第一銀行
First Bank

2021 ANNUAL REPORT

第一銀行 · First Bank　第一銀行 · First Bank

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Highlights

(Standalone basis, data as of December 31, 2020 and 2021)

(in millions)	2021 NTD	2020 NTD	2021 USD
Major financial data at year end			
Total assets	3,588,455	3,366,032	129,781
Total liability	3,364,915	3,146,719	121,696
Total equity	223,540	219,313	8,085
Operating results			
Net interest revenue	32,263	28,534	1,167
Net revenue other than interest	14,599	15,600	528
Profit before tax	20,918	18,356	756
Income tax expense	(3,266)	(2,673)	(118)
Profit	17,652	15,683	638
Capital adequacy ratio	14.21%	13.63%	
World rank			
The Banker - by tier 1 capital (12/20)	201	215	
The Banker - by total assets (12/20)	175	178	
Distribution network			
Domestic full/mini/sub-branches	188/0/0	188/0/0	
Overseas branches/sub-branches/rep. offices/OBU	19/10/3/1	19/10/3/1	
First Commercial Bank (USA)	1 main office and 8 branches	1 main office and 7 branches	
Number of employees	8,359	8,265	

*NT$27.65:US$1.00

*The major financial data and operating results of 2021 and 2020 are in accordance with IFRS.

History

The Bank has grown strongly and steadily with Taiwan's economic development over the last 122 years, and consistently adhered to the corporate philosophy of "Customer First, Service Foremost".

The Bank is committed to transforming into a global financial institution that is not only highly recognized by employees, but also is friendly, reliable and sound from customers' perspective.

- 1899 Savings Bank of Taiwan established
- 1912 Merged with Commercial and Industrial Bank of Taiwan (est. 1910)
- 1923 Merged with Chia-I Bank (est. 1905) and Hsin-Kao Bank (est. 1916)
- 1945 Reversion of Taiwan from Japanese Governance
- 1949 The Bank was renamed First Commercial Bank of Taiwan
- 1967 The Bank started international business
- 1976 The Bank's name was shortened to First Commercial Bank
- 1998 The Bank was privatized
- 1999 Centennial Anniversary
- 2003 First Financial Holding Co. established; The Bank transformed to be a wholly owned subsidiary of FFHC
- 2004 A new corporate structure created due to the organizational reshaping
- 2006 Awarded "Bank of the Year 2006" for Taiwan by The Banker, ISO 27001 Certification from BSI
- 2007 Continued winning glory and honor awards from The Banker (UK), Asiamoney (HK) and FSC (Taiwan)
- 2008 Graded A for "Loan Promotion Program to SMEs by Taiwanese Banks" by the FSC; winning "Credit Guarantee Partner Award" from the MOEA and the FSC; awarded "The Best Visa Debit Issuer of the highest Activation Rate in 2008" by Visa organization
- 2010 Shanghai Branch opened for business on December 23, making First Bank the first Taiwanese bank to operate in China
- 2011 Signing MOUs with China's six leading banks; upgrading Hanoi Representative Office into a branch; awarded "The Best Loan Promotion Program to SMEs by Taiwanese Banks" by FSC; OBU launched RMB-denominated business
- 2013 Awarded "Bank of the Year 2013" for Taiwan by The Banker; Winning "USD RTGS Promotion Awards" from BAROC, Taiwan
- 2014 Chengdu Branch opened for business on September 15.
- 2015 Ranked No.1 in SME market share for fifth year in a row; Xiamen Branch opened for business on April 30.
- 2016 Ranked No.1 in SME market share for sixth year in a row; Manila Branch opened for business on December 16.
- 2017 Awarded "Bank of the Year 2017" for Taiwan by The Banker; Ranked No.1 in SME market share for seventh year in a row.
- 2018 Awarded "The Best Cloud Based Initiative, Application or Programme in Taiwan" by The Asian Banker; Awarded "The Best System Stability-Cross Banking Business" and "The Best Service Innovation-Blockchain Auditing Confirmation Service"
- 2019 Awarded "Giant Award of National Enterprise Environmental Protection Award" and "Corporate Sustainability Award of National Sustainable Development Award"
- 2020 Became the first state-owned bank in Taiwan to sign the Equator Principles; awarded the "Best Wealth Management Award of the 10th Taiwan Banking and Finance Best Practice Awards"
- 2021 **Houston Branch opened for business on February 26. Awarded "Taiwan Sustainable Investment Awards", and "Gold Award for Environmental Sustainability" and "Silver Award for Social Inclusion" in "Taiwan Sustainability Action Awards"**

Letter to Shareholders

Operating Performance in 2021

Domestic and Foreign Financial Conditions

1. Global Economic and Financial Conditions

Ye-Chin Chiou
Chairperson

Looking back at the global economy in 2021, as countries committed to improving their COVID-19 vaccination rates, economic activity gradually restarted. According to the International Monetary Fund (IMF), the global economic growth rate rebounded from -3.1% in 2020 to 6.1% in 2021, and the growth rate of global trade volume rebounded sharply from -7.9% to 10.1%. In terms of the performance of major economies, the U.S. population gradually returned to work and the economic recovery maintained a steady trend, but the Federal Reserve (Fed) had officially started tapering the bond-buying program since mid-November, considering the continuation of high inflation due to negative factors such as supply chain disruptions and labor shortages; although there were signs of economic recovery in the Eurozone, the resurgence of the epidemic prompted some countries to resume lockdown measures against COVID-19, slowing down the pace of economic recovery. The Bank of Japan (BOJ) maintained an ultra-loose monetary policy tone, which, coupled with strong export growth and a recovery in consumption as the epidemic eased, led to a moderate recovery in Japan's economy; China's exports performed well and the power shortage situation improved in the fourth quarter. However, the continuous tension in its external relations and the continuation of housing market regulation policies added downward pressure on the economy. Overall, governments around the world were committed to boosting their economies, but the new wave of the epidemic has led to a renewed escalation of epidemic prevention measures in many countries, impacting economic activities and labor market performance, which in turn slowed down the pace of economic recovery.

2. Domestic Economic Environment

In terms of the domestic economy, consumption in the second and third quarters was hit by the COVID-19 pandemic. However, as the epidemic eased off after August, the government and industry introduced a number of consumption stimulus programs, which led to a rebound in private consumption. In addition, benefiting from the trend of remote working and expansion of emerging technology applications such as 5G networks, Taiwan's export performance has grown strongly throughout the year, which, coupled with strong demand for semiconductors, and continued progress of offshore wind power projects, have helped sustain Taiwan's investment momentum. According to the statistics from the Directorate General of Budget, Accounting and Statistics, the actual economic growth rate in 2021 increased from 3.36% in 2020 to 6.45%, which was a record high since the financial tsunami in 2008. In terms of interest rate, the Central Bank of Taiwan maintained the benchmark interest rate at a record low of 1.125% in 2021 to support the economic recovery. However, the Central Bank tightened the regulation of financial institutions in handling real estate mortgage loans in order to mitigate the risk of real estate price inflation due to low interest rates. As for the exchange rate of the New Taiwan Dollar (NTD), Taiwan's stable economic situation helped to maintain market confidence, coupled with the strong demand for exporters to sell foreign currency due to the export boom and the decline in demand for foreign currency exchange caused by less people going abroad due to border control, the exchange rate of the NTD against the USD showed a slow trend of appreciation in 2021, and the annual increase was 2.95%.

Grace M. L. Jeng
President

3. Domestic Financial Condition

In terms of domestic financial condition, benefiting from strong demands in the housing market as well as the related capital demands derived from the corporate investment boom, total outstanding loans provided by domestic banks and profit before tax reached NTD 33.6751 trillion and NTD336.98 billion respectively as of the end of 2021, increasing by 7.0% and 7.8% year-over-year. The non-performing loan (NPL) ratio decreased by 0.05% to 0.17% while NPL coverage ratio increased by 153.00% to 776.24% year-over-year.

Organizational Changes

The Bank was approved by the Financial Supervisory Commission for the high net-worth wealth management business on May 18, 2021, the "Private Wealth Management Department" was established under the Personal Banking Business

Admin. Division in June, which was responsible for the planning, promotion and management of wealth management business for high net-worth clients. Chief Information Security Officer was also set up to oversee the promotion of information security policies and resource scheduling; in October, an "Accountability Committee" was established at the board level to be responsible for the accountability of the Bank's high net-worth wealth management business. In April, 2022, the "Corporate Sustainable Development Committee" was renamed as the "Sustainable Development Committee".

Implementation of Business Plan and Operating Strategies

In 2021, the Bank focused on "Cross-Field Innovation, Being First in Sustainability" as the main theme for our annual business strategy, and formulated plans based on five major business concepts of "Focusing on cross-industry synergy", "Priority in digital transformation ","Expanding overseas business scale, consolidating local operations", "Strengthening our structure, Implementing risk control", and "Implementing the concept of green sustainability and becoming an enterprise with culture of friendly financing", so as to implement business development plans and achieve financial budget goals. With the concerted efforts of all employees in the Bank, the achievements of our 2021 business strategy are as follows:

1. Profit returned to the NTD 20 billion mark, and the quality of assets improved at the same time

   The Bank's profit before tax in 2021 was NTD 20.918 billion, an increase of NTD 2.562 billion (+13.96%) compared with 2020. Recovered from the impact of the epidemic in 2020, the profit returned to the NTD 20 billion mark; the EPS before tax was NTD 2.30, and ROA and ROE were 0.60% and 9.45%, respectively. In addition to the steady growth in business scale and profitability, the Bank's NPL ratio was 0.20% and the loan loss provision coverage ratio was 620.31% at the end of 2021, indicating the Bank's continued adherence to risk management as a prerequisite and active strengthening of the quality of assets in pursuit of profit growth. Moreover, the capital adequacy ratio (CAR) and Tier 1 capital ratio were 14.21% and 12.48%, respectively, at the end of December, 2021. Since the Bank has become a systemically important bank (D-SIBs), it will continue to improve its capital structure to meet the capital adequacy requirements.

2. Continuous expansion of overseas presence and building up capacities for the second pillar of profitability

   The Bank is ahead of its peers in establishing a branch in Houston, Texas, USA (opened on February 26, 2021), and continued to take the lead among state-owned banks; With the branches located on four continents, including 19 locations in 8 countries in the New Southbound region, the Bank followed the strategies of "consolidating our foundation of operation" and "increasing sources of profit" to grasp business opportunities and balance between overseas business and risks. The Bank continued to actively respond to the government's New Southbound policy and, together with the Credit Guarantee Fund, has helped Taiwanese businesses expand their New Southbound business. The Bank was awarded the "Best New Southward Contribution Award" in the 2021 Excellence Bank Rating Survey by Excellence Magazine.

3. Focused development of core business, expanding the scale with value-added services

   As of the end of December2021, our outstanding loans to small and medium-sized enterprises reached NTD 866.5 billion, with a market share of 9.89%, ranking first place in SME lending business in Taiwan for 12 consecutive years. The Bank continued to expand the financing capacity for small and medium-sized enterprises through a credit guarantee mechanism and has received several awards from the Financial Supervisory Commission, such as the "Excellent Bank in SME Loans". In addition, the Bank officially launched the high net-worth wealth management business on September 14, 2021, and as of the end of 2021, the number of high net-worth wealth clients reached 205, and the total assets under management reached nearly NTD 35 billion; the Bank also actively promoted the Trust 2.0 business, including cooperating with nursing/caring institutions to establish a trust and nursing care cooperation mechanism to create a friendly living environment for the elderly, and was awarded the first place in the "Evaluation for Property Trust for Elderly and Disabled Persons".

   In addition, the Bank continued to assist enterprises and individuals affected by the epidemic. Apart from cooperating with the government to implement financial relief programs, the Bank also launched the corresponding relief programs and once again leveraged its digital power to launch the industry's first "Online Identity Verification Platform for Sole Proprietorship Enterprises", which allowed sole proprietorship enterprises in need of relief funds to apply for loans without having to leave their offices; in terms of labor relief loans, it also actively guided the public to apply loans online through "Labor Relief Loan Zone", and the whole process was automated, from online submission of documents by the public, and credit checking, to batch delivery by the system, online identity verification and batch allocation of loans. For some customers who still have over-the-counter demands, the bank give publicizing and counseling to them by telephone. In 2021, the number of labor relief loans provided by the Bank continued to rank first among state-owned banks.

4. Prioritizing digital diversion for services, establishing cross-industry cooperation to promote innovation

In regards to digital development, the Bank continued to utilize the digital platforms of its core businesses to divert services; in the face of the continuous opening of pure online banking, the number of iLEO digital accounts continued to grow, and by the end of 2021, the Bank ranked 4th in the market in terms of the number of digital accounts; In terms of digital financial innovation, the Bank has joined hands with new start-ups to launch the "JOiNVEST Group Buy Platform for Bonds", and create "Dream Account" digital savings service, the first cross-industry deposit mechanism. The Bank's achievements in digital development were recognized by various parties, including three awards of the "Digital Business Optimization Award - Gold Award", "Digital Inclusion Award - Quality Award", and "Digital Information Service Award - Quality Award" in the first Digital Financial Service Award Ceremony by Commercial Times; its "Payroll Management Platform" also won the honor of the "Single Project Digital Transformation - Model Award for Operational Excellence" in the first Digital Transformation Revolution Awards by the internationally renowned journal Harvard Business Review.

5. Implementing the concept of green sustainability and becoming an enterprise with culture of friendly financing and well-being

   In response to the international development trend, the Bank has implemented ESG in the six aspects of "Corporate Governance", "Responsible Finance", "Sustainable Financial Products and Services", "Employee Care", "Environmental Sustainability" and "Social Participation". To implement green finance, the Bank has set up the "Renewable Energy Financing Business Promotion Team" and launched the "Sustainable Development Linked Loan Program". With the Bank's continuous efforts, it is the only enterprise from the financial industry in Taiwan that has been awarded the Titan Award, the highest honor of the "Annual Enterprise Environmental Protection Award" for three consecutive years, the first "Taiwan Sustainable Investment Awards", and the "Gold Award for Environmental Sustainability" and "Silver Award for Social Inclusion" in the first "Taiwan Sustainability Action Awards". With the efforts of the Bank and its parent company, First Financial Holdings Company, FFHC released the first TCFD report in December 2021, and became the first financial institution in Taiwan to receive the highest level of BSI Level 5+ certification; in addition, its CDP Climate Change Questionnaire for 2021 was awarded the highest grade of "A", making it the only one financial institution to be ranked in the "Leadership Level" for four consecutive years; moreover, FHHC was honorably selected into the "Dow Jones World Index" for the fourth year in a row. The Company has also been honorably selected by the "Dow Jones Sustainability Indices (DJSI) Emerging Markets" for six consecutive years. In 2021, it ranked first in Taiwan's banking industry and among the top six in the world in the results of the annual DJSI review.

Budget Implementation, Financial Revenue, and Profitability Analysis

In 2021, the Bank's net revenue was NTD 46.862 billion, an increase of NTD 2.728 billion from 2020. The profit before tax was NTD 20.918 billion.

- Deposit Business:
  The average deposit balance was NTD 2,807.133 billion, increasing by NTD 330.213 billion from 2020, an increase of 13.33%.
- Loan Business:
  The average loan balance was NTD 1,964.899 billion, increasing by NTD 147.826 billion from 2020, an increase of 8.14%.
- Trust Business:
  The balance of the trust business at the end of the year was NTD 291.601 billion, a decrease of NTD 68.708 billion from 2020, a decline of 19.1%.
- Custody Business:
  The balance of the custody business at the end of the year was NTD 1,129.677 billion, an increase of NTD 23.147 billion from 2020, a growth of 2.1%.

Research and Development

In response to the rapidly changing business environment of the financial industry, the Bank has continually tracked the latest economic, financial and industrial developments in Taiwan and abroad, and regularly issued related reports. Following the changes in domestic and foreign financial regulations, the Bank has also provided research reports and developed bank response strategies from time to time, aiming to continuously enhance the depth and breadth of analysis reports.

In terms of financial technology patents, as of the end of December 2021, the Bank has submitted 150 patent applications to the Intellectual Property Office, Ministry of Economic Affairs. And 34 invention patents (including "safe deposit box micro-positioning identity confirmation system and method", "operation authority management method", and "personalized marketing information generation system"), 83 utility model patents, and one design patent have been approved. In addition, the Bank has passed both the patent and trademark Taiwan Intellectual Property Management System (TIPS) verification (level A) in 2021, demonstrating its determination to improve the intellectual property management system, effectively utilize business resources and enhance its capabilities of utilizing intellectual property.

Business Plan for 2022

After analyzing the external environment and the bank's strengths and weaknesses, in 2022 we made it our vision statement to carry out cross-sector competition and cooperation and realize sustainable digitalization. In response to the trend of digital transformation and sustainable development, the bank will focus on cross-sector integration through competition and cooperation and sustainable development with digital innovation as a priority. We hope to construct a sustainable business with strong operational foundations and profitability, and realize our vision of becoming a niche regional digital bank where people thrive.

Future Development Strategies

Grasping the advantages to strengthen the foundation, integrating services across industries to add value

We will grasp the advantages of our predominant client base of SMEs, continue to prioritize the core corporate banking business, and focus on medium and large-sized customers, so as to expand the market share of loans to SMEs and drive business growth through strengthening the operating foundation; in addition, we will continue to support policy financing projects such as "Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" and the New Southbound Policy , and will also guide funds to sustainable development projects, play the key role to influence our clients as a financial intermediary, and become a solid backing for customer business transformation.

We will adhere to the thinking of cross-business integration, promote the Wealth 2.0 and Trust 2.0 businesses, and expand the Urban Renewal and Reconstruction of Urban Unsafe and Old Buildings business and Payroll Account customers, and cultivate colleagues' cross-business functions, such as the high net-worth wealth team and urban renewal counseling team to work together with branches to provide value-added services, expand the customer base and improve business efficiency.

Improving digital transformation to capture market share, maximizing scenarios to open for imparting

We will continue to promote digital transformation and realize our core concept of "priority in digital transformation" by "improving iLEO brand management and deepening interactions on social platforms", to "capture the market share of digital customers and revitalize existing customers", and "optimize digital channel platforms" to "achieve diversion for customer platforms"; and in response to digital transformation and system operation modernization, we will continue to optimize key business processes to enhance user experience and operational efficiency.

We will maintain an open attitude, go beyond the scope of the financial industry on the basis of ensuring information security to share data across sectors through technologies such as Open Data, API and Digital Identity, and jointly build a financial ecosystem through cross-industry cooperation instead of competition, to improve customer experience.

Expanding global market prudently, deepening local operations to balance risks

In order to grasp the international politico-economic opportunities, while focusing in Europe, the United States and the New Southbound areas. Among them, the San Mateo branch of the U.S. subsidiary bank has been officially opened in February 2022, and a new branch is expected to open in Frankfurt, Germany. We will expand our overseas market prudently and continue to move towards the goal of becoming a "Regional Bank".

In terms of business development, the Bank will adopt the operating strategies of "deepening local operations while focusing on key fields" and "strengthening management to balance between business and risks", including adopting a regional focused operation model in response to local differences, implementing risk management, strengthening AML and compliance, promoting digital development, and deepening the recruitment and cultivation of local talents.

Strengthening our structure to consolidate risk management, deepening cyber security protection and enhance legal compliance

We will strengthen "capital is valuable" thinking, continue to adjust the structure of risk-weighted assets, and make good use of risk mitigation measures, to improve the efficiency of capital utilization while increasing capital through enhancing profit and issuing subordinated financial bonds in a timely manner; furthermore, we will strengthen pre-loan review and post-loan management to continuously improve our asset quality.

The Bank's risk management and regulatory compliance will focus on the four major aspects of "deepening the culture and quality of compliance and governance", "improving internal audits and internal controls and strengthening money laundering prevention", "promoting fair treatment to customers and implementing inclusive finance" and "strengthening cyber security protection to enhance defensive capabilities" so as to shape a bank-wide risk management culture.

Deepening green sustainability in practice and becoming an enterprise with culture of inclusion, excellence and well-being

The Bank implements CSR in the six aspects of "Corporate Governance", "Responsible Finance", "Sustainable Financial Products and Services", "Employee Care", "Environmental Sustainability" and "Social Participation", and combines with the Green Finance Committee to improve its climate change risk management, promote low-carbon operations, and implement the concept of green sustainability. Furthermore, the Bank will continue its efforts in employee care, environmental sustainability, and social participation, thereby building the Bank into a model of a happy and excellent enterprise that creates mutual prosperity with employees, customers, the environment and the society.

Influences from the External Competitive Environment, Regulatory Environment, and Overall Business Operation Environment

External Competitive Environment

With the signing of financial governance MOUs with countries or Non-official institutions, and with the launch of initiatives such as the "Green Finance 2.0", "Promotion of Digital Transformation", "Blueprint for Developing Taiwan into a Bilingual Nation by 2030", and "New-Southern Pathway". In which the international competitiveness of financial industry in Taiwan was upgraded. In addition, considering the consumer market demand is huge in Southeast Asian countries, some Taiwanese business corporates are located in the ASEAN region. The continued tension between the United States and China also drove some Taiwanese corporates shift their investment from China and Hong Kong to southern countries, these are the inventives. However, the restrictions on financial markets in Asean countries, new Covid-19 epidemic uncertainty and changes in the political and economic situation have increased the local operating costs and risks. On the whole, how to balance risks and rewards and deepen local market business will be an issue for banking industry to enhance the competitiveness of cross-border financial services.

Regulatory Environment

In terms of changes in the domestic regulatory environment, the Bankers Association revised the "Principles of Internal Control Operations Related to Banks' Prevention of Misappropriation of Client Funds by Wealth Management Specialists" on August 26, 2021, to include 21 new red flag indicators with respect to the four major categories of fund transfers, linked accounts, unauthorized operations, and other behaviors, to strengthen the Bank's early warning function. The Bank has cooperatively amended relevant code of conduct and operation procedures, and adjusted relevant monitoring methods to prevent the occurrence of similar illegal situations.

Moreover, regarding the implement of the principle for fair treatment of customers, the competent authority announced on December 30, 2021 that, in addition to including the protection of the customer rights and interests of the elderly and the physically and mentally challenged customer into the key assessment items in the fair treatment evaluation, the new items for evaluation of "Principles for Friendly Services" and "Principles for Implementing Integrity Management" were added in 2023, and the Bank has planned and formulated relevant monitoring indicators and discussed countermeasures.

In terms of changes in the international regulatory environment, the US Congress amended the Anti-Money Laundering Act of 2020 on December 3, 2020, and the AML/CFT Priorities were proposed by the Financial Crimes Enforcement Network (FinCEN) on June 30, 2021 in accordance with the aforementioned Act, which requires foreign banks that hold Nostro accounts with U.S. banks to cooperate in providing relevant transaction records. The branches and subsidiaries of the Bank in the United States have cooperatively amended relevant code of conduct and formulated control measures. In view of the fact that the United States may require the provision of transaction records in the future, the Bank has actively worked with the competent authorities, the Bankers Association and legal entities to develop compliance measures to protect the rights and interests of its customers.

The UK Financial Conduct Authority (FCA) issued guidelines on the principles of fair treatment to vulnerable consumers in February 2021, mainly to regulate the protection measures that financial institutions should establish for vulnerable customers. The Bank's London branch has followed the guidelines, and the Bnak has also instructed its domestic branches to take the initiative to care for vulnerable consumers who may be financially exploited, so as to ensure the rights and interests of vulnerable customers.

Overall Business Operation Environment

With the signing of financial governance MOUs with countries or Non-official institutions, and with the launch of initiatives such as the "Green Finance 2.0" , "Promotion of Digital Transformation", "Blueprint for Developing Taiwan into a Bilingual Nation by 2030", and "New-Southern Pathway". In which the international competitiveness of financial industry in Taiwan was upgraded. In addition, considering the consumer market demand is huge in Southeast Asian countries, some Taiwanese business corporates are located in the ASEAN region. The continued tension between the United States and China also drove some Taiwanese corporates shift heir investment from China and Hong Kong to southern countries, these are the inventives. However, the restrictions on financial markets in Asean countries, new Covid-19 epidemic uncertainty and changes in the political and economic situation have increased the local operating costs and risks. On the whole, how to balance risks and rewards and deepen local market business will be an issue for banking industry to enhance the competitiveness of cross-border financial services.

Looking forward to 2022, the wild inflation and supply chain disruptions derived from the explosive demand of goods of 2021 is likely to continue. With the virus mutation, the epidemic will be repeated, and geopolitical risks will continue. The reduction of fiscal stimulus in some countries may cause financial market volatility and downward pressure on the economy. Among them, the U.S. Federal Reserve's tightening monetary policy, labor shortages, supply chain disruptions, and policy continuity derived from mid-term elections may slow down economic growth momentum; the Euro-zone faces uneven recovery across countries, but loosening monetary policy and strong fiscal policy is expected to continue, which will help support a moderate economic recovery; Japan's overall economy is expected to gradually shake off the impact of the epidemic and grow moderately despite the sluggish wage growth; the housing market is under pressure due to regulation, but continued active fiscal policy and loosening monetary policy are expected to maintain steady economic growth; Taiwan's epidemic remains uncertain and consumers' expectations for rising prices are growing, but exports and investment are expected to remain stable and the economic outlook remains optimistic.

As for trends in Taiwan's real estate market, according to statistics from the Ministry of the Interior, owing to strong demands for housing, the total number of real estate transactions in 2021 grew by 6.6% over the 2020 level to 348,000 cases. Looking ahead, according to Yongqing Real Estate Group, although the willingness of first-time homebuyers and exchange-home buyers is still high, given the possibility that the central bank will hike rates in 2021, the excess housing supply still exists, and the government has recently stepped up its efforts to cool down speculates on real estate. In order to prevent the housing market from overheating and disorder, which will affect the trend of the housing market, it is estimated that Taiwan's real estate market will show a cooling trend in the first half of 2022.

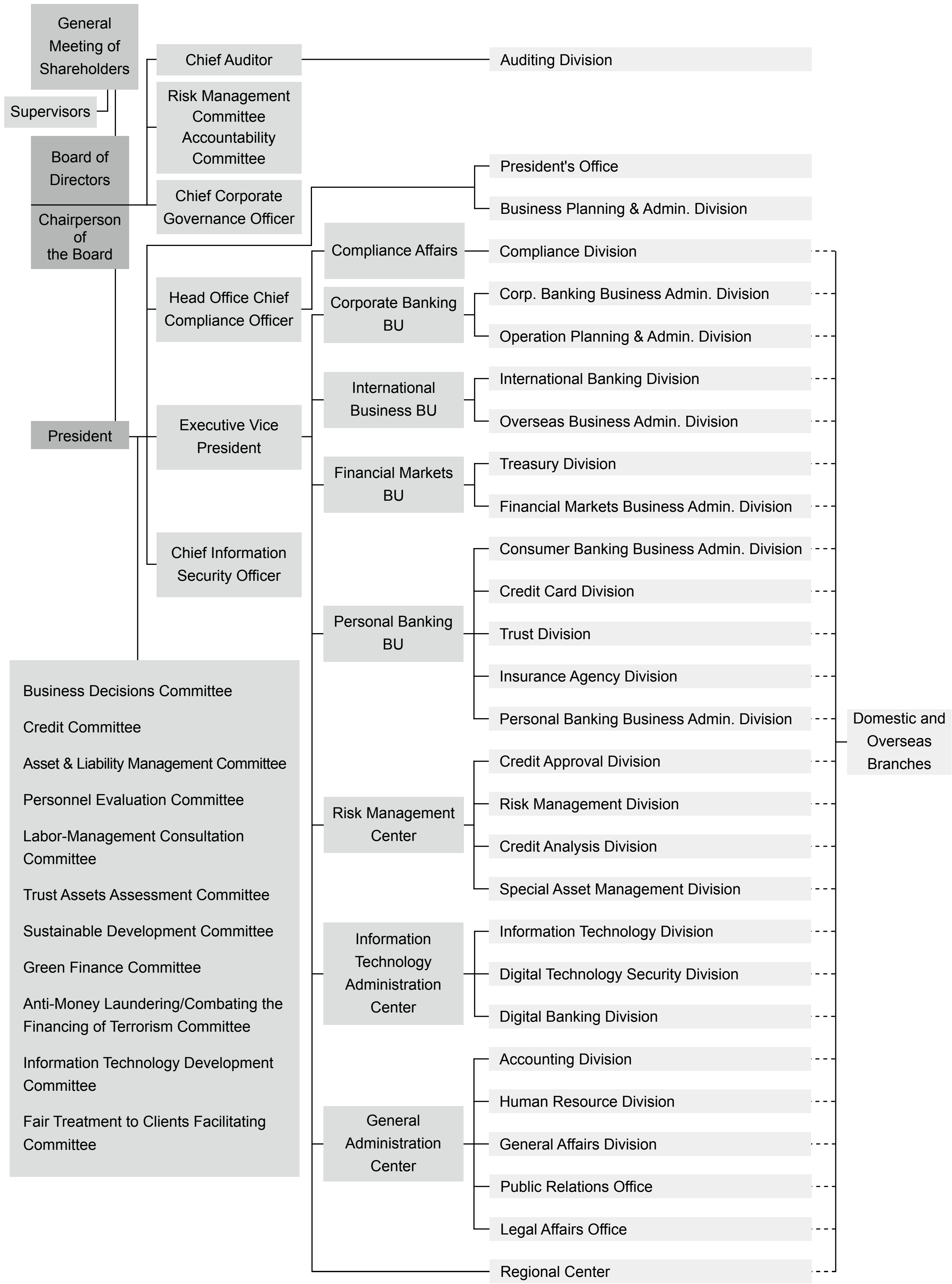
As for the overall of the domestic banking industry, benefiting from the booming real estate market transactions and the increase in the willingness of enterprises to invest, it has driven the strong growth of banks' lending momentum, which in turn has contributed to the growth of Banks' profits in 2021. Looking ahead, in view of the fact that Taiwan central bank and the US Fed are expected to normalize interest rates in 2022, in which it is expected to expand the lending spread of banks as well as the expansion demand for semiconductor manufacturers, not to mention the Taiwanese corporates' repatriation to Taiwan, It is expected to drive the growth of capital demand, but in view of the pressure of bank's excess liquidity and the central bank's implementation for selective credit control, it may suppress the growth momentum of real estate market. Pandemic, China-US tech. tension, China's lockdown, all these uncertainties will impact the guidance of the industry for the coming quarters. In addition, in response to the government's "Green Finance Action Plan 2.0" and the promotion of sustainable finance in line with international standards, banks have also actively led green finance business and implemented ESG concepts, guided funds to sustainable development projects, and played a key role in the role of banks as financial intermediaries.

Credit Rating Information

Rating Institution	Published Date	ST	LT	Outlook
Taiwan Ratings Co.	10/12/2021	twA-1 +	twAA +	Stable
Standard & Poor's	10/12/2021	A-2	A-	Positive
Moody's	03/04/2022	P-1	A1	Stable

Chairperson
Ye-Chin Chiou

Organization Chart



2022.04

Board of Directors and Supervisors

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Chairperson	R.O.C.	Ye-Chin Chiou	Nov.2'20	■ B.S. in Economics, National Taiwan University Branch General Manager, Bank of Taiwan; EVP & General Manager, Dept. of Credit Management, Bank of Taiwan; Senior Executive Vice President, Bank of Taiwan; Managing Director & President, Bank of Taiwan; Director, Taiwan Small & Medium Enterprise Counseling Foundation; Director, BankTaiwan Securities Co., Ltd.; Director, Cathay United Bank Co., Ltd; Supervisor, Taiwan Power Company; Director, Hua Nan Financial Holdings Co., Ltd; Director, United Taiwan Bank SA; Director, Taipei Forex Inc.; Director, Mega Financial Holding Co., Ltd; Director, Taiwan Financial Holding Co., Ltd.	Chairperson, First Financial Holding Co., Ltd. (FFHC); Chairperson, The First Education Foundation; Director, National Credit Card Center of R.O.C; Consultant, The Bankers Association of The Republic Of China; Director, The Bankers Association of Taipei; Director, The Bankers Association of Taiwan
Managing Director & President	R.O.C.	Grace M. L. Jeng	Dec. 25'14	■ B.S. in Business Management, National Taiwan University Department Manager, Trust Division, FCB; Chief of Administration & Planning Dept., FFHC; SVP, Personal Finance Division, FCB; Chief of Personal Banking Business Admin. Division, FCB; Branch General Manager, EVP, FCB; Chairperson, First Commercial Bank (USA); Director & President, FFHC; Managing Director & President, FCB; Chairperson, First Life Insurance Co., Ltd.	Chairperson, First Commercial Bank (USA); Vice Chairperson, The First Education Foundation; Director, Taiwan Academy of Banking and Finance; Director, Taiwan Small & Medium Enterprise Counseling Foundation; Director, Joint Credit Information Center
Managing Director	R.O.C.	Fen-Len Chen	May.5'21	■ M.S., Economics, State University of N.Y. Branch General Manager, FCB; Chief of Financial Markets Business Admin. Division, Risk Management Division, Credit Approval Division, FCB; Senior Vice President & Regional Head ,Taipei Regional Center 1, Overseas Branch General Manager & EVP, FCB; Consultant & Chef of Risk management Division, FFHC; Supervisor & Director, FCB Leasing Co., Ltd.; Director, FCB International Leasing, Ltd.; Director, First Commercial Bank (USA); Director, Taiwan Urban Regeneration & Financial Services Co. Ltd.	Director & President, First Financial Holding Co., Ltd. (FFHC); Chairperson, First Life Insurance Co., Ltd.; Director, Taiwan Asset Management Corporation; Director, The First Education Foundation
Managing Director	R.O.C.	Chi-Pin Hou	Jul. 26'18	■ Ph.D. in Business Administration, China Fudan University; Professor & Head of Accounting Dept., China University of Technology; Associate Professor & Head of Accounting Information Dept., Tzu Chi University of Science and Technology; Instructor, Dept. of Accounting, Chinese Junior College of Industrial and Commercial Management; Researcher, Accounting Research and Development Foundation; Lecturer, Dept. of Accounting, National Chengchi University; Auditor, KPMG Current: Professor & Head of Dept. of Accounting, China University of Technology	
Independent Managing Director	R.O.C.	Chun-Hung Lin	Jul. 26'18	■ Ph.D. in Economics, Iowa State University Associate Professor, Assistant Professor, Chinese Cultural University; Associate Professor, Professor, Head of Industrial Economics, CEO of EMBA, Dean of Student Affairs, TamKang University; Director, Taiwan Economic Association Current: Professor, the Dept. of Industrial Economics & Dean of the Academic Affairs, TamKang University	Independent Director, FFHC; Direct, Eminent II Venture Capital Corporation; Principal, Yu Jie Firm
Independent Director	R.O.C.	Jui-Ching Huang	Jul. 26'18	■ Ph.D. in Finance, National Taiwan University Associate Professor, Dept. of Finance, Ming Chuan University; Associate Professor, Dept. of Finance, Yuan Ze University; Associate Professor, Graduate school of Finance, National Taiwan University of Science and Technology; Professor, Dept. of Finance, National Central University Current: Distinguished Professor, Dept. of Finance, National Central University	Independent Director, FFHC; Managing Director, Taiwan Risk and Insurance Association
Independent Director	R.O.C.	Yen-Liang Chen	Jul. 26'18	■ Ph.D. in Law, Johannes Gutenberg University Mainz Head of Dept. of Law, National Taipei University; Director of Graduate school of Financial and Economic Law, National Dong Hwa University; Arbitrator, Chinese Arbitration Association, Taipei; Arbitrator, Dept. of Labor, Taipei City Government; Petitions and Appeals Committee member, Hualien County Government; New Listing Companies Advisory Committee member, Taipei Exchange; Review Committee Member of Certificate for Judge of Financial Criminal Profession, Judicial Yuan Current: Professor, Dept. of Law, National Taipei University	Independent Director, FFHC
Director	R.O.C.	Chia-Yin Hung	Apr. 28'11	■ Ph.D. in Law, National Chengchi University Member of Petitions and Appeals Committee, MOF; Member of LegalAffairs Committee, MOEA; Member of Legal Affairs Committee, Ministry of Education; Member of Complaint Review Board for Government Procurement, Bureau of Foreign Trade, MOEA ; Member of Consultation of Legal Rights Promotion of Military Forces Committee, Ministry of National Defense; Member of Consultation Administrative Procedure Act & Administrative Penalty Act Team, Ministry of Justice; Member of Petitions and Appeals Committee of Mainland Affairs Council & Second Review of Civil Servant Review Committee, Executive Yuan; Member of National Youth Committee & Second Review of Civil Servant Review Committee, Executive Yuan; Member of Senior and Junior Special Examinations, Question drafting and Grading Committee, Examination Yuan; Member of Petitions and Appeals Committee, Taiwan Taipei High Court; Member of Legal Affairs Committee, Central Personnel Administration, Executive Yuan; Member of Legal Affairs Committee & Petitions and Appeals Committee, Information Bureau, Executive Yuan; Member of Legal Affairs Committee & Appeal of Public Works Procurement Committee, Taipei City Government; Director, Taiwan Administrative Law Association; Dean of Dept. of Law, Soochow University Current: Professor, Dept. of Law, Soochow University	Supervisor, Taiwan Depository & Clearing Corporation; Member of Petitions and Appeals Committee, MOF
Director	R.O.C.	Nai-Fong Kuo	Jul. 26'18	■ Ph.D. in Economics, National Taipei University Director of Auditing Office, Associate Professor & Head of Dept. of Finance, Secretary General, Secretariat, Shih Shin University Current: Associate Professor, Dept. of Finance & Director of Auditing Office, Shih Shin University	Independent Director, Hakers Enterprise Co., LTD.; Consultant, Taiwan Institute of Economic Research; Consultant, Business Today; Director, Fuji Precision Agriculture Technology Co. Ltd.
Director	R.O.C.	Jer-Yuh Wan	Jul. 26'18	■ Ph.D. in Economics, National Taiwan University Associate Professor, Head of Dept. of Economics, TamKang University; Adjunct Professor, Dept. of Int'l Business, Soochow University Current: Professor, Dept. of Economics, TamKang University	Director, Huihua Venture Capital Co., Ltd.
Director	R.O.C.	Jy-Wen Wu	Jul. 26'18	■ Ph.D. in Economics, National Taiwan University Head of Dept. of Int'l Business; Assistant Professor, Dept. of Int'l Trade, Lunghwa University of Science and Technology Current: Associate Professor, Dept. of Int'l Business, Lunghwa University of Science and Technology; Associate Professor, Dept. of Int'l Business, Soochow University	
Director	R.O.C.	Wehn-Jyuan Tsai	Jul. 26'18	■ Ph.D. in Economics, National Taiwan University Assistant Professor, Dept. of Economics, Shih Shin University; Associate Research Fellow, Taiwan Institute of Economic Research Current: Associate Professor, Dept. of Economics, Shih Shin University	
Director	R.O.C.	Hisn-Lu Chang	Oct. 28'21	■ Ph.D. in Information Management, University of Illinois Urbana-Champaign; Assistant Professor and Associate Professor, Dept. of Information Management , National Chengchi University Current: Professor, Dept. of Information Management , National Chengchi University	Director, FFHC
Director	R.O.C.	Yuan-Wei Chen	Jul. 26'18	■ MBA, University of California-Irvine Financial Manager, Asia Pacific Region, Trend Micro Inc.; Financial Manager, Asia Pacific Region, UTStarcom Taiwan Ltd.; Accounting Deputy Manager, LA branch, Taipei Bank	Director, Golden Gate Investment Co., Ltd.; Chairperson, Golden Garden Investment Co., Ltd.; Director, Golden Gate Motor Co., Ltd.
Director	R.O.C.	Cheng-I Kao	Oct. 28'21	■ Kaohsiung Municipal Kaohsiung Industrial High School Clerk of Gangshan Branch, Senior Clerk of Qixian Branch, Associate, Senior Associate and Junior Assistant Manager of Kaohsiung Branch, Junior Assistant Manager and Assistant Manager of Sanmin Branch, FCB Current: Assistant Manager, Kaohsiung Regional Center	
Standing Supervisor	R.O.C.	Chunto Tso	Jul. 26'18	■ Ph.D. in Economics, Texas A&M University Adjunct Professor, Dept. of Greenergy, National University of Tainan; Adjunct Associate Professor, Institute of Management of Technology & Institute of Business and Management, National Chiao Tung University; Adjunct Associate Professor, Graduate Institute of Business Administration & Graduate Institute of Applied Science and Technology, National Taiwan University of Science and Technology; Adjunct Associate Professor, College of Management, Yuan Ze University; Adjunct Associate Professor, Dept. of Materials Engineering, Tatung University; Adjunct Associate Professor, Graduate Institute of Int'l Business, TamKang University; Adjunct Associate Professor, Graduate Institute of Enterprise Innovation, Shih Chien University Current: Associate Dean, Taiwan Institute of Economic Research; Adjunct Associate Professor, Institute of Chemical Engineering, National Taipei University of Technology	Director, Yo Shin Shin Co., Ltd.

(to be continued)

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Supervisor	R.O.C.	Liang Chen	Jun. 30'11	■ MBA, Finance, Bernard M. Baruch College, The City University of New York Senior Associate, Equity Sales and Trading, Smith Barney Inc.; AVP, International Investments, Oppenheimer & Co. Inc.; Executive Director & Head of Asia, Investment Banking, Paine Webber Inc./ Union Bank of Switzerland;Director, Taiwan Financial Holding Co., Ltd.	Chairperson, Peak Capital Co., Ltd.; Independent Director, President Chain Store Co., Ltd.
Supervisor	R.O.C.	Yi-Wen Chen	Oct. 26'17	■ Ph.D. in Business Administration, Marshall Goldsmith School of Management, Alliant International University, USA Accounting Officer, Evergreen Container Terminal Corp.; Executive Officer, Department of Budget, Accounting and Statistics, Taipei City Government; Consultant, Asia Federation of Chinese Traders Association; Dean of Academic Affair Research Center, Dean of International and Cross-strait Affair Center, Dean of Continuing Education Center, Headof Dept. of Accounting and Information, Dean of College of Commerce, Chief Secretary, Professor, Vice President, Hsing Wu University Current: President, Hsing Wu University	Director, Golden Dragon Temple
Supervisor	R.O.C.	Ke-Yi Liu	Jul. 23'20	■ Ph.D. in School of Management, Xiamen University R.O.C. Certified Public Accountant; U.S. Certified Public Accountant; Vice Chairperson, Taipei City Tax Agent Association; Director, The National Federation of CPA Associations of the R.O.C.; Chairperson, Accounting and Auditing Committee, The National Federation of CPA Associations of the R.O.C.; Member, eXtensible Business Reporting Language Committee, Enterprise Accounting Standards Committee, Accounting Research And Development Foundation Current: Senior Partner, BDO Taiwan	Independent Director, Genovate Biotechnology Co., Ltd.
Supervisor	R.O.C.	Lieh-Mung Luo	Mar.24’22	■ Ph.D. in International Business, National Chi Nan University Assistant Manager, Dept. of Bond, KGI Scurities; Adjunct Lecturer, National Chi Nan University; Lecturer and Assistant Professor, Dept. of Insurance, Chaoyang University of Technology; Adjunct Assistant Professor, Dept. of Finance, National Chi Nan University; Assistant Professor, Associate Professor and Director, Dept. of Finance and International Business, Fu Jen Catholic University; Director, Master's program in Finance, Fu Jen Catholic University Current: Professor, Dept. of Finance and International Business, Fu Jen Catholic University	

May, 2022

Executive Officers

Title	Nationality or Place of Registration	Name	Date of Appointment	Education Background	Other Incumbent Post
President	R.O.C.	Grace M. L. Jeng	Jun. 11'19	■ B.S. in Business Administration, National Taiwan University	Chairperson, First Commercial Bank (USA) ; Vice Chairperson, The First Education Foundation; Director, Taiwan Small & Medium Enterprise Counseling Foundation; Director, Joint Credit Information Center
EVP	R.O.C.	Pei-Wen Liu	Oct. 28'16	■ Ph.D. in Electrical Engineering, National Cheng Kung University	EVP, First Financial Holding Co., Ltd. (FFHC); Supervisor, Financial Information Service Co., Ltd.
EVP	R.O.C.	Ching-Hui, Chou	Aug. 25'17	■ B.S. in Industrial Management, Southern Taiwan University of Science and Technology	Supervisor, Taipei Forex Inc.; Director, Taipei Financial Center Corporation; Member, Risk Management Committee, The Bankers Association Of The Republic Of China
EVP	R.O.C.	Ma-Li, Shih	Feb. 23'18	■ Diploma of Int'l Trade, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology	Director, Fist Life Insurance Co., Ltd; Director, Administration and Training Committee, Trust Association of R.O.C.
EVP	R.O.C.	Su-Hwei Tsai	Oct. 18'19	■ B.B.A. in Banking and Insurance, Feng Chia University	Supervisor, FCB Leasing Co.,Ltd.; Supervisor, FCB International Leasing,Ltd.; Supervisor, FCB Financing Lease (Xiamen) Ltd.
EVP	R.O.C.	Chih-Tiao Shih	Mar. 20'20	■ M.A. in Economics, National Taiwan University	Director, Taiwan Urban Regeneration & Financial Service Co. Ltd.; Director, First Commercial Bank (USA); Chairperson, First Financial Assets Management Co., Ltd.
EVP	R.O.C.	Frank Y. C. Fang	Dec. 25'20	■ MBA, National Sun Yat-sen University	Director, Taiwan Asset Management Corporation; Supervisor, Taiwan Small & Medium Enterprise Counseling Foundation; Member, Claim Committee, Small and Medium Enterprise Credit Guarantee Fund of Taiwan
EVP & Chief Compliance Officer	R.O.C.	Mei-Chu Kan	Dec. 21'20	■ B.L., National Chengchi University	EVP & Chief Compliance Officer , First Financial Holding Co., Ltd. (FFHC); Director, First Life Insurance Co., Ltd. Director, First Commercial Bank (USA); Member, Financial Regulations and Disciplinary Committee, The Bankers Association Of The Republic Of China
EVP	R.O.C.	Malcolm Wang	May 12'21	■ MBA, St. Edward's University	Director, East Asia Real Estate Management Co., Ltd.; Supervisor, FCB Leasing Co., Ltd.
Chief Auditor	R.O.C.	Shiow-Ling Wu	Apr. 27'17	■ B.L., National Chengchi University	Supervisor, First Securities Investment Trust Co., Ltd.; Member, Internal Audit Committee, The Bankers Association Of The Republic Of China

May, 2022

Major Shareholders of Institutional Shareholder

Institutional Shareholder	Major Shareholders of Institutional Shareholder	Holding %
First Financial Holding Co., Ltd.	Ministry of Finance	11.49
	Bank of Taiwan Co., Ltd.	7.45
	Hua Nan Commercial Bank Co., Ltd.	2.83
	Taiwan Tobacco & Liquor Corporation	1.61
	Fubon Life Insurance Co.,Ltd	1.60
	Taiwan Life Insurance Co., Ltd.	1.53
	China Life Insurance Company, Ltd.	1.20
	Government of Singapore	1.07
	Vanguard Emerging Markets Stock Index Fund	1.06
	Civil Servants' Retirement Fund	1.05

Mar 31, 2022

Operations Overview

Business Activities

Business Scope

General business items commercial banks are authorized to handle according to law

1. Receipt of various deposits
2. Issuance of financial bonds
3. Processing of loans
4. Processing of discounted bills
5. Investment in securities
6. Processing of domestic
7. Acceptance of commercial bills of exchange
8. Issuance of domestic letters of credit
9. Guarantee the issuance of corporate bonds
10. Handling domestic guarantee business
11. Act as agent for payments
12. Sell public debt, treasury bonds, corporate bonds and company stocks for commission
13. Underwrite securities
14. Proprietary trading of securities
15. Handle custody and warehousing services
16. Handle safe deposit box rental business
17. Handle services stated on the business license or act as agent for services approved by governing authorities
18. Handle credit card business
19. Sell gold bars, gold coins and silver coins for commission
20. Buy and sell gold bars, gold coins and silver coins
21. Handle the guarantee business of export foreign exchange, import foreign exchange, general inward and outward remittance, foreign exchange deposit, foreign currency loan and foreign currency guarantee payments
22. Handle general remittance and foreign exchange deposits
23. Handle foreign currency trading and traveler's check business
24. Handle derivative products approved by governing authorities
25. Handle businesses approved by the Trust Enterprise Act
26. Invest in foreign securities with designated trust funds
27. Handle proprietary trading of government bonds
28. Handle brokerage, proprietary trading, certification and underwriting of short-term bills
29. Provide financial advisory services related to margin trading

30. Act as agent for handling public welfare lottery affairs approved by governing authorities
31. Handle margin trading business between foreign currencies
32. Invest in domestic securities investment trust fund with designated funds
33. Handle investments in domestic securities investment trust fund using designated trust funds
34. Proprietary trading of corporate bonds and financial bonds
35. Act as agent for substantial transaction payments
36. Collaborate with offshore enterprises or assist offshore enterprises to handle electronic payment businesses domestically
37. Provide life insurance agency services while increasing agency services for property insurance
38. High-net-worth related financial products and services
39. Handle other related businesses approved by the governing authority.

Business items registered and approved by governing authorities and handled by departments dedicated to trust businesses as stated in the bank's business license

1. Trust business:
   (1) Money trust
   (2) Trust of money claims and security rights of objects
   (3) Securities trust
   (4) Real estate trust
   (5) Superficies trust
   (6) Discretionary investment via fiduciary services
2. Auxiliary business
   (1) Act as agent to issue, transfer, register and distribute stock dividend, interest and bonus of marketable securities
   (2) Provide advisory service on issuance and offering of marketable securities
   (3) Provide securities certification service
   (4) Act as trustee for bond issuance and handle related agency services
   (5) Provide custody service
   (6) Act as custodian of securities investment fund
   (7) Provide advisory service on investment, financial management and real estate development
   (8) Provide securities investment advisory service
   (9) Manage the real estate of elderly and disabled persons as an ancillary business of the trust enterprise
   (10) Handle other related businesses approved by the governing authority

Overview of the business over the past two years (including DBU, OBU and overseas branches)

1. Deposit Business

Unit: NTD Thousand

Item		December 31, 2021		December 31, 2020		Amount increase (decrease)	Percentage increase (decrease) %
		Amount	%	Amount	%		
Demand deposits (Note 1)	Cheque deposits	57,362,382	1.8	48,882,647	1.7	8,479,735	17.3
	Demand deposits	959,085,929	30.4	829,261,381	28.1	129,824,548	15.7
	Current savings deposits	917,327,300	29.1	836,211,758	28.3	81,115,542	9.7
	Sub-total	1,933,775,611	61.3	1,714,355,786	58.1	219,419,825	12.8
Time deposits (Note 1)	Time deposits	625,254,354	19.9	600,429,716	20.3	24,824,638	4.1
	Time savings deposits	381,699,391	12.1	380,012,904	12.9	1,686,487	0.4
	Sub-total	1,006,953,745	32.0	980,442,620	33.2	26,511,125	2.7
Others (Note 2)	Interbank deposits	719,280	0.0	695,048	0.0	24,232	3.5
	Interbank overdraft	849,879	0.0	603,700	0.0	246,179	40.8
	Interbank call loans	209,752,882	6.7	255,345,872	8.7	-45,592,990	-17.9
	Sub-total	211,322,041	6.7	256,644,620	8.7	-45,322,579	-17.7
Total		3,152,051,397	100.0	2,951,443,026	100.0	200,608,371	6.8

Note: 1. Demand deposits and time deposits include foreign currency deposits and public treasury deposits.

2. Interbank deposits include deposits transferred from Chunghwa Post.

2. Loan Business

Unit: NTD Thousand

Item	December 31, 2021		December 31, 2020		Amount increase (decrease)	Percentage increase (decrease) %
	Amount	%	Amount	%		
Short-term loans (Note 1)	561,866,599	27.5	528,274,318	27.7	33,592,281	6.4
Mid-term loans	699,915,759	34.3	634,678,967	33.2	65,236,792	10.3
Long-term loans	779,286,900	38.2	747,179,956	39.1	32,106,944	4.3
Total	2,041,069,258	100.0	1,910,133,241	100.0	130,936,017	6.9
Share of total asset (%) (Note 2)	56.9		56.7		0.2	

Note: 1. Loan discounted, overdrafts and bills negotiations are included.

2. Since 2019, the receivables and payables of the same spot foreign exchange transaction were offset against each other, and the spot foreign exchange receivables and payables were adjusted downward respectively, and the total assets in 2020 were adjusted accordingly.

3. Foreign exchange business

Unit: USD Thousand

Item	2021		2020		Amount increase (decrease)	Percentage increase (decrease) %
	Amount	%	Amount	%		
Export	4,709,364	1.8	3,332,797	1.5	1,376,567	41.3
Import	6,841,211	2.5	4,831,172	2.3	2,010,039	41.6
Remittance	257,545,008	95.7	204,816,703	96.2	52,728,305	25.7
Total	269,095,583	100.0	212,980,672	100.0	56,114,911	26.3

4. Wealth management and Insurance agency business

Unit: NTD Thousand

Item	2021	2020	Amount increase (decrease)	Percentage increase (decrease) %
	Amount	Amount		
Trust (project trust not included)	128,453,021	127,244,133	1,208,888	1.0
Insurance agency business	24,057,470	23,278,901	778,569	3.3

5. Trust business

Unit: NTD Thousand

Item	December 31, 2021	December 31, 2020	Amount increase (decrease)	Percentage increase (decrease) %
Non-discretionary money trusts investing in domestic securities	75,304,193	70,405,828	4,898,365	7.0%
Non-discretionary money trusts investing in foreign securities	135,734,664	136,362,167	-627,503	-0.5%
Other trust assets	80,562,538	153,541,694	-72,979,156	-47.5%
Subtotal	291,601,395	360,309,689	-68,708,294	-19.1%
Custodian Business	1,129,677,357	1,106,530,260	23,147,097	2.1%

* TDR not included

6. Electronic financial services

Unit: NTD Thousand

Item	2021	2020	Amount increase (decrease)	Percentage increase (decrease) %
Corporate online banking	8,694,938,000	6,632,532,000	2,062,406,000	31.1
Individual online banking	208,074,000	219,996,000	-11,922,000	-5.4
Mobile banking	529,521,000	356,550,000	172,971,000	48.5

7. Investment

(1) Sale and purchase of domestic bills and underwriting of domestic commercial promissory note

Unit: NTD Thousand

Item	2021	2020	Amount increase (decrease)	Percentage increase (decrease) %
Outright buy/sell (OB/OS) of transaction instruments	841,292,695	916,974,967	-75,682,272	-8.3
Repurchase/Reverse repurchase (RP/RS) of transaction instruments	50,000	50,001	-1	-0.0
Underwriting of transaction instruments	4,530,000	3,730,000	800,000	21.4

(2) Balance of investment in bonds and stocks

Unit: NTD Thousand

Item	2021	2020	Amount increase (decrease)	Percentage increase (decrease) %
	Investment bal. of Dec. 31	Investment bal. of Dec. 31		
Bond	378,507,333	353,547,666	24,959,667	7.1
Stocks (short-term investment)	22,341,084	14,178,207	8,162,877	57.6

8. Credit card business

Unit: Number of card; NTD Thousand

Item	2021	2020	Amount increase (decrease)	Percentage increase (decrease) %
Number of active cards	848,636	778,382	70,254	9.0
Transaction amount	56,526,191	51,304,796	5,221,395	10.2
Revolving credit balance	1,502,964	1,462,801	40,163	2.7

Note: The number of active cards and revolving credit balance are based on the data on the last date of the year.

