Taichung Commercial Bank Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Taichung Commercial Bank Co., Ltd.

Introduction

We have reviewed the accompanying consolidated financial statements of Taichung Commercial Bank Co., Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of March 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shu-Lin Liu and Pan-Fa Wang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 5, 2022

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

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

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	March 31, 2022 (Reviewed)		December 31, 2021 (Audited)		March 31, 2021 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 14,287,370	2	$ 17,964,974	2	$ 10,339,924	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 36)	41,734,407	5	38,193,986	5	36,047,138	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 8)	34,128,834	4	33,675,502	4	33,050,393	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Note 9)	49,998,783	7	48,547,804	6	43,422,707	6
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10 and 36)	109,314,388	14	109,181,808	14	110,488,113	15
SECURITIES PURCHASED UNDER RESALE AGREEMENTS (Note 11)	11,392,750	2	11,258,439	2	13,924,003	2
RECEIVABLES, NET (Notes 12 and 36)	14,434,145	2	14,351,605	2	15,290,437	2
CURRENT TAX ASSETS (Note 4)	-	-	-	-	3,426	-
NOTES DISCOUNTED AND LOANS, NET (Notes 13 and 35)	487,907,936	62	479,806,373	62	467,164,584	63
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Note 14)	169,612	-	165,124	-	168,245	-
RESTRICTED ASSETS, NET (Notes 15 and 36)	367,771	-	394,621	-	418,899	-
OTHER FINANCIAL ASSETS, NET (Note 16)	437,502	-	437,502	-	-	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	14,030,500	2	13,755,424	2	12,415,292	2
RIGHT-OF-USE ASSETS, NET (Note 18)	811,961	-	817,320	-	1,013,823	-
INVESTMENT PROPERTIES, NET (Note 19)	20,019	-	-	-	17,991	-
INTANGIBLE ASSETS, NET (Note 20)	210,922	-	220,723	-	215,902	-
DEFERRED TAX ASSETS (Note 4)	891,766	-	859,352	-	884,822	-
OTHER ASSETS (Notes 21 and 36)	2,361,833	-	3,047,836	1	2,470,304	-
TOTAL	$ 782,500,499	100	$ 772,678,393	100	$ 747,336,003	100
LIABILITIES AND EQUITY						
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	$ 3,453,700	1	$ 3,953,700	1	$ 7,238,615	1
FUNDS BORROWED FROM THE CENTRAL BANK AND OTHER BANKS (Notes 23 and 36)	10,952,264	1	10,459,156	2	9,681,398	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 8)	1,003,490	-	512,399	-	716,971	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Note 24)	1,206,045	-	1,205,559	-	6,095,540	1
PAYABLES (Notes 25 and 35)	5,667,207	1	11,092,958	2	7,256,869	1
CURRENT TAX LIABILITIES (Note 4)	697,818	-	406,178	-	412,170	-
DEPOSITS AND REMITTANCES (Notes 26 and 35)	671,447,375	86	659,116,235	85	639,883,008	86
BANK DEBENTURES (Notes 27 and 35)	16,500,000	2	16,500,000	2	11,500,000	2
OTHER FINANCIAL LIABILITIES (Note 28)	3,561,045	1	2,648,169	-	2,238,046	-
PROVISIONS (Notes 4 and 29)	1,330,697	-	1,355,169	-	1,464,292	-
LEASE LIABILITIES (Note 18)	850,552	-	853,218	-	1,044,568	-
DEFERRED TAX LIABILITIES (Note 4)	109,486	-	109,486	-	111,021	-
OTHER LIABILITIES (Note 30)	1,153,070	-	1,006,181	-	950,679	-
Total liabilities	717,932,749	92	709,218,408	92	688,593,177	92
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Note 31)						
Ordinary shares	45,385,205	6	45,385,205	6	41,516,943	6
Capital surplus	1,054,006	-	1,054,006	-	803,606	-
Retained earnings						
Legal reserve	10,677,008	1	10,677,008	1	9,469,859	1
Special reserve	149,678	-	149,678	-	150,243	-
Unappropriated earnings	6,162,401	1	4,886,043	1	5,223,044	1
Other equity	1,139,452	-	1,308,045	-	1,579,131	-
Total equity attributable to owners of the Bank	64,567,750	8	63,459,985	8	58,742,826	8
Total equity	64,567,750	8	63,459,985	8	58,742,826	8
TOTAL	$ 782,500,499	100	$ 772,678,393	100	$ 747,336,003	100

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2022		2021	
	Amount	**%**	**Amount**	**%**
INTEREST REVENUE (Notes 32 and 35)	$ 3,162,409	92	$ 3,018,566	92
INTEREST EXPENSE (Notes 32 and 35)	(744,793)	(22)	(771,550)	(24)
NET INTEREST	2,417,616	70	2,247,016	68
NET INCOME AND LOSS OTHER THAN INTEREST				
Service fee income, net (Notes 32 and 35)	862,539	25	849,118	26
Gains on financial assets and liabilities at fair value through profit or loss (Note 32)	92,154	3	246,204	8
Realized gains on financial assets at fair value through other comprehensive income (Note 32)	5,224	-	-	-
Foreign exchange gains (losses), net	61,662	2	(54,559)	(2)
Impairment losses on assets (Notes 9, 10 and 32)	(989)	-	(1,911)	-
Share of loss of associates for using the equity method (Note 14)	(2,746)	-	(773)	-
Other non-interest gains, net (Notes 29 and 32)	2,034	-	3,428	-
TOTAL NET REVENUE	3,437,494	100	3,288,523	100
PROVISION FOR BAD DEBTS EXPENSE, COMMITMENTS AND GUARANTEES (Notes 12, 13, 29 and 32)	(217,869)	(7)	(319,727)	(10)
OPERATING EXPENSES				
Employee benefits expenses (Note 32)	(1,102,755)	(32)	(1,064,382)	(32)
Depreciation and amortization expenses (Note 32)	(106,941)	(3)	(132,239)	(4)
Other selling and administrative expenses (Notes 32 and 35)	(447,436)	(13)	(449,483)	(14)
Total operating expenses	(1,657,132)	(48)	(1,646,104)	(50)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,562,493	45	1,322,692	40
INCOME TAX EXPENSE (Notes 4 and 33)	(286,479)	(8)	(192,448)	(6)
NET PROFIT FOR THE PERIOD	1,276,014	37	1,130,244	34

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2022		2021	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit, net of income tax:				
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	$ 223,618	7	$ 183,319	6
Share of the other comprehensive income of associates accounted for using the equity method	7,234	-	5,870	-
Income tax expense relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 33)	(2,930)	-	(16)	-
Items that will not be reclassified subsequently to profit, net of income tax	227,922	7	189,173	6
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on the translation of financial statements of foreign operations	43,949	1	50,195	1
Unrealized (losses) gains on investments in debt instruments designated as at fair value through other comprehensive income	(440,120)	(13)	51,461	2
Items that may be reclassified subsequently to profit or loss, net of income tax	(396,171)	(12)	101,656	3
Other comprehensive (loss) income for the period, net of income tax	(168,249)	(5)	290,829	9
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 1,107,765	32	$ 1,421,073	43
EARNINGS PER SHARE (Note 34)				
Basic	$ 0.28		$ 0.26	
Diluted	$ 0.28		$ 0.26	

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Bank							
	Capital Stock		Retained Earnings			Other Equity		
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2021	$ 41,516,943	$ 803,606	$ 9,469,859	$ 150,243	$ 4,077,345	$ (121,110)	$ 1,424,867	$ 57,321,753
Net profit for the three months ended March 31, 2021	-	-	-	-	1,130,244	-	-	1,130,244
Other comprehensive income for the three months ended March 31, 2021, net of income tax	-	-	-	-	-	50,195	240,634	290,829
Total comprehensive income for the three months ended March 31, 2021	-	-	-	-	1,130,244	50,195	240,634	1,421,073
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	15,455	-	(15,455)	-
BALANCE AT MARCH 31, 2021	$ 41,516,943	$ 803,606	$ 9,469,859	$ 150,243	$ 5,223,044	$ (70,915)	$ 1,650,046	$ 58,742,826
BALANCE AT JANUARY 1, 2022	$ 45,385,205	$ 1,054,006	$ 10,677,008	$ 149,678	$ 4,886,043	$ (85,087)	$ 1,393,132	$ 63,459,985
Net profit for the three months ended March 31, 2022	-	-	-	-	1,276,014	-	-	1,276,014
Other comprehensive income (loss) for the three months ended March 31, 2022, net of income tax	-	-	-	-	-	43,949	(212,198)	(168,249)
Total comprehensive income (loss) for the three months ended March 31, 2022	-	-	-	-	1,276,014	43,949	(212,198)	1,107,765
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	344	-	(344)	-
BALANCE AT MARCH 31, 2022	$ 45,385,205	$ 1,054,006	$ 10,677,008	$ 149,678	$ 6,162,401	$ (41,138)	$ 1,180,590	$ 64,567,750

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,562,493	$ 1,322,692
Adjustments for:		
Depreciation expense	89,965	116,249
Amortization expense	16,976	15,990
Provision for bad debts expense, commitments and guarantees liabilities	217,869	319,727
Gain on financial assets and liabilities at fair value through profit or loss	(92,154)	(246,204)
Loss (gain) on disposal of properties and equipment	75	(1,202)
Interest expense	744,793	771,550
Interest revenue	(3,162,409)	(3,018,566)
Dividend income	(5,157)	-
Share of loss of associates	2,746	773
Gains on disposal of investments in debt instruments at fair value through other comprehensive income	(67)	-
Impairment losses on financial assets	989	1,911
Unrealized gain on foreign currency exchange	(983,356)	(369,939)
Gain on lease suspension	(98)	(1,751)
Total adjustment	(3,169,828)	(2,411,462)
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(249,811)	(549,804)
Financial assets at fair value through profit or loss	486,725	(1,088,461)
Receivables	(107,172)	(1,824,274)
Notes discounted and loans	(8,324,526)	(10,837,889)
Other financial assets	80	(4)
Other assets	650,721	68,395
Due to the Central Bank and other banks	(500,000)	201,277
Financial liabilities at fair value through profit or loss	(356,812)	(916,751)
Securities sold under repurchase agreements	486	3,795,463
Payables	(5,625,722)	(245,761)
Deposits and remittances	12,331,140	3,293,540
Other financial liabilities	689,782	22,439
Provision for employee benefits	(9,491)	(21,486)
Other liabilities	9,128	(58,028)
Changes in operating assets and liabilities	(1,005,472)	(8,161,344)
Cash used in operations	(2,612,807)	(9,250,114)
Interest received	3,175,648	3,024,779
Dividends received	5,157	-
Interest paid	(543,572)	(617,054)
Income tax paid	(30,183)	(32,271)
Net cash used in operating activities	(5,757)	(6,874,660)

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TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2022	**2021**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (1,766,116)	$ (2,556,913)
Proceeds from disposal of financial assets at fair value through other comprehensive income	201,745	393,976
Purchase of financial assets at amortized cost	(221,737,454)	(234,309,596)
Proceeds from repayments of financial assets at amortized cost	222,503,756	236,770,385
Payments for properties and equipment	(325,716)	(136,437)
Proceeds from disposal of properties and equipment	-	1,254
Decrease (increase) in refundable deposits	42,232	(76,588)
Payments for intangible assets	(6,726)	(17,015)
Payments for investment properties	(20,019)	-
Net cash (used in) generated from investing activities	(1,108,298)	69,066
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from Central Bank and other banks	493,108	1,170,746
Proceeds from commercial papers issued	223,094	519,794
Proceeds from guarantee deposits received	137,761	33,396
Repayments of principal portion of lease liabilities	(36,540)	(61,234)
Net cash generated from financing activities	817,423	1,662,702
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	43,949	50,195
NET DECREASE IN CASH AND CASH EQUIVALENTS	(252,683)	(5,092,697)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	47,367,088	46,249,219
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 47,114,405	$ 41,156,522

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TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	March 31	
	2022	**2021**
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AT MARCH 31, 2022 AND 2021		
Cash and cash equivalents in the consolidated balance sheets	$ 14,287,370	$ 10,339,924
Due from the central bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	21,434,285	16,892,595
Securities purchased under resale agreements in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	11,392,750	13,924,003
Cash and cash equivalents at the end of the period	$ 47,114,405	$ 41,156,522

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Taichung Commercial Bank Co., Ltd. (the “Bank”), formerly known as Taichung District Association Saving Co., Ltd. (Taichung District Association) was established on September 27, 1952 by the Taiwan Provincial Government. It was incorporated in April 1953 and started operations in August of the same year. In July of 1975, the Banking Act of the Republic of China was revised and implemented. On January 1, 1978, the Taichung District Association Saving Co., Ltd. (Taichung District Association) was restructured into Taichung SME Bank Co., Ltd. (Taichung SME Bank) and its shares were listed on May 15, 1984.

In line with the national financial policy to provide public and social financial services and support the economic construction as well as the development of industrial and commercial, Taichung SME Bank was renamed as Taichung Commercial Bank Co., Ltd. in December 1998. As of March 31, 2022, the Bank had a business department, a trust department, a foreign exchange transaction department, 81 domestic branches, a Malaysia Labuan branch and an offshore banking unit (OBU). The operations of the Bank consist of planning, managing, operating a trust business and overseas financial business. These operations are regulated under the Bank Law of the Republic of China (“ROC”).

At the time of the establishment, the amount of capital invested by the Bank was $500 thousand. In order to improve the capital structure and cooperate with the government decree, the Bank has successively applied for increase and decrease of capital. As of March 31, 2022, the Bank’s capital amount was $45,385,205 thousand.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank’s board of directors on May 5, 2022.

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

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

   Except for the following, the initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 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 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 4)

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

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

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

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

Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Group should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

1) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

2) The Group chose the accounting policy from options permitted by the standards;

3) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

4) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

5) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared 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 IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than those required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

c. Classification of current and non-current assets and liabilities

Accounts included in the Group's consolidated financial statements are not classified as current or non-current but are stated in the order of their liquidity. Refer to Note 39 for the maturity analysis of assets and liabilities.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (i.e. its subsidiaries).

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

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

2) Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

			Percentage of Equity Held (%)		
Investor Company	**Subsidiary**	**Main Business and Products**	**March 31, 2022**	**December 31, 2021**	**March 31, 2021**
Taichung Commercial Bank Co., Ltd.	Taichung Bank Insurance Brokers Co.	Insurance broker industry	100	100	100
	Taichung Bank Leasing Corporation Limited	Leasing business	100	100	100
	Taichung Commercial Bank Securities Co., Ltd.	Securities industry	100	100	100
Taichung Bank Leasing Corporation Limited	TCCBL Co., Ltd.	Financial leasing and investment business	100	100	100
TCCBL Co., Ltd.	Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Financial leasing business	100	100	100
Taichung Commercial Bank Securities Co., Ltd.	Taichung Bank Venture Capital Co., Ltd.	Venture capital business	100	100	100

3) Subsidiaries not included in the consolidated financial statements: None.

e. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2021.

1) Employee benefits

Retirement benefits

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

Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

2) Taxation

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Group considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The same critical accounting judgments and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2021. Please refer to Note 5 to the consolidated financial statements as of December 31, 2021 for the details of critical accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Cash on hand	$ 4,079,489	$ 4,365,955	$ 4,248,079
Checks for clearing	777,486	4,589,463	853,748
Due from banks	9,430,395	9,009,556	5,238,097
	$ 14,287,370	$ 17,964,974	$ 10,339,924

a. The loss allowance was measured at an amount equal to 12-month ECLs per historical experience and forward-looking information; there was no loss allowance on cash and cash equivalents as of March 31, 2022, December 31, 2021 and March 31, 2021.

b. Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of March 31, 2022 and 2021 are shown in the consolidated statements of cash flows. Reconciliations as of December 31, 2021 are stated below:

	December 31, 2021
Reconciliations of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2021	
Cash and cash equivalents in the consolidated balance sheets	$ 17,964,974
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	18,143,675
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	11,258,439
Cash and cash equivalents at the end of the year	$ 47,367,088

c. The amount of time deposits due from other banks as the operating deposit of Taichung Commercial Bank Securities Co., Ltd. was $200,000 thousand on March 31, 2022, December 31, 2021 and March 31, 2021, which were transferred to the refundable deposits. Refer to Note 21.

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

	March 31, 2022	December 31, 2021	March 31, 2021
Deposit reserves			
Deposit reserves for checking accounts	$ 15,878,967	$ 11,580,438	$ 14,065,763
Deposit reserves for demand accounts	20,149,962	19,903,431	19,007,643
Inter-bank clearing account	4,004,607	5,015,409	1,998,605
Deposit reserves for foreign currency deposits	85,875	74,739	74,175
Call loans to banks	1,554,996	1,559,969	840,952
Deposit reserves for trust compensation	60,000	60,000	60,000
	$ 41,734,407	$ 38,193,986	$ 36,047,138

a. The loss allowance was measured at an amount equal to 12-month ECLs per historical experience and forward-looking information; there was no loss allowance on due from the Central Bank and call loans to other banks as of March 31, 2022, December 31, 2021 and March 31, 2021.

b. The monthly depository reserves to be deposited in the Central Bank of the Republic of China are calculated by applying the legally required reserve ratio to the monthly average balance of the reserve accounts. These reserve accounts can be used at any time but the demand accounts can only be used for monthly deposit reserve adjustments. In addition, the Group deposited reserves in the amount of $5,000,000 thousand for demand accounts on deposits paid to other securities lender project from Central Bank on March 31, 2022, December 31, 2021 and March 31, 2021. Refer to Note 36.

c. The Group deposited the reserves for trust compensation on government bonds measured at amortized cost on March 31, 2022, December 31, 2021 and March 31, 2021, with a nominal amount of $60,000 thousand. Refer to Note 36.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets at FVTPL			
Commercial papers	$ 25,822,836	$ 26,680,732	$ 27,020,789
Domestic listed shares and emerging market shares	1,052,330	919,500	851,472
Domestic unlisted shares	81,636	81,611	17,533
Foreign listed shares	-	-	133,221
PEM group policy assets	844,786	806,522	807,291
Beneficiary certificates	819,219	757,683	531,961
Corporate bonds	433,208	422,471	281,394
Asset swap contracts	4,167,481	3,555,430	2,857,607
Cross-currency swap contracts	199,809	44,915	125,952

(Continued)

	March 31, 2022	December 31, 2021	March 31, 2021
Foreign exchange forward contracts	$ 163,490	$ 96,335	$ 84,551
Cross-currency option contracts	358,107	266,875	330,812
Interest rate-linked structured instruments	185,932	43,428	7,810
	$ 34,128,834	$ 33,675,502	$ 33,050,393
Financial liabilities at FVTPL			
Cross-currency swap contracts	$ 279,101	$ 166,970	$ 277,040
Foreign exchange forward contracts	177,347	32,840	98,026
Cross-currency option contracts	361,110	269,161	334,095
Interest rate-linked structured instruments	185,932	43,428	7,810
	$ 1,003,490	$ 512,399	$ 716,971

(Concluded)

a. The Group engages in exchange rate related derivative financial contracts, mainly to provide customers and the Group with hedging instruments for foreign exchange positions arising from transactions such as import/export and currency exchange, to avoid the risks arising from the business and to flatten the demand for foreign exchange funds arising from non-transactional operations.

b. The nominal principal amounts of outstanding derivative contracts as of March 31, 2022, December 31, 2021 and March 31, 2021 were as follows:

	March 31, 2022		December 31, 2021		March 31, 2021	
	Contract Amounts	Interest Rate Range	Contract Amounts	Interest Rate Range	Contract Amounts	Interest Rate Range
Asset swap contracts	$ 4,156,500	0.80%-4.25%	$ 3,549,800	0.80%-4.25%	$ 2,846,800	0.85%-3.75%
Cross-currency swap contracts	17,179,838	-	11,403,926	-	9,622,852	-
Foreign exchange forward contracts	10,806,448	-	9,905,735	-	6,847,613	-
Cross-currency option contracts	40,927,900	-	34,792,260	-	31,209,872	-
Interest rate-linked structured instrument contracts	1,274,275	4.50%-10.20%	584,493	4.50%-7.00%	129,685	5.20%-6.20%

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2022	December 31, 2021	March 31, 2021
Investments in equity instruments at FVTOCI	$ 5,191,542	$ 4,255,289	$ 3,964,318
Investments in debt instruments at FVTOCI	44,807,241	44,292,515	39,458,389
	$ 49,998,783	$ 48,547,804	$ 43,422,707

a. Investments in equity instruments at FVTOCI

	March 31, 2022	December 31, 2021	March 31, 2021
Domestic listed shares	$ 3,934,845	$ 3,136,272	$ 2,832,319
Domestic unlisted shares	932,282	810,234	820,070
Foreign listed shares	324,415	308,783	311,929
	$ 5,191,542	$ 4,255,289	$ 3,964,318

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

The ordinary shares sold had a fair value of $1,560 thousand and $43,976 thousand and their related unrealized valuation gains of $344 thousand and $15,455 thousand were transferred from other equity to retained earnings on March 31, 2022 and 2021.

Dividend income of $5,157 thousand and $0 was recognized in profit or loss for the three months ended March 31, 2022 and 2021, respectively.

b. Investments in debt instruments at FVTOCI

	March 31, 2022	December 31, 2021	March 31, 2021
Corporate bonds	$ 34,067,844	$ 34,101,503	$ 28,445,342
Government bonds	5,384,964	4,865,736	5,300,359
Foreign bonds	3,165,151	3,121,222	3,503,364
Bank debentures	2,189,282	2,204,054	2,209,324
	$ 44,807,241	$ 44,292,515	$ 39,458,389

Foreign bonds denominated in foreign currencies were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
USD	$ 39,000	$ 39,000	$ 50,000
CNY	445,000	445,000	445,000
AUD	6,000	6,000	6,000

1) The Group recognized impairment loss of $467 thousand and $2,622 thousand for the three months ended March 31, 2022 and 2021, respectively, after assessing the expected credit losses of the investments in debt instruments at FVTOCI.

2) Refer to Note 39 for information relating to their credit risk management and impairment.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	March 31, 2022	December 31, 2021	March 31, 2021
Foreign bonds	$ 25,978,924	$ 24,252,423	$ 26,677,560
Government bonds	10,468,952	11,580,851	12,634,427
NCDs issued by the CBC	62,290,000	63,790,000	61,170,000
Corporate bonds	11,504,714	10,505,597	10,958,401
	110,242,590	110,128,871	111,440,388
Less: Allowance for impairment loss	(31,702)	(30,663)	(33,675)
Less: Withdrawal of reserves for trust compensation and refundable deposits	(896,500)	(916,400)	(918,600)
	$ 109,314,388	$ 109,181,808	$ 110,488,113

a. The foreign bonds denominated in foreign currencies were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
USD	$ 685,197	$ 683,197	$ 720,159
CNY	860,000	740,000	865,000
AUD	77,000	67,000	76,000
ZAR	450,000	450,000	370,000

b. As of March 31, 2022, December 31, 2021 and March 31, 2021, the government bonds and the foreign bonds at amortized cost amounted to $1,200,000 thousand and $0 thousand (US$0 thousand), $1,200,000 thousand and $0 thousand (US$0 thousand), $1,200,000 thousand and $5,032,516 thousand (US$176,400 thousand), respectively, which had been sold under repurchase agreements. Refer to Note 40 for information relating to their carrying amount.

c. The Group recognized the gain on reversal of impairment loss of $522 thousand and impairment loss of $711 thousand for the three months ended March 31, 2022 and 2021, respectively, after assessing the expected credit losses of the investments in debt instruments at amortized cost.

d. Refer to Note 39 for information relating to their credit risk management and impairment.

11. SECURITIES PURCHASED UNDER RESALE AGREEMENTS

Securities purchased under resale agreements in the amounts of $11,392,750 thousand, $11,258,439 thousand and $13,924,003 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021 would be subsequently resold for $11,394,763 thousand, $11,259,518 thousand and $13,924,957 thousand, respectively, with interest rate ranging from 0.33% to 0.57%, 0.32% and 0.20% to 0.21%, respectively.

