Union Bank of Taiwan and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

UNION BANK OF TAIWAN

By:

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March 7, 2022

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Union Bank of Taiwan

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Assessment of the Impairment of Discounts and Loans

As of December 31, 2021, the net amount of discounts and loans of the Company was approximately 59% of total consolidated assets, and was considered material to the financial statements as a whole. Refer to Note 14 to the consolidated financial statements. The Company's management perform loan impairment assessment that involves making critical judgments on accounting estimates and assumptions; therefore, we determined allowance for possible losses on discounts and loans as a key audit matter for the year ended December 31, 2021.

The Company's management periodically perform loan impairment assessment that requires making judgments to measure loss allowance at an amount equal to 12-month expected credit losses or lifetime expected credit losses. Also, the allowance provision should comply with the classification of credit assets required by the regulations on making provision issued by the authorities.

For the accounting policies and relevant information on loan impairment assessment, refer to Notes 4, 5 and 14 to the consolidated financial statements.

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

1. We obtained an understanding of the relevant internal controls in respect of the Bank's loan impairment assessment and tested the operating effectiveness of such controls.

2. We tested the classification of credit assets in accordance with relevant regulations issued by management and authorities. In addition, we calculated the required provision of allowance for possible losses on loans in order to assess whether the recognized amount complied with the regulations.

3. We assessed the reasonableness and consistency of the methodology applied by management in the calculation of expected credit losses; we tested the completeness of the loans and the accuracy of the calculation of expected credit losses for selected loans.

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Jui-Chan Huang and Chen-Hsiu Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2022

Notice to Readers

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

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

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

	2021		2020	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	$ 13,767,806	2	$ 8,961,438	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 48)	29,553,111	4	24,325,798	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	46,643,053	6	34,881,848	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 9 and 11)	61,748,943	7	53,403,733	7
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 5, 10 and 11)	77,431,542	9	90,697,662	12
SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL (Notes 4 and 12)	57,721,456	7	63,911,473	9
RECEIVABLES, NET (Notes 4, 5, 13 and 15)	27,476,621	3	24,936,576	3
CURRENT TAX ASSETS	5,133	-	50,085	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14, 15 and 47)	493,232,510	59	422,845,363	56
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 17)	1,993,160	-	1,536,989	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 18 and 48)	1,681,562	-	4,549,698	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 19)	9,967,221	1	7,925,277	1
RIGHT-OF-USE ASSETS (Notes 4 and 20)	1,908,089	-	1,741,760	-
INVESTMENT PROPERTIES, NET (Notes 4, 21, 31 and 48)	4,911,521	1	5,288,112	1
INTANGIBLE ASSETS (Notes 4 and 22)				
Goodwill	1,985,307	-	1,985,307	-
Computer software	193,019	-	181,030	-
Total intangible assets	2,178,326	-	2,166,337	-
DEFERRED TAX ASSETS (Notes 4 and 45)	925,832	-	792,478	-
OTHER ASSETS, NET (Notes 4, 23, 34, 47 and 49)	10,443,260	1	9,543,375	1
TOTAL	$ 841,589,146	100	$ 757,558,002	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 24)	$ 10,000,142	1	$ 12,481,114	2
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 25)	7,142,055	1	3,786,720	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	495,421	-	206,002	-
SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE (Note 26)	51,279,756	6	44,428,176	6
PAYABLES (Note 27)	8,519,964	1	5,594,014	1
CURRENT TAX LIABILITIES	451,475	-	121,567	-
DEPOSITS AND REMITTANCES (Notes 28 and 47)	671,382,858	80	606,860,499	80
BANK DEBENTURES (Note 29)	7,700,000	1	7,200,000	1
BONDS PAYABLE (Notes 21 and 31)	1,047,276	-	1,464,796	-
PREFERRED STOCK LIABILITY (Note 30)	371,500	-	524,000	-
OTHER FINANCIAL LIABILITIES (Note 32)	9,784,240	1	7,420,161	1
PROVISIONS (Notes 4, 5, 33 and 34)	382,688	-	268,774	-
LEASE LIABILITIES (Notes 4, 20 and 47)	1,894,074	-	1,723,121	-
DEFERRED TAX LIABILITIES (Notes 4 and 45)	1,675,426	-	1,696,935	-
OTHER LIABILITIES (Notes 35 and 49)	3,597,202	1	3,589,711	-
Total liabilities	775,724,077	92	697,365,590	92
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Share capital				
Ordinary shares	32,952,187	4	30,933,688	4
Preference shares	2,000,000	-	2,000,000	-
Total share capital	34,952,187	4	32,933,688	4
Capital surplus	8,051,984	1	8,040,035	1
Retained earnings				
Legal reserve	8,924,700	1	7,883,630	1
Special reserve	627,440	-	627,440	-
Unappropriated earnings	6,932,579	1	4,854,972	1
Total retained earnings	16,484,719	2	13,366,042	2
Other equity	5,646,421	1	5,851,070	1
Total equity attributable to owners of the Bank	65,135,311	8	60,190,835	8
NON-CONTROLLING INTERESTS	729,758	-	1,577	-
Total equity	65,865,069	8	60,192,412	8
TOTAL	$ 841,589,146	100	$ 757,558,002	100

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

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

	2021		2020		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
NET INTEREST (Notes 4, 37 and 47)					
Interest revenue	$ 11,635,599	70	$ 11,923,484	83	(2)
Interest expense	2,973,928	18	4,282,424	30	(31)
Net interest	8,661,671	52	7,641,060	53	13
NET REVENUE OTHER THAN INTEREST					
Commissions and fee revenue, net (Notes 4, 38 and 47)	3,054,372	18	2,820,473	19	8
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 39)	589,123	4	1,771,015	12	(67)
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 40)	893,737	5	418,748	3	113
Share of loss of associates (Notes 4 and 17)	(7,490)	-	(50,493)	-	(85)
Foreign exchange gain (loss) (Note 4)	674,680	4	(1,006,456)	(7)	167
Reversal of impairment loss (impairment loss) on assets (Notes 4 and 41)	(153,955)	(1)	128,860	1	(219)
Securities brokerage fee revenue, net (Note 4)	460,999	3	320,764	2	44
Rental revenue (Note 4)	2,334,323	14	2,278,320	16	2
Other noninterest gain, net	181,313	1	108,071	1	68
TOTAL NET REVENUE	16,688,773	100	14,430,362	100	16
PROVISIONS (Notes 4, 5, 15 and 33)					
Provision of allowance for doubtful accounts and provision for losses on commitments and guarantees	805,824	5	290,540	2	177
OPERATING EXPENSES					
Employee benefit expense (Notes 34 and 42)	4,301,694	26	3,965,882	28	8
Depreciation and amortization (Notes 4 and 43)	2,637,588	16	2,492,408	17	6
Others (Notes 44 and 47)	3,733,423	22	3,739,857	26	-
Total operating expenses	10,672,705	64	10,198,147	71	5

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UNION BANK OF TAIWAN AND SUBSIDIARIES

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

	2021		2020		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
INCOME BEFORE INCOME TAX	$ 5,210,244	31	$ 3,941,675	27	32
INCOME TAX EXPENSE (Notes 4 and 45)	746,848	4	500,170	3	49
CONSOLIDATED NET INCOME	4,463,396	27	3,441,505	24	30
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	287	-	7,682	-	(96)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	2,311,402	14	776,641	6	198
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 45)	34,489	-	(108,661)	(1)	132
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	(681,737)	(4)	(608,239)	(5)	12
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	(918,605)	(6)	1,005,636	7	(191)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 45)	136,347	1	121,648	1	12
Other comprehensive income for the year, net of income tax	882,183	5	1,194,707	8	(26)
TOTAL COMPREHENSIVE INCOME	$ 5,345,579	32	$ 4,636,212	32	15

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UNION BANK OF TAIWAN AND SUBSIDIARIES

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

	2021		2020		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 4,463,768	27	$ 3,441,709	24	30
Non-controlling interests	(372)	-	(204)	-	82
	$ 4,463,396	27	$ 3,441,505	24	30
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 5,345,944	32	$ 4,636,413	32	15
Non-controlling interests	(365)	-	(201)	-	82
	$ 5,345,579	32	$ 4,636,212	32	15
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 46)					
Basic	$1.21		$0.90		
Diluted	$1.21		$0.90		