9. Total revenue

Unit: NTD Thousand

Year / Item	2021		2020		Amount increase (decrease)	Percentage increase (decrease) %
	Amount	%	Amount	%		
Interest income	42,214,655	57.0	43,723,269	52.9	-1,508,614	-3.5
Fee income	9,948,258	13.4	9,010,093	10.9	938,165	10.4
Net gain on financial products	4,797,210	6.5	6,656,253	8.1	-1,859,043	-27.9
Gain on investments recognized by equity method	342,595	0.5	342,691	0.4	-96	0.0
Foreign exchange gain	1,152,836	1.6	1,191,847	1.4	-39,011	-3.3
Other non-interest income	15,592,860	21.0	21,750,421	26.3	-6,157,561	-28.3
Total	74,048,414	100.0	82,674,574	100.0	-8,626,160	-10.4

10. Total expenditure

Unit: NTD Thousand

Item \ Year	2021		2020		Amount increase (decrease)	Increase (decrease) in rate %
	Amount	%	Amount	%		
Interest expense	9,951,803	18.7	15,189,230	23.6	-5,237,427	-34.5
Fee expense	1,979,573	3.8	1,682,125	2.6	297,448	17.7
Bad debt expense	3,565,559	6.7	4,428,699	6.9	-863,140	-19.5
Service and management cost	22,378,606	42.1	21,349,885	33.2	1,028,721	4.8
Other non-interest expense and loss	15,254,939	28.7	21,668,746	33.7	-6,413,807	-29.6
Total	53,130,480	100.0	64,318,685	100.0	-11,188,205	-17.4

Highlights of Business Plan (Listed by Major Financial Businesses)

1. Corporate banking and deposits & remittances:
   (1) Focus on medium and large-sized corporate customers and increase communication between manufacturers and startups.
   (2) Continue to promote projects such as "Renewable Energy Sustainable Loan" and "Sustainable Development Linked Loan" to help corporates with carbon neutrality goals to obtain funds for transformation, expand the scale of green finance, and implement ESG operations.
   (3) Establish a mechanism for retaining syndicated loan customers. Take hold of syndicated loan opportunities coming from government policies or large-scale and high-quality group company customers and build momentum to expand.
   (4) Continue to expand the market for urban renewal and reconstruction of aged and damaged buildings, and attract quality clients through referrals of mortgage customers, real estate management agencies and AMC, etc.
   (5) Track the cash flow of deposits from corporate credit accounts, attract long-term deposits from corporate customers and expand savings from payroll account customers.
   (6) Flexibly adjust the interest rate pricing and deposit volume for NTD savings programs to control capital costs.
   (7) Utilize digital marketing technology to increase product penetration in payroll accounts and new retail accounts.
   (8) Adopt digital technology to integrate on-line and off-line services, optimize processes and enhance digital financial service experiences.
   (9) Accelerate the setup of bilingual branches, design smart service venues and create a friendly financial environment.
   (10) Improve quality and capacity of service, carry out fair treatment of customers, establish accessible ATMs and implement financial inclusion.
2. Foreign exchange and international business:
   (1) Penetrate foreign exchange business opportunities derived from corporate banking credit accounts and wealth management accounts to increase revenue and profit from interests, fees and currency exchange.

(2) Monitor the upward trend in USD interest rates and attract stable and long-term USD deposits to increase the flexibility and efficiency of the bank's capital utilization.

(3) Strengthen the relationship with corresponding banks, understand the latest trends in foreign bank circles, and seek new business opportunities for cooperation.

(4) Build up a reputation for digitalization through social media channels. Launch campaigns from time to time in associate with current affairs and market accordingly to holidays or exchange rate or interest rate trends.

(5) Focus on the US, Europe and Southeast Asia markets while expanding overseas, and continues to pay attention to the dynamic adjustment of the global political and economic situation.

(6) Take hold of business opportunities in the recovering economy and shifting production and sales chain. Actively seek to lead syndicated lending cases or take on cases referred by joint banks to quickly expand the scale of operation.

(7) Strengthen the momentum of the marketing teams in overseas branches, serve the customer's production and sales chain, and deepen business relationships.

(8) Steadily grow deposits, underwrite bonds with good terms and enlarge overseas profit-generating assets and income channels.

(9) Continue to optimize the digital system, promote and improve e-service functions such as the e-network and mobile APP of overseas branches, and optimize the management platform of overseas branches.

(10) Cultivate local talents, establish a local talent pool and transfer system. Use talents from various countries in a flexible way and deepen local developments.

3. Treasury and financial market business:

(1) In response to the low interest rate environment, the bank adopts the strategy of increasing volume to compensate for lower spreads. Holdings of foreign currency bonds with higher yields and high-quality domestic corporate bonds will increase, and the overall investment position will be expanded. The proportion of investment in high-volatility structured bonds will be gradually reduced to lower fluctuations in profit and loss.

(2) Make good use of cross-regional and cross-border advantages and obtain low-cost funds by undertaking bond RP and gap trading.

(3) Issue foreign currency structured financial bonds based on demand to enhance the visibility of capital markets and provide high-asset customers with a variety of product options.

(4) Increase investment opportunities in the primary market and expand asset scale through the integration of Group resources.

(5) Monitor the gradual normalization of the US monetary policy and build a long position in the US dollar.

(6) Enhance portfolio management for value stocks. Increase investments in companies embodying ESG spirits, and offer solid operations and stable dividends, which in turn create reliable income sources.

(7) Strengthen sustainable investment policies and regulations, including restricting investment in high-polluting industries and companies that violate major ESG issues. Increase the proportion of sustainable development bond investment year by year, and search for opportunities to issue green/sustainable development bonds.

(8) Fully understand the branch channels, and target different customer groups such as high-asset clients and professional investors. Enhance the diversity of financial products to increase customers' willingness to engage. In addition, improve the penetration rate of derivative businesses, and increase the stickiness of existing customers.

4. Personal banking:

(1) Promote high-asset wealth management businesses, provide services such as asset allocation, wealth inheritance and tax consulting for the customer group. Expand the scale of wealth management assets, and open up new opportunities for financial management businesses.

(2) Facilitate Trust 2.0 Plan through promotion of businesses such as elder care trust and employee welfare trust, and provide a full range of trust services while undertaking corporate social responsibilities through cross-industry alliance. In addition, the direction of promotion will be adjusted in a timely manner in accordance with the evaluation mechanism.

(3) Promote "e-First AI Wealth Management" and attract on-line wealth management customers, white collar workers and young people with no investment experiences.

(4) Apply big data and model analysis to screen potential customers, enable precision marketing to new wealth management customers, and reactivate product penetration in the household financial management market.

(5) Continue to promote the dollar value averaging business, and focus on back-end load and bond fund products to increase the scale of wealth management assets.

(6) Focus on high coverage, cash flow type and investment type insurance products to increase revenue.

(7) Expand online insurance and mobile insurance products, and add interest sensitive annuity insurance and automobile and motorcycle compulsory insurance products to the platform to meet the diversified digital insurance needs.

(8) Get hold of multiple units construction projects recently completed by developers and seek to undertake batch mortgage for all housing units.

(9) Strengthen the "e-fast loans" digital platform by enhancing functions, enriching customer experience and simplifying processes, thereby increasing the willingness of customers to engage.

(10) Strengthen the promotion of "LOHAS Mortgage Loan" and "General Loan" to drive the growth of other consumer loan businesses.

(11) Expand the number of the bank's revolving credit customers and the revolving balance to increase customer stickiness and interest revenue.

(12) Based on consumption preferences of customer groups, drive promotions according to the customer group's consumption category, and increase customer's overall spending and fee income.

5. Risk management business:

(1) Following the implementation of the Equator Principle, the bank will optimize relevant operations and processes, and incorporate ESG and climate change issues into the credit assessment and decision-making process in order to realize the spirit of sustainable credit.

(2) Continue to improve staff's expertise in authorizing credits, conducting reviews and providing appraisals at all levels of the branches, regional centers and head office in order to improve the efficiency of case handling and organizational operations.

(3) Extend the application of Robotic Process Automation (RPA), such as implementing routine management operations, and adding required inquiry items to credit case reviews in order to improve operational efficiency.

(4) Provide situation analysis and forecast reports focusing on major industrial and economic issues to enable relevant offices to understand the risks and opportunities.

(5) Enhance the expertise of the credit investigation and credit granting personnel. Improve the value of credit reports and the quality of credit reviews through training and counseling.

(6) Implement the thinking of "capital costs", strengthen capital structure and issue subordinated bonds when needed to meet the capital adequacy requirement of "systemically important banks" (D-SIB).

(7) Monitor country risk exposure systematically and in real time. Assess and adjust country risk limits when needed, and continuous monitor the statutory exposure rate (AI822) to mainland China and risk transfers.

(8) Optimize the control process of market risk, counterparty risk, liquidity risk and bank book interest rate risk, and improve the development/verification capabilities of new and complex product evaluation models.

(9) Conduct stress tests on a regular basis and depending on major event developments and future environmental changes, perform stress tests in real time to assess the bank's risk resilience.

(10) Enhance post-loan review and alert systems, and handle designated review and warning notifications in response to the economic situation to improve the quality of creditor's rights.

(11) Improve the effectiveness of debt collection in the early stages when payment becomes overdue, prevent non-perfuming loans, expedite collection and recover bad debt.

6. Digital banking and information business:
   (1) Refine iLEO brand management, plan exclusive financial services, and promote various digital products to improve customer experience.
   (2) Expand brand and social media management, design campaigns for different social platforms to leave brand impressions among users, and in turn use it to drive marketing and promotions.
   (3) Enhance emerging payment businesses, continue to develop diversified payment services, and extend the scope of open banking. Build cooperative relations in ecosystems, and take hold of the trend of financial digital transformation.
   (4) Facilitate smart modules to find potential marketing opportunities, differentiate digital financial services for users, focus on operations for different groups, maintain long-term customer relationship and increase value contribution.
   (5) Transform core systems to enhance resiliency and flexibility to facilitate interface with external systems and develop open banking.
   (6) In view of data security intelligence received or major external security risk events, the bank will use data security monitoring systems to expose potential threats.
   (7) Strengthen the data security defense line, exert synergy from data security joint defense alliances and optimize protection capabilities.
   (8) For containerized, microservices or agile development and applications, apply appropriate security protection mechanisms to enhance the security protection capabilities of emerging technologies.
7. Administrative management business:
   (1) Recruit talents with diverse backgrounds, implement talent assessment, and enhance recruitment effectiveness and quality of personnel hired.
   (2) Use digital training to accelerate cultivation of cross-sector functions and facilitate talent reserve and business development
   (3) Implement the HRIS system upgrade project, optimize operations and systems to enhance user interface and user experience, which in turns will benefit talent management, strategic support and create long-term competitiveness for the bank.
   (4) Strengthen occupational safety management and organize health promotion activities to create a culture of well-being.
   (5) Increase the efficiency of asset utilization, upgrade the bank's assets and create new value.
   (6) Implement environmental protection, energy conservation and carbon reduction, strive for green sustainability and fulfill corporate responsibilities.
   (7) Help solve social and environmental issues and implement ESG sustainability strategy by focusing on the four public welfare strategies of "Green Care", "Art Creation", "Sports Competition" and "Social Care".

(8) Promote brand image with the slogan "Right By Your Side" to increase customer stickiness to the brand.

8. Compliance and legal affairs:

(1) Optimize processes to assess the bank's money laundering and terrorism financing risk and legal compliance risk, and use a risk-based approach to improve the operational effectiveness of preventing money laundering, combating terrorism financing, and conducting legal compliance.

(2) Continue to carry out centralized reporting of suspicious transactions to increase the efficiency, quality and distribution and utilization of the reports.

(3) Implement the nine principles of the fair treatment of customers and execute personal data protection related operations, such as formulation and implementation of financial inclusion goals, as well as monitoring issues such as financial exploitation and improper marketing to the elderly.

(4) Along with digital transformation, introduce scientific supervision technology and thinking, and install AI intelligence and robotic process automation (RPA) to assist AML systems to conduct transaction monitoring and regular customer review operations.

(5) Continue to supervise the legal compliance and anti-money laundry operations of overseas branches, and strengthen management by sending staff to provide on-site counseling or hold regular legal compliance meetings, supplemented by report control and education and training.

(6) Supervise the monitoring, review and early warnings of fraudulent or criminal transaction patterns provided by financial advisors.

(7) Strengthen the legal knowledge of staffs, and enhance the awareness of legal compliance while handling various businesses.

Market Analysis

1. Main business locations

As of the end February of 2022, First Bank has 188 local branches and its overseas presence includes 30 branches and sub-branches, 3 representative offices, and 1 subsidiary (with 8 branches). The bank has a presence in major international cities and financial centers in Asia, the Americas, Europe, and Oceania to provide comprehensive financial services to Taiwanese businesses across the world, and will continue to diversify its operations while expanding its markets overseas. The Southeast Asia, Europe, and the US will be bank's major overseas development roadmaps, which are aimed at creating a global network of financial services.

2. Future supply–demand dynamic and growth potential

(1) Supply side

As a result of overbanking, the overall financial market is fiercely competitive. The low-interest rate environment of recent years and competition from non-bank players or digital banks combining e-commerce with online payments, plus the Covid pandemic of negative impact on corporation's operations and revenue of consumers, also made it difficult for banks to increase their profits and expanding the business.

(2) Demand side

Taiwanese financial institutions have been getting a foothold in the wider Asian market in the hope of eventually growing into financial institutions of regional importance. They seek to benefit from the growing Asian economy while balancing business development and risk control. This expansion in the Asian market is both helping to diversify risk and also creating opportunities for cooperation and investment. As the epidemic was relatively stable in Taiwan and back-home investing trend in the layout of opportunities, in line with the government's policy to encourage the investment, banks will take advantage of the trend to deepen corporate financing. Also the anti-taxation trend was another driver for high-valued customers' emphasis on taxation planning and generation transfer for family wealth management services. As a wave of non-contact business opportunities shift by the pandemic, the FinTech, opening banks, and digitalization sweep through the financial industry, becoming the catalyst towards the financial digitalization. At the moment, cyber security becomes another important issue, to response the possible risk, the FSC has been working on issues such as amendments to regulations, consumer protection, cyber security, and financial information capabilities in order to create an environment conducive to the development of digital finance. Meanwhile, in response to the decarbonization, FSC has recognized sustainability as one of the important policies, promoting "Green Finance 2.0" to in line with the international standards and ensure the growing of sustainable finance.

3. Tailwinds and headwinds for growth and response measures

Rapid change is constant in the international finance landscape, therefore, First Bank will continue to expand its domestic and overseas markets and deepen its relationships with customers while pursuing the goals of steady business development and innovation. In response to the advent of the digital financial era, Bank will strengthen the digital capabilities of employees, actively adopt techs such as big data and AI to provide diversified digital services and create financial applications in various sectors, with a view to connecting banking services and client's living to create the financial ecosystem.

(1) Tailwinds

A. A century-old brand and a business philosophy that stresses steady development

B. An extensive network of domestic channels, a strong local presence, and deep relationships with customers

C. An international presence ahead of peers, with extensive footholds in Europe, the US, and the Greater China region

D. Strong expansion into the Southeast Asian market, forming an Asia-Pacific financial service network

E. Consolidation of the core corporate banking business to maintain profitability

F. Well-recognized innovative services for corporate clients that include cross-border supply chain, sales chain, and value chain financing

G. Accelerated online and offline channel transformation and greater social media presence

H. Integration of group-wide resources and synergy from diversified businesses

I. Sound asset quality and rigorous risk control mechanisms

J. Plain ownership structure and stable management teams

K. A focus on training international finance professionals in order to enhance competitiveness.

L. Deepening Green Finance to assist clients for decarbonizarion transformation.

M. High-valued clients' tailor-made services to meet their diversified needs

(2) Headwinds

A. Corporates' diverse channels for capital raising weakens banks as financial intermediaries

B. Fintech wave attracts non-banks player to compete with current banking players.

C. Overbanking in Taiwan and a low-spread environment are here to stay, so cut-throat price wars continue

D. Financial products and services offered in Taiwan are similar, indicating a lack of ability to innovate

E. The scale of domestic banks is far smaller than that of international-class banks

F. International politico-economic uncertainties make financial markets more volatile

(3) Response measures

A. Keep abreast of the latest macroeconomic and industrial trends in order to devise timely response measures

B. Continue to enhance integration of business processes; achieve steady growth by planning forward-looking transformation initiatives

C. Accelerate the transformation of online-offline channels, develop diverse smart services, and enhance data-driven marketing

D. Use capital to create value and promote value-driven businesses to increase customer stickiness and create long-term relationships with customers

E. Expand business scale by "Broaden Business Divergence of Presences, Deepen Local Network" to lead overseas branches to become full-service branches.

F. Meet the needs of Back-home investment from overseas TWN corps.

G. Review talent pools of sales workforce and nurture succession teams with core competence; continue to foster internationalized professionals and enhance the synergy of personnel training

H. Realize the bank's corporate social responsibility that justify the financial sector's positive value.

Financial product research and business development summary

1. The scale and profit and loss of major financial products and business units added in the past two years

   Departments established over the past two years: In order to effectively enter the loan market of digital finance online marketing and expand the foundation of consumer finance business, the telemarketing team of the "Call Center Department" under the "Credit Card Division" was expanded to form the "Online Marketing Department" in April 2020; in response to the establishment of high assets wealth management business, the "Private Wealth Management Department" was set up under the "Personal Banking Business Admin. Division" in June 2021.

   For the business scale and profit and loss of the newly established departments and divisions, please refer to the relevant items in the financial performance.

2. Research and development expenditure and achievements for the past two years

   (1) R&D expenses over the past two years

   The year of 2020: NTD12,144 thousand
   The year of 2021: NTD9,223 thousand

   (2) Important business research reports over the last two years

   The funds were used to purchase electronic databases and professional publications, host a number of industry seminars, internal training sessions, and business R&D report competition, and compile weeklies on the domestic and global economy and financial conditions, the global economy, and the global industrial and economic development so as to provide a comprehensive overview of important updates to the global economy and finance. We also provided research reports (some published regularly, others on an ad hoc basis) on the latest industrial and economic developments in Taiwan and abroad.

   (3) Future research and development plans

   We aim to enhance the breadth and depth of our industrial and economic analysis reports and their application in our businesses. We will examine in greater depth the financial situation in Taiwan and abroad by analyzing the evolution of the economic cycle, interest rates, and foreign exchange rates in major economies, while closely monitoring global banking regulatory changes and industrial and economic data. We will also integrate the analysis of industrial trends, technological development, and inputs and outputs, keep abreast of the major industrial changes across regions, and provide important information such as business opportunities and risks to the business units in a timely manner.

Long- and short-term business development plans

1. For short-term business development plans, please refer to the business plan for the current year.

2. Long-term business development plans

(1) Expand our international presence

(2) Strengthen integrated marketing

(3) Transition to digital services

(4) Deepen customer relationships and value

(5) Create a comprehensive cross-border operational platform

(6) Enhance our ability to innovate business

(7) Emphasize sustainable operation performance

(8) Improve risk management, internal control, and internal audit

(9) Practice climate related governance

(10) Optimize IT security and compliance regimes

(11) Enhance our corporate brand value

(12) Create a culture of well-being in the company.

Employees

Year		2020	2021	As of February 28, 2022
Number of Employees	Clerk	7,646 persons	7,751 persons	7,740 persons
	Janitors	178 persons	161 persons	159 persons
	Local recruitment in overseas employment	441 persons	447 persons	450 persons
	Total	8,265 persons	8,359 persons	8,349persons
Average age		41.90	41.85	41.92
Average years of service		16.13	16.44	16.51
Education Background (%)	Ph.D.	0.06	0.06	0.06
	Masters	23.85	24.76	24.78
	University/College	69.71	69.53	69.59
	Senior high school	5.73	5.14	5.08
	Below senior high school	0.65	0.51	0.49
Certifications and Licenses held by Employees	Proficiency Test for Bank Internal Control and Audit	6,031	6,272	6,292
	Basic Proficiency Test for International Banking Personnel	2,172	2,259	2,270
	Basic Proficiency Test for Bank Lending Personnel	2,807	2,918	2,930
	Stock Affair Specialist	778	808	816
	Bond Specialist	302	309	309
	Basic Test on the FinTech Knowledge	2,523	2,865	2,918
	Securities Investment Trust and Consulting Professionals	1,328	1,372	1,379
	Securities Investment Trust and Consulting Regulations	4,972	5,153	5,182
	Trust Operations Personnel	6,809	6,842	6,851
	Investment-linked Insurance Sales Agent	5,511	5,886	5,906
	Financial Derivatives Sales Personnel	5,142	5,340	5,365
	Life Insurance Salesperson	6,987	7,127	7,139
	Life Insurance Broker	7	7	7
	Life Insurance Agent	17	20	21
	Salesperson of Non-investment Insurance Products in Foreign Currencies	5,422	5,581	5,587
	Property Insurance Salesperson	6,181	6,331	6,341
	Securities Specialist	1,490	1,582	1,595
	Senior Securities Specialist	1,637	1,708	1,713
	Securities Investment Analyst	235	233	237

Year		2020	2021	As of February 28, 2022
Certifications and Licenses held by Employees	Securities Margin Trading And Short Selling Specialist	10	10	10
	Futures Specialist	1,349	1,366	1,361
	Futures Broker	0	0	0
	Futures Trading Analyst	15	15	15
	Financial Risk Manager (FRM)	95	97	99
	AML/CFT Specialist	2,095	2,626	2,675
	Certified Anti-Money Laundering Specialist	1,497	1,511	1,503
	Financial Planning Personnel	1,865	1,886	1,885
	Certified Financial Planner (CFP)	22	39	39
	Chartered Financial Analyst (CFA) (Level 1)	7	9	9
	Chartered Financial Analyst (CFA) (Level 2)	1	1	1
	Chartered Financial Analyst (CFA) (Level 3)	9	8	9
	Certified Internal Auditor	7	7	7
	Certified Information Systems Auditor	5	6	5
	Attorney	21	25	24
	Certified Public Accountant	23	24	24
	Life Insurance Management Institute ROC-Underwriting personnel certificate	3	3	4
	Life Insurance Management Institute ROC-Claims personnel certificate	3	3	3
Employee Training	Internal training	16,271 persons	11,416 persons	694 persons
	External training	10,532 persons	9,242 persons	594 persons
	Overseas learning	0 persons	0 persons	0 persons

Note: 1. The personnel and percentages listed in this table do not contain any personnel dispatched to other entities on a temporary term.
2. The number of personnel dispatched by other entities on a temporary term in 2020 and 2021, and as of February 28 of the current year are 63, 63, and 63, respectively.

III.Corporate Social Responsibility and Ethical Conduct

(i) To fulfill its corporate responsibility to society, the Bank has taken the initiative to participate in charitable events and activities in 2021:

1. Donated to the "2021 Financial Service Industry Education Charity Fund" organized by Taiwan Financial Services Roundtable to provide substantial assistance to students from underprivileged and disadvantaged families to assist them in completing their studies and participating in financial education courses offered by training institutions, thereby helping them improve their family financial conditions. A total of 1,539 students benefited from such charity.
2. To help Taoyuan, which is at the forefront of Taiwan's long-term fight against the COVID-19 pandemic, donated 10 zero-touch intelligent epidemic prevention self-service machines and 2 TOCC servers to Taipei Veterans General Hospital Taoyuan Branch and Taoyuan Armed Forces General Hospital to help them implement epidemic prevention with practical actions.
3. Donated to the rooted education service program in remote areas organized by Cultural Bridges Organization- Transcending Boundaries to help disadvantaged children in remote areas to go to school with peace of mind.
4. In order to support local fruit farmers in Taiwan, purchased 50 metric tons of pineapples on February 28 and shared them with 40 social welfare organizations and rural schools that obtain long-term support from us, as well as customers and employees; purchased about 3 metric tons of mangoes on June 28 and given them to 50 social welfare organizations, to fulfill our corporate social responsibility, and encourage the public to support local agricultural products together.
5. To fulfill our corporate social responsibility, donated NTD3.5 million on April 6 to help the victims of the "0402 Taroko" with their follow-up medical care, living and social reconstruction related expenses, and provided financial support for the families of the dead, joining hands to make a small contribution to the major traffic accident; donated NTD2 million on October 18 to assist the disaster-stricken people in the Cheng Chung Cheng Building in Kaohsiung's Yancheng District, and helped the affected households get out of their predicament and resume their normal life as soon as possible.
6. To implement local care and fulfill our corporate social responsibility, Vientiane Branch donated USD2,000 to the Lao government's special account for COVID-19 epidemic prevention and control in June in response to their needs for epidemic prevention, which was used by the government for epidemic prevention and to help local people fight the epidemic together.
7. To ensure that front-line medical personnel have sufficient anti-epidemic supplies during the epidemic, donated a total of 5,000 isolation gowns to 5 medical institutions, including Ministry of Health and Welfare Puzi Hospital, St. Joseph's Hospital, Yuan's General Hospital, Fangliao General Hospital, and Taitung Christian Hospital, to protect the frontline medical personnel with practical actions.

8. Supported the "Mid-Autumn Festival Charity Plan for the End of COVID-19 Outbreak" jointly launched by the Puren Youth Care Foundation and SunnyHills with actions, and purchased 300 boxes of pineapple cakes and donated them to 20 rural primary schools supported by the Bank for a long time.
9. Arranged environmental education courses at Nantou County "Tannan Elementary School" on September 22, to help students learn about the current crisis faced by marine ecology through the interpretation of the Midway Island video, arouse their attention to the issue of plastic-free oceans, and taught them to reduce the use of plastic products in their daily lives, so as to establish correct concept of environmental protection for them.
10. Worked with the client Chin-Wen Hsiao Dancing Troupe to stage the tour performance of "Strawberries Say No to Drugs" at four schools in Tainan City on October 4 - 6. By incorporating art performances into education, teenagers were guided to reject drugs and join in gender equality propaganda to strengthen their own awareness of self-protection. A total of 628 students benefited from such charity.
11. Invited local farmers in Taiwan to set up stalls at the Dajia Riverside Park on November 14, offering a variety of healthy food on site to promote organic diet to the public, so that the public can have a comprehensive and concrete understanding of green living style and take action to support friendly farming.
12. Sponsored the School Environmental Education Promotion Lecture on the Beauty of Taiwan National Parks organized by the Taiwan Society of Indigo Dyeing to promote humanistic ecology and environmental education to take root, so that children would be able to contact, learn about, and in turn love nature from an early age as small ecological conservationists. A total of 2,609 students benefited from such charity.
13. Worked together with the First Education Foundation established by the Bank to continue to promote the "Green Light Spreads Love, Light Up Hope" program, and joined hands with the supplier TOA Lighting to assist 12 primary schools in rural areas, including Hualien County's "Ming Li Elementary School", "Jian Ching Elementary School", "Xilin Elementary School", "Ma Yuan Elementary School", Chiayi County's "Shizi Elementary School", "Ruili Elementary School", "Taixing Elementary School", "Alishan Elementary School", and Nantou County's "Tannan Elementary School", "Xinyi Elementary School", "Aiguo Elementary School", "Dili Elementary School", to replace their outdated lamps with 2,342 sets of energy-saving LED lamps, so as to improve their classroom lighting equipment, and protect school children's eyesight health. It was estimated to save about 198,000 kWh of electricity annually and reduce about 100.7 metric tons of carbon emissions.

(ii) The First Education Foundation established by the Bank through donations is committed to promoting charitable as well as art and cultural events and enhancing the quality of citizens' life. Various charitable and art and cultural events were held in 2021:

1. In order to continue to deepen the cultivation of local art and culture, we invited famous Taiwanese artists to exhibit their works to our customers, employees and the public, aiming to promote art and culture education. Since January, we held 3 art exhibitions in the First Art Space of the head office of the First Bank, namely: the "Blossoming - Hsiu-chen Chang's Works" in January, the "Documentary Poetry - Chih-cheng Chen's Solo Exhibition" in April and the "Diligence Redeems Stupidity - Ma-ching Huang Woodcarving Solo Exhibition" in May, which are about to attract appropriately 2,500 visitors.

   In addition, due to the impact of the COVID-19, the art exhibitions were changed to four "Art World - Online Art", which introduced artists' creation process and works through interviews, and invited artists to create on site, so that the public could have close contact with art; a total of 84,842 people were attracted to watch the exhibitions online.
2. In order to support the youth training program of remote areas, stage play tickets were donated to the Cultural Bridges Organization - Transcending Boundaries by means of public pledge to invite 130 children from remote areas to watch the stage play, letting love play multiplicative effect.
3. To welcome the Lunar New Year, on February 9, we specially prepared New Year's couplets written by famous scholars for customers of 10 branches, including the Business Division, Zhongshan Branch, Taoyuan Branch, Hsinchu Branch, Taichung Branch, Chiayi Branch, Tainan Branch, Kaohsiung Branch, Hualian Branch and Pingtung Branch.
4. Cooperated with the "PLANET Educational Charitable Trust" to promote the "Vulnerable School Children Adoption Program", continued to adopt vulnerable children of Ankeng Elementary School, Zhongzheng Elementary School in Xindian District, New Taipei City, and Erchong Elementary School in Sanchong District, New Taipei City, etc., provided remedial teaching, small group counseling and various courses to improve the learning effect of low-achieving students and establish their correct values and good attitude towards life.
5. Made donations to the breakfast program implemented by the "Tannan Elementary School" in rural areas in Nantou, to provide 103 students from economically disadvantaged families with breakfast of love throughout the year to enhance their nutrition, so as to assist these disadvantaged students in rural areas with their studies.
6. To encourage disadvantaged children strive forward, we cooperated with our clients ShowTimes Cinema on May 1 to invite more than 100 long-term supported children, school teachers and volunteers to watch the movie "Listen Before You Sing" for the first time in the form of public welfare block booking, aiming to support domestic film with practical actions. At the end of the movie, all the audience sang clapping songs together, echoing the inspirational energy of the film.

7. Held 7 life education lectures, invited Life Fighter & Wheelchair Dancer - Tzu-chiang Cheng (limb handicapped) and Flywheel Boy - I-chun Wei (limb handicapped), Olympic weightlifting bronze medalist - Wen-huei Chen, World Universiade gymnastics gold medalist - Yi-hsueh Huang, Payun Jianli player - Cynthia Lin (limb handicapped), Olympic taekwondo bronze medalist - Tseng-li Cheng, Olympic weightlifter - Chan-hung Kao and Yun-ting Hsieh to give speeches on campus on May 6, May 7, September 9, October 22, November 8, December 9 and December 17 respectively to inspire students' care and understanding of life, and put them into practice in their daily lives, benefiting about 1,120 students.
8. In order to make the front-line medical staff and the public safer, donated 2 "UVC automatic temperature measurement and sterilization gates" to Yunlin St. Joseph's Hospital to assist the hospital in carrying out COVID-19 prevention work with practical actions.
9. Affected by the COVID-19 epidemic, in order to continue to care for the health of the elderly in remote areas, we donated a medical cruiser to "Mennonite Christian Hospital Taiwan" to assist the disabled elderly and cancer patients in remote areas in Hualien with better medical care and benefit, which benefited about 4,300 person-times, and sponsored 20 free clinic tours (including 4 liver disease consultations) to implement medical care in remote areas.
10. In order to care for the elderly living alone in Penghu, donated anti-epidemic supplies and living materials (including rapid screening reagents, isolation gowns, oximeters and medical-grade masks, etc.) to the elderly cared by the Peace Foundation Penghu Office and the Huashan Social Welfare Foundation Baisha Love Angel Station, which benefited totally 270 people.
11. In order to provide more complete medical resources for rural residents, sponsored Luodong Notre Dame Hospital to build the "Ohua Medical Rehabilitation Station" for physical therapy equipment and other equipment, aiming to solve the problem of medical treatment and rehabilitation for rural residents in Yilan and Hualien, which is expected to benefit more than 4,000 people annually.
12. In order to provide immediate assistance to disadvantaged families in remote rural areas, in conjunction with the Andrews Food Bank, pledged 1,000 boxes of love food boxes, and provided customized food boxes such as dietary food, vegetarian food, and infants according to the needs of disadvantaged families to help the disadvantaged families in remote villages in 10 counties and cities from the north, center, south and east of Taiwan and provide them with necessary supplies for living.
13. Held 4 online concerts of "COVID-19 Prevention Mood Station No. 1", and invited life fighters to pre-record about 20-30 minutes of videos, including singing, sharing stories with the public, and chatting about COVID-19

prevention, so as to inspire everyone to resist stress and never give up, which attracted a total of about 91,101 people to watch online.

14. In order to nurture aboriginal students from remote rural areas to develop their music and art sentiments, sponsored the "Chin-ai Music" Aboriginal String Orchestra for the whole school year of music teacher guidance fees and living meals for 20 disadvantaged children in elementary schools, taking practical actions to take root in the cultivation of rural music talents.
15. Participated in the "Kuanyin-Line 30th Anniversary Charity Concert" held by the Taipei Kuanyin-Line Psychological and Social Service Association at the National Concert Hall on November 16, and raised funds through the concert to help more disadvantaged families and accompany the elderly to have peace of mind, making the society warmer.
16. In order to optimize the grassroots weightlifting training environment and support the potential talents of Taekwondo at the grassroots level in rural areas, sponsored 5 junior high school weightlifting teams and 10 elementary school, junior high school and high school Taekwondo teams with potential but lack of resources, and provided weightlifting training facilities and equipment for athletes to enhance their competitive ability and cultivate outstanding sports talents in rural areas.
17. Provided monthly training funds to Meng-chun Shih and Wen-tzu Tien (archery) of National Normal University, Chen-yu Fang (badminton) of the Sports Education Group of the National Sports University Research Institute, I-jung Wu (track and field) of Taichung Municipal Qiming School, and Tzu-Chiang Cheng (archery) who is physically handicapped and so on to help them focus on training and competition, use their strengths to keep moving towards their goals, and strive for the highest glory for themselves and the country.
18. Donated 0.1% of the First Bank's Glory Card cashback for 2020 to support the education, school lunch, and remedial classes for disadvantaged students in rural areas and help 259 economically disadvantaged students or students whose family suffered from unforeseen incidents to allow them to go to school without interruption through the platform of the "School Education Savings Account" of the Ministry of Education.
19. Joined hands with First Life Insurance to promote micro-insurance, donated free insurance to 341 economically disadvantaged people, provided basic accidental death and accidental disability coverage for the economically disadvantaged, and jointly implemented the concept of inclusive finance.

(iii) In order to show the concept of caring for people and environmental sustainability, the Company has established a volunteer service team since 2011, and organizes volunteer activities in various regions every month, including "Green Volunteers" who promote environmental education and

"Caring Volunteers" who care for the disadvantaged. Green volunteers go to organic farms, assist in land preparation and harvesting, protect the coast, clean up beaches, plant trees to reduce carbon, etc.; caring volunteers accompany the elderly, present art to the countryside, provide festive cares, etc., accompanying the children, the elderly and the disadvantaged via multi-angle and diverse events. In 2021, a total of 79 public welfare events were held, including 47 green care events and 32 love care events. A total of 1,299 members participated and 7,599 person-times were benefited, promoting the concept of green life, advocating the issue of environmental sustainability, and conveying the core of public welfare and service with practical actions, bringing warmth and positive force to the society.

1. Green Care

(1) The First Loves the Freshness of the Earth: Green volunteers went to the organic farm to assist in the production and sales of farming, harvesting, packaging, etc., purchased 2,736 kilograms of organic fruits and vegetables, and completed 36 activities; A total of 821 volunteers participated and benefited about 3,404 people.

(2) A whole new world of environmental protection:

A. In response to the Arbor Day, on March 27, green volunteers went to Kaohsiung City Private Loren Kai Chi Center to accompany disadvantaged students to plant 30 pots of succulents, and plant about 10 saplings in the courtyard (bringing the carbon reduction of 0.1 metric tons of CO_2e), promoting the concept of environmental protection through green living education; a total of 24 volunteers participated.

B. In response to the Earth Day and the International Beach Cleanup Day, green volunteers went to Sharon Beach, Tamsui District, New Taipei City, Xianshuiao Beach, Waimu Mountain, Keelung, and Wazaiwei Beach, Bali District, New Taipei City on March 27, April 17, April 24, September 25, October 16 and December 11, respectively, to hold 6 "Love the Beautiful Sea" beach cleaning activities, picking up a total of 367 kilograms of fishery waste, general waste and sea driftwood, taking practical actions to protect the beautiful ocean and the earth; a total of 230 volunteers participated.

(3) Promotion of environmental education:

A. In order to convey the concept of ecological maintenance and environmental sustainability, on April 17 and November 13, in conjunction with the "Taiwan Indigo Dyeing Society", invited disadvantaged children in the Southern Airport Lohas Garden Love Class and Erchong Elementary School in Sanchong District, New Taipei City, respectively, to Qingtiangang and Erziping Trails in Yangming Mountain, accompanying the children to learn ecological knowledge, so that children can know the importance of cherishing the natural environment from a young age; a total of 15 volunteers participated and a total of 46 people benefited.

B. In order to encourage more people to implement the concept of green life from day to day, on November 27 and November 28, fun and interactive games were planned at the booth of the "Kaohsiung E-sports Carnival", which integrated the spirit of green finance and environmental sustainability, and purchased friendly agricultural products from long-term supported organic farms and presented them to the participants on site, combining the care for social welfare with contributing to green and sustainable development; a total of 10 volunteers participated.

2. Love and Care

(1) Organized regional volunteer activities on a monthly basis to donate supplies and equipment, clean the environment and participate in the arrangement of food bag materials for the New Year, etc. in organizations for the disadvantaged, including nursing homes for the elderly and orphanage; and provided companionship for the elderly and disadvantaged groups through festive activities. A total of 30 events were completed, with 180 participating volunteers and about 3,749 people benefited.

(2) On October 16 and 23, Phnom Penh Branch, together with the customer Cambodian Footwear Chamber of Commerce, went to Ba Lao Township, Sufu County, Kampot Province and Prek Pnov Sub-district in Phnom Penh, to condolence and care for the local poor families with practical actions, and donated livelihood supplies to solve the difficulties in life; 19 volunteers participated and benefited about 400 people.

(iv) The Bank strives to promote various climate change mitigation and adaptation actions, and lists "net zero carbon emissions" as the vision for climate change governance under the issue of sustainable development, and sets a carbon reduction target of preventing temperature rise of over 2°C based on scientific basis, and reducing the total carbon emissions of Category 1 and Category 2 by 2.5% each year compared to the previous year starting from 2022. The relevant carbon reduction measures and results in 2021 were as follows:

1. Promoting the acquisition of green buildings in domestic and overseas self-owned buildings:

The Bank had 71 self-owned buildings with an average age of more than 40 years. In order to reduce the heat island effect caused by our office buildings to the environment, the Bank established a team for the "Plan for the Acquisition of Green Building Label" in 2010, and started the renovation process for green building from the headquarters building, with the efforts of replacing with improved air handling systems, replacing energy-consuming lamps with LED energy-saving lamps, using water-saving equipment, and building rainwater recycling systems. As of the end of 2021, a total of 32 old and new buildings in operating locations at home and abroad obtained the green building label.

2. Increase the use of renewable energy at domestic locations:

   In response to the green energy policy, and after evaluating the sunshine conditions of the operating locations, the Bank has built rooftop solar power generation systems in the branch buildings of the First Bank since 2016. By the end of 2021, 17 rooftop solar power generation systems were built, the total annual power generation was 215,120 kWh for the year, and the total annual carbon emission reduction was 180 metric tons. The Bank also continued to purchase green electricity for transfer to business units, increased the proportion of renewable energy, and implemented the policy of environmental sustainability.

3. Improving information equipment and implementing paperless policy:

   In order to improve the performance of information equipment and replace old servers, the Bank has introduced paperless teaching, paperless meetings, paperless service provision and paperless affairs and has been continually optimizing the credit review system since 2008. The process of credit review and granting has been changed from manual/paper based operations to full-process implementation within the system, and the successive introductions of automatic import of joint crediting materials and domestic and foreign group account allocation operations, along with the active incorporation of digital services into business processes including "marketing", "transactions", "payments" and "accounting", have greatly reduced the use of paper.

4. Strengthening waste classification and resource recycling:

   In order to maximize resource classification and recycling, the Bank sets annual targets for resource recycling and implements waste classification, where waste recycling bins are placed on each floor of the branches and office buildings. Furthermore, the Bank has strictly implemented a zero waste bin policy since 2015, where no personal waste bins are allowed in the office, encouraging fellow colleagues to bring their waste to the waste recycling bins for sorting, and thereby strengthening the promotion of waste reduction and resource classification and recycling, so as to realize resource classification and recycling and domestic waste control in operating sites.

5. Implementing the green procurement policy:

   In order to implement the concept of cherishing resources, the Bank is making every effort to promote low-polluting, resource-saving, and recyclable environmentally friendly products, and give priority to purchasing products with less impact on the environment, so as to encourage the production and use of green products.

(1) Prioritize the purchase of environmentally friendly products such as environmental protection labels, energy labels and water efficiency labels, and green building materials.

(2) Promote the use of renewable materials, recyclable, low-polluting or energy-saving materials certified by the Environmental Protection Administration.

(3) Refuse to purchase products that are over packaged and harmful to the environment, non-biodegradable products, and high-energy consuming machinery and equipment.

(4) Ensure that products are purchased based on the principle of consistency, so that they can be reused during the renovation of the bank premises and the adjustment of mechanical equipment or products.

6. Promoting environmental sustainability:

In order to strengthen employees' awareness of climate change issues and incorporate them into business, so that our business units can identify the environmental risk factors of customers' industries when engaging with them, the Bank has compiled a report entitled "Description of Risk Factors of High Carbon Emission/High Pollution Industries in Taiwan" after internal research for their reference. By requiring customers to disclose information about carbon emissions to the Bank, it prompts them to pay attention to carbon reduction issues, and also through social media, corporate websites, bulletin boards, and the internal communication document "First News", it communicates various environmental education-related activities to employees, and educates the public to change their daily habits and readily practice environmental protection.

(v) To fulfill the corporate social responsibility and the responsibility for employee's healthcare, the Bank's on-site physicians were particularly entrusted to organize on-site health services and health seminars every month.

(vi) In order to prevent employees from violating the ethical standards and tarnishing the image of the Bank, the Bank not only strengthened the assessment of employee character review but also established an abnormal sign report and counseling and tracking management mechanism to implement employee care management and understand their work, physical and psychological, as well as financial conditions. Employee behavior was regulated strictly; should any violation of ethics arise, it would be handled in accordance with regulations.

IV. Number of non-supervisory employees working full time, average and median salary of non-supervisory employees working full time, and the difference compared with the previous year

Unit: Number of People/NTD Thousand

Item	2020	2021	Growth Rate (%)
Number of non-supervisory employees working full time (Person)	7,050	7,153	1.46
Average salary of non-supervisory employees working full time	1,237	1,300	5.09
Median salary of non-supervisory employees working full time	1,129	1,193	5.67

V. Information equipment

Hardware and software of information systems and maintenance plan

In response to the trend of technological development, the Bank actively introduced the "server virtualization" framework with cloud computing technology and integrated the distributed server framework; various business systems, online banking, automated service system, and management information system were established on the Bank's shared server platform; in addition to saving the hardware equipment, personnel management, and electricity costs effectively, the Bank paid attention to new technology trends and monitored and maintained software and hardware of information equipment centrally to ensure normal operations of the systems.

Future development or procurement plan for hardware and software of information systems

In line with the development of the Bank's business strategy, the Bank will develop new systems and improve existing systems to strengthen customer service and provide operational management information. The information development strategy planned for 2022 is as follows: (1) reshaping the core of digital banking; (2) building a digital information platform; (3) creating a digital process; (4) assisting in the development of business systems; (5) improving the information infrastructure. All important projects will planned in detail and executed accordingly.

Emergency backup and security protection measures

1. The Bank has established a remote backup center at one place in Taichung and adopted a real-time backup model, that is all information at the major center was transmitted to the backup center via an exclusive optical fiber cable in real-time and the data at the backup center were updated accordingly. When a disaster occurred, the Internet system would be switched, and the system at the backup center would be active and provide services.
2. The Bank adopted central control management of personal computers to control the use and security of the Bank's personal computers.
3. The Bank obtained ISO 27001 and ISO 20000 certification at the same time in the field of information governance as the first bank in Taiwan that has obtained both ISO 27001 and ISO 20000 certification, and the Bank continued to pass the renewal review to maintain the validity of the certification.
4. The Bank has established various safety protection measures and information security monitoring systems to comprehensively protect the security of the host system, the internet, and electronic transaction systems, such as online banking.

VI. Labor-management relations

Staff benefit measures

1. The Bank has established the Employee Welfare Committee, which is composed of 15 members in accordance with the Donation Charter and Organization Regulations of the Employee Welfare Committee. The main sources of the welfare fund were 0.15% of the Bank's operating revenue and 0.5% of the employee's salaries every month. This welfare fund enabled all employees to share benefits in a fair and universal manner, and how it was used is as follows:
   (1) Each unit would hold its own cultural and recreational activities in each quarter, and the Employee Welfare Committee would subsidize the activities.
   (2) Organized employee birthday celebration events.
   (3) Accepted applications for educational scholarships for employees' children.
   (4) Gifts to retired employees.
   (5) Handled interest-free loans for hospitalization for employees' families, interest-free loans for funeral expenses for employees' families, and death benefits for employees.
   (6) Offered subsidies according to each sport and recreational activity organized by the Banks' Sports and Recreation Association.
   (7) A restaurant, a laundry, a hairdressing room, and a supply unit have been established that provided general daily necessities to enable employees to enjoy cheap services.
2. Marriage subsidy and childbirth allowance.
3. Provided labor insurance and National Health Insurance in accordance with regulations.
4. Employees' on-the-job training.
5. Employee health checkup (once every two years).
6. Holiday travel subsidies.
7. Catastrophic illness and disaster care.
8. Employee savings and employee shareholding trusts
9. Set up a medical room to provide employees with health counseling services.

Retirement system and its implementation status

The Bank's employees retired in accordance with the relevant provisions of the "Labor Standards Act" and the "Labor Pension Act".

Protection measures for employees' rights and interests

1. Set up a section dedicated to health on the internal website and also recruited nurses. As for employees' serious diseases and top 10 abnormal items in health checkup, health care information and health counseling services were provided, as well as health seminars and health promotion activities were held from time to time.
2. Arranged the Bank's on-site physicians to provide on-site health services 6 to 7 times every month.
3. The bank implements the "Abnormal Workload-Induced Disease Prevention Program", "Ergonomics Hazard Prevention Program", "Maternal Health Protection Program" and "Prevention for Workplace Illegal Violence, Aggression Program".

4. The bank provides free influenza vaccination service at the headquarter building. The Bank continues to appoint the Teacher Chang Foundation to provide "psychological counseling services" for the employees.
5. The Bank sets up breastfeeding rooms in the head office building, information building and credit card divisions (Zhongshan Building and Bade Building), which were awarded the Breastfeeding Room Excellence Certification by the Department of Health, Taipei City Government.

Implementation status of protection measures for employee work environment and personal safety

1. Implementation of occupational safety- and health-related business and education and training

   To ensure the safety and health of employees and to fully implement occupational safety and health management, the company has established its Occupational Safety and Health Management Program to specify the implementation methods of various management measures. Moreover, the Safety and Health Work Code has been submitted to competent authorities and the safety of the workplace relies on the compliance of all members of the company. In addition, in accordance with the "Occupational Safety and Health Education and Training Rules", safety and health education and training were provided to new and current employees to increase their awareness on the issues and create a zero-hazard work environment.
2. Regular implementation of safety maintenance and disaster prevention exercises
   (1) First Bank runs on Security Maintenance and Implement Rules on Self-Protection every 6 months for branch-operation.
   (2) The FFHC headquarter building has assigned a Security Corp with a standard operating procedure for the emergency, ensuring to secure the personal safety of employees as well as property security. 2 for fire-fighting and 1 for annual exercise were carried out every year.
3. Promotion of friendly workplace
   (1) Healthy workplace accredited—Badges of Accredited Healthy Workplace for Health Activation and for Health Promotion

   The Bank is committed to promoting tobacco prevention and health promotion in the workplace and values employee health management. The head office building was awarded the Badge of Accredited Healthy Workplace for Health Promotion. Then 127 units including the Information Building, Credit Card Divisions (Zhongshan Building and Bade Building) of the Bank, and Anhe Branch were awarded the Badge of Accredited Healthy Workplace for Health Activation.

   (2) Workplace safety accreditation

   In order to further ensure the safety of employees and customers in our business premises and enhance the Bank's corporate social responsibility image, the Bank assisted 60 branches with AEDs, to obtain the "AED workplace safety accreditation".

Labor-management agreement

To demonstrate the belief of mutual trust and co-prosperity between the employer and employees, the Bank concluded a collective agreement with the labor union on November 12, 2019 to provide labor conditions superior to statutory requirements.

The loss arising from labor-management disputes in the most recent fiscal year up to the date of publication of the Annual Report

None.

Significant Contracts

Contract Type	Firm	Contract Duration Date	Content	Terms and conditions
Financing guarantee commissioning contract	National Development Fund, Executive Yuan; The Export–Import Bank of the Republic of China	From January 25, 2021 to January 25, 2026	Use of national financing guarantee mechanism to provide financial institutions with relevant financing guarantees, in the case where financial institutions participate in credit granting under major national economic development plans	None
Advertising cooperation contract	Addcn Technology Co., Ltd.	From November 29, 2021 to May 29, 2022	Provide exclusive sales of advertising space on 591 housing transaction websites and 8891 auto transaction websites under Addcn Technology Co., Ltd. for project cooperation	None
Outsourcing contract	Financial Information Service Co., Ltd.	From July 10, 2012 to December 31, 2022 (automatically renewed for one year at the end of the term and thereafter)	Credit card purchase authorized transactions, account processing, internet transactions, clearing and installment payment operations	Confidentiality clause
Outsourcing contract	Taiwan Mobile Payment Co., Ltd.	From August 23, 2019 to December 31, 2022 (automatically renewed for two years at the end of the term and thereafter)	Handling of card production and card life cycle management for "mobile payment tools" and other data processing services	Confidentiality clause
Technical cooperation contract	Kingway Media Co., Ltd.	July 1, 2021 to December 31, 2021 (automatically renewed for one year at the end of the term and thereafter)	Development and promotion of cross industry cooperation for digital deposit accounts	Confidentiality clause

Types of securitized products and related information approved after application in the most recent year, in accordance with the Financial Asset Securitization Act or Clauses of the Real Estate Securitization Act

None.

Corporate Governance

Item	Yes/ No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
A. Bank's shareholder structure and shareholder's rights			
1. Has the bank established internal operating procedures to handle shareholder advice, doubts, disputes and litigation matters and implemented them in accordance with the procedures?	No.	1. The Bank's sole shareholder is First Financial Holding Co.; no shareholder's suggestions, doubts, disputes and lawsuits.	No deficiency
2. Is the bank in control of its major shareholders and their ultimate controllers?	Yes.	2. The Bank is owned by a sole shareholder, the structure is quite simple.	No deficiency
3. Has the bank established and enforced risk control mechanisms and firewalls between the company and its affiliates?	Yes.	3. The subject matters are governed by the "Rule for Personnel, Information and Business Exchanges between First Commercial Bank and its Investee Companies", "Rules for Long Term Equity Investment of First Commercial Bank and Subsidiary Management" and "Operational notice for Long Term Equity Investment of First Commercial Bank and Subsidiary Management".	No deficiency
B. Members and functions of the Board			
1. Has the Board set up diversified policy and material management goal?	Yes.	1. The Company's Code of Corporate Governance set out the overall skills for the Board of Directors, including operation management, accounting, financial analysis, business administration, risk management, crisis management, industry knowledge, international market knowledge, leadership and decision making skills. The industrial experience and professional skills of the Board members cover a wide range of fields related to the operation and management of financial industry. Among them, independent directors account for 20% of the board seats (3 seats/15 seats). All independent directors served less than three consecutive terms.	No deficiency
2. Has the bank voluntarily established other types of functional committees in addition to the Remuneration Committee and Audit Committee established in accordance to law?	Yes.	2. The Bank's sole shareholder is First Financial Holding Co., which has set up "Integrity Management Committee", "Remuneration Committee" and "Audit Committee". Under the supervision of the board, the Bank has set up "Risk Management Committee", "Business Decisions Committee", "Asset & Liability Management Committee", "Personnel Evaluation Committee" and "Fair Treatment to Clients Facilitating Committee".	Not applicable

Item	Yes/ No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
3. Has the bank listed at the TWSE or TPEX established a set of policies and tools to review the Board's performance, conducted the performance review on a regular basis annually and take the results into consideration for determining the Director's remuneration and his/her nomination for another term? 4. Does the bank regularly evaluate the independence of its certified accountant?	No. Yes.	3. The Bank is not a TWSE/TPEX listed company. 4. When the Bank appoints CPAs to audit financial statements and file tax each year, it will seek independent statement from the CPA and submit the appointment of the accountant to the Board of Directors for approval.	Not applicable No deficiency
C. Has the bank designated competent and adequate number of personnel and appoint a Company Secretary to be in charge of corporate governance affairs (including but not limited to providing Directors and Supervisors with the information needed to perform their duties, assist Directors and Supervisors to comply with law and regulations, convention of Board Meetings and Shareholder Meetings, and preparation of meeting minutes for Board and Shareholder Meetings, etc)?	Yes.	The Bank has designated an appropriate number of qualified corporate governance personnel and a corporate governance officer to be responsible for matters related to corporate governance.	No deficiency
D. Has the bank established communication channels with stakeholders (including but not limited to shareholders, employees, and customers), and provided interested parties communication channel under company's official website to respond important CSR issues which were in concern?	Yes.	1. The bank's parent company, FFHC, has listed the contacts of employees, investors, and public relation departments, email address for handling complaints, and customer compliant hotlines and email addresses of FFHC and its Subsidiaries under the "Stakeholder Communication" page of the Company's website. In addition, opinion questionnaire for interested parties are provided under the "ESG-ESG Report" page in order to provide diverse communication channels for interested parties and respond to ESG related issues which they may concern.	No deficiency

Item	Yes/ No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
		2. According to "Spokesperson System & Procedure Management Method of First Commercial Bank", the Bank has established a spokesperson system, customer feedback hotline and email, and set up a customer service board, VoIP phone and customer text service on its external website along with its branch networks, providing multi-communication channels for the interested parties. The Bank has also established "The Consumer Protection Principles and Implementation Guidelines for First Commercial Bank", "Financial Consumer Protection Policy and Operational Rules for First Commercial Bank" and "Principles for First Commercial Bank to Treat Clients Fairly" to protect the interests of customers. 3. The Bank's internal website contains a discussion forum and bank-wide videoconferences are held regularly, providing for open communication with employees, along with the sexual harassment grievance system. 4. In accordance with article 32 of the Labor Inspection Act, the Bank has issued "Worker's Complaint Notice", which declared the agencies, persons, scope, format and the procedure of handling worker complaints. If the Bank violates "Labor Standards Act", "Labor Insurance Act", "Labor Inspection Act" and "Employee Service Act", the employee may raise a complaint with supervisors of any branch networks and administrative departments of the Bank, labor competent authorities under county or municipal government and labor inspection authorities following legal procedure and format.	
E. Information Disclosure			
1. Has the bank established a corporate website to disclose information related to the company's financial, business and corporate governance status?	Yes.	1. Annual Report, major financial statements and corporate governance are disclosed on the Bank's website.	No deficiency
2. Does the bank disclose information via other channels? (For example, setting up an English website, designating personnel responsible for the collection and disclosure of information, appointing spokespersons, webcasting investors' conference via the company's website.)	Yes.	2. The Bank has set up an English website, where Annual Report and monthly financial information, etc. are disclosed. The bank also releases material information and makes online filing of public information according to the Securities and Exchange Act. A spokesperson system has also been established and the appointed spokesperson is Ms. Su-Hwei Tsai.	No deficiency

Item	Yes/ No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
3. Has the bank published and reported its annual financial report after the end of the fiscal year in accordance to the Bank Act and Securities and Exchange Act and has the company published and reported its financial reports for the first, second and third quarter as well as its operating results for each month before the specified deadline?	Yes.	3. The Bank releases and files the following in accordance with Paragraph 1, Article 36 of the Securities and Exchange Act and Jin-Guan-Yin-Fa Letter No. 10110002230 issued on May 18, 2012: A. The annual financial report released and declared within three months after the end of each fiscal year. B. The annual financial report for the first quarter and third quarter released and filed within 45 days after the end of the first quarter and the third quarter of each fiscal year, as well as semiannual financial report released and filed within two months after the end of every six months. C. The operation situation of the previous month publicly announced and declared prior to the 10th day of each month.	No deficiency
F. Does the bank have other material information to facilitate better understanding of the company's corporate governance practices? (Including but not limited to employee rights, employee wellness, investor relations, stakeholders' rights, Directors or supervisor's training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, purchasing of liability insurance for Directors and supervisors and donations to political parties, stakeholders and charities.)	Yes. Yes. Yes.	1. Employee welfare: The Bank is committed to looking after its employees' well-being through an employee welfare program that includes career development planning, continuing education and training, open channels of communication, health check-ups and regular review of the compensation system. 2. Investor relations and stakeholders' rights: Any directors having conflict of interest, legal requirements and procedures of donations and stakeholders' transactions in compliance with the "Guideline for the Board of Directors Meetings of First Commercial Bank," "Policy for Credit and Non-Credit Transactions of Stakeholders of First Commercial Bank," "Instructions for Stakeholder Credit Business Management of First Commercial Bank" and "Directions of Non-Credit Transactions of Stakeholders of First Commercial Bank." 3. Advanced studies of directors and supervisors: In addition to supporting directors' individual needs for advanced studies, the Bank provides directors and supervisors with full access to information on relevant courses.	No deficiency

Item	Yes/No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
	Yes. Yes. Yes.	4. Implementation of risk policies and processes: The Bank has formulated a risk management policy and established a risk governance framework for identifying, assessing, monitoring and managing risks in order to create a cohesive risk management environment. The goal is to adopt a risk-oriented approach to the Bank's operations to achieve business performance targets and to enhance shareholders' return. The Risk Management Committee reviews, oversees and coordinates all risk-related activities. 5. Consumer protection policy: The Bank has established "The Consumer Protection Principles and Implementation Guidelines for First Commercial Bank", "Financial Consumer Protection Policy and Operational Rules for First Commercial Bank" and "Principles for First Commercial Bank to Treat Clients Fairly" to ensure that consumer interests are protected. 6. Liability insurance for directors and supervisors: In line with the policy of the parent company, the Bank purchases directors and supervisors liability insurance to reduce or eliminate risks from damages to the Bank and its shareholders as a result of wrongful or negligent acts committed within the scope of duty by directors and supervisors.	
G. Please describe the improvements made as a result of the most recent Corporate Governance Evaluation Report published by the Corporate Governance Center of the Taiwan Stock Exchange Corporation. For items which improvements are yet to be implemented, please describe the priorities for enhancement and measures to be taken.	No.	The Bank is not a TWSE/TPEX listed company, so the corporate governance evaluation published by the Taiwan Stock Exchange Corporation is not applicable to the Bank.	Not applicable

Risk Management Overview

Credit Risk

A. Strategy, goal, policy for managing credit risk

(a) The Bank's risk management program is established based on its risk management strategy and business operating objectives as approved by the Board of Directors, and in accordance with the "Risk Management Policies and Guiding Principles for the First Financial Holding Company and its Subsidiaries", Basel rules, and the relevant regulations of the competent authorities of Taiwan. The Policy is to be timely adjusted in response to economic change and industry cycle, and in view of the Bank's loan portfolio, asset quality and its business promotion strategy, etc. by the governed laws; and its adjustment has to be approved by the Board of Directors or reported to the top executives for approval.