12. RECEIVABLES, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Notes receivable	$ 5,702,488	$ 5,627,820	$ 5,326,036
Receivables on credit cards	712,125	738,121	681,203
Accounts receivable factored without recourse	309,000	271,434	153,578
Acceptances	904,702	975,287	669,014
Interest receivables	1,105,655	1,089,421	1,087,898
Receivables on foreign currency settlement	7,094	1,559	1,543,298
Lease receivables	3,937,510	3,893,833	3,590,947
Assignment receivables	905,858	918,556	982,906
Receivables on securities settlement	1,426,892	1,545,956	1,929,227
Other receivables	557,737	406,093	404,600
	15,569,061	15,468,080	16,368,707
Less: Unrealized interest income	(737,926)	(756,154)	(760,217)
Less: Allowance for doubtful accounts	(396,990)	(360,321)	(318,053)
	$ 14,434,145	$ 14,351,605	$ 15,290,437

a. Movements in the total carrying amount of receivables for the three months ended March 31, 2022 and 2021 were as follows:

For the three months ended March 31, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Total
Balance at January 1, 2022	$ 74,748,439	$ 334,490	$ 801,948	$ 75,884,877
Transfers to lifetime ECL	(193,931)	194,087	(156)	-
Transfers to credit-impaired financial assets	(9,583)	(126,860)	136,443	-
Transfers to 12-month ECLs	53,480	(3,279)	(50,201)	-
New receivables purchased or originated	8,424,638	392	14	8,425,044
Write-offs	-	(6,059)	(5,844)	(11,903)
Derecognition	(4,285,044)	(24,646)	(6,341)	(4,316,031)
Foreign exchange differences and other changes	31,043	10,818	8,061	49,922
Balance at March 31, 2022	$ 78,769,042	$ 378,943	$ 883,924	$ 80,031,909

For the three months ended March 31, 2021

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Total
Balance at January 1, 2021	$ 73,430,829	$ 371,436	$ 313,418	$ 74,115,683
Transfers to lifetime ECL	(151,798)	151,916	(118)	-
Transfers to credit-impaired financial assets	(12,279)	(7,867)	20,146	-
Transfers to 12-month ECLs	32,487	(32,349)	(138)	-
New receivables purchased or originated	3,597,158	477	33	3,597,668
Write-offs	-	(15,727)	(49,130)	(64,857)
Derecognition	(5,980,752)	(69,942)	(55,993)	(6,106,687)
Foreign exchange differences and other changes	(722)	3,191	7,172	9,641
Balance at March 31, 2021	$ 70,914,923	$ 401,135	$ 235,390	$ 71,551,448

The abovementioned carrying amounts of receivables include due from the banks, due from the Central Bank and call loans to other banks, securities purchased under resale agreements, notes receivable, receivables on credit cards, accounts receivable factored without recourse, acceptances, interest receivables, lease receivables, assignment receivables, receivables on securities settlement, other receivables, other financial assets (including delinquent receivables not arising from loans) and refundable deposits.

b. Movements in the allowance for doubtful accounts of receivables for the three months ended March 31, 2022 and 2021 were as follows:

For the three months ended March 31, 2022

	12-month ECLs	**Lifetime ECL**	**Credit-impaired Financial Assets**	**Impairment Loss Assessed under IFRS 9**	**Difference of Impairment Loss under Regulations**	**Total**
Balance at January 1, 2022	$ 108,467	$ 7,900	$ 239,926	$ 356,293	$ 104,485	$ 460,778
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(1,700)	1,824	(124)	-	-	-
Transfers to credit-impaired financial assets	(28)	(2,722)	2,750	-	-	-
Transfers to 12-month ECLs	22,556	(525)	(22,031)	-	-	-
Derecognition of financial assets in current period	(34,186)	(916)	(23,661)	(58,763)	-	(58,763)
New financial assets purchased or originated	33,124	33	416	33,573	-	33,573
Difference of impairment loss under regulations	-	-	-	-	38,413	38,413
Write-offs	-	(7,338)	(2,560)	(9,898)	(2,005)	(11,903)
Recovery of written-offs	-	-	-	-	7,706	7,706
Foreign exchange differences and other changes	(20,842)	8,674	39,731	27,563	-	27,563
Balance at March 31, 2022	$ 107,391	$ 6,930	$ 234,447	$ 348,768	$ 148,599	$ 497,367

For the three months ended March 31, 2021

	12-month ECLs	**Lifetime ECL**	**Credit-impaired Financial Assets**	**Impairment Loss Assessed under IFRS 9**	**Difference of Impairment Loss under Regulations**	**Total**
Balance at January 1, 2021	$ 91,312	$ 9,199	$ 174,311	$ 274,822	$ 49,220	$ 324,042
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(2,768)	2,798	(30)	-	-	-
Transfers to credit-impaired financial assets	(126)	(353)	479	-	-	-
Transfers to 12-month ECLs	1,982	(1,868)	(114)	-	-	-
Derecognition of financial assets in current period	(22,884)	(1,841)	(14,370)	(39,095)	-	(39,095)
New financial assets purchased or originated	33,808	35	24	33,867	-	33,867
Difference of impairment loss under regulations	-	-	-	-	19,691	19,691
Write-offs	-	(15,727)	(38,195)	(53,922)	(10,935)	(64,857)
Recovery of written-offs	-	-	-	-	4,128	4,128
Foreign exchange differences and other changes	(3,870)	18,425	29,493	44,048	-	44,048
Balance at March 31, 2021	$ 97,454	$ 10,668	$ 151,598	$ 259,720	$ 62,104	$ 321,824

The allowance for doubtful accounts of the abovementioned receivables includes allowances for delinquent receivables not arising from loans, refer to Note 16.

c. Refer to Note 36 for information relating to notes receivable as a guarantee for interbank financing.

13. NOTES DISCOUNTED AND LOANS, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Bills negotiated	$ 508,944	$ 704,340	$ 248,765
Overdrafts	973	1,559	1,367
Secured overdrafts	10,814	11,066	32,819
Accounts receivable financing	61,989	78,137	37,461
Securities margin loans receivable	1,429,257	1,365,546	1,193,635
Short-term unsecured loans	42,221,010	42,802,949	41,939,571
Short-term secured loans	97,645,462	98,958,147	100,326,854
Medium-term unsecured loans	64,901,800	60,207,188	59,188,354
Medium-term secured loans	121,103,128	119,015,102	113,546,222
Long-term unsecured loans	9,861,480	9,202,678	7,394,971
Long-term secured loans	156,552,105	153,535,754	149,108,675
Delinquent loans	578,518	574,674	771,094
	494,875,480	486,457,140	473,789,788
Add: Adjustment of premium or discount	22,798	30,683	29,837
Less: Allowance for doubtful accounts	(6,990,342)	(6,681,450)	(6,655,041)
	$ 487,907,936	$ 479,806,373	$ 467,164,584

a. As of March 31, 2022, December 31, 2021 and March 31, 2021, the delinquent loans on which interest ceased to accrue amounted to $578,518 thousand, $574,674 thousand and $771,094 thousand, respectively. The unrecognized interest revenues on these loans were $3,829 thousand, $13,887 thousand and $4,810 thousand as of March 31, 2022, December 31, 2021 and March 31, 2021, respectively.

b. There was no credit loan written off without a lawsuit for the three months ended March 31, 2022 and 2021.

c. Movements in the total carrying amount of notes discounted and loans for the three months ended March 31, 2022 and 2021 were as follows:

For the three months ended March 31, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Total
Balance at January 1, 2022	$ 465,545,307	$ 12,243,822	$ 8,698,694	$ 486,487,823
Transfers to lifetime ECL	(1,782,010)	1,782,142	(132)	-
Transfers to credit-impaired financial assets	(78,755)	(413,304)	492,059	-
Transfers to 12-month ECLs	1,354,275	(1,317,273)	(37,002)	-
New notes discounted and loans purchased or originated	87,917,835	560,159	19,258	88,497,252
Write-offs	-	-	(119,939)	(119,939)
Derecognition	(68,676,082)	(1,240,878)	(171,058)	(70,088,018)
Foreign exchange differences and other changes	(9,690,031)	(175,407)	(13,402)	(9,878,840)
Balance at March 31, 2022	$ 474,590,539	$ 11,439,261	$ 8,868,478	$ 494,898,278

For the three months ended March 31, 2021

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Total
Balance at January 1, 2021	$ 439,608,628	$ 14,857,468	$ 8,410,617	$ 462,876,713
Transfers to lifetime ECL	(3,805,194)	3,813,171	(7,977)	-
Transfers to credit-impaired financial assets	(98,317)	(517,762)	616,079	-
Transfers to 12-month ECLs	1,228,993	(1,227,564)	(1,429)	-
New notes discounted and loans purchased or originated	80,896,082	595,188	32,549	81,523,819
Write-offs	-	-	(105,851)	(105,851)
Derecognition	(58,726,990)	(1,376,201)	(395,324)	(60,498,515)
Foreign exchange differences and other changes	(9,565,630)	(296,456)	(114,455)	(9,976,541)
Balance at March 31, 2021	$ 449,537,572	$ 15,847,844	$ 8,434,209	$ 473,819,625

d. Movements in the allowance for doubtful accounts of notes discounted and loans for the three months ended March 31, 2022 and 2021 were as follows:

For the three months ended March 31, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	$ 1,465,291	$ 608,655	$ 1,857,339	$ 3,931,285	$ 2,750,165	$ 6,681,450
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(3,419)	3,430	(11)	-	-	-
Transfers to credit-impaired financial assets	(212)	(23,749)	23,961	-	-	-
Transfers to 12-month ECLs	59,270	(54,896)	(4,374)	-	-	-
Derecognition of financial assets in current period	(363,813)	(38,793)	(29,731)	(432,337)	-	(432,337)
New financial assets purchased or originated	424,546	41,223	13,152	478,921	-	478,921
Difference of impairment loss under regulations	-	-	-	-	145,529	145,529
Write-offs	-	-	(80,584)	(80,584)	(39,355)	(119,939)
Recovery of written-offs	-	-	-	-	205,868	205,868
Foreign exchange differences and other changes	(118,063)	88,625	60,288	30,850	-	30,850
Balance at March 31, 2022	$ 1,463,600	$ 624,495	$ 1,840,040	$ 3,928,135	$ 3,062,207	$ 6,990,342

For the three months ended March 31, 2021

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2021	$ 1,725,305	$ 925,826	$ 1,856,155	$ 4,507,286	$ 1,828,105	$ 6,335,391
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(9,733)	10,382	(649)	-	-	-
Transfers to credit-impaired financial assets	(686)	(67,829)	68,515	-	-	-
Transfers to 12-month ECLs	55,478	(55,137)	(341)	-	-	-
Derecognition of financial assets in current period	(354,217)	(71,707)	(78,041)	(503,965)	-	(503,965)
New financial assets purchased or originated	500,500	34,637	23,251	558,388	-	558,388
Difference of impairment loss under regulations	-	-	-	-	(26,996)	(26,996)
Write-offs	-	-	(22,375)	(22,375)	(83,476)	(105,851)
Recovery of written-offs	-	-	-	-	210,874	210,874
Foreign exchange differences and other changes	(134,756)	191,911	130,045	187,200	-	187,200
Balance at March 31, 2021	$ 1,781,891	$ 968,083	$ 1,976,560	$ 4,726,534	$ 1,928,507	$ 6,655,041

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

The following table shows the Group's proportion of ownership and voting right of associates at the end of the reporting date:

	March 31, 2022		December 31, 2021		March 31, 2021	
	Amount	Proportion of Ownership (%)	Amount	Proportion of Ownership (%)	Amount	Proportion of Ownership (%)
Associates that are not individually material						
Taichung Bank Securities Investment Trust Co., Ltd.	$ 169,612	38.46	$ 165,124	38.46	$ 168,245	38.46

The share of profit (loss) of the investments in associates accounted for using the equity method was as follows:

Investee Company	For the Three Months Ended March 31 2022	2021
Taichung Bank Securities Investment Trust Co., Ltd.	$ (2,746)	$ (773)

Investment was accounted for using the equity method and the share of profit (loss) of the investment was calculated based on financial statements which have been reviewed.

The Group is the single largest shareholder of Taichung Bank Securities Investment Trust Co., Ltd. with 38.46% interest in the investee, in which the remaining interest is held by several other shareholders. The Group considered the absolute size of its holding, and the relative size and dispersion of the other shareholdings in Taichung Bank Securities Investment Trust Co., Ltd. and concluded that it does not have control over Taichung Bank Securities Investment Trust Co., Ltd. The management of the Group considered the Group as exercising significant influence over Taichung Bank Securities Investment Trust Co., Ltd. and, therefore, classified Taichung Bank Securities Investment Trust Co., Ltd. as associate of the Group.

15. RESTRICTED ASSETS, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Restricted assets - cash in banks	$ 361,384	$ 384,756	$ 389,445
Payments pending settlement	6,387	9,865	29,454
	$ 367,771	$ 394,621	$ 418,899

Refer to Note 36 for information relating to the restricted assets - cash in banks, which are used as collateral for financing to other banks.

16. OTHER FINANCIAL ASSETS, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Other delinquent receivables, net	$ 437,502	$ 437,502	$ -

Other delinquent receivables, net were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Delinquent receivables not arising from loans	$ 537,879	$ 537,959	$ 3,771
Less: Allowance for doubtful accounts (Note 12)	(100,377)	(100,457)	(3,771)
	$ 437,502	$ 437,502	$ -

17. PROPERTIES AND EQUIPMENT, NET

	For the Three Months Ended March 31, 2022						
	Land	Building and Structures	Transportation Equipment	Miscellaneous Equipment	Lease Improvements	Construction in Progress	Total
Cost							
Balance, January 1, 2022	$ 7,859,148	$ 2,110,482	$ 65,086	$ 2,119,596	$ 25,210	$ 4,689,196	$ 16,868,718
Additions	-	169	292	10,616	437	314,202	325,716
Disposals	-	-	(30)	(21,852)	-	-	(21,882)
Reclassifications	-	-	-	420	-	(570)	(150)
Exchange differences, net	-	-	304	1,571	67	-	1,942
Balance, March 31, 2022	7,859,148	2,110,651	65,652	2,110,351	25,714	5,002,828	17,174,344
Accumulated depreciation							
Balance, January 1, 2022	-	1,267,495	43,401	1,719,631	5,767	-	3,036,294
Additions	-	9,865	1,774	37,778	1,443	-	50,860
Disposals	-	-	(30)	(21,777)	-	-	(21,807)
Exchange differences, net	-	-	160	1,335	2	-	1,497
Balance, March 31, 2022	-	1,277,360	45,305	1,736,967	7,212	-	3,066,844
Impairment							
Balance, January 1, 2022	77,000	-	-	-	-	-	77,000
Balance, March 31, 2022	77,000	-	-	-	-	-	77,000
Balance, March 31, 2022	$ 7,782,148	$ 833,291	$ 20,347	$ 373,384	$ 18,502	$ 5,002,828	$ 14,030,500

	For the Three Months Ended March 31, 2021						
	Land	Building and Structures	Transportation Equipment	Miscellaneous Equipment	Lease Improvements	Construction in Progress	Total
Cost							
Balance, January 1, 2021	$ 7,847,588	$ 2,101,530	$ 59,101	$ 2,009,496	$ 8,975	$ 3,250,482	$ 15,277,172
Additions	-	-	188	39,595	223	96,431	136,437
Disposals	-	-	(880)	(3,623)	-	-	(4,503)
Reclassifications	-	-	-	173	-	(1,548)	(1,375)
Exchange differences, net	-	-	11	387	-	-	398
Balance, March 31, 2021	7,847,588	2,101,530	58,420	2,046,028	9,198	3,345,365	15,408,129
Accumulated depreciation							
Balance, January 1, 2021	-	1,231,486	36,075	1,596,941	3,001	-	2,867,503
Additions	-	9,620	1,639	40,838	405	-	52,502
Disposals	-	-	(879)	(3,572)	-	-	(4,451)
Exchange differences, net	-	-	6	277	-	-	283
Balance, March 31, 2021	-	1,241,106	36,841	1,634,484	3,406	-	2,915,837
Impairment							
Balance, January 1, 2021	77,000	-	-	-	-	-	77,000
Balance, March 31, 2021	77,000	-	-	-	-	-	77,000
Balance, March 31, 2021	$ 7,770,588	$ 860,424	$ 21,579	$ 411,544	$ 5,792	$ 3,345,365	$ 12,415,292

The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building and structures	
Building	30 to 60 years
Renovation	10 to 29 years
Transportation equipment	3 to 5 years
Miscellaneous equipment	2 to 15 years
Lease improvements	2 to 5 years

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amount			
Land and buildings	$ 778,674	$ 794,069	$ 854,254
Transportation equipment	33,287	23,251	159,569
	$ 811,961	$ 817,320	$ 1,013,823

	For the Three Months Ended March 31	
	2022	2021
Additions to right-of-use assets	$ 34,534	$ 142,056
Depreciation charge for right-of-use assets		
Land and buildings	$ 34,468	$ 33,224
Transportation equipment	4,637	30,500
	$ 39,105	$ 63,724

The Group suspended the leases of some land and buildings and transportation equipment before the leases expired. The amount of right-of-use assets derecognized was $2,010 thousand and $42,881 thousand for the three months ended March 31, 2022 and 2021, respectively. The disposal gain of $98 thousand and $1,751 thousand was recognized for the three months ended March 31, 2022 and 2021.

Except for the aforementioned suspension and addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the three months ended March 31, 2022 and 2021.

b. Lease liabilities

	March 31, 2022	December 31, 2021	March 31, 2021
Carrying amounts	$ 850,552	$ 853,218	$ 1,044,568

Range of discount rates for lease liabilities was as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Land	1.01%-4.14%	1.01%-4.14%	1.01%-4.14%
Buildings	1.01%-5.95%	1.01%-5.95%	1.01%-5.95%
Transportation equipment	1.01%-5.96%	1.01%-5.96%	1.01%-5.96%

c. Material lease-in activities and terms

The Group leases domestic offices, ATM sites and transportation equipment with lease terms of 1 to 15 years. The lease contract specifies that lease payments will be adjusted on the basis of changes in market rental rates. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of freehold properties are set out in Note 19.

	For the Three Months Ended March 31	
	2022	2021
Expenses relating to short-term leases	$ 963	$ 613
Expenses relating to low-value asset leases	$ 2,782	$ 2,172
Total cash outflow for leases	$ (48,202)	$ (74,002)

The Group's leases of certain office equipment qualify as short-term leases and leases of certain computer equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

19. INVESTMENT PROPERTIES, NET

	For the Three Months Ended March 31, 2022			
	Land	Structures	Investment Properties Under Construction	Total
Cost				
Balance, January 1, 2022	$ -	$ -	$ -	$ -
Additions	-	-	20,019	20,019
Balance, March 31, 2022	-	-	20,019	20,019
Accumulated depreciation				
Balance, January 1, 2022	-	-	-	-
Additions	-	-	-	-
Balance, March 31, 2022	-	-	-	-
Balance, March 31, 2022	$ -	$ -	$ 20,019	$ 20,019

	For the Three Months Ended March 31, 2021			
	Land	Structures	Investment Properties Under Construction	Total
Cost				
Balance, January 1, 2021	$ 15,801	$ 5,972	$ -	$ 21,773
Balance, March 31, 2021	15,801	5,972	-	21,773
Accumulated depreciation				
Balance, January 1, 2021	-	3,759	-	3,759
Additions	-	23	-	23
Balance, March 31, 2021	-	3,782	-	3,782
Balance, March 31, 2021	$ 15,801	$ 2,190	$ -	$ 17,991

a. The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Building and structures	
Building	60 years
Renovation	10 to 25 years

b. The fair value of the investment properties of the Group on March 31, 2022 was $20,019 thousand. The fair value was not evaluated by independent qualified professional valuers. The valuation was arrived at by reference to the market evidence of transaction price for similar properties, and the fair value was measured by using Level 3 inputs.

c. The fair values of the investment properties of the Group on December 31, 2020 was $53,579 thousand. The fair value was not evaluated by independent qualified professional valuers. The valuation was arrived at by reference to the market evidence of transaction price for similar properties, and the fair value was measured by using Level 3 inputs. There was no significant change in the fair value of March 31, 2021 compared to that of December 31, 2020.

d. The abovementioned investment properties were leased out for 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

e. The maturity analysis of lease payments receivable under operating leases of investment properties as of March 31, 2022 and 2021 is as follows:

	March 31	
	2022	**2021**
Year 1	$ 698	$ 864
Year 2	7,172	864
Year 3	6,462	864
Year 4	6,487	864
Year 5	6,704	432
Year 6 onwards	91,760	-
	$ 119,283	$ 3,888

20. INTANGIBLE ASSETS, NET

	March 31, 2022	**December 31, 2021**	**March 31, 2021**
Business rights	$ 28,000	$ 28,000	$ 28,000
Computer software	182,922	192,723	187,902
	$ 210,922	$ 220,723	$ 215,902

a. Business rights of the Group arose from the transfer of Fengxing Securities Co., Ltd., which was classified as intangible assets with indefinite useful lives and not subject to amortization. As of March 31, 2022, there was no impairment loss of the business rights.

b. Movements of intangible assets were as follows:

	For the Three Months Ended March 31	
	2022	2021
Balance, January 1	$ 220,723	$ 213,470
Additions	6,726	17,015
Amortization	(16,976)	(15,990)
Reclassifications	150	1,375
Exchange differences, net	299	32
Balance, March 31	$ 210,922	$ 215,902

Computer software is amortized on a straight-line basis over its estimated useful life as follows:

Computer software	1-5 years

21. OTHER ASSETS, NET

	March 31, 2022	December 31, 2021	March 31, 2021
Refundable deposits	$ 2,112,437	$ 2,174,569	$ 2,273,247
Prepayments	227,859	146,868	194,531
Receipts under payment for shares underwriting	16,229	724,125	-
Others	5,308	2,274	2,526
	$ 2,361,833	$ 3,047,836	$ 2,470,304

As of March 31, 2022, December 31, 2021 and March 31, 2021, the time deposits and government bonds at amortized cost in the amounts of $1,036,500 thousand, $1,056,400 thousand and $1,058,600 thousand, respectively, were pledged as collateral to the district court for litigation related to the overdraft of the U.S. dollar clearing account and the guarantee deposits of business operations. These amounts were stated as refundable deposits. Refer to Note 36.

22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	March 31, 2022	December 31, 2021	March 31, 2021
Call loans from banks	$ 3,400,000	$ 3,900,000	$ 6,770,928
Due to Chunghwa Post Co., Ltd.	53,687	53,687	167,674
Due to banks	13	13	300,013
	$ 3,453,700	$ 3,953,700	$ 7,238,615

23. FUNDS BORROWED FROM THE CENTRAL BANK AND OTHER BANKS

	March 31, 2022	December 31, 2021	March 31, 2021
Funds borrowed from the Central Bank	$ 3,701,840	$ 3,489,540	$ 2,403,680
Funds borrowed from other banks	7,250,424	6,969,616	7,277,718
	$ 10,952,264	$ 10,459,156	$ 9,681,398
Funds borrowed from the Central Banks (%)	0.10	0.10	0.10
Funds borrowed from other banks (%)	0.95-5.66	0.95-5.66	0.95-5.23

Refer to Note 36 for information relating to collateral provided for funds borrowed from the Central Bank and other banks.

24. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	March 31, 2022	December 31, 2021	March 31, 2021
Government bonds	$ 1,206,045	$ 1,205,559	$ 1,204,175
Foreign bonds	-	-	4,891,365
	$ 1,206,045	$ 1,205,559	$ 6,095,540

The details of repurchase price and interest rate at the end of the period were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Government bonds	$ 1,206,436	$ 1,205,924	$ 1,204,461
Foreign bonds	-	-	4,894,463
	$ 1,206,436	$ 1,205,924	$ 6,098,924
Government bonds	0.21%-0.23%	0.19%-0.21%	0.17%-0.18%
Foreign bonds	-	-	0.26%-0.34%

The foreign bonds denominated in foreign currencies were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
USD	$ -	$ -	$ 171,452

25. PAYABLES

	March 31, 2022	December 31, 2021	March 31, 2021
Accounts payable for delivery	$ 1,612,946	$ 1,614,594	$ 1,916,516
Accrued expenses	1,133,081	2,011,711	1,022,102
Acceptances	909,065	975,865	670,772
Notes and checks in clearing	777,486	4,589,463	853,748
Interest payable	483,853	283,882	480,767
Collections payable	141,229	774,831	45,432
Factored accounts payable	16,410	34,642	103,482
Foreign currency settlement payable	6,091	1,210	1,543,148
Other payables	587,046	806,760	620,902
	$ 5,667,207	$ 11,092,958	$ 7,256,869

26. DEPOSITS AND REMITTANCES

	March 31, 2022	December 31, 2021	March 31, 2021
Checking	$ 6,949,111	$ 11,427,355	$ 6,975,463
Demand	200,158,652	192,808,322	171,013,409
Demand savings	162,127,199	160,450,666	150,857,625
Time	147,082,704	140,475,464	156,952,923
Time savings	155,071,780	153,899,040	154,047,375
Remittances	57,929	55,388	36,213
	$ 671,447,375	$ 659,116,235	$ 639,883,008

27. BANK DEBENTURES

	March 31, 2022	December 31, 2021	March 31, 2021
Subordinated financial debenture	$ 16,500,000	$ 16,500,000	$ 11,500,000

a. The Bank issued first subordinated financial debenture on December 28, 2015, which was approved under ruling reference No. 10400200460 issued by the Banking Bureau of the FSC on August 26, 2015. Details of the subordinated financial debenture’s issuance are summarized as follows:

   1) Total approved principal: $1,500,000 thousand.

   2) Principal issued: $1,500,000 thousand.

   3) Denomination: $10,000 thousand, issued at par.

   4) Period: No due date.

   5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.

6) Repayment: To be executed according to the issuance.