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

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

	Equity Attributable Owners of the Company													
	Share Capital (Notes 36 and 42)				Retained Earnings (Notes 4, 36 and 56)				Other Equity (Notes 4 and 36)					
	Ordinary Shares	Preference Shares	Total	Capital Surplus (Note 32)	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gains (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total	Non-controlling Interests (Notes 3 and 36)	Total Equity
BALANCE AT JANUARY 1, 2020	$ 28,844,553	$ 2,000,000	$ 30,844,553	$ 8,035,484	$ 6,875,793	$ 627,440	$ 5,180,139	$ 12,683,372	$ (604,632)	$ 5,289,524	$ 4,684,892	$ 56,248,301	$ 1,578	$ 56,249,879
Appropriation of the 2019 earnings														
Legal reserve	-	-	-	-	1,007,837	-	(1,007,837)	-	-	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(288,446)	(288,446)	-	-	-	(288,446)	-	(288,446)
Stock dividends on common shares	2,019,119	-	2,019,119	-	-	-	(2,019,119)	(2,019,119)	-	-	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)	-	(480,000)
Net income for the year ended December 31, 2020	-	-	-	-	-	-	3,441,709	3,441,709	-	-	-	3,441,709	(204)	3,441,505
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	6,144	6,144	(486,591)	1,675,151	1,188,560	1,194,704	3	1,194,707
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	200	200
Share-based payment	70,016	-	70,016	4,551	-	-	-	-	-	-	-	74,567	-	74,567
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	22,382	22,382	-	(22,382)	(22,382)	-	-	-
BALANCE AT DECEMBER 31, 2020	30,933,688	2,000,000	32,933,688	8,040,035	7,883,630	627,440	4,854,972	13,366,042	(1,091,223)	6,942,293	5,851,070	60,190,835	1,577	60,192,412
Appropriation of the 2020 earnings														
Legal reserve	-	-	-	-	1,041,070	-	(1,041,070)	-	-	-	-	-	-	-
Stock dividends on common shares	1,951,916	-	1,951,916	-	-	-	(1,951,916)	(1,951,916)	-	-	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)	-	(480,000)
Net income for the year ended December 31, 2021	-	-	-	-	-	-	4,463,768	4,463,768	-	-	-	4,463,768	(372)	4,463,396
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	228	228	(545,390)	1,427,338	881,948	882,176	7	882,183
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	205,205	205,205
Share-based payment	66,583	-	66,583	5,659	-	-	-	-	-	-	-	72,242	-	72,242
Changes in ownership interests in subsidiaries	-	-	-	6,290	-	-	-	-	-	-	-	6,290	(659)	5,631
Preferred stock liabilities converted to preferred stock	-	-	-	-	-	-	-	-	-	-	-	-	524,000	524,000
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	1,086,597	1,086,597	-	(1,086,597)	(1,086,597)	-	-	-
BALANCE AT DECEMBER 31, 2021	$ 32,952,187	$ 2,000,000	$ 34,952,187	$ 8,051,984	$ 8,924,700	$ 627,440	$ 6,932,579	$ 16,484,719	$ (1,636,613)	$ 7,283,034	$ 5,646,421	$ 65,135,311	$ 729,758	$ 65,865,069

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

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 5,210,244	$ 3,941,675
Adjustments for:		
Depreciation expense	2,544,293	2,411,311
Amortization expense	93,295	81,097
Expected credit losses/provision of allowance for doubtful accounts	805,824	290,540
Gain on disposal of financial assets at fair value through profit or loss	(535,113)	(1,716,214)
Interest expense	2,973,928	4,282,424
Interest revenue	(11,635,599)	(11,923,484)
Dividend income	(582,480)	(458,178)
Share of loss of associates	14,155	50,493
Gain on disposal of investments on associates	(6,665)	-
Gain on disposal of properties and equipment	(60,210)	(43,194)
Gain on disposal of investments	(365,267)	(15,371)
impairment loss on financial assets	22,479	-
Reversal of impairment loss on financial assets	-	(122,109)
Impairment loss on non financial assets	132,193	-
Reversal of impairment loss on nonfinancial assets	(717)	(6,751)
Loss (gain) on disposal of collaterals	240	(256)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(5,227,313)	(7,457,990)
Financial assets at fair value through profit or loss	(10,308,271)	(1,909,113)
Financial assets at fair value through other comprehensive income	(6,432,923)	(10,349,999)
Investments in debt instruments at amortized cost	13,084,558	13,628,315
Receivables	(2,163,779)	(3,915,983)
Discounts and loans	(71,090,628)	(38,507,082)
Other financial assets	2,927,936	(942,350)
Deposits from the Central Bank and other banks	(2,480,972)	620,382
Financial liabilities at fair value through profit or loss	(628,402)	(784,246)
Securities sold under repurchase agreements	6,851,580	(20,949,260)
Payables	1,037,323	1,388,354
Deposits and remittances	64,522,359	73,961,399
Other financial liabilities	(108,917)	115,251
Provision for employee benefits	(1,406)	11,878
Other liabilities	(1,387)	11,171
Cash generated from (used in) operations	(11,409,642)	1,692,710
Interest received	11,587,198	12,072,954
Dividends received	582,480	458,178
Interest paid	(3,051,101)	(4,603,904)
Income tax paid	(412,045)	(740,537)
Net cash generated from (used in) operating activities	(2,703,110)	8,879,401

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UNION BANK OF TAIWAN AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of associates	$ (497,844)	$ -
Disposal of associates	45,007	-
Acquisition of subsidiary	(245,440)	-
Payments for properties and equipment	(365,463)	(227,557)
Proceeds from disposal of properties and equipment	75	20
Payments for investment properties	(18,663)	(13,668)
Increase in settlement fund	(3,387)	-
Decrease in settlement fund	-	616
Increase in refundable deposits	(243,477)	-
Decrease in refundable deposits	-	299,958
Payments for intangible assets	(57,808)	(41,419)
Proceeds from disposal of collaterals	477	7,007
Increase in other assets	(2,167,885)	(2,503,824)
Net cash used in investing activities	(3,554,408)	(2,478,867)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to Central Bank and other banks	3,355,335	3,786,720
Increase in commercial paper	2,472,996	2,417,124
Repayment of bonds payable	(227,062)	(3,041)
Proceeds from issue of bank debentures	3,000,000	-
Repayments of bank debentures	(2,500,000)	(3,000,000)
Proceeds from issuance of preferred stock liability	371,500	524,000
Proceeds from guarantee deposits received	130,395	100,940
Repayment of the principal portion of lease liabilities	(470,599)	(438,309)
Increase in other liabilities	-	189,708
Decrease in other liabilities	(225,756)	-
Dividends paid	(480,000)	(768,446)
Changes in non-controlling interests	168,410	-
Net cash generated from financing activities	5,595,219	2,808,696
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(721,350)	(613,667)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,383,649)	8,595,563
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	72,872,911	64,277,348
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 71,489,262	$ 72,872,911

(Continued)

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

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

	December 31	
	2021	**2020**
Cash and cash equivalents in the consolidated balance sheets	$ 13,767,806	$ 8,961,438
Due from the Central Bank and call loans to banks that meet the definition of cash and cash equivalents in IAS 7 "Cash Flow Statements"	-	-
Securities purchased under agreements to resell that meet the definition of cash and cash equivalents in IAS 7	57,721,456	63,911,473
Cash and cash equivalents in consolidated statements of cash flows	$ 71,489,262	$ 72,872,911

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

UNION BANK OF TAIWAN AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

The Union Bank of Taiwan (the "Bank") was incorporated on December 31, 1991 after obtaining approval from the Ministry of Finance (MOF) on August 1, 1991 and started operations on January 21, 1992.

The Bank is mainly engaged in activities allowed under the Banking Law, which include deposits, loans, discounts, remittances, acceptances, issuance of guarantees and letters of credit, short-term bills transactions, investments, foreign exchange transactions, savings, trust, etc.

On the Bank's merger with Chung Shing Bank on March 19, 2005, the Bank took over all of the assets, liabilities and operating units of Chung Shing Bank.