(b) Process for managing credit risk

i. In order to comply with the new Basel Accord and establish applicable appraisal standards, various internal and external modeling techniques for the rating of credit risk are gradually developed and further introduced to the processes of credit analysis and loans review, as well as linked with warning mechanism employed for the post-credit control, so as to establish a complete credit risk management process.

ii. The credit limits for the conglomerate, business type, country, stocks listed on TSE or OTC as collateral and real estate loan etc. have been prescribed so as to control loans concentration risk.

iii. For the risk management process to operate effectively, the Bank has set up related internal auditing and control system.

B. Organization and structure for managing credit risk

(a) The Board of Directors is the highest level of decision making and supervision body. Bank-wide risk management policies, systems and procedures, risk limits and authorities, risk measurement methods, evaluation procedures and monitoring systems are all subject to the supervision and management of the Board of Directors.

(b) The Risk Management Committee is under the Board of Directors and is responsible for the integration of the review, supervision, reporting and coordination of operations across the Bank.

(c) Senior management is responsible for supervising and executing the risk management related policies approved by the Board of Directors.

(d) The Risk Control Management Center is independent of the business units and manages bank-wide risk management operations. EVP assists CEO in the implementation of the bank-wide risk management operations. The Center is divided into the Risk Management Division, Credit Review Division, Credit Analysis Division, Special Asset Management Division and six major risk control regional centers. Each division formulates risk management operation procedure and rules according to its authority and duties. They also execute programs and report to senior management and the Board based on the risk management structures and reporting lines. The risk control regional centers handles risk management business such as loan review and extension, collateral valuation and post-loan management within its authorized region.

C. Scope and characteristics of the credit risk report and measurement system

(a) To avoid the excessive concentration of credit risk and monitor the changes in credit rating of the loan assets, the Bank conforms to the limits for "one person", "a related person" and "a related enterprise". In addition, the credit risk analysis reports including credit rating, asset quality, NPL ratio and credit concentration etc. are submitted to the Risk Management Committee or the Board of Directors for their reviews periodically.

(b) The Bank developed credit rating modules which measures the risk of borrowers in business loans, credit loans, mortgages, and credit cards, and an assessment tool that measures the risk characteristics of the quotas. The tools are put into system in order to quantify risks and to control risks within acceptable limits.

D. Credit risk hedging or risk mitigation policies, and strategies and processes for maintaining the effectiveness of tools to hedge or mitigate risks.

(a) Periodic monitoring and reporting of the concentration risk by group, business type, country, collaterals using listed stocks and real estate loan. We revise the acceptable risk limits according to market environment changes, business complexity and risk management strategies to maintain the effectiveness of risk control.

(b) Proper collateral or guarantees are collected based on the borrower's credit or type of credit limit to lower credit risk.

E. The methodology for calculating capital requirements: credit risk standardized approach

Exposure and minimum capital requirements after risk mitigation under the credit risk standardized approach.

December 31, 2021 Unit: NTD thousand

Type of risk exposure	Credit exposures after risk mitigation	Minimum capital requirements
Sovereigns	787,591,154	269,220
Non-central government public sector entities	7,523,403	121,073
Bank (include multilateral development banks)	462,972,121	13,253,503
Corporates (include securities firm and insurance company)	621,015,207	43,251,085
Retail portfolios	173,329,866	5,791,273
Residential property	1,322,127,984	70,036,970
Equity investments	41,033,849	3,282,708
Equity investments in funds and venture capital	1,195,748	122,957
Other assets	76,084,668	3,576,419
Total	3,492,874,000	139,705,208

Note: Minimum capital requirement is exposure after risk mitigation multiplied by the weight of risk and minimal required capital adequacy ratio.

Asset Securitization Risk

A. Strategy and process for managing securitized products
The Bank currently holds all of its securitized products as a non-originating bank, employing strategies and processes the same as those for market risk management.

B. Organization and structure for managing securitization risks

(a) The Board of Directors is the highest management and supervision body for securitized products and is responsible for the approval of the Bank's risk strategy and policies. The strategy and policies include the verification of the strategy for purchasing securitized products, risk tolerance and risk limits.

(b) The unit managing securitized products risk is the Risk Management Division, which is responsible for the management and evaluation of the investment quota for securities investment. Credit-related transactions involving securitized corporate credit are subject to approval of the Credit Review Division. By utilizing the various professions of the different units, risks are identified in order to monitor investments in securitized products.

C. Scope and characteristics of the securitization risk report and measurement system
The Bank's securitization investment positions are all allocated to the banking book. Risk assessment and reporting are in accordance with the Bank's internal regulations. The Bank emphasizes the credit ratings and changes in market prices of the invested instruments. The results of related evaluations are reported regularly to the business management unit and top executives. Since the proportion of this investment is small, the same assessment system is employed without specific variations.

D. Securitization hedging or risk mitigation policies, and strategies and processes for maintaining the effectiveness of tools to hedge or mitigate risks
The capital requirement for risk mitigation of securitized products is calculated and reported to competent authorities using the credit risk standard approach. The Bank's hedging policy for securitized products is the same as for market risks.

E. The methodology for calculating capital requirements: credit risk standard approach

The Securitization Risk Exposures and Minimum Capital Requirements— Based on transaction type

December 31, 2021

Unit: NTD thousand

Exposure Type / Book Type / Bank		Asset Type	Traditional					Synthetic		Total		
			Exposure				Minimum capital requirements (2)	Exposure	Minimum capital requirements (4)	Exposure (5)=(1)+(3)	Minimum capital requirements (6)=(2)+(4)	Minimum capital requirements before securitization
			Held or purchased	For Liquidity Facility	For credit enhancement	Sub-Total (1)		Held or purchased (3)				
Non-originator bank	Banking book	Collateralized Mortgage Obligations	5,393,953			5,393,953	86,303			5,393,953	86,303	-
	Trading book											
	Sub-total		5,393,953			5,393,953	86,303			5,393,953	86,303	
Originator Bank	Banking book											-
	Trading book											-
	Sub-total											-
Total			5,393,953			5,393,953	86,303			5,393,953	86,303	

(a) Information on Securitized Products as of December 31, 2021

Unit: NTD thousand

Items	Accounting category	Original cost	Gain/ Loss of accumulated valuation	Accumulated impairment	Book value
CMO	Financial assets measured at fair value through other comprehensive income	65,180	2,532	0	67,712
	Financial assets measured at amortised cost	5,319,163	0	0	5,319,163
REITs	Financial assets measured at fair value through other comprehensive income	700,991	6,867	0	707,858

(b) Single securitized product with original cost above 300 million
(the bank holding as the originator for credit enhancement purpose is not included)

Unit: NTD thousand

Security	Accounting category	Currency	Issuer and Location	Purchasing date	Coupon rate	Rating	Original cost	Gain/Loss of accumulated valuation	Accumulated impairment	Book value
Millerful No.1 Real Estate Investment Trust	Financial assets measured at fair value through other comprehensive income	TWD	King's Town Bank Taiwan	2021/12/6	N.A.	TWA+	300,000	10,800	N.A.	310,800

Operational Risk

A. Strategy and process for managing operational risk

(a) A "risk appetite" instruction manual has been compiled to serve as a basis for the establishment of the Bank's risk control mechanism.

(b) Employees at different levels are directly charged with the management of risk within their own scope of responsibility, and are required to observe the internal control and auditing systems together with related rules.

(c) The operational risk management methods are differentiated as risk recognition, assessment, monitoring, reporting and response measures, and are exercised in line with the introduction of management tools such as Loss Data Collection (LDC), Risk and Control Self-Assessment (RCSA), Control Self-Assessment (CSA) and Key Risk Indicators (KRI).

B. Organization and structure for managing operational risk

(a) The Board of Directors is the highest approval level for operational risk management and regularly reviews operational risk management policies and structures. The Risk Management Committee is responsible for reviewing the execution status for measuring, assessing, monitoring and controlling risk. Senior management is responsible for executing the operational risk management framework approved by the Board and developing relevant methods and procedures to manage operational risk.

(b) A centralized management framework in relation to operational risk is employed with three tiers of control, each with its defined authority and reporting threshold:

i. All units should conduct regular control of daily business activities and carry out operational risk management within the scope of their respective duties and responsibilities.

ii. The Risk Management Division is responsible for establishing the Bank's risk management system, planning of management tools and procedures, and implementation of exposure monitoring and reporting.

iii. The Audit Division, independent of business units, is responsible for auditing and assessing whether the management framework is operating effectively.

C. Scope and characteristics of the operational risk report and measurement system

(a) Standardized operational risk management tools are used for risk identification and assessment, allowing managers to observe operational risk profiles and continuously monitor potential operational risk in order to control or offset the risks.

(b) The Risk Management Unit discloses the status of exposure monitoring on a regular basis, compiles operational risk data and other major issues, and reports to top executives, Risk Management Committee, and the Board of Directors.

(c) If a unit discovers a major risk exposure that threatens the Bank's financial or business status, it must report immediately to the Auditing Division and the business management unit, and the Risk Management Unit which must report to the chief auditor and top executives in accordance with the reporting procedures respectively. Should the incident induce disciplinary action by regulatory agencies, a report must also be submitted to the compliance unit.

D. Operational risk hedging or risk mitigation policies, and strategies and processes for maintaining the effectiveness of tools to hedge or mitigate risks

(a) The primary method employed to transfer or mitigate operational risk is insurance. It is used to transfer or mitigate loss due to operational risks caused by negligence, personnel, systems or external events. To ensure the continuous use of the risk mitigation tool, the risks and controlling measures are regularly identified and evaluated.

(b) In order to reduce the risk of potential loss from business disruptions caused by fire, explosion, typhoon, earthquake, robbery, bank-run, labor strikes and other major events, the Bank has established contingency plans, business non-interruption guidelines and rules for implementation.

E. The methodology for calculating capital requirements: credit risk standard approach

Minimum capital requirements for operational risk

December 31, 2021

Unit: NTD thousand

Year	Operating profit	Minimum capital requirements
2021	45,627,684	
2020	43,367,594	-
2019	47,248,830	
Total	136,244,108	6,844,857

Market Risk

A. Strategy and process for managing market risk

(a) Under the market risk appetite approved by the Board of Directors, the Bank sets risk limits and managing rules, scheduled reporting process, and internal auditing system. And through the supervision of independent management units and high-level committees, high performance, balance of risks and capital optimization is achieved.

(b) Process for managing market risk

i. With consideration to operational activities such as business decisions and financial budgets, appropriate market risk management indicators and quotas are established and updated on a scheduled basis in response to changes and trends in the market.

ii. Risk management methods are established for different areas of business, and the recognition, measurement, monitoring, control, and reporting of market risk are included within the rules of operating procedure. The market risk management department monitors the compliance status of the business units.

iii. The market risk management department regularly reports the current status and performance of market risk management to the Board of Directors or senior management, so they can be used as references by the management executives to timely adjust the risk control policy.

B. Organization and structure for managing market risk

(a) The Board of Directors is the highest management and supervision body for market risk. The Board is responsible for the verification of risk strategies, policies, risk tolerance levels and various risk limits. The Risk Management Committee is under the authority of the Board, and is responsible for reviewing, supervising and reporting of risk management matters.

(b) The Market Risk Management Unit is under the Risk Management Division and is independent of the Financial Trading Business Unit. It is responsible for the formulation, development, modification and supervision of the Bank's risk management rules and risk assessment tools, and assesses the risk exposure of the business unit from an objective standpoint.

C. Scope and characteristics of the market risk report and measurement system

(a) Scope of market risk management:

The scope covers the expected and unexpected losses on or off balance sheet which are due to changes in the market price. Factors which affect the changes in market prices include interest rates, equity, exchange rates and commodity risks.

(b) Characteristics of market risk management:

Portfolios based on different market risk factors are distinguished for daily assessment, monitoring and management. Risk measuring indicators such as VaR or Greek are employed to measure the degree of exposure to market risks. The market risk report can reflect the extent of risk exposures and is used as references for management to timely adjust the market risk control policy.

D. Market risk hedging or risk mitigation policies, and strategies and processes for maintaining the effectiveness of tools to hedge or mitigate risks

(a) The trading positions of financial products dealt with customers will be properly hedged or squared. In consideration to market changes, financial goals and risks, some will be held as risk assets within adequate risk tolerance levels. The hedging financial derivatives primarily encompass interest rate swaps, cross-currency swaps, interest rate swap options, and interest caps or floors, etc. The Bank has engaged in interest rate swaps to mitigate the fair value risk of fixed-rate loan assets held by overseas branches.

(b) Based on the schedules set in management rules, the risk management unit regularly monitors the effects of the risk hedging and reports it to the business unit and senior management.

E. The methodology for calculating capital requirements: credit risk standard approach

Minimum capital requirements for market risk

December 31, 2021 Unit: NTD thousand

Item	Minimum capital requirements
Interest rate risk	2,357,066
Equity exposure risk	15,824
Foreign exchange risk	521,385
Commodities risk	0
Total	2,894,275

Liquidity Risk

Structure analysis of NTD time to maturity of the Bank

December 31, 2021 Unit: NTD thousand

	Total	Amount during time to maturity					
		0 to 10 day	11 to 30 day	31 to 90 day	91 to 180 day	181 days to 1 year	Over 1 year
Primary Capital inflow upon maturity	3,080,742,041	363,486,281	471,478,131	281,648,586	317,442,980	357,147,402	1,289,538,661
Primary Capital outflow upon maturity	4,013,614,619	154,938,036	250,989,387	654,774,175	588,586,935	710,469,867	1,653,856,219
Maturity gap	-932,872,578	208,548,245	220,488,744	-373,125,589	-271,143,955	-353,322,465	-364,317,558

Structure analysis of USD time to maturity of the Bank

December 31, 2021 Unit: USD thousand

	Total	Amount during time to maturity				
		0 to 30 day	31 to 90 day	91 to 180 day	181 to 1 year	Over 1 year
Primary Capital inflow upon maturity	48,614,781	13,657,784	13,949,108	6,370,174	5,561,420	9,076,295
Primary Capital outflow upon maturity	53,292,164	13,425,162	9,376,244	10,319,808	10,387,049	9,783,901
Maturity gap	-4,677,383	232,622	4,572,864	-3,949,634	-4,825,629	-707,606

Significant Financial Information - Consolidated

Condensed balance sheets (IFRS compliant)

NT$,000	Dec.31.2021	Dec.31.2020	(After restatement) Dec.31.2019	Dec.31.2018	Dec.31.2017
Cash and cash equivalents, due from the central bank and call loans to banks	405,429,645	303,958,980	326,296,701	269,022,739	239,344,421
Financial assets at fair value through profit or loss	164,561,017	170,912,960	156,410,445	138,999,510	100,249,302
Financial assets at fair value through other comprehensive income	246,058,056	269,253,959	278,096,776	222,182,260	-
Available-for-sale financial assets, net	-	-	-	-	149,792,285
Investments in debt instruments at amortised cost	678,547,362	657,391,632	483,204,788	415,604,459	-
Held-to-maturity financial assets, net	-	-	-	-	386,605,113
Derivative financial assets for hedging	-	-	-	-	-
Securities purchased under resell agreements	-	-	500,000	-	-
Receivables	34,426,368	29,544,916	28,489,181	77,352,470	63,380,967
Current tax assets	1,378,450	1,347,752	1,304,013	1,302,565	437,888
Assets classified as held for sale, net	-	-	-	-	-
Discounts and loans, net	2,035,783,459	1,905,692,247	1,764,670,377	1,695,769,851	1,580,079,849
Investments measured by equity method, net	2,641,030	2,603,205	2,453,113	2,428,038	1,829,956
Restricted assets, net	-	-	-	-	-
Other financial assets	102,572	147,803	149,465	152,384	8,115,659
Property and equipment, net	26,855,189	26,636,726	25,937,524	26,508,042	26,660,231
Right-of-use assets, net	2,335,399	2,654,118	2,845,773	-	-
Investment property, net	6,983,971	7,308,423	7,551,986	6,921,617	6,942,132
Intangible assets, net	821,086	830,408	617,101	456,668	394,255
Deferred tax assets	2,515,463	2,854,320	2,852,871	2,724,899	3,019,820
Others assets, net	2,955,564	7,178,644	4,719,506	2,664,587	3,063,629
Total Assets	**3,611,394,631**	**3,388,316,093**	**3,086,099,620**	**2,862,090,089**	**2,569,915,507**
Deposits from the Central Bank and banks	213,044,550	259,115,895	285,023,923	240,743,329	153,890,754
Due to the Central Bank and banks	42,741,220	16,390,000	214,750	333,951	82,364
Financial liabilities at fair value through profit or loss	7,493,438	20,975,490	34,446,111	33,153,145	34,398,308
Derivative financial liabilities for hedging	-	-	-	-	-
Notes and bonds issued under repurchase agreement	10,556,802	26,919,014	17,894,625	15,840,590	11,588,250
Payables	39,464,504	27,967,469	30,723,342	85,521,342	76,374,564
Current tax liabilities	3,570,820	3,251,122	2,978,144	1,839,451	2,523,826
Liabilities related to assets classified as held for sale	-	-	-	-	-
Deposits and remittances	2,960,260,140	2,712,299,855	2,404,323,978	2,180,091,785	2,019,708,298
Bank notes payable	47,800,000	38,950,000	27,950,000	37,150,000	29,300,000
Preferred stock liabilities	-	-	-	-	-
Other financial liabilities	44,047,483	43,413,200	43,169,353	43,581,823	32,883,096
Provisions	5,511,961	5,879,307	5,850,378	6,505,136	6,001,360
Lease liabilities	2,163,054	2,467,323	2,633,825	-	-
Deferred income tax liabilities	6,684,432	6,677,528	7,011,095	6,722,425	6,356,729
Other liabilities	4,516,508	4,697,209	4,955,810	4,893,160	4,548,792
Total Liabilities	**3,387,854,912**	**3,169,003,412**	**2,867,175,334**	**2,656,376,137**	**2,377,656,341**
Equity attributable to owners of parent	**223,539,719**	**219,312,681**	**218,924,286**	**205,160,003**	**192,259,166**
Common stock	90,880,000	89,064,000	89,064,000	89,064,000	89,064,000
Capital surplus	34,470,351	34,470,351	34,470,351	34,462,221	34,848,216
Retained earnings	86,253,185	78,784,690	76,733,391	69,463,070	62,587,008
Other equity interest	11,936,183	16,993,640	18,656,544	12,170,712	5,759,942
Treasury shares	-	-	-	-	-
Equity attributable to former owner of business combination under common control	-	-	-	553,949	-
Non-controlling interests	-	-	-	-	-
Total Equity	**223,539,719**	**219,312,681**	**218,924,286**	**205,713,952**	**192,259,166**
Total Liabilities and Equity	**3,611,394,631**	**3,388,316,093**	**3,086,099,620**	**2,862,090,089**	**2,569,915,507**

Condensed Statements of Income (IFRS compliant)

NT$,000	2021	2020	2019	2018	2017
Interest income	43,118,948	44,704,048	52,462,227	48,204,120	43,355,647
Interest expenses	(10,039,454)	(15,368,160)	(23,771,254)	(18,714,564)	(13,808,263)
Net interest revenue	33,079,494	29,335,888	28,690,973	29,489,556	29,547,384
Net revenue other than interest	14,387,696	15,420,182	19,270,369	17,093,488	13,932,907
Net revenue	47,467,190	44,756,070	47,961,342	46,583,044	43,480,291
Bad debts expense, commitment and guarantee liability provision	(3,621,467)	(4,514,174)	(3,860,597)	(5,530,263)	(6,808,128)
Operating expenses	(22,804,810)	(21,769,507)	(21,252,568)	(20,233,051)	(18,817,603)
Profit from continuing operations before tax	21,040,913	18,472,389	22,848,177	20,819,730	17,854,560
Income tax expense	(3,389,256)	(2,789,538)	(3,813,406)	(3,257,734)	(2,712,676)
Income from continuing operations, net of tax	17,651,657	15,682,851	19,034,771	17,561,996	15,141,884
Income from discontinued operations	-	-	-	-	-
Profit	17,651,657	15,682,851	19,034,771	17,561,996	15,141,884
Other comprehensive income	-	-	-	-	-
Other comprehensive income, net of tax	(4,424,619)	(1,973,596)	6,450,573	503,269	(1,213,804)
Total comprehensive income, net of tax	13,227,038	13,709,255	25,485,344	18,065,265	13,928,080
Profit, attributable to owners of parent	17,651,657	15,682,851	19,018,140	17,530,747	15,141,884
Profit, attributable to former owner of business combination under common control	-	-	16,631	31,249	
Profit, attributable to non-controlling interests	-	-	-	-	-
Comprehensive income, attributable to owners of parent	13,227,038	13,709,255	25,455,609	18,043,947	13,928,080
Comprehensive income, attributable to former owner of business combination under common control	-	-	29,735	21,318	
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Basic and diluted earnings per share (In New Taiwan dollars)	1.94	1.73	2.14	1.97	1.70

Financial Ratios (IFRS compliant)

(%)	2021	2020	2019	2018	2017
Financial structure					
Debt ratio (total liabilities to total assets)	93.78	93.50	92.88	92.79	92.48
Property & equipment to net worth	12.01	12.15	11.85	12.89	13.87
Solvency					
Liquidity reserve ratio	36.96	39.24	37.93	32.88	30.36
Operating performance					
Loans to deposits	69.70	71.22	74.42	78.87	79.45
NPL ratio	0.20	0.24	0.24	0.32	0.38
Total assets turnover (times)	0.01	0.01	0.02	0.02	0.02
Profitability					
ROA (net income to average total assets)	0.50	0.48	0.64	0.65	0.60
ROE (net income to average shareholders' equity)	7.97	7.16	8.97	8.70	7.91
Profit margin ratio	37.19	35.04	39.69	37.70	34.82
Cash flows					
Cash flow adequacy ratio	199.20	25.10	201.38	150.76	219.22
Capital adequacy					
Capital adequacy ratio	14.47	13.88	13.28	13.81	13.67
Tier-one capital ratio	12.54	11.71	11.17	11.63	11.30

Significant Financial Information - Standalone

Condensed balance sheets (IFRS compliant)

NT$,000	Dec.31.2021	Dec.31.2020	Dec.31.2019	Dec.31.2018	Dec.31.2017
Cash and cash equivalents, due from the central bank and call loans to banks	400,253,728	298,992,894	321,318,940	265,660,497	236,640,640
Financial assets at fair value through profit or loss	164,561,017	170,912,960	156,410,445	138,999,510	100,249,302
Financial assets at fair value through other comprehensive income	244,996,333	268,449,857	277,242,627	221,868,874	-
Available-for-sale financial assets, net	-	-	-	-	149,482,009
Investment in debt instruments at amortised cost	678,337,912	657,215,278	482,997,678	415,396,816	-
Held-to-maturity financial assets, net	-	-	-	-	386,445,449
Derivative financial assets for hedging	-	-	-	-	-
Securities purchased under resell agreements	-	-	500,000	-	-
Receivables	29,597,747	24,386,135	23,558,598	72,794,883	59,818,878
Current tax assets	1,378,450	1,347,752	1,303,857	1,296,515	428,701
Assets classified as held for sale, net	-	-	-	-	-
Discounts and loans, net	2,020,098,206	1,890,574,925	1,750,439,419	1,681,888,050	1,567,853,879
Investments measured by equity method, net	8,178,809	8,071,724	8,056,524	7,587,727	6,665,615
Restricted assets, net	-	-	-	-	-
Other financial assets	102,572	147,803	149,465	152,384	8,115,659
Property and equipment, net	26,686,265	26,473,848	25,772,659	26,361,611	26,531,962
Right-of-use assets, net	2,229,285	2,544,728	2,717,866	-	-
Investment property, net	6,983,971	7,308,423	7,551,986	6,921,617	6,942,132
Intangible assets, net	806,919	814,557	613,751	454,830	392,146
Deferred tax assets	2,297,726	2,643,988	2,653,502	2,519,986	2,846,352
Others assets, net	1,946,382	6,147,216	3,610,169	1,525,639	1,875,448
Total Assets	**3,588,455,322**	**3,366,032,088**	**3,064,897,486**	**2,843,428,939**	**2,554,288,172**
Deposits from the Central Bank and banks	211,357,812	256,699,516	283,524,659	240,743,582	153,891,049
Due to the Central Bank and banks	42,741,220	16,390,000	214,750	333,951	82,364
Financial liabilities at fair value through profit or loss	7,493,438	20,975,490	34,446,111	33,153,145	34,398,308
Derivative financial liabilities for hedging	-	-	-	-	-
Notes and bonds issued under repurchase agreement	10,556,802	26,919,014	17,894,625	15,840,590	11,588,250
Payables	39,386,549	27,883,007	30,591,826	85,438,615	76,298,979
Current tax liabilities	3,569,520	3,255,006	2,967,366	1,831,126	2,529,886
Liabilities related to assets classified as held for sale	-	-	-	-	-
Deposits and remittances	2,943,931,882	2,697,724,679	2,389,450,067	2,166,264,926	2,007,810,178
Bank notes payable	47,800,000	38,950,000	27,950,000	37,150,000	29,300,000
Preferred stock liabilities	-	-	-	-	-
Other financial liabilities	40,100,508	39,314,981	39,320,318	39,532,588	29,933,504
Provisions	5,506,122	5,873,294	5,828,640	6,498,616	5,995,387
Lease liabilities	2,053,520	2,355,791	2,506,068	-	-
Deferred income tax liabilities	6,573,435	6,585,686	6,944,481	6,679,557	6,331,031
Other liabilities	3,844,795	3,792,943	4,334,289	4,248,291	3,870,070
Total Liabilities	**3,364,915,603**	**3,146,719,407**	**2,845,973,200**	**2,637,714,987**	**2,362,029,006**
Equity attributable to owners of parent	**223,539,719**	**219,312,681**	**218,924,286**	**205,160,003**	**192,259,166**
Common stock	90,880,000	89,064,000	89,064,000	89,064,000	89,064,000
Capital surplus	34,470,351	34,470,351	34,470,351	34,462,221	34,848,216
Retained earnings	86,253,185	78,784,690	76,733,391	69,463,070	62,587,008
Other equity interest	11,936,183	16,993,640	18,656,544	12,170,712	5,759,942
Treasury shares	-	-	-	-	-
Equity attributable to former owner of business combination under common control	-	-	-	553,949	-
Non-controlling interests	-	-	-	-	-
Total Equity	**223,539,719**	**219,312,681**	**218,924,286**	**205,713,952**	**192,259,166**
Total Liabilities and Equity	**3,588,455,322**	**3,366,032,088**	**3,064,897,486**	**2,843,428,939**	**2,554,288,172**

Condensed Statements of Income (IFRS compliant)

NT$,000	2021	2020	2019	2018	2017
Interest income	42,214,655	43,723,269	51,341,760	47,251,910	42,575,709
Interest expenses	(9,951,803)	(15,189,230)	(23,509,806)	(18,582,602)	(13,732,522)
Net interest revenue	32,262,852	28,534,039	27,831,954	28,669,308	28,843,187
Net revenue other than interest	14,599,247	15,600,434	19,481,478	17,352,649	14,070,826
Net revenue	46,862,099	44,134,473	47,313,432	46,021,957	42,914,013
Bad debts expense, commitment and guarantee liability provision	(3,565,559)	(4,428,699)	(3,757,486)	(5,462,966)	(6,839,495)
Operating expenses	(22,378,606)	(21,349,885)	(20,833,636)	(19,862,766)	(18,465,738)
Profit from continuing operations before tax	20,917,934	18,355,889	22,722,310	20,696,225	17,608,780
Income tax expense	(3,266,277)	(2,673,038)	(3,687,539)	(3,134,229)	(2,466,896)
Income from continuing operations, net of tax	17,651,657	15,682,851	19,034,771	17,561,996	15,141,884
Income from discontinued operations	-	-	-	-	-
Profit	17,651,657	15,682,851	19,034,771	17,561,996	15,141,884
Other comprehensive income	-	-	-	-	-
Other comprehensive income, net of tax	(4,424,619)	(1,973,596)	6,450,573	503,269	(1,213,804)
Total comprehensive income, net of tax	13,227,038	13,709,255	25,485,344	18,065,265	13,928,080
Profit, attributable to owners of parent	17,651,657	15,682,851	19,018,140	17,530,747	15,141,884
Profit, attributable to former owner of business combination under common control	-	-	16,631	31,249	-
Profit, attributable to non-controlling interests	-	-	-	-	-
Comprehensive income, attributable to owners of parent	13,227,038	13,709,255	25,455,609	18,043,947	13,928,080
Comprehensive income, attributable to former owner of business combination under common control	-	-	29,735	21,318	-
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Basic and diluted earnings per share (In New Taiwan dollars)	1.94	1.73	2.14	1.97	1.70

Financial Ratios (IFRS compliant)

(%)	2021	2020	2019	2018	2017
Financial structure					
Debt ratio (total liabilities to total assets)	93.74	93.46	92.83	92.74	92.44
Property & equipment to net worth	11.94	12.07	11.77	12.81	13.80
Solvency					
Liquidity reserve ratio	36.96	39.24	37.93	32.88	30.36
Operating performance					
Loans to deposits	69.54	71.04	74.28	78.73	79.30
NPL ratio	0.20	0.24	0.24	0.32	0.38
Total assets turnover (times)	0.01	0.01	0.02	0.02	0.02
Profitability					
ROA (net income to average total assets)	0.51	0.49	0.64	0.65	0.60
ROE (net income to average shareholders' equity)	7.97	7.16	8.97	8.70	7.91
Profit margin ratio	37.67	35.53	40.23	38.16	35.28
Cash flows					
Cash flow adequacy ratio	195.74	23.76	202.32	154.23	217.71
Capital adequacy					
Capital adequacy ratio	14.21	13.63	13.00	13.57	13.42
Tier-one capital ratio	12.48	11.66	11.11	11.58	11.25
Market share					
Assets	6.05	6.16	6.04	5.80	5.45
Net worth	5.25	5.31	5.49	5.53	5.53
Deposits	6.05	6.02	5.85	5.59	5.36
Loans	6.07	6.08	5.97	5.96	5.86

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of First Commercial Bank

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as at 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, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank and its subsidiaries 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, we do not provide a separate opinion on these matters.

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The Bank and its subsidiaries' key audit matters for the year ended December 31, 2021 are stated as follows:

Recognition and measurement of expected credit losses on discounts and loans

Description

The recognition and measurement of expected credit losses on discounts and loans complies with the regulations under IFRS 9 "Financial Instruments" and relevant regulations issued by the competent authority. For the accounting policy of recognition and measurement of expected credit losses on discounts and loans, please refer to Note 4(9); for critical accounting judgements, estimates, and assumption uncertainty of the recognition and measurement of expected credit losses on discounts and loans, please refer to Note 5(3). For information on discounts and loans allowance for bad debts, which amounted to $25,225,947 thousand, as at December 31, 2021, please refer to Note 6(7); for disclosures of related credit risks, please refer to Note 12(2)C(C).

As stated in Note 5(3), impairment assessment of discounts and loans is based on the expected credit loss model. At each financial reporting date, financial instruments are categorised into three stages based on the degree of change in its credit risk since initial recognition. Provision for impairment loss is measured either using 12-month expected credit losses (stage 1, there has been no significant increase in credit risk since initial recognition) or lifetime expected credit losses (stage 2, there has been a significant increase in credit risk since initial recognition; or stage 3, the credit has been impaired). The measurement of expected credit losses is based on a complex model, which includes various parameters and assumptions and reflects reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. For example, the probability of default and loss given default are estimated using grouping and historical data and subsequently calibrated according to forward-looking information. Major exposure at default of on-balance sheet items is the outstanding loan balance.

The aforementioned recognition and measurement of expected credit losses on discounts and loans use a complex model, which involves various assumptions, estimates, and judgements, as well as predictions and assessments of future economic conditions and credit behavior of debtors. The amounts, recognised in a manner consistent with regulations and interpretations, are directly subject to the measurement results. Thus, we have included recognition and measurement of expected credit losses on discounts and loans as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, the expected credit loss impairment model and methodology (including various parameters and assumptions, reasonableness of the measurement criteria for the three stages of credit risk, and the relevancy of future economic condition criteria in forward-looking information), and the assessment and approval process.
2. Sampled and tested the implementation effectiveness of internal controls related to the recognition and measurement of expected credit losses, including management of collateral and its value assessment, controls for changes in parameters, and approval for provisioning of expected credit losses.
3. Sampled and tested the consistency of measurement criteria for the samples in the three stages of expected credit loss with the judgement results of the system.
4. Sampled and tested assumptions for the parameters of the expected credit loss model, including the reasonableness of historical data on probability of default, loss given default, and exposure at default.
5. Sampled and tested forward-looking information.

   (1) Sampled and tested the reliability of data on historical economic conditions (economic growth rate, annual inflation rate, etc.) adopted by management to determine whether there is significant increase in credit risk when measuring expected credit losses under IFRS 9 "Financial Instruments".

   (2) Assessed the reasonableness of the forward-looking scenarios and their respective weights adopted by the management.
6. Assessed cases in stage 3 (credit impaired) with material amounts that were previously assessed individually.

   Assessed the reasonableness and calculation accuracy of the various assumed parameter values (including debtor due period, financial and operational conditions, guarantees by external parties and historical data) adopted in the estimation of future cash flows.

Fair value measurement of unlisted stocks without an active market

Description

For the accounting policy for unlisted stocks without an active market (included financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting judgements, estimates, and assumption uncertainty of unlisted stocks without an active market, please refer to Note 5(2). For information on unlisted stocks of financial assets at fair value through other comprehensive income (Level 3), which amounted to $9,037,835 thousand, as at December 31, 2021, please refer to Notes 6(4) and 12(1)E.

The fair value of unlisted stocks is determined by valuation methods since these financial instruments have no quoted prices from active market. Management primarily relies on valuation reports prepared by management's expert for the fair value measurement of these

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financial instruments. These measurements are largely based on comparable listed companies in similar industries or recently published market multiples and subsequently discounted according to market liquidity or specified risk.

The aforementioned fair value measurement of unlisted stocks includes the determination of assumptions and parameters adopted in valuation models and methods. Because this involves subjective judgement and various assumptions and estimates, the measurement result of using these assumptions and estimates will directly affect the related recognised amounts. Thus, we have included the fair value measurement of stocks of unlisted companies with no active market as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, fair value measurement models and methodologies, and approval process of the fair value measurement of unlisted stocks.
2. Understood and assessed the independence, professionalism, and competency of management's expert.
3. Assessed whether the valuation models and methodologies used by management's expert are widely adopted in the applicable industries.
4. Inspected whether the management's report had been assessed and approved by management and assessed the reasonableness of the results of valuation.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of First Commercial Bank, Ltd. as at and for the years ended December 31, 2021 and 2020.

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, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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.

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

Those charged with governance are responsible for overseeing the Bank and its subsidiaries' financial reporting process.

Auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Bank and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate,

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to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and its subsidiaries 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Bank and its subsidiaries 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Chou, Chien-Hung

Chou, Chien-Hung

Chi, Shu-Mei

Chi, Shu-Mei

For and on behalf of PricewaterhouseCoopers, Taiwan

February 18, 2022

The accompanying consolidated financial statements are not intended to present the consolidated financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the consolidated financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2021 AMOUNT	%	(Adjusted) December 31, 2020 AMOUNT	%	(Adjusted) January 1, 2020 AMOUNT	%
11000	Cash and cash equivalents	6(1) and 7	$ 58,023,112	2	$ 43,691,443	1	$ 46,335,994	2
11500	Due from the central bank and call loans to banks	6(2), 7 and 8	347,406,533	10	260,267,537	8	279,960,707	9
12000	Financial assets at fair value through profit or loss	6(3) and 7	164,561,017	4	170,912,960	5	156,410,445	5
12100	Financial assets at fair value through other comprehensive income	6(4) and 8	246,058,056	7	269,253,959	8	278,096,776	9
12200	Investments in debt instruments at amortised cost	6(5) and 8	678,547,362	19	657,391,632	20	483,204,788	16
12500	Securities purchased under resell agreements		-	-	-	-	500,000	-
13000	Receivables	6(6)	34,426,368	1	29,544,916	1	28,489,181	1
13200	Current tax assets	7	1,378,450	-	1,347,752	-	1,304,013	-
13500	Discounts and loans, net	6(7) and 7	2,035,783,459	56	1,905,692,247	56	1,764,670,377	57
15000	Investments measured by equity method, net	6(8)	2,641,030	-	2,603,205	-	2,453,113	-
15500	Other financial assets		102,572	-	147,803	-	149,465	-
18500	Property and equipment, net	6(9)	26,855,189	1	26,636,726	1	25,937,524	1
18600	Right-of-use assets, net	6(10) and 7	2,335,399	-	2,654,118	-	2,845,773	-
18700	Investment property, net	6(12)	6,983,971	-	7,308,423	-	7,551,986	-
19000	Intangible assets, net		821,086	-	830,408	-	617,101	-
19300	Deferred tax assets	6(35)	2,515,463	-	2,854,320	-	2,852,871	-
19500	Other assets, net	6(13) and 8	2,955,564	-	7,178,644	-	4,719,506	-
	Total assets		$ 3,611,394,631	100	$ 3,388,316,093	100	$ 3,086,099,620	100

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2021 AMOUNT	%	(Adjusted) December 31, 2020 AMOUNT	%	(Adjusted) January 1, 2020 AMOUNT	%
21000	Deposits from the central bank and banks	6(14) and 7	$ 213,044,550	6	$ 259,115,895	8	$ 285,023,923	9
21500	Due to the central bank and banks		42,741,220	1	16,390,000	1	214,750	-
22000	Financial liabilities at fair value through profit or loss	6(15) and 7	7,493,438	-	20,975,490	1	34,446,111	1
22500	Notes and bonds issued under repurchase agreement	6(16)	10,556,802	1	26,919,014	1	17,894,625	1
23000	Payables	6(17)	39,464,504	1	27,967,469	1	30,723,342	1
23200	Current tax liabilities	7	3,570,820	-	3,251,122	-	2,978,144	-
23500	Deposits and remittances	6(18) and 7	2,960,260,140	82	2,712,299,855	80	2,404,323,978	78
24000	Bank notes payable	6(19)	47,800,000	2	38,950,000	1	27,950,000	1
25500	Other financial liabilities	6(20)	44,047,483	1	43,413,200	1	43,169,353	2
25600	Provisions	6(21)	5,511,961	-	5,879,307	-	5,850,378	-
26000	Lease liabilities	7	2,163,054	-	2,467,323	-	2,633,825	-
29300	Deferred income tax liabilities	6(35)	6,684,432	-	6,677,528	-	7,011,095	-
29500	Other liabilities	6(22)	4,516,508	-	4,697,209	-	4,955,810	-
	Total Liabilities		3,387,854,912	94	3,169,003,412	94	2,867,175,334	93
	Equity							
31101	Common stock	6(23)	90,880,000	2	89,064,000	3	89,064,000	3
31500	Capital surplus	6(23)	34,470,351	1	34,470,351	1	34,470,351	1
32000	**Retained earnings**							
32001	Legal reserve	6(23)	61,299,547	2	56,684,162	2	50,995,215	2
32003	Special reserve	6(23)	4,211,125	-	4,258,203	-	4,317,308	-
32011	Unappropriated earnings	6(24)	20,742,513	1	17,842,325	-	21,420,868	1
32500	**Other equity interest**	6(25)	11,936,183	-	16,993,640	-	18,656,544	-
	Total Equity		223,539,719	6	219,312,681	6	218,924,286	7
	Total Liabilities and Equity		$ 3,611,394,631	100	$ 3,388,316,093	100	$ 3,086,099,620	100

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			For the years ended December 31, 2021		2020		Changes Percentage
	Items	Notes	AMOUNT	%	AMOUNT	%	(%)
41000	Interest income		$ 43,118,948	91	$ 44,704,048	100	(4)
51000	Interest expense		(10,039,454)	(21)	(15,368,160)	(34)	(35)
	Net interest revenue	6(26) and 7	33,079,494	70	29,335,888	66	13
	Net revenue other than interest						
49100	Net service fee revenue	6(27) and 7	7,998,928	17	7,358,635	16	9
49200	Gain on financial assets or liabilities measured at fair value through profit or loss	6(3)(28) and 7	2,127,019	5	4,554,905	10	(53)
43100	Realized gains on financial assets at fair value through other comprehensive income	6(29)	2,599,711	5	2,134,034	5	22
43600	Gains arising from derecognition of financial assets measured at amortised cost	6(5)	11,156	-	2,723	-	310
45000	Reversal of impairment loss (impairment losses) on assets	6(30)	74,376	-	(32,291)	-	(330)
49750	Share of profit of associates accounted for using equity method	6(8)	91,621	-	127,154	-	(28)
49600	Foreign exchange gain		1,152,836	2	1,191,827	3	(3)
49800	Net other revenue other than interest income	6(31) and 7	332,049	1	83,195	-	299
	Net revenue		47,467,190	100	44,756,070	100	6
58200	Bad debts expense, commitment and guarantee liability provision	6(7)(21)	(3,621,467)	(8)	(4,514,174)	(10)	(20)
	Operating expense						
58500	Employee benefits expenses	6(32) and 7	(15,025,887)	(32)	(14,167,000)	(32)	6
59000	Depreciation and amortization expense	6(33) and 7	(1,942,143)	(4)	(1,830,749)	(4)	6
59500	Other general and administrative expense	6(34) and 7	(5,836,780)	(12)	(5,771,758)	(13)	1
61001	**Profit from continuing operations before tax**		21,040,913	44	18,472,389	41	14
61003	Income tax expense	6(35)	(3,389,256)	(7)	(2,789,538)	(6)	21
64000	**Profit**		17,651,657	37	15,682,851	35	13

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	For the years ended December 31, 2021 AMOUNT	2021 %	2020 AMOUNT	2020 %	Changes Percentage (%)
	Other comprehensive income, net of tax						
	Components of other comprehensive income that will not be reclassified to profit or loss, net of tax						
65201	Gains (losses) on remeasurements of defined benefit plans	6(21)	$ 620,818	2	($ 388,338)	(1)	(260)
65204	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	6(25)	2,804,455	6	(1,989,232)	(4)	(241)
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(35)	(124,164)	-	77,667	-	(260)
	Components of other comprehensive income that will be reclassified to profit or loss, net of tax						
65301	Exchange differences on translation	6(25)	(1,282,539)	(3)	(3,110,836)	(7)	(59)
65306	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(8)(25)	40,396	-	144,368	-	(72)
65308	(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income	6(25)	(6,500,249)	(14)	3,280,914	8	(298)
65320	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	6(25)(35)	16,664	-	11,861	-	40
65000	Other comprehensive income, net of tax		(4,424,619)	(9)	(1,973,596)	(4)	124
	Total comprehensive income, net of tax		$ 13,227,038	28	$ 13,709,255	31	(4)
	Profit, attributable to:	6(36)					
67101	Owners of parent		$ 17,651,657	37	$ 15,682,851	35	13
	Comprehensive income, attributable to :						
67301	Owners of parent		$ 13,227,038	28	$ 13,709,255	31	(4)
	Basic and diluted earnings per share (In New Taiwan dollars)	6(36)					
	Basic and diluted earnings per share		$ 1.94		$ 1.73		

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent							
			Retained earnings			Other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Gain or loss on financial assets at fair value through other comprehensive income	Total equity
Year 2020								
Equity at beginning of period	$ 89,064,000	$ 34,470,351	$ 50,995,215	$ 4,317,308	$ 21,420,868	($ 2,864,892)	$ 21,521,436	$218,924,286
Profit	-	-	-	-	15,682,851	-	-	15,682,851
Other comprehensive income	-	-	-	-	(310,671)	(2,966,468)	1,303,543	(1,973,596)
Total comprehensive income	-	-	-	-	15,372,180	(2,966,468)	1,303,543	13,709,255
Appropriation and distribution of retained earnings								
Legal reserve appropriated	-	-	5,688,947	-	(5,688,947)	-	-	-
Special reserve appropriated	-	-	-	(46,647)	46,647	-	-	-
Cash dividends of ordinary share	-	-	-	-	(13,320,860)	-	-	(13,320,860)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(21)	-	21	-
Reversal of special reserve	-	-	-	(12,458)	12,458	-	-	-
Equity at end of period	$ 89,064,000	$ 34,470,351	$ 56,684,162	$ 4,258,203	$ 17,842,325	($ 5,831,360)	$ 22,825,000	$219,312,681

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent							
			Retained earnings			Other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Gain or loss on financial assets at fair value through other comprehensive income	Total equity
Year 2021								
Equity at beginning of period	$ 89,064,000	$ 34,470,351	$ 56,684,162	$ 4,258,203	$ 17,842,325	($ 5,831,360)	$ 22,825,000	$219,312,681
Profit	-	-	-	-	17,651,657	-	-	17,651,657
Other comprehensive income	-	-	-	-	496,654	(1,242,143)	(3,679,130)	(4,424,619)
Total comprehensive income	-	-	-	-	18,148,311	(1,242,143)	(3,679,130)	13,227,038
Appropriation and distribution of retained earnings								
Legal reserve appropriated	-	-	4,615,385	-	(4,615,385)	-	-	-
Special reserve appropriated	-	-	-	(47,078)	47,078	-	-	-
Cash dividends of ordinary share	-	-	-	-	(9,000,000)	-	-	(9,000,000)
Stock dividends of ordinary share	1,816,000	-	-	-	(1,816,000)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	136,184	-	(136,184)	-
Equity at end of period	$ 90,880,000	$ 34,470,351	$ 61,299,547	$ 4,211,125	$ 20,742,513	($ 7,073,503)	$ 19,009,686	$223,539,719

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31,	
	2021	(Adjusted) 2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 21,040,913	$ 18,472,389
Adjustments		
Adjustments to reconcile profit		
Provision for bad debt expense, commitment and guarantee liability	6,633,891	7,985,590
Depreciation expense of property and equipment	821,910	774,501
Depreciation expense of investment property	10,449	9,036
Depreciation expense of right-of-use assets	715,451	734,674
Amortization expense	394,333	312,538
Interest income	(43,118,948)	(44,704,048)
Interest expense	10,039,454	15,368,160
Dividend income	(1,441,010)	(1,101,198)
(Reversal of impairment loss) impairment losses on assets	(74,376)	32,291
Share of profit of associates accounted for using equity method	(91,621)	(127,154)
Loss on retired property and equipment	6,645	2,006
Gain on sale of investment property	-	(75,840)
Gain on lease modification	(1,466)	(665)
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the central bank	(9,285,159)	(9,041,498)
Decrease (increase) in financial assets at fair value through profit or loss	6,351,943	(14,502,515)
Decrease in financial assets at fair value through other comprehensive income	19,521,012	10,122,115
Increase in investments in debt instruments measured at amortised cost	(21,113,896)	(174,204,973)
Increase in receivables	(4,187,450)	(1,769,141)
Increase in discounts and loans	(135,818,050)	(148,501,252)
(Increase) decrease in other financial assets	(46,170)	7,178
Changes in operating liabilities		
Decrease in deposits from the central bank and banks	(46,071,345)	(25,908,028)
Decrease in financial liabilities at fair value through profit or loss	(13,482,052)	(13,470,621)
Increase (decrease) in payable	11,878,842	(1,067,825)
Increase in deposits and remittances	247,960,285	307,975,877
Increase in other financial liabilities	634,283	243,847
Decrease in provisions	(219,369)	(452,884)
Decrease in other liabilities	(180,701)	(258,601)
Cash inflow (outflow) generated from operations	50,877,798	(73,146,041)
Interest received	42,147,084	45,387,241
Interest paid	(10,421,252)	(17,056,201)
Dividends received	1,443,331	1,105,461
Income taxes paid	(2,861,995)	(2,805,786)
Net cash flows from (used in) operating activities	81,184,966	(46,515,326)

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31, 2021	For the years ended December 31, (Adjusted) 2020
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of property and equipment	($ 755,332)	($ 1,290,022)
Acquisition of intangible assets	(377,417)	(526,352)
Acquisition of investment properties	(2,539)	(2,815)
Proceeds from disposal of investment properties	-	109,182
Decrease (increase) in other assets	4,235,822	(2,457,933)
Net cash flows from (used in) investing activities	3,100,534	(4,167,940)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Increase in due to the central bank and banks	26,351,220	16,175,250
(Decrease) increase in notes and bonds issued under repurchase agreement	(16,362,212)	9,024,389
Proceeds from issuing bank notes payable	8,850,000	11,000,000
Payments of lease liabilities	(697,721)	(705,832)
Cash dividends paid	(9,000,000)	(13,320,860)
Net cash flows from financing activities	9,141,287	22,172,947
Effect of exchange rate changes on cash and cash equivalents	(1,247,254)	(3,365,073)
Net increase (decrease) in cash and cash equivalents	92,179,533	(31,875,392)
Cash and cash equivalents at beginning of period	230,300,946	262,176,338
Cash and cash equivalents at end of period	$ 322,480,479	$ 230,300,946
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	$ 58,031,286	$ 43,705,897
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	264,449,193	186,595,049
Cash and cash equivalents at end of period	$ 322,480,479	$ 230,300,946

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. Organization and business

(1) The Bank was incorporated in 1899 as a company limited by shares and had been a listed company since February 9, 1962. The Bank was privatised on January 22, 1998. On January 2, 2003, the Bank became a subsidiary of First Financial Holding Co., Ltd. (“FFHC”) through an exchange of shares. After the exchange of shares, the Bank ceased from being listed on the Taiwan Stock Exchange (“TSE”) but remains as a public company. As of December 31, 2021, the Bank’s operating units consist of Business Division, Trust Division, Offshore Banking Branch, as well as domestic and overseas branches.

(2) The Bank’s primary services are as follows:

A. Engaging in business as prescribed under the Banking Law;

B. Conducting trust business as authorised by the competent authorities;

C. Concurrently engaging in insurance agency related businesses as a commercial bank pursuant to the Insurance Act;

D. Establishing overseas branches to operate business approved by the local government; and

E. Engaging in other businesses approved by the competent authorities.

(3) The Bank’s parent company is First Financial Holding Co., Ltd., which holds 100% of the Bank’s shares as of December 31, 2021.

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

These consolidated financial statements were authorised for issuance by the Board of Directors on February 18, 2022.

3. Application of new standards, amendments, and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2021 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 4, ‘Extension of the temporary exemption from applying IFRS 9’	January 1, 2021
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘ Interest Rate Benchmark Reform— Phase 2’	January 1, 2021
Amendment to IFRS 16, ‘Covid-19-related rent concessions beyond 30 June 2021’	April 1, 2021(Note)

Note：Earlier application from January 1, 2021 is allowed by FSC.

Except for the following, the above standards and interpretations have no significant impact to the Bank's and its subsidiaries' financial condition and financial performance based on the assessment.

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

The amendments address issues that arise during the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments provide accounting for changes in the basis for determining contractual cash flows as a result of IBOR reform, and Additional IFRS 7 disclosures related to IBOR reform are provided in Note 12(2)A.

(2)Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Bank and its subsidiaries

New standards, interpretations and amendments endorsed by the FSC effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 3, 'Reference to the conceptual framework'	January 1, 2022
Amendments to IAS 16, 'Property, plant and equipment: proceeds before intended use'	January 1, 2022
Amendments to IAS 37, 'Onerous contracts— cost of fulfilling a contract'	January 1, 2022
Annual improvements to IFRS Standards 2018–2020	January 1, 2022

The above standards and interpretations have no significant impact to the Bank's and its subsidiaries' financial condition and financial performance based on the assessment.

(3)Effect of new issuances of IFRSs by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2023
Amendments to IAS 1, 'Disclosure of accounting policies'	January 1, 2023
Amendments to IAS 8, 'Definition of accounting estimates'	January 1, 2023

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IAS 12, 'Deferred tax related to assets and liabilities arising from a single transaction'	January 1, 2023

The above standards and interpretations have no significant impact to the Bank's and its subsidiaries' financial condition and financial performance based on the assessment.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the financial assets or financial liabilities (including derivative instruments) measured at fair value, defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation and foreclosed assets (which are stated at the lower of its carrying amount or fair value less costs to sell at the end of period), these consolidated financial statements have been prepared under the historical cost convention.

B. The analysis of expense is classified based on the nature of expenses.

C. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank and its subsidiaries' accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Principles for preparation of consolidated financial statements

(A) The Bank and its subsidiaries prepare the consolidated financial statements by aggregating the Bank's and its subsidiaries assets, liabilities, revenues and expenses, which have been eliminated versus owners' equity during the consolidation. In addition, the financial statements of the Bank and its subsidiaries are made in the same reporting period. (Item included in the consolidated financial statements are not classified as current and non-current items.) Relevant items are arranged in order based on current and non-current nature.

(B) A subsidiary refers to an investee that the Bank and its subsidiaries have controlling power over. The Bank and its subsidiaries have control over an investee if the following elements are met:

a. power over the relevant activities of the investee, i.e. the investor has voting rights or other existing rights that give it the ability to direct the relevant activities;
b. exposure, or rights, to variable returns from its involvement with the investee;
c. the ability to use its power over the investee to affect the amount of the investor's returns.

(C) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Bank and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Bank and its subsidiaries.

B. The consolidated financial statements include the following directly owned subsidiaries:

			Percentage of holding shares (%)	
Investor	Subsidiary	Business activities	December 31, 2021	December 31, 2020
FCB	First Commercial Bank (USA)	Banking services	100	100
FCB	FCB Leasing Co. Ltd. (FCBL)	Leasing(Note)	100	100

Note： FCBL was approved for establishment in May 1998. Its main business includes chattel guarantees and related repo trades, lease businesses, and receivable factoring.

C. Unconsolidated entities：None.

D. Adjustment on different accounting periods of the subsidiaries: None.

E. Information with respect to the subsidiaries' significant restriction to transfer its funds to the parent company: None.

F. Specific operation risks of the foreign subsidiaries: None.

G. Restrictions on earnings distribution of subsidiaries: None.

(4) Foreign currency translation

A. Functional and presentation currency

Financial statements of the entities in the Bank and its subsidiaries are presented by the currency of the primary economic environment in which the entities operate (that is the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars.

B. Transactions and balances

Foreign currency transactions denominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign currency monetary items should be reported using the closing rate (market exchange rate) at the date of each balance sheet. When multiple exchange rates are available for use, they should be reported using the rate that would be used to settle the future cash flows of the foreign currency transactions or balances at the measurement date. Foreign currency non-monetary items measured at historical cost should be reported using the exchange rate at the date of the transaction. Foreign currency non-monetary items measured at fair value should be reported at the rate that existed when the fair values were determined.

Exchange differences arising when foreign currency transactions are settled or when monetary items are translated at rates different from those at which they were translated when initially recognised or in previous financial statements are reported in profit or loss in the period, with one exception. The exception is that exchange differences associated with the gains or losses of the parts of effective hedges of cash flow hedges or hedges of net investments in foreign operations are recognised in other comprehensive income.