7) The interest will be paid annually from the issuance date.

b. The Bank issued first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture, third no due date non-cumulative subordinated financial debenture and first no due date non-cumulative subordinated financial debenture on March 28, 2017, May 18, 2017, August 28, 2017 and December 28, 2016, respectively, which were approved under ruling reference No. 10500210950 issued by the Banking Bureau of the FSC on September 2, 2016. Details of the subordinated financial debenture's issuance are summarized as follows:

1) Total approved principal: $3,500,000 thousand.

2) Principal issued:

a) Debenture I on 2016: $1,500,000 thousand.
b) Debenture I on 2017: $1,000,000 thousand.
c) Debenture II on 2017: $500,000 thousand.
d) Debenture III on 2017: $500,000 thousand.

3) Denomination:

a) Debenture I on 2016: $10,000 thousand, issued at par.
b) Debenture I on 2017: $10,000 thousand, issued at par.
c) Debenture II on 2017: $10,000 thousand, issued at par.
d) Debenture III on 2017: $10,000 thousand, issued at par.

4) Period: No due date.

5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.

6) Repayment: To be executed according to the issuance.

7) The interest will be paid annually from the issuance date.

c. The Bank issued first no due date non-cumulative subordinated financial debenture, fourth no due date non-cumulative subordinated financial debenture and fifth no due date non-cumulative subordinated financial debenture on April 25 2018, December 5, 2017 and December 27, 2017, respectively, which were approved under ruling reference No. 10600229120 issued by the Banking Bureau of the FSC on September 22, 2017. Details of the subordinated financial debenture's issuance are summarized as follows:

1) Total approved principal: $5,000,000 thousand.

2) Principal issued:

a) Debenture IV on 2017: $1,350,000 thousand.
b) Debenture V on 2017: $2,650,000 thousand.
c) Debenture I on 2018: $1,000,000 thousand.

3) Denomination:

a) Debenture IV on 2017: $10,000 thousand, issued at par.
b) Debenture V on 2017: $10,000 thousand, issued at par.
c) Debenture I on 2018: $10,000 thousand, issued at par.

4) Period: No due date.

5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.

6) Repayment: To be executed according to the issuance.

7) The interest will be paid annually from the issuance date.

d. The Bank issued second no due date non-cumulative subordinated financial debenture on December 18, 2018, which was approved under ruling reference No. 10702156550 issued by the Banking Bureau of the FSC on August 23, 2018. Details of the subordinated financial debenture issuance is summarized as follows:

1) Total approved principal: $1,500,000 thousand.

2) Principal issued: $1,500,000 thousand.

3) Denomination: $10,000 thousand, issued at par.

4) Period: No due date.

5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.

6) Repayment: To be executed according to the issuance.

7) The interest will be paid annually from the issuance date.

e. The Bank issued first subordinated financial debenture on December 27, 2021, which was approved under ruling reference No. 1100226929 issued by the Banking Bureau of the FSC on October 12, 2021. Detail of the subordinated financial debenture issuance is summarized as follows:

1) Total approved principal: $5,000,000 thousand.

2) Principal issued: $5,000,000 thousand.

3) Denomination: $10,000 thousand, issued at par.

4) Period: 7 years with maturities on December 27, 2028.

5) Nominal interest rate: Fixed interest, 1.2%.

6) Repayment: The subordinated financial debenture will be paid on the maturity date.

7) The interest will be paid annually from the issuance date.

28. OTHER FINANCIAL LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
Commercial papers payable	$ 2,286,770	$ 2,063,676	$ 2,108,361
Structured commodity principal	1,274,275	584,493	129,685
	$ 3,561,045	$ 2,648,169	$ 2,238,046

29. PROVISIONS

	March 31, 2022	December 31, 2021	March 31, 2021
Provision for employee benefits	$ 950,623	$ 960,114	$ 1,067,796
Provision for losses on guarantees	285,963	297,963	290,463
Other provision	12,906	12,855	16,901
Provision for loan commitments	60,865	65,147	73,792
Provision for outstanding loss	20,340	19,090	15,340
	$ 1,330,697	$ 1,355,169	$ 1,464,292

a. Details of provision for employee benefits were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Benefit plans	$ 764,158	$ 775,848	$ 889,878
Preferential interest on employees' deposits	148,959	147,633	140,654
Other long-term employee benefit liabilities	37,506	36,633	37,264
	$ 950,623	$ 960,114	$ 1,067,796

1) Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The amounts of contributions paid by the Group in accordance with the defined contribution plan and recognized in the consolidated statements of comprehensive income were $29,758 thousand and $26,484 thousand for the three months ended March 31, 2022 and 2021, respectively.

2) Defined benefit plans

The defined benefit plan adopted of the Bank in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Bank contributes amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Bank has no right to influence the investment policy and strategy.

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans in accordance with the pension cost rate for the three months ended March 31, 2022 and 2021 was as follows:

	For the Three Months Ended March 31	
	2022	**2021**
Operating expenses	$ 2,733	$ 3,147

3) Preferential interest on employees' deposits plan

The Group had revised the interest rate of the employees' savings deposit since December 21, 2014, in accordance with the regulations of the Financial Management Law No. 10110000850 and the Regulations Governing the Preparation of Financial Reports by Public Banks, and the preferential interest on employee's deposit liabilities were carried out by qualified actuaries.

For the three months ended March 31, 2022 and 2021, the expenses under preferential interest on employees' deposits plan recognized in the consolidated statements of comprehensive income amounted to $1,326 thousand and $1,248 thousand, respectively.

4) Other long-term employee benefit liabilities

Other long-term employee benefits of the Bank of the Group are long-term disability benefits. If the employee does not encounter any casualty due to occupational disaster or accidental death, the Bank will pay the pension according to the seniority.

For the three months ended March 31, 2022 and 2021, the Group recognized total expenses related to the long-term employee benefits in the consolidated statements of comprehensive income were $873 thousand and $1,242 thousand, respectively.

b. Movements of the provision for losses on guarantees were as follows:

For the three months ended March 31, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	$ 171,880	$ 7,782	$ 33,375	$ 213,037	$ 84,926	$ 297,963
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(413)	413	-	-	-	-
Transfers to credit-impaired financial assets	-	-	-	-	-	-
Transfers to 12-month ECLs	1,253	(1,253)	-	-	-	-
Derecognition of financial assets in current period	(82,900)	(683)	-	(83,583)	-	(83,583)
New financial assets purchased or originated	86,210	-	-	86,210	-	86,210
Difference of impairment loss under regulations	-	-	-	-	(13,716)	(13,716)
Foreign exchange differences and other changes	(7,799)	6,419	469	(911)	-	(911)
Balance at March 31, 2022	$ 168,231	$ 12,678	$ 33,844	$ 214,753	$ 71,210	$ 285,963

For the three months ended March 31, 2021

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2021	$ 168,958	$ 4,799	$ 36,355	$ 210,112	$ 25,851	$ 235,963
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(1,698)	1,698	-	-	-	-
Transfers to credit-impaired financial assets	(608)	(871)	1,479	-	-	-
Transfers to 12-month ECLs	-	-	-	-	-	-
Derecognition of financial assets in current period	(93,860)	(2,306)	-	(96,166)	-	(96,166)
New financial assets purchased or originated	122,863	1,139	-	124,002	-	124,002
Difference of impairment loss under regulations	-	-	-	-	(25,755)	(25,755)
Foreign exchange differences and other changes	(2,320)	24,852	29,887	52,419	-	52,419
Balance at March 31, 2021	$ 193,335	$ 29,311	$ 67,721	$ 290,367	$ 96	$ 290,463

For the three months ended March 31, 2022 and 2021, a provision was recognized for bad-debt expense, commitments and guarantees.

c. Movements of the other provision were as follows:

For the three months ended March 31, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	$ 8,629	$ -	$ -	$ 8,629	$ 4,226	$ 12,855
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	-	-	-	-	-	-
Transfers to credit-impaired financial assets	-	-	-	-	-	-
Transfers to 12-month ECLs	-	-	-	-	-	-
Derecognition of financial assets in current period	(6,545)	-	-	(6,545)	-	(6,545)
New financial assets purchased or originated	9,085	-	-	9,085	-	9,085
Difference of impairment loss under regulations	-	-	-	-	(1,137)	(1,137)
Foreign exchange differences and other changes	(1,352)	-	-	(1,352)	-	(1,352)
Balance at March 31, 2022	$ 9,817	$ -	$ -	$ 9,817	$ 3,089	$ 12,906

For the three months ended March 31, 2021

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2021	$ 9,157	$ 3,263	$ -	$ 12,420	$ 677	$ 13,097
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	-	-	-	-	-	-
Transfers to credit-impaired financial assets	-	-	-	-	-	-
Transfers to 12-month ECLs	-	-	-	-	-	-
Derecognition of financial assets in current period	(6,662)	(3,263)	-	(9,925)	-	(9,925)
New financial assets purchased or originated	10,516	-	-	10,516	-	10,516
Difference of impairment loss under regulations	-	-	-	-	4,675	4,675
Foreign exchange differences and other changes	(1,462)	-	-	(1,462)	-	(1,462)
Balance at March 31, 2021	$ 11,549	$ -	$ -	$ 11,549	$ 5,352	$ 16,901

For the three months ended March 31, 2022 and 2021, a provision was recognized for bad debts expense, commitments and guarantees.

d. Movements of the loan commitments were as follows:

For the three months ended March 31, 2022

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2022	$ 45,923	$ 2,576	$ 12,005	$ 60,504	$ 4,643	$ 65,147
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(2)	2	-	-	-	-
Transfers to credit-impaired financial assets	-	(17)	17	-	-	-
Transfers to 12-month ECLs	382	(382)	-	-	-	-
Derecognition of financial assets in current period	(6,692)	(72)	(88)	(6,852)	-	(6,852)
New financial assets purchased or originated	1,433	-	-	1,433	-	1,433
Difference of impairment loss under regulations	-	-	-	-	1,795	1,795
Foreign exchange differences and other changes	(643)	2	(17)	(658)	-	(658)
Balance at March 31, 2022	$ 40,401	$ 2,109	$ 11,917	$ 54,427	$ 6,438	$ 60,865

For the three months ended March 31, 2021

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2021	$ 58,968	$ 7,205	$ 2,555	$ 68,728	$ 3,332	$ 72,060
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(3)	3	-	-	-	-
Transfers to credit-impaired financial assets	(363)	343	20	-	-	-
Transfers to 12-month ECLs	657	(657)	-	-	-	-
Derecognition of financial assets in current period	(5,117)	(5,388)	(71)	(10,576)	-	(10,576)
New financial assets purchased or originated	8,829	-	-	8,829	-	8,829
Difference of impairment loss under regulations	-	-	-	-	3,953	3,953
Foreign exchange differences and other changes	(543)	89	(20)	(474)	-	(474)
Balance at March 31, 2021	$ 62,428	$ 1,595	$ 2,484	$ 66,507	$ 7,285	$ 73,792

For the three months ended March 31, 2022 and 2021, a provision was recognized for bad debt expense, commitments and guarantees.

e. Please refer to Note 37 for the amount of $20,340 thousand, $19,090 thousand and $15,340 thousand for the outstanding compensation provision of the Bank on March 31, 2022, December 31, 2021 and March 31, 2021.

30. OTHER LIABILITIES

	March 31, 2022	December 31, 2021	March 31, 2021
Guarantee deposits received	$ 779,758	$ 641,997	$ 600,544
Advance receipts	292,231	285,762	269,828
Credit transactions	4,285	2,782	986
Others	76,796	75,640	79,321
	$ 1,153,070	$ 1,006,181	$ 950,679

31. EQUITY

a. Share capital

Ordinary shares

	March 31, 2022	December 31, 2021	March 31, 2021
Number of shares authorized (in thousands)	6,150,000	6,150,000	6,150,000
Shares authorized	$ 61,500,000	$ 61,500,000	$ 61,500,000
Number of shares issued and fully paid (in thousands)	4,538,521	4,538,521	4,151,694
Shares issued	$ 45,385,205	$ 45,385,205	$ 41,516,943

Ordinary shares issued have a par value of $10, carry one vote per share and carry the right to receive dividends.

As of March 31, 2021, the Bank had issued ordinary shares totaling $41,516,943 thousand, divided into 4,151,694 thousand ordinary shares at $10 par value per share. In September 2021, the Bank transferred $1,868,262 thousand of unappropriated earnings to ordinary shares, consisting of 186,826 thousand ordinary shares at par value of $10 per share. In July 2021, the board of directors of the Bank resolved to issue 200,000 thousand ordinary shares with a par value of $10, for a consideration of $11.15 per share issued at premium. On October 18, 2021, the above transaction was approved under ruling reference No. 1100359824 issued by the Banking Bureau of the FSC and the subscription base date was determined as at December 22, 2021. As of March 31, 2022, the Bank had increased ordinary shares to $45,385,205 thousand, divided into 4,538,521 thousand ordinary shares at $10 par value per share.

b. Capital surplus

	March 31, 2022	December 31, 2021	March 31, 2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	$ 943,633	$ 943,633	$ 713,633
Issuance of ordinary shares - employee share options	79,040	79,040	58,664
Expired employee share options	6,791	6,791	6,767
May be used to offset a deficit only			
Share of changes in capital surplus of associates	16,813	16,813	16,813
Conversion of bank debentures' components	7,729	7,729	7,729
	$ 1,054,006	$ 1,054,006	$ 803,606

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

c. Appropriation of earnings and dividend policy

Under the Bank's dividend policy as set forth in the Articles, where the Bank made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 30% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Bank's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 32.

The appropriation of earnings mentioned above shall be retained by the board of directors in accordance with the changing operating environment, operation and investment needs. When dividends are declared, cash dividends must be at least 10% of total dividends declared.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Bank's paid-in capital. The legal reserve may be used to offset deficits. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash.

In addition, the Banking Law limits the appropriation of cash dividends to 15% of the Bank's paid-in capital. But when the legal reserve equals the Bank's paid-in capital, this 15% limit may be waived. If the ratio of own capital to risk assets does not meet the standards set by the competent authority, the appropriation of earnings in cash or other assets should be subject to the restrictions or prohibitions of the relevant regulations.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the shareholders' equity section. Afterward, if there is any reversal of the decrease in shareholders' equity, the Bank is allowed to appropriate retained earnings from the reversed amount.

According to Order No. 1010012865 issued by the FSC (repealed at December 31, 2021), Order No. 1010047490 issued by the FSC (repealed at March 31, 2021), Order No. 1090150022 issued by the FSC, Order No. 10901500221 issued by the FSC and International Financial Reporting Standards and "Q&A on the application of the reference to the special reserve following adoption of IFRSs", retained earnings should be appropriated to or reversed from a special reserve by the Bank. Afterward, if there is any reversal of the decrease in other shareholders' equity, the Bank is allowed to appropriating retained earnings from the reversal amount. According to Order No. 10510001510 issued by the FSC, a special reserve should be appropriated between 0.5% and 1% of net income after tax when banks appropriate earnings of 2016 through 2018. After that, under No. 10802714560 issued by the FSC, the Bank no longer use special reserve to protect the right of its employee in response to the developments of financial technology since 2019. From the fiscal year of 2019, the Bank can reverse the amount of expenditure of employees' transfer arising from financial technology development within the amount of the abovementioned special reserve from 2016 to 2018.

The appropriations of earnings for 2021 had been proposed by board of directors on February 24, 2022 and 2020 were approved in the shareholders' meetings on July 1, 2021, respectively, as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2021	**2020**	**2021**	**2020**
Legal reserve	$ 1,463,994	$ 1,207,149	$ -	$ -
Special reserve	(601)	(565)	-	-
Cash dividends	1,134,630	996,407	0.25	0.24
Share dividends	2,269,260	1,868,262	0.50	0.45

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

d. Other equity items

	Exchange Differences on Translation of the Financial Statements of Foreign Operations	**Unrealized Gain on Financial Assets at FVTOCI**	**Total**
Balance at January 1, 2022	$ (85,087)	$ 1,393,132	$ 1,308,045
Recognized for the period			
Unrealized gains (losses)			
Equity instruments	-	223,618	223,618
Debt instruments	-	(440,587)	(440,587)
Net remeasurement of loss allowance - debt instruments	-	467	467
Share from associates accounted for using the equity method	-	7,234	7,234
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(344)	(344)

(Continued)

	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at FVTOCI	Total
Cumulative translation adjustment			
Exchange differences for current period	$ 43,949	$ -	$ 43,949
Income tax related to other comprehensive income	-	(2,930)	(2,930)
Balance at March 31, 2022	$ (41,138)	$ 1,180,590	$ 1,139,452
Balance at January 1, 2021	$ (121,110)	$ 1,424,867	$ 1,303,757
Recognized for the period			
Unrealized gains			
Equity instruments	-	183,319	183,319
Debt instruments	-	48,839	48,839
Net remeasurement of loss allowance - debt instruments	-	2,622	2,622
Share from associates accounted for using the equity method	-	5,870	5,870
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(15,455)	(15,455)
Cumulative translation adjustment			
Exchange differences for current period	50,195	-	50,195
Income tax related to other comprehensive income	-	(16)	(16)
Balance at March 31, 2021	$ (70,915)	$ 1,650,046	$ 1,579,131

(Concluded)

32. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Net interest

	For the Three Months Ended March 31	
	2022	2021
Interest revenue		
Notes discounted and loans	$ 2,570,964	$ 2,442,834
Due from banks and call loans to the other banks	25,542	19,021
Investment in securities	369,284	373,163
Installment plan	88,521	83,392
Rental	89,006	82,399
Revolving interests of credit cards	7,794	9,455
Securities purchased under resale agreements	8,649	6,614
Accounts receivable factoring without recourse	2,491	1,546
Others	158	142
	3,162,409	3,018,566
Interest expense		
Deposits	(546,367)	(594,840)
Financial debentures	(125,099)	(110,305)
Funds borrowed from the Central Bank and other banks	(52,100)	(46,505)
Due to the Central Bank and other banks	(55)	(900)
Securities sold under repurchase agreements	(925)	(3,403)
Structured instruments	(8,806)	(1,691)
Lease liabilities	(7,917)	(9,983)
Others	(3,524)	(3,923)
	(744,793)	(771,550)
	$ 2,417,616	$ 2,247,016

b. Service fee income, net

	For the Three Months Ended March 31	
	2022	2021
Service fee income		
Insurance brokering	$ 206,586	$ 177,202
Securities brokering	72,420	88,560
Trust business	257,880	321,115
Loans	232,869	181,977
Guarantee	60,103	48,932
Others	97,896	90,042
	927,754	907,828
Service fee expense		
Commission	(24,790)	(21,264)
Cross-bank transactions	(9,190)	(9,901)
Others	(31,235)	(27,545)
	(65,215)	(58,710)
	$ 862,539	$ 849,118

The Group provides custody, trust, investment management and consultancy services to third parties, so the Group's activities involve the planning, management and trading decisions of financial instruments. For the trust funds or investment portfolios that are managed and used on behalf of the trustee, the independent accounting reports and preparation of financial statements for internal management purposes are not included in the Group's consolidated financial statements.

c. Gain on financial assets and liabilities at fair value through profit or loss

	For the Three Months Ended March 31	
	2022	**2021**
Realized profit and loss		
Commercial papers	$ 22,454	$ 15,440
Shares	23,753	63,206
Beneficiary certificates	24,318	3,969
Derivative financial instruments	122,760	105,572
	193,285	188,187
Valuation		
Commercial papers	(234)	(2,701)
Shares	(22,651)	49,378
Beneficiary certificates	(64,925)	13,257
PEM Group policy assets	10,760	(4,209)
Derivative financial instruments	(22,745)	525
Corporate bonds	(1,336)	1,767
	(101,131)	58,017
	$ 92,154	$ 246,204

1) For the three months ended March 31, 2022 and 2021, realized profit or loss of gain on financial assets and liabilities at fair value through profit or loss included disposal profit amounted to $150,677 thousand and $157,020 thousand, dividend income amounted to $1,796 thousand and $1,101 thousand and interest revenue amounted to $40,812 thousand and $30,066 thousand, respectively.

2) Net income from exchange rate commodities includes realized and unrealized gains and losses on exchange forward contracts, cross-currency options and cross-currency swaps. The translation gains or losses included net income from exchange rate commodities when significant assets and liabilities denominated in foreign currencies classified as at FVTPL are not designated for hedging relationship.

d. Realized gains on financial assets at fair value through other comprehensive income

	For the Three Months Ended March 31	
	2022	**2021**
Dividend income	$ 5,157	$ -
Gain on disposal of bonds	67	-
	$ 5,224	$ -

e. Impairment losses on financial assets

	For the Three Months Ended March 31	
	2022	2021
Investments in debt instruments at FVTOCI	$ (467)	$ (2,622)
Financial assets at amortized cost	(522)	711
	$ (989)	$ (1,911)

f. Other non-interest gains, net

	For the Three Months Ended March 31	
	2022	2021
(Losses) gains on disposal of properties and equipment	$ (75)	$ 1,202
Others	2,109	2,226
	$ 2,034	$ 3,428

g. Provision for bad-debt expenses, commitments and guarantees

	For the Three Months Ended March 31	
	2022	2021
Bad debts on receivables	$ 37,868	$ 57,818
Bad debts on notes discounted and loans	197,001	202,198
(Reversal of) losses on guarantees	(12,000)	54,500
(Reversal of) loan commitments	(5,000)	1,426
Others	-	3,785
	$ 217,869	$ 319,727

h. Employee benefits expenses

	For the Three Months Ended March 31	
	2022	2021
Salaries	$ 934,686	$ 933,446
Labor and health insurance	77,390	54,533
Pension expense	32,491	29,631
Other employee expenses	58,188	46,772
	$ 1,102,755	$ 1,064,382

i. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Bank, the Bank accrues employees' compensation and remuneration of directors at rates of 0.5%-3% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. The employees' compensation and the remuneration of directors for the three months ended March 31, 2022 and 2021, respectively, were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2022	**2021**
Employees' compensation	0.78%	0.72%
Remuneration of directors	2.50%	2.07%

Amount

	For the Three Months Ended March 31	
	2022	**2021**
Employees' compensation	$ 12,374	$ 9,664
Remuneration of directors	$ 39,580	$ 27,700

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

The appropriations of employees' compensation and remuneration of directors for 2021 and 2020 that were resolved by the Bank's board of directors on February 24, 2022 and February 25, 2021 respectively, are as shown below:

	Cash	
	2021	**2020**
Employees' compensation	$ 42,277	$ 35,975
Remuneration of directors	$ 140,922	$ 96,195

There was no difference between the actual amounts of employee's compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the employees' compensation and remuneration of directors resolved by the Bank's board of directors in 2022 and 2021 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

j. Depreciation and amortization expenses

	For the Three Months Ended March 31	
	2022	2021
Properties and equipment	$ 50,860	$ 52,502
Investment properties	-	23
Right-of-use assets	39,105	63,724
Intangible assets	16,976	15,990
	$ 106,941	$ 132,239

k. Other selling and administrative expenses

	For the Three Months Ended March 31	
	2022	2021
Taxes	$ 187,933	$ 179,237
Professional service	32,754	42,919
Advertisement	13,504	21,914
Insurance	46,133	44,472
Entertainment	15,482	15,831
Donation	24,055	16,848
Postage	15,843	15,788
Others	111,732	112,474
	$ 447,436	$ 449,483

33. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of income tax expense were as follows:

	For the Three Months Ended March 31	
	2022	2021
Current tax		
In respect of the current period	$ 321,823	$ 282,182
Deferred tax		
In respect of the current period	(35,344)	(89,734)
Income tax expense recognized in profit or loss	$ 286,479	$ 192,448

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2022	2021
Deferred tax		
In respect of the current period		
Fair value changes of financial assets at FVTOCI	$ (2,930)	$ (16)

c. Income tax assessments

The income tax returns of Taichung Commercial Bank Co., Ltd., Taichung Bank Insurance Brokers Co., Ltd., Taichung Bank Leasing Corporation Limited, and Taichung Commercial Bank Securities Co., Ltd. through 2020 have been assessed and approved by the tax authorities.

34. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended March 31	
	2022	2021
Basic earnings per share	$ 0.28	$ 0.26
Diluted earnings per share	$ 0.28	$ 0.26

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares. The basic and diluted earnings per share adjusted retrospectively for the three months ended March 31, 2021 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 0.27	$ 0.26
Diluted earnings per share	$ 0.27	$ 0.26

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the period

	For the Three Months Ended March 31	
	2022	2021
Earnings used in the computation of basic earnings per share	$ 1,276,014	$ 1,130,244
Earnings used in the computation of diluted earnings per share	$ 1,276,014	$ 1,130,244

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Three Months Ended March 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	4,538,521	4,338,520
Effect of potentially dilutive ordinary shares		
Employees' compensation or bonuses issued to employees	2,689	3,005
Weighted average number of ordinary shares used in the computation of diluted earnings per share	4,541,210	4,341,525

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

35. RELATED-PARTY TRANSACTIONS

Related Party	Relationship with the Group
China Man-Made Fiber Corporation	Parent company of the Bank
Hsu Tian Investment Co., Ltd.	Legal director of the Bank
Kuei-Fong Wang	Natural director of the Bank
Te-Wei Chia	General manager and legal representatives of the Bank's director
Hsin-Chang Tsai, Li-Woon Lim, Pi-Ta Chen, Chien-An Shin	Independent directors of the Bank
Hsin-Ching Chang, Wei-Liang Lin, Ming-Hsiung Huang, Siou-Huei Ye, Shih-Yi Chiang, Li-Tzu Lai	Legal representatives of the Bank's director
24 persons including the Chairman and general manager's spouse	The spouses and second-degree relatives, etc. of the Bank's chairman and general managers
33 persons including the director of the Board's spouse	The spouses and children of the Bank's directors
7 persons including Yi-Yuan Tung	Key management personnel
19 persons including associate general manager's spouse	The spouses and children of the Bank's associate general managers
107 persons including Hung-Lung Tsai	Managers of the Bank
11 persons including Kuei-Hsien Wang	The spouses and children of the parent company's chairman and general managers
Taichung Bank Securities Investment Trust Co., Ltd.	Associate accounted for using the equity method

(Continued)

Related Party	Relationship with the Group
Pan Asia Chemical Co., Ltd.	Related party in substance
China Fiber Investment Co., Ltd.	Related party in substance
Pan Asia Investment Co., Ltd.	Related party in substance
Taichung Commercial Bank Cultural and Educational Foundation, Taichung Commercial Bank Workers' Welfare Commission	Related party in substance
Deh Hsing Investment Co., Ltd.	Related party in substance
Iolite Company Limited	Related party in substance
Hammock (Hong Kong) Company Limited	Related party in substance
Hebei Hanoshi Contact Lens Co., Ltd.	Related party in substance
Chou Chin Industrial Co., Ltd.	Related party in substance
Chou Chang Co., Ltd.	Related party in substance
Greenworld Food Co., Ltd.	Related party in substance
Nan Chung Petrochemical Corporation	Related party in substance
Xiang Fong Development Co., Ltd.	Related party in substance
Reliance Securities Co., Ltd.	Related party in substance
Sheen Ren Knitting Factory Co., Ltd.	Related party in substance
Ta Fa Investment Co., Ltd.	Related party in substance
Formosa Imperial Wineseller Corp.	Related party in substance
Tou Ming Industry Limited Company	Related party in substance
Jin Bang Ge Industrial Company Limited.	Related party in substance
Ta Yi Development Co., Ltd.	Related party in substance
Yu Hui Limited	Related party in substance
Formosawine Vintners Corporation	Related party in substance
Bomi International Co., Ltd.	Related party in substance
Shanghai Bomi Food Co., Ltd.	Related party in substance
Noble House Global Limited	Related party in substance
Noble House Glory Corporation	Related party in substance
Wang Wanjin Culture and Education Foundation	Related party in substance
Chaoqing Investment Co., Ltd.	Related party in substance
Sheng Yuan Ze Investment Limited Company	Related party in substance
Pan Hsu Investment Co., Ltd.	Related party in substance
Precious Wealth International Limited	Related party in substance
Storm Model Management Co., Ltd.	Related party in substance
Bonwell Praise Co., Ltd.	Related party in substance
Chen Teng Public Relations (Shanghai) Company	Related party in substance
Shanghai Bomi Consulting management Limited Company	Related party in substance
Shuo-Jung Co., Ltd.	Related party in substance
Fengteng Co., Ltd.	Related party in substance
Shanghai Nianjia Culture Communication Co., Ltd.	Related party in substance
General Pride Enterprise Co., Ltd.	Related party in substance
Fengqi Investment Co., Ltd.	Related party in substance
Reliance Kuan Chun Venture Capital Co., Ltd.	Related party in substance
Reliance Securities Investment Consultant Co., Ltd.	Related party in substance
Reliance Kuan Chun Venture Management Consulting Co., Ltd.	Related party in substance

(Continued)

Related Party	Relationship with the Group
Shen Ching Investment Co., Ltd.	Related party in substance
Lei Fu Life Business Co., Ltd.	Related party in substance
Chi Da Investment Co., Ltd.	Related party in substance
Syu Yi Investment Co., Ltd.	Related party in substance
Yao Shang Investment Co., Ltd.	Related party in substance
China Man-Made Fiber Entertainment Co., Ltd	Related party in substance

(Concluded)

a. Loans

For the three months ended March 31, 2022

	Numbers/ Name	Highest Balance	Balance, End of the Year	Compliance		Interest Revenue	Collaterals	The Difference Between Related and Non-related Party
				Performing Loans	Overdue Loans			
Employees consumption loans	10	$ 4,072	$ 3,455	$ 3,455	$ -	$ 15	Credit loans	None
Loans on mortgage	37	176,119	159,630	159,630	-	477	Real estate	None
Other loans	Zeng OO	101	91	91	-	-	Real estate	None
	Lee OO	2,273	2,238	2,238	-	7	Real estate	None
	Zeng OO	4,140	4,110	4,110	-	15	Real estate	None
	Liu OO	322	-	-	-	-	Real estate	None
	Lin OO	321	298	298	-	-	Real estate	None
	Wang OO	6,000	3,000	3,000	-	14	Real estate	None
	Chen OO	40,000	40,000	40,000	-	150	Real estate	None
	Fang OO	15,916	15,916	15,916	-	48	Real estate	None
	Lin OO	16,400	16,100	16,100	-	62	Real estate	None
	Tsai OO	114	80	80	-	-	Real estate	None
	Liang OO	646	616	616	-	2	Real estate	None
	Ye OO	11,000	11,000	11,000	-	33	Real estate	None
	Huang OO	1,298	1,263	1,263	-	4	Real estate	None
	Wang OO	6,120	-	-	-	28	Real estate	None
	Chiu OO	2,627	2,550	2,550	-	8	Real estate	None
	Hsu OO	2,200	2,200	2,200	-	8	Real estate	None
	Huang OO	15,000	12,000	12,000	-	39	Real estate	None

For the three months ended March 31, 2021

	Numbers/ Name	Highest Balance	Balance, End of the Year	Compliance		Interest Revenue	Collaterals	The Difference Between Related and Non-related Party
				Performing Loans	Overdue Loans			
Employees consumption loans	13	$ 4,817	$ 3,897	$ 3,897	$ -	$ 17	Credit loans	None
Loans on mortgage	40	167,541	153,199	153,199	-	462	Real estate	None
Other loans	Lee OO	2,414	2,379	2,379	-	8	Real estate	None
	Chang OO	4,500	-	-	-	4	Real estate	None
	Liu OO	1,774	1,342	1,342	-	5	Real estate	None
	Tsai OO	5,000	-	-	-	8	Real estate	None
	Lin OO	412	389	389	-	-	Real estate	None
	Chiu OO	1,500	1,500	1,500	-	6	Real estate	None
	Chen OO	30,000	30,000	30,000	-	112	Real estate	None
	Fang OO	9,616	9,616	9,616	-	33	Real estate	None
	Wang OO	3,000	3,000	3,000	-	4	Real estate	None
	Lin OO	17,600	17,300	17,300	-	66	Real estate	None
	Tsai OO	248	214	214	-	1	Real estate	None
	Liang OO	767	737	737	-	2	Real estate	None
	Ye OO	11,000	11,000	11,000	-	33	Real estate	None
	Huang OO	1,435	1,401	1,401	-	5	Real estate	None
	Jhuang OO	1,314	1,275	1,275	-	3	Real estate	None
	Chiu OO	2,935	2,859	2,859	-	9	Real estate	None
	Hsu OO	2,200	2,200	2,200	-	8	Real estate	None

According to Articles 32 and 33 of the Banking Law, credit loans cannot be made to related party except loans to government and consumers; secured loans to related party shall be provided with adequate collateral, and the terms of credits to related party should be similar to those for third parties.

b. Deposits

	For the Three Months Ended March 31, 2022		
	Ending Balance	Interest Ratio	Interest Expense
Taichung Bank Securities Investment Trust Co., Ltd.	$ 100,042	0.00-0.79	$ 132
Taichung Commercial Bank Workers' Welfare Commission	150,646	0.01-4.80	1,710
China Man-Made Fiber Corporation	55,004	0.01-0.08	7
Taichung Commercial Bank Cultural and Educational Foundation	8,210	0.01-1.09	17
Formosa Imperial Wineseller Corp.	575	0.08	-
Greenworld Food Co., Ltd.	3,743	0.08	-
Pan Asia Chemical Corporation	32,129	0.08	3
Chou Chin Industrial Co., Ltd.	16,445	0.01-0.08	1
Chou Chang Co., Ltd.	4,369	0.01	-
Shuo-Jung Co., Ltd.	36,717	0.01	1
Hsu Tian Investment Co., Ltd.	33,324	0.01-0.08	1
Reliance Securities Co., Ltd.	10,071	0.08-0.79	14
Deh Hsing Investment Co., Ltd.	458,145	0.08	31
Syu Yi Investment Co., Ltd.	3,201	0.08	-
China Man-Made Fiber Entertainment Co., Ltd	4,879	0.08	-
Pan Hsu Investment Co., Ltd.	6	0.01	-
Chi Da Investment Co., Ltd.	3,201	0.08	-
Yao Shang Investment Co., Ltd.	3,201	0.08	-
Others	407,694	0.00-4.80	882
	$ 1,331,602		$ 2,799

	For the Three Months Ended March 31, 2021		
	Ending Balance	**Interest Ratio**	**Interest Expense**
Taichung Bank Securities Investment Trust Co., Ltd.	$ 111,158	0.00-0.79	$ 198
Taichung Commercial Bank Workers' Welfare Commission	148,898	0.01-4.80	1,696
China Man-Made Fiber Corporation	66,247	0.01-0.05	7
Taichung Commercial Bank Cultural and Educational Foundation	8,218	0.01-0.84	17
Formosa Imperial Wineseller Corp.	7	0.04	-
Greenworld Food Co., Ltd.	2,707	0.04	-
Pan Asia Chemical Corporation	63,655	0.01-0.04	3
Pan Feng Enterprise Co., Ltd.	315	0.04	-
Chou Chin Industrial Co., Ltd.	14,519	0.01-0.04	-
Chou Chang Co., Ltd.	84	0.01	-
Shuo-Jung Co., Ltd.	13,929	0.01	-
Je Mi Fang Corporation	20,086	0.04-0.81	35
Hsu Tian Investment Co., Ltd.	59,259	0.01-0.05	-
Reliance Securities Co., Ltd.	13,766	0.04-0.55	18
Pan Asia Investment Co., Ltd.	7	0.01	-
Deh Hsing Investment Co., Ltd.	6,834	0.04	1
Others	396,091	0.00-4.80	884
	$ 925,780		$ 2,859

The interest rates did not significantly differ from those with ordinary customers except for the interest rates on the Bank's employee deposits at 4.80% as of March 31, 2022 and 2021.

c. Financial debentures

The Bank issued, first no due date non-cumulative subordinated financial debenture on 2015, first no due date non-cumulative subordinated financial debenture on 2016, first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture, third no due date non-cumulative subordinated financial debenture, fourth no due date non-cumulative subordinated financial debenture and fifth no due date non-cumulative subordinated financial debenture on 2017, first no due date non-cumulative subordinated financial debenture and second no due date non-cumulative subordinated financial debenture on 2018, and entrusted Concord Securities Co., Ltd. and KGI Securities Co., Ltd. as financial advisors for the issuance and collection of bonds.

As of March 31, 2022 the related party subscribed for the financial debentures issued by the Bank through underwriting brokers as follows:

Counterparty	Subscription	Period
Hsu Tian Investment Co., Ltd.	$ 4,000,000	First no due date non-cumulative subordinated financial debenture on 2015, first no due date non-cumulative subordinated financial debenture on 2016, first no due date non-cumulative subordinated financial debenture and fifth no due date non-cumulative subordinated financial debenture on 2017, first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture on 2018
Others	3,750,000	First no due date non-cumulative subordinated financial debenture on 2015, first no due date non-cumulative subordinated financial debenture on 2016, first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture, third no due date non-cumulative subordinated financial debenture, fourth no due date non-cumulative subordinated financial debenture, fifth no due date non-cumulative subordinated financial debenture on 2017, first no due date non-cumulative subordinated financial debenture and second no due date non-cumulative subordinated financial debenture on 2018

The interest payables on the financial debentures of the above-mentioned related parties were $121,444 thousand, $47,108 thousand and $121,444 thousand on March 31, 2022, December 31, 2021 and March 31, 2021, respectively. The interest expenses were $74,336 thousand for the three months ended March 31, 2022 and 2021.

d. Service fee income

	For the Three Months Ended March 31	
	2022	2021
Taichung Bank Securities Investment Trust Co., Ltd.	$ 492	$ 161

The above amounts are for the promotion and channel revenue, etc. The price of transactions with its related party is similar to those of the non-related party.

e. Other expenses

	For the Three Months Ended March 31	
	2022	2021
Greenworld Food Co., Ltd.	$ 140	$ 196

The above amounts are other business expenses. The price of transactions with its related party is similar to those of the non-related party.

f. Remuneration of directors and key management personnel

For the three months ended March 31, 2022 and 2021, the amounts of remuneration of directors and key management personnel were as follows:

	For the Three Months Ended March 31	
	2022	2021
Short-term benefits	$ 108,920	$ 93,850
Post-employee benefits	294	434
Other long-term benefits	1	1
	$ 109,215	$ 94,285

36. PLEDGED ASSETS

	March 31, 2022	December 31, 2021	March 31, 2021
Call loans to other banks - time deposits	$ 200,000	$ 200,000	$ 200,000
Restricted assets - cash in banks	361,384	384,756	389,445
Notes receivable	3,020,262	3,036,279	2,550,571
Investments in debt instruments at amortized cost - government bonds	896,500	916,400	918,600
Deposit reserves for demand accounts	5,000,000	5,000,000	5,000,000
	$ 9,478,146	$ 9,537,435	$ 9,058,616

Call loans to other banks - time deposits were the provision of operation deposit. Restricted assets - cash in banks and notes receivable were the guarantee for financing to other banks. Government bonds were pledged to district courts for litigation, the collateral for the overdraft of the clearing account and the compensation reserve for the securities firm and the trust business. The details were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Guarantee to district court for litigation	$ 336,500	$ 356,400	$ 358,600
Collateral for overdraft of clearing account	500,000	500,000	500,000
Reserve of trust compensation	60,000	60,000	60,000
	$ 896,500	$ 916,400	$ 918,600

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Notes 8, 11 and 24, significant commitments and contingencies of the Group as of March 31, 2022, December 31, 2021 and March 31, 2021 were as follows:

a. Significant commitments

	March 31, 2022	December 31, 2021	March 31, 2021
Loan commitments (excluding credit card)	$ 156,493,434	$ 146,654,164	$ 144,455,362
Loan commitments - credit card	14,273,289	13,909,975	13,108,907
Guarantee receivables	27,664,939	27,150,584	25,430,343
Trust liabilities	79,028,949	77,982,280	72,285,995
Letters of credit	4,542,216	3,870,866	4,245,721
Lease contract commitment	2,276,541	1,672,014	2,759,641

b. According to Article 17 of the Implementation Rules of Trust Law, the Bank should disclose its balance sheet of trust account and its asset items, which were as follows:

Trust Account Balance Sheet
March 31, 2022

Trust Assets	Amount	Trust Liabilities	Amount
Cash in banks	$ 7,218,189	Securities under custody payable	$ 4,578,136
Debentures	7,582,545	Trust capital	74,450,813
Stocks	3,915,082	Net income	325,526
Funds	48,996,165	Deferred carryover amounts	(325,526)
Structured finance instruments	1,734,024		
Real estate			
Land	4,875,565		
Buildings	127,800		
Securities under custody	4,578,136		
Securities trust services	1,443		
Trust assets	$ 79,028,949	Trust liabilities	$ 79,028,949

Trust Account Asset Items
March 31, 2022

Item	Amount
Cash in banks	$ 7,218,189
Debentures	7,582,545
Stocks	3,915,082
Funds	48,996,165
Structured finance instruments	1,734,024
Real estate	
Land	4,875,565
Buildings	127,800
Securities under custody	4,578,136
Securities trust services	1,443
	$ 79,028,949

Trust Account Income Statement
Three Months Ended March 31, 2022

	Amount
Trust income	
Interest revenue	$ 583,318
Trust expense	
Management fee	(257,792)
Tax	-
Income before income tax	325,526
Income tax expense	-
Net income	$ 325,526

Trust Account Balance Sheet
December 31, 2021

Trust Assets	Amount	Trust Liabilities	Amount
Cash in banks	$ 6,399,616	Securities under custody payable	$ 6,646,778
Debentures	7,238,414	Trust capital	71,335,502
Stocks	3,455,339	Net income	1,210,606
Funds	47,078,055	Deferred carryover amounts	(1,210,606)
Structured finance instruments	1,643,837		
Real estate			
Land	5,386,698		
Buildings	132,100		
Securities under custody	6,646,778		
Securities trust services	1,443		
Trust assets	$ 77,982,280	Trust liabilities	$ 77,982,280

Trust Account Asset Items
December 31, 2021

Item	Amount
Cash in banks	$ 6,399,616
Debentures	7,238,414
Stocks	3,455,339
Funds	47,078,055
Structured finance instruments	1,643,837
Real estate	
Land	5,386,698
Buildings	132,100
Securities under custody	6,646,778
Securities trust services	1,443
	$ 77,982,280

Trust Account Income Statement
Year Ended December 31, 2021

	Amount
Trust income	
Interest revenue	$ 2,428,466
Trust expense	
Management fee	(1,217,830)
Tax	(30)
Income before income tax	1,210,606
Income tax expense	-
Net income	$ 1,210,606

Trust Account Balance Sheet
March 31, 2021

Trust Assets	Amount	Trust Liabilities	Amount
Cash in banks	$ 4,880,912	Securities under custody	
Debentures	8,072,274	payable	$ 6,006,363
Stocks	2,981,137	Trust capital	66,279,632
Funds	45,773,054	Net income	271,724
Structured finance instruments	1,276,095	Deferred carryover amounts	(271,724)
Real estate			
Land	3,089,313		
Buildings	206,847		
Securities under custody	6,006,363		
Trust assets	$ 72,285,995	Trust liabilities	$ 72,285,995

Trust Account Asset Items
March 31, 2021

Item	Amount
Cash in banks	$ 4,880,912
Debentures	8,072,274
Stocks	2,981,137
Funds	45,773,054
Structured finance instruments	1,276,095
Real estate	
Land	3,089,313
Buildings	206,847
Securities under custody	6,006,363
	$ 72,285,995

Trust Account Income Statement
Three Months Ended March 31, 2021

	Amount
Trust income	
Interest revenue	$ 592,711
Trust expense	
Management fee	(320,987)
Tax	-
Income before income tax	271,724
Income tax expense	-
Net income	$ 271,724

c. Maturity analysis of lease commitments and capital expenditures

The lease contract commitments of the Group include operating leases and finance leases.

Operating lease commitment is the minimum lease payment when the Group is lessee or lessor with non-cancellation condition. The lease contract commitments of the operating leases are referred to in Note 19.

The finance lease commitments refer to the total lease investment of the lessor under the finance lease conditions and the present value of the minimum lease payments receivable.

Capital expenditure commitments represent contractual commitments for the acquisition of capital expenditures on construction and equipment.

Considering the expansion of business scale and the increasing number of employees in the future, the Group held a tender for the construction project of head office through an online open bidding process on February 11, 2019. Dacin Construction Co., Ltd. and Earthpower Co., Ltd. won the bidding, both parties entered into a joint venture agreement worth $11,160,000 thousand on March 29, 2019, and started construction on April 27, 2019. In order to improve construction safety, both parties agreed to change the “reverse drilling steel column well type foundation alternative construction method” and the “raft foundation beam structure optimization alternative plan”. The first supplementary agreement was made on January 8, 2021, and the total contract price after the change is $11,155,943 thousand. In addition, the Group entered into a contract of planning, design and supervision worth $480,492 thousand with YSL Architects & Associates.

Maturity analysis of lease commitments and capital expenditures is summarized as follows:

Financing lease income

	March 31, 2022	December 31, 2021	March 31, 2021
Year 1	$ 2,590,309	$ 2,468,413	$ 3,024,358
Year 2	985,568	1,021,206	347,254
Year 3	183,396	218,035	25,325
Year 4	14,361	18,903	13,030
Year 5	12,739	12,739	13,030
Year 6 onwards	151,137	154,537	167,950
	$ 3,937,510	$ 3,893,833	$ 3,590,947

Present value of financing lease income

	March 31, 2022	December 31, 2021	March 31, 2021
Year 1	$ 2,282,648	$ 2,175,166	$ 2,693,590
Year 2	913,908	937,949	310,177
Year 3	167,649	199,223	14,322
Year 4	5,684	10,068	3,541
Year 5	4,454	4,354	3,897
Year 6 onwards	88,697	90,068	92,726
	$ 3,463,040	$ 3,416,828	$ 3,118,253

Capital expenditure commitment

	March 31, 2022	December 31, 2021	March 31, 2021
Year 1	$ 2,891,270	$ 4,670,691	$ 3,940,701
Year 2	4,159,818	2,532,019	3,271,309
Year 3	104,794	14,394	1,236,643
Year 4	-	-	14,394
	$ 7,155,882	$ 7,217,104	$ 8,463,047

d. The Bank and Pihsiang Energy Technology Co., Ltd. are parties in a consumer consignment litigation. The Taichung District Court of first instance issued a civil judgment on the 2018 case No. 598 that the Bank lost the case on February 4, 2020. The claim of Pihsiang Energy Technology Co., Ltd. against the Bank is $100 million, and the interest shall be calculated at 5% per annum from April 10, 2018 to the settlement date. The litigation costs shall be borne by the defendant (i.e., the Bank). The appointed lawyer of the Bank assessed that the content of the original judgment is contradictory and unprovoked. Therefore, the Bank filed an appeal on February 27, 2020, and was in the High Court Taichung Branch as 2020 renewed trial No. 78. After the second instance, the High Court Taichung Branch reappealed to trial No. 78 of 2020 on March 29, 2022, ruling that the Bank won the case. However, as of March 31, 2022, the plaintiff still has the right to appeal, and the case has not yet been concluded. According to the civil judgment on the 2018 case No. 598 on February 4, 2020, the Bank has prepared in advance the outstanding indemnities (statutory and litigation costs) of the ongoing litigation. Movements of the outstanding loss provision were as follows:

	For the Three Months Ended March 31	
	2022	2021
Balance, January 1	$ 19,090	$ 14,090
Loss provision	1,250	1,250
Balance, March 31	$ 20,340	$ 15,340

For the three months ended March 31, 2022 and 2021, the loss provision of $1,250 thousand was recognized for interest expense.

38. FINANCIAL INSTRUMENTS

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

Except as detailed in the following table, the carrying amounts of financial instruments recognized in the consolidated financial statements approximate their fair values or that the fair values cannot be reasonably measured. Therefore, those were not disclosed in this note.

1) Fair value hierarchy

March 31, 2022

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
Financial assets					
Investments in debt instruments at amortized cost	$ 110,210,888	$ 84,406,776	$ 25,552,061	$ -	$ 109,958,837
Financial liabilities					
Financial liabilities at amortized cost					
Bank debentures	16,500,000	-	16,636,279	-	16,636,279

December 31, 2021

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
Financial assets					
Investments in debt instrument at amortized cost	$ 110,098,208	$ 86,270,904	$ 24,405,895	$ -	$ 110,676,799
Financial liabilities					
Financial liabilities at amortized cost					
Bank debentures	16,500,000	-	16,636,344	-	16,636,344

March 31, 2021

	Carrying Amount	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Fair Value Total
Financial assets					
Investments in debt instruments at amortized cost	$ 111,406,713	$ 85,285,684	$ 27,069,912	$ -	$ 112,355,596
Financial liabilities					
Financial liabilities at amortized cost					
Bank debentures	11,500,000	-	11,683,787	-	11,683,787

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Non-derivatives	The market transaction price in the non-active market is taken as the fair value.

