental disclosures of related matters.

Note 9: According to the letter of the Bank of China Ref. No. 09700318940 dated September 15, 2008 and the letter of the Bank of China Ref. No. 10500134790 date September 20, 2016 regarding the "Consumer Debt Clearance Regulations" for pre-negotiation, rehabilitation and liquidation cases, credit reporting and the information disclosure requirements should include supplemental disclosures of related matters.

(Concluded)

TABLE 5

O-BANK CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business	Percentage of Ownership (%)	Carrying Amount	Investment Gain (Loss)	Consolidated Investment				Note
						Stocks (Thousands)	Pro-forma Share of Ownership	Total		
								Stocks (Thousands)	Percentage of Ownership (%)	
Financial institution										
Investments accounted for using the equity method										
Beijing Sunshine Consumer Finance Co., Ltd.	Beijing City, China	Financing business	20.00	$ 880,879	$ 94,846	200,000	-	200,000	20.00	
China Bills Finance Corp.	Taipei City, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	7,183,258	526,998	382,532	-	382,532	28.48	
IBT Holdings Corp.	California, America	Holding company	100.00	5,406,277	316,906	10,869	-	10,869	100.00	
IBT Leasing Co., Ltd.	Taipei City, Taiwan	Leasing company	100.00	3,306,821	478,102	288,087	-	288,087	100.00	
IBT Management Corp.	Taipei City, Taiwan	Investment consulting	100.00	256,504	4,097	13,400	-	13,400	100.00	
Financial assets at FVTOCI										
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information Software Services Industry	0.50	1,574	-	300	-	300	0.50	
Non-financial institution										
Investments accounted for using the equity method										
Chun Teng New Century Co., Ltd.	Taipei City, Taiwan	Securities investment consulting	99.75	301,673	(4,955)	318,281	-	318,281	99.75	
Financial assets at FVTOCI										
Dio Investment Ltd.	Cayman Island	Coffee retail	8.82	33,610	-	6,997	-	6,997	8.82	
Shengzhuang Holdings Limited	Cayman Island	Chemical material manufacturing	2.18	7,967	-	244	-	244	2.18	

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2021 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2021 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow					
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	$ 426,393 (US$ 15,399)	Note 2 c.	$ 55,379 (US$ 2,000)	$ -	$ -	$ 55,379 (US$ 2,000)	2.60	$ -	$ 55,379 (US$ 2,000)	$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	43,453 (RMB 10,000)	Note 2 c.	13,845 (US$ 500)	-	-	13,845 (US$ 500)	2.09	-	13,845 (US$ 500)	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	235,947 (RMB 54,300)	Note 2 c.	55,379 (US$ 2,000)	-	-	55,379 (US$ 2,000)	2.18	-	55,379 (US$ 2,000)	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,345,250 (RMB 1,000,000)	Note 2 d.	869,050 (RMB 200,000)	-	-	869,050 (RMB 200,000)	20.00	94,846	880,879 (RMB 200,000)	-

Accumulated Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$124,603 (US$4,500) $869,050 (RMB200,000)	$124,603 (US$4,500) $869,050 (RMB200,000)	Note 4

(Continued)

IBT Leasing Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2021 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2021 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow					
IBT International Leasing Corp.	Leasing	$ 1,799,829 (US$ 65,000)	Note 2 d.	$ 1,462,015 (US$ 52,800)	$ -	$ -	$ 1,462,015 (US$ 52,800)	100.00 (Note 6)	$ 414,771 (Notes 3 and 7)	$ 2,969,021 (Note 7)	$ -
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	22,151,736 (US$ 800,000)	Note 2 c.	123,413 (US$ 4,457)	-	-	123,413 (US$ 4,457)	0.75	-	123,413 (US$ 4,457)	-
Shihlien Brine Huaian Co.	Production of glass materials	886,069 (US$ 32,000)	Note 2 c.	10,494 (US$ 379)	-	-	10,494 (US$ 379)	0.75	-	10,494 (US$ 379)	-

Accumulated Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$1,595,922 (US$57,636)	$1,595,922 (US$57,636)	Note 5