If a gain or loss on a non-monetary item is recognised in other comprehensive income, any foreign exchange component of that gain or loss is also recognised in other comprehensive income. Conversely, if a gain or loss on a non-monetary item is recognised in profit or loss, any foreign exchange component of that gain or loss is also recognised in profit or loss.

C. Translation of foreign operations

If the Bank and its subsidiaries have a functional currency (not in an economy with high inflation) that is different from their presentation currency in the consolidated financial statements, its operating results and financial position are translated into the presentation currency using the following procedures:

(A) Assets and liabilities presented are translated using the Bank's and its subsidiaries' closing exchange rate at the balance sheet date;

(B) Profit or loss presented is translated using the current average exchange rate (if exchanges rates in the period fluctuate rapidly, then translations use the exchange rates of the dates of transaction); and

(C) All exchange differences arising from translation are recognised in other comprehensive income.

Exchange differences arising from the above-mentioned procedures are recognised as "Exchange differences on translation of foreign financial statements" under equity.

When preparing consolidated financial statements, exchange differences arising from the translation of the net investment in foreign operations and monetary hedges considered a part of those net investments are recognised in other comprehensive income. When a foreign operation is partially disposed of or sold, related exchange differences that were originally recorded in other comprehensive income are reclassified to profit or loss.

(5) Cash and cash equivalents

"Cash and cash equivalents" in the consolidated balance sheet includes cash on hand, due from other banks, short-term highly liquid time deposits and investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statement of cash flows, cash includes cash and cash equivalents, due from central bank and call loans to other banks, securities purchased under resell agreements qualified as cash and cash equivalents as defined by IAS 7.

(6) Securities purchased or sold under resell or repurchase agreements

The transactions of bills and bonds with a condition of repurchase agreement or resell agreement are accounted for under the financing method. The interest expense and interest income are recognised as incurred at the date of sale and purchase and the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognised at the date of sale or purchase.

(7) Financial assets and financial liabilities

The financial assets and liabilities of the Bank and its subsidiaries including derivatives are recognised in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by FSC.

A. Financial assets

All financial assets held by the Bank and its subsidiaries are classified according to the business model and characteristics of the contractual cash flows of the underlying asset. The categories are: "discounts and loans", "receivables", "financial assets at fair value through profit or loss", "financial assets at fair value through other comprehensive income", and "investments in debt instruments at amortised cost".

Business model refers to the method by which the Bank and its subsidiaries manage the financial assets to generate cash flows, which originates from collecting contractual cash flows, selling financial assets, or both. When determining whether the contractual cash flows of the asset are solely payments of principal and interest on principal amount outstanding, the Bank and its subsidiaries assess whether the contractual cash flows are consistent with those required in a basic loan agreement. In other words, the Bank and its subsidiaries determine whether interest is solely based on the time value of money, credit risk related to the principal amount outstanding on specified dates, other risks and costs associated with the basic loan agreement, and marginal profits consideration.

(A) Regular purchase or sale

Financial assets held by the Bank and its subsidiaries, regardless of type or accounting classification, are all accounted for using trade date accounting by convention at the time of purchase or sale.

(B) Discounts and loans

Discounts and loans consist of export bills negotiation, export bills discount, loans, and overdue receivables arising from loans. Discounts and loans are measured at amortised cost using the effective interest rate method. Measurement at initial investment amount is allowed if effect of discounting is immaterial.

If a discounts and loans held by the Bank and its subsidiaries is renegotiated or has its terms modified due to financial difficulties of the borrower, so that it is required to be derecognised entirely or partially in accordance with IFRS 9, the old financial asset should be derecognised, and a new financial asset and related gains or losses should be recognised.

If a discounts and loans held by the Bank and its subsidiaries is renegotiated or has its terms modified due to financial difficulties of the borrower, but it is not required to be derecognised, or if renegotiations or modification of terms are for reasons other than financial difficulties, which rarely results in the derecognition of the asset, the carrying amount of the asset should be recalculated and resulting gains or losses should be recognised in profit or loss.

(C) Receivables

Receivables include those originated and those not originated by the Bank and its subsidiaries. The former originated directly from money, products or services that the Bank and its subsidiaries provided to the debtors, while the latter refers to all other kinds of receivables. Receivables are measured at amortised cost using the effective interest rate method. However, short-term receivables without bearing interest are measured at initial invoice amount if the effect of discounting is immaterial.

(D) Financial assets at fair value through profit or loss

a. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

b. At initial recognition, the Bank and its subsidiaries measure the financial assets at fair value and recognise the transaction costs in profit or loss. The Bank and its subsidiaries subsequently measure the financial assets at fair value, and recognise the gain or loss in profit or loss.

c. The Bank and its subsidiaries recognise the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Bank and its subsidiaries and the amount of the dividend can be measured reliably.

(E) Financial assets at fair value through other comprehensive income

a. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Bank and its subsidiaries have made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Bank and its subsidiaries' business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

b. At initial recognition, the Bank and its subsidiaries measure the financial assets at fair value plus transaction costs. The Bank and its subsidiaries subsequently measure the financial assets at fair value:

(a) The changes in fair value of equity instruments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Bank and its subsidiaries and the amount of the dividend can be measured reliably.

(b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(F) Investments in debt instruments at amortised cost

a. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Bank and its subsidiaries' business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

b. At initial recognition, the Bank and its subsidiaries measure the financial assets at fair value plus transaction costs. Interest income from these financial assets is amortised to profit or loss over the period of bond circulation using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised.

c. The Bank and its subsidiaries' time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(G) Reclassification of financial assets

Excluding equity instruments and financial assets designated as at fair value through profit or loss that cannot be reclassified, the Bank and its subsidiaries reclassify certain financial assets when there is a change in the business model used to manage the assets. The reclassification of the asset is applied prospectively beginning on the reclassification date, and previously recognised gains, losses (including impairment or reversal of gains), and interest income cannot be restated.

(H) Derecognition of financial assets

The Bank and its subsidiaries derecognise a financial asset when one of the following conditions is met:

a. The contractual rights to receive the cash flows from the financial asset expire.

b. The contractual rights to receive cash flows of the financial asset have been transferred and the Bank and its subsidiaries have transferred substantially all risks and rewards of ownership of the financial asset.

c. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Bank and its subsidiaries have not retained control of the financial asset.

B. Financial liabilities

Financial liabilities held by the Bank and its subsidiaries include financial liabilities at fair value through profit and loss and financial liabilities measured at amortised cost.

(A) Financial liabilities at fair value through profit and loss

These include financial liabilities held for trading and those designated as financial liabilities at fair value through profit and loss.

Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

a. Hybrid (combined) contracts; or

b. They eliminate or significantly reduce a measurement or recognition inconsistency; or

c. They are managed and their performance is evaluated on a fair value basis in accordance with documented risk management policy or investment strategy.

At initial recognition, the Bank and its subsidiaries measure the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Bank and its subsidiaries subsequently measure these financial liabilities at fair value with any gain or loss recognised in profit or loss.

If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(B) Financial liabilities carried at amortised cost

Financial liabilities, which are not classified as financial liabilities at fair value through profit or loss, or financial guarantee contract, all belong to financial liabilities at amortised cost.

(C) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(8) Offsetting financial instruments

Financial assets and financial liabilities are offset and reported in the net amount in the balance sheet only when (1) there is a legally enforceable right to offset the recognised amounts; and (2) there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(9) Impairment of financial assets

For discounts and loans, receivables, debt instruments measured at fair value through other comprehensive income, financial assets at amortised cost, other financial assets, loan commitments and financial guarantee contracts, at each reporting date, after taking into consideration all reasonable and verifiable information that includes forward-looking information, the Bank and its subsidiaries recognise the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognise the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has significantly increased since initial recognition or credit has been impaired. In measuring the expected credit losses of a financial asset, the Bank and its subsidiaries must reflect the following:

A. Unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

B. Discounting for the time value of money.

C. Reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions (available at reporting date without undue cost or effort).

At the balance sheet date, impairment loss of credit assets should be evaluated in accordance with relevant regulations such as "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", Jin-Guan-Yin-Guo-Zi No. 10300329440 issued on December 4, 2014 (related to strengthening the ability of domestic banks to bear risks of real estate loans) and Jin-Guan-Yin-Fa-Zi No. 10410001840 issued on April 23, 2015 (related strengthening the management of domestic banks risk exposure in Mainland China and the risk bearing capacity), and the International Financial Reporting Standard 9 (“IFRS 9”). Between the allowance amount required by the relevant regulations and the allowance amount calculated under IFRS 9, the greater amount should be recorded, and the credit asset should be presented net of such allowance amount.

Loss allowance of lease receivables is measured by lifetime expected credit losses.

(10) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(11) Investments measured by equity method

Investments measured by equity method of the Bank and its subsidiaries refers to investments in associates.

A. Associates are all entities over which the Bank and its subsidiaries have significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Bank's and its subsidiaries' share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Bank's and its subsidiaries' share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank and its subsidiaries does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. Unrealised gains on transactions between the Bank and its subsidiaries and its associates are eliminated to the extent of the Bank and its subsidiaries' interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Bank and its subsidiaries.

(12) Property and equipment

The property and equipment of the Bank and its subsidiaries are recognised on the basis of the historical cost less accumulated depreciation. The historical cost includes any cost directly attributable to the acquisition of the asset.

If the future economic benefit generated from subsequent cost of the asset can be measured reliably and is very likely to flow into the Bank and its subsidiaries, the subsequent cost of property and equipment including the carrying amount may be individually recognised as asset. Additionally, the carrying amounts of a replaced item are derecognised.

Major renewals and improvements incurred to increase the future economic benefits of the assets are deemed as capital expenditure. Routine maintenance and repairs are charged to expense as incurred.

Land is not affected by depreciation. Depreciation for other assets is provided on a straight-line basis over the estimated service lives of the assets until salvage value. Service life is as follows:

Land and improvements	3 ~ 30 years
Buildings and structures (including ancillary equipment)	5 ~ 55 years
Transportation equipment	5 ~ 10 years
Machinery and computer equipment	3 ~ 4 years
Miscellaneous assets	5 ~ 17 years

Leasehold improvements are depreciated over the lease terms of the lease agreements or 5 years.

On balance sheet date, the Bank and its subsidiaries assess or appropriately adjusts the salvage value and service life of the asset. When there is an activity or change in the environment suggesting that the carrying amount may not be recovered, the Bank and its subsidiaries shall evaluate impairment on the asset. If the carrying amount of the asset is higher than the recoverable amount, the carrying amount shall be written off until it is equivalent to the recoverable amount. The recoverable amount is the higher of asset at fair value less disposal expense and value in use. Any gain or loss on disposal is calculated by the difference between the carrying amount and proceeds on disposal, and is recognised in the "Net other revenue other than interest income" in the statement of comprehensive income.

(13) Investment property

The properties held by the Bank and its subsidiaries, with an intention to obtain long-term rental profit or capital increase or both and not being used by other entities of the consolidated the Bank and its subsidiaries, are classified as investment property. Investment property includes the office building and land rented in the form of an operating lease.

Part of the property may be held by the Bank and its subsidiaries and another part generates rental income or capital increase. If the property held by the Bank and its subsidiaries can be sold individually, then the accounting treatment should be made separately. IAS 16 as endorsed by FSC applies to the self-used property, and property used to generate rental income or capital increase or both is applicable for investment property set out in IAS 40 as endorsed by FSC. If each part of the property cannot be sold individually and the self-used proportion is not material, then the entire property is deemed as investment property.

When the future economic benefit related to the investment property is very likely to flow into the Bank and its subsidiaries and the costs can be reliably measured, the investment property shall be recognised as assets. When the future economic benefit generated from subsequent costs is very likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalised. All maintenance cost are recognised as incurred in the consolidated statement of comprehensive income.

Investment property is subsequently measured by cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable to property and equipment. The fair value of investment property is disclosed in the financial statements at the balance sheet date, of which the valuation should be carried out by the appraisal segment of the Bank and its subsidiaries based on the internal appraisal guidelines.

(14) Foreclosed assets

Foreclosed properties are stated at the lower of its carrying amount or fair value less costs to sell at the end of period.

(15) Leasing arrangements (lessor)−lease receivables/operating leases

When the Bank and its subsidiaries are the lessor, please refer to Note 4(13) for the accounting treatment of the leased assets satisfying investment property set out in IAS 40, “Investment Property”.

The lease contract of the Bank’s and its subsidiaries’ subsidiaries includes operating leases and finance leases.

A. Operating lease

Rental receivable from the operating lease is calculated through straight-line method based on the lease term, which are recognised as “net other revenue other than interest income” .

B. Finance lease

The asset is derecognised when the finance lease contract is signed and the present value of lease payment is recognised as lease payable. The difference between the total lease payable and present value is recognised as unrealised interest income, and transferred to interest income as incurred at the end of the period baesd on accrual basis accounting. Rental income is calculated based on remaining lease payment receivable using the embedded interest rate or incremental borrowing interest rate and recognised as current gain and loss.

(16) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Bank and its subsidiaries. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

   (A) Fixed payments, less any lease incentives receivable; and

   (B) Variable lease payments that depend on an index or a rate.

   The Bank and its subsidiaries subsequently measure the lease liability at amortised cost using the interest method and recognise interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

   (A) The amount of the initial measurement of lease liability;

   (B) Any lease payments made at or before the commencement date;

   (C) Any initial direct costs incurred by the lessee; and

   (D) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liabilities in profit or loss.

(17) Intangible assets

The intangible assets of the Bank and its subsidiaries consist of computer software expenditures, which are recognised by cost and amortised through straight-line method over its economic useful life.

Subsequent measurements are based on the cost model.

(18) Impairment of non-financial assets

When there is any evidence indicating a possible impairment, the Bank and its subsidiaries immediately perform impairment tests in relation to the assets applicable for IAS 36, "Impairment of Assets".

If the testing result of the cash-generating unit of an asset or an individual asset suggests that the recoverable amount is less than the carrying amount, impairment loss is recognised. Recoverable amount refers to the higher of an asset's fair value less its cost or value in use. Reassess the recoverable amount of an asset when there is an indication that the impairment loss recognised in the prior period decreases or does not exist anymore. If there is any change in the estimated recoverable amount and result in an increase, asset impairment is reversed to the extent that the carrying amounts shall not exceed what the carrying amounts after deducting depreciation or amortization would have been if the impairment had not been recognised.

(19) Provisions, contingent liabilities, and contingent assets

The Bank and its subsidiaries recognise liabilities when all of the following three conditions are met：

A. present obligation (legal or constructive) has arisen as a result of past event; and

B. the outflow of economic benefits is highly probable upon settlement; and

C. the amount is reliably measurable.

The outflow of economic benefit as a result of settlement is determined based on the overall obligation when there are several similar obligations. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognised.

Measurements for provisions are at discounted present value of expenditure for settlement obligation using a pre-tax discount rate with timely adjustment made that reflects the current market assessments of the time value of money and the risks specific to the liabilities.

Contingent liability is a possible obligation that arises from a past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank and its subsidiaries. Or it could be a present obligation as a result of a past event but the payment is not probable or the amount cannot be measured reliably. The Bank and its subsidiaries did not recognise any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

Contingent asset is a possible asset that arises from a past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank and its subsidiaries. The Bank and its subsidiaries did not recognise any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(20) Financial guarantee contract and loan commitments

A financial guarantee contract is a contract that requires the Bank and its subsidiaries to make specified payments to reimburse the holder for a loss which is incurred owing that a specified debtor fails to make payment when they are due in accordance with the original or modified terms of a debt instrument.

The Bank and its subsidiaries initially recognises financial guarantee contracts at fair value on the date of issuance granted. The Bank and its subsidiaries charges a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognised in deferred accounts and amortised through straight-line method during the contract term.

Subsequently, the Bank and its subsidiaries should measure the contract at the higher of:

A. Loss allowance recognised in accordance with IFRS 9, as endorsed by the FSC; and

B. The amount initially recognised less, when appropriate, cumulative gains recognised in accordance with IFRS 15.

Impairment loss of the aforementioned guarantee policy reserve is assessed in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and IFRS 9, and the greater of the two amounts is recorded as provision.

Expected credit losses are recognised for loan commitments of the Bank and its subsidiaries, and the measurement of expect credit losses is described in Note 4(9).

Provision for credit losses is recognised for loan commitments and financial guarantee contracts. If a financial instrument includes a loan (financial asset) and undrawn commitment component (loan commitment), and if the Bank and its subsidiaries cannot separate the expected credit losses of the loan from that of the loan commitment, the expected credit loss of the loan commitment is recognised along with that of the financial asset. The amount of the total credit loss in excess of the carrying amount of the financial asset should be recognised as a provision.

The increase in liabilities due to financial guarantee contract and loan commitments is recognised in "bad debt expense, commitment and guarantee liabilities provision".

(21) Employee benefits

A. Short-term employee benefits

The Bank and its subsidiaries recognise undiscounted short-term employee benefits due in the future as expenses during the period that the employees render service.

B. Employee preferential deposit

The Bank provides preferential interest rate for employees, including flat preferential savings rate for current employees and retired employees. The difference gap compared to market interest rate is deemed as employee benefits.

According to Regulations Governing the Preparation of Financial Statements by Public Banks, the preferential interest paid to current employees is calculated based on accrual basis, and the difference between the preferential interest and the market interest is recognised under "employee benefit expense". According to Article 30 of Regulations Governing the Preparation of Financial Statements by Public Banks, the interest rate upon retirement agreed with the employees which exceeds general market interest rate is actualized in accordance with IAS 19, Defined Benefit Plan, as endorsed by FSC. However, various parameters should be in compliance with competent authorities if indicated otherwise.

C. Termination benefit

Termination benefit is paid to the employee being terminated who is not yet eligible for retirement or as a result of voluntary termination in exchange of termination benefit. The Bank and its subsidiaries have made commitments in the formal detailed employment termination plan which is irrevocable, and recognises liabilities when providing termination benefit to employees who voluntarily dismiss. Termination benefit paid 12 months after the financial reporting date should be discounted.

D. Post-employment benefit

The Bank and its subsidiaries adopt both defined benefit plan and defined contribution plan. Overseas branches and subsidiaries adopt defined benefit plans based on regulations of the country in which the entities operate.

The pension in each period is recognised as pension cost in the period as incurred. Prepaid pension assets can only be recognised in the range of refundable cash or decrease in future payment.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have approximate duration of the related pension liability.

Remeasurement of defined benefit plan includes: (1) actuarial gains and losses; (2) return on plan assets, but not including amounts already included in net interest of net defined benefit liabilities (assets); and (3) any changes in effect of asset ceiling, but not including amounts already included in net interest of defined benefit plan. The Bank and its subsidiaries choose to categorise remeasurement of defined benefit plan under retained earnings.

Any actuarial gains and losses on pension of the defined benefit plan are all recognised in other comprehensive income. Past service cost is recognised immediately in profit in the period incurred.

E. Employees' compensation

Employees' compensation is recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' remuneration is different from the actual distributed amounts as resolved, the differences should be recognised based on the accounting for changes in estimates.

(22) Income and expense

Income and expense of the Bank and its subsidiaries are recognised as incurred. Expense consists of employee benefit expense, depreciation and amortization expense and other business and administration expenses. Dividends revenue is recognised in the consolidated statements of comprehensive income when the dividends-collecting right for the Bank and its subsidiaries is established. However, interest income is recognised on a cash basis upon receiving the interest when (1) reclassified as non- accrual loans; and (2) interest from restructured loans whose maturities have been extended is not recognised as interest income but recorded in the memo accounts.

A. Other than those classified as financial assets and liabilities at fair value through profit and loss, all the interest income and interest expense generated from interest-bearing financial assets are calculated by effective interest according to relevant regulation and recognised as "interest income" and "interest expense" in the consolidated statements of comprehensive income.

B. Handling fees and expenses are recognised when cash is received, or the earning process is substantially completed; service fee earned from performing significant items shall be recognised upon the completion of the service, such as syndication loan service fee received from sponsor, handling fees and expenses of subsequent services of loans are amortised or included in the calculation of effective interest rate of loans and receivables during the service period. However, according to the Articles 10.8 and 10.11 of the "Regulation Governing the Preparation of Financial Reports by Public Banks", the loans and receivables may be measured by the initial amounts if the effects on discount are insignificant.

C. For more details on rental income of operating lease and unrealised interest income of finance lease in relation to lease business, please refer to Note 4(15).

(23) <u>Income tax</u>

A. Current tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where the Bank and its subsidiaries operate and generate taxable income. Except for transactions or other matters that are directly recognised in other comprehensive income or equity, all the other transactions should be recognised as income or expense and recorded as gain and loss in the period. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

B. Deferred tax

Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amount of assets and liabilities included in the consolidated balance sheet are calculated through liability method and recognised as deferred income tax. The temporary difference of the Bank and its subsidiaries mainly occurs due to the revaluation on the depreciation of property and equipment and certain financial instruments (including derivatives) and provision and transferring of the reserve for pension and other post-employment benefits. Deductible temporary difference within the scope that it is probable to offset taxable income is recognised as deferred income tax.

Temporary difference related to the investees, branches and affiliated entities are recognised as deferred income tax liabilities. However, when the Bank and its subsidiaries are capable of controlling the time length required to reverse the temporary difference and the temporary difference is unlikely to reverse in the foreseeable future, the temporary difference is not recognised.

The land revaluation appraisal occurred due to the revaluation assessment in line with relevant regulations, deemed as taxable temporary difference, and is recognised as deferred income tax liabilities. If the future taxable income is probable to be utilised as unused loss carryforwards or deferred income tax credit which can be realised in the future, the proportion of realization is deemed as deferred income tax assets.

C. Consolidated tax return
Pursuant to the provisions of Tai-Cai-Shui-Zi No. 910458039, 'profit-seeking enterprises shall jointly declare and report profit-seeking enterprise income tax in accordance with Article 49 of the Financial Holding Company Act and Article 40 of the Business Mergers And Acquisitions Act', in which where a financial holding company holds more than 90% of the outstanding issued shares of a domestic subsidiary, such a financial holding company may, for the tax year in which its such shareholding in the subsidiary has existed for the entire twelve months of the tax year, elect to be the tax payer itself, and jointly declare and report profit-seeking enterprise income tax. Thus, in accordance with the aforementioned Letter, the Company along with its parent company, First Financial Holding Co., Ltd. (FFHC), and affiliated companies, First Securities Inc. (FS); First Securities Investment Trust Co., Ltd. (FSIT); First Financial Asset Management Co., Ltd.; First Venture Capital Co., Ltd.; and First Consulting Co., Ltd., elect to use a consolidated tax return for the declaration and reporting of their profit-seeking income tax and surplus retained earnings, as well as elect FFHC as the tax payer for the consolidated tax return.

The Bank along with its parent company and affiliates elected the consolidated tax return to jointly declare and report their income tax. Related reimbursements and disbursements are accounted for receivables or payables and are presented in net value when preparing the consolidated as financial statements.

D. Certain transactions of the Bank and its subsidiaries are recognised in other comprehensive income. The tax effects on these kinds of transactions are also recognised in other comprehensive income.

E. Current tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Share capital and dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds. Dividends are recorded in the Bank's and its subsidiaries' consolidated financial statements in the period in which they are resolved by the Bank's and its subsidiaries' Board of Directors in substitution for the stockholders. Cash dividends are recorded as liabilities, stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Operating segments

The Bank and its subsidiaries' operating segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance. The Bank and its subsidiaries' CODM is the Bank and its subsidiaries' Board of Director.

5. Critical accounting judgments, estimates and key source of assumption uncertainty

The consolidated financial statements of the Bank and its subsidiaries may be affected by the adoption of accounting policies, accounting estimates and assumptions. Therefore, adoption of the significant accounting policies in Note 4 requires the management's judgment, estimate and assumption, which involves information of significant adjustment made on the carrying amount of assets and liabilities in the next financial statements due to lack of resources. Estimate and assumptions of the Bank and its subsidiaries are the best estimates compliance with IFRS as endorsed by FSC. Estimate and assumptions are made on the basis of past experience and other elements (including the effect of COVID-19) deemed to be relevant. The Bank and its subsidiaries will continually monitor the estimates and assumptions and if the revision of estimate leaves an impact in the current period, the adjustment is recognised in the period. If a revision could affect both current and future periods, then the estimated revision shall be made in current and future periods.

Certain accounting policies and judgments of management could have significantly affected the recognised amounts in the consolidated financial statements. Details are as follows:

(1) Evaluation on financial instruments - debt instruments and derivatives

The Bank and its subsidiaries evaluate the financial instrument at fair value not traded in an active market or with no quoted price. The fair value may be estimated with reference to observable market price in the market if there is observable information of similar instruments. If not, fair value is calculated based on the appropriate evaluation models generally used in the market. The input used in the model should first primarily be based on the observable information in the market. However, in the event that certain information or input cannot be observed directly in the market and/or the model assumption itself is comparatively objective, then the measurement of financial instrument at fair value can be retrieved from historical data or other appropriate assumptions. Every valuation model of the Bank and its subsidiaries are assessed and tested on a regular basis to ensure the output can reflect actual information and the market price. Note 12(1)C provides the main assumptions used in determining the financial instruments at fair value. The competent authorities recognise that the valuation models and assumptions chosen can be appropriately used to determine the fair value of financial instruments.

(2) Evaluation on financial instruments - equity instruments

The fair value of unlisted stocks without active market held by the Bank and its subsidiaries are measured using valuation techniques that involve observable data or models of financial instruments with similar characteristics. If there are no observable inputs from the market, the fair value of the instrument is measured with appropriate assumptions. If fair value is determined by a valuation model, it should be calibrated so that the end result reflects actual data and market prices, and observable data should be used whenever it is possible.

The measurement of fair value is primarily calculated using recently published market multipliers of comparable publicly listed companies in similar industries, and discounted according to market liquidity and particularity of risk. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(1)C for the financial instruments fair value information.

(3) Expected credit losses

For debt instruments measured at fair value through other comprehensive income and financial assets measured at amortised cost, the measurement of expected credit losses uses complex models and multiple assumptions. These models and assumptions take into account future macro-economic conditions and credit behaviors of borrowers (e.g. probability of customer default and loss). Please refer to Note 12(2)C for detailed information on parameters, assumptions, and estimation methods used in measuring expected credit losses and disclosure of the sensitivity of credit loss to the aforementioned factors.

The measurement of expected credit losses according to applicable accounting rules involves significant judgement in several areas, for example:

A. The criteria used to judge whether there is significant increase in credit risk.

B. The selection of appropriate models and assumptions for measuring expected credit losses.

C. Determining the forward-looking factors that are necessary for the measurement of expected credit losses for each type of product.

D. For the purpose of measuring expected credit losses, classifying the financial instruments according to similar credit risk characteristics.

Judgements and estimations used in above expected credit losses, please refer to Note 12(2)C.

(4) Post-employment benefit

The present value of post-employment benefit obligation is based on actuarial result of various assumptions, through which any change could affect the carrying amount of post-employment benefit obligation.

Discount rate and future asset growth rate are included when determining the net pension cost (income), and the Bank and its subsidiaries decide the appropriate discount rate at the end of each year, which is used to calculate the estimated present value of future cash outflow of post-employment benefit obligation needed. The Bank and its subsidiaries should consider interest rate of government bonds of the same currency and maturity in order to determine the appropriate discount rate.

Other significant assumptions on post-employment benefit are made based on the current market situation.

6. Summary of significant accounts

(1) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash on hand	$ 14,038,245	$ 14,064,658
Checks for clearance	19,604,340	6,849,823
Due from other banks	24,388,701	22,791,416
Less：Allowance for bad debts- due from other banks	(8,174)	(14,454)
Total	$ 58,023,112	$ 43,691,443

Information relating to credit risk is provide in Note 12(2) C.

(2) Due from the central bank and call loans to banks

	December 31, 2021	December 31, 2020
Reserve for deposits-account A	$ 24,503,909	$ 34,323,637
Reserve for deposits-account B	72,824,370	68,445,437
Inter-Bank clearing fund	25,402,708	12,100,471
Deposits of national treasury account	83,462	93,595
Deposits of overseas branches with foreign Central Banks	20,013,534	13,081,396
Reserve for deposits- foreign currency	694,970	589,538
Call loans and overdrafts to other banks	203,908,085	131,657,661
Subtotal	347,431,038	260,291,735
Less: Allowance for bad debt expense - call loans to banks	(24,505)	(24,198)
Total	$ 347,406,533	$ 260,267,537

A. The Bank and its subsidiaries' reserve for deposits is required by the Banking Law and is determined by applying the reserve ratios set by the Central Bank to the monthly average balance of each type of deposit. The reserve amount is deposited in the reserve deposit account at the Central Bank. According to the regulations, such reserve for deposits - account B cannot be withdrawn except for monthly adjustments of the reserve for deposits.

B. Amounts in conformity and not in conformity with cash and cash equivalents as defined by IAS No.7 were as follows：

	December 31, 2021	December 31, 2020
In conformity with cash and cash equivalents as defined by IAS No.7	$ 264,449,193	$ 186,595,049
Not in conformity with cash and cash equivalents as defined by IAS No.7		
Reserve for deposits-account B	72,824,370	68,445,437
Deposits of overseas branches with foreign Central Banks (Note)	10,157,475	5,251,249
Total	$ 347,431,038	$ 260,291,735

Note: The deposits of overseas branches are reserves required by the respective local central banks. The deposits are restricted from deployment.

C. Please refer to Note 8 for details of the above due from the central bank and call loans to banks pledged as collateral as of December 31, 2021.

D. Information relating to credit risk is provided in Note 12(2)C.

(3) Financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Short-term bills	$ 91,653,024	$ 86,195,963
Stocks	96,407	209,937
Bonds (government bonds, bank debentures, and corporate bonds)	45,996,037	53,663,227
Others	7,011,630	6,333,800
Derivative financial instruments	4,534,123	10,883,968
Valuation adjustment	503,339	616,904
Subtotal	149,794,560	157,903,799
Financial assets designated as at fair value through profit or loss		
Bonds	14,076,570	12,547,211
Valuation adjustment	689,887	461,950
Subtotal	14,766,457	13,009,161
Total	$ 164,561,017	$ 170,912,960

A. Amounts recognised in profit or loss in relation to financial assets and financial liabilities at fair value through profit or loss are listed below:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Net gains and losses on financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading	$ 1,655,608	$ 4,363,444
Net gains and losses on financial assets and financial liabilities designated as at fair value through profit or loss	471,411	191,461
Total	$ 2,127,019	$ 4,554,905

B. The financial instruments of the Bank and its subsidiaries designated at fair value through profit or loss upon initial recognition were designated to eliminate or reduce recognition inconsistency.

C. As of December 31, 2021 and 2020, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount of debt investments were $159,927,433 and $159,817,989, respectively; the maximum exposure to credit risk in respect of the amount of derivatives were $4,534,123 and $10,883,968 respectively.

D. As of December 31, 2021 and 2020, the fair value of the bonds designated as financial assets measured at fair value through profits or losses, which were under repurchase and resell agreement, were $290,820 and $307,296, respectively.

(4) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Debt instruments		
Bonds	$ 192,599,617	$ 223,034,893
Other marketable securities	5,154,819	2,657,092
	197,754,436	225,691,985
Valuation adjustment	1,437,698	7,917,044
Subtotal	199,192,134	233,609,029
Equity instruments		
Stocks - listed	24,917,203	16,640,797
Stocks - unlisted	3,717,395	3,722,704
Other marketable securities	700,991	419,367
	29,335,589	20,782,868
Valuation adjustment	17,530,333	14,862,062
Subtotal	46,865,922	35,644,930
Total	$ 246,058,056	$ 269,253,959

A. The Bank and its subsidiaries have selected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $46,865,922 and $35,644,930 as of December 31, 2021 and 2020, respectively.

B. For the year ended December 31, 2021, the Bank sold listed stocks, unlisted stocks and other securities investments for adjusting its investment position for diversifying risk. The fair value of the listed stocks, unlisted stocks and other securities investments sold was $1,741,076, and the cumulative gain was $136,184. For the year ended December 31, 2020, the Bank sold other securities investments for adjusting its investment position for diversifying risk . The fair value of the other securities investments sold was $669, and the cumulative loss was $21.

C. The Bank and subsidiaries' recognised dividend income in relation to the equity instruments at fair value through other comprehensive income in 2021 and 2020 amounted to $1,435,880 and $1,090,089, respectively. As of December 31, 2021 and 2020, those related to investment held at the end of the period amounted to $1,358,111 and $1,090,089, respectively.

D. Please refer to Note 8 for details of the above financial assets at fair value through other comprehensive income pledged as collateral as of December 31, 2021.

E. As of December 31, 2021 and 2020, the fair value of the bonds as financial assets measured at fair value through other comprehensive income, which were under repurchase and resell agreement, amounted to $4,874,605 and $19,637,411, respectively.

F. Information relating to credit risk is provided in Note 12(2)C.

(5) Investments in debt instruments at amortised cost

	December 31, 2021	December 31, 2020
Certificates of deposits purchased	$ 551,321,400	$ 592,062,500
Bonds	127,106,508	65,277,387
Short-term bills	138,275	112,400
Subtotal	678,566,183	657,452,287
Less: Accumulated impairment	(18,821)	(60,655)
Total	$ 678,547,362	$ 657,391,632

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Interest income	$ 5,112,544	$ 4,143,812
Reversal of impairment loss (impairment losses)	41,477	(18,374)
Gain on disposal	11,156	2,723
	$ 5,165,177	$ 4,128,161

B. For the years ended December 31, 2021 and 2020, the Bank and its subsidiaries sold investments in debt instruments for risk management, and the gain on disposal amounted to $11,156 and $2,723, respectively.

C. Please refer to Note 8 for details of the above financial assets at amortised cost pledged as collateral as of December 31, 2021.

D. As of December 31, 2021 and 2020, the fair value of the bonds as investments in debt investments at amortised cost, which were under repurchase and resell agreement, amounted to $5,698,528 and $8,263,864, respectively.

E. Information relating to credit risk is provided in Note 12(2)C.

(6) Receivables

	December 31, 2021	December 31, 2020	January 1, 2020
Factoring receivable	$ 7,372,788	$ 4,544,543	$ 3,225,624
Interest receivable	6,814,358	5,842,494	6,525,687
Acceptances receivable	4,767,713	4,689,787	4,495,562
Credit card accounts receivable	8,359,579	7,482,076	7,345,825
Other receivables (Note)	7,903,510	7,598,599	7,689,608
Subtotal	35,217,948	30,157,499	29,282,306
Less: Allowance for bad debts	(791,580)	(612,583)	(793,125)
Net amount	$ 34,426,368	$ 29,544,916	$ 28,489,181

Note：To provide more reliable and relevant information to users of financial statements, the Bank and its subsidiaries offset receivables and payables which were generated from the same spot exchange transaction. On December 31, 2020 and January 1, 2020, spot exchange receivable and spot exchange payable were decreased by $56,002,182 and $30,862,093, respectively.

Information relating to credit risk is provided in Note 12(2)C.

(7) Discounts and loans, net

	December 31, 2021	December 31, 2020
Bills and notes discounted and overdrafts	$ 4,288,856	$ 3,288,165
Short-term loans	557,569,950	524,607,865
Medium-term loans	711,263,334	645,299,267
Long-term loans	782,563,846	750,843,903
Import-export bills negotiations	1,280,177	1,414,618
Loans transferred to non-accrual loans	4,043,243	4,169,544
Subtotal	2,061,009,406	1,929,623,362
Less: allowance for bad debts	(25,225,947)	(23,931,115)
Net amount	$ 2,035,783,459	$ 1,905,692,247

A. Information relating to credit risk is provided in Note 12(2)C.

B. As of December 31, 2021 and 2020, the recoveries of write-offs, which were accounted as deductions to bad debts expense were $3,012,424 and $3,471,416, respectively.

(8) Investments measured by equity method, net

A. Investments measured by equity method：

Affiliated Companies	December 31, 2021	December 31, 2020
East Asia Real Estate Management Co., Ltd.	$ 16,536	$ 16,018
FCBL Capital International (B.V.I.) Ltd.	2,021,499	1,970,312
First Financial Assets Management (B.V.I.) Ltd.	602,995	616,875
Total	$ 2,641,030	$ 2,603,205

B. The Bank' s and its subsidiaries' share of the operating results in all individually immaterial associates are summarised below:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Gain from continuing operations	$ 91,621	$ 127,154
Other comprehensive loss	40,396	144,368
Total comprehensive income	$ 132,017	$ 271,522

C. The affiliated enterprises invested by the Bank and its subsidiaries have no quoted price. The affiliated enterprises' capacity to transfer capital through the distribution of cash dividends, loan repayment or advances is not significantly restricted.

D. The profit or loss of related parties for the years ended December 31, 2021 and 2020, accounted for by the Bank through the equity method are, aside from East Asia Real Estate Management Co., Ltd.'s concurrent financial statements which have not been audited by a certified public accountant (had the financial statements been audited, the Bank expects the effect to be immaterial), derived from concurrent financial statements of investees which have been audited and attested by a certified public accountant.

E. The Bank and its subsidiaries are the single largest shareholder of East Asia Real Estate Management Co., Ltd. with a 30% equity interest. Given that four other large shareholders (non-related parties) hold more shares than the Bank and its subsidiaries, which indicates that the Bank and its subsidiaries have no current ability to direct the relevant activities of East Asia Real Estate Management Co., Ltd., the Bank and its subsidiaries have no control, but only have significant influence, over the investee.

(9) Property and equipment, net

Changes in the property and equipment of the Bank and its subsidiaries for the years ended December 31, 2021 and 2020 are as follows:

	Lands and land improvements	Buildings and structures	Machinery and computer equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2021	$ 18,537,649	$ 13,179,386	$ 2,958,369	$ 795,693	$ 2,352,788	$ 1,030,055	$ 144,540	$ 38,998,480
Additions	-	112,631	322,729	80,063	120,966	41,479	77,464	755,332
Transfers	-	2,581	90,527	112	153	5,061	(98,434)	-
Transfers from investment property	430,664	-	-	-	-	-	-	430,664
Transfer to investment property	(90,683)	(18,774)	-	-	-	-	(21,960)	(131,417)
Transfer to intangible assets	-	-	-	-	-	-	(8,114)	(8,114)
Disposals	-	-	(260,923)	(41,187)	(32,127)	(24,796)	-	(359,033)
Foreign exchange	(815)	(59)	(3,786)	(1,319)	(2,857)	(8,719)	-	(17,555)
At December 31, 2021	18,876,815	13,275,765	3,106,916	833,362	2,438,923	1,043,080	93,496	39,668,357
Accumulated depreciation								
At January 1, 2021	-	(6,957,764)	(2,206,431)	(593,011)	(1,798,485)	(806,063)	-	(12,361,754)
Depreciation	-	(329,509)	(268,100)	(51,851)	(114,593)	(57,857)	-	(821,910)
Transfer to investment property	-	17,295	-	-	-	-	-	17,295
Disposals	-	-	257,028	41,119	31,581	22,660	-	352,388
Foreign exchange	-	(51)	2,663	793	1,837	(4,429)	-	813
At December 31, 2021	-	(7,270,029)	(2,214,840)	(602,950)	(1,879,660)	(845,689)	-	(12,813,168)
Net	$ 18,876,815	$ 6,005,736	$ 892,076	$ 230,412	$ 559,263	$ 197,391	$ 93,496	$ 26,855,189

	Lands and land improvements	Buildings and structures	Machinery and computer equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2020	$ 18,333,386	$ 12,289,985	$ 2,866,304	$ 757,955	$ 2,095,303	$ 1,003,197	$ 550,449	$ 37,896,579
Additions	3,725	244,121	305,626	79,509	165,156	63,408	428,477	1,290,022
Transfers	-	647,875	(73)	11,985	141,239	32,155	(833,181)	-
Transfers from investment property	204,000	-	-	-	-	-	-	204,000
Transfer to other assets	-	-	-	-	-	-	(1,205)	(1,205)
Disposals	-	-	(205,660)	(50,849)	(42,179)	(48,576)	-	(347,264)
Foreign exchange	(3,462)	(2,595)	(7,828)	(2,907)	(6,731)	(20,129)	-	(43,652)
At December 31, 2020	18,537,649	13,179,386	2,958,369	795,693	2,352,788	1,030,055	144,540	38,998,480
Accumulated depreciation								
At January 1, 2020	-	(6,638,285)	(2,154,682)	(601,544)	(1,746,395)	(818,149)	-	(11,959,055)
Depreciation	-	(319,746)	(260,678)	(44,066)	(98,599)	(51,412)	-	(774,501)
Disposals	-	-	204,192	50,774	41,747	48,545	-	345,258
Foreign exchange	-	267	4,737	1,825	4,762	14,953	-	26,544
At December 31, 2020	-	(6,957,764)	(2,206,431)	(593,011)	(1,798,485)	(806,063)	-	(12,361,754)
Net	$ 18,537,649	$ 6,221,622	$ 751,938	$ 202,682	$ 554,303	$ 223,992	$ 144,540	$ 26,636,726

There was no interest capitalised on property and equipment acquired for the years ended December 31, 2021 and 2020.

(10) Leasing arrangements-lessee

A. The Bank and its subsidiaries lease various assets including land, buildings and structures, machinery and computer equipment, business vehicles, etc. Rental contracts are typically made for periods of 1 to 46 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and depreciation charge are as follows:

	December 31, 2021	December 31, 2020
	Carrying amount	Carrying amount
Land	$ 3,398	$ 5,951
Buildings and structures	2,175,129	2,514,121
Machinery and computer equipment	92,658	48,804
Transportation and communication equipment	57,615	75,559
Miscellaneous equipment	6,599	9,683
	$ 2,335,399	$ 2,654,118

	For the years ended December 31,	
	2021	2020
	Depreciation expense	Depreciation expense
Land	$ 2,508	$ 2,556
Buildings and structures	646,550	665,116
Machinery and computer equipment	22,192	24,684
Transportation and communication equipment	39,561	37,937
Miscellaneous equipment	4,640	4,381
	$ 715,451	$ 734,674

C. For the years ended December 31, 2021 and 2020, the addition to right-of-use assets were $482,550 and $621,751, respectively.

D. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2021	2020
Items affecting profit or loss		
Interest expense on lease liabilities	$ 44,586	$ 50,661
Expense on short-term lease contracts	97,805	75,519
Expense on leases of low-value assets	8,395	8,510
Expense on variable lease payments	6,210	4,238
Gain on lease modification	1,466	665

E. For the years ended December 31, 2021 and 2020, the Bank and its subsidiaries' total cash outflow for leases were $854,717 and $844,760, respectively.

(11) Leasing arrangements-lessor

A. The Bank and its subsidiaries lease various assets including land, buildings and structures, business vehicles, machinery and equipment. Rental contracts are typically made for periods of 1 to 16 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. The Bank and its subsidiaries lease machinery and equipment under a finance lease. Based on the terms of the lease contract, the ownership of machinery and equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Finance income from the net investment in the finance lease	$ 2,695	$ 1,559

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2021		December 31, 2020
2022	$ 37,325	2021	$ 9,257
2023	17,885	2022	9,078
2024	3,836	2023	6,878
2025	1,435	2024	3,285
2026	-	2025	821
Total	$ 60,481	Total	$ 29,319

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2021	December 31, 2020
Undiscounted lease payments	$ 60,481	$ 29,319
Unearned finance income	(1,524)	(16)
Net investment in the lease	$ 58,957	$ 29,303

E. For the years ended December 31, 2021 and 2020, the Bank and its subsidiaries recognised rent income in the amount of $703,627 and $720,117, respectively, based on the operating lease agreement, which does not include variable lease payments.

F. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2021		December 31, 2020
2022	$ 598,288	2021	$ 586,123
2023	376,499	2022	437,802
2024	225,846	2023	239,832
2025	138,076	2024	128,812
2026	72,527	2025	78,257
2027	31,041	2026	58,609
After 2028	137,574	After 2027	152,164
Total	$ 1,579,851	Total	$ 1,681,599

(12) Investment property, net

Please see below table for the investment property of the Bank and its subsidiaries for the years ended December 31, 2021 and 2020:

	Lands and land improvements	Buildings and structures	Total
Cost			
At January 1, 2021	$ 7,082,772	$ 498,271	$ 7,581,043
Additions	-	2,539	2,539
Transfer from property and equipment	90,683	40,734	131,417
Transfers to property and equipment	(430,664)	-	(430,664)
At December 31, 2021	6,742,791	541,544	7,284,335
Accumulated depreciation			
At January 1, 2021	-	(272,620)	(272,620)
Depreciation	-	(10,449)	(10,449)
Transfer from property and equipment	-	(17,295)	(17,295)
At December 31, 2021	-	(300,364)	(300,364)
Investment property, net	$ 6,742,791	$ 241,180	$ 6,983,971

	Lands and land improvements	Buildings and structures	Total
Cost			
At January 1, 2020	$ 7,320,114	$ 495,456	$ 7,815,570
Additions	-	2,815	2,815
Transfers to property and equipment	(204,000)	-	(204,000)
Disposals	(33,342)	-	(33,342)
At December 31, 2020	7,082,772	498,271	7,581,043
Accumulated depreciation			
At January 1, 2020	-	(263,584)	(263,584)
Depreciation	-	(9,036)	(9,036)
At December 31, 2020	-	(272,620)	(272,620)
Investment property, net	$ 7,082,772	$ 225,651	$ 7,308,423

A. As of December 31, 2021 and 2020, the investment property at fair value of the Bank and its subsidiaries were $18,894,685 and $18,484,020, respectively. All the investment properties of the Bank and its subsidiaries are assessed by the internal appraisal expert, and market approach was adopted for all assessments, which belongs to the fair value in level 2.

B. For the years ended December 31, 2021 and 2020, the rental income from investment property were $99,623 and $106,518 respectively, and the operating expense from investment property were $65,743 and $74,019, respectively.

(13) Other assets, net

	December 31, 2021	December 31, 2020
Leased assets – vehicles	$ 1,377,157	$ 1,447,431
Less: Accumulated depreciation	(548,446)	(583,265)
Leased assets, net	828,711	864,166
Foreclosed assets		
Cost	40,590	61,731
Less: Accumulated impairment	(40,590)	(61,731)
Net foreclosed assets	-	-
Guarantee deposits paid	1,686,477	5,880,590
Prepayments	367,505	374,761
Others	72,871	59,127
Total	$ 2,955,564	$ 7,178,644

Please refer to Note 8 for details of other assets pledged as collateral.

(14) Deposits from the central bank and banks

	December 31, 2021	December 31, 2020
Call loans from other banks	$ 211,439,837	$ 257,762,472
Transfer deposits from Chunghwa Post Co. Ltd.	2,300	3,300
Overdrafts from other banks	849,879	603,700
Due to other banks	716,763	691,527
Due to the Central Bank	35,771	54,896
Total	$ 213,044,550	$ 259,115,895

(15) Financial liabilities at fair value through profit or loss

	December 31, 2021	December 31, 2020
Financial liabilities held for trading		
Derivative instruments	$ 7,493,438	$ 20,975,490

Fair value changes due to changes in the Bank's credit risk pertaining to bank debentures measured at fair value through profit or loss issued by the Bank for the years ended December 31, 2021 and 2020 were $0 and ($212,535), respectively.

(16) Notes and bonds issued under repurchase agreement

	December 31, 2021	December 31, 2020
Government bonds	$ 1,551,115	$ 1,815,315
Bank debentures	9,005,687	25,103,699
Total	$ 10,556,802	$ 26,919,014

The Bank and its subsidiaries are obliged to repurchase the above bonds at original sale price plus a mark-up pursuant to the repurchase agreement. The repurchase agreement amounts for such bonds and bills were $10,565,826 and $26,950,867 as of December 31, 2021 and 2020, respectively.

(17) Payables

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts payable	$ 21,153,667	$ 11,346,875	$ 12,041,273
Bank acceptances	5,019,534	4,978,470	4,665,191
Accrued expenses	5,352,756	4,700,883	4,676,373
Interest payable	1,904,622	2,286,429	3,974,477
Other payables(Note)	6,033,925	4,654,812	5,366,028
Total	$ 39,464,504	$ 27,967,469	$ 30,723,342

Note: To provide more reliable and relevant information to users of financial statements, the Bank and its subsidiaries offset receivables and payables which were generated from the same spot exchange transaction. Please refer to Note 6(6) for details.

(18) Deposits and remittances

	December 31, 2021	December 31, 2020
Checking accounts deposits	$ 57,360,151	$ 48,881,579
Demand deposits	966,578,569	834,650,019
Time deposits	619,503,288	597,338,855
Negotiable certificates of deposits	14,588,915	12,278,467
Savings account deposits	1,299,026,691	1,216,224,662
Remittances outstanding and others	3,202,526	2,926,273
Total	$ 2,960,260,140	$ 2,712,299,855

(19) Bank notes payable

In order to strengthen the capital adequacy ratio and raise mid-to-long-term operating capital for FCB, the Bank resolved through its Board of Directors to raise the quota of authorised bank debenture shares for the issuance of ordinary and subordinate debentures. This proposition was approved by the Ministry of Finance, R.O.C. and the FSC. The gross approved issuance amount were: $15 billion on February 24, 2012, $15 billion on February 27, 2014, the quota of ordinary bank debentures $1 billion (or equivalent foreign currency) on February 26, 2016, $10 billion and equivalent to NT$10 billion equivalent foreign currency on February 24, 2017, $10 billion and equivalent to NT$10 billion equivalent foreign currency on February 23, 2018, modified the amount of the previous application of NTD perpetual non-cumulative subordinate financial bonds to $10 billion on May 11, 2018, the quota of ordinary bank debentures NT$10 billion on December 20, 2019, $15 billion and equivalent to NT$5 billion equivalent foreign currency on September 18, 2020, perpetual non-cumulative subordinate financial bonds NT$20 billion on May 12, 2021. The priority of claims for the above mentioned subordinate bonds only takes precedence over the remaining claims distributable for shareholders and is inferior to all other creditors. The detailed terms of each issuance are as follows:

	First issue, 2012
Issue date	September 25, 2012
Issue amount	NT$13 billion (NT$6.2 billion was redeemed at maturity)
Issue price	At par
Coupon rate	Fixed rate:1.59%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	10 years

	First issue, 2015
Issue date	March 25, 2015
Issue amount	NT$7 billion
Issue price	At par
Coupon rate	A: Fixed rate:1.83% B: Fixed rate:2.05%
Interest and repayment terms	A: Interest is paid annually. The principal is to be paid pursuant to face value at maturity and interest is paid. B: Interest is paid annually. The principal is to be paid pursuant to face value at maturity and interest is paid.
Maturity period	A: 7 years B: 10 years

	First issue, 2018
Issue date	May 28, 2018
Issue amount	NT$5 billion
Issue price	At par
Coupon rate	Fixed rate:2.57%
Interest and repayment terms	Interest is paid annually. After the expiration of five years and 2 months, early redemption would be possible if it has approval from authority.
Maturity period	Perpetual

	Second issue, 2018
Issue date	September 25, 2018
Issue amount	NT$7 billion
Issue price	At par
Coupon rate	Fixed rate:2.36%
Interest and repayment terms	Interest is paid annually. After the expiration of five years and one month, early redemption would be possible if it has approval from authority.
Maturity period	Perpetual

	First issue, 2020
Issue date	March 27, 2020
Issue amount	NT$1 billion
Issue price	At par
Coupon rate	Fixed rate:0.55%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity and interest is paid.
Maturity period	3 years

	Second issue, 2020
Issue date	December 28, 2020
Issue amount	NT$10 billion
Issue price	At par
Coupon rate	Fixed rate:1.25%
Interest and repayment terms	Interest is paid annually. After the expiration of five years and 7 months, early redemption would be possible if it has approval from authority.
Maturity period	Perpetual

	First issue, 2021
Issue date	December 8, 2021
Issue amount	NT$1 billion
Issue price	At par
Coupon rate	Fixed rate:0.52%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity and interest is paid.
Maturity period	5 years

	Second issue, 2021
Issue date	December 22, 2021
Issue amount	NT$10 billion
Issue price	At par
Coupon rate	Fixed rate:1.40%
Interest and repayment terms	Interest is paid annually. After the expiration of five years and 7 months, early redemption would be possible if it has approval from authority.
Maturity period	Perpetual

As of December 31, 2021 and 2020, the range of interest rates of the above mentioned corporate bonds were 0.52%~2.57% and 0.55%~2.57%, respectively.

As of December 31, 2021 and 2020, the outstanding balances of the above-mentioned bank debentures amounted to $47.8 billion and $38.95 billion New Taiwan dollars, respectively.

(20) Other financial liabilities

	December 31, 2021	December 31, 2020
Received principal of structured notes	$ 39,962,682	$ 39,173,279
Commercial papers payable	3,946,975	4,098,219
Others	137,826	141,702
Total	$ 44,047,483	$ 43,413,200

(21) Provisions

	December 31, 2021	December 31, 2020
Provisions for employee benefit	$ 3,708,270	$ 4,548,190
Reserve for guarantees	1,208,020	883,231
Reserve for loan commitments	514,344	398,830
Others	81,327	49,056
Total	$ 5,511,961	$ 5,879,307

Details for the Bank’s elected provisions for employee benefit are as follows:

	December 31, 2021	December 31, 2020
Consolidated balance sheet:		
Defined benefit plans	$ 2,388,216	$ 3,382,959
Preferential saving plan for employees	1,064,421	915,523
Total	$ 3,452,637	$ 4,298,482

A. Defined contribution plans

Effective from July 1, 2005, the Bank and its subsidiaries established a funded defined contribution plan pursuant to the Labor Pension Act, which covers the employees with R.O.C. nationality and those who choose to or are required to follow the Labor Pension Act. The contributions are made monthly based on not less than 6% of the employees' monthly salaries and are deposited in the employee's individual pension fund account at the Bureau of Labor Insurance. The payment of pension benefits is based on the employee's individual pension fund accounts and the cumulative profit in such accounts, and the employees can choose to receive such pension benefits monthly or in lump sum. For the years ended December 31, 2021 and 2020, the pension costs of the Bank and its subsidiaries under the defined contribution plan were $239,719 and $248,591, respectively.

For employees working overseas, pension expenses under defined contribution plans are recognised according to the local regulations. For the years ended December 31, 2021 and 2020, pension expenses of current period were $17,883 and $18,798, respectively.

B. Defined benefit plans

The Bank and its subsidiaries have a defined benefit pension plan set up in accordance with the Labor Standards Law of the R.O.C., covering all regular employees for their services prior to the implementation of the Labor Pension Act on July 1, 2005 and those employees who choose continuously to be applicable to the Labor Standards Law for the services after the implementation of the Labor Pension Act. The payment of pension benefits is based on the length of the service period and average monthly compensation in the last six months prior to retirement. Under the defined benefit plan, employees are granted two points for each year of service for the first 15 years and are granted one point for each additional year of service from the 16th year, but are subject to a maximum of 45 points. Monthly contributions made by the Bank and its subsidiaries to the pension fund that are deposited in the designated pension account at the Bank of Taiwan were based on 10% of the total monthly salaries and wages. Also, the Bank would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Bank will make contributions to cover the deficit by next March.

The net pension costs under defined contribution pension plans of the Bank for the years ended December 31, 2021 and 2020 were $303,206 and $320,547, respectively. As of December 31, 2021 and 2020, the balances of the pension fund deposited in the Bank of Taiwan were $8,353,313 and $8,332,395, respectively.

(A) The amounts recognised in the balance sheet are as follows:

	December 31, 2021	December 31, 2020
Present value of funded obligations	$ 10,772,032	$ 11,748,528
Fair value of plan assets	(8,383,816)	(8,365,569)
Net defined benefit liability	$ 2,388,216	$ 3,382,959

(B) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2021			
Balance at January 1	$ 11,748,528	($ 8,365,569)	$ 3,382,959
Current service cost	291,865	-	291,865
Interest expense (income)	40,266	(29,180)	11,086
	12,080,659	(8,394,749)	3,685,910
Remeasurements (Note):			
Return on plant assets	-	(118,511)	(118,511)
Change in demographic assumptions	(152,388)	-	(152,388)
Change in financial assumptions	(257,218)	-	(257,218)
Experience adjustments	(92,701)	-	(92,701)
	(502,307)	(118,511)	(620,818)
Pension fund contribution	-	(676,876)	(676,876)
Paid pension	(806,320)	806,320	-
Balance at December 31	$ 10,772,032	($ 8,383,816)	$ 2,388,216

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2020			
Balance at January 1	$ 11,560,997	($ 8,022,946)	$ 3,538,051
Current service cost	296,442	-	296,442
Interest expense (income)	78,824	(55,657)	23,167
	11,936,263	(8,078,603)	3,857,660
Remeasurements (Note):			
Return on plan assets	-	(264,420)	(264,420)
Change in financial assumptions	422,346	-	422,346
Experience adjustments	230,412	-	230,412
	652,758	(264,420)	388,338
Pension fund contribution	-	(863,039)	(863,039)
Paid pension	(840,493)	840,493	-
Balance at December 31	$ 11,748,528	($ 8,365,569)	$ 3,382,959

Note: Return on plan assets excluding amounts included in interest income or expense.