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

1) Fair value hierarchy

	March 31, 2022			
	Total	Level 1	Level 2	Level 3
Financial assets at FVTPL				
Derivative financial assets	$ 5,074,819	$ -	$ 5,074,819	$ -
Commercial papers	25,822,836	25,822,836	-	-
Domestic listed shares and emerging market shares	1,052,330	979,049	73,281	-
Domestic unlisted shares	81,636	-	-	81,636
Beneficiary certificates	819,219	819,219	-	-
Domestic corporate bonds	433,208	433,208	-	-
Others	844,786	-	844,786	-
	$ 34,128,834	$ 28,054,312	$ 5,992,886	$ 81,636
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ 932,282	$ -	$ -	$ 932,282
Domestic listed shares	3,934,845	3,934,845	-	-
Foreign listed shares	324,415	324,415	-	-
Investments in debt instruments				
Domestic corporate bonds	34,067,844	34,067,844	-	-
Domestic government bonds	5,384,964	5,384,964	-	-
Foreign bonds	3,165,151	-	3,165,151	-
Bank debentures	2,189,282	2,189,282	-	-
	$ 49,998,783	$ 45,901,350	$ 3,165,151	$ 932,282
Financial liabilities at FVTPL				
Derivative financial liabilities	$ 1,003,490	$ -	$ 1,003,490	$ -

Reconciliation of Level 3 fair value measurements of financial instruments:

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTPL Unlisted shares	$ 81,611	$ 25	$ -	$ -	$ -	$ -	$ 81,636

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTOCI Unlisted shares	$ 810,234	$ 122,048	$ -	$ -	$ -	$ -	$ 932,282

	December 31, 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets at FVTPL				
Derivative financial assets	$ 4,006,983	$ -	$ 4,006,983	$ -
Commercial papers	26,680,732	26,680,732	-	-
Domestic listed shares and emerging market shares	919,500	849,850	69,650	-
Domestic unlisted shares	81,611	-	-	81,611
Beneficiary certificates	757,683	757,683	-	-
Domestic corporate bonds	422,471	422,471	-	-
Others	806,522	-	806,522	-
	$ 33,675,502	$ 28,710,736	$ 4,883,155	$ 81,611
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ 810,234	$ -	$ -	$ 810,234
Domestic listed shares	3,136,272	3,136,272	-	-
Foreign listed shares	308,783	308,783	-	-
Investments in debt instruments				
Domestic corporate bonds	34,101,503	34,101,503	-	-
Domestic government bonds	4,865,736	4,865,736	-	-
Foreign bonds	3,121,222	-	3,121,222	-
Bank debentures	2,204,054	2,204,054	-	-
	$ 48,547,804	$ 44,616,348	$ 3,121,222	$ 810,234
Financial liabilities at FVTPL				
Derivative financial liabilities	$ 512,399	$ -	$ 512,399	$ -

Reconciliation of Level 3 fair value measurements of financial instruments:

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTPL Unlisted shares	$ 7,508	$ 7,203	$ 66,900	$ -	$ -	$ -	$ 81,611

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTOCI Unlisted shares	$ 751,556	$ 58,678	$ -	$ -	$ -	$ -	$ 810,234

	March 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets at FVTPL				
Derivative financial assets	$ 3,406,732	$ -	$ 3,406,732	$ -
Commercial papers	27,020,789	27,020,789	-	-
Domestic listed shares and emerging market shares	851,472	810,971	40,501	-
Foreign listed shares	133,221	133,221	-	-
Domestic unlisted shares	17,533	-	-	17,533
Beneficiary certificates	531,961	531,961	-	-
Domestic corporate bonds	281,394	281,394	-	-
Others	807,291	-	807,291	-
	$ 33,050,393	$ 28,778,336	$ 4,254,524	$ 17,533
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ 820,070	$ -	$ -	$ 820,070
Domestic listed shares	2,832,319	2,832,319	-	-
Foreign listed shares	311,929	311,929	-	-
Investments in debt instruments				
Domestic corporate bonds	28,445,342	28,445,342	-	-
Domestic government bonds	5,300,359	5,300,359	-	-
Foreign bonds	3,503,364	-	3,503,364	-
Bank debentures	2,209,324	2,209,324	-	-
	$ 43,422,707	$ 39,099,273	$ 3,503,364	$ 820,070
Financial liabilities at FVTPL				
Derivative financial liabilities	$ 716,971	$ -	$ 716,971	$ -

Reconciliation of Level 3 fair value measurements of financial instruments:

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTPL Unlisted shares	$ 7,508	$ 25	$ 10,000	$ -	$ -	$ -	$ 17,533

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTOCI Unlisted shares	$ 751,556	$ 68,514	$ -	$ -	$ -	$ -	$ 820,070

There were no transfers between Levels 1 and 2 in the current and prior period.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Non-derivatives	The market transaction price in the non-active market is taken as the fair value.
Derivatives	
Option contracts	Valuation model: The execution price, maturity date, market volatility, interest rate and exchange rate set by the contract are used as valuation parameters. The model with closed-form solution is then used for valuation.
Cross-currency swap contracts, foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and forward rates of contracts, discounted at a rate that reflects the credit risk of various counterparties.
Asset swap contract	The closing price for convertible corporate bond minus bond value. The pure bond value is discounted by the cash flow provided by the convertible corporate bond in accordance with Taiwan Bills Index Rate (TAIBIR).
Structured finance instruments	
Interest rate-linked structured instruments	The counterparty quotes.

3) The quantitative information on fair value of significant unobservable input (Level 3)

The quantitative information on unobservable inputs of the financial instruments classified as Level 3, and held by the Group on March 31, 2022, December 31, 2021 and March 31, 2021, were as follows:

Items	Fair Value on March 31, 2022	Fair Value on December 31, 2021	Fair Value on March 31, 2021	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at fair value through profit or loss							
Domestic unlisted shares	$ 81,636	$ 81,611	$ 17,533	Seller's quote (Monte Carlo Simulation Method)	Volatility rate	31.00%-32.00%	The lower the volatility rate, the higher the fair value
					Minority equity volatility rate	9.21%-43.03%	The lower the minority equity volatility rate, the higher the fair value
Financial assets at fair value through other comprehensive income							
Domestic unlisted shares	932,282	810,234	820,070	Seller's quote (Monte Carlo Simulation Method)	Volatility rate	22.93%-24.60%	The lower the volatility rate, the higher the fair value

4) The assessment of Level 3 fair value

The Group assessed fair value in accordance with valuation report provided by independent company, and compiled the valuation results into a quarterly report presented to the board of directors.

5) Sensitivity analysis of Level 3 fair value if reasonable possible alternative assumptions may be used.

The Group adopts multiple approaches to estimate the volatility rate of quantitative information on its significant unobservable input. The sensitivity analysis based on category of assets is as follows:

March 31, 2022

Significant Unobservable Input	Sensitivity Rate	Impact
Liquidity discount ratio	Increase 10%	$ (23,813)
	Decrease 10%	23,813

December 31, 2021

Significant Unobservable Input	Sensitivity Rate	Impact
Liquidity discount ratio	Increase 10%	$ (20,627)
	Decrease 10%	20,627

March 31, 2021

Significant Unobservable Input	Sensitivity Rate	Impact
Liquidity discount ratio	Increase 10%	$ (20,106)
	Decrease 10%	20,106

c. Categories of financial instruments

	March 31, 2022	December 31, 2021	March 31, 2021
Financial assets			
Financial assets at FVTPL	$ 34,128,834	$ 33,675,502	$ 33,050,393
Financial assets at amortized cost (Note 1)	682,004,935	674,488,002	655,946,345
Financial assets at FVTOCI			
Equity instruments	5,191,542	4,255,289	3,964,318
Debt instruments	44,807,241	44,292,515	39,458,389
Financial liabilities			
Financial liabilities at FVTPL	1,003,490	512,399	716,971
Financial liabilities at amortized cost (Note 2)	713,567,394	705,617,774	684,494,020

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, due from the Central Bank and call loans to other banks, investments in debt instruments at amortized cost, securities purchased under resale agreements, receivables, notes discounted and loans, restricted assets, refundable deposits, receipts under payment for shares underwriting, and other financial assets.

Note 2: The balances include financial liabilities at amortized cost, which comprise due to the Central Bank and other banks, funds borrowed from the Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances, bank debentures, other financial liabilities, and guarantee deposits received.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The financial risk management objectives of the Group is to achieve the goal of balancing risk tolerance, business objectives and external legal restrictions. These risks include market risks (including interest rate, exchange rate, equity securities and product price) and liquidity risks of on and off-balance sheet business.

The Group has formulated a relevant risk management policy, which has been approved by the board of directors to effectively identify, measure, monitor and control credit risk, market risk and liquidity risk.

Risk Management Organizational Structure

The board of directors is the highest decision-making unit for the Group's corporate risk management and assumes the ultimate responsibility for risk management. The Group has a risk management committee and a risk management department, which grants risk authority and confers responsibilities on the relevant departments to ensure the smooth operation of risk management. The responsibilities of the committee are as follows:

a. Consideration of the risk management programme.

b. Consideration and review of risk limits.

c. Consideration of the bill on institutionalization of risk management.

d. Report to the board of directors regularly.

   Members of the risk management committee set up various risk management measurement indicators according to the nature of their business and the scope of their duties, and the risk management department should report to the risk management committee to provide a reference for senior decision-making.

   1) Market risk

      a) The source and definition of market risk

         Market risks refer to the loss due to the changes in market price, such as the changes of the market interest rate, the exchange rate, the share price and the product price.

      b) Market risk management policy

         The objective of the Group market risk management is to develop a sound and effective market risk management mechanism that is consistent with the size, nature and complexity of the Group's business to ensure that the risks borne by the Group can be properly managed and market risks are effectively identified, measured, monitored and controlled, and strike a balance between the level of risk tolerance and the expected level of compensation.

      c) Market risk management process

         i. Identification and measurement

            The relevant market risks should be assessed through appropriate procedures to consider whether the risk is within an acceptable risk range before new products, business activities, processes and systems are rolled out or operated. The relevant units should use the methods of business analysis or product analysis to identify the sources of market risks, define the market risk factors of each financial commodity and make appropriate specifications.

Market risk measurement can use a variety of effective measures to properly measure risk, including but not limited to the following methods: Statistical basis of measures, sensitivity analysis and situational analysis. The risk management department should measure the risk of the site on a daily basis and conduct regular stress tests to measure the amount of abnormal losses that may occur under the current or historical extremes.

ii. Monitoring and reporting

The risk management department should report to the risk management committee and the board of directors regularly on the implementation of the Group's market risk management, including the Group's market risk allocation, risk level, profit and loss status, quota usage and compliance with relevant market risk management regulations and suggestions. The authorities also set up relevant limit management, stop loss mechanism, overrun treatment and exception management methods to effectively monitor market risks. In the event of an overrun or exception, it should be notified immediately to facilitate the immediate response.

d) Interest rate risk

i. Definition of interest rate risk

Interest rate risk refers to the change in interest rate, which causes the Group to bear the risk of changes in the fair value of the interest rate risk or the loss of surplus liquidity. The main sources of risk include deposits and interest rate-related securities.

ii. Measurement methods and management procedures

The Group monitors the interest rate risk system, sets the scope of the indicators to regularly monitor and report the results to the asset and liability management committee, the risk management committee and the board of directors, and adjusts according to the overall operating conditions of the Group. In addition, the Group measures the interest rate risk by DV01, assuming that the interest rate curve has a parallel shift of 100 basis points, the degree of impact on earnings and equity is used to control the interest rate risk.

iii. The effect of interest rate benchmark reform

For the financial instruments of the Group affected by changes in interest rate benchmark, the linked indicator interest rates include USD LIBOR. It is expected that the US Secured Overnight Financing Rate (SOFR) will replace the USD LIBOR. However, there is a fundamental difference between the replacement interest rate and LIBOR. LIBOR is a forward-looking interest rate indicator that implies market expectations for future interest rate trends, and includes inter-Group credit discounts. Each alternative interest rate is a retrospective interest rate indicator calculated with reference to actual transaction data, and does not include a credit discount. Therefore, when an existing contract is modified from a linked LIBOR to a linked alternative interest rate, additional adjustments must be made to the aforementioned differences to ensure that the interest rate basis before and after the modification is economically equivalent.

The Group has formulated a LIBOR conversion plan to deal with risk management policy adjustments, internal process adjustments, information system updates, financial instrument evaluation model adjustments, and related accounting or tax issues that are required to meet the changes in interest rate benchmark. On March 31, 2022, the Group has identified all the information systems and internal processes that need to be updated, and completed some of the updates.

As of March 31, 2022, the financial instruments of the Group that have been affected by the change in interest rate benchmark and have not yet converted to alternative interest rate benchmark are summarized as follows:

	Amount	
Non-derivative Financial	**Financial Assets**	**Financial Liabilities**
Notes discounted and loans, net		
USD LIBOR	$ 9,204,000	$ -
Funds borrowed from the Central Bank and other banks		
USD LIBOR	-	429,375
Financial assets at amortized cost		
USD LIBOR	7,485,000	-
	$ 16,689,000	$ 429,375

		Amount	
Derivative Financial	**Nominal Amount**	**Financial Assets**	**Financial Liabilities**
Interest rate-linked structured instrument contracts			
USD LIBOR	$ 965,235	$ 82,297	$ 82,297

e) Exchange rate risk

i. Definition of exchange rate risk

Exchange rate risk is the gain or loss resulting from the conversion of two different currencies at different times. The Group's exchange rate risk is mainly due to the changes in spot and forward foreign exchange rates of the business operations. Since the foreign exchange transactions are mostly based on the principle of flattening the customer's position for the day, the exchange rate risk is relatively small.

ii. Measurement methods and management procedures

The Group adopts the quota management mechanism for the exchange rate risk system, sets the business quota and overnight limit for each currency, controls the maximum net foreign exchange position that can be held by all levels of personnel, and sets the maximum transaction amount according to the counterparty, and monitors it regularly. The results will be reported to the risk management committee and the board of directors for discussion.

In addition, the Group assesses the degree of impact on earnings and equity under the hypothetical scenarios when the USD/NTD, CNY/NTD, and JPY/NTD separately appreciates/depreciates by 3%, in order to control exchange rate risk.

f) Equity securities price risk

i. Definition of equity securities price risk

The market risk of the Group's equity securities is the individual risk arising from changes in the market price of individual equity securities and the general market risk arising from changes in the overall market price. The main risks include listed shares and beneficiary certificates.

ii. Measurement methods and management procedures

The Group adopts a quota management mechanism for the equity securities price risk, ensuring that all levels are traded within the authorized amount, and sets up relevant mechanisms for stop loss control, and regularly reports the monitoring results to the risk management committee and the board of directors for discussion.

In addition, the Group assesses the degree of impact on earnings and equity under the hypothetical scenarios when the price of equity securities rises/falls by 15% in order to control the risk of equity securities.

g) Market risk sensitivity analysis

Interest risk

The Group assumed that when other factors remain unchanged, if the yield curve increased/decreased by 100 basis points, the income before income tax of the Group as of March 31, 2022, December 31, 2021 and March 31, 2021 would have increased/decreased by $831,096 thousand, $937,186 thousand and $864,431 thousand, respectively, and other equity would have decreased/increased by $1,552,627 thousand, $1,564,751 thousand and $1,872,504 thousand, respectively.

Exchange rate risk

The Group assumed that when other factors remain unchanged, if the exchange rate of USD/NTD, CNY/NTD, and JPY/NTD appreciated/depreciated by 3%, the income before income tax as of March 31, 2022, December 31, 2021 and March 31, 2021 would have increased/decreased by $95,368 thousand, and decreased/increased by $10,994 thousand and $19,195 thousand, respectively, and other equity would have increased/decreased by $118,515 thousand, $114,411 thousand and $124,899 thousand, respectively.

Equity securities price risk

The Group assumed that when other factors remain unchanged, if the price of equity securities increased/decreased by 15%, the income before income tax as of March 31, 2022, December 31, 2021 and March 31, 2021 would have increased/decreased by $292,978 thousand, $263,819 thousand and $230,128 thousand, respectively, and other equity would have increased/decreased by $778,731 thousand, $638,293 thousand and $594,648 thousand, respectively.

The summary of sensitivity analysis was as follows:

March 31, 2022			
Main Risk	**Range of Change**	**Influence Amount**	
		Other Equity	**Income**
Interest risk	Interest rate curve rises 100BPS Interest rate curve falls 100BPS	$ (1,552,627) 1,552,627	$ 831,096 (831,096)
Exchange rate risk	USD/NTD, CNY/NTD, JPY/NTD increase by 3% USD/NTD, CNY/NTD, JPY/NTD decrease by 3%	118,515 (118,515)	95,368 (95,368)
Equity securities price risk	Equity securities prices rise by 15% Equity securities prices fall by 15%	778,731 (778,731)	292,978 (292,978)

December 31, 2021			
Main Risk	**Range of Change**	**Influence Amount**	
		Other Equity	**Income**
Interest risk	Interest rate curve rises 100BPS Interest rate curve falls 100BPS	$ (1,564,751) 1,564,751	$ 937,186 (937,186)
Exchange rate risk	USD/NTD, CNY/NTD, JPY/NTD increase by 3% USD/NTD, CNY/NTD, JPY/NTD decrease by 3%	114,411 (114,411)	(10,994) 10,994
Equity securities price risk	Equity securities prices rise by 15% Equity securities prices fall by 15%	638,293 (638,293)	263,819 (263,819)

March 31, 2021			
Main Risk	**Range of Change**	**Influence Amount**	
		Other Equity	**Income**
Interest risk	Interest rate curve rises 100BPS Interest rate curve falls 100BPS	$ (1,872,504) 1,872,504	$ 864,431 (864,431)
Exchange rate risk	USD/NTD, CNY/NTD, JPY/NTD increase by 3% USD/NTD, CNY/NTD, JPY/NTD decrease by 3%	124,899 (124,899)	(19,195) 19,195
Equity securities price risk	Equity securities prices rise by 15% Equity securities prices fall by 15%	594,648 (594,648)	230,128 (230,128)

2) Credit risk

a) The source and definition of credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk exists in both on and off-balance sheet items. The on-balance sheet exposures to credit risks are mainly from notes discounted and loans, the credit card business, due from other banks and call loans to other banks, acceptances, investments in debt instruments and derivatives. The off-balance sheet exposures to credit risks are mainly from financial guarantees, letter of credits and loan commitments.

b) Credit risk management policy

Before launching new products or businesses, the Group ensures compliance with all applicable rules and regulations and identifies relevant credit risks. On March 31, 2022, the ratio of loans with collateral to the total amount of loans was approximately 76%. The ratio of financing guarantees to commercial letters of collateral held was approximately 26%, and the collateral required for loans, loan commitments or guarantees is usually in the forms of cash, inventories, liquid securities or other asset in circulation. If the customers default, the Group will execute its rights on collateral in accordance with the terms of contracts.

c) Credit risk management program

The measurement and management of credit risks from the Group's main businesses were as follows:

i. Loan's business (including loan commitments and guarantees)

i) Determination that credit risk has increased significantly since the initial recognition.

The Group assesses the change in the probability of default of loans during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Group's considerations show the reasonable and supportable information that the credit risk has increased significantly since the initial recognition (including forward-looking information). The main considerations include:

Quantitative indicators

- Changes in external credit ratings of Taiwan Corporate Credit Rating Index (TCRI)

  The TCRI rating of the listed cabinet company corresponding to the external rating has been reduced from the investment grade to the non-investment grade, that is, the credit risk has significantly increased since the initial recognition.

- Information on overdue status

  When the contract amount is overdue for more than one month, it is determined that the credit risk of the financial asset has increased significantly since the initial recognition.

Qualitative indicators

- Unfavorable changes in the current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform debt obligations.

- Significant changes in actual or expected results of the debtor's operations.

- The credit risk of other financial instruments from the same debtor has increased significantly.

ii) Definition of default and credit-impaired financial assets

The definition of financial asset default is the same as that of financial asset credit impairment. If one or more of the following conditions are met, the Group determines that the financial asset has defaulted and becomes credit impaired:

Quantitative indicators

- Changes in external TCRI credit ratings

  The TCRI rating of the listed cabinet company is default grade, which means that the credit has been deducted since the initial recognition.

- Information on overdue status

  When the contract amount is overdue for more than three months, it is determined that the credit of the financial asset has been impaired since the initial recognition.

Qualitative indicators

If there is evidence that the borrower will not be able to pay the contract, or that the borrower has significant financial difficulties, such as:

- The debtor has gone bankrupt or may have called for bankruptcy or financial restructuring.

- Other debt instrument contracts of the debtor have defaulted.

- Due to the economic or contractual reasons associated with the debtor's financial difficulties, the debtor's creditors give the borrower an unconfirmed concession and report the overdue loan.

The aforementioned default and credit impairment definitions are used to consolidate all financial assets held by the Group and are consistent with the definitions used for the internal credit risk management purposes of the financial assets, and are also applied to the relevant impairment assessment model.

iii) Measurement of expected credit losses

In order to assess the expected credit losses, the Group divides the credit assets into the following combinations according to the credit risk characteristics such as the use of borrowing, industrial nature, collateral type and borrowing status.

Product Portfolio	
Corporate loans	Corporate loans - secured
	Corporate loans - unsecured
Consumer loans	House mortgage
	Consumer loans - secured
	Consumer loans - unsecured
	Credit loans
	Debit card
	Credit card

The Group evaluates loss allowance of financial assets, which credit risk does not significantly increase after initial recognition based on 12-month expected credit losses. The Group evaluates loss allowance of financial assets, which credit risk significantly increases after initial recognition based on lifetime expected credit losses.

In order to evaluate expected credit losses, the Group takes into consideration the debtor's probability of default (PD) within the next 12 months, which includes the loss given default (LGD), the results are then multiplied by the exposure at default (EAD), while also considering the effect of time value of money to calculate the expected credit losses during the duration of 12 months.

PD is the default percentage of a borrower. LGD is the loss ratio once a borrower default. The Group applied PD and LGD to evaluate loan business impairment based on each portfolio's historical information calculated internally (i.e. credit loss experience), and adjusted historical data based on current observable information and forward-looking macroeconomic information calculated by using direct estimation method.

The Group evaluates the loan default risk by using direct estimation method. The Group calculates 12-month and lifetime ECLs of financing commitments based on direct estimation method. The Group uses credit conversion factor to calculate the portion of financing commitments expected to be used in 12 months after the record date and the credit duration to calculate the default exposure amount of ECLs.

<u>Consideration of forward-looking estimation</u>

In estimating the expected credit losses, the Group uses forward-looking economic factors that affect credit risk and expected credit losses to consider forward-looking information. Forward-looking information is based on the Taiwan National Development Council's regular promulgation of the "Benefit Strategy Signal" of Taiwan's overall prosperity as indicators, which are divided into boom expansion period, contraction period and flat period. The Group evaluates the economic situation to adjust the default probability every quarter, and then incorporates it into the overall expected credit loss assessment.

ii. Debt instrument investments

The Group considers the historical default loss rate provided by the external rating agencies and the current financial status of the debtor to calculate 12-month and lifetime ECLs of financing commitments in debt instrument investments.

The securities held by the Group recognize the impairment loss according to the lifetime ECLs of financing commitments. The credit quality of the Group's securities was as follows:

i) The determination that the credit risk has increased significantly since the initial recognition

The Group assesses the change in the probability of default of debt instrument investments during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Group's considerations show the reasonable and supportable information that the credit risk has increased significantly since the initial recognition. The main considerations include:

Quantitative indicators

- At the time of initial recognition, the issuer's credit rating is above the investment grade, but at the financial reporting date, the issuer's credit rating is reduced to a non-investment grade.

- For debt instrument investments on the initial recognition date, the issuer's credit rating is below the non-investment grade and the credit rating on the reporting date has not changed.

- When the issuer's credit rating is a non-investment grade, the reported daily credit rating is reduced to a certain extent.

Qualitative indicators

- The credit rating of the issuer indicates that its credit risk has increased significantly.

- The fair value of the debt instrument investments has significantly and adversely changed on the reporting date.

ii) Definition of default and credit-impaired financial assets

If the debt instrument investment meets one or more of the following conditions, it determines that the financial asset has defaulted and becomes credit impaired.

Quantitative indicators

- Debt instrument investments, such as bonds, have become credit impaired since they were purchased.

- The default rate for credit rating of the issuer or debt instrument investments will be adjusted on the reporting date.

Qualitative indicators

- The issuer modifies the issue conditions of the debt instrument investments due to financial difficulties or fails to pay the principal or interest according to the conditions of the issue.

- The issuer or the guarantee institution has ceased operations or has applied for reorganization, bankruptcy, dissolution, and sale of major assets that have a significant impact on the company's continued operations.

Measurement of expected credit losses

- In order to evaluate expected credit losses, the Group takes into consideration the debtor's probability of default (PD) within the next 12 months, which includes the loss given default (LGD), the results are then multiplied by the exposure at default (EAD), while also considering the effect of time value of money to calculate the expected credit losses during the duration of 12 months.

- Comparing the risk of default on the debt instrument with the default risk at the time of initial recognition, and considering the reasonable and corroborative information for a significant increase in credit risk since the initial recognition, to determine whether the financial instrument's credit risk has increased significantly since the initial recognition.

    - Those who meet the normal credit risk status will estimate the expected loss amount based on the one-year probability of default (PD).

    - Those who meet the significant increase in credit risk status must consider the duration of the assets and calculate the probability of default (PD) for each duration. If the cash flow of the contract in the future period (i.e., the default exposure amount of each period) can be assessed, the cash flow method is used to assess the expected amount of credit loss, and if the cash flow of each period cannot be assessed, the current risk calculation method is used.

    - Those who meet the abnormal credit risk status are considered to be 100%, and will not consider the probability of default in each duration. Only consider the relevant recoverable amount and evaluate the overall expected credit loss amount.