IBT Management Corp.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (Notes 1 and 9)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2021 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2021 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow					
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	$ 119,896 (US$ 4,330)	Note 2 c.	$ 1,994 (US$ 72)	$ -	$ -	$ 1,994 (US$ 72)	2.17	$ -	$ 1,994 (US$ 72)	$ -
Topping Cuisine International Holding, Ltd.	Food retailing	143,986 (US$ 5,200)	Note 2 c.	11,740 (US$ 424)	-	-	11,740 (US$ 424)	2.17	-	11,740 (US$ 424)	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	5,538 (US$ 200)	Note 2 c.	194 (US$ 7)	-	-	194 (US$ 7)	2.17	-	194 (US$ 7)	-
Beauty Essential International, Ltd.	Cosmetic retailing	83,069 (US$ 3,000)	Note 2 c.	19,050 (US$ 688)	-	-	19,050 (US$ 688)	2.41	-	19,050 (US$ 688)	-
Meike information technology	Cosmetic retailing information technology	47,072 (US$ 1,700)	Note 2 c.	803 (US$ 29)	-	-	803 (US$ 29)	0.93	-	803 (US$ 29)	-
Shihlien Chemical Industrial Jiangsu Co.	Production of glass materials	22,151,736 (US$ 800,000)	Note 2 c.	74,734 (US$ 2,699)	-	-	74,734 (US$ 2,699)	0.46	-	74,734 (US$ 2,699)	-
Shihlien Brine Huaian Co.	Production of glass materials	886,069 (US$ 32,000)	Note 2 c.	6,341 (US$ 229)	-	-	6,341 (US$ 229)	0.46	-	6,341 (US$ 229)	-

Accumulated Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$114,856 (US$4,148)	$114,856 (US$4,148)	$153,897 (Note 8)

(Continued)

IBT VII Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (Note 1)	Investment Flows (Note 1)		Accumulated Outflow of Investment from Taiwan as of December 31, 2021 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2021 (Note 1)	Accumulated Inward Remittance of Earnings as of December 31, 2021
					Outflow	Inflow					
IBT International Leasing Corp.	Leasing	$ 1,799,829 (US$ 65,000)	Note 2 d.	$ 337,814 (US$ 12,200)	$ -	$ -	$ 337,814 (US$ 12,200)	5.00	$ 21,830 (Notes 3 and 7)	$ 156,264 (Note 7)	$ -

Accumulated Investment in Mainland China as of December 31, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$337,814 (US$12,200)	$337,814 (US$12,200)	$424,931 (Note 8)

Note 1: The amount is after the exchange rate adjustment for the year ended December 31, 2021.

Note 2: There were five investment approaches stated as follows.

a. Investment in mainland China by remittance via a third country.

b. Indirect investment in mainland China via setting a company in a third country.

c. Indirect investment in mainland China via investing in a current company in a third country. (Via investing Dio Investment, Ltd., Shengzhuang Holding, Ltd., Shilien China Holding Co., Limited, Topping Cusine International Holding, Ltd., and Beauty Essential International, Ltd.)

d. Direct investment in mainland China.

e. Others.

Note 3: From financial statements audited by other CPA.

Note 4: The Bank got the recognition from the Industrial Development Bureau, Industry of Economic Affairs in April 2020, so the Bank is not under "the regulation of investing or technology-cooperation in China".

Note 5: IBT Leasing Co., Ltd. obtained the documents issued by the Industrial Development Bureau of the Ministry of Economic Affairs in line with the operational headquarters in September 2021, so it is not under "the regulation of investing or technology-cooperation in China".

Note 6: IBT Tianjin International Leasing Corp. was merged by IBT Leasing Co., Ltd. on January 1, 2019. IBT Leasing Co., Ltd. holds 95% stock of IBT International Leasing Corp. directly and 5% indirectly through IBT VII Venture Capital Co., Ltd.

Note 7: The accumulated investment amount of IBT Tianjin International Leasing Corp., which included the investment profit and loss and the book value of the investment at the end of the period, is composed of 95% directly held by IBT Leasing Co., Ltd. and 5% indirectly through IBT VII Venture Capital Co., Ltd.

Note 8: The original investment is within the limit.

Note 9: IBT Management Corp. has obtained the verification letter of part of investment from the Investment Review Committee of the Ministry of Economic Affairs, and the remittance amount is mainly based on the verification letter.

(Concluded)