(C) The Bank of Taiwan was commissioned to manage the Fund of the Bank's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earning is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Bank and its subsidiaries have no right to participate in managing and operating that fund and hence the Bank and its subsidiaries are unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2021 and 2020 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

For the years ended December 31, 2021 and 2020, actual return on plan assets were $147,691 and $320,077, respectively.

For the years ended December 31, 2021 and 2020, defined benefit plan recognised through other comprehensive income a remeasurement of $620,818 and ($388,338), respectively, for net defined benefit liability.

(D) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2021	2020
Discount rate	0.58%	0.35%
Future salary increases	1.50%	1.50%

Assumption on future death rate in 2021 and 2020 were based on the 5th and 4th historical life chart by the Taiwan life insurance enterprises, respectively.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Impact on the present value of the defined benefit obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2021			
Discount rate	±0.25%	($ 264,769)	$ 274,684
Future salary increases	±0.25%	$ 271,467	($ 263,049)

	Impact on the present value of the defined benefit obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2020			
Discount rate	±0.25%	($ 303,978)	$ 315,940
Future salary increases	±0.25%	$ 311,509	($ 301,327)

The sensitivity analysis above is based on other conditions are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once.

The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(E) As of December 31, 2021, the weighted average duration of that retirement plan is 10 years.

(F) Expected contributions to the defined benefit pension plan of the Bank and its subsidiaries for the year ending December 31, 2022 amounts to $398,808.

C. Stock ownership trust

Since January 17, 2019, the Bank has established employee savings and employee shareholding rules, which stipulates that the Bank's regular employees who have served more than half a year, excluding employees hired locally by overseas branches may apply to the "Employee Savings and Employee Stock Ownership Committee of the First Commercial Bank" to monthly deposit in the bank trust account for regular investment and initiate the retirement, resignation or meet other withdrawal conditions, apply to the commission claim. The Bank's pension expense under the above rules were $88,521 and $86,828 for the years ended December 31, 2021 and 2020, respectively.

D. Employee preferential savings plan

The Bank's payment of an allotment for preferential savings of retired and current employees after retirement is in accordance with "First Commercial Bank's preferential savings plan for retired employees". Under the employee preferential savings plan, the Bank recognised pension cost of $642,172 and $548,356 for the years ended December 31, 2021 and 2020, respectively. Please see Note 4(21)B for details.

(A) As of December 31, 2021 and 2020, net liability in the balance sheet were $1,064,421 and $915,523, respectively.

(B) Movement in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2021			
Balance at January 1	$ 915,523	$ -	$ 915,523
Interest expense	34,261	-	34,261
	949,784	-	949,784
Remeasurements:			
Change in demographic assumptions	122,787	-	122,787
Experience adjustments	247,057	-	247,057
	369,844	-	369,844
Pension fund contribution	-	(255,207)	(255,207)
Paid pension	(255,207)	255,207	-
Balance at December 31	$ 1,064,421	$ -	$ 1,064,421

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2020			
Balance at January 1	$ 873,764	$ -	$ 873,764
Interest expense	32,684	-	32,684
	906,448	-	906,448
Remeasurements:			
Change in financial assumptions	6,361	-	6,361
Experience adjustments	257,649	-	257,649
	264,010	-	264,010
Pension fund contribution	-	(254,935)	(254,935)
Paid pension	(254,935)	254,935	-
Balance at December 31	$ 915,523	$ -	$ 915,523

(C) For the years ended December 31, 2021 and 2020, there were no actuarial loss recognised in other comprehensive income.

(D) The principal actuarial assumptions of employee preferential savings plan were as follows:

	For the years ended December 31, 2021	2020
Discount rate	4.00%	4.00%
Return on capital deposited	2.00%	2.00%
Annual decreasing ratio of account balance	1.00%	1.00%
Variable ratio of preferential savings program	50.00%	50.00%

Assumption on future death rate in 2021 and 2020 were based on the 5th and 4th historical life chart by the Taiwan life insurance enterprises, respectively.

The analysis for the impact on the present value of the employee preferential savings plan obligation as a result of changes in the primary actuarial assumption is as follows:

	Change in actuarial assumption (%)	Impact on the present value of the employee preferential savings plan obligation: Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2021			
Discount rate of employee preferential savings	±0.25%	($ 18,072)	$ 18,660
Return rate of capital deposited	±0.25%	($ 149,191)	$ 149,190
Annual diminishing rate of account balance	±0.25%	($ 17,695)	$ 18,202
Potential future variable rate of preferential savings	±10.00%	$ 212,884	($ 212,885)

	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
	Impact on the present value of the employee preferential savings plan obligation		
December 31, 2020			
Discount rate of employee preferential savings	±0.25%	($ 14,144)	$ 14,573
Return rate of capital deposited	±0.25%	($ 127,305)	$ 127,305
Annual diminishing rate of account balance	±0.25%	($ 13,745)	$ 14,108
Potential future variable rate of preferential savings	±10.00%	$ 183,105	($ 183,104)

The sensitivity analysis above is based on other conditions are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(E) Expected contributions to the employee preferential savings plan of the Bank for the year ending December 31, 2022 amounts to $121,898.

E. Credit risk information relating to provisions for loan commitments, guarantee liability and others is provided in Note 12(2)C.

(22) Other liabilities

	December 31, 2021	December 31, 2020
Guarantee deposits received	$ 2,190,087	$ 2,575,658
Collections in advance	2,198,350	1,947,105
Temporary receipts and suspense accounts	1,658	59,369
Others	126,413	115,077
Total	$ 4,516,508	$ 4,697,209

(23) Equity

A. Common stock

As of December 31, 2021, the Bank's authorised and paid-in capital were both $90,880,000, consisting of 9,088,000 thousand shares of common stock outstanding with a par value of $10 (in dollars) per share.

The capitalization of the unappropriated earnings in the amount of $1,816,000 are approved by the Board of Directors' meeting on April 23, 2021 and resolved by the Board of Directors on June 17, 2021, and the record date for capital increase is August 13, 2021. The issued capital is $90,880,000, and the outstanding shares amounted to 9,088,000 thousand shares with par value of $10 (in dollars).

B. Capital surplus

As required by the Company Act, capital surplus resulting from the amount received in excess of par value of the issuance of capital stock and donated income may not only be used to offset the accumulated losses but also to issue new shares or distribute cash dividends in proportion to the number of shares being held by original shareholders. In addition, according to the Securities and Exchange Act, the additional paid-in capital used for capital increase shall not exceed 10% of total issued capital stock. A company should not use the capital surplus to cover its capital loss, unless the surplus reserve is insufficient.

As of December 31, 2021 and 2020, the details on the Bank's capital surplus are as follows:

	December 31, 2021	December 31, 2020
Share premium	$ 34,460,326	$ 34,460,326
Share-based payments	1,895	1,895
Reorganization (Note)	8,130	8,130
Total	$ 34,470,351	$ 34,470,351

Note: A subsidiary of the company, FCBL Leasing, acquired the equity of FCBL Financial Asset Management British Virgin Islands Limited by cash on April 11, 2019, using equity method to recognise changes in net equity value of $8,130.

C. Legal reserve and special reserve

(A) Legal reserves

According to the Company Law of the R.O.C., legal reserve can be used only to recover accumulated deficits or to increase capital stock and shall not be used for any other purposes. However, it is permitted that the legal reserve be used to increase capital stock if the balance of the legal reserve has reached 25% of the issued capital stock.

(B) Special reserve

Upon the first-time adoption of IFRSs, regulations require the Bank to reverse special earnings reserve in the proportion of the original recognition when the Bank subsequently uses, disposes or reclassifies related assets. If the above related assets belong to investment properties, reversal of land is made when being disposed or reclassified and others are reversed during the periods of being used. In addition, the "trading loss reserve" and "default loss reserve" have been abolished in "Regulations Governing Securities Firms". The "trading loss reserve" and "default loss reserve" set aside before the end of December 2010 should be transferred to "special earnings reserve" according to Jin-Guan-Zeng-Chung No. 0990073857 dated January 11, 2011. Moreover, the additional special reserve should be transferred to "special earnings reserve" by the net of tax after the annual closing. On the other hand, if the special reserve is insufficient to write-off or to recover the amount that could be written-off or recovered, the insufficiency may be recovered or written-off through the "special earnings reserve". The special earnings reserve can only be used in offsetting an entity's deficit or 50% of such reserve can be transferred to capital given that such reserve is equivalent to 50% of the paid-in capital or more. No other purpose is permitted.

In accordance with Jin-Guan-Yin-Fa-Zi Letter No. 10510001510, dated May 25, 2016, as a response to the development of financial technology, and to ensure the rights of personnel involved in securities investment trust businesses, the Bank shall, upon appropriating the earnings of 2016 to 2018, provision 0.5% to 1% of income after taxes as special reserve. Starting from the 2017 accounting year, public banks may reverse an amount of the aforementioned special reserve commensurate to employee transition education and training employee termination or arrangement expenditures resulting from the development of financial technology. In accordance with Jin-Guan-Yin-Fa-Zi letter No. 10802714560 of May 15, 2019, the issuing bank may discontinue setting aside the special surplus reserve for the fiscal year of 2019, and may, when the expenses are incurred, reverse the same amount from the special surplus reserve balance already set aside from the preceding year.

(24) Unappropriated earnings

A. In accordance with the Bank's Articles of Incorporation, if there are earnings upon formulating the year-end budget, other than paying all taxes and offsetting cumulative deficits, 30% shall be appropriated as legal reserve and, depending on business needs, a special reserve may be appropriated. The remainder, if any, plus prior year unappropriated earnings, is the amount distributable as bonus. After the Board of Directors' consideration for the Bank's capital adequacy and business development needs, the amount may be distributed upon a resolution by the stockholders' meeting.

Prior to legal reserve exceeding total capital or the proprietary capital to risk-weighted assets ratio exceeding banking regulations, the maximum cash dividends which may be distributed shall be distributed according to the Banking Act of the Republic of China and regulations prescribed by the central regulating authority.

B. Dividend policy for the next three years

The Bank is part of a mature industry and has stable profitability and sound financial structure. Distribution of dividends is mainly in cash; however, for the purpose of improving the Bank's proprietary capital to risk-weighted assets ratio in order to strengthen the Bank's competitiveness, distributions are supported with stock dividends.

C. The appropriation of 2020 and 2019 earnings were resolved by the stockholders at the stockholders' meeting dated June 17, 2021 and June 12, 2020, respectively. Relevant information was as follows:

	2020		2019	
	Earnings distribution	Dividend per share (NT dollar)	Earnings distribution	Dividend per share (NT dollar)
Legal reserve	$ 4,615,385	$ -	$ 5,688,947	$ -
Special reserve	(47,078)	-	(46,647)	-
Cash dividends on common stock	9,000,000	1.0105	13,320,860	1.4956
Stock dividends	1,816,000	0.2039	-	-
	$15,384,307	$ 1.2144	$18,963,160	$ 1.4956

The information related to earnings distribution mentioned above was available on Market Observation Post System of TWSE.

(25) Other equity interest

	Exchange differences on translation of foreign financial statements	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2021	($ 5,831,360)	$ 22,825,000	$ 16,993,640
Financial assets at fair value through other comprehensive income			
- Valuation adjustment	-	(2,511,060)	(2,511,060)
- Change of accumulated impairment	-	(20,903)	(20,903)
- Realised	-	(1,300,015)	(1,300,015)
Exchange difference on the financial statements of foreign entities	(1,282,539)	-	(1,282,539)
Share of the profit or loss of associates accounted for using the equity method	40,396	-	40,396
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	16,664	16,664
Balance, December 31, 2021	($ 7,073,503)	$ 19,009,686	$ 11,936,183

	Exchange differences on translation of foreign financial statements	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2020	($ 2,864,892)	$ 21,521,436	$ 18,656,544
Financial assets at fair value through other comprehensive income			
- Valuation adjustment	-	2,323,244	2,323,244
- Change of accumulated impairment	-	12,383	12,383
- Realised	-	(1,043,924)	(1,043,924)
Exchange difference on the financial statements of foreign entities	(3,110,836)	-	(3,110,836)
Share of the profit or loss of associates accounted for using the equity method	144,368	-	144,368
Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	11,861	11,861
Balance, December 31, 2020	($ 5,831,360)	$ 22,825,000	$ 16,993,640

(26) Net interest revenue

	For the years ended December 31, 2021	For the years ended December 31, 2020
Interest income		
Interest income on discounts and loans	$ 34,268,725	$ 34,852,857
Interest income on securities investment	7,443,113	7,597,582
Interest income due from bank	950,635	1,783,364
Other interest income	456,475	470,245
Subtotal	43,118,948	44,704,048
Interest expense		
Interest expense for deposits	(7,924,839)	(11,745,097)
Interest expense due to central banks and banks	(1,257,506)	(2,720,639)
Interest expense, bank debentures	(689,510)	(587,182)
Other interest expense	(167,599)	(315,242)
Subtotal	(10,039,454)	(15,368,160)
Total	$ 33,079,494	$ 29,335,888

(27) Net service fee revenue

	For the years ended December 31, 2021	For the years ended December 31, 2020
Service fee income		
Trust business and affiliated business	$ 3,100,069	$ 2,994,035
Insurance agency	1,873,469	1,541,600
Foreign exchange	762,214	746,174
Credit extension	1,853,446	1,683,566
Credit card	1,063,607	793,543
Deposits and remittances and other service fee income (Note)	1,335,902	1,295,828
Subtotal	9,988,707	9,054,746
Service fee expense		
Trust business and affiliated business	(301,100)	(308,732)
Insurance agency	(299,277)	(255,653)
Credit card	(714,134)	(472,266)
Deposits and remittances and other service fee expense	(675,268)	(659,460)
Subtotal	(1,989,779)	(1,696,111)
Total	$ 7,998,928	$ 7,358,635

Note：

A. As of December 31, 2021 and 2020, the fee income generated by the Bank and its subsidiaries concurrently in electronic payment business amounted to $653 and $1,026, respectively.

B. Due to the Bank concurrently in electronic payment business, as of December 31, 2021 and 2020 the interest earned from utilizing funds received from users both amounted to $0, based on the calculation required in Article 4 of “Regulations Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions”.

(28) Gain on financial assets or liabilities measured at fair value through profit or loss

	For the years ended December 31, 2021	2020
Gain or loss from disposal of financial assets and financial liabilities at fair value through profit or loss		
Short-term bills	($ 261,336)	($ 228,262)
Bonds	(36,907)	(180,160)
Stocks	(8,581)	35,727
Interest rate	(45,942)	1,314,056
Exchange rate	1,099,394	3,531,155
Options	152,572	122,165
Futures	16,767	15,341
Others	56	-
Subtotal	916,023	4,610,022
Gain or loss from evaluation of financial assets and financial liabilities at fair value through profit or loss		
Short-term bills	1,106	(7,084)
Bonds	(178,153)	151,955
Stocks	1,989	1,417
Interest rate	20,764	(1,427,932)
Exchange rate	(243,573)	(567,324)
Options	13,054	23,350
Futures	(557)	1,436
Others	(4,300)	58,232
Credit risk valuation adjustment	14,161	(22,157)
Subtotal	(375,509)	(1,788,107)
Coupon and dividend income on financial assets at fair value through profit or loss	5,130	11,109
Interest income on financial assets at fair value through profit or loss	1,581,375	1,941,148
Interest expense on financial liabilities at fair value through profit or loss	-	(219,267)
Total	$ 2,127,019	$ 4,554,905

Net income on exchange rate instruments includes realised and unrealised gain and loss on spot and forward exchange contracts, FX options and FX futures.

Interest-linked instruments include interest rate swaps, money market instruments, interest-linked options and other interest related instruments.

(29) Realized gains on financial assets at fair value through other comprehensive income

	For the years ended December 31, 2021	2020
Dividends income	$ 1,435,880	$ 1,090,089
Gain or loss on disposal of bonds	1,163,831	1,043,945
Total	$ 2,599,711	$ 2,134,034

(30) Reversal of impairment loss (impairment losses) on assets

	For the years ended December 31, 2021	For the years ended December 31, 2020
Reversal of impairment losses (impairment losses) on debt instruments at fair value through other comprehensive income	$ 20,157	($ 13,917)
Reversal of impairment losses (impairment losses) of debt instruments amortised at cost	41,477	(18,374)
Reversal of impairment loss on foreclosed assets	12,742	-
Total	$ 74,376	($ 32,291)

(31) Net other revenue other than interest income

	For the years ended December 31, 2021	For the years ended December 31, 2020
Net income and losses from rent	$ 341,162	$ 350,967
Loss on over due account and others	(9,113)	(267,772)
Total	$ 332,049	$ 83,195

(32) Employee benefits expenses

	For the years ended December 31, 2021	For the years ended December 31, 2020
Wages and salaries	$ 12,747,899	$ 11,963,772
Labor and health insurance fees	681,992	639,521
Pension costs	1,291,501	1,223,120
Board of Directors' compensation	19,682	17,913
Other employee benefit	284,813	322,674
Total	$ 15,025,887	$ 14,167,000

A. The calculation for the employee benefit expense is based on the number of employee of 8,542 and 8,461 for the years of 2021 and 2020, respectively. (Pension expenses include preferential interest deposit for retired employees amounted to $642,172 and $548,356 for the years of 2021and 2020, respectively.)

B. According to the Bank's Articles of Incorporation, if the Bank has profits before tax, 1% to 6% of income before tax prior to deductions of employees' compensation shall be provisioned as employees' compensation. However, the Bank's accumulated losses should first be covered.

C. As of December 31, 2021 and 2020, the Bank's and its subsidiaries' estimated employees' compensation were $1,285,555 and $1,206,065, respectively. The aforementioned amounts are accounted for under employee benefits expenses.

After considering earnings, employees' compensation for 2021 and 2020 were estimated on a 1% to 6% basis. Employees' compensation for 2020 as resolved by the Board of Directors in 2021 was $811,218. This was a decrease of $389,729, compared to employees' compensation recorded in consolidated financial statements amounting to $1,200,947 in 2020. The difference in amounts was due to estimation difference. The changes in estimate in 2020 is treated as a change in accounting estimate, where the difference was recognised as profit or loss in 2021.

D. Information about employees' compensation of the Bank as resolved by the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange. In addition, the Bank has not distributed any directors' and supervisors' remuneration.

(33) Depreciation and amortization expense

	For the years ended December 31, 2021	For the years ended December 31, 2020
Depreciation expense	$ 1,547,810	$ 1,518,211
Amortization expense	394,333	312,538
Total	$ 1,942,143	$ 1,830,749

(34) Other general and administrative expense

	For the years ended December 31, 2021	For the years ended December 31, 2020
Taxes and fees	$ 2,104,995	$ 2,067,352
Rental	112,410	88,267
Insurance premium	609,908	645,678
Printing and binding-Advertising	471,848	404,097
Professional service charge	311,309	267,543
Computer software service charge	469,970	521,681
Post and cable	326,168	304,415
Others	1,430,172	1,472,725
Total	$ 5,836,780	$ 5,771,758

(35) Income tax expense

A. Income tax expense

	For the years ended December 31, 2021	For the years ended December 31, 2020
Current tax		
Current tax on profits for the period	$ 3,212,209	$ 3,055,352
Adjustments for under provisions of prior years' income tax expense and others	(61,214)	(30,413)
Total current tax	3,150,995	3,024,939
Deferred tax		
Origination and reversal of temporary differences	238,261	(235,401)
Total deferred tax	238,261	(235,401)
Income tax expense	$ 3,389,256	$ 2,789,538

B. Details of reconciliation between income tax expense and accounting profit

	For the years ended December 31, 2021	For the years ended December 31, 2020
Income tax from pretax income calculated at regulated tax rate	$ 4,391,304	$ 3,864,986
Adjustments for under provisions of prior years' income tax expense and others	(61,214)	(30,413)
Adjusted effects on income tax exemption and other income tax	(940,834)	(1,045,035)
Income tax expense	$ 3,389,256	$ 2,789,538

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

2021	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Allowance for bad debt in excess of tax limits	$ 1,142,156	($ 147,214)	$ -	$ 994,942
Impairment loss of foreclosed assets	12,346	(2,548)	-	9,798
Unappropriated employee benefit liabilities reserve	941,555	(71,900)	(124,164)	745,491
Overseas branches and overseas subsidiary	677,274	(18,097)	1,689	660,866
Others	80,989	23,377	-	104,366
Deferred tax assets, net	$ 2,854,320	($ 216,382)	($ 122,475)	$ 2,515,463
Deferred income tax liabilities:				
Increment tax on land value	$ 5,692,710	$ -	$ -	$ 5,692,710
Unrealised gain on financial asset	432,702	(36,838)	(14,975)	380,889
Others	552,116	58,717	-	610,833
Deferred income tax liabilities, net	$ 6,677,528	$ 21,879	($ 14,975)	$ 6,684,432

2020	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Other	December 31
Deferred tax assets:					
Allowance for bad debt in excess of tax limits	$ 1,284,332	($ 142,176)	$ -	$ -	$ 1,142,156
Impairment loss of foreclosed assets	12,346	-	-	-	12,346
Unappropriated employee benefit liabilities reserve	888,386	(24,498)	77,667	-	941,555
Overseas branches and overseas subsidiary	625,917	51,793	(436)	-	677,274
Others	41,890	39,099	-	-	80,989
Deferred tax assets, net	$ 2,852,871	($ 75,782)	$ 77,231	$ -	$ 2,854,320

	2020				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Other	December 31
Deferred income tax liabilities:					
Increment tax on land value	$ 5,702,797	$ -	$ -	($ 10,087)	$ 5,692,710
Unrealised gain on financial asset	818,772	(373,773)	(12,297)	-	432,702
Others	489,526	62,590	-	-	552,116
Deferred income tax liabilities, net	$ 7,011,095	($ 311,183)	($ 12,297)	($ 10,087)	$ 6,677,528

D. The Bank's filed income tax returns through 2016 have been assessed and approved by the Tax Authority. The Bank disagreed with the assessment of income tax returns through 2015 and availed of administrative remedy by applying for a review of the administrative action with the Tax Authority, which is currently under assessment.

FCBL's filed income tax returns through 2019 have been assessed and approved by the Tax Authority.

(36) Basic and Diluted earnings per share

Basic

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

	For the years ended December 31, 2021	2020
Profit or loss attributable to ordinary shareholders of the Bank (after tax)	$ 17,651,657	$ 15,682,851
Weighted average number of ordinary shares outstanding (in thousand shares)	9,088,000	9,088,000
Basic earnings per share attributable to ordinary shareholders of the Bank (in dollars) (after tax)	1.94	1.73

Note: The share was retrospectively adjusted due to the effect of share dividend appropriation on August 13, 2021 and recalculated the basic earnings per share in 2020. For the years ended December 31, 2021 and 2020, basic earnings per share were equal to diluted earnings per share.

7. Related party transactions

(1) Parent and ultimate controlling company

The Bank is controlled by First Financial Holding Co., Ltd., which holds 100% of the Bank's shareholding, and the Bank's ultimate controlling company is First Financial Holding Co., Ltd.

(2) Details of the related parties

Names of related parties	Relationship with the Bank
Bank of Taiwan Co., Ltd. (Bank of Taiwan)	Substantive related parties
Taiwan Business Bank Co., Ltd (Taiwan Business Bank)	Substantive related parties
East Asia Real Estate Management Co., Ltd. (EAREM)	Investee accounted for under the equity method
The First Education Foundation	Over one third of total fund is donated by the Bank
First Financial Holding Co., Ltd. (FFHC)	Parent company of the Bank
First Securities Co., Ltd. (FS)	Subsidiary of FFHC
First Securities Asia, Ltd (FSA)	Subsidiary of FFHC
First Capital Management Co., Ltd. (FCM)	Subsidiary of FFHC
First Securities Investment Trust Co., Ltd. (FSIT)	Subsidiary of FFHC
First Financial Asset Management Co., Ltd. (FFAM)	Subsidiary of FFHC
First Venture Capital Co., Ltd. (FVC)	Subsidiary of FFHC
First Consulting Co., Ltd. (FFMC)	Subsidiary of FFHC
First Life Insurance Co., Ltd. (FLI)	Subsidiary of FFHC
Mutual funds managed by FSIT	Mutual funds managed by the subsidiary of FFHC
Others	Related parties, Spouses of representatives of the Bank's directors and supervisors, chairman and president, and relatives within second degree of kinship of the Bank's chairman and president

(3) Major balances and transactions with related parties:

A. Call loans to banks

	December 31, 2021		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 20,000,000	$ -	0.080~0.280
Taiwan Business Bank	8,000,000	-	0.090~0.280
		$ -	

	December 31, 2020		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 15,000,000	$ -	0.080~0.320

For the years ended December 31, 2021 and 2020, the interest income on above related parties were $20,024 and $10,011, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

B. Call loans from banks

	December 31, 2021		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 5,000,000	$ -	0.080~0.150
Taiwan Business Bank	3,000,000	-	0.080~0.480
		$ -	

December 31, 2020：None.

For the years ended December 31, 2021 and 2020, the interest expense on above related parties were $266 and $0, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

C. Due from other banks

	December 31, 2021	December 31, 2020
Other related parties		
Bank of Taiwan	$ 620,237	$ 281,440
Taiwan Business Bank	89,517	-
	$ 709,754	$ 281,440

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

(Blank below)

D. Loans

December 31, 2021

Items	Category of related party (Note 1)	Number or name of related party (Note 2)	Maximum balance for current period	Ending balance	Status of performance: Performing loans	Status of performance: Non-performing loans	Collateral	Terms Differences Compared to Non-Related Parties
Consumer loans	Other related parties	42	$ 20,012	$ 15,388	$ 15,388	$ -	None	None
Residential mortgage loans	Other related parties	188	1,216,725	1,126,850	1,126,850	-	Real estate	None
Other loans	Sister company	FFAM	620,000	-	-	-	Real estate	None
Other loans	Sister company	FS	10,000	-	-	-	Other collateral	None
Other loans	Other related parties	15	67,411	14,142	14,142	-	Small and Medium Enterprise Credit Guarantee Fund of Taiwan, Certificates of deposits of the Bank, land	None

December 31, 2020

Items	Category of related party (Note 1)	Number or name of related party (Note 2)	Maximum balance for current period	Ending balance	Status of performance: Performing loans	Status of performance: Non-performing loans	Collateral	Terms Differences Compared to Non-Related Parties
Consumer loans	Other related parties	49	$ 19,151	$ 18,685	$ 18,685	$ -	None	None
Residential mortgage loans	Other related parties	172	1,005,867	963,027	963,027	-	Real estate	None
Other loans	Sister company	FFAM	620,000	320,000	320,000	-	Real estate	None
Other loans	Sister company	FS	3,000	-	-	-	Other collateral	None
Other loans	Other related parties	16	55,140	3,572	3,572	-	Small and Medium Enterprise Credit Guarantee Fund of Taiwan, Certificates of deposits of the Bank, real estate, land	None

For the years ended December 31, 2021 and 2020, the interest income received from the above related parties were $13,185 and $11,033, respectively.
Note 1: None of the ending balances of individual borrowers exceeded 1% of the total ending balance. Hence, the transactions are not listed individually in detail.
Note 2: Account numbers are calculated based on the statistics at the end of the year.

E. Deposits

	December 31, 2021		December 31, 2020	
	Ending balance	Percentage of Deposits(%)	Ending balance	Percentage of Deposits(%)
Parent company				
FFHC	$ 2,102,773	0.07	$ 3,781,292	0.14
Sister company				
FALI	777,170	0.03	927,283	0.03
FS	1,845,975	0.06	1,780,322	0.07
Others	325,535	0.01	323,364	0.01
Other related parties				
Others (Note)	1,645,168	0.06	1,732,351	0.06
Total	$ 6,696,621	0.23	$ 8,544,612	0.31

The interest expense paid to the above related parties for years ended December 31, 2021 and 2020 were $27,923 and $33,104, respectively.

Note: Staff savings accounts of FCB are provided to the above related parties with interest rate of 13% p.a. and limited to a balance of $480. Deposits exceeding $480 is calculated at demand savings deposit rate. Interest rates for others are the same as those offered to other customers.

F. Derivative instrument

December 31, 2021

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (loss) on valuation for current period	Period-end balance: Item	Period-end balance: Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2021/11/18~2022/02/18	$ 724,561	$ 2,886	Valuation adjustment for financial assets mandatorily measured at fair value through profit or loss– currency exchange rate	$ 2,886
Other related parties	Bank of Taiwan	Foreign exchange contracts	2021/03/09~2022/06/23	4,424,800	1,352	Valuation adjustment for financial assets mandatorily measured at fair value through profit or loss– currency exchange rate	1,352
Other related parties	Taiwan Business Bank	Foreign exchange contracts	2021/04/09~2022/10/07	3,871,700	33,819	Valuation adjustment for financial assets mandatorily measured at fair value through profit or loss– currency exchange rate	33,819

December 31, 2020

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (loss) on valuation for current period	Period-end balance: Item	Period-end balance: Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2020/11/16~2021/02/26	$ 1,268,715	$ 16,060	Valuation adjustment for financial assets mandatorily measured at fair value through profit or loss– currency exchange rate	$ 16,060
Other related parties	Bank of Taiwan	Foreign exchange contracts	2020/04/09~2021/12/16	10,818,500	(15,626)	Valuation adjustment for trading liabilities– currency exchange rate	15,626

Note 1: Gain (loss) on valuation for the current period refers to gains or losses resulting from year-end fair value valuation on derivative instruments as of the balance sheet date.

Note 2: Period-end balance is the year-end balance of those accounted as financial asset or liabilities measured at fair value through profit or loss.

G. Current tax assets

	December 31, 2021	December 31, 2020
Parent company		
FFHC (Note)	$ 741,710	$ 741,710

Note: Receivable as a result of consolidated income tax return filing of parent company.

H. Current income tax liabilities

	December 31, 2021	December 31, 2020
Parent company		
FFHC (Note)	$ 1,717,461	$ 1,400,349

Note: Payable as a result of consolidated income tax return filing of parent company.

I. The Bank leases buildings and structures from FFAM for lease periods from September 1, 2015 to August 31, 2025. The rent expense will be paid at the beginning of each year. As of December 31, 2021 and 2020, lease liabilities were $22,372 and $29,610, respectively. For the years ended December 31, 2021 and 2020, interest expenses recognised were $406 and $148, respectively, and right-of-use assets obtained from FFAM were $0 and $37,106, respectively.

J. Handling charges income and other income

	For the years ended December 31,	
	2021	2020
Parent company		
FFHC	$ 30,024	$ 28,213
Sister company		
FS	101,830	84,542
FSIT	81,643	76,157
FALI	682,809	609,991
FCM	1,877	1,856
FFAM	6,064	4,956
Other related parties		
Others	5,947	5,768
Total	$ 910,194	$ 811,483

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

K. Other expenses

	For the years ended December 31,	
	2021	2020
Parent company		
FFHC	$ 2,005	$ 2,244
Sister company		
FFAM	76,214	81,425
FS	102,134	102,462
FALI	5	765
Other related parties		
Others	14,311	12,121
Total	$ 194,669	$ 199,017

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

L. Information on salaries and remunerations to the Bank's directors, supervisors, president, vice-president and others:

	For the years ended December 31, 2021	For the years ended December 31, 2020
Salaries and other short-term employee benefits	$ 108,120	$ 104,593
Post-employment benefits	1,961	3,053
Other long-term employee benefits	201	215
Total	$ 110,282	$ 107,861

8. Pledged assets

Pledged assets provided by the Bank and its subsidiaries as of December 31, 2021 and 2020 were as follows:

Items	December 31, 2021	Purpose of Pledge
Reserve for deposits-account B	$ 50,000,000	Guarantee for project loan.
Financial assets at fair value through other comprehensive income	6,271,178	Guarantees deposited with the court for the provisional seizure, guarantees for trust business reserves, foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank, operating guarantee deposit.
Investments in debt instruments at amortised cost	40,720,206	Foreign branch's guarantee deposited with Federal Reserve Bank and Federal Home Loan Bank, foreign currency settlement overdraft guarantee, Central Bank foreign currency fund lending guarantee.
Refundable deposits	1,686,477	Derivative transaction guarantee deposit, Guarantees deposited with the court for provisional seizure and deposits for the building lease.
	$ 98,677,861	

Items	December 31, 2020	Purpose of Pledge
Reserve for deposits-account B	$ 30,000,000	Guarantee for project loan.
Financial assets at fair value through other comprehensive income	6,517,770	Guarantees deposited with the court for the provisional seizure, guarantees for trust business reserves, foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank, operating guarantee deposit.
Investments in debt instruments at amortised cost	40,686,815	Foreign branch's guarantee deposited with Federal Reserve Bank and Federal Home Loan Bank, foreign currency settlement overdraft guarantee, Central Bank foreign currency fund lending guarantee.
Refundable deposits	5,880,590	Derivative transaction guarantee deposit, Guarantees deposited with the court for provisional seizure and deposits for the building lease.
	$ 83,085,175	

9. Significant contingent liabilities and unrecognised contractual commitments

The Bank has the following commitments as of December 31, 2021 and 2020:

	December 31, 2021	December 31, 2020
Unused loan commitments	$ 207,357,785	$ 183,214,858
Unused credit commitments for credit cards	108,420,670	98,582,265
Unused letters of credit issued	38,330,671	34,611,472
Guarantees	97,955,244	88,592,452
Collections receivable for customers	110,041,842	103,799,382
Collections payable for customers	281,704,869	248,753,849
Guaranteed notes payable	45,786,751	46,674,620
Trust assets	798,000,497	856,900,397
Customers' securities under custody	653,013,651	637,885,521
Book-entry for government bonds under management	192,990,800	203,636,200
Depository for short-term marketable securities under management	178,173,540	164,712,430

10. Significant losses from disasters: None.

11. Significant subsequent events: None.

12. Others:

(1) Fair value and hierarchy information on financial instruments

A. Scope

Fair value is the amount for which an asset could be exchanged or a liability can be settled between knowledgeable, willing parties in an arm's length transaction. Financial instruments are initially recognised by fair value, which is transaction price in most cases. Subsequent recognitions are measured by fair value except that certain financial instruments are recognised by amortised cost. The best evidence of fair value is the quoted market price in an active market. If the market in which financial instruments traded is not active, the Bank then adopts valuation technique or takes reference to Bloomberg, Reuters or the fair value of financial instrument from counterparties.

B. Fair value information of financial instruments

The fair value information of financial instruments measured at fair value is provided in Note 12(1) C and E.

Except for those listed in the table below, the carrying amount of some of the Bank and its subsidiaries' financial instruments (e.g. cash and cash equivalents, due from the central bank and call loans to banks, securities purchased under resell agreements, receivables, discounts and loans, refundable deposits, deposits from the central bank and banks, due to the central bank and banks, notes and bonds issued under repurchase agreement, payables, deposits and remittances, bonds payable, other financial liabilities and guarantee deposits) is approximate to their fair value (Please refer to Note 12 (1) D).

	December 31, 2021			
	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 678,547,362	$ 6,651,443	$ 671,170,446	$ -

	December 31, 2020			
	Carrying value	Fair value		
		Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 657,391,632	$ 7,003,271	$ 651,984,992	$ -

C. Financial instruments measured at fair value

(A) Determination of the fair value

The quoted market price is used as the fair value when the financial instruments have an active market, such as market prices provided by the Stock Exchange Corporation, Bloomberg and Reuters are all foundation of fair value for listed equity securities and debt instruments with a quoted market price in an active market.

If the market quotation from Stock Exchange Corporation, commission merchants, underwriters or pricing service institutions can be frequently obtained on time, and the price represents the actual and frequent transactions at arm's length, then a financial instrument is deemed to have an active market quotation. If the above condition is not met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price or significantly increasing price variance are both indicators of an inactive market.

In addition to above financial instruments with an active market, other financial instruments at fair value are assessed by evaluation technique with reference to other financial instruments at fair value with similar conditions and characteristics in actual practice, cash flow discounting method and other evaluation technique, including market information obtained by exercising the model at balance sheet date (such as yield curve used in OTC and the Taipei Interbank Offered Rate (Taibor) price curve).

When a financial instrument has no Standardised evaluation and with less complexity involved, such as interest rate swap, currency swap and options. The Bank and its subsidiaries usually adopt the valuation generally accepted by market users. The inputs used in these financial instruments valuation usually are observable information in the market.

For financial instruments with higher complexity, the fair value is assessed through the valuation model developed by general valuation methods and techniques generally accepted by competitors. These kinds of valuation models are usually applicable for derivative instruments, debt instruments with no quoted market price (including debt instrument of embedded derivatives) or other debt instruments with low market liquidity.

Certain inputs used in these valuation models are not observable in the market, and the Bank and its subsidiaries need to make appropriate estimates based on the assumptions.

The evaluation of derivatives is based on evaluation models that are widely accepted by market users, such as discount method and option pricing model. Forward exchange contracts are usually evaluated based on the current forward exchange rate. Structured interest rate derivatives are evaluated based on appropriate option pricing models. The output of the evaluation model is always an estimate, and the valuation technique may not reflect all the relevant factors of the financial instruments held by the Bank and its subsidiaries. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk, liquidity risk or credit risk of counterparties. According to the Bank and its subsidiaries valuation model management and other related controlling procedures, the adjustment made is adequate and necessary and the balance sheet is believed to present fairly, in all material aspects, the fair value of financial instruments. The pricing information and input are prudently evaluated in the valuation process, and shall be timely adjusted by market condition.

(B) Valuation methods by financial instruments of the Bank and its subsidiaries are shown by types and nature as follows:

a. NTD Central Government Bond: the latest transaction price announced by Electronic Bond Trading System of GTSM or SEC or the yield rates across different contract lengths bulletined by OTC are used.

b. NTD corporate bonds & bank debentures: fair value of different maturities announced by GTSM is adopted. If the fair value is not available, yield rate curve of the corresponding credit rating provided by GTSM is used to compute the theory price.

c. Securitization instruments: prices quoted from Bloomberg.

d. Convertible corporate bond: closing prices bulletined by the GTSM or the latest closing prices is adopted as valuation standard.

e. NTD short-term bills: valuation is based by TAIBOR curve rate from The Bankers Association of the Republic of China, discounted from future cash flows.

f. Foreign securities: prices quoted from Bloomberg, Reuters and the company's system evaluation, if there is no relevant quotation or evaluation, the counterparties' quotation is adopted.

g. Listed stocks: the closing price listed in TSE or OTC is adopted.

h. Beneficiary certificates: closed-end funds use the closing price in an active market as the fair value and open-ended funds use the net asset value of the funds as the fair value.

i. Bank debentures designated at fair value issued by the Bank: valuation is based by TAIBOR curve rate from The Bankers Association of the Republic of China, discounted from future cash flows.

j. Derivatives:

(a) Call (put) warrant, stock index futures, and stock index futures options: prices quoted from an active market are deemed the fair value.

(b) Forward FX, currency swap, interest rate swap and cross currency swap: discounted future cash flows is adopted.

(c) Options: Black-Scholes model is mainly adopted for valuation.

(d) Certain derivatives use the quoted price from counterparties.

k. Unlisted stock: Equity instruments that are not accounted for using the equity method are valued using the market approach, income approach, or net asset approach. The market approach uses the price-to-earnings ratio or the price-to-book ratio of investments with similar characteristics. The income approach includes the discounted cash flow method. The net asset approach includes the net value method.

(C) Adjustments for credit risks

Adjustments for credit risks are mainly credit valuation adjustments and debit valuation adjustments. Definition is as follows:

a. Credit valuation adjustment (CVA) is an adjustment to the valuation of derivatives which are not transacted through the Stock Exchange Market, that is, over the counter (OTC). CVA reflects the possibility of counterparty default and the Company unable to collect the full market value in fair value.

b. Debit valuation adjustment (DVA) is an adjustment to the valuation of derivatives which are not transacted through the Stock Exchange Market, that is, OTC. DVA reflects the possibility of the Company default and unable to pay the full market value in fair value .

CVA is calculated by applying loss given default (LGD) to exposure at default (EAD), along with the consideration of counterparty's probability of default (PD) (under the condition of the Bank does not default). On the other hand, DVA is calculated by applying the Bank's estimated loss to the risk exposure amount, along with the consideration of the Bank's PD (under the condition of the counterparty does not default).

D. Financial instruments not measured at fair value

The methods and assumption used by financial instruments not measured at fair value of the Bank and its subsidiaries are as follows:

(A) The carrying value of cash and cash equivalents, due from the central bank and call loans to banks, securities purchased under resell agreements, receivables, purchases in remittances, refundable deposits, deposits from the central bank and banks, due to the central bank and banks, notes and bonds issued under repurchase agreement, payables, guarantee deposits and other financial liabilities which have a short maturity period will be considered as their fair value.

(B) Discounts and loans (including overdue receivables and assumed receivables from leasing subsidiary): Considering the nature of the financial industry, the fair value is determined by the market rate (market price). The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for medium-term or long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, carrying value was used to estimate the fair value.

(C) Investments in debt instruments at amortised cost: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offered by the counterparties will be adopted to measure the fair value.

a. NTD Central Government Bond: fair value of bonds of different maturities bulletined by Over-The-Counter (hereinafter OTC).

b. NTD corporate bonds, bank debentures, government bonds and beneficiary bond certificates: future cash flow discounted by the yield curve of OTC is used to measure present valuation.

c. NTD and US short-term bills and NTD beneficiary securities: valuation is based by TAIBOR curve rate from The Bankers Association of the Republic of China, discounted from future cash flows.

(D) Deposits and remittances: Considering the nature of the financial industry, the fair value is determined by the market rate (market price) while the deposit transactions usually mature within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. Fair values of the long-term fixed rate deposits shall be estimated using discounted expected future cash flows. Additionally, as the maturities are less than three years, it is reasonable to use the carrying amount to estimate the fair value.

(E) Bank notes payable: Since the coupon rates of the bank debentures issued by the Bank approximate the market rates, the fair value based on the discounted value of expected future cash flow approximates the carrying value.

E. Hierarchy of fair value estimation of financial instruments

(A) Definition for the hierarchy classification of financial instruments measured at fair value

a. Level 1

Inputs that are quoted prices unadjusted in active markets for identical assets or liabilities. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Bank's and its subsidiaries' investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices is included in Level 1.

b. Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).The fair value of the Bank and its subsidiaries' investment in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative instruments bank debentures issued by the First Group is included in Level 2.

c. Level 3

Inputs for the asset or liability that are not based on observable market data. The fair value of the Bank and its subsidiaries' investment in the derivatives and certain overseas securities invested by the First Group is included in Level 3.

(B) Hierarchy of fair value estimation of financial instrument

Assets and Liabilities	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Short-term notes	$ 91,689,228	$ -	$ 91,689,228	$ -
Stock investments	99,462	99,462	-	-
Bond investments	46,426,411	14,322	46,412,089	-
Others	7,045,336	-	6,616,329	429,007
Financial assets designated as at fair value through profit or loss	14,766,457	-	14,766,457	-
Financial assets at fair value through other comprehensive income				
Stock investments	46,158,063	37,120,228	-	9,037,835
Bond investments	194,036,390	6,467,022	187,569,368	-
Others	5,863,603	707,859	5,155,744	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	4,534,123	96,196	4,437,927	-
Liabilities				
Financial liabilities at fair value through profit or loss	7,493,438	-	7,493,438	-
Total	$ 418,112,511	$ 44,505,089	$ 364,140,580	$ 9,466,842

Assets and Liabilities	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Short-term notes	$ 86,221,061	$ -	$ 86,221,061	$ -
Stock investments	211,003	211,003	-	-
Bond investments	54,217,579	779,783	53,437,796	-
Others	6,370,188	-	5,901,355	468,833
Financial assets designated as at fair value through profit or loss	13,009,161	-	13,009,161	-
Financial assets at fair value through other comprehensive income				
Stock investments	35,216,609	27,263,712	-	7,952,897
Bond investments	230,961,971	6,001,462	224,960,509	-
Others	3,075,379	428,321	2,647,058	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	10,883,968	102,350	10,781,618	-
Liabilities				
Financial liabilities at fair value through profit or loss	20,975,490	-	20,975,490	-
Total	$ 461,142,409	$ 34,786,631	$417,934,048	$ 8,421,730

(C) Movement of financial assets and liabilities at fair value classified as Level 3

a. Movement of financial assets at fair value classified as Level 3

For the year ended December 31, 2021

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognised in gain and loss	Amount recognised in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Non-derivative financial instruments								
Financial assets mandatorily measured at fair value through profit or loss	$ 468,833	($ 7,426)	$ -	$ -	$ -	($ 32,400)	$ -	$ 429,007
Equity instruments measured at fair value through other comprehensive income	7,952,897	-	1,086,968	-	-	(2,030)	-	9,037,835

For the year ended December 31, 2020

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognised in gain and loss	Amount recognised in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Non-derivative financial instruments								
Financial assets mandatorily measured at fair value through profit or loss	$ 202,771	$ 57,262	$ -	$ 225,000	$ -	($ 16,200)	$ -	$ 468,833
Equity instruments measured at fair value through other comprehensive income	8,171,542	-	(222,886)	4,241	-	-	-	7,952,897

b. Movement of financial liabilities at fair value classified as Level 3

For the years ended December 31, 2021 and 2020, the Bank and its subsidiaries did not hold any Level 3 financial liabilities.

(D) Material transfers between Level 1 and Level 2

There were no material transfers of the Bank's and its subsidiaries' held financial instruments between Level 1 and Level 2 for the years ended December 31, 2021 and 2020.

(E) Sensitivity analysis of fair value to reasonable possible alternative assumptions for Level 3 fair value measurements

The fair value measurement that the Bank and its subsidiaries made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in the valuation moves to 10%, the effects on gain and loss in the period or the effects on other comprehensive income are as follows:

December 31, 2021	Change in fair value recognised in profit and loss		Change in fair value recognised in other comprehensive income	
	favorable	unfavorable	favorable	unfavorable
Assets				
Financial assets mandatorily measured at fair value through profit or loss	$ 42,901	($ 42,901)	$ -	$ -
Equity instruments measured at fair value through other comprehensive income	-	-	903,784	(903,784)

December 31, 2020	Change in fair value recognised in profit and loss		Change in fair value recognised in other comprehensive income	
	favorable	unfavorable	favorable	unfavorable
Assets				
Financial assets mandatorily measured at fair value through profit or loss	$ 46,883	($ 46,883)	$ -	$ -
Equity instruments measured at fair value through other comprehensive income	-	-	795,290	(795,290)

Favorable and unfavorable movements of the Bank and its subsidiaries refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the non-observable inputs to different extent.

If the fair value of a financial instrument is affected by more than one input, the above table only illustrates the effect as a result of one single input, and the correlation and variance among multiple inputs are not listed here.

(F) Quantitative information of fair value measurement for significant unobservable inputs (Level 3)

The Bank's and its subsidiaries' Level 3 fair value measurement are mainly financial assets at fair value through other comprehensive income – equity instrument without an active market.

The multiple significant unobservable inputs of equity instrument without an active market are independent from each other, thus, they are not correlative.

Table below summarises quantitative information of significant unobservable inputs:

	Fair value as of December 31, 2021	Valuation technique	Significant unobservable inputs	Range (weighted-average)	Relationship between inputs and fair value
Items measured at fair value on a repetitive basis					
Non-derivative financial assets					
Financial assets mandatorily measured at fair value through profit or loss					
Other	$ 429,007	Asset approach – Net asset value	Discount for marketability	15%	The higher discount for marketability is, the lower the fair value is.
Financial assets at fair value through other comprehensive income					
Equity investment	9,037,835	Market approach – Market comparable companies	Price-to-earnings ratio multiple	8.40~33.16	The higher the multiple is, the higher the fair value is.
			Price-to-book ratio multiple	0.45~3.73	The higher the multiple is, the higher the fair value is.
			Enterprise value to EBITA multiple	2.95~15.50	The higher the multiple is, the higher the fair value is.
			Discount for marketability	30%	The higher discount for marketability is, the lower the fair value is
		Income approach – Discounted cash flow	Revenue growth rate	2%	The higher the revenue growth rate is, the higher the fair value is
			Discount Rate	7.35%	The higher discount rate is, the lower the fair value is
			Discount for marketability	10%	The higher discount for marketability is, the lower the fair value is
		Asset approach – Net asset value	Discount for marketability	15%、30%	The higher discount for marketability is, the lower the fair value is

	Fair value as of December 31, 2020	Valuation technique	Significant unobservable inputs	Range (weighted-average)	Relationship between inputs and fair value
Items measured at fair value on a repetitive basis					
Non-derivative financial assets					
Financial assets mandatorily measured at fair value through profit or loss					
Other	$ 468,833	Asset approach – Net asset value	Discount for marketability	15%	The higher discount for marketability is, the lower the fair value is.
Financial assets at fair value through other comprehensive income					
Equity investment	7,952,897	Market approach – Market comparable companies	Price-to-earnings ratio multiple	9.84~26.59	The higher the multiple is, the higher the fair value is.
			Price-to-book ratio multiple	0.52~3.31	The higher the multiple is, the higher the fair value is.
			Enterprise value to EBITA multiple	0.28~24.14	The higher the multiple is, the higher the fair value is.
			Discount for marketability	30%	The higher discount for marketability is, the lower the fair value is.
		Income approach – Discounted cash flow	Revenue growth rate	2.7%	The higher the revenue growth rate is, the higher the fair value is.
			Discount Rate	6.15%	The higher discount rate is, the lower the fair value is.
			Discount for marketability	10%	The higher discount for marketability is, the lower the fair value is.
		Asset approach – Net asset value	Discount for marketability	15%、30%	The higher discount for marketability is, the lower the fair value is.

(G) Fair value measurement process for instruments classified in Level 3

The Bank and its subsidiaries' financial instruments within Level 3 are primarily equity investments in unlisted stocks.

In accordance with "First Financial Holding's Regulations for Equity Investment Valuation", the Bank's equity instruments without an active market are valued using the market approach, income approach, or asset approach. By using publicly available information, valuation results are close to market conditions, and sources for information are independent, reliable, in agreement with other sources and represent exercisable prices. Inputs, information and other necessary fair value adjustments for the valuation model are updated periodically to ensure that the valuation results are reasonable. Relevant valuation results are recorded after the Bank's internal review and approval.

(2) Management objective and policy for financial risk

A. Scope

The Bank's and its subsidiaries' financial risk management objective incorporates the general operating strategy and financial targets. It considers risk appetite and external regulations along with other elements, through effective risk management policies, including but not limited to risk identification, evaluation, monitoring and reporting, and takes appropriate measures to control business risks and potential financial losses within an endurable range in order to ensure a sound business development for the Bank and its subsidiaries and accomplish the objective of maintaining a reasonable risk and return, to further increase shareholders' value.

The primary risks arising from operations of the Bank and its subsidiaries includes but are not limited to credit risks incident upon on-balance-sheet and off-balance-sheet transactions, market risks, operating risks and liquidity risks. In order to put into effect the risk management culture and strategy, the Bank and its subsidiaries has established a risk management policy, system, process and method. The bank and its subsidiaries abides by relevant regulations and evaluates and adjusts in a timely manner. Through managing risks, prescribing limits on each risk, monitoring and reporting periodically, as well as through the internal control and internal audit mechanisms and monitoring of high level committees, the primary risks are effectively identified, evaluated, monitored, and controlled, in order to abide regulations, accomplish strategic objectives and provide reliable financial reporting information.

The Bank and its subsidiaries' Libor-based derivative and non-derivative instruments will be affected by the interest rate benchmark reform. The Bank and its subsidiaries had made the execution plan of interest rate benchmark reform to reflect the risks of financial and non-financial aspects arising from the interest rate benchmark reform. Contract modification, customer communication, effect assessment of finance and business, amendment of internal control system, changes of systems and procedures, risk management and adjustment of valuation model shall be completed before abandonment of Libor.

As of December 31, 2021, the Bank and its subsidiaries' non-derivative financial instruments which were affected by interest rate benchmark reform and not yet converted to replacement benchmarks are summarised as follows:

	Book value
USD LIBOR-linked financial assets	
Financial assets at fair value through profit or loss	$ 21,984,066
Financial assets at fair value through other comprehensive income	38,327,618
Investments in debt instruments at amortised cost	2,193,871
Loans discounted	136,826,040
Subtotal	199,331,595
GBP LIBOR-linked financial assets	
Loans discounted	6,046,529
JPY LIBOR-linked financial assets	
Loans discounted	965,470

(Continued)

	Book value
EUR LIBOR-linked financial assets	
Loans discounted	$ 287,926
Total	$ 206,631,520

As of December 31, 2021, the Bank and its subsidiaries' derivative financial instruments which were affected by interest rate benchmark reform and not yet converted to replacement benchmarks are summarised as follows:

	Nominal principal
USD LIBOR-linked financial assets	
Interest rate swaps	$ 13,223,736
Cross currency swap contracts	24,391,710
Others	32,024
Total	$ 37,647,470

B. Organization structure for risk management

Bank

The Bank's Board of Directors has the ultimate approval right in risk management. Major management risk items include overall risk management policy, risk tolerance limit, and authority which must be approved by the Board of Directors.

Under the Board of Directors, there is a Risk Management Committee (RMC), which is headed by the Bank's President and comprised of several committee members including Executive Vice President. Besides, Credit Review Division, Credit Analysis Division, Loan Asset Management Division, and Legal Affairs Division are required to participate in the committee. Risk Management Division is a business line under Risk Management Committee. It is responsible for handling of overall affairs for the committee. RMC is responsible for integration of review, supervision, reporting and coordinating interaction between each division for firm-wide risk management. Besides, the committee needs to resolve affairs related to risk management policies, system and procedures, risk tolerance limits and authorities, risk measurement methods, assessment procedures and monitoring system, implementation of risk management and status report on anti-money laundering and countering the financing of terrorism, and then deliver orders to each business segment in accordance with their responsibilities and approval procedures. RMC also submits regular reports about the risk evaluation of the Bank to the Board of Directors and supervisors.

The Auditing department regularly reviews the execution of risk management based on relevant internal control system to ensure the effective operation for risk management and assessment control, which should be reported to the Board of Directors regularly.

The Subsidiary, FCB Leasing

FCB Leasing's Board of Directors has the ultimate approval right in risk management. Major items of risk control include risk management policy, risk tolerance limit, and authority, which shall all be approved by the Board of Directors. FCB Leasing also set up Department of Management I and II to take charge of implementation and management of overall risk management strategies.

C. Credit risk

(A) Source and definition of credit risk

Financial instruments held by the Bank and its subsidiaries may incur losses if counterparties are not able to fulfill their obligations at the maturity date. Credit risk may happen due to items in or off the balance sheet. For items in the balance sheet, credit risk exposure of the Bank and its subsidiaries mainly comprises of bill discounts and loans and credit card business, leases, deposits and call loans from banks, debt instrument and derivatives, etc. Off balance sheet items include finance guarantee, letter of credit, and loan commitment.

(B) Policy for credit risk management

Risk management program and procedures are as follows:

a. Assessing the credit condition of the counterparty before each transaction; referring to information from domestic and foreign credit rating institutions or establishing its own rating system to set up different credit risk limitation and manage it by different category;

b. Avoiding the concentration risk, that is, limiting the amount of financing to or investing in a single customer, single industry, single conglomerate, single stock, or related parties;

c. Monitoring credit risk by industry, counterparty (individual and group) and country through the limits;

d. Setting up loan approval and review procedure for credit extension business as well as specific review policy for complicated credit extension cases;

e. Establishing policy of loan percentage on collateral, collateral appraisal, management and disposal in relation to credit extension;

f. Reporting to the senior management with regard to the summary of credit risk information.

In addition, each foreign operating entity of the Bank and its subsidiaries sets aside the loss reserve and appraises the assets quality, unless otherwise indicated by competent authorities of the domestic countries in which the subsidiaries reside, in conformity with risk management policy of each operating entity.

The Bank and its subsidiaries classify debt instruments and credit assets into 5 categories by referring to internal ratings and external rating institutions. Comparisons between the internal rating and external long-term rating scales are as follows:

No direct correlation between the internal rating of credit assets and external rating of debt investments has been shown in the following table, but merely shows two different rating scales of the same category.