    - Debt instrument investments' probability of default is the value released by external credit rating agencies, which implies the possibility of future market fluctuations.

d) Credit risk hedging or mitigation policies

i. Collaterals

The Group implements a series of policies and measures to reduce credit risks when granting of credit. One of the commonly used methods is to require borrowers to provide collaterals. To enforce the rights to collaterals, the Group manages and assesses the collaterals according to the procedures adopted in determining the scope of collateralization and valuation of collaterals.

The main types of collateral for granting credit are as follows:

i) Real estate.

ii) Chattels and rights of pledge.

iii) Guarantee from external agency.

To enhance guarantee of transaction risk, the Group's demand for collaterals depends on the nature of derivative transactions as follows:

i) Guarantee of amount invested: Asking different ratio of guarantee based on the credit rating scale of clients.

ii) Guarantee of high-risk transactions: Asking for collaterals when option contracts are under resale agreement.

iii) Performance bond (loss on investment position): Asking for collaterals when loss on investment position exceeds the limit of approved market value.

The Group closely observed the value of pledged financial assets and evaluated which financial assets had been impaired in order to recognize allowance for impairment. Credit-impaired financial assets and their pledged values which eliminate potential loss, are as follows:

March 31, 2022

	Total Book Value	Allowance for Impairment Loss	Total Value of Exposure	Fair Value of Collateral
Financial assets that were impaired				
Notes discounted and loans	$ 8,868,478	$ (1,840,040)	$ 7,028,438	$ 7,028,438
Receivables	883,924	(234,447)	649,477	649,477
Guarantees and letters of credit	89,284	(33,844)	55,440	37,864
Debt instruments	7,812	(7,812)	-	-
Others	85,019	(11,917)	73,102	-
Total financial assets that were impaired	$ 9,934,517	$ (2,128,060)	$ 7,806,457	$ 7,715,779

December 31, 2021

	Total Book Value	Allowance for Impairment Loss	Total Value of Exposure	Fair Value of Collateral
Financial assets that were impaired				
Notes discounted and loans	$ 8,698,694	$ (1,857,339)	$ 6,841,355	$ 6,841,355
Receivables	801,948	(239,926)	562,022	534,495
Guarantees and letters of credit	88,571	(33,375)	55,196	37,864
Debt instruments	7,554	(7,554)	-	-
Others	85,019	(12,005)	73,014	-
Total financial assets that were impaired	$ 9,681,786	$ (2,150,199)	$ 7,531,587	$ 7,413,714

March 31, 2021

	Total Book Value	Allowance for Impairment Loss	Total Value of Exposure	Fair Value of Collateral
Financial assets that were impaired				
Notes discounted and loans	$ 8,434,209	$ (1,976,560)	$ 6,457,649	$ 6,457,649
Receivables	235,390	(151,598)	83,792	66,764
Guarantees and letters of credit	329,267	(67,721)	261,546	119,632
Debt instruments	7,785	(7,785)	-	-
Others	42,651	(2,484)	40,167	-
Total financial assets that were impaired	$ 9,049,302	$ (2,206,148)	$ 6,843,154	$ 6,644,045

ii. Credit risk concentration limits and control

To avoid the concentration of credit risks, the Group has included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivatives transactions.

Meanwhile, for trading and banking book investments, the Group has set a ratio, which is the credit limit of a single issuer in proportion to the total securities position. The Group has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk of the financial assets, the Group has set credit limits by industry, conglomerate, country and transactions collateralized by shares, and integrated within one system to supervise the concentration of credit risk in these categories. The Group monitors concentration of each asset and controls various types of credit risk concentration in a single transaction involving counterparties, groups, related-party corporations, industries and nations.

iii. Other credit enhancements

To reduce its credit risks, the Group stipulates in its credit contracts the term for offsetting which clearly stated that the Group reserves the right to offset the borrowers' debt against their deposits in the Group.

e) Maximum exposure to credit risk

The maximum exposures of assets on the consolidated balance sheets to credit risks without consideration of guarantees or other credit enforcement instruments approximate the assets' carrying amounts. The maximum exposures of off-balance sheet items to credit risks without consideration of guarantees or other credit enforcement instrument were as follows:

	March 31, 2022	December 31, 2021	March 31, 2021
Irrevocable loan commitments	$ 7,796,851	$ 8,946,143	$ 9,678,886
Credit card commitments	14,273,289	13,909,975	13,108,907
Guarantee receivables	27,664,939	27,150,584	25,430,343
Letters of credit	4,542,216	3,870,866	4,245,721

The management of the Group believes their abilities to minimize the credit risk exposures of the off-balance sheet items are mainly attributed to their rigorous evaluation of extended credit and the periodic reviews of these credits.

f) Credit risk concentration of the Group

When the counterparty of financial product transactions is concentrated on one person, or when there are several counterparties but they are mostly engaged in similar economic activities and have similar economic characteristics, causing their abilities to fulfill contract obligations to be similarly affected by economic or other situations, credit risk concentration is deemed to have occurred. The characteristics of significant credit risk concentration include the nature of the debtor's activities. The Group's transactions are not concentrated on a single customer or counterparty but spread among counterparties with similar industry types and operating regions. The contract amounts of significant credit risk concentration was as follows:

Counterparty	March 31, 2022	December 31, 2021	March 31, 2021
Private enterprise	$ 275,563,984	$ 272,232,887	$ 270,993,286
Natural person	257,148,019	251,463,839	234,951,558
Government agencies	-	-	2,000,000
Others	2,186,348	2,194,108	2,050,411
	$ 534,898,351	$ 525,890,834	$ 509,995,255

Credit Risk Profile by Group or Industry	March 31, 2022	December 31, 2021	March 31, 2021
Natural person	$ 257,148,019	$ 251,463,839	$ 234,951,558
Manufacturing	82,721,172	82,428,014	81,972,418
Commercial	54,723,754	55,055,686	56,649,009
Real estate and leasing	69,429,688	68,116,161	67,624,930
Construction industry	23,153,599	21,651,987	19,648,983
Servicing	10,937,887	10,721,758	12,685,705
Finance and insurance	21,005,149	20,517,085	18,455,199
Transportation warehousing and information communication	8,491,849	9,110,025	9,796,512
Others	7,287,234	6,826,279	8,210,941
	$ 534,898,351	$ 525,890,834	$ 509,995,255

Credit Risk Profile by Region	March 31, 2022	December 31, 2021	March 31, 2021
Domestic	$ 501,265,369	$ 494,778,509	$ 474,758,732
Asia	21,029,167	18,613,232	19,685,056
North America	9,533,668	9,615,136	11,509,874
Others	3,070,147	2,883,957	4,041,593
	$ 534,898,351	$ 525,890,834	$ 509,995,255

Credit Risk Profile by Collateral	March 31, 2022	December 31, 2021	March 31, 2021
Unsecured	$ 86,087,590	$ 83,184,331	$ 82,150,990
Secured			
Real estate	394,674,254	389,570,276	378,430,721
Letter of bank guarantee	17,936,982	18,341,803	17,415,070
Chattel	6,658,783	6,481,073	6,151,159
Debenture	17,130,097	16,708,301	15,300,224
Notes receivable	1,723,033	1,906,758	1,806,239
Stocks	5,907,474	5,375,785	4,661,817
Others	4,780,138	4,322,507	4,079,035
	$ 534,898,351	$ 525,890,834	$ 509,995,255

g) Write-off policy

If one of the following events have occurred, overdue loans and delinquent receivables should have the estimated recoverable amount deducted and should then be written off as bad debts:

- The debtor may not recover all or part of the obligatory claim due to dissolution, disappearance, settlement, bankruptcy or other reasons.

- The appraisal value of collateral and asset of the main and subordinate debtors are very low, or the compensation is not available after deducting the amount of the first mortgage, or it is not beneficial that execution fee is close to or may exceed the Bank’s reimbursable amount.

- The collateral and the assets of the main and subordinate debtors are auctioned off at multiple auctions, of which the Bank did not receive any benefit.

- Overdue loans and delinquent receivables which have been overdue for more than 2 years have been collected but not yet received.

- The minimum payable amount of credit card which is overdue for six months that should be written off in three months.

h) Information of credit quality

i. Notes discounted, loans and receivables

March 31, 2022

	Notes Discounted and Loans				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 229,869,782	$ 2,286,057	$ 6,292,100	$ -	$ 238,447,939
Consumer loans	244,698,641	9,152,635	2,576,265	-	256,427,541
Others	22,116	569	113	-	22,798
Total book value	474,590,539	11,439,261	8,868,478	-	494,898,278
Allowance for doubtful accounts	(1,463,600)	(624,495)	(1,840,040)	-	(3,928,135)
Difference of impairment loss under regulations	-	-	-	(3,062,207)	(3,062,207)
	$ 473,126,939	$ 10,814,766	$ 7,028,438	$ (3,062,207)	$ 487,907,936

	Receivables				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 12,181,736	$ 356,211	$ 795,657	$ -	$ 13,333,604
Consumer loans	2,079,843	22,714	35,703	-	2,138,260
Others	64,507,463	18	52,564	-	64,560,045
Total book value	78,769,042	378,943	883,924	-	80,031,909
Allowance for doubtful accounts	(107,391)	(6,930)	(234,447)	-	(348,768)
Difference of impairment loss under regulations	-	-	-	(148,599)	(148,599)
	$ 78,661,651	$ 372,013	$ 649,477	$ (148,599)	$ 79,534,542

	Irrevocable Loan Commitments				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 6,098,878	$ 33,250	$ 85,019	$ -	$ 6,217,147
Consumer loans	1,579,704	-	-	-	1,579,704
Total book value	7,678,582	33,250	85,019	-	7,796,851
Allowance for doubtful accounts	(35,333)	(629)	(11,917)	-	(47,879)
Difference of impairment loss under regulations	-	-	-	(5,604)	(5,604)
	$ 7,643,249	$ 32,621	$ 73,102	$ (5,604)	$ 7,743,368

	Credit Card Commitments				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Consumer loans	$ 14,207,914	$ 65,375	$ -	$ -	$ 14,273,289
Total book value	14,207,914	65,375	-	-	14,273,289
Allowance for doubtful accounts	(5,068)	(1,480)	-	-	(6,548)
Difference of impairment loss under regulations	-	-	-	(834)	(834)
	$ 14,202,846	$ 63,895	$ -	$ (834)	$ 14,265,907

	Guarantee Receivables				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 27,376,926	$ 198,729	$ 89,284	$ -	$ 27,664,939
Total book value	27,376,926	198,729	89,284	-	27,664,939
Allowance for doubtful accounts	(168,231)	(12,678)	(33,844)	-	(214,753)
Difference of impairment loss under regulations	-	-	-	(71,210)	(71,210)
	$ 27,208,695	$ 186,051	$ 55,440	$ (71,210)	$ 27,378,976

	Letters of Credit				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 4,542,216	$ -	$ -	$ -	$ 4,542,216
Total book value	4,542,216	-	-	-	4,542,216
Allowance for doubtful accounts	(9,817)	-	-	-	(9,817)
Difference of impairment loss under regulations	-	-	-	(3,089)	(3,089)
	$ 4,532,399	$ -	$ -	$ (3,089)	$ 4,529,310

December 31, 2021

	Notes Discounted and Loans				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 227,290,646	$ 2,322,566	$ 6,118,651	$ -	$ 235,731,863
Consumer loans	238,225,115	9,920,228	2,579,934	-	250,725,277
Others	29,546	1,028	109	-	30,683
Total book value	465,545,307	12,243,822	8,698,694	-	486,487,823
Allowance for doubtful accounts	(1,465,291)	(608,655)	(1,857,339)	-	(3,931,285)
Difference of impairment loss under regulations	-	-	-	(2,750,165)	(2,750,165)
	$ 464,080,016	$ 11,635,167	$ 6,841,355	$ (2,750,165)	$ 479,806,373

	Receivables				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 12,160,742	$ 311,725	$ 712,609	$ -	$ 13,185,076
Consumer loans	1,683,488	22,751	37,488	-	1,743,727
Others	60,904,209	14	51,851	-	60,956,074
Total book value	74,748,439	334,490	801,948	-	75,884,877
Allowance for doubtful accounts	(108,467)	(7,900)	(239,926)	-	(356,293)
Difference of impairment loss under regulations	-	-	-	(104,485)	(104,485)
	$ 74,639,972	$ 326,590	$ 562,022	$ (104,485)	$ 75,424,099

	Irrevocable Loan Commitments				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 7,175,795	$ 33,250	$ 85,019	$ -	$ 7,294,064
Consumer loans	1,652,079	-	-	-	1,652,079
Total book value	8,827,874	33,250	85,019	-	8,946,143
Allowance for doubtful accounts	(40,877)	(661)	(12,005)	-	(53,543)
Difference of impairment loss under regulations	-	-	-	(4,221)	(4,221)
	$ 8,786,997	$ 32,589	$ 73,014	$ (4,221)	$ 8,888,379

	Credit Card Commitments				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Consumer loans	$ 13,827,884	$ 82,091	$ -	$ -	$ 13,909,975
Total book value	13,827,884	82,091	-	-	13,909,975
Allowance for doubtful accounts	(5,046)	(1,915)	-	-	(6,961)
Difference of impairment loss under regulations	-	-	-	(422)	(422)
	$ 13,822,838	$ 80,176	$ -	$ (422)	$ 13,902,592

	Guarantee Receivables				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 26,971,681	$ 90,332	$ 88,571	$ -	$ 27,150,584
Total book value	26,971,681	90,332	88,571	-	27,150,584
Allowance for doubtful accounts	(171,880)	(7,782)	(33,375)	-	(213,037)
Difference of impairment loss under regulations	-	-	-	(84,926)	(84,926)
	$ 26,799,801	$ 82,550	$ 55,196	$ (84,926)	$ 26,852,621

	Letters of Credit				
	Stage 1 **12-month ECLs**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Difference of Impairment Loss under Regulations**	**Total**
Product category					
Corporate loans	$ 3,870,866	$ -	$ -	$ -	$ 3,870,866
Total book value	3,870,866	-	-	-	3,870,866
Allowance for doubtful accounts	(8,629)	-	-	-	(8,629)
Difference of impairment loss under regulations	-	-	-	(4,226)	(4,226)
	$ 3,862,237	$ -	$ -	$ (4,226)	$ 3,858,011

March 31, 2021

	Notes Discounted and Loans				
	Stage 1 **12-month ECLs**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Difference of Impairment Loss under Regulations**	**Total**
Product category					
Corporate loans	$ 229,582,617	$ 4,405,146	$ 5,531,914	$ -	$ 239,519,677
Consumer loans	219,925,367	11,442,144	2,902,600	-	234,270,111
Others	29,588	554	(305)	-	29,837
Total book value	449,537,572	15,847,844	8,434,209	-	473,819,625
Allowance for doubtful accounts	(1,781,891)	(968,083)	(1,976,560)	-	(4,726,534)
Difference of impairment loss under regulations	-	-	-	(1,928,507)	(1,928,507)
	$ 447,755,681	$ 14,879,761	$ 6,457,649	$ (1,928,507)	$ 467,164,584

	Receivables				
	Stage 1 **12-month ECLs**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Difference of Impairment Loss under Regulations**	**Total**
Product category					
Corporate loans	$ 11,107,759	$ 377,642	$ 146,191	$ -	$ 11,631,592
Consumer loans	2,620,125	23,481	37,679	-	2,681,285
Others	57,187,039	12	51,520	-	57,238,571
Total book value	70,914,923	401,135	235,390	-	71,551,448
Allowance for doubtful accounts	(97,454)	(10,668)	(151,598)	-	(259,720)
Difference of impairment loss under regulations	-	-	-	(62,104)	(62,104)
	$ 70,817,469	$ 390,467	$ 83,792	$ (62,104)	$ 71,229,624

	Irrevocable Loan Commitments				
	Stage 1 12-month ECLs	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Difference of Impairment Loss under Regulations**	**Total**
Product category					
Corporate loans	$ 8,637,852	$ 14,250	$ 42,651	$ -	$ 8,694,753
Consumer loans	984,133	-	-	-	984,133
Total book value	9,621,985	14,250	42,651	-	9,678,886
Allowance for doubtful accounts	(57,643)	(362)	(2,484)	-	(60,489)
Difference of impairment loss under regulations	-	-	-	(5,921)	(5,921)
	$ 9,564,342	$ 13,888	$ 40,167	$ (5,921)	$ 9,612,476

	Credit Card Commitments				
	Stage 1 12-month ECLs	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Difference of Impairment Loss under Regulations**	**Total**
Product category					
Consumer loans	$ 13,060,811	$ 48,096	$ -	$ -	$ 13,108,907
Total book value	13,060,811	48,096	-	-	13,108,907
Allowance for doubtful accounts	(4,785)	(1,233)	-	-	(6,018)
Difference of impairment loss under regulations	-	-	-	(1,364)	(1,364)
	$ 13,056,026	$ 46,863	$ -	$ (1,364)	$ 13,101,525

	Guarantee Receivables				
	Stage 1 12-month ECLs	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Difference of Impairment Loss under Regulations**	**Total**
Product category					
Corporate loans	$ 24,452,033	$ 649,043	$ 329,267	$ -	$ 25,430,343
Total book value	24,452,033	649,043	329,267	-	25,430,343
Allowance for doubtful accounts	(193,335)	(29,311)	(67,721)	-	(290,367)
Difference of impairment loss under regulations	-	-	-	(96)	(96)
	$ 24,258,698	$ 619,732	$ 261,546	$ (96)	$ 25,139,880

	Letters of Credit				
	Stage 1 12-month ECLs	**Stage 2 Lifetime ECL**	**Stage 3 Lifetime ECL**	**Difference of Impairment Loss under Regulations**	**Total**
Product category					
Corporate loans	$ 4,245,721	$ -	$ -	$ -	$ 4,245,721
Total book value	4,245,721	-	-	-	4,245,721
Allowance for doubtful accounts	(11,549)	-	-	-	(11,549)
Difference of impairment loss under regulations	-	-	-	(5,352)	(5,352)
	$ 4,234,172	$ -	$ -	$ (5,352)	$ 4,228,820

ii. Debt instrument investments

March 31, 2022

	Financial Assets at FVTOCI			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 44,837,629	$ -	$ -	$ 44,837,629
Non-investment grade bond	-	-	-	-
Total book value	44,837,629	-	-	44,837,629
Allowance for impairment	(30,388)	-	-	(30,388)
Difference of impairment loss under regulations	-	-	-	-
	$ 44,807,241	$ -	$ -	$ 44,807,241

	Investments in Debt Instruments at Amortized Cost			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 47,944,778	$ -	$ -	$ 47,944,778
Non-investment grade bond		-	7,812	7,812
Others (NCDs issued by the CBC)	62,290,000	-		62,290,000
Total book value	110,234,778	-	7,812	110,242,590
Allowance for impairment	(23,890)	-	(7,812)	(31,702)
Difference of impairment loss under regulations	-	-	-	-
	$ 110,210,888	$ -	$ -	$ 110,210,888

Note: The bond rating is based on the original credit rating of Moody's, Fitch (Fitch), Standard & Poor's (S&P) and China Credit Rating.

The breakdown below shows the Group's investments in debt instruments classified as financial assets at FVTOCI and financial assets at amortized cost:

March 31, 2022

	Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Total book value	$ 45,115,330	$ 110,242,590
Loss allowance	(30,388)	(31,702)
Amortized cost	45,084,942	110,210,888
Fair value adjustment	277,701	-
	$ 44,807,241	$ 110,210,888

The Group’s current credit risk rating mechanism and the total book value of the investments in debt instruments of each credit rating are as follows:

Credit Rating	Definition	Recognition Basis	Expected Credit Loss	Total Book Value at March 31, 2022	
				Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	0.00%-0.42%	$ 45,115,330	$ 110,234,778
Abnormal (Stage 2)	Credit risk has increased significantly since the initial recognition.	Lifetime expected credit losses (no credit impaired)		-	-
Default (Stage 3)	There is evidence that the credit is impaired.	Lifetime expected credit losses (credit impaired)	100%	-	7,812
Write offs	There is evidence that the debtor is facing serious financial difficulties and the Bank cannot reasonably expect to recover the debt.	Write-off		-	-

With respect to the Group’s investments in debt instruments at FVTOCI and at amortized cost, information on the changes in their loss allowance summarized by credit risk rating is as follows:

	Credit Rating		
	Normal (12-month Expected Credit Losses)	Abnormal (Lifetime ECL and Not Credit Impaired)	Default (Lifetime ECL with Credit Impaired)
Financial assets at FVTOCI			
Balance, January 1, 2022	$ 29,891	$ -	$ -
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	639	-	-
Dispose	(169)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	27	-	-
Loss allowance, March 31, 2022	$ 30,388	$ -	$ -
Financial assets at amortized cost			
Balance, January 1, 2022	$ 23,109	$ -	$ 7,554
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	1,597	-	-
Dispose	(1,102)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	286	-	258
Loss allowance, March 31, 2022	$ 23,890	$ -	$ 7,812

December 31, 2021

	Financial Assets at FVTOCI			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 44,322,406	$ -	$ -	$ 44,322,406
Non-investment grade bond	-	-	-	-
Total book value	44,322,406	-	-	44,322,406
Allowance for impairment	(29,891)	-	-	(29,891)
Difference of impairment loss under regulations	-	-	-	-
	$ 44,292,515	$ -	$ -	$ 44,292,515

	Investments in Debt Instruments at Amortized Cost			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 46,331,317	$ -	$ -	$ 46,331,317
Non-investment grade bond	-	-	7,554	7,554
Others (NCDs issued by the CBC)	63,790,000	-	-	63,790,000
Total book value	110,121,317	-	7,554	110,128,871
Allowance for impairment	(23,109)	-	(7,554)	(30,663)
Difference of impairment loss under regulations	-	-	-	-
	$ 110,098,208	$ -	$ -	$ 110,098,208

Note: The bond rating is based on the original credit rating of Moody’s, Fitch (Fitch), Standard & Poor’s (S&P) and China Credit Rating.

The breakdown below shows the Group’s investments in debt instruments classified as financial assets at FVTOCI and financial assets at amortized cost:

December 31, 2021

	Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Total book value	$ 44,159,489	$ 110,128,871
Loss allowance	(29,891)	(30,663)
Amortized cost	44,129,598	110,098,208
Fair value adjustment	162,917	-
	$ 44,292,515	$ 110,098,208

The Group's current credit risk rating mechanism and the total book value of the investments in debt instruments of each credit rating are as follows:

Credit Rating	Definition	Recognition Basis	Expected Credit Loss	Total Book Value At December 31, 2021	
				Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	0.00%-0.42%	$ 44,159,489	$ 110,121,317
Abnormal (Stage 2)	Credit risk has increased significantly since the initial recognition.	Lifetime expected credit losses (no credit impaired)		-	-
Default (Stage 3)	There is evidence that the credit is impaired.	Lifetime expected credit losses (credit impaired)	100%	-	7,554
Write offs	There is evidence that the debtor is facing serious financial difficulties and the Bank cannot reasonably expect to recover the debt.	Write-off		-	-

With respect to the Group's investments in debt instruments at FVTOCI and at amortized cost, information on the changes in their loss allowance summarized by credit risk rating is as follows:

	Credit Rating		
	Normal (12-month Expected Credit Losses)	Abnormal (Lifetime ECL and Not Credit Impaired)	Default (Lifetime ECL with Credit Impaired)
Financial assets at FVTOCI			
Balance, January 1, 2021	$ 20,708	$ -	$ -
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	11,833	-	-
Dispose	(1,341)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	(1,309)	-	-
Loss allowance, December 31, 2021	$ 29,891	$ -	$ -

(Continued)

	Credit Rating		
	Normal (12-month Expected Credit Losses)	Abnormal (Lifetime ECL and Not Credit Impaired)	Default (Lifetime ECL and Credit Impaired)
Financial assets at amortized cost			
Balance, January 1, 2021	$ 26,472	$ -	$ 7,668
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	1,523	-	-
Dispose	(3,819)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	(1,067)	-	(114)
Loss allowance, December 31, 2021	$ 23,109	$ -	$ 7,554

(Concluded)

March 31, 2021

	Financial Assets at FVTOCI			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 39,481,736	$ -	$ -	$ 39,481,736
Non-investment grade bond	-	-	-	-
Total book value	39,481,736	-	-	39,481,736
Allowance for impairment	(23,347)	-	-	(23,347)
Difference of impairment loss under regulations	-	-	-	-
	$ 39,458,389	$ -	$ -	$ 39,458,389

	Investments in Debt Instruments at Amortized Cost			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 50,262,603	$ -	$ -	$ 50,262,603
Non-investment grade bond	-	-	7,785	7,785
Others (NCDs issued by the CBC)	61,170,000	-	-	61,170,000
Total book value	111,432,603	-	7,785	111,440,388
Allowance for impairment	(25,890)	-	(7,785)	(33,675)
Difference of impairment loss under regulations	-	-	-	-
	$ 111,406,713	$ -	$ -	$ 111,406,713

Note: The bond rating is based on the original credit rating of Moody's, Fitch (Fitch), Standard & Poor's (S&P) and China Credit Rating.