TABLE 7

O-BANK AND SUBSIDIARIES

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

No. (Note 1)	Transaction Corporation	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
0	The Bank	Chun Teng New Century, IBTM, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing, IBTVC7 and IBTS	a	Deposits	$ 285,115	Note 3	0.05
0	The Bank	Chun Teng New Century, IBTM, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing, IBTVC7 and IBTS	a	Interest expense	478	Note 3	0.01
0	The Bank	Chun Teng New Century, IBTM, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing and IBTS	a	Payables	118	Note 3	-
0	The Bank	IBTM, CBF and IBT Leasing	a	Other net revenue other than interest	38,451	Note 3	0.41
1	Chun Teng New Century	The Bank	b	Cash and cash equivalents	50,316	Note 3	0.01
1	Chun Teng New Century	The Bank	b	Discontinued operations - interest revenue	78	Note 3	-
1	Chun Teng New Century	The Bank	b	Accounts receivable	16	Note 3	-
1	Chun Teng New Century	IBT Leasing	c	Discontinued operations - other operating and administrative expenses	686	Note 3	0.01
2	IBTM	The Bank	b	Cash and cash equivalents	7,578	Note 3	-
2	IBTM	The Bank	b	Interest revenue	3	Note 3	-
2	IBTM	The Bank	b	Other operating and administrative expenses	775	Note 3	0.01
2	IBTM	The Bank	b	Lease interest expense	13	Note 3	-
2	IBTM	IBTVC7	c	Consultancy service income	6,056	Note 3	0.07
3	CBF	The Bank	b	Other operating and administrative expenses	30,049	Note 3	0.32

(Continued)

No. (Note 1)	Transaction Corporation	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
4	IBTS Financial (HK) Limited	The Bank	b	Cash and cash equivalents	$ 50,577	Note 3	0.01
4	IBTS Financial (HK) Limited	The Bank	b	Discontinued operations - interest revenue	79	Note 3	-
4	IBTS Financial (HK) Limited	The Bank	b	Accounts receivable	18	Note 3	-
5	IBTS Asia (HK) Limited	The Bank	b	Cash and cash equivalents	53,241	Note 3	0.01
5	IBTS Asia (HK) Limited	The Bank	b	Discontinued operations - interest revenue	54	Note 3	-
5	IBTS Asia (HK) Limited	The Bank	b	Accounts receivable	8	Note 3	-
6	IBTL	The Bank	b	Cash and cash equivalents	13,458	Note 3	-
6	IBTL	The Bank	b	Interest revenue	59	Note 3	-
6	IBTL	The Bank	b	Lease interest expense	300	Note 3	-
6	IBTL	The Bank	b	Other operating and administrative expenses	7,456	Note 3	0.08
6	IBTL	The Bank	b	Accounts receivable	1	Note 3	-
6	IBTL	Chun Teng New Century	c	Other net revenue other than interest	686	Note 3	0.01
7	IBTVC7	The Bank	b	Cash and cash equivalents	2,253	Note 3	-
7	IBTVC7	The Bank	b	Interest revenue	1	Note 3	-
7	IBTVC7	IBTM	c	Other operating and administrative expenses	6,056	Note 3	0.07
8	IBTS	The Bank	b	Cash and cash equivalents	107,692	Note 3	0.02
8	IBTS	The Bank	b	Accounts receivable	75	Note 3	-
8	IBTS	The Bank	b	Discontinued operations - interest revenue	204	Note 3	-

Note 1: Information about the business transactions between the Bank and its subsidiaries were classified as follows:

a. 0 for the Bank.
b. Subsidiaries are numbered sequentially starting from the number 1.

(Continued)

Note 2: The types of transactions with related parties were classified as follows:

a. Parent company to subsidiaries.
b. Subsidiaries to parent company.
c. Subsidiaries to subsidiaries.

Note 3: The terms for the transactions between the Bank and related parties are similar to those with unrelated parties.

(Concluded)

TABLE 8

O-BANK AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ming Shan Investment Co., Ltd.	386,271,554	12.74
Yi Chang Investment Co., Ltd.	289,007,997	9.53
Taixuan Investment Co., Ltd.	287,135,501	9.47

Note 1: The major shareholder’s information on this table is on the last business day at the end of the quarter from the Taiwan Central Depository and Clearing Co., Ltd. The shareholding included shares that the company has completed the delivery of the common stock and preferred stock without physical registration (including treasury shares) of more than 5%. The share capital recorded in the Bank’s consolidated financial report and the actual number of shares has been actually delivered without physical registration. Differences, if any, may be due to the basis of preparation and calculation.

Note 2: If shareholders transfer the shareholding to a trust, the trustee will open the trust account to separate the account. Shareholders' handling of insider shareholdings with more than 10% of their shares shall be in accordance with the Securities Exchange Act. However, their shareholdings include their own shares plus their delivery to the trust and the use of decision-making shares in the trust property. Information on insider equity declaration refers to the Public Information Observatory.

Note 3: The number of shares are the total number of common stocks and preferred stocks.

Note 4: Shareholding ratio (%) = The total number of shares held by the shareholder ÷ The total number of shares that have been delivered without physical registration. It is calculated to the second decimal place and rounded off after the third decimal place.