Credit quality category	Internal rating of credit assets	The Debt investments	
		External rating	Taiwan rating
Low risk	Level 1 to level 7	Above level BB	Above level twBBB+
Medium risk	Level 8 to level 9	Level BB- to level B+	twBBB～twBB+
Medium-high risk	Level 10	Level B (including the debt investments of non rating)	twBB～twBB-
High risk	Level 11 to level 12	Level B- to level C	twB+～twCC
Default	Level 13	Level D	

Procedures and methods used in credit risk management for the core businesses of the Bank and its subsidiaries are as follows:

a. Credit business (including accounts receivable of lease business of the lease subsidiaries, loan commitments and guarantees)

Classification for credit assets and internal risk ratings are as follows:

(a)Credit asset classification

Credit assets are classified into five types. Other than normal credit assets shall be classified as Category One, the remaining unsound assets are assessed based on the collateral provided and the time period of overdue payment as follows: Category Two for assets requiring special mention. Category three for assets deemed recoverable. Category Four for assets that are doubtful. Category Five for assets that are not recoverable. In order to manage credit extension, the Bank and its subsidiaries established Operation Guidelines for Credit Extension Assets Risks, Regulations Governing the Setting Aside of Asset Losses Valuation and Non-Performing Loans, Guidelines for Claims Receivables, Standard Procedures for Collection of Overdue receivables as the principles for managing non-performing and overdue payments.

(b)Internal risk rating

In response to the characteristics and scale of business, the Bank and its subsidiaries implement a credit risk internal evaluation module or set up a credit rating table in order to execute risk management.

The Bank and its subsidiaries, mainly by the statistic and professional judgement of expertise and consideration of client information, developed an objective indicator for evaluating client's credit risk. That is the "Borrower's risk rating" of the Bank and its subsidiaries, among which 13 thresholds are set up based on the default possibility, and then divided into 5 sub-categories as follows:

I. Low risk: Level 1 to level 7 have a default rate lower than 2%. Clients in this threshold usually have ability to sustain the payment of interest and principal even under the adverse impact of economic environment, and the default rate is low.

II. Medium risk: Level 8 to level 9 have a default rate ranging around 2-5%. Clients in this threshold usually have potential issues and adverse economic environment could damage the borrower's willingness and capacity to make the payment of interest and principal.

III. Medium-high risk: Level 10 has a default rate ranging around 5-10%. Clients' ability to make the payment of interest and principal are relatively lower and easily affected by the economic fluctuation.

IV. High risk: Level 11 to level 12 have a default rate ranging from 10% and above to less than 100%. Clients' ability the make the payment of interest and principal are extremely weak with a high possibility of default.

V. Default: Level 13 has a default rate of 100%. Definition of default includes interest or principal payments that have been overdue for more than 60 days, overdue or non-performing loans transferred, suspended interest, C Chart, debt negotiation records and others.

The Bank should perform credit rating to the corporations at least once a year and to those who sign a mid-long-term credit contract at least once a year during the contract term. It applies to the collective credit extension similarly. Credit rating mainly processed by credit analysis division and regional center that are independent from operating units and only cases with certain amount and below may be processed by operating units.

Petty loans and mortgage loans are assessed through internal credit rating module, and the rest of retail banking are assessed by experts. Methods used in rating credit for petty loans and mortgage loans are as follows:

I. Credit rating for petty loans:

Expected Loss (EL) is calculated by Possibility of Default (PD) and Loss Given Default (LGD) which are assessed by credit evaluation module of the borrowers. Based on the expected default frequency within the next year, the credit rating results are classified into 3 levels, which are ‘low risk’, ‘medium-high risk’ and ‘high risk’.

II. Credit rating for mortgage loans:

Possibility of default (PD), loss given default (LGD) and exposure at default (EAD) of the borrowers assessed by credit evaluation module are used to calculate the expected loss (EL). The expected loss (EL) together with cost of capital, operation cost, and service fee are integrated into information on cost aspect. In addition, information on income aspect such as interest income and service fee income are assessed based on the credit line and interest rate at the time the borrowers applied for loans to produce ‘expected profit’ (revenue minus cost). Based on the expected default frequency within the next year, the credit rating results are classified into four levels, which are ‘low risk’, ‘medium risk’, ‘medium-high risk’ and ‘high risk’, respectively.

b. Deposits and call loans

The Bank regularly reviews the limit (including limit of call loan) set up for every counterparty in the financial industry. The credit approval unit, with reference to credit risk limit granted based on long-term credit rating of external rating institutions and the business capacity of counterparty, is responsible for individual assessment and implementation.

c. Debt investment and derivatives

The risk management of the Bank’s and its subsidiaries’ debt instruments is based on credit rating of external institutions, credit quality of bonds, condition by geographical location and counterparty risk to identify the credit risk.

The counterparties of the derivative instruments are mostly financial institutions being rated at BB or above, and the credit extension (including the extension of call loan) granted to each financial institution counterparty is regularly reviewed and controlled by the credit granting segment. Those counterparties without credit rating or being rated below BB should apply risk limit to the credit granting segment by case which is then managed and controlled individually. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives as approved by general credit extension procedures to manage credit exposure of counterparties.

(C) Recognition and measurement of expected credit losses

In the assessment of impairment and calculation of expected credit losses, the Bank considers reasonable and supportable information (including forward-looking information) about past events, current conditions and reasonable and supportable forecasts of future economic conditions. The Bank determines at the balance sheet date whether there has been a significant increase in credit risk since initial recognition or whether credit impairment has occurred, and recognises expected credit loss according to which stage the asset belongs: no significant increase in credit risk or low credit risk at balance sheet date (Stage 1), significant increase in credit risk (Stage 2), and credit impaired (Stage 3). 12-month expected credit losses are recognised for assets in Stage 1, and lifetime expected credit losses are recognised for assets in Stage 2 and Stage 3.

The definition of and expected credit losses recognised for each stage are as follows:

	Stage 1	Stage 2	Stage 3
Definition	There has been no significant deterioration of the credit quality of the financial asset since initial recognition, or the financial asset is considered low-risk at the balance sheet date.	There has been significant deterioration of the credit quality of the financial asset since initial recognition, but the asset is not yet credit impaired.	The financial asset is credit impaired at the financial reporting date.
Expected credit losses recognition	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

As a result of the COVID-19 outbreak in the beginning of 2020, certain entities and global economic were impacted, and the quality of the credit assets or the amount of revenue of the Bank might be further affected to some extent. However, the actual impact would be determined based on the subsequent control and the duration of the pandemic as well as the affected degree of economic. The various assumptions and parameters of the impairment model and related assessment methodology have taken the historical, current and future available information into consideration for continuous assessment and adjustment. The Bank and its subsidiaries will continually follow the development of the pandemic, assess and positively resolve the related impact on financial conditions and operating performance of the Bank and its subsidiaries.

(a) Credit business

The Bank considers reasonable and supportable information (including forward-looking information) when determining whether there has been significant increase in credit risk. The main indicators that are taken into account are as follows:

I. The borrower is over 30 days past due.

II. Placed on the warning list of the Bank.

III. Both internal and external credit ratings have deteriorated:

   i. Internal rating: The rating on the rating date has dropped more than 3 scales compared to the rating on the initial recognition date.

   ii. External rating: The external rating agency has lowered the rating by more than 2 scales to a non-investment grade.

IV. Record of bad credit after assessment, including the following circumstances:

   i. Approved the delay of principal payments by borrower while continuing the collection of interest payments due to the deterioration of the financial condition of borrower or concern that loan is not recoverable.

   ii. Terms of the loan agreement have been modified, before being classified as non-performing, so that borrower can pay back principal and interest in installments due to the deterioration of the financial condition of the borrower or concern that loan is not recoverable.

   iii. Borrower makes partial interest payments with the unpaid amount recorded as owed.

   iv. The length of the loan is repeatedly extended.

   v. The debtor is on a “debarred customer” list.

   vi. The pledged collateral of the debtor is compulsorily enforced by another bank.

   vii. The debtor is no longer in business.

   viii. The auditor issues an opinion expressing material uncertainty over the company’s ability to continue as a going concern.

   ix. The Bank reported a returned check issued by debtor.

   x. The credit of the borrower has deteriorated or subsidiaries, affiliates, or parents of the borrower have ceased operations.

   xi. The debtor has other records of bad credit.

If the internal and external credit ratings of a credits asset satisfies the following conditions, it is considered to be “low-risk at the balance sheet date” and assumed to have no significant increase in credit risk.

I. According to internal credit ratings of the Bank, the asset meets the requirements of a “low-risk level” asset, which is estimated to have a default probability less than 2%, and is considered to be “low-risk at the financial reporting date”.

II. External credit ratings: investment grade or above.

The Bank will periodically review and assess the appropriateness of the criteria used to determine where there has been a significant increase in credit risk.

(b) Bond investments

If there is a change in a credit risk indicator that crosses a threshold since initial recognition, it is considered to have significant increase in credit risk. The thresholds for changes in the stage of credit risk indicators are as follows:

I. Bonds are over 30 days past due.

II. The final external credit rating has lowered by 2 scales or more, and the bond is rated as non-investment grade at the reporting date.

III. The cost of the financial asset measured at amortised cost compared to its fair value: The market price of the instrument is not more than 50% of its original investment cost, and the decrease is not the result of changes in market interest rates.

IV. Bond is on the Bank's warning list.

A bond investment of the Bank that is not considered to be in Stage 2 or Stage 3 of credit impairment is considered to have no significant increase in credit risk or an asset with low credit risk (Stage 1).

After the impairment assessment of bond investments the associated sales unit will review and confirm the results of the assessment and report to senior management. Data on impairment parameters should be reviewed periodically and updated if necessary; parameters should be updated at least once every year.

a. Definitions of financial assets in default and credit-impaired financial assets

According to the definition stated in Appendix A of IFRS 9, a financial asset is credit-impaired when one or more events that have occurred and have a significant impact on the expected future cash flows of the financial asset.

(a) Credit business

I. Principal or interest payments over 3 months (90 days) past due, or the bank has begun collection procedures or liquidation of collateral.

II. New payment schedule is negotiated so that loan is not classified as non-performing.

III. Non-performing loans in negotiation according to the rules of the Debt Negotiation Mechanism issued by the Bankers Association in 2006 (including pre-mediation).

IV. Loans that have gone through pre-mediation and have signed agreements in accordance with the Consumer Debt Clearance Act (excluding secured loans where the original terms of the loans are enforced).

V. Cases where the court has initiated reorganization or liquidation proceedings.

VI. Declaration of bankruptcy in court.

VII. Reclassified as overdue receivables.

VIII. Special criterion for credit card products: credit card accounts closed by the issuer.

IX. Debtor's loans from other banking institutions have been recognised as non-performing, and reclassified as non-accrual or written off as uncollectible.

X. Debtor has filed for bankruptcy, reorganization, or other debt clearance proceedings.

XI. Debtor renews, extends the length of, and negotiates new payment terms on the loan in accordance with applicable rules issued by the Bankers Association.

XII. Non-performing loans with negotiated payment installment plan.

XIII. Loans classified as "in default" according to the Bank's internal credit rating model.

(b) Bond or bill investments

A bond or bill investment by the Bank is considered credit impaired if any of the following conditions apply:

I. Principal or interest payments are over 3 months (90 days) past due.

II. The S&P credit rating of the bond is "in default" or the equivalent rating is assigned by another credit rating agency.

III. Court has initiated reorganization or liquidation proceedings.

IV. Declaration of bankruptcy in court.

V. Bond or bill issuer has led for bankruptcy, reorganization, or other debt clearance proceedings.

b. Write-off policy

If any of the following conditions apply, the Bank writes off its non-performing and non-accrual loans as uncollectible, after deducted the estimated recoverable amount:

(a) The loan cannot be fully or partially recovered due to the dissolution of, disappearance of, settlement with, or declaration of bankruptcy by the debtor.

(b) The collateral and assets of the primary and secondary debtors cannot be used to recover the loan due to low appraisal value, liquidity preference, or high administrative costs associated with seizure and liquidation.

(c) The collateral and assets of the primary and secondary debtors could not be auctioned off after multiple attempts, and their assumption would bring no financial benefit for the Bank.

(d) The non-performing and non-accrual loans are two years past due, and could not be recovered from collection procedures.

c. Measurement of expected credit losses

Expected credit losses (ECL) are calculated from the following three parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

(a) Credit business

I. Probability of default (PD)

For the estimation of the PD of domestic credit assets, PD parameters categorization is based on the product type and internal credit ratings, and the estimation of one-year PD and multi-year PD are conducted separately.

i. One-year PD: Calculate the actual one-year PD from historical data and use it to estimate the one-year PD parameter.

ii. Multi-year PD: The multi-year PD is estimated using a Markov Chain with a transition matrix constructed from historical one-year credit ratings, assuming the credit rating transition probability remains constant in each period. Applying the multi-year PD to each loan requires to consider the corresponding lifetime. The lifetime of the loan is estimated based on the length of the remaining contract.

II. Loss given default (LGD)

Loans are grouped according to type (corporate or consumer) and the presence of collateral, and the LGD of each group is calculated based on historical recovery experience.

III. Exposure at default (EAD)

i. On balance sheet-Loans and loan receivables: calculated from credit balance.

ii. Off balance sheet-Loan commitments and financial guarantees: off balance sheet figures multiplied by the credit conversion factor (CCF). The credit conversion factor is estimated according to the rules described in the "Calculation Method of Equity Capital and Risky Assets and Accompanying Forms-Credit Risk Standard Rules" and the Bank's and its subsidiaries' internal historical information on actual drawn down amount.

(b) Bond or bill investments

I. PD calculated based on external credit ratings, incorporating forward-looking information.

II. LGD: Average LGD published by external credit rating agencies.

III. EAD:

i. Stage 1 and stage 3: Total carrying amount (including interest receivable).

ii. Stage 2: The cash flow is determined by the bond issuance agreement in lifetime.

Total carrying amount is the amortised cost of the financial asset before any adjustment to the loss allowance.

d. Consideration of forward-looking information

(a) Credit business

The Bank incorporates forward-looking information when determining whether there has been a significant increase in credit risk since initial recognition and measuring expected credit loss.

I. Pertaining to significant increase in credit risk

i. The Bank's credit approval process includes evaluation of forward-looking information such as business potential, financial condition, industry outlook, loan collateral, and ability to repay.

ii. Identify customers with potential risk through the Bank' s early warning system.

II. Pertaining to measuring expected credit loss

Reflected in the adjustment of model parameters including PD and LGD. Historical data is used to identify the important economic factors that affect the credit risk and expected credit loss of each asset portfolio, including the economic growth rate, inflation, unemployment rate, and real estate prices.

Subsequent predictions of the important economic factors are made, including the best estimates for the economy in the coming year. In addition to the basic economic scenario, the Bank also evaluates other possible economic scenarios and relevant information that is weighted accordingly.

By nature, the predicted values and estimated probabilities are highly uncertain, and the actual results may be very different from the predictions. However, the Bank believes the predictions provide the best estimates of the most probable outcomes.

(b) Bond or bill investments

The forward-looking estimate of PD incorporates changes in the business cycle, which can be measured based on economic growth rates. The overall process of the point-in-time (PIT) framework begins with constructing country-specific models, then the PD derived from the country-specific models are linked to GDP growth factor of each nation through regression modeling. The regression models are then adjusted using correction factors in order to obtain the PD rate for each credit rating level and the term structure of conditional default rate.

(D) Credit risk hedging and mitigation policy

a. Collateral

The Bank and its subsidiaries adopt a series of policies and measures to mitigate credit risks in relation to credit business, and one of the most common methods is requesting the borrower for the collateral. The Bank sets up the scope of collateral that can be recovered and the appraisal, as well as the management and disposing procedures to ensure the credit right. On the other hand, the loan security, terms of collateral, conditions to writing-off are addressed in the credit extending contract. The reduced facility, shortened repayment period or whether or not a loan is deemed matured are all well defined to mitigate credit risk in case that the credit event does incur.

b. <u>Credit risk limit and risk concentration control</u>

The Bank complies with the Banking Act in relation to the provision of business credit to the same individual, the same related parties, or the same affiliated companies as well as residential architecture, corporate architecture. In order to effectively control credit risk concentration, the Bank sets up risk assumption limit by rating, industry types, groups, countries and listed securities based on risk management strategy, change in market environment, business complexity, and report to senior management regularly. Assessment and modification shall be performed to various credit risk assumption limit based on overall economic cycle, finance environment and business development strategy regularly (at least once a year) or irregularly.

c. <u>Net settlement with gross agreement</u>

The transactions of the Bank and its subsidiaries are usually carried out by gross settlement. Despite that, net settlement is signed in a form of agreement with some trading counterparties, and is executed when a default occurs and all transactions are terminated in order to further mitigate credit risk.

d. <u>Other credit enhancements</u>

Primarily refers to guarantees by a third-person or credit providing institutions.

(E) Maximum credit risk exposure and concentration of the Bank and its subsidiaries

<u>Maximum credit risk exposure</u>

The maximum risk exposure of assets in the consolidated balance sheet, without consideration of the collateral or other credit enhancements, is equivalent to the carrying amount. The maximum credit risk exposure relating to accounts off the balance sheet (without consideration of collaterals or the maximum exposure of other credit enhancements) are the unused loan commitments, unused credit commitments for credit cards, unused letters of credit and other guaranteed commitments. As of December 31, 2021 and 2020, please see Note 9 for details.

The management of the Bank and its subsidiaries believes that through a series of stringent evaluation procedures and follow-up reviews afterwards, credit risk exposure off the balance sheet of the Bank and its subsidiaries can be minimized and continuously controlled.

The total carrying amount of discounts and loans - The Bank’ s and First Commercial Bank (USA) largest credit risk exposure as follows:

December 31, 2021	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Total
Level of risk					
Low risk	$ 1,781,465,257	$ 28,159,868	$ -	$ -	$ 1,809,625,125
Medium risk	170,931,381	29,174,013	-	-	200,105,394
Medium-high risk	8,314,631	11,709,450	-	-	20,024,081
High risk	303,234	20,146,091	633,427	-	21,082,752
Default	-	-	10,157,146	-	10,157,146
Gross carrying amount of financial assets	1,961,014,503	89,189,422	10,790,573	-	2,060,994,498
Allowance for bad debts (total impairment recognised under IFRS 9)	(5,891,817)	(2,139,652)	(1,570,123)	-	(9,601,592)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(15,624,355)	(15,624,355)
Net	$ 1,955,122,686	$ 87,049,770	$ 9,220,450	($ 15,624,355)	$ 2,035,768,551

(Blank below)

December 31, 2020	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Total
Level of risk					
Low risk	$ 1,652,410,144	$ 23,904,077	$ -	$ -	$ 1,676,314,221
Medium risk	170,359,256	27,175,005	-	-	197,534,261
Medium-high risk	8,905,985	12,860,764	-	-	21,766,749
High risk	578,134	22,986,482	1,801,888	-	25,366,504
Default	-	-	8,613,207	-	8,613,207
Gross carrying amount of financial assets	1,832,253,519	86,926,328	10,415,095	-	1,929,594,942
Allowance for bad debts (total impairment recognised under IFRS 9)	(5,951,571)	(2,669,039)	(1,858,423)	-	(10,479,033)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(13,452,082)	(13,452,082)
Net	$ 1,826,301,948	$ 84,257,289	$ 8,556,672	($ 13,452,082)	$ 1,905,663,827

Credit risk concentration of the credit assets in the balance sheet

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics making the effects on their abilities of fulfilling the contractual obligation due to economy or other forces similar.

The credit risks of the Bank and its subsidiaries concentrate on accounts in and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either products or services), or through trans-type exposure portfolio, including loans, placements and call loan from the banks, securities investment, receivables and derivatives. The nature that the debtor engages in could be a sign of credit risk concentration. The credit business of bank and its subsidiaries is one of the core businesses; however, the Bank does not significantly carry out transactions with single client or single counterparty, nor does any of total trading volume to a single client or a single counterparty account for more than 5% the balance of discounts and loans and overdue receivable. The credit risk concentration of the bills discounted, overdue receivables and lease business of the Bank and its subsidiaries by industry, location and collateral are shown as follows:

Discounts and loans and overdue receivable of the Bank and its subsidiaries by industry are shown as follows:

	December 31, 2021		December 31, 2020	
Industry	Amount	%	Amount	%
Private enterprises	$ 1,055,949,193	51.23	$ 955,153,517	49.50
Private individual	724,787,106	35.17	674,358,279	34.95
Overseas and others	259,497,375	12.59	259,918,511	13.47
Government institutions	11,648,907	0.56	35,179,219	1.82
State-owned enterprises	5,496,791	0.27	1,478,068	0.08
Non-profit organizations	3,630,034	0.18	3,535,768	0.18
Total	$ 2,061,009,406	100.00	$ 1,929,623,362	100.00

Discounts and loans and overdue receivable of the Bank and its subsidiaries by location (Note) are shown as follows:

	December 31, 2021		December 31, 2020	
Geographical location	Amount	%	Amount	%
Asia	$ 1,930,143,531	93.65	$ 1,801,027,266	93.34
North America	73,995,575	3.59	69,942,086	3.62
Oceania	42,902,773	2.08	42,163,974	2.19
Europe	13,967,527	0.68	16,490,036	0.85
Total	$ 2,061,009,406	100.00	$ 1,929,623,362	100.00

Note: the above geographical location is made on the basis of the branch of debtor.

Discounts and loans and overdue receivable of the Bank and its subsidiaries by collateral are shown as follows:

	December 31, 2021		December 31, 2020	
Collateral type	Amount	%	Amount	%
Unsecured loans	$ 468,792,289	22.74	$ 424,470,292	22.00
Secured loans				
-Real estate	1,108,799,958	53.80	1,048,676,360	54.35
-Guarantee	163,586,156	7.94	134,756,398	6.98
-Financial collateral	53,621,061	2.60	47,120,642	2.44
-Other collateral	14,221,475	0.69	22,317,019	1.16
Overseas and others	251,988,467	12.23	252,282,651	13.07
Total	$ 2,061,009,406	100.00	$ 1,929,623,362	100.00

The affected financials from collateral, net settled master netting arrangements and other credit enhancement for the Bank and its subsidiaries assets exposed to credit risk are as follows :

Expressed: In thousands of New Taiwan Dollars

December 31, 2021	Collateral	Net settled master netting arrangements	Other credit enhancement	Total
On balance sheet items				
Financial assets measured at fair value through profit or loss				
Debt instruments	$ -	$ -	$ 16,722,999	$ 16,722,999
Derivative instruments	880,120	2,740,653	-	3,620,773
Receivables				
Credit card business	11,113	-	-	11,113
Others	3,255,953	-	276,961	3,532,914
Discounts and loans	1,342,129,213	-	170,554,682	1,512,683,895
Financial assets at fair value through other comprehensive income				
Bond investment	-	-	13,785,207	13,785,207
Others	-	-	-	-
Investments in debt instruments at amortised cost				
Bond investment	-	-	32,344,649	32,344,649
Other financial assets				
Others	301	-	-	301
Off-balance sheet items				
Irrevocable loan commitments	5,606,189	-	294,479	5,900,668
Unused letters of credit issued	4,912,673	-	3,437,877	8,350,550
All types of guarantees	15,762,212	-	7,150,048	22,912,260
Total	$ 1,372,557,774	$ 2,740,653	$ 244,566,902	$ 1,619,865,329

Expressed: In thousands of New Taiwan Dollars

December 31, 2020	Collateral	Net settled master netting arrangements	Other credit enhancement	Total
On balance sheet items				
Financial assets measured at fair value through profit or loss				
Debt instruments	$ -	$ -	$ 15,678,826	$ 15,678,826
Derivative instruments	1,598,628	6,404,015	-	8,002,643
Receivables				
Credit card business	3,762	-	-	3,762
Others	3,781,114	-	302,276	4,083,390
Discounts and loans	1,277,672,377	-	141,708,325	1,419,380,702
Financial assets at fair value through other comprehensive income				
Bond investment	-	-	18,519,573	18,519,573
Investments in debt instruments at amortised cost				
Bond investment	-	-	19,416,723	19,416,723
Other financial assets				
Others	438	-	-	438
Off-balance sheet items				
Irrevocable loan commitments	6,447,606	-	296,622	6,744,228
Unused letters of credit issued	4,039,080	-	1,727,743	5,766,823
All types of guarantees	10,434,317	-	7,221,030	17,655,347
Total	$ 1,303,977,322	$ 6,404,015	$ 204,871,118	$ 1,515,252,455

Note 1:“Collateral” refers to fixed and non-fixed asset liens, as well as non-fixed asset or equity pledges and guarantees; Collateral for credit assets refer to the lower of appraisal value and maximum exposure.

Note 2: Details of improvement to net settlement master netting arrangements and other credits are provided in Note 12(2) C.(d).

The Bank and subsidiaries closely monitor the value of collateral of financial instruments, taking into account credit-impaired financial assets for which impairment should be recognised. Information on credit-impaired financial assets and the value of collateral that can offset potential losses was as follows:

December 31, 2021	Gross carrying amount	Total impairment recognised under IFRS 9	Total risk exposure (amortised cost)	Fair value of collateral
Impaired financial assets				
On balance sheet items				
Receivables				
Credit card business	$ 166,781	$ 74,320	$ 92,461	$ 100
Discounts and loans	10,790,573	1,570,123	9,220,450	6,684,012
Off-balance sheet items				
Irrevocable loan commitments	1,170	472	698	-
All types of guarantees	1,291	18	1,273	-
Total	$ 10,959,815	$ 1,644,933	$ 9,314,882	$ 6,684,112

December 31, 2020	Gross carrying amount	Total impairment recognised under IFRS 9	Total risk exposure (amortised cost)	Fair value of collateral
Impaired financial assets				
On balance sheet items				
Receivables				
Credit card business	$ 165,268	$ 75,617	$ 89,651	$ 100
Others	13,367	10,908	2,459	-
Discounts and loans	10,415,095	1,858,423	8,556,672	5,602,217
Off-balance sheet items				
Irrevocable loan commitments	1,171	469	702	-
Unused letters of credit issued	131	1	130	-
All types of guarantees	16,346	596	15,750	-
Total	$ 10,611,378	$ 1,946,014	$ 8,665,364	$ 5,602,317

As of December 31, 2021 and 2020, the Bank's written-off financial assets that are still under recourse procedures amounted to $4,926,933 and $5,944,327, respectively.

(F) The changes in the Bank’s and its subsidiaries’ allowance for bad debt, accumulative impairment and provision for financial assets are as follows:

a. Credit business

(a) For the years ended December 31, 2021 and 2020, the reconciliation of the balance of allowance for uncollectible accounts from expected credit losses was as follows:

I. Discounts and loans

For the year ended December 31, 2021	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 5,951,571	$ 2,669,039	$ 1,858,423	$ 10,479,033	$ 13,452,082	$ 23,931,115
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	54,010	(53,995)	(15)	-	-	-
-Transferred to lifetime expected credit losses	(842,768)	844,007	(1,239)	-	-	-
-Transferred to credit-impaired financial asset	(300,010)	(265,269)	565,279	-	-	-
-Additional provision and reversal	674,141	(581,898)	(22,537)	69,706	-	69,706
Originated or purchased	3,050,715	332,097	(19,987)	3,362,825	-	3,362,825
Derecognised	(2,657,844)	(559,835)	(182,406)	(3,400,085)	-	(3,400,085)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	2,172,273	2,172,273
Write-off of uncollectible amount	(1,267)	(226,591)	(622,755)	(850,613)	-	(850,613)
Foreign exchange and other changes	(36,731)	(17,903)	(4,640)	(59,274)	-	(59,274)
Balance at the end of the period	$ 5,891,817	$ 2,139,652	$ 1,570,123	$ 9,601,592	$ 15,624,355	$ 25,225,947

For the year ended December 31, 2020	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 5,745,044	$ 2,462,077	$ 3,674,044	$ 11,881,165	$ 10,717,360	$ 22,598,525
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	97,367	(97,286)	(81)	-	-	-
-Transferred to lifetime expected credit losses	(1,010,274)	1,018,418	(8,144)	-	-	-
-Transferred to credit-impaired financial asset	(262,405)	(381,841)	644,246	-	-	-
-Additional provision and reversal	887,015	(393,174)	(544,768)	(50,927)	-	(50,927)
Originated or purchased	3,176,236	612,276	386,876	4,175,388	-	4,175,388
Derecognised	(2,630,222)	(357,450)	(177,085)	(3,164,757)	-	(3,164,757)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	2,734,722	2,734,722
Write-off of uncollectible amount	(6,453)	(166,611)	(2,093,966)	(2,267,030)	-	(2,267,030)
Foreign exchange and other changes	(44,737)	(27,370)	(22,699)	(94,806)	-	(94,806)
Balance at the end of the period	$ 5,951,571	$ 2,669,039	$ 1,858,423	$ 10,479,033	$ 13,452,082	$ 23,931,115

II. Receivables

For the year ended December 31, 2021	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 57,988	$ 139,759	$ 209,303	$ 407,050	$ 90,840	$ 497,890
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	534	(530)	(4)	-	-	-
-Transferred to lifetime expected credit losses	(5,137)	5,178	(41)	-	-	-
-Transferred to credit-impaired financial asset	(8,580)	(12,334)	20,914	-	-	-
-Additional provision and reversal	10,290	7,442	(12,146)	5,586	-	5,586
Originated or purchased	98,814	9,739	80,960	189,513	-	189,513
Derecognised	(46,751)	(12,478)	(19,314)	(78,543)	-	(78,543)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	139,321	139,321
Write-off of uncollectible amount	(73)	(83,162)	(11,130)	(94,365)	-	(94,365)
Foreign exchange and other changes	(106)	1,351	(13)	1,232	-	1,232
Balance at the end of the period	$ 106,979	$ 54,965	$ 268,529	$ 430,473	$ 230,161	$ 660,634

For the year ended December 31, 2020	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 63,995	$ 257,693	$ 211,403	$ 533,091	$ 77,291	$ 610,382
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	1,302	(1,297)	(5)	-	-	-
-Transferred to lifetime expected credit losses	(4,352)	4,397	(45)	-	-	-
-Transferred to credit-impaired financial asset	(6,778)	(13,814)	20,592	-	-	-
-Additional provision and reversal	7,872	12,295	(18,701)	1,466	-	1,466
Originated or purchased	48,631	4,368	31,473	84,472	-	84,472
Derecognised	(52,347)	(121,267)	(11,901)	(185,515)	-	(185,515)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	13,549	13,549
Write-off of uncollectible amount	(177)	(665)	(23,354)	(24,196)	-	(24,196)
Foreign exchange and other changes	(158)	(1,951)	(159)	(2,268)	-	(2,268)
Balance at the end of the period	$ 57,988	$ 139,759	$ 209,303	$ 407,050	$ 90,840	$ 497,890

III. Provision for loan commitments, provision for guarantee liabilities, and other provisions

For the year ended December 31, 2021	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 535,211	$ 35,994	$ 2,235	$ 573,440	$ 756,070	$ 1,329,510
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	1,632	(1,631)	(1)	-	-	-
-Transferred to lifetime expected credit losses	(17,936)	17,938	(2)	-	-	-
-Transferred to credit-impaired financial asset	(308)	(217)	525	-	-	-
-Additional provision and reversal	(29,044)	140	(573)	(29,477)	-	(29,477)
Originated or purchased	414,812	37,545	127	452,484	-	452,484
Derecognised	(327,583)	(11,570)	(1,584)	(340,737)	-	(340,737)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	391,086	391,086
Write-off of uncollectible amount	(16)	-	-	(16)	-	(16)
Foreign exchange and other changes	(430)	(68)	-	(498)	-	(498)
Balance at the end of the period	$ 576,338	$ 78,131	$ 727	$ 655,196	$ 1,147,156	$ 1,802,352

For the year ended December 31, 2020	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 544,924	$ 55,558	$ 3,238	$ 603,720	$ 632,315	$ 1,236,035
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	1,195	(1,194)	(1)	-	-	-
-Transferred to lifetime expected credit losses	(6,521)	6,523	(2)	-	-	-
-Transferred to credit-impaired financial asset	(1,553)	(213)	1,766	-	-	-
-Additional provision and reversal	(10,338)	(23,288)	(437)	(34,063)	-	(34,063)
Originated or purchased	380,169	9,989	168	390,326	-	390,326
Derecognised	(355,714)	(9,281)	(2,349)	(367,344)	-	(367,344)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	123,755	123,755
Write-off of uncollectible amount	-	(2,086)	(148)	(2,234)	-	(2,234)
Foreign exchange and other changes	(16,951)	(14)	-	(16,965)	-	(16,965)
Balance at the end of the period	$ 535,211	$ 35,994	$ 2,235	$ 573,440	$ 756,070	$ 1,329,510

(b) Material changes to the total carrying amount for the years ended December 31, 2021 and 2020.

Material changes to the total carrying amount of allowance for uncollectible accounts for discounts and loans are described as follows:

The Board of Directors approved the write-off of uncollectible accounts for discounts and loans in the amounts of $4,310,140 and $6,085,976 for the years ended December 31, 2021 and 2020, respectively.

Changes to the gross amount of discounts and loans is as follows:

For the year ended December 31, 2021	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total
Balance at the beginning of the period	$ 1,832,253,519	$ 86,926,328	$ 10,415,095	$ 1,929,594,942
Changes from financial instruments recognised at the beginning of the period:				
-Transferred to 12-month expected credit losses	16,925,081	(16,889,551)	(35,530)	-
-Transferred to lifetime expected credit losses	(35,950,626)	36,010,323	(59,697)	-
-Transferred to credit-impaired financial asset	(1,700,560)	(2,725,100)	4,425,660	-
-Additional provision and reversal	(74,184,490)	(4,001,592)	(524,123)	(78,710,205)
Originated or purchased	925,211,009	23,980,438	479,401	949,670,848
Derecognised discounts and loans	(695,514,403)	(31,804,610)	(1,461,018)	(728,780,031)
Write-off of uncollectible amount	(254,859)	(1,607,572)	(2,447,709)	(4,310,140)
Foreign exchange and other changes	(5,770,168)	(699,242)	(1,506)	(6,470,916)
Balance at the end of the period	$ 1,961,014,503	$ 89,189,422	$ 10,790,573	$ 2,060,994,498

For the year ended December 31, 2020	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total
Balance at the beginning of the period	$ 1,691,984,335	$ 82,527,834	$ 12,741,897	$ 1,787,254,066
Changes from financial instruments recognised at the beginning of the period:				
-Transferred to 12-month expected credit losses	20,725,106	(20,675,048)	(50,058)	-
-Transferred to lifetime expected credit losses	(28,465,595)	28,604,368	(138,773)	-
-Transferred to credit-impaired financial asset	(2,604,712)	(2,058,864)	4,663,576	-
-Additional provision and reversal	(57,409,505)	(4,514,649)	(646,569)	(62,570,723)
Originated or purchased	873,580,417	27,792,871	318,698	901,691,986
Derecognised discounts and loans	(656,446,546)	(23,096,113)	(2,226,428)	(681,769,087)
Write-off of uncollectible amount	(1,019,348)	(983,264)	(4,083,364)	(6,085,976)
Foreign exchange and other changes	(8,090,633)	(670,807)	(163,884)	(8,925,324)
Balance at the end of the period	$ 1,832,253,519	$ 86,926,328	$ 10,415,095	$ 1,929,594,942

(c) The simplification of expected credit losses of loans, accounts receivable, contract assets and lease receivables

The Bank and FCBL included loans and accounts receivable in the impairment assessment, and the results were as follows:

For the year ended December 31, 2021	Overdue day of Loans and receivables					
	Not overdue	Overdue for 1–90 days	Overdue for 91-180 days	Overdue for 181-360 days	Overdue for more than 361 days	
Percentage of expected credit losses	1%	3%	10%	50%	100%	Total
Gross amount	$ 4,837,251	$ 10,878	$ 42,700	$ 18,238	$ 27,604	$ 4,936,671
Amount of expected credit losses	(89,627)	(326)	(4,270)	(9,119)	(27,604)	(130,946)
Net value of loans and receivables	$ 4,747,624	$ 10,552	$ 38,430	$ 9,119	$ -	$ 4,805,725

For the year ended December 31, 2020	Overdue day of Loans and receivables					
	Not overdue	Overdue for 1–90 days	Overdue for 91-180 days	Overdue for 181-360 days	Overdue for more than 361 days	
Percentage of expected credit losses	1%	3%	10%	50%	100%	Total
Gross amount	$ 5,171,739	$ 7,942	$ 22,624	$ 25,419	$ 27,947	$ 5,255,671
Amount of expected credit losses	(71,536)	(238)	(2,262)	(12,710)	(27,947)	(114,693)
Net value of loans and receivables	$ 5,100,203	$ 7,704	$ 20,362	$ 12,709	$ -	$ 5,140,978

b. Debt instruments

(a) The reconciliation of the balance of the cumulative impairment for the years ended December 31, 2021 and 2020 were as follows:

I. Financial assets at fair value through other comprehensive Income

For the year ended December 31, 2021	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Other equity
Balance at the beginning of the period	$ 79,413	$ -	$ -	$ 79,413	$ 79,413
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	(8,207)	-	-	(8,207)	(8,207)
Originated or purchased	21,615	-	-	21,615	21,615
Derecognised	(29,849)	-	-	(29,849)	(29,849)
Foreign exchange and other changes	(4,462)	-	-	(4,462)	(4,462)
Balance at the end of the period	$ 58,510	$ -	$ -	$ 58,510	$ 58,510

For the year ended December 31, 2020	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Other equity
Balance at the beginning of the period	$ 67,030	$ -	$ -	$ 67,030	$ 67,030
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	10,098	-	-	10,098	10,098
Originated or purchased	15,713	-	-	15,713	15,713
Derecognised	(12,085)	-	-	(12,085)	(12,085)
Foreign exchange and other changes	(1,343)	-	-	(1,343)	(1,343)
Balance at the end of the period	$ 79,413	$ -	$ -	$ 79,413	$ 79,413

II. Investments in debt instruments carried at amortised cost

For the year ended December 31, 2021	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Accumulated impairment
Balance at the beginning of the period	$ 60,655	$ -	$ -	$ 60,655	$ 60,655
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	(15,591)	-	-	(15,591)	(15,591)
Originated or purchased	11,132	-	-	11,132	11,132
Derecognised	(36,856)	-	-	(36,856)	(36,856)
Foreign exchange and other changes	(519)	-	-	(519)	(519)
Balance at the end of the period	$ 18,821	$ -	$ -	$ 18,821	$ 18,821

For the year ended December 31, 2020	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Accumulated impairment
Balance at the beginning of the period	$ 42,526	$ -	$ -	$ 42,526	$ 42,526
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	(447)	-	-	(447)	(447)
Originated or purchased	52,404	-	-	52,404	52,404
Derecognised	(33,718)	-	-	(33,718)	(33,718)
Foreign exchange and other changes	(110)	-	-	(110)	(110)
Balance at the end of the period	$ 60,655	$ -	$ -	$ 60,655	$ 60,655

(b) There have been no material changes to the cumulative impairment of debt instruments for the years ended December 31, 2021 and 2020.

(G) Policy for assumed collateral management

The collaterals assumed by the Bank and its subsidiaries as of December 31, 2021 and 2020 are of the nature of land and property and the carrying amounts were both $0.

The assumed collateral shall be disposed once it is disposable and the proceeds of disposal shall be used to offset the remaining unpaid loan. Collaterals are classified under other assets in the consolidated balance sheet.

(Blank below)

(H)Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Asset quality

Date & year			December 31, 2021				
Business / Items			Non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for bad debts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		$ 2,776,321	$ 748,704,682	0.37%	$ 8,694,336	313.16%
	Unsecured loans		625,417	698,503,598	0.09%	8,000,582	1279.24%
Consumer Banking	Residential mortgage loans (Note 4)		534,984	523,439,761	0.10%	7,533,989	1408.26%
	Cash cards		-	246	-	23	-
	Micro credit loans (Note 5)		7,344	12,305,045	0.06%	136,039	1852.38%
	Others (Note 6)	Secured	88,489	62,133,657	0.14%	649,048	733.48%
		Unsecured	-	25,512	-	278	-
Gross loans business			4,032,555	2,045,112,501	0.20%	25,014,295	620.31%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for bad debts	Coverage ratio
Credit card services			4,581	8,359,579	0.05%	98,625	2152.91%
Without recourse factoring (Note 7)			-	7,372,788	-	74,036	-
Date & year			December 31, 2020				
Business / Items			Non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for bad debts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		$ 2,555,515	$ 695,564,577	0.37%	$ 8,213,899	321.42%
	Unsecured loans		1,081,354	663,264,737	0.16%	7,584,634	701.40%
Consumer Banking	Residential mortgage loans (Note 4)		757,275	496,520,916	0.15%	7,292,698	963.02%
	Cash cards		-	393	-	67	-
	Micro credit loans (Note 5)		1,857	7,313,770	0.03%	85,233	4589.82%
	Others (Note 6)	Secured	103,675	51,611,497	0.20%	550,971	531.44%
		Unsecured	-	26,895	-	358	-
Gross loans business			4,499,676	1,914,302,785	0.24%	23,727,860	527.32%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for bad debts	Coverage ratio
Credit card services			2,409	7,482,076	0.03%	102,111	4238.73%
Without recourse factoring (Note 7)			-	4,544,543	-	45,472	-

Note:

1. The amount recognised as non-performing loans is in compliance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. The amount included in overdue accounts for credit cards is in compliance with the Jin-Guan-Yin (4) Letter No. 0944000378 dated July 6, 2005.

2. Non-performing loan ratio=non-performing loans/gross loans. Non-performing loan ratio of credit cards ＝Non-performing loans of credit cards /balance of accounts receivable.

3. Coverage ratio for allowance for bad debts of loans=allowance for bad debts of loans/non-performing loans. Coverage ratio for allowance for bad debts of accounts receivable of credit cards＝allowance for bad debts for accounts receivable of credit cards/ Non-performing loan of credit cards.

4. For residential mortgage loans, the borrower provides his/her (or spouse’s or minor child’s) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to own house.

5. Small amount of credit loans applies to the norms of the Jin-Guan-Yin (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

6. Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loans, cash card services and small amount of credit loans, and excluding credit card services.

7. Pursuant to the Jin-Guan-Yin-Wai Letter No. 09850003180 dated August 24, 2009 amount of without recourse factoring will be recognised as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

b. Non-performing loans and overdue receivables exempted from reporting to the competent authority

	December 31, 2021	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note 1)	$ 191	$ 5,967
Perform in accordance with debt liquidation program and restructuring program (Note 2)	2,556	137,233
Total	$ 2,747	$ 143,200

	December 31, 2020	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note 1)	$ 263	$ 8,114
Perform in accordance with debt liquidation program and restructuring program (Note 2)	28,472	137,682
Total	$ 28,735	$ 145,796

Note:

1. The Bank disclosed the total amount of non-performing loans and overdue receivables exempted from reporting to the competent authority as debt negotiation in accordance with the Jin-Guan-Yin (1) Letter No. 09510001270 of the FSC dated April 25, 2006.

2. The supplementary disclosure about credit reporting and information disclosure is pursuant to provisions relating to cases such as preliminary negotiation, preliminary conciliation, restructuring and liquidation led by banks under the "Customer Debt Clearance Act", as regulated in Jin-Guan-Yin-(I)-Zi Letter No. 09700318940 on September 15, 2008 and Jin-Guan-Yin-Fa Letter No. 10500134790 on September 20, 2016.

c. Profile of concentration of credit risk and credit extensions of the Bank

December 31, 2021			
Ranking (Note 1)	Type of industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount/FCB net worth of the current year (%)
1	Group A–Other Holding Companies	$ 28,815,982	12.89%
2	Group B–Real Estate Development	19,529,972	8.74%
3	Group C–Retail sale of Other Integrated	13,531,644	6.05%
4	Group D–Real Estate	12,521,854	5.60%
5	Group E–Iron and Steel Rolls over Extends and Crowding	12,163,727	5.44%
6	Group F–Electronic Components Manufacturing	8,827,230	3.95%
7	Group G–Cardboard Manufacturing	8,529,391	3.82%
8	Group H–Real Estate Development	8,525,406	3.81%
9	Group I–Department Store	8,472,235	3.79%
10	Group J–Manufacture of Integrated Circuits	8,397,122	3.76%

December 31, 2020			
Ranking (Note 1)	Type of industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount/FCB net worth of the current year (%)
1	Group A–Marine Freight Forwarder	$ 17,369,182	7.92%
2	Group B–Other Holding Companies	16,999,043	7.75%
3	Group C–Real Estate Development	13,015,452	5.93%
4	Group D–Iron and Steel Rolls over Extends and Crowding	11,579,873	5.28%
5	Group E–Unclassified Financial Services	10,241,077	4.67%
6	Group F–Cardboard Manufacturing	8,884,881	4.05%
7	Group G–Iron and Steel Rolls over Extends and Crowding	8,878,815	4.05%
8	Group H–Hand-crafted Fiber Spinning	8,818,926	4.02%
9	Group I–Real Estate Development	8,422,777	3.84%
10	Group J–Real Estate Development	8,322,498	3.79%

Note:

1. Ranking the top 10 enterprise groups other than government and government enterprise according to their total outstanding loan amount.

2. Definition of enterprise group is based on the Article 6 of Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.

3. Total outstanding loan amount is the sum of balances of all types of loans (including import negotiation, export negotiation, bills discounted, overdraft, short-term unsecured loan, short-term secured loan, margin loans receivable, medium-term unsecured loan, medium-term secured loan, long-term unsecured loan, long-term secured loan and overdue loan), purchases in remittances, without recourse factoring, acceptance receivable and guarantees.

D. Liquidity risk

(A) Definition and resource of liquidity risk

The liquidity risk of the Bank and its subsidiaries refer to a financial loss when assets are not convertible or not enough financing aid can be obtained to inject fund for the financial liabilities soon to be matured. For instance, the client terminates the deposit contract in advance, or financing channel of call loan becomes difficult due to market influence, or deterioration on the credit default rate giving rise to unusual fund collection, difficulty in converting the financial instrument and interest sensitive insurer exercise the right to terminate contract in advance. Above events may mitigate the cash inflows from loan origination, transactions and investing activities from the lease subsidiaries.

Liquidity risk exists in the Bank's operation, which may be given rise by specific event of various industries or overall market movement, such as liquidation protocol of deposit or call loan payment, source of loan or time required for asset liquidation are affected by various industries or certain overall market events, including but not limited to insufficient depth of market, market disorder, low liquidity on funds, credit event, merging or acquisition activities, systematic impact and natural disasters.

Working capital of FCBL is sufficient, therefore there is no liquidity risk regarding inability to raise fund for meeting contractual obligations.

(B) Procedures and evaluation method used for liquidity risk management

In order to prevent liquid risk that gives rise to operating risk, crisis reaction procedures have been set up in relation to liquidity risk and fund liquidity gap shall be monitored on a regular basis.

Management procedure and evaluation method for the liquidity risk of the Bank and its subsidiaries are as follows:

<u>Procedure</u>

In consideration of the operating demand, the sources of fund need to be diverse and stable. The use of fund should avoid high concentration, and the liquid assets held should take precedence of highly liquid earning assets of high quality.

In accordance with the "Management policy of assets and liabilities" and "Management principle of liquidity and interest risk", risk management division is the investigation unit for liquidity risk indicator. Finance division is the execution unit for fund transferring. Also, attention needs to be paid on the movement of market condition and day-to-day capital liquidity to ensure appropriate liquidity and long-term profitability. Unless otherwise indicated by offshore branches, sufficient liquidity shall be maintained in accordance with the local competent authorities.

Risk management division sets up liquid position or indicator limit by the duration and implements after obtaining the approval from assets and liabilities management committee and Board of Directors. Each liquidity risk monitoring indicator are assessed and appraised regularly in the meeting of assets and liabilities management committee.

Risk management division is responsible for reporting the liquidity risk and other monitoring result regulary to the asset and liability management committee, risk management committee and Board of Directors.

Evaluation method

The content of the liquidity risk report mainly used to estimate cash flow from various business line and the effects on fund transferring so that early warning area and target goal can be set up for cash gap and relevant indicator in order to control both under the tolerable risk limit.

Risk Management Division regularly makes "Analysis table for cash flow gap" and "Adjustment table for cash flow gap" to ensure that the cash flow gap is within the granted limit and reports to the management in relation to fund liquidity matters. Given that the limit has been reached or an obvious deteriorated indicator shown internally or externally, immediate escalation should be made to the assets and liabilities management committee for further response action and report to the Board of Directors. Given the liquidity risk, action shall be taken in accordance with "Contingent plan for liquidity risk".

(C) Duration analysis for the financial assets and liabilities held for liquidity risk management are as follows:

a. Financial assets held for the management of liquidity risk

The Bank and its subsidiaries hold cash and highly liquid, high quality interest generating assets to support payment obligations and potential emergency fund demands in the market. Assets hold for the management of liquidity risk include: cash and cash equivalents, due from the central bank and call loans to banks, financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investments in debt instruments at amortised cost, securities purchased under resell agreements, receivables and discounts and loans etc.

b. Duration analysis for the financial assets and liabilities held for liquidity risk management

The following table illustrates the cash inflow and outflow of financial assets and liabilities of the Bank and its subsidiaries held for liquidity risk management based on the remaining maturity from the balance sheet date to the contract expiration date. While the amounts disclosed in the table are not discounted by contract cash flow, certain accounts may differ from the responding accounts in the balance sheet.

December 31, 2021	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	Over 1 year	Total
1.Primary capital inflow upon maturity						
Non-derivative financial instruments						
Cash and due from other banks	$ 88,102,845	$ 9,263,765	$ 4,888,753	$ 9,287,137	$ 46,337,137	$ 157,879,637
Call loans and overdrafts	141,727,800	45,519,779	15,628,609	1,904,539	-	204,780,727
Securities investment	484,947,035	35,702,902	40,560,755	146,298,926	381,176,894	1,088,686,512
Discounts and loans	201,223,673	224,468,579	206,236,398	201,980,848	1,227,207,556	2,061,117,054
Other capital inflow upon maturity	66,133,020	6,453,665	3,138,390	2,251,505	4,046,459	82,023,039
Derivative financial instruments	890,713	701,378	1,313,155	656,816	972,061	4,534,123
Total	983,025,086	322,110,068	271,766,060	362,379,771	1,659,740,107	3,599,021,092
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	166,342,583	55,770,195	7,630,307	25,210,903	-	254,953,988
Demand deposits	79,314,840	82,049,788	74,075,719	123,969,799	1,582,454,008	1,941,864,154
Time deposits	171,982,531	234,980,050	223,852,654	350,631,359	34,873,042	1,016,319,636
Bank notes payable	-	650,000	-	6,800,000	40,350,000	47,800,000
Lease liabilities	54,706	115,510	153,047	329,726	1,647,004	2,299,993
Other capital outflow upon maturity	69,395,707	12,772,882	7,055,649	3,005,747	44,432,701	136,662,686
Derivative financial instruments	1,552,683	2,528,347	1,057,357	1,175,745	1,179,306	7,493,438
Total	488,643,050	388,866,772	313,824,733	511,123,279	1,704,936,061	3,407,393,895
3.Gap upon maturity	$ 494,382,036	($ 66,756,704)	($ 42,058,673)	($ 148,743,508)	($ 45,195,954)	$ 191,627,197

December 31, 2020	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	Over 1 year	Total
1.Primary capital inflow upon maturity						
Non-derivative financial instruments						
Cash and due from other banks	$ 83,203,880	$ 9,180,140	$ 5,223,030	$ 9,936,587	$ 40,645,429	$ 148,189,066
Call loans and overdrafts	83,904,589	38,471,836	6,986,736	3,035,272	-	132,398,433
Securities investment	477,434,731	64,577,777	38,630,428	160,610,041	349,433,604	1,090,686,581
Discounts and loans	176,174,586	197,951,863	205,817,278	209,659,463	1,140,093,641	1,929,696,831
Other capital inflow upon maturity	82,536,183	6,947,382	3,191,442	2,330,559	8,645,021	103,650,587
Derivative financial instruments	2,401,925	3,843,069	2,080,232	1,505,638	1,053,104	10,883,968
Total	905,655,894	320,972,067	261,929,146	387,077,560	1,539,870,799	3,415,505,466
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	163,781,996	96,495,659	6,733,412	7,437,894	-	274,448,961
Demand deposits	75,571,355	91,691,784	83,784,728	119,764,409	1,349,791,624	1,720,603,900
Time deposits	175,867,463	240,318,739	211,075,532	333,232,072	29,454,090	989,947,896
Bank notes payable	-	1,650,000	500,000	-	36,800,000	38,950,000
Lease liabilities	64,369	114,798	155,703	330,128	1,924,175	2,589,173
Other capital outflow upon maturity	91,516,924	21,010,033	9,364,168	2,996,854	45,991,034	170,879,013
Derivative financial instruments	7,196,794	4,779,139	2,863,828	4,889,380	1,246,349	20,975,490
Total	513,998,901	456,060,152	314,477,371	468,650,737	1,465,207,272	3,218,394,433
3.Gap upon maturity	$ 391,656,993	($ 135,088,085)	($ 52,548,225)	($ 81,573,177)	$ 74,663,527	$ 197,111,033

Note: Derivative financial instruments and financial liabilities are disclosed at present value.

Maturity analysis for above demand deposits are amortised to each period based on historical experience of banking subsidiary. Given that all the demand deposits have to be paid in the shortest period, as of December 31, 2021 and 2020, the payment on period of 0-30 days will be increased by $1,862,549,314 and $1,645,032,545, respectively.

(D)Maturity analysis for items off the balance sheet

The loans, loan commitment and letters of credit include unused loan commitments and unused letters of credit issued. Financial guarantee contract refers that the Bank and its subsidiaries represent a guarantor or the issuer of the guaranteed letter of credit.

Please refer to the below table for maturity analysis for items off the balance sheet of the Bank and its subsidiaries:

Financial instruments contracts	December 31, 2021		
	Within one year	More than one year	Total
Unused loan commitments (Note)	$ 12,940,022	$ 194,417,763	$ 207,357,785
Unused credit commitments for credit cards	108,420,670	-	108,420,670
Unused letters of credit issued	37,377,034	953,637	38,330,671
Guarantees	33,761,117	64,194,127	97,955,244
Total	$ 192,498,843	$ 259,565,527	$ 452,064,370

Financial instruments contracts	December 31, 2020		
	Within one year	More than one year	Total
Unused loan commitments (Note)	$ 12,902,815	$ 170,312,043	$ 183,214,858
Unused credit commitments for credit cards	98,582,265	-	98,582,265
Unused letters of credit issued	34,160,760	450,712	34,611,472
Guarantees	42,280,977	46,311,475	88,592,452
Total	$ 187,926,817	$ 217,074,230	$ 405,001,047

Note: Above unused loan commitments are irrevocable loan commitment.

(E)Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Structure analysis of NTD time to maturity of the Bank

Expressed In Thousands of New Taiwan Dollars

	December 31, 2021						
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$3,080,742,041	$ 363,486,281	$ 471,478,131	$ 281,648,586	$ 317,442,980	$ 357,147,402	$1,289,538,661
Primary capital outflow upon maturity	(4,013,614,619)	(154,938,036)	(250,989,387)	(654,774,175)	(588,586,935)	(710,469,867)	(1,653,856,219)
Gap	($ 932,872,578)	$ 208,548,245	$ 220,488,744	($ 373,125,589)	($ 271,143,955)	($ 353,322,465)	($ 364,317,558)

	December 31, 2020						
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 3,037,748,040	$ 400,720,561	$ 410,761,416	$ 332,469,218	$ 290,749,817	$ 394,141,071	$1,208,905,957
Primary capital outflow upon maturity	(3,878,258,458)	(177,165,400)	(324,063,414)	(578,373,436)	(554,875,898)	(728,167,924)	(1,515,612,386)
Gap	($ 840,510,418)	$ 223,555,161	$ 86,698,002	($ 245,904,218)	($ 264,126,081)	($ 334,026,853)	($ 306,706,429)

b. Structure analysis of USD time to maturity of the Bank

Expressed In Thousands of US Dollars

	December 31, 2021					
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 48,614,781	$ 13,657,784	$ 13,949,108	$ 6,370,174	$ 5,561,420	$ 9,076,295
Primary capital outflow upon maturity	(53,292,164)	(13,425,162)	(9,376,244)	(10,319,808)	(10,387,049)	(9,783,901)
Gap	($ 4,677,383)	$ 232,622	$ 4,572,864	($ 3,949,634)	($ 4,825,629)	($ 707,606)

December 31, 2020

	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 45,595,687	$ 15,209,640	$ 10,181,817	$ 5,188,923	$ 7,497,323	$ 7,517,984
Primary capital outflow upon maturity	(50,559,450)	(14,281,225)	(11,497,087)	(8,060,395)	(8,090,080)	(8,630,663)
Gap	($ 4,963,763)	$ 928,415	($ 1,315,270)	($ 2,871,472)	($ 592,757)	($ 1,112,679)

E. Market risk

(A) Market risk definition

Market risk occurs when the market price fluctuates leading to movement in fair value of financial instrument held by the Bank and its subsidiaries in or off the balance sheet or the future cash flow. The risk factors that could give rise to market price movement usually include interest rate, exchange rate, equity securities and instrument price. Any movement in above risk factors could result in risk of fluctuation on net profit or value of investment portfolio held by the Bank and its subsidiaries.