The breakdown below shows the Group's investments in debt instruments classified as financial assets at FVTOCI and financial assets at amortized cost:

March 31, 2021

	Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Total book value	$ 39,015,882	$ 111,440,388
Loss allowance	(23,347)	(33,675)
Amortized cost	38,992,535	111,406,713
Fair value adjustment	465,854	-
	$ 39,458,389	$ 111,406,713

The Group's current credit risk rating mechanism and the total book value of the investments in debt instruments of each credit rating are as follows:

Credit Rating	Definition	Recognition Basis	Expected Credit Loss	Total Book Value at March 31, 2022	
				Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	0.00%-0.42%	$ 39,015,882	$ 111,432,603
Abnormal (Stage 2)	Credit risk has increased significantly since the initial recognition.	Lifetime expected credit losses (no credit impaired)		-	-
Default (Stage 3)	There is evidence that the credit is impaired.	Lifetime expected credit losses (credit impaired)	100%	-	7,785
Write offs	There is evidence that the debtor is facing serious financial difficulties and the Bank cannot reasonably expect to recover the debt.	Write-off		-	-

With respect to the Group's investments in debt instruments at FVTOCI and at amortized cost, information on the changes in their loss allowance summarized by credit risk rating is as follows:

	Credit Rating		
	Normal (12-month Expected Credit Losses)	**Abnormal (Lifetime ECL and Not Credit Impaired)**	**Default (Lifetime ECL with Credit Impaired)**
Financial assets at FVTOCI			
Balance, January 1, 2021	$ 20,708	$ -	$ -
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	3,457	-	-
Dispose	(166)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	(652)	-	-
Loss allowance, March 31, 2021	$ 23,347	$ -	$ -
Financial assets at amortized cost			
Balance, January 1, 2021	$ 26,472	$ -	$ 7,668
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	908	-	-
Dispose	(807)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	(683)	-	117
Loss allowance, March 31, 2021	$ 25,890	$ -	$ 7,785

3) Liquidity risk

a) The source and definition of liquidity risk:

Liquidity risk refers to the potential loss resulting from the shortage of funds in acquiring assets or repaying debts on maturity, such as the cash outflow arising from the depositors' withdrawal of deposits, loan drawdown, other interests, expenses, or off-balance sheet transactions. To ensure sufficient capital liquidity, measures that can be taken include enough cash buffer in stock or readily realizable marketable securities, allocation of the period, absorbing deposits or financial borrowings, etc.

b) The Group's liquidity risk policies

The Group establishes a strategy based on the conservatism principle to diversify the source and duration of funds, participates in the fund's lending market and maintains strong relationship with fund providers to ensure the stability and reliability of funding sources.

The Group formulates relevant standards including risk identification, measurement, monitoring and reporting in order to control and grasp the potential adverse effects, regularly performs stress tests and analyzes the crisis situation to mitigate impact of excessive capital flows, establishes a limit monitoring mechanism, and sets management indicators such as liquidity ratios, cash flow gaps, etc.

The Group's liquidity risk management unit is the Asset and Liability Management Committee (hereinafter referred to as the "Committee"). The Committee must adopt necessary monitoring steps to maintain adequate liquidity and ensure that certain committees should regularly report to the board of directors for effective management of liquidity risks.

Maturity analysis of non-derivative financial liabilities

The Group disclosed the analysis of cash outflows from non-derivative financial liabilities by the residual maturities as of the balance sheet date. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some of these amounts may not correspond to the amounts shown on the consolidated balance sheets.

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 3,400,013	$ 730	$ 737	$ 52,220	$ -	$ 3,453,700
Funds borrowed from the Central Bank and other banks	1,747,067	2,513,301	2,182,429	1,052,497	3,456,970	10,952,264
Securities sold under repurchase agreements	805,139	401,297	-	-	-	1,206,436
Payables	5,138,658	687,166	263,618	588,922	354,165	7,032,529
Deposits and remittances	56,966,071	92,108,396	83,092,537	156,327,741	283,219,756	671,714,501
Bank debentures	-	-	84,514	105,960	16,500,000	16,690,474
Lease liabilities	14,750	29,187	43,032	83,925	801,180	972,074
Other items of cash outflow on maturity	1,167,231	1,390,035	101,485	127,919	1,554,133	4,340,803

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 3,900,014	$ -	$ 730	$ 52,956	$ -	$ 3,953,700
Funds borrowed from the Central Bank and other banks	1,653,991	2,555,307	1,406,005	1,148,161	3,695,692	10,459,156
Securities sold under repurchase agreements	401,059	804,865	-	-	-	1,205,924
Payables	9,108,609	1,514,852	523,948	388,301	276,052	11,811,762
Deposits and remittances	44,500,411	77,736,118	76,585,695	150,354,178	310,138,163	659,314,565
Bank debentures	-	-	-	65,375	16,500,000	16,565,375
Lease liabilities	14,789	29,210	42,950	82,878	797,308	967,135
Other items of cash outflow on maturity	1,824,823	370,311	41,499	233,960	819,573	3,290,166

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 7,070,941	$ 730	$ 2,565	$ 164,379	$ -	$ 7,238,615
Funds borrowed from the Central Bank and other banks	2,375,641	2,085,409	1,846,568	1,063,377	2,310,403	9,681,398
Securities sold under repurchase agreements	2,366,224	3,732,700	-	-	-	6,098,924
Payables	5,055,646	447,923	275,908	744,338	276,326	6,800,141
Deposits and remittances	47,796,070	73,142,328	81,912,661	153,248,753	284,065,067	640,164,879
Bank debentures	-	-	84,514	90,343	11,500,000	11,674,857
Lease liabilities	23,282	46,484	69,198	134,502	907,777	1,181,243
Other items of cash outflow on maturity	1,465,509	794,995	107,865	122,049	348,173	2,838,591

Maturity analysis of derivative financial liabilities

a) Derivative instruments settled at net amounts

Derivative instruments settled at net amounts include:

Foreign exchange derivative instruments: Foreign exchange forward contracts and cross-currency option contracts.

The Group assesses the maturity dates of derivative contracts to understand the basic elements of all derivative financial instruments shown on the consolidated balance sheets. The amounts used in the consolidated balance sheets are based on contractual cash flows. Therefore, some amounts may not correspond to the amounts shown on the consolidated balance sheets. The maturity analysis of derivative financial liabilities was as follows:

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives	$ 33,228	$ 49,079	$ 86,189	$ 93,659	$ -	$ 262,155
Total	$ 33,228	$ 49,079	$ 86,189	$ 93,659	$ -	$ 262,155

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives	$ 20,678	$ 50,214	$ 67,220	$ 77,111	$ -	$ 215,223
Total	$ 20,678	$ 50,214	$ 67,220	$ 77,111	$ -	$ 215,223

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives	$ 23,743	$ 39,308	$109,288	$ 74,580	$ -	$246,919
Total	$ 23,743	$ 39,308	$109,288	$ 74,580	$ -	$246,919

b) Derivative instruments settled at gross amounts

Derivative instruments settled at gross amounts include:

Foreign exchange derivatives instruments: Foreign exchange forward contracts and cross-currency swap contracts.

The Group disclosed the analysis of derivative instruments to be settled at gross amount by the residual maturities as of the balance sheet date. The Group assesses the maturity dates of derivative contracts to understand the basic elements of all derivative financial instruments shown in the balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some of these amounts may not correspond to the amounts shown on the consolidated balance sheets. The maturity analysis of derivative financial liabilities settled at gross amounts was as follows:

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives						
Outflows	$ 2,992,254	$ 2,846,700	$ 8,747,008	$ 6,392,540	$ 579,362	$ 21,557,864
Inflows	2,952,232	2,791,802	8,516,736	6,285,612	575,319	21,121,701
Total outflows	2,992,254	2,846,700	8,747,008	6,392,540	579,362	21,557,864
Total inflows	2,952,232	2,791,802	8,516,736	6,285,612	575,319	21,121,701
Net flows	$ (40,022)	$ (54,898)	$ (230,272)	$ (106,928)	$ (4,043)	$ (436,163)

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives						
Outflows	$ 1,860,409	$ 8,130,465	$ 847,551	$ 3,691,713	$ -	$ 14,530,138
Inflows	1,845,858	8,057,050	831,979	3,615,157	-	14,350,044
Total outflows	1,860,409	8,130,465	847,551	3,691,713	-	14,530,138
Total inflows	1,845,858	8,057,050	831,979	3,615,157	-	14,350,044
Net flows	$ (14,551)	$ (73,415)	$ (15,572)	$ (76,556)	$ -	$ (180,094)

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives						
Outflows	$ 3,163,344	$ 4,735,304	$ 4,064,457	$ 2,773,406	$ -	$ 14,736,511
Inflows	3,131,955	4,594,067	3,950,354	2,723,073	-	14,399,449
Total outflows	3,163,344	4,735,304	4,064,457	2,773,406	-	14,736,511
Total inflows	3,131,955	4,594,067	3,950,354	2,723,073	-	14,399,449
Net flows	$ (31,389)	$ (141,237)	$ (114,103)	$ (50,333)	$ -	$ (337,062)

4) Maturity analysis of off-balance-sheet items

The following table shows the Group's maturity analysis of off-balance sheet items based on the residual maturities from the consolidated balance sheets. For the financial guarantee contract issued, the maximum amount of guarantee is included in the earliest period that may be required to perform the guarantee. The amounts in the table below were prepared on contractual cash flow basis; therefore, some disclosed amounts would not match with the consolidated balance sheets.

March 31, 2022	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments	$ 10,152,388	$ 16,233,124	$ 30,619,613	$ 66,967,061	$ 46,794,537	$ 170,766,723
Letters of credit	1,174,477	2,502,842	799,937	64,960	-	4,542,216
Guarantee receivables	4,235,226	8,337,867	2,582,190	3,223,576	9,286,080	27,664,939
Lease contract commitment	2,041,710	118,755	65,118	50,958	-	2,276,541
Total	$ 17,603,801	$ 27,192,588	$ 34,066,858	$ 70,306,555	$ 56,080,617	$ 205,250,419

December 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments	$ 10,420,397	$ 16,346,728	$ 27,465,124	$ 61,833,906	$ 44,497,984	$ 160,564,139
Letters of credit	1,149,591	2,504,565	195,332	21,378	-	3,870,866
Guarantee receivables	6,880,119	6,232,979	1,557,578	3,017,885	9,462,023	27,150,584
Lease contract commitment	1,427,851	149,460	12,454	82,249	-	1,672,014
Total	$ 19,877,958	$ 25,233,732	$ 29,230,488	$ 64,955,418	$ 53,960,007	$ 193,257,603

March 31, 2021	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments	$ 9,067,830	$ 19,952,554	$ 30,661,524	$ 59,033,398	$ 38,848,963	$ 157,564,269
Letters of credit	1,272,411	2,568,352	391,699	13,259	-	4,245,721
Guarantee receivables	5,272,316	7,316,832	1,437,734	2,925,506	8,477,955	25,430,343
Lease contract commitment	2,496,322	172,983	25,275	53,321	11,740	2,759,641
Total	$ 18,108,879	$ 30,010,721	$ 32,516,232	$ 62,025,484	$ 47,338,658	$ 189,999,974

5) Cash flow and fair value risk of interest rate fluctuation

The floating-rate assets/liabilities held by the Group may be exposed to risks of future cash inflow/outflow. Since the risk is considered substantial, it is therefore hedged by the Group.

40. TRANSFERS OF FINANCIAL ASSETS

The Transferred Financial Assets That Do Not Qualify for Derecognition

Most of the transferred financial assets of the Group that are not derecognized in their entirety are securities sold under repurchase agreements. According to these transactions, the right of receiving cash flows from the transferred financial assets would be transferred to other entities and the associated liabilities of the Group's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. As the Group is restricted to use, sell or pledge the transferred financial assets throughout the term of transaction, and is still exposed to interest rate risks and credit risks on these instruments, the transferred financial assets are not derecognized in their entirety. The details of financial assets that were not derecognized in their entirety and the associated financial liabilities were as follows:

March 31, 2022					
Category of Financial Assets	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Associated Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Associated Financial Liabilities**	**Fair Value of Net Position**
Investments in debt instruments at amortized cost					
Securities sold under repurchase agreements	$ 1,198,363	$ 1,206,045	$ 1,204,414	$ 1,206,045	$ (1,631)

December 31, 2021					
Category of Financial Assets	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Associated Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Associated Financial Liabilities**	**Fair Value of Net Position**
Investments in debt instruments at amortized cost					
Securities sold under repurchase agreements	$ 1,211,468	$ 1,205,559	$ 1,241,778	$ 1,205,559	$ 36,219

March 31, 2021					
Category of Financial Assets	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Associated Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Associated Financial Liabilities**	**Fair Value of Net Position**
Investments in debt instruments at amortized cost					
Securities sold under repurchase agreements	$ 6,249,681	$ 6,095,540	$ 6,400,935	$ 6,095,540	$ 305,395

41. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group did not hold financial instruments covered by Section 42 of the IAS 32 "Financial Instruments: Presentation" endorsed by the Financial Supervisory Commission; thus, it made an offset of financial assets and liabilities and reported the net amount in the consolidated balance sheets.

The Group engages in transactions on the following financial assets and liabilities that are not subject to balance sheet offsetting based on IAS 32 but are under master netting arrangements or similar agreements. These agreements allow both the Group and its counterparties to opt for the net settlement of financial assets and financial liabilities. If one party defaults, the other party may choose net settlement.

The netting information of financial assets and financial liabilities is set out below:

March 31, 2022

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amounts of Financial Assets Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
Securities purchased under resale agreements	$ 11,392,750	$ -	$ 11,392,750	$ 11,392,750	$ -	$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheets	Net Amounts of Financial Liabilities Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Securities sold under repurchase agreements	$ 1,206,045	$ -	$ 1,206,045	$ 1,206,045	$ -	$ -

December 31, 2021

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amounts of Financial Assets Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
Securities purchased under resale agreements	$ 11,258,439	$ -	$ 11,258,439	$ 11,258,439	$ -	$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheets	Net Amounts of Financial Liabilities Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Securities sold under repurchase agreements	$ 1,205,559	$ -	$ 1,205,559	$ 1,205,559	$ -	$ -

March 31, 2021

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amounts of Financial Assets Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Received	
Securities purchased under resale agreements	$ 13,924,003	$ -	$ 13,924,003	$ 13,924,003	$ -	$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheets	Net Amounts of Financial Liabilities Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets		Net Amount
				Financial Instruments	Cash Collateral Pledged	
Securities sold under repurchase agreements	$ 6,095,540	$ -	$ 6,095,540	$ 6,095,540	$ -	$ -

42. INFORMATION ABOUT THE BANK

a. Asset quality

Category			March 31, 2022 Non-performing Loan (Note 1)	March 31, 2022 Total Loan	March 31, 2022 NPL Ratio (Note 2)	March 31, 2022 Allowance For Loan Losses	March 31, 2022 Coverage Ratio (Note 3)	March 31, 2021 Non-performing Loan (Note 1)	March 31, 2021 Total Loan	March 31, 2021 NPL Ratio (Note 2)	March 31, 2021 Allowance For Loan Losses	March 31, 2021 Coverage Ratio (Note 3)
Corporate loans	Secured		$ 388,476	$ 151,954,018	0.26%	$ 1,803,776	464.32%	$ 460,286	$ 155,379,505	0.30%	$ 1,537,560	334.04%
	Unsecured		59,761	86,466,563	0.07%	2,277,941	3,811.75%	124,867	84,116,658	0.15%	2,807,536	2,248.42%
Consumer loans	Mortgage (Note 4)		82,264	68,299,778	0.12%	1,053,779	1,280.97%	92,996	58,636,862	0.16%	929,327	999.32%
	Cash card		-	2	-	1	-	-	7	-	1	-
	Microcredit (Note 5)		1,463	954,353	0.15%	58,261	3,982.30%	1,083	903,857	0.12%	79,202	7,313.20%
	Other (Note 6)	Secured	254,886	155,602,018	0.16%	1,399,259	548.97%	327,636	149,659,805	0.22%	883,767	269.74%
		Unsecured	27,774	30,169,491	0.09%	396,738	1,428.45%	21,760	23,899,459	0.09%	417,087	1,916.76%
Loans			814,624	493,446,223	0.17%	6,989,755	858.03%	1,028,628	472,596,153	0.22%	6,654,480	646.93%

Category	March 31, 2022 Overdue Receivable	March 31, 2022 Accounts Receivable	March 31, 2022 Delinquency Ratio	March 31, 2022 Allowance for Credit Losses	March 31, 2022 Coverage Ratio	March 31, 2021 Overdue Receivable	March 31, 2021 Accounts Receivable	March 31, 2021 Delinquency Ratio	March 31, 2021 Allowance for Credit Losses	March 31, 2021 Coverage Ratio
Credit card	$ 3,052	$ 712,485	0.43%	$ 28,260	925.95%	$ 3,656	$ 681,447	0.54%	$ 28,917	790.95%
Accounts receivable without recourse (Note 7)	-	309,000	-	4,726	-	-	153,578	-	4,718	-

Non-reportable overdue loans and receivables

	March 31, 2022		March 31, 2021	
	Non-reportable NPL Balance	**Non-reportable Overdue Receivable Balance**	**Non-reportable NPL Balance**	**Non-reportable Overdue Receivable Balance**
Non-reportable amount upon performance of debt negotiation program (Note 8)	$ 1,039	$ 584	$ 1,441	$ 763
Amount received from performance of debt negotiation program (Note 9)	11,167	16,911	8,556	19,044
Total	12,206	17,495	9,997	19,807

Note 1: The amount recognized as non-performing loans (NPL) is in compliance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". Non-performing credit loans represent the amounts of non-performing loans reported to the FSC, as required by the FSC in its letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Non-performing loan ratio = Non-performing loans ÷ Outstanding loan balance; Non-performing credit loan ratio = Non-performing loans ÷ Accounts receivable balance.

Note 3: Allowance for doubtful accounts ratio = Allowance for doubtful accounts in loans ÷ Overdue loans; Allowance for doubtful accounts ratio of credit card = Allowance for doubtful accounts in credit cards ÷ Overdue loans.

Note 4: Home mortgage refers to financing obtained to buy, build, or fix houses owned by the borrowers' spouse or children, with the house used as loan collateral.

Note 5: Microcredit is covered by the FSC pronouncement dated December 19, 2005 (Ref No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: "Others" under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, microcredit, and credit cards.

Note 7: As required by the FSC in its letter dated July 19, 2005 (Ref No. 094000494), a provision for bad debts is recognized once no compensation is made by a factor or insurance company for accounts receivable factored without recourse.

Note 8: Accounts under "loans not required to be classified as NPL upon performance of a debt negotiation program" and "accounts receivable not required to be classified as overdue receivable upon debt negotiation program" were processed according the FSC pronouncement dated April 25, 2006 (Ref No. 09510001270).

Note 9: Accounts under "loans not required to be classified as NPL upon performance of a debt discharge program and rehabilitation program" and "accounts receivable not required to be classified as overdue receivable upon debt discharge program and rehabilitation program" were processed according the FSC pronouncement dated September 15, 2008 (Ref No. 09700318940).

b. Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Year	March 31, 2022		
Top 10 Rank (Note 1)	**Group (Note 2)**	**Total Credit (Note 3)**	**Percentage of Net Worth (%)**
1	Group A 016700 real estate development activities	$ 4,718,508	7.31
2	Group B 016700 real estate development activities	2,745,477	4.25
3	Group C 016700 real estate development activities	2,613,314	4.05
4	Group D 016700 real estate development activities	2,171,767	3.36
5	Group E 014290 civil engineering constructions	2,039,593	3.16
6	Group F 012411 smelting and refining of iron and steel	2,005,010	3.11
7	Group G 010892 manufacture of macaroni, noodles, couscous and similar farinaceous products	1,911,565	2.96
8	Group H 17010 Activities of Head Offices	1,761,221	2.73
9	Group I 012630 Manufacture of Bare Printed Circuit Boards	1,706,494	2.64
10	Group J 016700 real estate development activities	1,611,088	2.50

Year	March 31, 2021		
Top 10 Rank (Note 1)	**Group (Note 2)**	**Total Credit (Note 3)**	**Percentage of Net Worth (%)**
1	Group A 016700 real estate development activities	$ 4,717,086	8.03
2	Group B 016700 real estate development activities	2,737,788	4.66
3	Group G 010892 manufacture of macaroni, noodles, couscous and similar farinaceous products	2,699,345	4.60
4	Group C 016700 real estate development activities	2,511,470	4.28
5	Group F 012411 smelting and refining of iron and steel	2,327,287	3.96
6	Group D 016700 real estate development activities	2,196,191	3.74
7	Group J 016700 real estate development activities	1,800,313	3.06
8	Group I 012630 bare Printed circuit boards manufacturing	1,750,393	2.98
9	Group K 013822 hazardous industrial waste treatment	1,370,804	2.33
10	Group L 015010 vessel carriers	1,352,107	2.30

Note 1: The ranking is arranged in descending order of the outstanding loan balance, excluding all the government entities and nation-owned enterprises. If the borrower is a member company of a group, then the disclosed amount will be the total granted loan amount for that entire group. (i.e., Group A real estate development activities).

Note 2: According to Article 6 of the "Supplementary Provisions to the Stock Exchange Corporation Criteria for the Review of Securities Listings", Group refers to the entity that has a controlling or subordinate relationship with the counterparty that obtained loans from the Bank.

Note 3: Credit balance means the sum of all the loans (including import bill negotiated, discounted export bills negotiated, overdrafts, short-term secured and unsecured loans, securities margin loan receivables, medium-term secured and unsecured loans, long-term secured and unsecured loans and delinquent receivables), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantees issued.

c. Interest rate sensitivity information

Interest Rate Sensitivity
March 31, 2022

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 524,208,397	$ 6,908,885	$ 12,156,139	$ 99,885,247	$ 643,158,668
Interest-sensitive liabilities	145,820,016	364,898,470	90,592,295	12,403,746	613,714,527
Interest sensitivity gap	378,388,381	(357,989,585)	(78,436,156)	87,481,501	29,444,141
Net equity					64,567,750
Ratio of interest-sensitive assets to liabilities					104.80%
Ratio of interest sensitivity gap to net equity					45.60%

March 31, 2021

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 503,142,773	$ 12,319,931	$ 8,333,810	$ 92,307,107	$ 616,103,621
Interest-sensitive liabilities	144,983,186	335,866,277	100,395,708	8,708,284	589,953,455
Interest sensitivity gap	358,159,587	(323,546,346)	(92,061,898)	83,598,823	26,150,166
Net equity					58,742,826
Ratio of interest-sensitive assets to liabilities					104.43%
Ratio of interest sensitivity gap to net equity					44.52%

Note 1: The above amounts included only the New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

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

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

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

Interest Rate Sensitivity
March 31, 2022

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 1,428,611	$ 320,150	$ 154,660	$ 259,331	$ 2,162,752
Interest-sensitive liabilities	919,714	1,262,551	218,743	-	2,401,008
Interest sensitivity gap	508,897	(942,401)	(64,083)	259,331	(238,256)
Net equity					2,255,642
Ratio of interest-sensitive assets to liabilities					90.08%
Ratio of interest sensitivity gap to net equity					(10.56%)

March 31, 2021

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 1,301,829	$ 352,457	$ 132,973	$ 334,073	$ 2,121,332
Interest-sensitive liabilities	741,458	1,163,486	284,816	-	2,189,760
Interest sensitivity gap	560,371	(811,029)	(151,843)	334,073	(68,428)
Net equity					2,059,057
Ratio of interest-sensitive assets to liabilities					96.88%
Ratio of interest sensitivity gap to net equity					(3.32%)

Note 1: The above amounts included only the U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

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

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

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

d. Profitability

Unit: %

Items		March 31, 2022	March 31, 2021
Return on total assets	Pretax	0.20	0.18
	After tax	0.17	0.15
Return on net equity	Pretax	2.39	2.24
	After tax	1.99	1.95
Profit margin		39.99	37.35

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

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

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

Note 4: Income before (after) income tax represents income for the three months ended March 31, 2022 and 2021.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities
March 31, 2022

(In Thousands of New Taiwan Dollars)

	Total	Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Major capital inflow on maturity	$ 698,106,813	$ 86,261,236	$ 54,468,358	$ 39,816,704	$ 56,488,042	$ 112,307,025	$ 348,765,448
Major capital outflow on maturity	834,974,662	28,059,328	37,197,791	95,707,518	119,582,891	194,032,324	360,394,810
Gap	(136,867,849)	58,201,908	17,270,567	(55,890,814)	(63,094,849)	(81,725,299)	(11,629,362)

March 31, 2021

(In Thousands of New Taiwan Dollars)

	Total	Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Major capital inflow on maturity	$ 663,915,382	$ 75,729,951	$ 65,412,916	$ 36,397,421	$ 55,050,329	$ 101,946,343	$ 329,378,422
Major capital outflow on maturity	788,282,984	27,528,506	31,759,830	82,102,640	112,322,165	183,784,450	350,785,393
Gap	(124,367,602)	48,201,445	33,653,086	(45,705,219)	(57,271,836)	(81,838,107)	(21,406,971)

Note: The above amounts included only the New Taiwan dollar amounts held by the head office and domestic branches of the Bank (excluding foreign currency).