The Bank merged with Union Bills Finance Corporation (UBF) on August 16, 2010, with the Bank as the surviving entity.

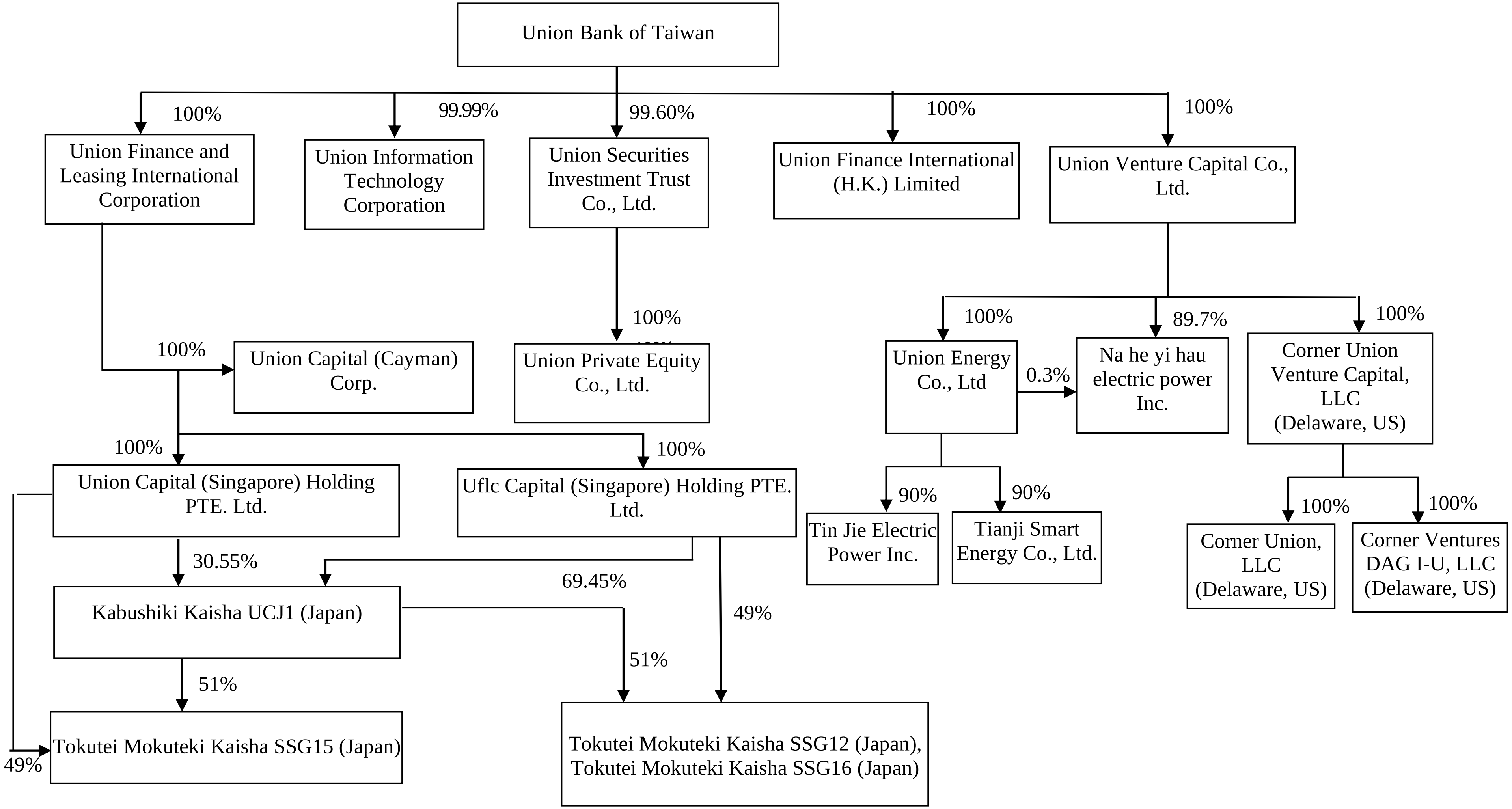
On August 26, 2015, the board of directors of the Bank resolved to merge UIB in order to integrate the resources, strengthen management and business synergy. The merger was approved by the Financial Supervisory Commission (FSC) under Rule No. 10502022990. The effective date of this merger was August 1, 2016.

As of December 31, 2021, the Bank's operating units included Banking, Trust, Wealth Management, Security Finance, Bills Finance, International Banking Department of the Head Office, Insurance Agency Department, an Offshore Banking Unit (OBU), three overseas representative offices in Hong Kong, Ho Chi Minh City and Hanoi, Vietnam, and 90 domestic branches (including the business department).

The operations of the Bank's trust department are (1) trust business planning, managing and operating; and (2) custody of nondiscretionary trust funds in domestic and overseas securities and mutual funds. These foregoing operations are regulated under the Banking Law and Trust Law.

The Bank's shares are traded on the Taiwan Stock Exchange.

The following chart presents the relationship between the Bank and its subsidiaries (collectively referred to as the "Company") and percentage of ownership as of December 31, 2021:



The Company's consolidated financial statements are presented in the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on March 7, 2022.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC).

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

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

   The Company chose to adopt practical relief of the amendments to account for the changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. The relevant impact and assessment are described in Note 53.

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

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

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

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

1) Annual Improvements to IFRS Standards 2018-2020

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

2) Amendments to IFRS 3 “‘Reference to the Conceptual Framework”

The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 “Levies” to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

3) Amendments to IAS 16 “Property, Plant and Equipment: Proceeds before Intended Use”

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 “Inventories”. Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Company will restate its comparative information when it initially applies the aforementioned amendments.

4) Amendments to IAS 37 “Onerous Contracts - Cost of Fulfilling a Contract”

The amendments specify that when assessing whether a contract is onerous, the “cost of fulfilling a contract” includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

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

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

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

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

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

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

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

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

The Company will recognize the cumulative effect of the initial application of the amendments in the retained earnings at the date of the initial application.

2) Amendments to IAS 1 “Disclosure of Accounting Policies”

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

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

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

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

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

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

   b) The Company chose the accounting policy from options permitted by the standards;

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

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

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

3) Amendments to IAS 8 “Definition of Accounting Estimates”

   The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

4) Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction""

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Company will recognize a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022, and recognize the cumulative effect of initial application in retained earnings at that date. The Company will apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Companies, Regulations Governing the Preparation of Financial Reports by Securities Firms and IFRSs as endorsed and issued into effect by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

a. Principles for preparing consolidated financial statements

Since the operating cycle cannot be reasonably identified in the banking industry and the Company accounted for a significant percentage of the consolidated accounts, the accounts included in the consolidated financial statements were not classified as current or non-current. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity.

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including special purpose entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

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

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

Non-controlling interests are presented in the consolidated balance sheets within equity, separately from the equity of the owners of the Company.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interests in existing subsidiaries

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their respective interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

b. The investees included in the consolidated financial statements are as follows:

Detail of subsidiaries, percentage of ownership and operating item, refer to the Note 16.

Foreign Currencies

In preparing the financial statements of each entity, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise except for: exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

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

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

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

Investments Accounted for Using the Equity Method

The Company uses the equity method to account for its investments in associates.

a. Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Company uses the equity method to account for its investments in associates.

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

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Company continues to apply the equity method and does not remeasure the retained interest.

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

Financial Instruments

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

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

a. Financial assets

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

1) Measurement categories

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

a) Financial assets at FVTPL

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

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 52.

b) Financial assets at amortized cost

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

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

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

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

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

i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii. Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

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

ii) Breach of contract, such as a default;

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in debt instruments at FVTOCI

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

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

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

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

d) Investments in equity instruments at FVTOCI

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

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

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

2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments at FVTOCI, lease receivables, as well as contract assets.

For financial instruments and contract assets, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

In determining the allowance for credit losses and the reserve for losses on guarantees, the Company assesses the balances of discounts and loans, receivables, nonperforming loans, and other financial assets as well as guarantees and acceptances for their collectability and their specific risks or general risks as of the balance sheet date.

Under the regulations issued by the Ministry of Finance (MOF), the Company evaluates credit balances on the basis of their estimated collectability.