The market risks that the Bank and First Commercial Bank (USA) faces mainly are equity securities, interest rate and exchange rate risk. Market risk position of equity securities mainly include domestic listed stocks, domestic stock index options and stock index futures and call and put warrants, etc. Positions with interest rate risk mainly include: bonds and interest-derivative instruments, such as fixed and floating interest swap and bond option, etc. Positions with exchange rate risk mainly include: the consolidated positions invested by the subsidiaries, indirect subsidiaries of the Bank and its subsidiaries, such as various derivatives denominated in foreign currency, credit-linked bonds, US government bonds, and other foreign bonds, etc.

(B) Goal of market risk management

The Bank and First Commercial Bank (USA) conduct various market risk management policies, standards, key points and the regulations from competent authorities and the Bank to comply.

The Bank sets up “Management policy for market risk”, “Management standards for market risk”, “Management standards for liquidity and interest rate risk” and “Management guidelines for market risk” and others in an attempt to effectively regulate market risk and ensure that the market risk is under the Bank and the First Commercial Bank (USA)’s bearable capacity.

The Bank divided market risk management into trading book and banking book. Interest rate risk management in relation to trading book and banking book is provided in Note 12(2)E(F), (G) and (H). ‘Trading book’ refers to :

a. positions held with an intention to earn profit from interest rate movement or price variance between the purchase price and selling price,

b. positions held for hedging purpose, and

c. interest rate related instruments positions and equity securities positions held for brokerage or proprietary trading on which regular market value assessment and capital provision against market risk shall be made. Financial instrument positions not classified as trading book are classified into the scope of ‘banking book’.

(C) Policy and procedure for market risk management

In order to identify, evaluate, control and monitor market risks that the Bank and its subsidiaries faces and strengthen managing mechanism for market risks, management policies and procedures have been set up to effectively manage market risk and ensure that market risk is controlled under a bearable capacity.

Policy

The Board of the bank is the highest command and supervisory unit in charge of the granting of risk management policy, major risk bearing limit and relevant authorization. The Risk Management Committee under the Board of Directors executes various risk management implementations as resolved and granted by the Board and performs risk supervision. In addition, risk management division set up independent from the business unit is responsible for establishing market risk management structure for the market risk management.

Procedures

The risk management division of the Bank assesses various risk indicators regularly as required by the policies and monitors various risk indicators to be within the limits authorised by the Board of Directors. Any excess over the limits and the usage level of risk limits are summarised and reported to the Board of Directors, risk management committee, president, executive vice president and other related segments.

Business unit, before the engagement in new transaction or developing new market, should identify and evaluate risk in compliance with related procedures. The evaluation module before adoption should be verified through module testing technicians in order to effectively identify various market risks. For financial instruments that cannot be assessed by market price or module evaluation, the risks should be transferred by back-to-back method to avoid that the Bank may assume uncertain market risk.

(D) Management procedure for market risk

The Bank's management procedure for market risk of interest rate risk, exchange risk and equity securities are as follows:

a. Identification and evaluation

Risk identification: When there is any new product, market or currency of a financial instrument, market risk factors and market risk source should first be identified before the underwriting is permitted.

Risk evaluation: Establish appropriate risk indicators and prescribe risk limits for management. The significant risk indicators of the subsidiaries include, but are not limited to positions, gains and losses, and sensitivity measures (PV01, Delta, Vega, and Gamma). The evaluation of investment portfolios are affected by interest risk, exchange rate risk and equity securities.

b. Monitor and report

For financial instrument evaluated by the market price, the information of independent source should be assessed at least once a day. For those evaluated by modules, the assumption and input used in the evaluation module as provided by the market data of Reuters and Bloomberg, after the module experience is tested and granted, the calculation on evaluation and sensitivity may be carried on, which is used to control the risk incurred through investment portfolio.

The Bank establishes risk reporting programs and procedures. The risk management division should regularly present the daily report, monthly report and other risk management report to the Board of Directors and senior management based on the needs of segment heads, president, chairperson or the Board of Directors to report interest risk, exchange risk and equity securities exposure, including gain and loss, trading position, various risk indicators, risk limit usage, all limit excess or fault and so on, and regularly follow-up and send out warning reminder to ensure corrective action has been taken in a timely manner and in compliance with regulations.

(E) Risk evaluation method (market risk evaluation technique)

In order to effectively evaluate the market risks, the Bank establishes appropriate risk indicators and measurement instruments based on each investment portfolio and business characteristics of trading book and banking book. Meanwhile, by setting up risk limits and controlling mechanism, risk limit control is regularly reported to each responsible segment and reported to the Board of Directors. Above risk indicators include: positions, gains and losses, sensitivity indexes (PV01, Delta, Gamma, Vega), stress losses and others.

Definitions of various indicators:

PV01: It is the relative change in the value of interest rate instrument when the interest rate moves by 1 basis point (1bp = 0.01%).

Delta: When the price of underlying asset moves by 1 unit that leads to related movement in Delta ratio of the derivative, by which is multiplied the nominal amount to measure to Delta position.

Vega: It is the relative change in the value of derivative instrument when the value of underlying asset moves by 100 basis point.

Gamma: It is the relative change in Delta when the underlying asset value moves by 1 unit.

Interest rate-sensitive instruments are the relative change in the amount of PV01 that incurred to the interest rate instrument when interest rate moves by 1 basis point.

Exchange rate-sensitive instruments are the relative change in the amount of Delta that incurred to the exchange rate instrument when exchange rate moves by 1% of the unit.

Stress loss: Provided that all other conditions remain constant, it is the effects from ±150bp interest rate movement, ±15% overall market movement of equity securities, ±5% exchange rate fluctuation on New Taiwan Dollars versus major currencies and other currencies.

(F) Policy and procedures of trading book risk management

Trading book includes financial instruments held for trading or financial instruments and physical commodity positions held for hedging purposes against trading book positions. Positions of financial instruments held for trading refers to positions held for a short-term period with the intention of selling or with the intention of profiting or fixing arbitrage profits from actual or expected short-term price fluctuations. For example, proprietary positions, agency positions (such as transaction match-making brokerage) or positions generated through market making transaction, or positions held to offset all or the majority of risks of asset or portfolio positions on the trading book. Positions not included in the above trading book positions are banking book position.

The Bank establishes specific policies and procedures for their trading strategy of trading book position in order to manage the potential market risk of trading positions and control the risk within limits.

a. Strategy

In order to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by sale units, market risk limit of the trading book is set at the level of "investment portfolio" to carry out various assessments and controls. In addition, risk limits of each portfolio are set up according to the trading strategy, types of trading instruments and annual profit objective for better management.

b. Policy and procedure of risk management

In principle, management policy is carried out based on annually revised risk limits of each investment portfolio.

c. Evaluation policy and procedure

Generally, financial instruments are assessed through Mark-to-Market, however, Mark-to-Model may be adopted if there is no fair value in the market. Nonetheless, the model should be independently verified before adoption and relevant guideline model management needs to be set up and implemented accordingly.

Evaluation procedure: The risk management unit confirms that the risk evaluation is consistent with the position information posted on the evaluation system at day-end and the market data adopted. In addition, the risk management unit monitors daily evaluation and risk limit and regularly report risk quota usage and limit exceeding event.

d. Evaluation method

The Bank executes stress testing on ±150bps interest rate movement, ±15% equity securities movement, ±5% exchange rate fluctuation on a monthly basis and reports to the risk management committee regularly.

(G) Interest risk management for trading book

Risk management on the interest rate of trading book for the Bank is as follows:

a. Interest risk definition

Interest risk occurs when there is an adverse movement of interest rate resulting in change in fair value of trading book position held.

b. Management objective

The management objective of interest risk lies in effective identification, evaluation, controlling and monitoring of interest rate to enhance managing mechanism of market risk.

c. Management policy and procedure

In principle, annual risk limits are controlled based on investment portfolio of trading book with interest rate revised annually.

d. Evaluation method

Evaluation is calculated based on the risk-sensitive index verified by system calculation. In addition, stress testing is performed based on +/-150bps annual interest rate movement and reported to the risk management committee regularly.

(H) Risk management for banking book interest

Interest risk is the risk that a bank suffers from an adverse movement of interest rate or financial condition of the Bank. Interest movement might change the Bank's net interest revenue and other interest-sensitive incomes which further affects the Bank's earnings. Meanwhile, interest movement could also affect positions in and off the Bank's balance sheet.

The banking book risk management of the Bank is as follows:

a. Strategy

The objective of interest rate management is to improve banks' adaptability so that the earnings and economic value in the balance sheet can be assessed and managed through avoiding the impact from interest rate movement.

b. Policy and procedure of risk management

According to "Management policy of asset and liability" and "Management guideline for liquidity and interest risk" of the Bank, risk management division is the monitoring unit that is responsible for interest risk index, analysis and monitoring interest-sensitive position, and regular reporting the monitoring result of interest risk to the asset and liability management committee, risk management committee and Board of Directors.

If various interest risk indexes and stress testing results fall in the warning threshold, risk management division should issue warning notice to the asset and liability management committee. However, if interest risk index exceed the planned threshold, it should be reported to the asset and liability management committee for discussing the responding measures, which is followed by relevant business unit and reported to the Board of Directors.

c. Evaluation method

The interest rate risk of the Bank is mainly the repricing gap risk resulting from the difference between maturities and repricing date of banking book assets and liabilities and off balance sheet accounts. In order to stabilize long-term profit and business development at the same time, Risk Management Division sets up various monitoring indicators for interest rate of most common period and executes stress testing, and calculates the effects on net interest revenue and equity economic value within one year based on the circumstances of "Banking Book Interest Rate Risk Standard"(IRRBB) and the program in public version both issued by competent authority. Every interest rate risk indicator and stress testing result should be reported to management for review.

(I) Risk management for foreign exchange

a. Definition of foreign exchange risk

Foreign exchange risk occurs when the net foreign position held fluctuates with the currency exchange rate giving rise to an exchange gain or loss. The foreigner exchange risks of financial instruments held by the Bank and its subsidiaries mainly include foreign investment position, spot exchange and forward contract, FX option and other derivative or non-derivative instruments. Major currencies involving foreign exchange risks include: USD, EUR, JPY, HKD, AUD, CAD, RMB, etc.

b. Objective

The objective of foreign exchange lies in effective identification, evaluation, controlling and monitoring foreign exchange risk of the Bank and enhancement of management mechanism for market risk.

c. Management policy and procedure

Management policy for market risk is adjusted based on the annual risk limit revised by foreign exchange trading investment portfolio annually.

d. Evaluation method

Through risk sensitive indicators calculated by the validated system as a benchmark, the Bank regularly carries out testing and reports the results to the risk management committee given that the major currency and other currency movement are provided at +/-5%.

(J) Risk management for equity securities

a. Definition of equity securities risk

The market risk of the equity securities held by the Bank includes the individual risk resulting from market price movement of each equity securities and general market risk resulting from overall market price movement.

b. Risk management objective

The objective for equity risk management lies in effective identification, evaluation, risk controlling and monitoring for the equity securities of the Bank and its subsidiaries and enhancement of managing mechanism for market risk.

c. Management policy

Management policy for market risk is adjusted based on the annual risk limit revised by stock trading investment portfolio annually.

d. Evaluation method

The Bank executes stress testing on +/-15% weighted average index of Taiwan stock movement on a monthly basis and reports to the risk management committee regularly.

(K) Market risk assessment techniques

Vale at Risk (VaR)

The VaR model is utilised to measure the maximum potential loss, caused by changes in market risk factors, for investment portfolios under a specific time frame and confidence level. For transaction positions, the Bank utilise the VaR model as an instrument to control market risk. Currently, the Bank's standard of measuring market risk is electing the historical simulation method to estimate VaR and setting the maximum potential loss under a 99% confidence interval. The VaR of the Bank continually undertakes back testing in order to assess the accuracy of the model. The Board of Directors of the Bank resets the limit for the VaR every year, which is controlled daily by the Bank's risk management department.

Expressed in Thousands of New Taiwan Dollars

	December 31, 2021		
	Average	Maximum	Minimum
Foreign exchange VaR	$ 46,672	$ 106,950	$ 16,732
Interest VaR	31,342	49,623	23,100
Equity securities VaR	7,250	16,159	1,607
Total VaR	$ 85,264	$ 172,732	$ 41,439

Expressed in Thousands of New Taiwan Dollars

	December 31, 2020		
	Average	Maximum	Minimum
Foreign exchange VaR	$ 45,744	$ 89,732	$ 16,527
Interest VaR	22,990	33,564	9,129
Equity securities VaR	8,855	28,248	993
Total VaR	$ 77,589	$ 151,544	$ 26,649

(L) Foreign exchange risk gap

As of December 31, 2021 and 2020, the following table summarises financial instruments of foreign denominated assets and liabilities by currency of which the foreign exchange exposure is presented by the carrying amount:

Expressed In Thousands of New Taiwan Dollars

	December 31, 2021	
	USD	RMB
Foreign dominated financial assets		
Cash and cash equivalents	$ 14,350,585	$ 4,580,010
Due from the central bank and call loans to other banks	124,766,460	38,482,465
Financial assets at fair value through profit or loss	38,717,194	4,511,548
Financial assets at fair value through other comprehensive income	46,908,200	9,920,074
Discounts and loans	260,469,086	20,699,046
Receivables	27,371,213	911,791
Investments in debt instruments at amortised cost	53,287,508	25,914,946
Other financial assets	2,497	1,736,400
Subtotal- foreign dominated financial assets	$ 565,872,743	$ 106,756,280
Foreign dominated financial liabilities		
Due to central bank and others	$ 123,962,477	$ 5,539,191
Deposits and remittances	747,505,007	52,678,889
Financial liabilities at fair value through profit or loss	454,502	7,063
Other financial liabilities	8,745,530	1,305,547
Payables	18,707,388	1,886,289
Subtotal- foreign dominated financial liabilities	$ 899,374,904	$ 61,416,979

Expressed In Thousands of New Taiwan Dollars

	December 31, 2020	
	USD	RMB
Foreign dominated financial assets		
Cash and cash equivalents	$ 12,367,415	$ 4,596,077
Due from the central bank and call loans to other banks	69,563,724	10,853,592
Financial assets at fair value through profit or loss	37,563,979	4,751,081
Financial assets at fair value through other comprehensive income	68,916,477	9,936,636
Discounts and loans	239,627,076	16,950,071
Receivables	24,958,424	1,330,732
Investments in debt instruments at amortised cost	29,467,374	20,159,894
Other financial assets	469	2,162,500
Subtotal- foreign dominated financial assets	$ 482,464,938	$ 70,740,583
Foreign dominated financial liabilities		
Due to central bank and others	$ 154,811,782	$ 5,894,975
Deposits and remittances	576,513,576	52,766,782
Financial liabilities at fair value through profit or loss	761,402	9
Other financial liabilities	24,758,189	704,889
Payables	44,910,373	725,713
Subtotal- foreign dominated financial liabilities	$ 801,755,322	$ 60,092,368

Note: As of December 31, 2021 and 2020, the exchange rate of USD to NTD were 27.655 and 28.100, respectively. In addition, as of December 31, 2021 and 2020, the exchange rate of RMB to NTD were 4.341 and 4.325, respectively.

(M) Sensitivity analysis

a. Interest rate risk

If the market yield curve shifts upwards or downwards by 20 bps, it could affect the assessed fair value and interest income. Items being assessed include all assets of the trading book position and banking book position, of which the interest income of banking book assets that could be affected is one year.

The Bank and its subsidiaries assume that yield curve is the only variable when all the other interest curves remain constant and sums up the gain and loss resulting from changes in each yield curve. According to the above estimated net interest revenue and assessed gain and loss on fair value, sensitivity analysis is as follows:

b. Foreign exchange risk

Assuming that all the other variables remain constant, for the year ended December 31, 2021, if NTD to USD depreciates/appreciates by 3%; EUR depreciates/appreciates by 3%; RMB and other currencies depreciates/appreciates by 4%; and for the year ended December 31, 2020, if NTD to USD depreciates/appreciates by 3%; EUR depreciates/appreciates by 3%; RMB and other currencies depreciates/appreciates by 4%; then the gain or loss sensitivity analysis for the Bank holding the above foreign exchange net positions is as the table below.

c. Equity securities risk

Assuming that all the other variables remain constant, if equity prices rise/fall by 5% (the average rate of rises or falls in the Taiwan Stock Exchange Market Index in the most recent three years); then fair value valuation gains or losses of investment positions in listed and over-the-counter stocks in the trading book held by the Bank are as the table below.

d. Sensitivity analysis is summarised as follows:

December 31, 2021 (Expressed In Thousands of New Taiwan Dollars)

Main risk	Movements	Effect on gain or loss	Effect on equity
Foreign exchange risk	NTD to USD depreciate by 3%, NTD to EUR depreciate by 3%, NTD to RMB and other currencies depreciate by 4%.(Note 1)	$ 112,650	$ -
Foreign exchange risk	NTD to USD appreciate by 3%, NTD to EUR appreciate by 3%, NTD to RMB and other currencies appreciate by 4%.(Note 2)	(112,650)	-
Interest rate risk	Main interest rate curve increases by 20 bps	(703,866)	(2,445,337)
Interest rate risk	Main interest rate curve decreases by 20 bps	673,672	2,510,744
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 5%.	5,339	906,594
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 5%.	(5,339)	(906,594)

December 31, 2020 (Expressed In Thousands of New Taiwan Dollars)

Main risk	Movements	Effect on gain or loss	Effect on equity
Foreign exchange risk	NTD to USD depreciate by 3%, NTD to EUR depreciate by 3%, NTD to RMB and other currencies depreciate by 4%.(Note 3)	$ 101,944	$ -
Foreign exchange risk	NTD to USD appreciate by 3%, NTD to EUR appreciate by 3%, NTD to RMB and other currencies appreciate by 4%.(Note 4)	(101,944)	-
Interest rate risk	Main interest rate curve increases by 20 bps	(563,606)	(2,698,140)
Interest rate risk	Main interest rate curve decreases by 20 bps	543,021	2,812,386
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 5%.	6,345	665,138
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 5%.	(6,345)	(665,138)

Note 1: NTD to USD depreciate by 3%, NTD to EUR depreciate by 3%, NTD to RMB and other currencies respectively depreciate by 4%, the effects on profit (loss) will be $24,378, ($10,882), ($43,272) and $142,426, respectively.

Note 2: NTD to USD appreciate by 3%, NTD to EUR appreciate by 3%, NTD to RMB and other currencies respectively appreciate by 4%, the effects on profit (loss) will be ($24,378), $10,882, $43,272 and ($142,426), respectively.

Note 3: NTD to USD depreciate by 3%, NTD to EUR depreciate by 3%, NTD to RMB and other currencies respectively depreciate by 4%, the effects on profit (loss) will be ($519), ($1,147), ($44,441) and $148,051, respectively.

Note 4: NTD to USD appreciate by 3%, NTD to EUR appreciate by 3%, NTD to RMB and other currencies respectively appreciate by 4%, the effects on profit (loss) will be

$519, $1,147, $44,441 and ($148,051), respectively.

(N) Disclosure made in accordance with Regulations Governing the Preparation of Financial Reports by Public Banks

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2021
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	$2,195,375,522	$ 50,916,507	$ 147,650,170	$ 217,056,033	$2,610,998,232
Interest-rate-sensitive liabilities	420,973,593	1,514,520,961	165,399,734	49,277,482	2,150,171,770
Interest-rate-sensitive gap	1,774,401,929	(1,463,604,454)	(17,749,564)	167,778,551	460,826,462
Net					223,539,719
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					121.43%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					206.15%

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2020
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	$2,033,324,503	$ 50,463,799	$ 171,816,848	$ 237,890,478	$2,493,495,628
Interest-rate-sensitive liabilities	422,240,707	1,416,712,211	173,747,909	48,443,198	2,061,144,025
Interest-rate-sensitive gap	1,611,083,796	(1,366,248,412)	(1,931,061)	189,447,280	432,351,603
Net					219,312,681
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					120.98%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					197.14%

The amounts listed above represent the items denominated in NTD for the Bank, excluding contingent assets and contingent liabilities.

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2021
(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 16,853,511	$ 2,131,479	$ 457,963	$ 2,550,231	$ 21,993,184
Interest-rate-sensitive liabilities	14,546,774	15,062,045	4,278,415	2,680	33,889,914
Interest-rate-sensitive gap	2,306,737	(12,930,566)	(3,820,452)	2,547,551	(11,896,730)
Net					8,083,157
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					64.90%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					-147.18%

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2020
(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	$ 30,482,316	$ 5,462,129	$ 6,606,043	$ 1,777,174	$ 44,327,662
Interest-rate-sensitive liabilities	22,926,802	14,405,259	4,847,944	641	42,180,646
Interest-rate-sensitive gap	7,555,514	(8,943,130)	1,758,099	1,776,533	2,147,016
Net					7,804,722
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					105.09%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					27.51%

The amounts listed above represent the items denominated in USD for the Bank, excluding contingent assets and contingent liabilities.

Note：

A. Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates.

B. Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities =Interest-rate-sensitive assets / interest-rate-sensitive liabilities.

C. Interest-rate-sensitive gap = Interest-rate-sensitive assets － interest-rate-sensitive liabilities.

F. Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety.

During the Bank's and its subsidiaries' activities, the transferred financial assets that do not meet derecognition conditions are mainly debt instruments with purchase agreements. The cash flow of the contract has been transferred and related liabilities of transferred financial assets that will be repurchased at a fixed price in the future have been reflected. The Bank and its subsidiaries may not use, sell or pledge the transferred financial assets during the valid period of the transaction. The financial assets were not derecognised as the Bank and its subsidiaries are still exposed to interest rate risk and credit risk.

December 31, 2021 Expressed in Thousands of New Taiwan Dollars

Category of financial asset	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through profit or loss		
Repurchase agreement	$ 292,487	$ 286,727
Financial assets at fair value through other comprehensive income		
Repurchase agreement	3,534,008	3,321,294
Debt instruments at amortised cost		
Repurchase agreement	5,638,177	5,397,666

December 31, 2020 Expressed in Thousands of New Taiwan Dollars

Category of financial asset	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through profit or loss		
Repurchase agreement	$ 308,990	$ 283,338
Financial assets at fair value through other comprehensive income		
Repurchase agreement	18,043,550	16,988,605
Debt instruments at amortised cost		
Repurchase agreement	7,863,887	7,831,756

G. Offsetting financial assets and financial liabilities

The Bank and its subsidiaries have financial instruments that meet the offsetting criteria in paragraph 42 of IAS 32, the gross financial liability is set off against the gross financial asset, resulting in the presentation of a net amount presented in the balance sheet.

The Bank and its subsidiaries have transactions that do not meet the offsetting criteria but follow the net settled master netting arrangements or other similar arrangements, i.e. global master repurchase agreement, global securities lending agreement or similar agreement with repurchase agreements or reverse repurchase agreement. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

The offsetting of financial assets and financial liabilities are set as below:

(Blank below)

December 31, 2021

Expressed in Thousands of New Taiwan Dollars

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 4,437,927	$ -	$ 4,437,927	$ 2,740,653	$ 880,120	$ 817,154
Total	$ 4,437,927	$ -	$ 4,437,927	$ 2,740,653	$ 880,120	$ 817,154

(Note) Including net settled master netting arrangements and non-cash collaterals.

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 7,493,438	$ -	$ 7,493,438	$ 2,740,653	$ 1,164,509	$ 3,588,276
Repurchase arrangements	9,005,687	-	9,005,687	9,005,687	-	-
Total	$ 16,499,125	$ -	$ 16,499,125	$ 11,746,340	$ 1,164,509	$ 3,588,276

(Note) Including net settled master netting arrangements and non-cash collaterals.

December 31, 2020

Expressed in Thousands of New Taiwan Dollars

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 10,781,618	$ -	$ 10,781,618	$ 6,404,015	$ 1,598,628	$ 2,778,975
Total	$ 10,781,618	$ -	$ 10,781,618	$ 6,404,015	$ 1,598,628	$ 2,778,975

(Note) Including net settled master netting arrangements and non-cash collaterals.

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements

Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 20,975,490	$ -	$ 20,975,490	$ 6,404,015	$ 3,886,085	$ 10,685,390
Repurchase arrangements	25,103,699	-	25,103,699	25,103,699	-	-
Total	$ 46,079,189	$ -	$ 46,079,189	$ 31,507,714	$ 3,886,085	$ 10,685,390

(Note) Including net settled master netting arrangements and non-cash collaterals.

(3)Capital management

In addition, in order to establish evaluation process for capital adequacy and maintain proper self-owned capital structure, also to develop business and control risk on both sides for better improvement of capital utilization, the Bank has established capital management policies to implement the strategies of senior management and the related information shall be disclosed or reported accordingly.

The management objectives and procedures for capital management of the Bank are as follows:

A. Objective of capital management

(A) To comply with statutory minimum requirement of eligible capital, and statutory minimum self-owned capital and risk assets ratio as shown in “Regulations Governing the Capital Adequacy and Capital Category of Banks” of competent authority.

(B) To attain capital requirement for the business plan, to have sufficient capital for acceptance of various risks including credit risk, market risk, and operating risk, and to manage risk through capital allocation to realise risk-adjusted performance management and optimal capital allocation.

(C) To have sufficient capital and provisions in response to possible losses in stress scenario while performing regular stress testing in accordance with relevant regulations by competent authority.

B. Capital management procedures

The Board of Directors of the Bank is the highest capital management authority of the Bank. The president supervises all units of the head office to ensure the implementation of the Board of Directors’ capital strategy. The responsible segments of significant banking effectively identify, evaluate, monitor and control credit risk, market risk, and operating risk, banking book interest rate risk, liquidity risk, legal and compliance risk, and disclose relevant information according to the requirements of the competent authorities with an attempt to reflect evaluation and management situation on the capital required. The Bank also sets up separately a team for capital planning and holds a meeting to ensure the implementation of the Board’s capital strategies every month in respect of capital adequacy managing objectives, fund gap, responding measures that could impose an effect on risk assets or qualifying self-owned capital and so on.

Major procedures of evaluation on capital included:

(A) Before the start of each fiscal year, the Bank follows the business plan to set up capital adequacy ratio target in compliance with relevant regulations. The target will be implemented upon approval of the Board of Directors.

(B) To assess capital requirements for various key risks according to the capital adequacy ratio target on a monthly basis.

(C) To perform regular stress testing in order to assess whether current capital and provisions that have been made are sufficient to cope with possible losses in stress scenario.

(D) Besides, to estimate impact on self-owned capital, risk-weighted assets, and capital adequacy ratio target based on significant capital utilization, changes in market and business, and plans such as capital increase/reduction or bonds issuance in order to take countermeasures timely.

C. Capital adequacy ratio

Combined capital adequacy ratio

Expressed in Thousands of New Taiwan Dollars

Items			December 31, 2021	December 31, 2020
Self-owned capital	Tier 1 Capital of common equity		$ 205,620,609	$ 198,364,756
	Other Tier 1 Capital		32,000,000	22,000,000
	Tier 2 Capital		36,682,276	40,934,130
	Self-owned capital		274,302,885	261,298,886
Total risk - weighted assets	Credit risk	Standardised Approach	1,769,952,705	1,760,868,548
		Internal Ratings Based Approach	-	-
		Asset securitization	2,180,151	1,384,981
	Operation risk	Basic Indicator Approach	-	-
		Standardised Approach/Alternative Standardised Approach	87,156,996	86,290,940
		Advanced Measurement Approaches	-	-
	Market risk	Standardised Approach	36,178,430	33,433,459
		Internal Models Approach	-	-
	Total risk-weighted assets		1,895,468,282	1,881,977,928
Capital adequacy ratio			14.47%	13.88%
Total risk assets based Tier 1 Capital of Common equity, net Ratio			10.85%	10.54%
Total risk assets based Tier 1 Capital, net Ratio			12.54%	11.71%
Leverage ratio			6.18%	6.01%

Note 1: The self-owned capital, risk-weighted assets and exposures amount in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “the method for calculating Bank’s regulatory capital and risk weighted assets”.

Note 2: The relevant formulas are as follows:

(1) Self-owned capital = Tier 1 Capital of Common equity + Other Tier 1 Capital + Tier 2 Capital

(2) Total risk-weighted assets = credit risk-weighted assets + (operation risk + market risk) * 12.5

(3) Capital adequacy ratio = Self-owned capital / Total risk-weighted assets

(4) Total risk assets based Tier 1 Capital of Common equity Ratio = Tier 1 Capital of Common equity / Total risk-weighted assets

(5) Total risk assets based Tier 1 Capital Ratio = (Tier 1 Capital of Common equity + Other Tier 1 Capital) / Total risk-weighted assets

(6) Leverage ratio = Tier 1 capital/ exposures amount

(4) Profitability

Units：%

Items		For the years ended December 31,	
		2021	2020
Return on total assets (%)	Before tax	0.60	0.57
	After tax	0.50	0.48
Return on stockholders' equity (%)	Before tax	9.50	8.43
	After tax	7.97	7.16
Net profit margin ratio (%)		37.19	35.04

Note 1: Return on total assets = Income before (after) income tax/average total assets.
Note 2: Return on stockholders' equity = Income before (after) income tax / average stockholders' equity.
Note 3: Net profit margin ratio = Income after income tax / net revenue.
Note 4: The term "Income before (after) income tax" represents net income from January 1 to the balance sheet date of the reporting period.

(5) Content and amount of investment trust business in accordance with Trust Enterprise Act

Expressed in Thousands of New Taiwan Dollars

Balance Sheet of Trust Accounts

Trust assets	December 31, 2021	December 31, 2020
Bank deposits	$ 37,382,435	$ 28,208,472
Bonds	2,943,624	3,732,682
Stocks	5,602,641	92,387,453
Mutual funds	210,686,002	204,664,519
Structured notes	2,620,000	3,398,430
Real estate(Net)		
Land	27,485,534	23,282,096
Buildings and structures	15,291	15,291
Construction in progress	4,865,868	4,620,745
Customers' securities under custody	506,399,102	496,590,709
Total	$ 798,000,497	$ 856,900,397
Trust liabilities		
Payables-customers securities under custody	$ 506,399,102	$ 496,590,709
Payables	219	184
Trust capital	291,168,586	359,988,214
Various reserves and accumulated profit or loss		
Net income	8,900,156	6,674,245
Accumulated profit or loss	319,703	264,284
Deferred transferred amount	(8,787,269)	(6,617,239)
Total	$ 798,000,497	$ 856,900,397

As of December 31, 2021 and 2020, the Offshore Banking Unit had book balance of $3,790,920 and $3,830,790 for designated money trust funds investing in foreign securities; the Offshore Banking Unit had book balance of $661,327 and $669,345 for designated money trust funds investing in local securities, respectively.

Expressed in Thousands of New Taiwan Dollars

Property List of Trust Accounts

Investment items	December 31, 2021	December 31, 2020
Bank deposits	$ 37,382,435	$ 28,208,472
Bonds	2,943,624	3,732,682
Stocks	5,602,641	92,387,453
Mutual funds	210,686,002	204,664,519
Structured notes	2,620,000	3,398,430
Real estate(Net)		
Land	27,485,534	23,282,096
Buildings and structures	15,291	15,291
Construction in progress	4,865,868	4,620,745
Customers' securities under custody	506,399,102	496,590,709
Total	$ 798,000,497	$ 856,900,397

Expressed in Thousands of New Taiwan Dollars

Income Statement of Trust Accounts

	For the years ended December 31,	
Trust revenues	2021	2020
Interest income	$ 6,245,309	$ 6,445,896
Dividend income	51,617	28,709
Realised gain on bonds	5,354	1,123
Realised gain on stocks	15,315	1,030
Realised gain on mutual funds	6,483,971	5,804,838
Total trust revenues	12,801,566	12,281,596
Trust expenses		
Management fee	(3,050)	(1,927)
Other expense	(635)	(279)
Service fee	(4,910)	(3,642)
Realised loss on bonds	(2,502)	-
Realised loss on stocks	(471)	(941)
Realised loss on mutual funds	(3,889,813)	(5,600,545)
Total trust expenses	(3,901,381)	(5,607,334)
Profit before tax	8,900,185	6,674,262
Income tax expense	(29)	(17)
Profit	$ 8,900,156	$ 6,674,245

(6) Information with respect to the transferring of financial assets and extinguishing of liabilities:

Please refer to Note 12(2) F for the transfer of financial assets.

(7) Adjustment of key organization and significant change in regulatory system:

None.

(8) Significant impact arising from changes in government laws and regulations:

None.

(9) Information with respect to the subsidiary holding the capital stock of parent company:

None.

(10) Information for private placement securities:

None.

(11) Information for discontinued operations:

None.

(12) Major operating assets or liabilities transferred from (or to) other financial institutions:

None.

(13) Information of the Bank's and its subsidiaries' engagement in co-marketing:

The Bank has entered into co-marketing contracts with First Life Insurance Co., Ltd., First Securities Inc., First Venture Capital Co., Ltd., First Consulting Co., Ltd., First Financial Asset Management Co., Ltd., and FCB Leasing Co., Ltd. The contracts are effective from the respective contract dates but are not allowed to be terminated except with the written consent of FFHC. The contracts cover joint usage of operation sites and facilities as well as the arrangement of personnel for co-marketing affairs. Expenses arising from joint usage of operation sites or facilities are allocated in accordance with separate agreements of the contracting parties. Remuneration apportionment and expenses allocation for co-marketing personnel follow the provisions under the "First Financial Group Integrated Co-marketing Scope and Remuneration Rules".

The Bank has entered into cooperative contracts with First Financial Holding Co., Ltd., First Life Insurance Co., Ltd., and First Financial Asset Management Co., Ltd. for the joint usage of information equipment and the planning, development, implementation, operation, maintenance and management of information systems. Calculation methodologies for remuneration apportionment and expenses allocation have also been established.

(Blank below)

13. Supplementary disclosures

(1) Significant transaction information

A. Cumulative purchases or sales of the same investee's capital stock over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2021:

None.

B. Acquisition of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2021:

None.

C. Disposal of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2021:

None.

D. Handling fee discounts for transactions with related parties over the amount of NT $5 million dollars as of December 31, 2021:

None.

E. Receivables from related parties over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2021:

The company listed current income tax assets	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2021	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
FCB	FFHC	Parent company of the Bank	$ 741,710	-	$ -	-	$ -	$ -

F. Information regarding non-performing loans of subsidiaries:

Transaction date	Counterparty	Composition of creditor's rights	Book value (Note)	Sale price	Gain (loss) on disposal	Additional terms	Relationship between counterparty and bank
March 3, 2021	SC Lowy Primary Investments, Ltd.	Unsecured	$ 126,050	$ 128,371	$ 2,321	None	Non-related parties
October 21, 2021	FitzWalter Capital Partners (Financial Trading) Limited	Long-term Secured loans	209,725	222,184	12,459	None	Non-related parties

Note: Book value is the balance after deducting the amount of the allowance for doubtful debts to the original creditor's rights.

G. Information and categories of securitized assets which are approved by authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act :

None.

H. Significant transactions between parent company and subsidiaries for the year ended December 31, 2021:

(Expressed In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	FCB	First Commercial Bank (USA)	1	Nostro account	$ 39,956	No significant difference from general customers	0.00%
0	FCB	First Commercial Bank (USA)	1	Vostro account	217	No significant difference from general customers	0.00%
1	First Commercial Bank (USA)	FCB	2	Nostro account	217	No significant difference from general customers	0.00%
1	First Commercial Bank (USA)	FCB	2	Vostro account	39,956	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Deposits and remittances	238,699	No significant difference from general customers	0.01%
0	FCB	FCBL	1	Payables	1	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Lease liabilities	832	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Interest income	387	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Interest expense	64	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Net service fee revenue	296	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Net other revenue other than interest income	7,286	No significant difference from general customers	0.02%
2	FCBL	FCB	2	Cash and cash equivalents	238,699	No significant difference from general customers	0.01%

(Expressed In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
2	FCBL	FCB	2	Receivables	$ 1	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Interest income	41	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Interest expense	387	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Net service fee revenue	21	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Net other revenue other than interest income	1,376	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Other general and administrative expense	7,561	No significant difference from general customers	0.02%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following two categories:

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

I. Other significant transactions that may affect the decisions made by financial statement users as of December 31, 2021:

None.

(2) Information on investees

A. Loans to others:

The Bank's subsidiary, First Commercial Bank (USA), engages in banking businesses regulated under The Banking Act of The Republic of China, belonging to financial industry. Thus, it is not applicable to this form; in addition, aside from those of the following table, other subsidiaries of the Bank have not provided loan to others.

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest Rate (%)	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	FCB Leasing Co. Ltd.	Chong Yu International Co., Ltd.	Other receivables-direct financing	N	$ 5,600	$ -	$ -	4.34~5.34	Short-term financing	$ -	Operation turnover	$ -	Real estate	$ 24,000	$ 1,222,745	$ 1,630,326
2	FCB Leasing Co. Ltd.	Wan Li Construction Co., Ltd.	Other receivables-direct financing	N	74,312	37,315	37,315	3.56~4.56	Short-term financing	-	Operation turnover	-	Real estate	60,899	1,222,745	1,630,326
3	FCB Leasing Co. Ltd.	Yuan Ge Pharmaceuticals Co., Ltd.	Other receivables-direct financing	N	3,931	2,410	2,410	6.00~7.00	Short-term financing	-	Operation turnover	-	Deposit	100	1,222,745	1,630,326
4	FCB Leasing Co. Ltd.	Herzu Development Co. Ltd.	Other receivables-direct financing	N	35,769	-	-	4.50~5.50	Short-term financing	-	Operation turnover	-	Real estate	36,500	1,222,745	1,630,326
5	FCB Leasing Co. Ltd.	DA CHENG LI Construction Co., Ltd.	Other receivables-direct financing	N	100,000	100,000	100,000	2.50~3.50	Short-term financing	-	Operation turnover	-	Real estate	328,629	1,222,745	1,630,326
6	FCB Leasing Co. Ltd.	Syuyue Steel Co., Ltd.	Other receivables-direct financing	N	6,000	4,066	4,066	4.50~5.50	Short-term financing	-	Operation turnover	-	None	-	1,222,745	1,630,326
7	FCB Leasing Co. Ltd.	SEAGREEN MARINE SERVICE CO., LTD.	Other receivables-direct financing	N	131,628	131,628	131,628	4.00~5.00	Short-term financing	-	Operation turnover	-	None	-	1,222,745	1,630,326
8	FCB Leasing Co. Ltd.	Soo Ing Fruit Co.	Other receivables-direct financing	N	20,000	15,065	15,065	4.00~5.00	Short-term financing	-	Operation turnover	-	Deposit	2,000	1,222,745	1,630,326
9	FCB Leasing Co. Ltd.	UNITARY ENTERPRISE CO., LTD	Other receivables-direct financing	N	20,000	17,847	17,847	4.00~5.00	Short-term financing	-	Operation turnover	-	Deposit	4,000	1,222,745	1,630,326
10	FCB Leasing Co. Ltd.	Qiaoding Investment Co., Ltd	Other receivables-direct financing	N	150,000	131,625	131,625	3.10~4.10	Short-term financing	-	Operation turnover	-	Stock	42,000	1,222,745	1,630,326
11	FCB Leasing Co. Ltd.	UNI-WAGON MARINE CO., LTD	Other receivables-direct financing	N	290,000	290,000	290,000	4.65~5.65	Short-term financing	-	Operation turnover	-	None	-	1,222,745	1,630,326

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31, 2021	Actual amount drawn down	Interest Rate	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
12	FCB Leasing Co. Ltd.	He Fa Food Grains Co.	Other receivables-direct financing	N	$ 10,934	$ -	$ -	3.56~4.56	Short-term financing	$ -	Operation turnover	$ -	Real estate	$ 5,638	$ 1,222,745	$ 1,630,326
13	FCB Leasing Co. Ltd.	VIESHOW CINEMAS CO., LTD.	Other receivables-direct financing	N	100,000	25,000	25,000	2.50~3.50	Short-term financing	-	Operation turnover	-	None	-	1,222,745	1,630,326
14	FCB Leasing Co. Ltd.	Emerald Bay Biotechnology Co., Ltd	Other receivables-direct financing	N	145,500	119,400	119,400	3.86~4.86	Short-term financing	-	Operation turnover	-	Real estate	34,619	1,222,745	1,630,326
15	FCB Leasing Co. Ltd.	Xinyi Dentist	Other receivables-direct financing	N	6,000	5,329	5,329	3.86~4.86	Short-term financing	-	Operation turnover	-	Chattel estate	3,543	1,222,745	1,630,326
16	FCB Leasing Co. Ltd.	Hongshunshin Marine Transport Co. Ltd.	Other receivables-direct financing	N	24,280	13,126	13,126	6.57~7.57	Short-term financing	-	Operation turnover	-	Vessel	75,530	1,222,745	1,630,326
17	FCB Leasing Co. Ltd.	Xiang Hao Fishery Co., Ltd.	Other receivables-direct financing	N	119,389	86,320	86,320	3.48~4.48	Short-term financing	-	Operation turnover	-	Vessel	144,000	1,222,745	1,630,326
18	FCB Leasing Co. Ltd.	Zhu Cheng hydropower Co.,Ltd	Other receivables-direct financing	N	10,399	4,083	4,083	8.54~9.54	Short-term financing	-	Operation turnover	-	Deposit	3,000	1,222,745	1,630,326
19	FCB Leasing Co. Ltd.	JING SHENG Co., Ltd	Other receivables-direct financing	N	5,000	5,000	5,000	5.36~6.36	Short-term financing	-	Operation turnover	-	Real estate	5,012	1,222,745	1,630,326
20	FCB Leasing Co. Ltd.	Tsayea Construction Co., Ltd.	Other receivables-direct financing	N	24,000	21,802	21,802	4.10~5.10	Short-term financing	-	Operation turnover	-	Real estate	6,000	1,222,745	1,630,326
21	FCB Leasing Co. Ltd.	Yu Cyuan Co., Ltd.	Other receivables-direct financing	N	3,000	1,790	1,790	4.65~5.65	Short-term financing	-	Operation turnover	-	Real estate	648	1,222,745	1,630,326
22	FCB Leasing Co. Ltd.	KUO YANG ENVIRONMENT TECHNOLOGY CO., LTD.	Other receivables-direct financing	N	60,000	53,526	53,526	3.88~4.88	Short-term financing	-	Operation turnover	-	None	-	1,222,745	1,630,326
23	FCB Leasing Co. Ltd.	HAE-WAN INTERNATIONAL CO., LTD.	Other receivables-direct financing	N	70,364	21,168	21,168	4.38~5.38	Short-term financing	-	Operation turnover		Real estate	90,045	1,222,745	1,630,326
24	FCB Leasing Co. Ltd.	JI - GI SHOE CO., LTD.	Other receivables-direct financing	N	42,000	31,033	31,033	4.99~5.99	Short-term financing	-	Operation turnover	-	Real estate	77,190	1,222,745	1,630,326

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2021	Balance at December 31,2021	Actual amount drawn down	Interest Rate	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
25	FCB Leasing Co. Ltd.	Yuguan Construction Co., Ltd.	Other receivables-direct financing	N	$ 83,300	$ 79,900	$ 79,900	3.52~4.52	Short-term financing	$ -	Operation turnover	$ -	Real estate	$120,000	$ 1,222,745	$ 1,630,326
26	FCB Leasing Co. Ltd.	Da Zhuang Construction Co., Ltd.	Other receivables-direct financing	N	49,000	47,500	47,500	3.21~4.21	Short-term financing	-	Operation turnover	-	Real estate	50,000	1,222,745	1,630,326
27	FCB Leasing Co. Ltd.	Suntory Construction Co., Ltd.	Other receivables-direct financing	N	19,600	19,000	19,000	5.29~6.29	Short-term financing	-	Operation turnover	-	Real estate	78,000	1,222,745	1,630,326
28	FCB Leasing Co. Ltd.	Guang Xuan Construction & Development Co., Ltd.	Other receivables-direct financing	N	40,000	40,000	40,000	3.35~4.35	Short-term financing	-	Operation turnover	-	Real estate	46,509	1,222,745	1,630,326
29	FCB Leasing Co. Ltd.	CHAO-CHI PROPERTY MANAGEMENT CONSULTING CO., LTD.	Other receivables-direct financing	N	20,000	-	-	4.27~5.27	Short-term financing	-	Operation turnover	-	Deposit	2,000	1,222,745	1,630,326

Note: 1. The amount of loans granted to individual companies or firms due to business transactions shall not exceed 10% of the Bank's subsidiaries' net asset value of its latest financial statements. The total amount of loans granted due to business transactions shall not exceed 40% of the Bank's subsidiaries' net value of its latest financial statements.

2. The amount of necessary short-term facilitations to individual companies or firms which do not have business transactions with the Bank's subsidiaries shall not exceed 30% of the Bank's subsidiaries' net asset value of its latest financial statements. The amount of necessary short-term facilitations to individual companies or firms with business transactions with the Bank's subsidiaries shall not exceed 40% of the Bank's subsidiaries' net asset value of its latest financial statements. If the borrower of the loan is a subsidiary, the amount of loans shall not exceed 40% of the Bank's subsidiaries' net asset value of its latest financial statements.

3. The total amount of loans of the above two shall not exceed 40% of the Bank's subsidiaries' net asset value of its latest financial statements.

B. Endorsements and guarantees provided for others:

The Bank’s subsidiary, First Commercial Bank (USA), engages in banking businesses regulated under The Banking Act of The Republic of China, belonging to financial industry. Thus, it is not applicable to this form; in addition, aside from those of the following table, other subsidiaries of the Bank have not provided endorsements and guarantees to others.

No.	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum balance accumulated as of the month	Ending balance of endorsement and guarantee	Actually used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount and the net value of the latest financial statements	Maximum limit	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Name of company	Relationship										
1	FCB Leasing Co., Ltd.	FCBL Capital International (B.V.I) Ltd.	Subsidiary	$ 12,227,445	$ 3,920,000	$ 2,488,950	$ 124,448	None	61.07%	$ 40,758,150	N	N	N
2	FCB Leasing Co., Ltd.	FCB International Leasing Ltd.	Sub-Subsidiary	12,227,445	1,595,610	1,595,610	130,230	None	39.15%	40,758,150	N	N	Y
3	FCB Leasing Co., Ltd.	FCB Leasing (Xiamen) Ltd.	Sub-Subsidiary	12,227,445	285,050	-	-	None	0.00%	40,758,150	N	N	Y
4	FCB Leasing Co., Ltd.	FCB Leasing (Chengdu) Ltd.	Sub-Subsidiary	12,227,445	1,047,190	1,042,510	248,435	None	25.58%	40,758,150	N	N	Y

Note: Subsidiaries of the Bank, for business needs, may resolve through its Board of Directors to provided guarantees for external parties.

(Blank below)

C. Securities held at the end of period:

The Bank's subsidiary, First Commercial Bank (USA), belongs to financial industry. Thus, it is not applicable to this form. Other subsidiaries of the Bank held securities at the end of the period are as follows:

(Expressed In Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

Investor	Name Of Investee And Type Of Securities		Relationship	Account	Shares / Units (in thousands)	Carrying value	Ownership Percentage (%)	Market Value (Note 1)	Note
FCBL	FCBL Capital International (B.V.I) Ltd.	Stocks	An investee of FCBL under the equity method	Equity investments accounted for under the equity method	60,050	$ 2,021,499	100	$ 2,021,499	Note 2
FCBL	First Financial Assets Management (B.V.I) Ltd.	Stocks	An investee of FCBL under the equity method	Equity investments accounted for under the equity method	30,000	602,995	100	602,995	Note 2
FCBL Capital International (B.V.I) Ltd	FCB International Leasing Ltd.	Stocks	An investee of FCBL Capital International (B.V.I) Ltd under the equity method	Equity investments accounted for under the equity method	USD30,000 (thousands)	703,525	100	703,525	Note 2
FCBL Capital International (B.V.I) Ltd	FCB Leasing (Xiamen) Ltd.	Stocks	An investee of FCBL Capital International (B.V.I) Ltd under the equity method	Equity investments accounted for under the equity method	USD30,000 (thousands)	968,703	100	968,703	Note 2
First Financial Assets Management (B.V.I.) Ltd	FCB Leasing (Chengdu) Ltd.	Stocks	An investee of First Financial Assets Management (B.V.I.) Ltd under the equity method	Equity investments accounted for under the equity method	USD30,000 (thousands)	590,621	100	590,621	Note 2

Note 1：No transactions in active market, no clear market price.

Note 2：Long-term investments in the above table remain free of pledge or guarantee.

D. Cumulative purchases or sales of the marketable securities up to NT$300 million or over 10% of the issued capital stock:

The Bank's subsidiary, First Commercial Bank (USA), belongs to financial industry. Thus, it is not applicable to this form. Other subsidiaries and indirect investment subsidiaries have no such situation.

E. Information of derivative instrument transactions:

None.

F. Information regarding reinvested business and consolidated stock holdings:

Name of investee company (Note1)	Address	Major operating activities	Percentage of ownership (%) at the end of current period	Carrying value of investment	Investment income (loss) recognised by the Company for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties (Note 1): Number of owned shares (in thousands)	Number of pro forma shares (Note 2)	Total: Number of shares (in thousands)	Total: Percentage of ownership (%)
FIRST COMMERCIAL BANK(USA)	200 East Main Street, Alhambra, CA91801, USA	Note 3	100	$ 4,078,336	$ 204,368	7,000	-	7,000	100
FCBL	4F, No. 38, Yanping S. Rd., Taipei City 100001, Taiwan	Note 4	100	4,083,937	133,009	400,000	-	400,000	100
EAREM	9F, 94, ChungHsiaoE.Road., Sec.2, Taipei, Taiwan	Note 5	30	16,536	5,218	1,500	-	1,500	30
FCBL Capital International (B.V.I) Ltd.	Kingston Chambers, P. O. Box 173, Road Town, Tortola, Virgin Islands, British	Note 4	100	2,021,499	-	60,050	-	60,050	100
FFAM (B.V.I) Ltd.	Portcullis TrustNET(BVI) Limited, Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola British Virgin Islands	Note 4	100	602,995	-	30,000	-	30,000	100
FCB International Leasing Ltd.	Rm. 1008, Jianwu Building, No. 188, Wangdun Rd., Suzhou, China	Note 4	100	703,525	-	USD 30,000 (thousands)	-	USD 30,000 (thousands)	100
FCB Leasing (Xiamen) Ltd.	Rm. 1401, No.619, Sishui Road, Huli District, Xiamen City, China	Note 4	100	968,703	-	USD 30,000 (thousands)	-	USD 30,000 (thousands)	100
FCB Leasing (Chengdu) Ltd.	04~05F., 18F., No.7, Guang Hua St., Jin Jiang Dist., Chengdu City, Sihchuan, China	Note 4	100	590,621	-	USD 30,000 (thousands)	-	USD 30,000 (thousands)	100

Note 1:All the owned shares and pro forma shares of investee company held by the Bank, directors, supervisors, president, executive vice presidents, and its related parties defined under the R.O.C. Company Law shall be included.

Note 2:(1) Pro forma shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts have not yet signed linked to Investee Company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 74 of the R.O.C. Company Law.

(2) The equity securities mentioned above are referred to as those securities under the provision of Article 11, Item 1 of the bylaws to the R.O.C. Securities and Exchange Law, for example, convertible bond and warrant.

(3) The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IFRS9, for example, stock option.

Note 3: Banking industry.

Note 4: Leasing, investment consulting, and business consulting.

Note 5: Examination and advisory on construction plans and certification of contracts.

(3) Information on investments in Mainland China

A. Information on the Bank's investment in Shanghai branch:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2021 (Note 2)
					Outflow	Inflow				
First Commercial Bank Shanghai Branch	Banking businesses approved by local government	$ 4,676,508 (CNY 1,000,000)	(1)	$ 4,676,508 (USD 157,440)	$ -	$ -	$ 4,676,508 (USD 157,440)	$ 120,048	N/A	$ 120,048 2(A)

Carrying value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Accumulated Investments in Mainland China as of December 31, 2021	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 5,932,090	$ -	$ 4,676,508 (USD 157,440)	$ 4,676,508 (USD 157,440)	$ 134,123,831

B. Information on the Bank’s investment in Chengdu branch:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2021 (Note 2)
					Outflow	Inflow				
First Commercial Bank Chengdu Branch	Banking businesses approved by local government	$ 4,896,697 (CNY 1,000,000)	(1)	$ 4,896,697 (USD 162,269)	$ -	$ -	$ 4,896,697 (USD 162,269)	$ 106,986	N/A	$ 106,986 2(A)

Carrying value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Accumulated Investments in Mainland China as of December 31, 2021	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 5,353,428	$ -	$ 4,896,697 (USD 162,269)	$ 4,896,697 (USD 162,269)	$ 134,123,831

C. Information on the Bank’s investment in Xiamen branch:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2021 (Note 2)
					Outflow	Inflow				
First Commercial Bank Xiamen branch	Banking businesses approved by local government	$ 5,132,801 (CNY 1,000,000)	(1)	$ 5,132,801 (USD 162,946)	$ -	$ -	$ 5,132,801 (USD 162,946)	$ 106,151	N/A	$ 106,151 2(A)

Carrying value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Accumulated Investments in Mainland China as of December 31, 2021	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 5,286,648	$ -	$ 5,132,801 (USD 162,946)	$ 5,132,801 (USD 162,946)	$ 134,123,831

D. Information on the Bank's investment in FCB International Leasing Ltd. through the indirect subsidiary-FCBL Capital International (B.V.I.) Ltd.:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2021 (Note 2)
					Outflow	Inflow				
FCB International Leasing Ltd.	Financial Leasing	$ 886,103 (USD 30,000)	(2)	$ 886,103 (USD 30,000)	$ -	$ -	$ 886,103 (USD 30,000)	$ 36,943	100%	$ 36,943 2(A)

Carrying value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Accumulated Investments in Mainland China as of December 31, 2021	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 703,525	$ -	$ 886,103 (USD 30,000)	$ 886,103 (USD 30,000)	$ 2,445,489

E. Information on the Bank's investment in FCB Leasing (Xiamen) Ltd. through the indirect subsidiary-FCBL Capital International (B.V.I) Ltd.:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2021 (Note 2)
					Outflow	Inflow				
FCB Leasing (Xiamen) Ltd	Financial Leasing	$ 903,495 (USD 30,000)	(2)	$ 903,495 (USD 30,000)	$ -	$ -	$ 903,495 (USD 30,000)	$ 23,931	100%	$ 23,931 2(A)

Carrying value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Accumulated Investments in Mainland China as of December 31, 2021	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 968,703	$ -	$ 903,495 (USD 30,000)	$ 903,495 (USD 30,000)	$ 2,445,489

F. Information on the Bank's investment in FCB Leasing (Chengdu) Ltd through the indirect subsidiary-FFAM (B.V.I.) Ltd.:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Profit of investee	Percentage of Ownership	Investment gains (losses) recognised by the Bank for the year ended December 31, 2021 (Note 2)
					Outflow	Inflow				
FCB Leasing (Chengdu) Ltd	Financial Leasing	$ 908,634 (USD 30,000)	(2)	$ 908,634 (USD 30,000)	$ -	$ -	$ 908,634 (USD 30,000)	$ 1,763	100%	$ 1,763 2(A)

Carrying value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021	Accumulated Investments in Mainland China as of December 31, 2021	Investment Amounts Authorised by Investment Commission, MOEA	Upper Limit on Investment
$ 590,621	$ -	$ 908,634 (USD 30,000)	$ 908,634 (USD 30,000)	$ 2,445,489

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area (FCBL Capital International (B.V.I.) Ltd. and FFAM (B.V.I) Ltd.), which then invested in the investee in Mainland China.

(3) Others.

Note 2: In the 'Investment gains (losses) recognised by the Bank for the year ended December 31, 2020' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A. The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.(For interim and annual financial reports. For quarterly financial reports, they are financial statements that are reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C.)

B. The financial statements that are audited and attested by R.O.C. parent company's CPA.(For interim and annual financial reports. For quarterly financial reports, they are financial statements that are reviewed by R.O.C. parent company's CPA.)

C. Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

(4) Major shareholders information

Not applicable.

14. Disclosure of financial information by segments

(1) General information

The Bank's and its subsidiaries' operation segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance. The Bank's CODM is the Bank's Board of Directors.

Inter-segmental transactions are arm's length transactions, and gains or losses arising from such transactions are eliminated by the parent company upon the preparation of the consolidated financial statements. Gain or loss directly attributable to each segment has been considered when segment performance is being evaluated.