Maturity Analysis of Assets and Liabilities
March 31, 2022

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Major capital inflow on maturity	$ 2,982,025	$ 541,512	$ 353,849	$ 487,184	$ 551,699	$ 1,047,781
Major capital outflow on maturity	3,583,306	625,268	1,084,062	578,894	941,313	353,769
Gap	(601,281)	(83,756)	(730,213)	(91,710)	(389,614)	694,012

March 31, 2021

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Major capital inflow on maturity	$ 2,632,936	$ 352,033	$ 321,259	$ 385,454	$ 362,619	$ 1,211,571
Major capital outflow on maturity	3,191,769	582,426	885,573	525,227	920,760	277,783
Gap	(558,833)	(230,393)	(564,314)	(139,773)	(558,141)	933,788

Note 1: The above amounts included only the U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

Note 2: When the OBU's assets account for 10% of total assets of the Bank, the Bank should provide complimentary disclosed information.

43. CAPITAL MANAGEMENT

a. The purpose of capital management is to meet the criteria set by administration which is the basic goal of the Group's capital management. The calculation method of the relevant qualified eligible capital and legal capital should be handled in accordance with the regulations of the competent authority.

   To maintain the ratio of eligible capital to risk-weighted assets above the target level, the capital management structure of the Group should be properly planned depending on the conditions of capital market, the characteristics of various capital instruments, the efficiency of capital utilization and the impact of operational performance.

b. The Group follows the relevant regulations of the competent authority and the internal operating procedures of the Bank, to regularly disclose relevant information on capital adequacy and report to the competent authority on a quarterly basis.

   Self-owned capital of the Bank is divided into Tier 1 capital and Tier 2 capital according to principles of capital adequacy management.

   1) The term "Net Tier 1 Capital" shall mean the aggregate amount of net common Equity Tier 1 and net additional Tier 1 Capital.

      a) The common equity Tier 1 capital consists of the common shares and additional paid-in capital in excess of par - common shares, the capital collected in advance, the capital reserves, the statutory surplus reserves, the special reserves, the accumulated profit or loss, the non-controlling interests and other items of interest.

      b) Additional Tier 1 capital consists of non-cumulative perpetual preferred shares and its capital share premium, the non-cumulative perpetual subordinated debts, the non-cumulative perpetual preferred shares and its capital share premium, and the non-cumulative perpetual subordinated debts which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

   2) Tier 2 capital

      The Tier 2 capital consists of cumulative perpetual preferred shares and its capital share premium, the cumulative perpetual subordinated debts, the convertible subordinated debts, the long-term subordinated debts, the non-perpetual preferred shares and its capital share premium, when applying International Financial Reporting Standards in real estate and using the fair value method or the re-estimated value method as the deemed cost for the first time, the difference in amount between the deemed cost and the book value recognized in retained earnings, the 45% of unrealized gains on changes in the fair value of investment properties using the fair value method, as well as the 45% of unrealized gains on available-for-sale financial assets, the operational reserves and loan-loss provisions and the cumulative perpetual preferred shares and its capital share premium, the cumulative perpetual subordinated debts, the convertible subordinated debts, the long-term subordinated debts, and the non-perpetual preferred shares and its capital share premiums, which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

44. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Details of significant assets and liabilities denominated in foreign currencies were as follows:

	March 31, 2022						
	USD	CNY	JPY	AUD	EUR	Others	Total
Financial assets in foreign currencies							
Cash and cash equivalents	$ 6,270,309	$ 878,985	$ 320,174	$ 167,854	$ 51,042	$ 590,650	$ 8,279,014
Due from the Central Bank and call loans to other banks	257,625	360,640	-	-	-	1,022,606	1,640,871
Financial assets at fair value through profit or loss	1,417,827	-	-	-	1,496	103,612	1,522,935
Financial assets at fair value through other comprehensive income	1,373,799	1,996,623	-	119,143	-	-	3,489,565
Notes discounted and loans	34,001,696	855,336	1,275,842	80,213	1,300,811	783,854	38,297,752
Receivables	656,532	3,374,750	359,347	11,841	19,601	59,325	4,481,396
Financial assets at amortized cost	19,548,930	3,875,243	-	1,646,024	-	892,948	25,963,145
Other assets	378,858	-	-	-	-	2	378,860
Financial liabilities in foreign currencies							
Funds borrowed from the Central Bank and other banks	-	2,801,091	-	-	-	-	2,801,091
Deposits and remittances	68,277,263	3,646,230	1,055,779	1,981,940	698,008	1,866,057	77,525,277
Financial liabilities at fair value through profit or loss	389,457	20,302	-	-	1,674	103,612	515,045
Other financial liabilities	482,618	-	-	-	-	791,657	1,274,275
Payables	439,498	105,593	355,746	1,431	14,472	7,022	923,762
Lease liabilities	-	35,744	-	-	-	3,884	39,628
Provisions	23,288	-	-	-	-	-	23,288
Other liabilities	264,748	30,249	4,977	-	14,489	-	314,463
New Taiwan dollars exchange rate	28.63	4.51	0.24	21.39	31.93		

	December 31, 2021						
	USD	CNY	JPY	AUD	EUR	Others	Total
Financial assets in foreign currencies							
Cash and cash equivalents	$ 5,215,275	$ 812,902	$ 342,361	$ 178,519	$ 89,890	$ 1,119,524	$ 7,758,471
Due from the Central Bank and call loans to other banks	1,181,979	86,880	-	140,560	-	225,289	1,634,708
Financial assets at fair value through profit or loss	1,203,661	-	-	-	1,098	5,439	1,210,198
Financial assets at fair value through other comprehensive income	1,373,965	1,938,370	-	117,670	-	-	3,430,005
Notes discounted and loans	32,874,107	874,568	1,234,805	75,300	1,215,774	615,252	36,889,806
Receivables	996,226	3,323,823	109,965	10,772	11,751	33,762	4,486,299
Financial assets at amortized cost	18,899,657	3,213,098	-	1,344,923	-	779,584	24,237,262
Other assets	301,792	-	-	-	-	896	302,688
Financial liabilities in foreign currencies							
Funds borrowed from the Central Bank and other banks	-	2,803,782	-	-	-	-	2,803,782
Deposits and remittances	60,943,986	3,721,575	901,938	1,980,233	703,282	1,918,283	70,169,297
Financial liabilities at fair value through profit or loss	280,123	19,722	-	-	1,162	5,438	306,445
Other financial liabilities	467,255	-	-	-	-	117,238	584,493
Payables	742,228	142,482	106,541	1,314	7,629	3,529	1,003,723
Lease liabilities	-	35,879	-	-	-	4,524	40,403
Provisions	22,520	-	-	-	-	-	22,520
Other liabilities	156,307	26,646	2,524	-	16,918	-	202,395
New Taiwan dollars exchange rate	27.68	4.34	0.24	20.08	31.32		

	March 31, 2021						
	USD	CNY	JPY	AUD	EUR	Others	Total
Financial assets in foreign currencies							
Cash and cash equivalents	$ 1,207,270	$ 1,313,052	$ 402,634	$ 115,809	$ 181,719	$ 346,404	$ 3,566,888
Due from the Central Bank and call loans to other banks	473,582	86,900	-	-	-	354,645	915,127
Financial assets at fair value through profit or loss	1,169,114	-	-	-	2,561	141,031	1,312,706
Financial assets at fair value through other comprehensive income	1,736,710	1,948,572	-	130,011	-	-	3,815,293
Notes discounted and loans	35,805,219	1,116,060	846,298	81,885	1,125,820	987,983	39,963,265
Receivables	1,610,025	3,163,585	230,279	3,180	491,167	56,704	5,554,940
Financial assets at amortized cost	20,544,501	3,757,945	-	1,649,572	-	709,059	26,661,077
Other assets	535,738	86,900	-	-	-	22	622,660
Financial liabilities in foreign currencies							
Due to the Central Bank and other banks	713,227	-	257,700	-	-	-	970,927
Funds borrowed from the Central Bank and other banks	-	2,798,416	-	-	-	-	2,798,416
Deposits and remittances	56,818,666	3,896,134	689,043	2,153,803	586,457	1,860,867	66,004,970
Financial liabilities at fair value through profit or loss	319,924	34,661	-	-	2,871	7,810	365,266
Other financial liabilities	-	-		-	-	129,685	129,685
Payables	1,089,352	528,593	177,110	18,846	210,815	14,963	2,039,679
Lease liabilities	-	40,450	-	-	-	4,775	45,225
Securities sold under repurchased agreements	4,891,365	-	-	-	-	-	4,891,365
Provisions	23,210	-	-	-	-	-	23,210
Other liabilities	121,406	15,414	358	-	11,327	-	148,505
New Taiwan dollars exchange rate	28.53	4.35	0.26	21.71	33.48		

45. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the three months ended March 31, 2022

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes		Closing Balance
			New Leases	End of Lease Term	
Funds borrowed from the Central Bank and other banks	$ 10,459,156	$ 493,108	$ -	$	$ 10,952,264
Commercial papers	2,063,676	223,094	-		2,286,770
Guarantee deposits received	641,997	137,761	-		779,758
Bank debentures	16,500,000	-	-		16,500,000
Lease liabilities	853,218	(36,540)	34,534	(660)	850,552
	$ 30,518,047	$ 817,423	$ 34,534	$ (660)	$ 31,369,344

For the three months ended March 31, 2021

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes		Closing Balance
			New Leases	End of Lease Term	
Funds borrowed from the Central Bank and other banks	$ 8,510,652	$ 1,170,746	$ -	$ -	$ 9,681,398
Commercial papers	1,588,567	519,794	-	-	2,108,361
Guarantee deposits received	567,148	33,396	-	-	600,544
Bank debentures	11,500,000	-	-	-	11,500,000
Lease liabilities	1,006,781	(61,234)	142,056	(43,035)	1,044,568
	$ 23,173,148	$ 1,662,702	$ 142,056	$ (43,035)	$ 24,934,871

46. OTHER SIGNIFICANT EVENT

Due to the impact of the COVID-19 pandemic, future economic and financial development are uncertain. The Group strengthened its management towards the provision of loans, monitored and assessed financial information (including net revenue, expected impairment loss, operating expenses and capital adequacy ratio, etc.) by applying stress testing under additional pressure. Based on the information available as of the balance sheet date, the epidemic did not have significant influence on the Group's ability to continue as a going concern, asset impairment and financing risk.

47. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's reportable segments are as follows:

Northern area
Central area
Southern area
OBU
Overseas branch
Head office and others

a. Segment revenues and results

The analysis of the Group's revenue and results from continuing operations by reportable segment is as follows:

	Northern Area	Central Area	Southern Area	OBU	Overseas Branch	Head Office and Others	Adjustment and Write-off	Total
For the three months ended March 31, 2022								
Interest revenue	$ 743,773	$ 1,123,885	$ 620,882	$ 320,735	$ 22,002	$ 939,432	$ (608,300)	$ 3,162,409
Interest expense	(311,695)	(347,732)	(205,811)	(198,236)	(5,331)	(284,288)	608,300	(744,793)
Net revenue	432,078	776,153	415,071	122,499	16,671	655,144	-	2,417,616
Net income and loss other than interest								
Service fee income	195,042	290,947	175,720	33,924	4,312	162,594	-	862,539
Gain on financial instruments	-	-	-	10,512	-	83,131	-	93,643
Others	3,196	5,733	4,211	1,208	(1,272)	69,235	(18,615)	63,696
Provision for bad debts expense, commitments and guarantee liabilities	12,064	(92,587)	(29,647)	5,072	(1,841)	(110,930)	-	(217,869)
Operating expenses	(211,229)	(376,885)	(252,443)	-	(9,512)	(825,678)	18,615	(1,657,132)
Income (loss) before income tax	$ 431,151	$ 603,361	$ 312,912	$ 173,215	$ 8,358	$ 33,496	$ -	$ 1,562,493
For the three months ended March 31, 2021								
Interest revenue	$ 757,078	$ 1,101,683	$ 646,412	$ 334,274	$ 21,418	$ 740,450	$ (582,749)	$ 3,018,566
Interest expense	(320,671)	(321,393)	(202,122)	(138,482)	(4,547)	(367,084)	582,749	(771,550)
Net revenue	436,407	780,290	444,290	195,792	16,871	373,366	-	2,247,016
Net income and loss other than interest								
Service fee income	147,769	238,614	152,206	44,790	2,790	262,949	-	849,118
Gain on financial instruments	1,802	13,300	4,715	(40,669)	-	264,372	-	243,520
Others	4,646	5,806	5,310	50,293	(1,153)	(97,199)	(18,834)	(51,131)
Provision for bad debts expense, commitments and guarantee liabilities	(144,526)	(80,996)	446,686	(12,365)	(6,048)	(522,478)	-	(319,727)
Operating expenses	(209,801)	(380,448)	(256,575)	-	(8,826)	(809,288)	18,834	(1,646,104)
Income (loss) before income tax	$ 236,297	$ 576,566	$ 796,632	$ 237,841	$ 3,634	$ (528,278)	$ -	$ 1,322,692

This measure is provided to the chief operating decision maker for resources allocation and measurement of segment performance.

b. Segment assets

Segment Assets	**March 31, 2022**	**December 31, 2021**	**March 31, 2021**
Northern area	$ 145,168,915	$ 145,565,777	$ 141,083,824
Central area	204,325,412	206,673,851	198,821,929
Southern area	85,623,585	85,045,094	85,188,792
OBU	58,854,138	54,677,735	62,683,359
Overseas branch	3,315,841	3,118,161	3,195,689
Head office and others	285,212,608	277,597,775	256,362,410
	$ 782,500,499	$ 772,678,393	$ 747,336,003

c. Revenue from major products and services

The Group is mainly involved in the business of earning interest revenue; therefore, no product or service information is available.

d. Geographical information

	For the Three Months Ended March 31	
Location	**2022**	**2021**
Taiwan	$ 3,361,500	$ 3,217,299
Asia	75,758	70,966
America	236	258
	$ 3,437,494	$ 3,288,523

e. Information about major customers

The interest revenue of the Group from any single customer does not exceed 10% of the total interest revenue; therefore, information on major customers is not available.

48. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

Disclosures of relevant information in accordance with Article 18 of Regulations Governing the Preparation of Financial Reports by Public Banks are as follows:

No.	Item	Note
1	Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital.	None
2	Acquisition of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital.	None
3	Disposal of individual real estate at prices of at least NT$300 million or 10% of the paid-in capital.	None
4	Allowance of service fees to Related party amounting to at least NT$5 million.	None
5	Receivables from Related party amounting to at least NT$300 million or 10% of the paid-in capital.	None
6	Sale of nonperforming loans.	None
7	Financial asset securitization and real estate securitization.	None
8	Other significant transactions which may affect the decisions of users of financial reports.	None

b. The related information of the Group's investees (Note):

No.	Item	Note
1	Related information and proportionate share in investees.	Exempt from disclosure in the review report
2	Financing provided.	Table 1
3	Endorsement/guarantee provided.	Table 2
4	Marketable securities held.	Table 3
5	Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital	None
6	Derivative transactions.	Note 8
7	Other significant transactions which may affect the decisions of users of financial reports.	None

Note: Subsidiaries are exempt from disclosure if they belong to the financial, insurance, and securities industries, and the main business items of business registration include fund loans to others, endorsements, and trading of securities.

c. Investment in mainland China: Table 4 (attached).

d. Business relationships and significant transactions between the parent company and subsidiaries: Table 5 (attached).

e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6).

TABLE 1

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statements Accounts (Note 2)	Related Party	Highest Balance for the period (Note 3)	Ending Balance (Note 8)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 7)	Aggregate Financing Limit (Note 7)	Note
													Item	Value			
1	Taichung Bank Leasing Corporation Limited	Wan Ku Fu Co., Ltd.	Other receivables	Not related	$ 51,018	$ 46,838	$ 46,838	4-10	Necessary for short-term financing	$ -	Business turnover	$ 468	Real estate	$ 86,610	$ 209,781	$ 839,124	Note 9
		Da Fang Skill Color Marketing Consulting Co., Ltd.	Other receivables	Not related	176,294	170,653	170,653	4-10	Necessary for short-term financing	-	Business turnover	1,707	Real estate	180,000	209,781	839,124	Note 9
		Qiyi Integrated Marketing Co., Ltd.	Other receivables	Not related	174,424	168,750	168,750	4-10	Necessary for short-term financing	-	Business turnover	1,688	Real estate	326,301	209,781	839,124	Note 9
		TCCBL Co., Ltd. (B.V.I.)	Other receivables - related party	Related	9,566	9,566	9,566	-	Necessary for short-term financing	-	Business turnover	96	None	-	209,781	839,124	Note 9

Note 1: The description of the number column is as follows:

a. Issuer: 0.
b. The invested company is numbered sequentially by the Arabic number 1 according to the company.

Note 2: Items such as accounts receivable, corporate receivables, shareholder transactions, prepayments, provisional payments, etc., which are provided by financing are required to be filled in this field.

Note 3: The annual fund is provided to others to the highest balance.

Note 4: Nature of financing should be filled with business contracts or those who have short-term financing.

Note 5: Nature of the loan of the business contracts should be filled with the amount of business transactions. The amount of business transactions refers to the amount of business transactions between the company that lends the funds and the target of last year's loan.

Note 6: Nature of the loan required for short-term financing should specify the reasons for the loans and the use of funds for the loan, such as repayment of loans, purchase of equipment, business turnover, etc.

Note 7: The company shall fill in the borrowing limit and total limit for individual objects according to the operating procedures and explains the calculation method of the total limit in the column Note.

Note 8: If the board of directors of the public offering company according to Article 14 (1) of the Public Offering Company's Financing and Endorsement Guarantee Processing Guidelines will make a resolution, the amount of the resolution of the board of directors shall be included in the announcement balance to disclose its risk; however, if the funds are repaid, the balance after repayment should be disclosed to reflect the adjustment of risk. If the public offering company authorizes the chairman of the board to allocate or repay the loan in a certain amount and within one year according to the resolution of the board of directors in accordance with Article 14 (2) of the handling criteria, the fund's loan and the amount approved by the board of directors shall be the declared balance. Although the funds will be repaid afterwards, the consideration may still be re-loaned. Therefore, the fund loan and the amount approved by the board of directors should still be used as the announced balance.

Note 9: Taichung Bank Leasing Corporation Limited should not exceed 10% of its own net value for a single enterprise. The total amount of financing provided to others is limited to 40% of the net value of Taichung Bank Leasing Corporation Limited

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship										
1	Taichung Bank Leasing Corporation Limited	TCCBL Co., Ltd. (B.V.I.)	Direct shareholding of 100% of subsidiary	$ 12,586,866	$ 546,488	$ 472,313	$ -	$ -	22.51	$ 20,978,110	-	-	-
2	Taichung Bank Leasing Corporation Limited	Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Indirect shareholding of 100% of subsidiary	12,586,866	2,521,485	2,521,485	1,976,239	-	120.20	20,978,110	-	-	Y

Note 1: According to Taichung Bank Leasing Corporation Limited's "Operating Procedures to Fund Endorsement and Guarantee", the endorsement limit to single company cannot surpass six times of Taichung Bank Leasing Corporation Limited's audited net worth. The endorsement limits to all subsidiaries cannot surpass 10 times of Taichung Bank Leasing Corporation Limited's audited net worth.

Note 2: The maximum balance guaranteed for endorsement of others during the year.

Note 3: It is a guarantor of the listed parent company to the endorsement of the subsidiary, the subsidiary company's endorsement to the listed parent company and the endorsement of the mainland area must be filled with Y.

TABLE 3

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2022
(In Thousands of New Taiwan Dollars or Shares)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statements Account	March 31, 2022				Note
				Number of Shares	Carrying Amount (Note)	Percentage of Ownership (%)	Market Value or Net Asset Value (Note)	
Taichung Commercial Bank Co., Ltd.	Domestic unlisted shares							
	Taichung Bank Leasing Corporation Limited	Subsidiary	Investment accounted for using the equity method	198,964	$ 2,097,811	100	$ 2,097,811	
	Taichung Bank Insurance Brokers Co., Ltd.	Subsidiary	Investment accounted for using the equity method	128,600	1,738,303	100	1,738,303	
	Taichung Bank Securities Co., Ltd.	Subsidiary	Investment accounted for using the equity method	146,748	1,957,996	100	1,957,996	
	Taichung Bank Securities Investment Trust Co., Ltd.	Association	Investment accounted for using the equity method	12,000	169,612	38	169,612	
Taichung Bank Leasing Corporation Limited	Foreign unlisted shares							
	TCCBL Co., Ltd. (B.V.I.)	Sub-subsidiary	Investment accounted for using the equity method	30,000	868,482	100	868,482	
TCCBL Co., Ltd. (B.V.I.)	Foreign unlisted shares							
	Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Sub-subsidiary	Investment accounted for using the equity method	-	822,005	100	822,005	
Taichung Bank Securities Co., Ltd.	Domestic unlisted shares							
	Taichung Bank Venture Capital Co., Ltd.	Sub-subsidiary	Investment accounted for using the equity method	21,000	205,206	100	205,206	

Note: The financial industry, the insurance industry and the securities industry are exempt from disclosure.

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2022	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of March 31, 2022	Accumulated Inward Remittance of Earnings as of March 31, 2022
					Outflow	Inflow					
Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Financial leasing business	$ 893,373 (CNY 186,329 thousand)	Investment in mainland China companies through an existing company established in a third region.	$ 893,373 (CNY 186,329 thousand)	$ -	$ -	$ 893,373 (CNY 186,329 thousand)	100	$ 10,665 (CNY 2,421 thousand)	$ 822,005 (CNY 182,344 thousand)	$ -

Accumulated Investment in Mainland China as of March 31, 2022	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
$893,373	$893,373	$1,258,687

Note 1: Recognition of investment gains and losses based on the financial statements reviewed by the parent company’s accountant.

Note 2: Based on the Investment Commission’s “Regulation on the Examination of Investment or Technical Cooperation in Mainland China”, investments are limited to the regulation of Taichung Bank Leasing Corporation Limited’s calculation.

Note 3: Foreign currency involved translation into the New Taiwan dollar at the spot rate and average exchange rate on the date of the financial statements (CNY1=NT$4.51, CNY1=NT$4.41).

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES
FOR THE THREE MONTHS ENDED MARCH 31, 2022
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions			
				Financial Statement Account	Amount (Note 3)	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%) (Note 4)
	March 31, 2022						
0	Taichung Commercial Bank Co., Ltd.	Taichung Insurance Brokers Co., Ltd.	a	Deposits and remittances	$ 1,487,985	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Insurance Brokers Co., Ltd.	a	Service fee income	50,001	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	1
		Taichung Insurance Brokers Co., Ltd.	a	Receivables	16,667	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Insurance Brokers Co., Ltd.	a	Other receivables	222,031	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	
		Taichung Commercial Bank Securities Co., Ltd.	a	Deposits and remittances	56,111	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Bank Leasing Corporation Limited.	a	Deposits and remittances	235,712	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Bank Venture Capital Co., Ltd.	a	Deposits and remittances	116,474	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
1	Taichung Commercial Bank Securities Co., Ltd.	Taichung Commercial Bank Co., Ltd.	b	Right-of-use assets	16,338	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Commercial Bank Co., Ltd.	b	Lease liabilities	16,590	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-

(Continued)

Note 1: The parent company and subsidiaries are numbered as follows:

a. Parent company: 0.
b. Subsidiaries are numbered sequentially from 1.

Note 2: Transaction flows are as follows:

a. From parent company to subsidiary,
b. From subsidiary to parent company, and
c. Between subsidiaries.

Note 3: Have been eliminated on consolidation.

Note 4: Percentage to the consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total assets as of March 31, 2022 and 2021. Percentage to the consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the three months ended March 31, 2022 and 2021.

Note 5: Referring to transactions exceeding $10,000 thousand.

(Concluded)

TABLE 6

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
China Man-Made Fiber Corporation	987,604,374	21.76
Pan Asia Chemical Corporation	253,260,640	5.58

Note 1: According to Article 25 of the Banking Act of the Republic of China, the same person or same related party who individually, jointly or collectively acquires more than 5% of a bank's outstanding voting shares shall report such fact to the authorities within 10 days from the date of acquisition.

Note 2: If the shares of the major shareholders in the above table are held by trustees, the shareholdings should be separately disclosed by the trust accounts opened by the trustee. As for shareholders' handling of insider shareholding declarations with more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their own shareholdings plus those shares held under trust accounts with the right to utilize the trust assets, etc. For more information on insider shareholding declarations, please refer to the market observation post system website of the TWSE.