The MOF regulations also require the grouping of credit assets into these five classes: Normal, special mention, substandard, doubtful and losses; the minimum loan loss provision and guarantee reserve for the unsound credit assets (those other than normal) should be 2%, 10%, 50% and 100%, respectively, of the outstanding credit balance.

The MOF issued a guideline stating that from January 1, 2014, the minimum loan loss provision and guarantee should be the sum of 1% of the outstanding balance of the normal credit asset’s claim, 2% of the balance of special mention credit assets, 10% of the balance of substandard credit assets, 50% of the balance of doubtful credit assets, and the full balance of losses credit assets (excluding assets that represent claims against the central and local government in Taiwan). Also, in accordance with Rule No. 10300329440 issued by FSC, the minimum allowance for mortgage loans should be 1.5%.

Credits deemed uncollectable may be written off if the write-off is approved by the board of directors. Recoveries of amounts previously written off are credited to the allowance account.

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

3) Derecognition of financial assets

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

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

b. Equity instruments

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

Equity instruments issued are recognized at the proceeds received, net of direct issue costs.

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

c. Financial liabilities

1) Subsequent measurement

A financial liability may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

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

For a financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which incorporates any interest or dividends paid on such financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liability is derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in the fair value of the liability are presented in profit or loss.

Fair value is determined in the manner described in Note 52.

Financial guarantee contracts

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

a) The amount of the loss allowance reflecting expected credit losses; and

b) The amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies.

d. Derivative financial instruments

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

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

Nonperforming Loans

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" issued by the authorities, loans and other credits (including the accrued interests) that remain unpaid on their maturity are transferred immediately to nonperforming loans if the transfer is approved by the board of directors.

Nonperforming loans transferred from loans are recognized as discounts and loans, and those transferred from other credits are recognized as other financial assets.

Repurchase and Resale Transactions

Securities purchased under resale agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on reverse repurchase agreements or interest incurred on repurchase agreements is recognized as interest income or interest expense over the life of each agreement.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Freehold land is not depreciated.

Depreciation of property and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term of an item of property and equipment is shorter than its useful life, such asset is depreciated over its lease term. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

For a contract where an owner of land provides land for construction of buildings by a property developer in exchange for a certain percentage of the buildings, any exchange gain or loss is recognized when the exchange transaction occurs, if the buildings acquired are classified as property, plant and equipment and the exchange transaction has commercial substance.

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

Investment Properties

Investment properties are properties owned specifically to generate profit through rental income and/or capital gains. Land for which the future purpose of use has not been decided is also classified under investment properties.

Investment properties are initially recognized at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation by the straight-line method.

Gain or loss recognized on derecognition of an investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the investment property is derecognized.

Goodwill

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

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

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

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

Intangible Assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Derecognition

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Foreclosed Collaterals

Collaterals assumed (included in other assets) are recorded at cost, which includes the assumed prices and any necessary repairs to make the collaterals saleable, and evaluated at the lower of cost or net realizable value as of the balance sheet date.

Impairment of Tangible and Intangible Assets (Excluding Goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to cash-generating units on a reasonable and consistent basis of allocation.

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Company as lessor

   Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

   When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

   Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

   Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

   Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

   When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b. The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

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

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Provisions

Provisions, including those arising from contractual obligation specified in service concession arrangement to maintain or restore infrastructure before it is handed over to the grantor, are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Employee Benefits

a. Short-term employee benefits

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

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

c. Other long-term employee benefits

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

d. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the Company recognizes any related restructuring costs.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

Deferred tax assets and liabilities are measured at the amounts expected to be paid to (recovered from) taxation authorities, using the rates or laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets should reflect the tax consequences of how the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes for the period

For transactions recognized in profit or loss, current and deferred taxes are also recognized in profit or loss; for transactions recognized outside profit or loss, i.e., in other comprehensive income or directly in equity, the current and deferred taxes are also recognized in other comprehensive income or directly in equity. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Interest Revenue and Service Fees

Interest revenue on loans is recorded by the accrual method. No interest revenue is recognized in the accompanying financial statements on loans and other credits extended by the Company that are classified as nonperforming loans. The interest revenue on these loans/credits is recognized upon collection. Under the regulations of the Ministry of Finance, the interest revenue on credits covered by agreements that extend their repayment periods is recorded as deferred revenue and recognized as revenue upon collection.

Service fees are recognized when a major part of the earnings process is completed and cash is collected.

Dividend income from investments is recognized when the stockholder’s right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Company and that the amount of income can be measured reliably.

The points earned by customers under loyalty program are treated as multiple-element arrangements, in which consideration is allocated to the goods or services and the award credits based on fair value through the eyes of the customer. The consideration is not recognized in earnings at the original sales transactions but at the time when the points are redeemed and the Company’s obligation is fulfilled.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, 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 to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimated Impairment of Financial Assets

The provision for impairment of loan, receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 53. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2021	**2020**
Cash on hand	$ 6,901,414	$ 5,740,617
Checks for clearing	3,339,499	1,171,066
Due from banks	3,526,893	2,049,755
	$ 13,767,806	$ 8,961,438

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

	December 31	
	2021	**2020**
Deposit reserve - checking account	$ 11,484,835	$ 8,585,673
Required deposit reserve	17,971,361	15,640,347
Deposit reserve - foreign-currency deposits	96,915	99,778
	$ 29,553,111	$ 24,325,798

Under a directive issued by the Central Bank of the ROC, the Company determines monthly NTD-denominated reserve deposits at prescribed rates based on the average balances of customers' NTD-denominated deposits, which are subject to withdrawal restrictions.

In addition, the foreign-currency reserve deposits are determined at rates prescribed for balances of foreign-currency deposits. These reserves may be withdrawn anytime and do not bear interest.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2021	2020
Financial assets designated as at fair value through profit or loss		
Domestic government bonds	$ -	$ 298,124
Negotiable certificates of deposit	999,902	999,450
Commercial paper	42,918,771	31,361,157
Domestic listed stocks	829,450	50,496
Overseas listed stocks	1,390	83,215
Overseas unlisted preferred stocks	35,022	44,441
Beneficiary certificates	1,455,853	1,300,172
Futures exchange margins	58,090	56,665
Asset-backed securities	40,877	57,897
	46,339,355	34,251,617
Derivative financial instrument		
Foreign exchange forward contracts	50,521	60,430
Currency swap contracts	159,113	514,083
Option contracts	94,064	55,718
	303,698	630,231
	$ 46,643,053	$ 34,881,848
Financial liabilities held for trading		
Derivative instrument		
Option contracts	$ 94,042	$ 55,694
Forward exchange contracts	6,041	17,419
Currency swap contracts	395,338	132,889
	$ 495,421	$ 206,002

The Company engaged in derivative transactions mainly to accommodate customers' needs and manage its exposure positions. The financial risk management objective of the Company was to minimize risks due to changes in fair value or cash flows.

The contract amounts (notional amounts) of the derivative transactions for accommodating customers' needs and managing its exposure positions as of December 31, 2021 and 2020 were as follows:

	December 31	
	2021	2020
Currency swap contracts	$ 88,513,566	$ 70,857,503
Foreign exchange forward contracts	2,011,356	1,755,782
Cross-currency swap contracts	27,690	-
Option contracts		
Buy	2,552,388	1,779,078
Sell	2,552,388	1,779,078

As of December 31, 2021 and 2020, financial assets at fair value through profit and loss in the amounts of $29,064,605 thousand and $17,501,131 thousand, respectively, were sold under repurchase agreements.