The operating segments of the Bank comprise of loan businesses, deposit businesses, wealth management businesses, treasury businesses, overseas business (excluding OBU), and other businesses. The operating results are reviewed by the Bank's Board of Directors (CODM) regularly and are referenced when allocating resources and evaluating operational performances.

The Bank and its subsidiaries have a global market, comprising six major business segments; there was no change in the reporting segments during the period.

The operating results of the Bank's operating segments are from interest income and the Bank's Board of Directors evaluates segment performance based on the net interest revenue. Therefore, performance of all reporting segments is presented by the net value of interest income less interest expense. Income from external clients provided for the CODM to review is measured on the same basis of the statement of comprehensive income.

Adjustments of internal pricing and transfer pricing are reflected in segment performance evaluation. Income from external clients has been allocated based on the regulated allocation standard between segments.

The internal management's operating reports are prepared based on net operating profit, including net interest revenue, net service fee revenue, recovered bad debts (provision), and loan impairment loss, net gain (loss) on financial instruments and other operating gain (loss). Measurement basis does not include non-recurring items, e.g. litigation expenses.

Segment information is mainly based on the internal management reports provided by each operating segment to the CODM, including segmental gains (losses), segmental assets, segmental liabilities and other related information.

(2)Information about segment gains (losses), assets and liabilities:

Financial information of the Bank and its subsidiaries by business for the years ended December 31, 2021 and 2020 were as follows:

For the year ended December 31, 2021

	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest revenue	$ 13,261,244	$ 5,383,444	$ -	$ 4,127,308	$ 6,646,017	$ 3,661,481	$ 33,079,494
Net service fee revenue	2,216,696	1,507	4,373,003	(40,993)	667,137	781,578	7,998,928
Net financial instruments income	36,467	434,688	41,388	5,026,532	(94,236)	599,138	6,043,977
Other net revenue	(1,386)	7,300	239	11,073	750	326,815	344,791
Bad debts expense, commitment and guarantee liability provision	(1,911,332)	-	-	-	(1,464,590)	(245,545)	(3,621,467)
Operating gross margin after provision	$ 13,601,689	$ 5,826,939	$ 4,414,630	$ 9,123,920	$ 5,755,078	$ 5,123,467	43,845,723
Operating expense							(22,804,810)
Net profit before tax after provision							$ 21,040,913

For the year ended December 31, 2020

	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest revenue	$ 11,659,076	$ 4,603,943	$ -	$ 2,479,489	$ 6,572,205	$ 4,021,175	$ 29,335,888
Net service fee revenue	2,007,350	1,755	3,971,216	(45,958)	639,257	785,015	7,358,635
Net financial instruments income	28,487	436,887	43,708	6,959,965	(185,672)	694,977	7,978,352
Other net revenue	63	12,298	135	32,070	5,641	32,988	83,195
Bad debts expense, commitment and guarantee liability provision	(2,499,163)	-	-	-	(1,099,888)	(915,123)	(4,514,174)
Operating gross margin after provision	$ 11,195,813	$ 5,054,883	$ 4,015,059	$ 9,425,566	$ 5,931,543	$ 4,619,032	40,241,896
Operating expense							(21,769,507)
Net profit before tax after provision							$ 18,472,389

	December 31, 2021						
	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 1,817,186,121	$ -	$ 1,446,780,308	$ 366,033,572	$ 200,291,020	($ 218,896,390)	$ 3,611,394,631
Segment liabilities	7,070,588	2,829,393,383	335,934,972	307,824,036	118,366,201	(210,734,268)	3,387,854,912

	December 31, 2020						
	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 1,683,124,503	$ -	$ 1,356,075,959	$ 367,334,510	$ 165,863,425	($ 184,082,304)	$ 3,388,316,093
Segment liabilities	4,258,748	2,589,928,425	344,527,270	313,987,746	92,327,996	(176,026,773)	3,169,003,412

(3) Geographical information

The Bank and its subsidiaries' geographical information for the years ended December 31, 2021 and 2020 are as follows:

	For the year ended December 31, 2021	For the year ended December 31, 2020
Taiwan	$ 39,848,281	$ 37,325,838
Asia	4,632,171	4,661,151
North America	1,790,421	1,831,455
Others	1,196,317	937,626
Total	$ 47,467,190	$ 44,756,070

(4) Information on products

The Bank and its subsidiaries' information on products is consistent with their segment, please refer to Note 14(2).

(5) Major customer information

No single external customer is deemed significant by its transactions with the Bank generating revenues which accounted for more than 10% of the net profit of the Bank and its subsidiaries.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of First Commercial Bank

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and generally accepted auditing standards in the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

The Bank's key audit matters for the year ended December 31, 2021 are stated as follows:

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Recognition and measurement of expected credit losses on discounts and loans

Description

The recognition and measurement of expected credit losses on discounts and loans complies with the regulations under IFRS 9 "Financial Instruments" and relevant regulations issued by the competent authority. For the accounting policy of recognition and measurement of expected credit losses on discounts and loans, please refer to Note 4(8); for critical accounting judgements, estimates, and assumption uncertainty of the recognition and measurement of expected credit losses on discounts and loans, please refer to Note 5(3). For information on discounts and loans allowance for doubtful debts, which amounted to $25,014,295 thousand, as at December 31, 2021, please refer to Note 6(7); for disclosures of related credit risks, please refer to Note 12(2)C(C).

As stated in Note 5(3), impairment assessment of discounts and loans is based on the expected credit loss model. At each financial reporting date, financial instruments are categorised into three stages based on the degree of change in its credit risk since initial recognition. Provision for impairment loss is measured either using 12-month expected credit losses (stage 1, there has been no significant increase in credit risk since initial recognition) or lifetime expected credit losses (stage 2, there has been a significant increase in credit risk since initial recognition; or stage 3, the credit has been impaired). The measurement of expected credit losses is based on a complex model, which includes various parameters and assumptions and reflects reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. For example, the probability of default and loss given default are estimated using grouping and historical data and subsequently calibrated according to forward-looking information. Major exposure at default of on-balance sheet items is the outstanding loan balance.

The aforementioned recognition and measurement of expected credit losses on discounts and loans use a complex model, which involves various assumptions, estimates, and judgements, as well as predictions and assessments of future economic conditions and credit behavior of debtors. The amounts, recognised in a manner consistent with regulations and interpretations, are directly subject to the measurement results. Thus, we have included recognition and measurement of expected credit losses on discounts and loans as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, the expected credit loss impairment model and methodology (including various parameters and assumptions, reasonableness of the measurement criteria for the three stages of credit risk, and the relevancy of future economic condition criteria in forward-looking information), and the assessment and approval process.

2. Sampled and tested the implementation effectiveness of internal controls related to the recognition and measurement of expected credit losses, including management of collateral and its value assessment, controls for changes in parameters, and approval for provisioning of expected credit losses.
3. Sampled and tested the consistency of measurement criteria for the samples in the three stages of expected credit loss with the judgement results of the system.
4. Sampled and tested assumptions for the parameters of the expected credit loss model, including the reasonableness of historical data on probability of default, loss given default, and exposure at default.
5. Sampled and tested forward-looking information.
   (1) Sampled and tested the reliability of data on historical economic conditions (economic growth rate, annual inflation rate, etc.) adopted by management to determine whether there is significant increase in credit risk when measuring expected credit losses under IFRS 9 "Financial Instruments".
   (2) Assessed the reasonableness of the forward-looking scenarios and their respective weights adopted by the management.
6. Assessed cases in stage 3 (credit impaired) with material amounts that were previously assessed individually.
   Assessed the reasonableness and calculation accuracy of the various assumed parameter values (including debtor due period, financial and operational conditions, guarantees by external parties and historical data) adopted in the estimation of future cash flows.

Fair value measurement of unlisted stocks without an active market

Description

For the accounting policy for unlisted stocks without an active market (included financial assets at fair value through other comprehensive income), please refer to Note 4(6); for critical accounting judgements, estimates, and assumption uncertainty of unlisted stocks without an active market, please refer to Note 5(2). For information on unlisted stocks of financial assets at fair value through other comprehensive income (Level 3), which amounted to $9,037,835 thousand, as at December 31, 2021, please refer to Notes 6(4) and 12(1)E.

The fair value of unlisted stocks is determined by valuation methods since these financial instruments have no quoted prices from active market. Management primarily relies on valuation reports prepared by management's expert for the fair value measurement of these financial instruments. These measurements are largely based on comparable listed companies in similar industries or recently published market multiples and subsequently discounted according to market liquidity or specified risk.

The aforementioned fair value measurement of unlisted stocks includes the determination of assumptions and parameters adopted in valuation models and methods. Because this involves subjective judgement and various assumptions and estimates, the measurement result of using these assumptions and estimates will directly affect the related recognised amounts. Thus, we have included the fair value measurement of stocks of unlisted companies with no active market as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, fair value measurement models and methodologies, and approval process of the fair value measurement of unlisted stocks.
2. Understood and assessed the independence, professionalism, and competency of management's expert.
3. Assessed whether the valuation models and methodologies used by management's expert are widely adopted in the applicable industries.
4. Inspected whether the management's report had been assessed and approved by management and assessed the reasonableness of the results of valuation.

Responsibilities of management and those charged with governance for the financial statements

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

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

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Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

Chou, Chien-Hung

Chi, Shu-Mei

Chou, Chien-Hung　　Chi, Shu-Mei

For and on behalf of PricewaterhouseCoopers, Taiwan
February 18, 2022

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FIRST COMMERCIAL BANK
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	ASSETS	December 31, 2021 AMOUNT	%	(Adjusted) December 31, 2020 AMOUNT	%	(Adjusted) January 1, 2020 AMOUNT	%
11000	Cash and cash equivalents	$ 57,848,705	2	$ 43,639,234	1	$ 46,248,256	2
11500	Due from the central bank and call loans to banks	342,405,023	9	255,353,660	8	275,070,684	9
12000	Financial assets at fair value through profit or loss	164,561,017	5	170,912,960	5	156,410,445	5
12100	Financial assets at fair value through other comprehensive income	244,996,333	7	268,449,857	8	277,242,627	9
12200	Investments in debt instruments at amortised cost	678,337,912	19	657,215,278	20	482,997,678	16
12500	Securities purchased under resell agreements	-	-	-	-	500,000	-
13000	Receivables	29,597,747	1	24,386,135	1	23,558,598	1
13200	Current tax assets	1,378,450	-	1,347,752	-	1,303,857	-
13500	Discounts and loans, net	2,020,098,206	56	1,890,574,925	56	1,750,439,419	57
15000	Investments measured by equity method, net	8,178,809	-	8,071,724	-	8,056,524	-
15500	Other financial assets	102,572	-	147,803	-	149,465	-
18500	Property and equipment, net	26,686,265	1	26,473,848	1	25,772,659	1
18600	Right-of-use assets, net	2,229,285	-	2,544,728	-	2,717,866	-
18700	Investment property, net	6,983,971	-	7,308,423	-	7,551,986	-
19000	Intangible assets, net	806,919	-	814,557	-	613,751	-
19300	Deferred tax assets	2,297,726	-	2,643,988	-	2,653,502	-
19500	Other assets, net	1,946,382	-	6,147,216	-	3,610,169	-
	Total Assets	$ 3,588,455,322	100	$ 3,366,032,088	100	$ 3,064,897,486	100

(Continued)

FIRST COMMERCIAL BANK
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	December 31, 2021 AMOUNT	%	(Adjusted) December 31, 2020 AMOUNT	%	(Adjusted) January 1, 2020 AMOUNT	%
21000	Deposits from the central bank and banks	$ 211,357,812	6	$ 256,699,516	8	$ 283,524,659	9
21500	Due to the central bank and banks	42,741,220	1	16,390,000	-	214,750	-
22000	Financial liabilities at fair value through profit or loss	7,493,438	-	20,975,490	1	34,446,111	1
22500	Notes and bonds issued under repurchase agreement	10,556,802	1	26,919,014	1	17,894,625	1
23000	Payables	39,386,549	1	27,883,007	1	30,591,826	1
23200	Current tax liabilities	3,569,520	-	3,255,006	-	2,967,366	-
23500	Deposits and remittances	2,943,931,882	82	2,697,724,679	80	2,389,450,067	78
24000	Bank notes payable	47,800,000	2	38,950,000	1	27,950,000	1
25500	Other financial liabilities	40,100,508	1	39,314,981	1	39,320,318	2
25600	Provisions	5,506,122	-	5,873,294	-	5,828,640	-
26000	Lease liabilities	2,053,520	-	2,355,791	-	2,506,068	-
29300	Deferred income tax liabilities	6,573,435	-	6,585,686	-	6,944,481	-
29500	Other liabilities	3,844,795	-	3,792,943	-	4,334,289	-
	Total Liabilities	3,364,915,603	94	3,146,719,407	93	2,845,973,200	93
	Equity						
31101	Common stock	90,880,000	2	89,064,000	3	89,064,000	3
31500	Capital surplus	34,470,351	1	34,470,351	1	34,470,351	1
32000	**Retained earnings**						
32001	Legal reserve	61,299,547	2	56,684,162	2	50,995,215	2
32003	Special reserve	4,211,125	-	4,258,203	-	4,317,308	-
32011	Unappropriated earnings	20,742,513	1	17,842,325	1	21,420,868	1
32500	**Other equity interest**	11,936,183	-	16,993,640	-	18,656,544	-
	Total Equity	223,539,719	6	219,312,681	7	218,924,286	7
	Total Liabilities and Equity	$ 3,588,455,322	100	$ 3,366,032,088	100	$ 3,064,897,486	100

FIRST COMMERCIAL BANK
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

Code	Items	2021 AMOUNT	2021 %	2020 AMOUNT	2020 %	Changes Percentage (%)
41000	Interest income	$ 42,214,655	90	$ 43,723,269	99	(3)
51000	Interest expenses	(9,951,803)	(21)	(15,189,230)	(34)	(34)
	Net interest revenue	32,262,852	69	28,534,039	65	13
	Net revenue other than interest					
49100	Net service fee revenue	7,968,685	17	7,327,968	16	9
49200	Gain on financial assets or liabilities measured at fair value through profit or loss	2,127,019	4	4,554,905	10	(53)
43100	Realized gains on financial assets at fair value through other comprehensive income	2,597,401	6	2,130,916	5	22
43600	Gains arising from derecognition of financial assets measured at amortised cost	11,156	-	2,723	-	310
45000	Reversal of impairment loss (impairment losses) on assets	74,376	-	(32,291)	-	(330)
49750	Share of profit of associates accounted for using equity method	342,595	1	342,691	1	-
49600	Foreign exchange gain	1,152,836	2	1,191,847	3	(3)
49800	Net other revenue other than interest income	325,179	1	81,675	-	298
	Net revenue	46,862,099	100	44,134,473	100	6
58200	Bad debts expense, commitment and guarantee liability provision	(3,565,559)	(8)	(4,428,699)	(10)	(19)
	Operating expense					
58500	Employee benefits expenses	(14,726,550)	(31)	(13,870,179)	(31)	6
59000	Depreciation and amortization expense	(1,907,373)	(4)	(1,798,323)	(4)	6
59500	Other general and administrative expense	(5,744,683)	(12)	(5,681,383)	(13)	1
61001	**Profit from continuing operations before tax**	20,917,934	45	18,355,889	42	14
61003	Income tax expense	(3,266,277)	(7)	(2,673,038)	(6)	22
64000	**Profit**	17,651,657	38	15,682,851	36	13

(Continued)

FIRST COMMERCIAL BANK
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	2021 AMOUNT	2021 %	2020 AMOUNT	2020 %	Changes Percentage (%)
	Other comprehensive income, net of tax					
	Components of other comprehensive income that will not be reclassified to profit or loss, net of tax					
65201	Gains (losses) on remeasurements of defined benefit plans	$ 620,818	1	($ 388,338)	(1)	(260)
65204	Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	2,804,455	6	(1,989,232)	(4)	(241)
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(124,164)	-	77,667	-	(260)
	Components of other comprehensive income that will be reclassified to profit or loss, net of tax					
65301	Exchange differences on translation	(1,193,046)	(3)	(2,994,508)	(7)	(60)
65307	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(53,037)	-	29,057	-	(283)
65308	(Losses) gains from investments in debt instruments measured at fair value through other comprehensive income	(6,494,620)	(14)	3,279,461	8	(298)
65320	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	14,975	-	12,297	-	22
65000	Other comprehensive income	($ 4,424,619)	(10)	($ 1,973,596)	(4)	124
	Total comprehensive income	$ 13,227,038	28	$ 13,709,255	32	(4)
	Profit, attributable to:					
67101	Owners of parent	$ 17,651,657	38	$ 15,682,851	36	-
	Comprehensive income attributable to :					
67301	Owners of parent	$ 13,227,038	28	$ 13,709,255	32	-
	Basic and diluted earnings per share (In New Taiwan dollars)					
	Basic and diluted earnings per share	$	1.94	$	1.73	

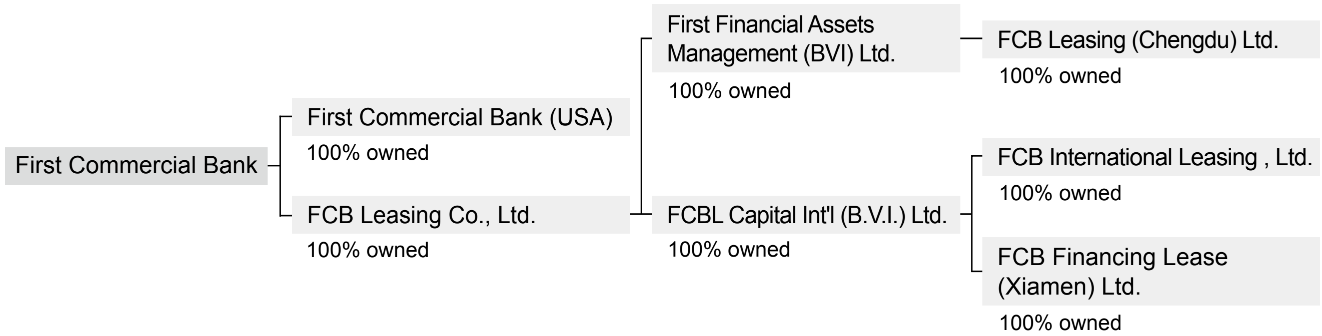
FIRST COMMERCIAL BANK
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

			Retained Earnings			Other equity interest		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign financial statements	Gains or loss on financial assets at fair value through other comprehensive income	Total equity
Year 2020								
Equity at beginning of period	$ 89,064,000	$ 34,470,351	$ 50,995,215	$ 4,317,308	$ 21,420,868	($ 2,864,892)	$ 21,521,436	$ 218,924,286
Profit	-	-	-	-	15,682,851	-	-	15,682,851
Other comprehensive income	-	-	-	-	(310,671)	(2,966,468)	1,303,543	(1,973,596)
Total comprehensive income	-	-	-	-	15,372,180	(2,966,468)	1,303,543	13,709,255
Appropriation and distribution of retained earnings								
Legal reserve appropriated	-	-	5,688,947	-	(5,688,947)	-	-	-
Special reserve appropriated	-	-	-	(46,647)	46,647	-	-	-
Cash dividends of ordinary share	-	-	-	-	(13,320,860)	-	-	(13,320,860)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(21)	-	21	-
Reversal of special reserve	-	-	-	(12,458)	12,458	-	-	-
Equity at end of period	$ 89,064,000	$ 34,470,351	$ 56,684,162	$ 4,258,203	$ 17,842,325	($ 5,831,360)	$ 22,825,000	$ 219,312,681
Year 2021								
Equity at beginning of period	$ 89,064,000	$ 34,470,351	$ 56,684,162	$ 4,258,203	$ 17,842,325	($ 5,831,360)	$ 22,825,000	$ 219,312,681
Profit	-	-	-	-	17,651,657	-	-	17,651,657
Other comprehensive income	-	-	-	-	496,654	(1,242,143)	(3,679,130)	(4,424,619)
Total comprehensive income	-	-	-	-	18,148,311	(1,242,143)	(3,679,130)	13,227,038
Appropriation and distribution of retained earnings								
Legal reserve appropriated	-	-	4,615,385	-	(4,615,385)	-	-	-
Special reserve appropriated	-	-	-	(47,078)	47,078	-	-	-
Cash dividends of ordinary share	-	-	-	-	(9,000,000)	-	-	(9,000,000)
Stock dividends of ordinary share	1,816,000	-	-	-	(1,816,000)	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	136,184	-	(136,184)	-
Equity at end of period	$ 90,880,000	$ 34,470,351	$ 61,299,547	$ 4,211,125	$ 20,742,513	($ 7,073,503)	$ 19,009,686	$ 223,539,719

FIRST COMMERCIAL BANK
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31, 2021	(Adjusted) 2020
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 20,917,934	$ 18,355,889
Adjustments		
Adjustments to reconcile profit		
Provision for bad debt expense, commitment and guarantee liability	6,577,983	7,900,115
Depreciation expense of property and equipment	810,257	763,438
Depreciation expense of investment property	10,449	9,036
Depreciation expense of right-of-use assets	697,635	716,348
Amortization expense	389,032	309,501
Interest income	(42,214,655)	(43,723,269)
Interest expense	9,951,803	15,189,230
Dividend income	(1,441,010)	(1,101,198)
Share of profit of associates accounted for using equity method	(342,595)	(342,691)
Loss on disposal of property and equipment	6,645	2,006
Gain on disposal of investment properties	-	(75,840)
(Reversal of impairment loss) impairment losses on assets	(74,376)	32,291
Gain on lease modification	(1,466)	(665)
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the central bank	(9,285,159)	(9,041,498)
Decrease (increase) in financial assets at fair value through profit or loss	6,351,943	(14,502,515)
Decrease in financial assets at fair value through other comprehensive income	19,784,262	10,070,616
Increase in investments in debt instruments measured at amortised cost	(21,080,800)	(174,235,729)
Increase in receivables	(4,466,930)	(1,462,562)
Increase in discounts and loans	(135,241,722)	(147,606,260)
(Increase) decrease in other financial assets	(46,170)	7,178
Changes in operating liabilities		
Decrease in deposits from the central bank and banks	(45,341,704)	(26,825,143)
Decrease in financial liabilities at fair value through profit or loss	(13,482,052)	(13,470,621)
Increase (decrease) in payable	11,872,935	(1,074,604)
Increase in deposits and remittances	246,207,203	308,274,612
Increase (decrease) in other financial liabilities	785,527	(5,337)
Decrease in provisions	(219,284)	(452,891)
Increase (decrease) in other liabilities	51,852	(541,346)
Cash inflow (outflow) generated from operations	51,177,537	(72,831,909)
Interest received	41,236,310	44,406,943
Interest paid	(10,321,187)	(16,823,439)
Dividends received	1,557,110	1,195,857
Income taxes paid	(2,757,638)	(2,688,610)
Net cash flows from (used in) operating activities	80,892,132	(46,741,158)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Acquisition of property and equipment	(734,827)	(1,271,097)
Acquisition of investment properties	(2,539)	(2,815)
Acquisition of intangible assets	(373,699)	(510,729)
Proceeds from disposal of investment properties	-	109,182
Decrease (increase) in other assets	4,213,576	(2,535,842)
Net cash flows from (used in) investing activities	3,102,511	(4,211,301)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES		
Increase in due to the central bank and banks	26,351,220	16,175,250
(Decrease) increase in notes and bonds issued under repurchase agreement	(16,362,212)	9,024,389
Proceeds from issuing bank notes payable	8,850,000	11,000,000
Payments of lease liabilities	(681,377)	(690,686)
Cash dividends paid	(9,000,000)	(13,320,860)
Net cash flows from financing activities	9,157,631	22,188,093
Effect of exchange rate changes on cash and cash equivalents	(1,182,572)	(3,099,351)
Net increase (decrease) in cash and cash equivalents	91,969,702	(31,863,717)
Cash and cash equivalents at beginning of period	225,334,860	257,198,577
Cash and cash equivalents at end of period	$ 317,304,562	$ 225,334,860
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	$ 57,856,879	$ 43,653,688
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	259,447,683	181,681,172
Cash and cash equivalents at end of period	$ 317,304,562	$ 225,334,860

FCB Subsidiaries & Affiliates



December 31, 2021

Key Figures

As of and for the year ended December 31, 2021

Unit: NTD thousand

	Paid-in capital	Total assets	Total liabilities	Stockholder's equity	Operating Revenue	Operating profit	Net income	EPS (in dollars)
First Commercial Bank (USA)	2,101,600	22,514,818	18,436,483	4,078,336	691,597	290,731	204,368	29.19
FCB Leasing Co., Ltd.	4,000,000	8,857,361	4,781,546	4,075,815	599,187	64,185	134,293	0.34
FCBL Capital Int'l (B.V.I.) Ltd.	1,791,218	2,170,057	148,045	2,022,012	28,635	24,105	85,415	0.05
FCB International Leasing, Ltd.	886,103	963,887	260,362	703,525	96,747	41,081	36,943	-
FCB Financing Lease (Xiamen) Ltd.	903,495	1,087,224	118,521	968,703	80,993	33,361	23,931	-
First Financial Assets Management (BVI) Ltd.	908,634	590,652	0	590,652	0	0	1,763	0.00
FCB Leasing (Chengdu) Ltd.	908,634	947,007	356,386	590,621	75,261	26,235	1,763	-

Domestic Offices Appointed to Conduct Foreign Exchange Business

Branch	Address	Tel
International Banking Division Swift: FCBKTWTP	3 & 4 F., No. 30, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan	886-2-23481111
Business Division	No. 30, Sec. 1, Chongqing S. Rd., Zhongzheng Dist., Taipei City 100, Taiwan	886-2-23481111
Anhe Branch	No. 184, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-23256000
Nangang Branch	2F.-8, No. 3, Park St., Nangang Dist., Taipei City 115, Taiwan	886-2-26558777
Ximen Branch	No. 52, Xining S. Rd., Wanhua Dist., Taipei City 108, Taiwan	886-2-23119111
Zhongxiao Road Branch	No. 94, Sec. 2, Zhongxiao E. Rd., Zhongzheng Dist., Taipei City 100, Taiwan	886-2-23416111
Donghu Branch	No. 483 & 489, Sec. 6, Minquan E. Rd., Neihu Dist., Taipei City 114, Taiwan	886-2-26348811
Jingmei Branch	No. 28, Jingzhong St., Wenshan Dist., Taipei City 116, Taiwan	886-2-29303011
Dazhi Branch	No. 588, Mingshui Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-85095611
Dadaocheng Branch	No. 63, Sec. 1, Dihua St., Datong Dist., Taipei City 103, Taiwan	886-2-25553711
Xinwei Branch	No. 368 & 370, Sec. 1, Fuxing S. Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27557241
Jiancheng Branch	No. 40, Sec. 1, Chengde Rd., Datong Dist., Taipei City 103, Taiwan	886-2-25556231
Huashan Branch	No. 22, Sec. 1, Chang'an E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25368111
Datong Branch	1 & 2F., No. 60, Sec. 3, Chongqing N. Rd., Datong Dist., Taipei City 103, Taiwan	886-2-25913251
Xinsheng Branch	No. 8, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25620256
Jiantan Branch	No. 152, Sec. 4, Chengde Rd., Shilin Dist., Taipei City 111, Taiwan	886-2-28802468
Yuanshan Branch	No. 53, Minquan W. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25979234
Zhongshan Branch	No. 61, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25211111
Zhonglun Branch	No. 188, Sec. 5, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-27606969
Nanjing East Road Branch	No. 125, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25062111
Chengdong Branch	No. 103, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25062881
Minsheng Branch	No. 131, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-27138512
Songjiang Branch	No. 309, Songjiang Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25017171
Minquan Branch	No. 365, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-27192009
Bade Branch	No. 111, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27318878
Changchun Branch	No. 169, Fuxing N. Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-27192132
Neihu Branch	No. 143 &145, Sec. 3, Chenggong Rd., Neihu Dist., Taipei City 114, Taiwan	886-2-27932311
Songshan Branch	1 & 2F., No. 760, Sec. 4, Bade Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-27674111
Yanji Branch	No. 289, Sec. 4, Zhongxiao E. Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27315741
Guangfu Branch	No. 16, Guangfu N. Rd., Songshan Dist., Taipei City 105, Taiwan	886-2-25773323
Xingya Branch	No. 167, Yongji Rd., Xinyi Dist., Taipei City 110, Taiwan	886-2-27655935
Yongchun Branch	No. 451, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan	886-2-27682111
Neihu Technology Park Branch	No. 388, Sec. 1, Neihu Rd., Neihu Dist., Taipei City 114, Taiwan	886-2-87978711
Jilin Branch	No. 136, Jilin Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25311677
Ren'ai Branch	No. 50, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27023111
Da'an Branch	No. 382, Sec. 4, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27556811
Xinyi Branch	No. 7, Sec. 3, Xinyi Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-23256811
Fuxing Branch	No. 36-10, Sec. 1, Fuxing S. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-27722345
Dunhua Branch	No. 267, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27362711
Renhe Branch	No. 376, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27556556
Shimao Branch	No. 65, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27849811
Muzha Branch	No. 11, Baoyi Rd., Wenshan Dist., Taipei City 116, Taiwan	886-2-22345101
Songmao Branch	No. 21, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	886-2-27236111
Xinhu Branch	No. 159, Xing'ai Rd., Neihu Dist., Taipei City 114, Taiwan	886-2-27931811
Guting Branch	No. 95, Sec. 2, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-23695222

Branch	Address	Tel
Nanmen Branch	No. 94, Sec. 1, Nanchang Rd., Zhongzheng Dist., Taipei City 100, Taiwan	886-2-23947162
Gongguan Branch	No. 293, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-23623111
Heping Branch	No. 151, Sec. 2, Heping E. Rd., Da'an Dist., Taipei City 106, Taiwan	886-2-27035111
Wanhua Branch	No. 87, Kangding Rd., Wanhua Dist., Taipei City 108, Taiwan	886-2-23719221
Shuangyuan Branch	No. 42, Sec. 2, Zhonghua Rd., Wanhua Dist., Taipei City 108, Taiwan	886-2-23068620
Tianmu Branch	No. 60 & 62, Sec. 1, Zhongcheng Rd., Shilin Dist., Taipei City 111, Taiwan	886-2-28369898
Beitou Branch	No. 133, Guangming Rd., Beitou Dist., Taipei City 112, Taiwan	886-2-28913921
Shilin Branch	No. 456 & 458, Zhongzheng Rd., Shilin Dist., Taipei City 111, Taiwan	886-2-28370011
Jianguo Branch	No. 161 & 163 Sec. 2, Minsheng E. Rd., Zhongshan Dist., Taipei City 104, Taiwan	886-2-25060110
Wanlong Branch	No. 347, Sec. 2, Xinglong Rd., Wenshan Dist., Taipei City 116, Taiwan	886-2-29326478
Shipai Branch	No. 100, Mingde Rd., Beitou Dist., Taipei City 112, Taiwan	886-2-28209111
Banqiao Branch	No. 107, Sec. 1, Sichuan Rd., Banqiao Dist., New Taipei City 220, Taiwan	886-2-29615171
Huajiang Branch	No. 329, Sec. 1, Wenhua Rd., Banqiao Dist., New Taipei City 220, Taiwan	886-2-22578091
Shulin Branch	No. 27-7 & 27-8, Sec. 1, Zhongshan Rd., Shulin Dist., New Taipei City 238, Taiwan	886-2-26833191
Tucheng Branch	No. 208, Sec. 3, Zhongyang Rd., Tucheng Dist., New Taipei City 236, Taiwan	886-2-22679611
Jiangzicui Branch	No. 388, Sec. 2, Wenhua Rd., Banqiao Dist., New Taipei City 220, Taiwan	886-2-82570111
Bei Tucheng Branch	No. 37, Sec. 3, Jincheng Rd., Tucheng Dist., New Taipei City 236, Taiwan	886-2-22607811
Linkougong'er Branch	No. 498, Zhongshan Rd., Linkou Dist., New Taipei City 244, Taiwan	886-2-26021101
Sanchongpu Branch	No. 70, Sec. 3, Sanhe Rd., Sanchong Dist., New Taipei City 241, Taiwan	886-2-29822111
Changtai Branch	No. 99, Sec. 2, Chongxin Rd., Sanchong Dist., New Taipei City 241, Taiwan	886-2-29884433
Luzhou Branch	No. 12, Zhongshan 1st Rd., Luzhou Dist., New Taipei City 247, Taiwan	886-2-82826788
Touqian Branch	No. 320, Huacheng Rd., Xinzhuang Dist., New Taipei City 242, Taiwan	886-2-22762311
Wugu Branch	No. 90, Siwei Rd., Wugu Dist., New Taipei City 248, Taiwan	886-2-29845577
Chongyang Branch	No. 89, Sec. 1, Chongyang Rd., Sanchong Dist., New Taipei City 241, Taiwan	886-2-29868822
Wugu Industrial Park Branch	No. 117, Wugong Rd., Wugu Dist., New Taipei City 248, Taiwan	886-2-22997811
Tamsui Branch	No. 183, Zhongzheng Rd., Tamsui Dist., New Taipei City 251, Taiwan	886-2-26202611
Xindian Branch	No. 134, Sec. 3, Zhongxing Rd., Xindian Dist., New Taipei City 231, Taiwan	886-2-29181835
Dapinglin Branch	No. 82, Minquan Rd., Xindian Dist., New Taipei City 231, Taiwan	886-2-22184651
Taishan Branch	No. 135 & 137, Sec. 1, Mingzhi Rd., Taishan Dist., New Taipei City 243, Taiwan	886-2-29097111
Xinzhuang Branch	No. 316, Zhongzheng Rd., Xinzhuang Dist., New Taipei City 242, Taiwan	886-2-29929001
Yingge Branch	No. 1, Ren'ai Rd., Yingge Dist., New Taipei City 239, Taiwan	886-2-26791921
Zhonghe Branch	No. 152, Sec. 2, Zhongshan Rd., Zhonghe Dist., New Taipei City 235, Taiwan	886-2-22495011
Yonghe Branch	No. 296, Fuhe Rd., Yonghe Dist., New Taipei City 234, Taiwan	886-2-29221711
Shuanghe Branch	No. 91, Anle Rd., Zhonghe Dist., New Taipei City 235, Taiwan	886-2-29408000
Liancheng Branch	No. 258, Liancheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan	886-2-82272111
Ruifang Branch	No. 76, Sec. 3, Mingdeng Rd., Ruifang Dist., New Taipei City 224, Taiwan	886-2-24967711
Puqian Branch	1F., No. 3, Sec. 1, Minsheng Rd., Banqiao Dist., New Taipei City 220, Taiwan	886-2-29599211
Danfeng Branch	No. 699-1, Zhongzheng Rd., Xinzhuang Dist., New Taipei City 242, Taiwan	886-2-29021111
Xizhi Branch	No. 280, Sec. 1, Datong Rd., Xizhi Dist., New Taipei City 221, Taiwan	886-2-26471688
Xike Branch	No. 133, Sec. 2, Datong Rd., Xizhi Dist., New Taipei City 221, Taiwan	886-2-86926000
Xingfu Branch	1 & 2F., No. 688, Xingfu Rd., Xinzhuang Dist., New Taipei City 242, Taiwan	886-2-29989111
Keelung Branch	No. 103, Xiao 3rd Rd., Ren'ai Dist., Keelung City 200, Taiwan	886-2-24279121
Shaochuantou Branch	1 & 2F., No. 57, Yi 1st Rd., Zhongzheng Dist., Keelung City 202, Taiwan	886-2-24266141
Yilan Branch	No. 77, Sec. 3, Zhongshan Rd., Yilan City, Yilan County 260, Taiwan	886-3-9324111
Luodong Branch	No. 165, Zhongzheng Rd., Luodong Township, Yilan County 265, Taiwan	886-3-9545611-8
Su'ao Branch	No. 12, Sec. 1, Zhongshan Rd., Su'ao Township, Yilan County 270, Taiwan	886-3-9962711-6
Taoyuan Branch	No. 55, Minzu Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3326111
Beitao Branch	No. 258 & 260, Sec. 2, Sanmin Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3353131
Danan Branch	No. 919, Sec. 1, Jieshou Rd., Bade Dist., Taoyuan City 334, Taiwan	886-3-3661966
Neili Branch	No. 117, Xinyi Rd., Zhongli Dist., Taoyuan City 320, Taiwan	886-3-4552410

Branch	Address	Tel
Zhongli Branch	1 & 2F., No. 146, Zhongzheng Rd., Zhongli Dist., Taoyuan City 320, Taiwan	886-3-4225111
Xili Branch	No. 30, Sec. 2, Zhongyang W. Rd., Zhongli Dist., Taoyuan City 320, Taiwan	886-3-4918111
Pingzhen Branch	No. 68, Huanxi Rd., Zhongli Dist., Taoyuan City 320, Taiwan	886-3-4939211
Dayuan Branch	No. 63, Xinsheng Rd., Dayuan Dist., Taoyuan City 337, Taiwan	886-3-3857111
Nankan Branch	No. 112 & 114, Zhongzheng Rd., Luzhu Dist., Taoyuan City 338, Taiwan	886-3-3216882
Huilong Branch	No. 161, Sec. 1, Wanshou Rd., Guishan Dist., Taoyuan City 333, Taiwan	886-3-82006111
Linkou Branch	No. 76 & 78, Wenhua 2nd Rd., Guishan Dist., Taoyuan City 333, Taiwan	886-3-3186611
Daxi Branch	No. 111, Kangzhuang Rd., Daxi Dist., Taoyuan City 335, Taiwan	886-3-3882101
Longtan Branch	No. 80, Zhongzheng Rd., Longtan Dist., Taoyuan City 325, Taiwan	886-3-4991111
Hsinchu Branch Swift: FCBKTWTP301	No. 3, Yingming St., North Dist., Hsinchu City 300, Taiwan	886-3-5226111
Dongmen Branch	No. 216, Dongmen St., North Dist., Hsinchu City 300, Taiwan	886-3-5249211
Hsinchu Science Park Branch	1 & 2F., No. 120, Ciyun Rd., East Dist., Hsinchu City 300, Taiwan	886-3-5637111
Zhudong Branch	No. 30, Donglin Rd., Zhudong Township, Hsinchu County 310, Taiwan	886-3-5963251
Guanxi Branch	No. 18, Zhengyi Rd., Guanxi Township, Hsinchu County 306, Taiwan	886-3-5872411
Zhubei Branch	No. 210, Guangming 5th St., Zhubei City, Hsinchu County 302, Taiwan	886-3-5559111
Miaoli Branch	No. 601, Zhongzheng Rd., Miaoli City, Miaoli County 360, Taiwan	886-37-322411
Zhunan Branch	No. 53, Minzu St., Zhunan Township, Miaoli County 350, Taiwan	886-37-477111
Toufen Branch	No. 67, Zhongzheng Rd., Toufen City, Miaoli County 351, Taiwan	886-37-672611
Taichung Branch Swift: FCBKTWTP401	No. 144, Sec. 1, Ziyou Rd., West Dist., Taichung City 403, Taiwa	886-4-22233611
Nan Taichung Branch	No. 33 & 35, Sec. 4, Fuxing Rd., East Dist., Taichung City 401, Taiwan	886-4-22231111
Bei Taichung Branch	No. 501, Sec. 1, Taiwan Blvd., Central Dist., Taichung City 400, Taiwan	886-4-22238111
Zhonggang Branch	No. 912, Sec. 2, Taiwan Blvd., Xitun Dist., Taichung City 407, Taiwan	886-4-23136111
Beitun Branch	No. 696, Sec. 4, Wenxin Rd., Beitun Dist., Taichung City 406, Taiwan	886-4-22366111
Jinhua Branch	No. 236, Jinhua N. Rd., North Dist., Taichung City 404, Taiwan	886-4-22300311
Nantun Branch	No. 668, Sec. 2, Wuquan W. Rd., Nantun Dist., Taichung City 408, Taiwan	886-4-23801515
Fengyuan Branch	No. 423, Zhongshan Rd., Fengyuan Dist., Taichung City 420, Taiwan	886-4-25225111
Dali Branch	No. 43, 45 & 47, Dongrong Rd., Dali Dist., Taichung City 412, Taiwan	886-4-24838111
Central Taiwan Science Park Branch	No. 6-3, Zhongke Rd., Daya Dist., Taichung City 428, Taiwan	886-4-25659111
Dongshi Branch	No. 449, Fengshi Rd., Dongshi Dist., Taichung City 423, Taiwan	886-4-25874121
Shalu Branch	No. 355, Zhongshan Rd., Shalu Dist., Taichung City 433, Taiwan	886-4-26621331
Dajia Branch	No. 361 & 363, Shuntian Rd., Dajia Dist., Taichung City 437, Taiwan	886-4-26882981
Taiping Branch	1 & 2F., No. 50, Zhongxing E. Rd., Taiping Dist., Taichung City 411, Taiwan	886-4-22799011
Qingshui Branch	No. 35-10, Guangming Rd., Qingshui Dist., Taichung City 436, Taiwan	886-4-26238111
Daya Branch	No. 96, Zhongqing E. Rd., Daya Dist., Taichung City 428, Taiwan	886-4-25686111
Nantou Branch	No. 2, Zhongshan 1st St., Nantou City, Nantou County 540, Taiwan	886-49-2223111
Caotun Branch	No. 256, Sec. 2, Taiping Rd., Caotun Township, Nantou County 542, Taiwan	886-49-2338181
Puli Branch	No. 97, Sec. 1, Xi'an Rd., Puli Township, Nantou County 545, Taiwan	886-49-2982711
Changhua Branch	No. 48, Heping Rd., Changhua City, Changhua County 500, Taiwan	886-4-7232161
Yuanlin Branch	No. 26, Yuying Rd., Yuanlin City, Changhua County 510, Taiwan	886-4-8328811
Lukang Branch	No. 301, Zhongshan Rd., Lukang Township, Changhua County 505, Taiwan	886-4-7772111
Xihu Branch	No. 166, Sec. 3, Zhangshui Rd., Xihu Township, Changhua County 514, Taiwan	886-4-8824111
Beidou Branch	No. 35, Sec. 2, Zhongshan Rd., Beidou Township, Changhua County 521, Taiwan	886-4-8782111
Hemei Branch	No. 84, 86 & 88, Hexian Rd., Hemei Township, Changhua County 508, Taiwan	886-4-7551111
Chiayi Branch	No. 307, Zhongshan Rd., East Dist., Chiayi City 600, Taiwan	886-5-2272111
Xingjia Branch	No. 425 & 427, Xingye W. Rd., West Dist., Chiayi City 600, Taiwan	886-5-2859833
Puzi Branch	No. 135, Zhongzheng Rd., Puzi City, Chiayi County 613, Taiwan	886-5-3795111
Douliu Branch	No. 16, Taiping Rd., Douliu City, Yunlin County 640, Taiwan	886-5-5324311
Beigang Branch	No. 96, Zhongzheng Rd., Beigang Township, Yunlin County 651, Taiwan	886-5-7833211

Branch	Address	Tel
Xiluo Branch	No. 189, Yanping Rd., Xiluo Township, Yunlin County 648, Taiwan	886-5-5862131
Huwei Branch	No. 83, Zhongzheng Rd., Huwei Township, Yunlin County 632, Taiwan	886-5-6322330
Tainan Branch Swift: FCBKTWTP601	No. 82, Sec. 2, Zhongyi Rd., West Central Dist., Tainan City 700, Taiwan	886-6-2224131
Fuqiang Branch	No. 31, Sec. 3, Dongmen Rd., East Dist., Tainan City 701, Taiwan	886-6-2904453
Chikan Branch	No. 217, Chenggong Rd., West Central Dist., Tainan City 700, Taiwan	886-6-2268111
Zhuxi Branch	No. 98, Sec. 1, Datong Rd., West Central Dist., Tainan City 700, Taiwan	886-6-2160111
Jincheng Branch	No. 105, Xialin Rd., South Dist., Tainan City 702, Taiwan	886-6-2248833
Annan Branch	No. 500, Sec. 2, Haidian Rd., Annan Dist., Tainan City 709, Taiwan	886-6-2465111
Xinying Branch	No. 150, Zhongshan Rd., Xinying Dist., Tainan City 730, Taiwan	886-6-6324211
Yanshui Branch	No. 57, Sanfu Rd., Yanshui Dist., Tainan City 737, Taiwan	886-6-6521611
Madou Branch	No. 12, Xingzhong Rd., Madou Dist., Tainan City 721, Taiwan	886-6-5729901
Shanhua Branch	No. 366, Zhongshan Rd., Shanhua Dist., Tainan City 741, Taiwan	886-6-5817350
Jiali Branch	No. 288-1 & 290, Yanping Rd., Jiali Dist., Tainan City 722, Taiwan	886-6-7226111
Xinhua Branch	No. 374, Zhongzheng Rd., Xinhua Dist., Tainan City 712, Taiwan	886-6-5901111
Dawan Branch	No. 5, Sec. 2, Yongda Rd., Yongkang Dist., Tainan City 710, Taiwan	886-6-2713251
Southern Taiwan Science Park Branch	2F., No. 15, Nanke 3rd Rd., Xinshi Dist., Tainan City 744, Taiwan	886-6-5051111
Guiren Branch	No. 55 & 57, Sec. 2, Zhongshan Rd., Guiren Dist., Tainan City 711, Taiwan	886-6-3300111
Yongkang Branch	No. 109, Zhongzheng S. Rd., Yongkang Dist., Tainan City 710, Taiwan	886-6-2513211
Kaohsiung Branch Swift: FCBKTWTP701	No. 28, Minquan 1st Rd., Lingya Dist., Kaohsiung City 802, Taiwan	886-7-3350811
Yancheng Branch	No. 115, Daren Rd., Yancheng Dist., Kaohsiung City 803, Taiwan	886-7-5519201
Xinxing Branch	No. 17, Zhongzheng 4th Rd., Xinxing Dist., Kaohsiung City 800, Taiwan	886-7-2719111
Sanmin Branch	No. 291, Zhonghua 3rd Rd., Sanmin Dist., Kaohsiung City 807, Taiwan	886-7-2718111
Lingya Branch	No. 61, Wufu 3rd Rd., Qianjin Dist., Kaohsiung City 801, Taiwan	886-7-2822111
Zuoying Branch	No. 411 & 413, Zuoying Avenue, Zuoying Dist., Kaohsiung City 813, Taiwan	886-7-5815511
Nanzi Branch	No. 3, Nanzi Rd., Nanzi Dist., Kaohsiung City 811, Taiwan	886-7-3511211
Wufu Branch	No. 161, Zhongzheng 2nd Rd., Lingya Dist., Kaohsiung City 802, Taiwan	886-7-2225111
Shiquan Branch	No. 57, Ziyou 1st Rd., Sanmin Dist., Kaohsiung City 807, Taiwan	886-7-3112131
Qianzhen Branch	No. 191, Sanduo 3rd Rd., Qianzhen Dist., Kaohsiung City 806, Taiwan	886-7-3344191
Wannei Branch	No. 147, Dashun 2nd Rd., Sanmin Dist., Kaohsiung City 807, Taiwan	886-7-3821526
Bo'ai Branch	No. 426, Bo'ai 2nd Rd., Zuoying Dist., Kaohsiung City 813, Taiwan	886-7-5588311
Xiaogang Branch	No. 182, Yanhai 1st Rd., Xiaogang Dist., Kaohsiung City 812, Taiwan	886-7-8066601
Wujia Branch	1 & 2F., No. 322, Baotai Rd., Fengshan Dist., Kaohsiung City 830, Taiwan	886-7-7260211
Fengshan Branch	No. 1, Chenggong Rd., Fengshan Dist., Kaohsiung City 830, Taiwan	886-7-7463611
Luzhu Branch	No. 1187, Zhongshan Rd., Luzhu Dist., Kaohsiung City 821, Taiwan	886-7-6963211
Gangshan Branch	No. 275, Gangshan Rd., Gangshan Dist., Kaohsiung City 820, Taiwan	886-7-6212111
Qishan Branch	No. 120, Zhongshan Rd., Qishan Dist., Kaohsiung City 842, Taiwan	886-7-6621811
Linyuan Branch	No. 459, Linyuan N. Rd., Linyuan Dist., Kaohsiung City 832, Taiwan	886-7-6436111
Ziben Branch	No. 306, Zhongzheng Rd., Ziguan Dist., Kaohsiung City 826, Taiwan	886-7-6172111
Pingtung Branch	No. 308, Minsheng Rd., Pingtung City, Pingtung County 900, Taiwan	886-8-7325111
Chaozhou Branch	No. 117, Zhongshan Rd., Chaozhou Township, Pingtung County 920, Taiwan	886-8-7883771
Donggang Branch	No. 23, Chaoyang St., Donggang Township, Pingtung County 928, Taiwan	886-8-8350111
Hengchun Branch	No. 17, Zhongzheng Rd., Hengchun Township, Pingtung County 946, Taiwan	886-8-8893231
Wanluan Branch	No. 29, Zhongzheng Rd., Wanluan Township, Pingtung County 923, Taiwan	886-8-7811211
Hualien Branch	No. 22, Gongyuan Rd., Hualien City, Hualien County 970, Taiwan	886-3-8324611
Taitung Branch	No. 397, Sec. 1, Zhonghua Rd., Taitung City, Taitung County 950, Taiwan	886-89-324211
Penghu Branch	No. 88, Guangfu Rd., Magong City, Penghu County 880, Taiwan	886-6-9273211

Overseas Network

Overseas Branches

- **Brisbane Branch**
  Mezzanine Fl., 199 George Street
  Brisbane QLD 4000, Australia
  Tel: 61-7-3211-1001
- **Chengdu Branch**
  Unit No.1,9,10, 16F, Chengdu IFS Tower 1, No.1 Hongxing Road Section 3, Jinjiang District, Chengdu, Sichuan Province, 610021 China
  Tel: 86-28-86586311
- **Guam Branch**
  862 South Marine Corps Drive, Tamuning, Guam 96913, U.S.A.
  Tel: 1-671-472-6864
- **Hanoi City Branch**
  8th Floor, Charmvit Tower
  117 Tran Duy Hung Road
  Trung Hoa Ward, Cau Giay District
  Hanoi City, Vietnam
  Tel: 84-24-3936-2111
- **Ho Chi Minh City Branch**
  21 Fl., A&B Tower
  76A Le Lai Street, District 1
  Ho Chi Minh City, Vietnam
  Tel: 84-28-3823-8111
- **Hong Kong Branch**
  1702, 17F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong
  Tel: 852-2868-9008
- **Houston Branch**
  1201 Louisiana St., Suite 750, Houston, TX 77002, USA
  Tel: 1-713-684-8511
- **London Branch**
  Bowman House, 29, Wilson Street
  London EC2M 2SJ, U.K.
  Tel: 44-20-7417-0000
- **Los Angeles Branch**
  600, Wilshire Blvd., Suite 800
  Los Angeles, CA 90017, U.S.A.
  Tel: 1-213-362-0200
- **Macau Branch**
  Unit B-C, 16/F, Finance and IT Centre of Macau, Avenida Commercial de Macau
  Tel: 853-2857-5088
- **Manila Branch**
  20F., Tower6789, 6789 Ayala Avenue, Makati City, Metro Manila, Philippines
  Tel: 63-2-88968888
- **New York Branch**
  750, Third Avenue, 34th Fl., New York, NY 10017, U.S.A.
  Tel: 1-212-599-6868
- **Phnom Penh Branch**
  1F&2F, No.66, Norodom Blvd, Sangkat Chey Chomnas, Khan Daun Penh, Phnom Penh, Cambodia
  Tel: 855-23-210026-8
- **Chamkar Mon Sub-Branch**
  1F, No.216B, Norodom Blvd (41), Sangkat Tonel Bassac, Khan Chamkarmorn, Phnom Penh, Cambodia
  Tel: 855-23-726806~8
- **Chorm Chaov Sub-Branch**
  No.3,5,7&9, Prey Chisak Village, Chorm Chaov Commune, Dangkor District, Phnom Penh, Cambodia
  Tel: 855-23-865171~3
- **Chraoy Chongvar Sub-Branch**
  No.F08-F09, Street National Road No6, Phum3, Sangkat Chroy Changva, Khan Russey Keo, Phnom Penh, Cambodia
  Tel: 855-23-432156~8
- **Mean Chey Sub-Branch**
  No 14A & 15A, Street Chaom Chau, Phum Damnak Thum, Sangkat Stueng Meanchey, Khan Meanchey, Phnom Penh, Cambodia
  Tel: 855-92-888602~3
- **Olympic Sub-Branch**
  No. 30 ABC (Ground Floor, First Floor and Second Floor), St. 215, Sangkat Mittapheab, Khan 7 Makara, Phnom Penh, Cambodia
  Tel: 855-23-880392~4
- **Phsar Derm Thkov Sub-Branch**
  No.231, Street 271, Phum 4, Sangkat Tuol Tumpung Ti Pir, Khan Chamkar Mon, Phnom Penh, Cambodia
  Tel: 855-23-23-2126~8
- **Sen Sok Sub-Branch**
  No.111&113, Street 1003, Bayab Village, Sangkat Phnom Penh Thmei, Khan SaenSokh, Phnom Penh, Cambodia
  Tel: 855-23-89-0371~3
- **Siem Reap Sub-Branch**
  No.602&604, Preah Sangreach Tep Vong Street, Phum Mondol 2, Sangkat Svay Dongkum, Siem Reap Province, Cambodia
  Tel: 855-63-963187~9
- **Tuol Kouk Sub-Branch**
  No.89, Street. 289, Phum 14, Sangkat Boeung Kak II, Khan Tuol Kork, Phnom Penh, Cambodia
  Tel: 855-23-885891~3
- **Shanghai Branch**
  86-90, Ronghua East Road (JH Gubei 88 Building), Changning District, Shanghai 201103, China
  Tel: 86-21-2227-0611
- **Shanghai Pilot Free Trade Zone Sub-Branch**
  Room 2305 Shanghai Shimao Tower,No.55 West Weifang Road, Pudong New Dist., Shanghai 200122, China
  Tel: 86-21-2069-0611
- **Singapore Branch**
  No. 77, Robinson Road, #29-01, Singapore 068896
  Tel: 65-6593-0888
- **Tokyo Branch**
  〒100-0004 23F Otemachi NOMURA Building 1-1, Otemachi 2-Chome Chiyoda-Ku,Tokyo,Japan
  Tel: 81-3-3279-0888
- **Toronto Branch**
  5000 Yonge Street, Suite 1803
  Toronto, ON M2N 7E9, Canada
  Tel: 1-416-250-8788
- **Vancouver Branch**
  #100-5611 Cooney Road
  Richmond, BC V6X 3J6, Canada
  Tel: 1-604-207-9600
- **Vientiane Branch**
  No.61, 23 Singha Road, Phonxay Village, Saysettha District
  Vientiane Capital, Lao PDR
  Tel: 856-21-415318
- **Xiamen Branch**
  Unit EFGH, 30F, International Plaza, No.8 Lujiang Road, Siming District, Xiamen, Fujian Province, 361001 China
  Tel: 86-592-8169111

Overseas Representative Office

- **Bangkok Representative Office**
  9th Fl., Sathorn City Tower, No. 175, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
  Tel: 662-679-5291
- **Yangon Representative Office**
  No.7 Nichol's Avenue, Parami Road, Mayangone Township, Yangon, Myanmar
  Tel: 95-1-9669568
- **Jakarta Representative Office**
  World Trade Centre - WTC3 27th Floor, Jl. Jend. Sudirman Kav. 29 - 31, Jakarta 12920, Indonesia
  Tel: 62-21-3048-8787

Subsidiary

First Commercial Bank (USA)

- **Head Office & Alhambra Branch**
  200 E. Main Street
  Alhambra, CA 91801, U.S.A.
  Tel: 1-626-300-6000
- **Arcadia Branch**
  1309 S. Baldwin Ave.
  Arcadia, CA 91007, U.S.A.
  Tel: 1-626-254-1828
- **Chino Hills Branch**
  2911 Chino Avenue, Unit F2, Chino Hills, CA 91709, U.S.A.
  Tel: 1-909-993-5888
- **City of Industry Branch**
  18725 E. Gale Ave. Suite 150
  City of Industry, CA 91748, U.S.A.
  Tel: 1-626-964-1888
- **Fremont Branch**
  47000 Warm Springs Boulevard, Suite 3, Fremont, CA 94539 U.S.A.
  Tel: 1-510-933-0270
- **Irvine Branch**
  4250 Barranca Parkway, Suite E
  Irvine, CA 92604, U.S.A.
  Tel: 1-949-654-2888
- **Silicon Valley Branch**
  1141 S. De Anza Blvd.
  San Jose, CA 95129, U.S.A.
  Tel: 1-408-253-4666
- **San Mateo Branch**
  2727 S. El Camino Real, Suite G, San Mateo, CA 94403, U.S.A.
  Tel: 1-650-931-8568

May 2022

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