The open positions of futures transactions of the Company were as follows:

December 31, 2021

Items	Products	Open Position: Buy/Sell	Open Position: Number of Contracts	Contract Amount or Premium Paid (Charged)	Fair Value
Futures Contract	US 10-years note 2023	Sell	10	$ 27,690	$ 27,766

The Company’s futures trading margins receivable were as follows:

	December 31	
	2021	2020
Account balance	$ 58,014	$ 56,665
Gain	76	-
Account net worth	$ 58,090	$ 56,665

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Investments in equity instruments at FVTOCI		
Domestic listed shares	$ 8,159,160	$ 4,388,090
Overseas listed shares	5,677,002	5,848,951
Unlisted shares	2,369,241	1,913,887
	16,205,403	12,150,928
Investments in debt instruments at FVTOCI		
Overseas corporate bonds	17,945,996	14,093,944
Overseas bond debentures	5,310,605	6,190,979
Corporate bonds	9,417,590	8,410,769
Overseas government bonds	5,810,431	6,192,951
Government bonds	7,058,918	6,364,162
	45,543,540	41,252,805
	$ 61,748,943	$ 53,403,733

Details of the Company's investments in foreign and domestic unlisted shares are as follows:

	December 31	
	2021	2020
Taiwan Futures Exchange	$ 510,842	$ 474,583
Line Bank Taiwan Limited	357,789	411,657
Financial Information Service Co., Ltd.	356,843	309,392
RFD Micro Electricity Co., Ltd.	529,648	107,543
Taiwan Asset Management Corporation	79,477	77,164
Taiwan Depository & Clearing Corporation	75,252	65,631
iPass Corporation	-	60,044
Healthy Io Limited	50,195	53,752
Taiwan Financial Asset Service Corporation	48,291	48,105
Others	360,904	306,016
	$ 2,369,241	$ 1,913,887

a. Investments in equity instruments at FVTOCI

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

For long-term strategic purpose, with the board approval on July 23, 2021, the Company purchased more equity shares of iPass Corporation for $35,784 thousand. Therefore, the Company has increased the equity share from 11.4% to 33.94% in November 2021. The Company uses the equity method to account for the investment (see Note 17)

b. Investments in debt instruments at FVTOCI

For further information regarding credit risk management and impairment assessment of financial assets at FVTOCI, refer to Note 11.

The Company had sold $8,789,959 thousand and $9,216,124 thousand of its financial assets at FVTOCI under a repurchase agreement on December 31, 2021 and 2020, respectively.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2021	2020
Negotiable certificates of deposit	$ 48,100,000	$ 51,275,000
Debt instruments		
Government bonds	9,920,610	10,252,526
Overseas asset-backed securities	19,410,932	29,170,136
	29,331,542	39,422,662
	$ 77,431,542	$ 90,697,662

For further information regarding credit risk management and impairment assessment on financial assets at amortized cost, refer to Note 11.

The Company sold financial assets at amortized cost under repurchase agreements in the amounts of $17,353,068 thousand and $23,249,254 thousand in 2021 and 2020, respectively.

11. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS

Debt instruments that the Company invested in have been further split into two categories, 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	$ 44,834,401	$ 29,517,065	$ 74,351,466
Loss allowance	(71,510)	(185,523)	(257,033)
Fair value adjustment	780,649	-	780,649
	$ 45,543,540	$ 29,331,542	$ 74,875,082

	December 31, 2020		
	Financial Assets at FVTOCI	**Financial Assets at Amortized Cost**	**Total**
Book value	$ 39,606,238	$ 39,602,262	$ 79,208,500
Loss allowance	(62,099)	(179,600)	(241,699)
Fair value adjustment	1,708,666	-	1,708,666
	$ 41,252,805	$ 39,422,662	$ 80,675,467

The Company continuously monitors the external credit rating information and price movements of the debt instruments invested in to assess whether their credit risks have significantly increased since initial recognition.

The Company takes into consideration the multi-period default probability table for each ratings of securities issued by credit rating agencies and the recovery rates of different types of bonds to assess the 12-month expected credit losses or lifetime expected credit losses.

The carrying values of financial assets at FVTOCI and at amortized cost sorted by credit rating are as follows:

Credit Ratings	Definition	ECL Recognition Basis	Expected Credit Loss Rate	Carrying Value (Including Premiums and Discounts) on December 31, 2021
Low credit risk	Low credit risk at the reporting date	12-month expected credit losses	0%-1.9406%	$ 74,875,082
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime expected credit losses	Note	-
Default	Objective evidence of impairment at the reporting date	Lifetime expected credit losses	100%	-

Credit Ratings	Definition	ECL Recognition Basis	Expected Credit Loss Rate	Carrying Value (Including Premiums and Discounts) on December 31, 2020
Low credit risk	Low credit risk at the reporting date	12-month expected credit losses	0%-4.0303%	$ 80,675,467
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime expected credit losses	Note	-
Default	Objective evidence of impairment at the reporting date	Lifetime expected credit losses	100%	-

Note: Credit rating of investment in debt instruments was normal, it did not apply.

The following table shows changes in balances of loss allowances of financial assets at FVTOCI and debt instruments at amortized cost, sorted by credit risk ratings resulting from the application of IFRS 9:

	Credit Risk Ratings		
	Low Credit Risk	**Significant Increase in Credit Risk (Lifetime Expected Credit Losses with No Credit Impairment)**	**Default Evidence of Impairment (Lifetime Expected Credit Losses with Credit Impairment)**
Balance as of January 1, 2021	$ 241,699	$ -	$ -
Changes in credit risk ratings			
Low credit risk to significant increase in credit risk	-	-	-
Significant increase in credit risk to low credit risk	-	-	-
Significant increase in credit risk to default	-	-	-
New debt instruments purchased	34,805	-	-
Derecognition	(23,122)	-	-
Changes in risk or model parameters	10,796	-	-
Change in exchange rates	(7,145)	-	-
Loss allowance on December 31, 2021	$ 257,033	$ -	$ -
Balance as of January 1, 2020	$ 384,687	$ -	$ -
Changes in credit risk ratings			
Low credit risk to significant increase in credit risk	-	-	-
Significant increase in credit risk to low credit risk	-	-	-
Significant increase in credit risk to default	-	-	-
New debt instruments purchased	9,311	-	-
Derecognition	(114,854)	-	-
Changes in risk or model parameters	(16,566)	-	-
Change in exchange rates	(20,879)	-	-
Loss allowance on December 31, 2020	$ 241,699	$ -	$ -

12. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	December 31	
	2021	2020
Commercial paper	$ 30,079,407	$ 21,377,310
Corporate bonds	26,608,330	39,645,492
Government bonds	33,021	38,500
Negotiable certificates of deposit	1,000,698	2,850,171
	$ 57,721,456	$ 63,911,473
Maturity date	2022.01-2022.02	2021.01-2021.03
Resale price	$ 57,728,728	$ 63,915,601

The securities purchased under resell agreements had not been sold under repurchase agreements.

13. RECEIVABLES, NET

	December 31	
	2021	2020
Notes and accounts receivable	$ 20,430,647	$ 19,957,195
Interbank clearing fund receivable	3,500,374	1,818,946
Investment receivable	1,075,587	1,078,978
Interest receivable	999,308	914,906
Accounts receivable factoring without recourse	319,884	480,043
Collections receivable	92,036	119,055
Acceptances receivable	220,120	107,221
Entrusted exchanges	556,415	77,939
Others	536,326	600,976
	27,730,697	25,155,259
Less: Allowance for doubtful accounts	254,076	218,683
	$ 27,476,621	$ 24,936,576

Refer to Note 53 for the impairment loss analysis of receivables.

The changes in gross carrying amounts of receivables for the years ended December 31, 2021 and 2020 were as follows:

	12-month Expected-credit Losses	Lifetime Expected-credit Losses	Lifetime Expected-credit Losses (Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	$ 23,952,958	$ 109,148	$ 1,093,153	$ 25,155,259
Receivables assessed collectively	(269,421)	25,276	244,145	-
Receivables purchased or originated	13,004,039	29,376	113,855	13,147,270
Write-offs	-	-	(163,758)	(163,758)
Derecognition	(10,124,704)	(47,856)	(235,514)	(10,408,074)
Balance at December 31, 2021	$ 26,562,872	$ 115,944	$ 1,051,881	$ 27,730,697
Balance at January 1, 2020	$ 20,158,232	$ 115,600	$ 1,110,213	$ 21,384,045
Receivables assessed collectively	(319,562)	15,250	304,312	-
Receivables purchased or originated	11,705,803	32,872	133,603	11,872,278
Write-offs	-	-	(197,910)	(197,910)
Derecognition	(7,591,515)	(54,574)	(257,065)	(7,903,154)
Balance at December 31, 2020	$ 23,952,958	$ 109,148	$ 1,093,153	$ 25,155,259

The Company has accrued an allowance for doubtful accounts receivable, the changes in allowance for doubtful accounts receivable for the years ended December 31, 2021 and 2020 were as follows:

	12-month Expected-credit Losses	Lifetime Expected-credit Losses	Lifetime Expected-credit Losses (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under (Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans)	Total
Balance at January 1, 2021	$ 56,939	$ 16,678	$ 88,442	$ 162,059	$ 56,624	$ 218,683
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(357)	427	(70)	-	-	-
Credit-impaired financial assets	(60,708)	(27,135)	87,843	-	-	-
12-month ECL	606	(428)	(178)	-	-	-
Derecognition of financial assets in the current reporting period	(17,665)	(5,629)	(14,989)	(38,283)	-	(38,283)
New financial assets purchased or originated	97,014	26,927	89,119	213,060	-	213,060
Difference of impairment loss under regulations	-	-	-	-	23,873	23,873

(Continued)

	12-month Expected-credit Losses	Lifetime Expected-credit Losses	Lifetime Expected-credit Losses (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under (Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans)	Total
Write-offs	$ -	$ -	$ (163,758)	$ (163,758)	$ -	$ (163,758)
Recovery of written-off receivables	-	-	213,826	213,826	-	213,826
Change in others	(52)	136	(213,327)	(213,243)	-	(213,243)
Change in exchange rate	(82)	-	-	(82)	-	(82)
Balance at December 31, 2021	$ 75,695	$ 10,976	$ 86,908	$ 173,579	$ 80,497	$ 254,076
Balance at January 1, 2020	$ 50,434	$ 18,678	$ 93,187	$ 162,299	$ 44,639	$ 206,938
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(424)	491	(67)	-	-	-
Credit-impaired financial assets	(79,269)	(34,219)	113,488	-	-	-
12-month ECL	433	(294)	(139)	-	-	-
Derecognition of financial assets in the current reporting period	(21,940)	(5,558)	(14,849)	(42,347)	-	(42,347)
New financial assets purchased or originated	107,954	37,452	90,710	236,116	-	236,116
Difference of impairment loss under regulations	-	-	-	-	11,985	11,985
Write-offs	-	-	(197,910)	(197,910)	-	(197,910)
Recovery of written-off receivables	-	-	225,538	225,538	-	225,538
Change in others	(89)	128	(221,516)	(221,477)	-	(221,477)
Change in exchange rate	(160)	-	-	(160)	-	(160)
Balance at December 31, 2020	$ 56,939	$ 16,678	$ 88,442	$ 162,059	$ 56,624	$ 218,683

(Concluded)

14. DISCOUNTS AND LOANS, NET

		December 31 2021	December 31 2020
Discounts and overdraft		$ 56,480	$ 29,755
Accounts receivable - financing		31,820	30,810
Loans			
Short-term	- unsecured	59,802,132	50,188,146
	- secured	85,411,913	73,500,827
Medium-term	- unsecured	36,584,765	33,808,522
	- secured	100,683,842	81,554,274
Long-term	- unsecured	9,914,334	9,446,186
	- secured	205,468,200	178,410,767
Import and export negotiations		355,235	275,199
Overdue loans		319,748	379,110
		498,628,469	427,623,596
Less: Allowance for doubtful accounts		5,395,959	4,778,233
		$ 493,232,510	$ 422,845,363

As of December 31, 2021 and 2020, the balances of nonaccrual loans were $319,748 thousand and $379,110 thousand, respectively. The unrecognized interest revenues on nonperforming loans were $8,002 thousand in 2021 and $9,925 thousand in 2020.

The Company had set up an allowance for doubtful accounts on discounts and loans. Refer to Note 53 for impairment loss analysis of discounts and loans.

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

	12-month Expected-credit Losses	Lifetime Expected-credit Losses	Lifetime Expected-credit Losses (Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	$ 424,210,714	$ 1,874,264	$ 1,538,618	$ 427,623,596
Discount and loans assessed collectively	(831,975)	376,508	455,467	-
Discount and loans purchased or originated	280,892,810	519,789	144,846	281,557,445
Write-offs	-	-	(349,574)	(349,574)
Derecognition	(208,953,726)	(797,593)	(451,679)	(210,202,998)
Balance at December 31, 2021	$ 495,317,823	$ 1,972,968	$ 1,337,678	$ 498,628,469
Balance at January 1, 2020	$ 385,403,689	$ 2,015,580	$ 1,529,359	$ 388,948,628
Discount and loans assessed collectively	(925,108)	529,855	395,253	-
Discount and loans purchased or originated	237,483,263	406,605	407,431	238,297,299
Write-offs	-	-	(122,057)	(122,057)
Derecognition	(197,751,130)	(1,077,776)	(671,368)	(199,500,274)
Balance at December 31, 2020	$ 424,210,714	$ 1,874,264	$ 1,538,618	$ 427,623,596

The Company has accrued an allowance for doubtful accounts on discount and loans; the changes in allowance for doubtful accounts on discount and loans for the years ended December 31, 2021 and 2020 were as follows:

	12-month Expected-credit Losses	Lifetime Expected-credit Losses	Lifetime Expected-credit Losses (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under (Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans)	Total
Balance at January 1, 2021	$ 245,586	$ 106,506	$ 433,757	$ 785,849	$ 3,992,384	$ 4,778,233
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(240)	2,723	(2,483)	-	-	-
Credit-impaired financial assets	(165)	(14,115)	14,280	-	-	-
12-month ECL	15,821	(8,287)	(7,534)	-	-	-
Derecognition of financial assets in the current reporting period	35,215	(349)	(40,763)	(76,327)	-	(76,327)
New financial assets purchased or originated	368,755	40,640	50,121	459,516	-	459,516
Difference of impairment loss under regulations	-	-	-	-	489,885	489,885
Write-offs	(146,938)	(53,551)	(149,085)	(349,574)	-	(349,574)
Recovery of written-off receivables	-	-	266,608	266,608	-	266,608
Change in others	(15,762)	37,092	(190,987)	(169,657)	-	(169,657)
Change in exchange rate	(2,725)	-	-	(2,725)	-	(2,725)
Balance at December 31, 2021	$ 429,117	$ 110,659	$ 373,914	$ 913,690	$ 4,482,269	$ 5,395,959
Balance at January 1, 2020	$ 240,125	$ 175,604	$ 372,647	$ 788,376	$ 3,510,579	$ 4,298,955
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(366)	2,069	(1,703)	-	-	-
Credit-impaired financial assets	(319)	(13,684)	14,003	-	-	-
12-month ECL	28,352	(21,828)	(6,524)	-	-	-
Derecognition of financial assets in the current reporting period	(198,594)	(111,620)	(124,513)	(434,727)	-	(434,727)
New financial assets purchased or originated	209,391	37,334	217,433	464,158	-	464,158
Difference of impairment loss under regulations	-	-	-	-	481,805	481,805
Write-offs	-	-	(122,057)	(122,057)	-	(122,057)
Recovery of written-off receivables	-	-	294,757	294,757	-	294,757
Change in others	(28,318)	38,631	(210,286)	(199,973)	-	(199,973)
Change in exchange rate	(4,685)	-	-	(4,685)	-	(4,685)
Balance at December 31, 2020	$ 245,586	$ 106,506	$ 433,757	$ 785,849	$ 3,992,384	$ 4,778,233

15. BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES

	For the Year Ended December 31	
	2021	2020
Provision for doubtful accounts on receivables	$ (14,593)	$ (15,723)
Provision for doubtful accounts on discounts and loans	703,417	311,263
Provision for doubtful accounts on guarantees	100,000	(5,000)
Provision for doubtful accounts on loan commitments	17,000	-
	$ 805,824	$ 290,540

16. SUBSIDIARIES

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

Investor	Investee	Main Businesses	Percentage of Ownership December 31 2021	2020	
The Bank	Union Finance and Leasing International Corporation (UFLIC)	Installment, leasing and accounts receivable factoring.	100.00	100.00	Note 1
	Union Information Technology Corporation (UIT)	Software and hardware product retail and distribution, system programming development, system development outsourcing, website design, e-commerce, etc.	99.99	99.99	Note 2
	Union Finance International (HK) Limited	Import and export financing.	100.00	99.99	Note 3
	Union Securities Investment Trust Corporation (USITC)	Securities investment trust.	99.60	99.60	Note 4
	Union Venture Capital Co., Ltd.	General Business investment	100.00	100.00	Note 5
UFLIC	Union Capital (Cayman) Corp. (Cayman)	Installment and leasing receivable factoring.	100.00	100.00	Note 6
	New Asian Ventures Ltd. (New Asian)	Investment, overseas financing, equipment leasing, installment selling, acquisition of accounts receivable, etc.	-	100.00	Note 6
	Union Capital (Singapore) Holding Pte. Ltd. (Union)	Investment, overseas financing, equipment leasing, installment selling, acquisition of accounts receivable, etc.	100.00	100.00	Notes 6 and 8
	Uflc Capital (Singapore) Holding PTE. Ltd. (Uflc)	Investment, overseas financing, equipment leasing, installment selling, acquisition of accounts receivable, etc.	100.00	100.00	Notes 6 and 8
Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1 (Japan) (KK)	Sale, purchasing and leasing of real estates, etc.	30.55	30.55	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG15 (Japan) (SSG15)	A real estate securitized special purpose company.	49.00	49.00	Notes 7 and 8
Uflc Capital (Singapore) Holding PTE. Ltd.	Kabushiki Kaisha UCJ1 (Japan) (KK)	Sale, purchasing and leasing of real estates, etc.	69.45	69.45	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG12 (Japan) (SSG12)	A real estate securitized special purpose company.	49.00	49.00	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG16 (Japan) (SSG16)	A real estate securitized special purpose company.	49.00	49.00	Notes 7 and 8
Kabushiki Kaisha UCJ1 (Japan)	Tokutei Mokuteki Kaisha SSG15 Japan) (SSG15)	A real estate securitized special purpose company.	51.00	51.00	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG12 (Japan) (SSG12)	A real estate securitized special purpose company.	51.00	51.00	Notes 7 and 8
	Tokutei Mokuteki Kaisha SSG16 (Japan) (SSG16)	A real estate securitized special purpose company.	51.00	51.00	Notes 7 and 8

(Continued)

Investor	Investee	Main Businesses	Percentage of Ownership December 31 2021	2020	
Union Venture Capital Co., Ltd.	Corner Union Venture Capital, LLC (Delaware)	General business investment	100.00	100.00	Note 9
	Na He Yi Hau Electric Power Inc.	Energy development and technology service	89.70	99.93	Note 10
	Union Energy Co., Ltd	General business investment	100.00	100.00	Note 12
Union Energy Co., Ltd.	Na He Yi Hau Electric Power Inc.	Energy development and technology service	0.30	-	Note 10
	Ting Jie Electric Power Inc.	Energy development and technology service	90.00	-	Note 11
	Tianji Smart Energy Co., Ltd.	Energy development and technology service	90.00	-	Note 14
Corner Union Venture Capital, LLC (Delaware)	Corner Ventures DAG I-U, LLC (Delaware)	General business investment	100.00	100.00	Note 9
	Corner Union, LLC (Delaware)	General business investment	100.00	100.00	Note 9
Union Securities Investment Trust Corporation (USITC)	Union Private Equity Co., Ltd.	General business investment	100.00	100.00	Note 13

(Concluded)

Note 1: Union Finance and Leasing International Corporation (UFLIC) was established under the Company Law on November 11, 1996. UFLIC trades and leases real estates, motor vehicles and machinery and equipment and does accounts receivable factoring.

Note 2: Union Information Technology Corporation (UIT), which was incorporated on August 10, 1998, mainly renders software services, wholesale and retail of information software and telecommunications equipment, enterprise management consulting, etc.

Note 3: Union Finance International (HK) Limited was incorporated in Hong Kong on April 23, 1996. It mainly engages in financial services and financial investments.

Note 4: Union Securities Investment Trust Corporation (USITC) was incorporated on November 20, 1998. It obtained a securities investment trust enterprise license and started operations on February 26, 1999; it mainly establishes securities investment trust funds by issuing beneficiary certificates. To integrate resources and enhance operating effectiveness, the Bank requested to purchase 65% equity interest, which was approved by the board of directors on May 9, 2018. The investment was approved by the FSC under Rule No. 10802037180 on March 27, 2019. The Bank paid a total of $264,909 thousand for the purchase of 65% equity interest from the shareholders of USITC; the payments were made on July 5, 2019 and December 27, 2019. After the transaction was completed, the percentage of total equity interest increased from 35% to 99.60%.

Note 5: In order to actively support the FSC’s needs to adapt to the nation’s overall industry development and to boost the diversification of the corporate banking business as well as improve the efficiency in the use of funds, the Bank established Union Venture Capital in coordination with the nation’s financial policies, which was approved by the board of directors on September 26, 2018. The investment was approved by the FSC under Rule No. 10802042270 on March 28, 2019. Union Venture Capital was established by the Bank on November 21, 2019; it mainly engages in general business investment. On August 14, 2020, for future business investment, the Bank’s board approved capital increase of $200,000 thousand. The capital increase was made on September 17, 2020. The total investment amount was $800,000 thousand, and the Bank held 100% of Union Venture Capital’s shares as of December 31, 2021.

Note 6: UFLIC held 100% equity interest each in Union Capital (Cayman) Corp. and New Asian Ventures Ltd., which were incorporated in the British West Indies and the British Virgin Islands, in July 1997 and October 1997, respectively; these investees mainly engage in financial investment.

Union and Uflc were established in September 2014 and March 2016 by Cayman in Singapore. The capital was both US$1. The companies mainly engage in business of investments, overseas financing, equipment leasing, installment selling, acquisition of accounts receivable, etc. The subsidiary of UFLIC, Union Capital (Cayman) Corp., wants to comply with local economic regulation. Therefore, on February 25, 2020, the board approved to restructure the investment by transferring to Uflc Capital (Singapore) Holding PTE. Ltd. and Union Capital (Singapore) Holding PTE. Ltd. the debt and equity from Union Capital (Cayman) to UFLIC on July 1, 2020 and July 23, 2020, respectively. The prices were $485,420 thousand and $161,836 thousand.

In order to restructure the investment, in February 25, 2020, the board approved to liquidation the subsidiary of UFLIC, New Asian Ventures Ltd., the case was approved by British Virgin Island's financial services commission on July 13, 2021 and the rest of asset was transfer back on July 23, 2021, New Asian Ventures Ltd. was official liquidated on July 29, 2021.

Note 7: Kabushiki Kaisha UCJ1, Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 are established to acquire real estate for Union Capital (Singapore) Holding Pte. Ltd. and Uflc Capital (Singapore) Holding Pte. Ltd. Kabushiki Kaisha UCJ1 mainly buys, sells, and leases real estate. Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 is a special purpose entity that securitizes real estate.

Note 8: Union Capital (Singapore) Holding Pte. Ltd., Uflc Capital (Singapore) Holding Pte. Ltd., Kabushiki Kaisha UCJ1, Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 have fiscal year end. The Company applied equity method based on December 31, 2021 balances, adjusted for significant changes.

Note 9: In order to manage Union Venture Corporation's investment, the board agreed to sign investment advisory contract with Corner Venture Partners, LLC. With the contract, a subsidiary, Corner Union Venture Capital, LLC, and sub-subsidiaries Corner Ventures DAG I-U, LLC and Corner Union, LLC, were established in Delaware, USA, with the approval by Delaware state government in April and July 2020. Union Venture Corporation held 100% equity in the subsidiaries and engages in general business investment.

Note 10: In order to actively support the FSC's needs to adapt to the nation's overall industry development, on August 14, 2020, the board approved to make investment in green energy technology industry. The investment was in Na He Yi Hau Electric Power Inc., with total investment of $900 thousand for 90% equity. In order to continue the development of green engineering, capital increase was made on November 3, 2020. Union Venture Capital has invested a total of $148,900 thousand. Na He Yi Hau Electric Power Inc. increased its capital by $17,000 thousand. In order to restructure the investment of Union Venture Capital, it did not make additional investment in Na He Yi Hau Electric Power Inc., but Union Energy Co., Ltd. invested a total of $500 thousand. Union Venture Capital and Union Energy Co., Ltd. held 89.70% and 0.30%, respectively, on December 31, 2021.

Note 11: In order to actively support the FSC's needs to adapt to the nation's overall industry development, on November 24, 2020, the board approved to acquire 90% equity of Ting Jie Electric Power Inc. Union Venture Capital has invested $900 thousand. In accordance with the investment development strategy and investment restructuring plan, on July 28, 2021, the board of Ting Jie Electric Power Inc. approved to sell a total of 1,800 thousand shares at $10 dollars per share. On July 30, 2021, the board of Union Energy Co., Ltd. approved to increase the investment in Ting Jie Electric Power Inc. by $18,000 thousand. As a result, Union Energy Co., Ltd. has invested a total of $18,900 thousand and held 90% of equity on December 31, 2021. Ting Jie Electric Power Inc. mainly engages in energy development and technology service.

Note 12: In order to manage Union Venture Corporation's investment, it established Union Energy Co., Ltd and held 100% equity on December 17, 2020. Union Venture Corporation has invested a total \$90,000 and held 90% of equity on December 31, 2021. It mainly engages in general business investment management.

Note 13: Union Securities Investment Trust Corporation actively supports the FSC's needs to adapt to the nation's overall industry development. On January 14, 2020, the board approved to establish Union Private Equity Co., Ltd. on September 17, 2020, with the total investment of \$30,000 thousand and held 100% equity. The company mainly engages in general business investment and investment management advisory.

Note 14: Union Energy Co., Ltd. actively supports FSC's financial strategy, investment in green energy technology industry and efficiency of fund application. In June 2020, the board of Union Energy Co., Ltd. approved the purchase of 90% equity of Tianji Smart Energy Co., Ltd. As a result, Union Energy Co., Ltd. has invested a total of \$394,413 thousand and held 90% equity on December 31, 2021. Tianjin Smart Energy Co., Ltd. mainly engages in energy development and technology service.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

	December 31	
	2021	**2020**
Not individually material		
Line BIZ+ Taiwan Limited	$ 1,480,143	$ 1,484,708
Union Real-Estate Management Corporation	52,074	52,281
iPass Corporation (Note 9)	321,802	-
Blue Borders Medical and Health Management Consulting Co., Ltd.	139,141	-
	$ 1,993,160	$ 1,536,989

The summarized financial information in respect of the Company's associate is set out below:

	For the Year Ended December 31	
	2021	**2020**
Net loss	$ (7,490)	$ (50,493)

To promote innovative financial technology services and popularize mobile payment endorsed by the government, the board of directors of the Bank approved the investment in Line BIZ+ Taiwan Limited on July 25, 2018 and later acquired 5,471 thousand of their ordinary shares with a price of \$1,579,977 thousand on September 21, 2018 resulting in a 10% shareholding and a seat on the board. The Company has significant influence over Line BIZ+ Taiwan Limited and thus uses the equity method to account for the investment. Acquired Line BIZ+ Taiwan Limited has generated \$977,235 thousand of goodwill and was included in the investment's cost

On October 1, 2021, the board approved to invest in Blue Borders Medical and Health Management Consulting Co., Ltd. On November 15, 2021, total amount invested was \$14,000 thousand for 38.89% equity; the investment was accounted for by using the equity method.

Management of the Company considers the fact that numbers quoted from the unaudited financial statements and other comprehensive income, except Union Real-Estate Management Corporation. It will not lead to material misstatements of the Company's consolidated financial statements.

18. OTHER FINANCIAL ASSETS, NET

	December 31 2021	December 31 2020
Pledged assets (Note 48)	$ 1,608,573	$ 1,546,710
Due from banks - certificate of deposit	70,385	2,979,551
Others	2,604	23,437
	$ 1,681,562	$ 4,549,698

The amount of due from banks - time deposits with maturities longer than three months or certificate of deposits that cannot be cancelled or used.

19. PROPERTY AND EQUIPMENT, NET

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Lease Improvements	Prepayments for Equipment	Total
Cost							
Balance at January 1, 2021	$ 3,929,554	$ 5,213,523	$ 1,510,107	$ 334,775	$ 499,190	$ 49,728	$ 11,536,877
	-	-	2,190,187	-	-	-	2,190,187
Additions	171,120	38,028	50,281	12,635	46,638	46,761	365,463
Disposals	(31)	-	(75,762)	(7,781)	-	-	(83,574)
Reclassification	-	810	(97,277)	2,198	2,249	(55,194)	(147,214)
Effect of foreign currency exchange differences	-	-	(11)	-	-	-	(11)
Balance at December 31, 2021	4,100,643	5,252,361	3,577,525	341,827	548,077	41,295	13,861,728
Accumulated depreciation							
Balance at January 1, 2021	-	1,913,232	1,112,685	279,202	306,481	-	3,611,600
	-	-	60,803	-	-	-	60,803
Depreciation	-	123,169	116,680	15,139	49,412	-	304,400
Disposals	-	-	(74,677)	(7,608)	-	-	(82,285)
Effect of foreign currency exchange differences	-	-	(11)	-	-	-	(11)
Balance at December 31, 2021	-	2,036,401	1,215,480	286,733	355,893	-	3,894,507
Balance at December 31, 2021, net	$ 4,100,643	$ 3,215,960	$ 2,362,045	$ 55,094	$ 192,184	$ 41,295	$ 9,967,221
Cost							
Balance at January 1, 2020	$ 3,845,398	$ 5,195,330	$ 1,430,452	$ 316,417	$ 435,465	$ 207,858	$ 11,430,920
Additions	6,246	17,181	74,873	23,423	53,692	52,142	227,557
Disposals	-	-	(125,486)	(5,451)	-	-	(130,937)
Reclassification	77,910	1,012	130,283	386	10,033	(210,272)	9,352
Effect of foreign currency exchange differences	-	-	(15)	-	-	-	(15)
Balance at December 31, 2020	3,929,554	5,213,523	1,510,107	334,775	499,190	49,728	11,536,877
Accumulated depreciation							
Balance at January 1, 2020	-	1,787,019	1,148,526	271,313	254,760	-	3,461,618
Depreciation	-	126,213	82,511	13,125	51,721	-	273,570
Disposals	-	-	(118,339)	(5,236)	-	-	(123,575)
Effect of foreign currency exchange differences	-	-	(13)	-	-	-	(13)
Balance at December 31, 2020	-	1,913,232	1,112,685	279,202	306,481	-	3,611,600
Balance at December 31, 2020, net	$ 3,929,554	$ 3,300,291	$ 397,422	$ 55,573	$ 192,709	$ 49,728	$ 7,925,277

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

Buildings	
Main buildings	50-55 years
Equipment installed in buildings	5 years
Machinery and computer equipment	3-20 years
Transportation equipment	3-5 years
Lease improvements	5 years

In August 2016, the Bank acquired a piece of land in Tucheng Dist. from New Taipei City through the public auction in order to construct business operation office for $423,916 thousand. The Bank completed the payment and obtained the ownership of the land in October 2016. On November 9, 2016, the board of directors of the Bank and UFLIC, the property developer, resolved respectively to enter into a cooperation contract with each other to cooperatively construct a building. Upon completion of the building, the ownership thereof will be attributed to the Company and UFLIC. Per contract, the Bank will provide its land (estimated cost amounting to $439,626 thousand) in Tucheng District, New Taipei City for constructing the building, and UFLIC will render funds and donate a piece of land originally reserved for the public facilities to the government in exchange for transfer development rights (TDR) to increase the building area. The funds and the TDR amounted to an aggregate of $447,614 thousand. The building area increased due to the exercise of the TDR belonged to UFLIC.

On July 25, 2018, the board of directors of the Bank and UFLIC resolved to rescind the cooperation contract in Tucheng District, New Taipei City. To avoid additional time and cost on transfer development right and field investigation on the project, the Bank and UFLIC have agreed upon UFLIC to continue finishing the project while the Bank will engage third parties to construct on the land owned. The Bank has paid to the government all the fees and the price of land originally reserved for the public facilities in exchange for transfer development rights (TDR) to increase the building area. As of December 31, 2021, the amount of the construction contract of the Bank was $272,000 thousand. The Bank has paid $85,585 thousand and $2,181 thousand as of December 31, 2021 and 2020, respectively.

20. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2021	**2020**
Carrying amount		
Land and buildings	$ 1,908,089	$ 1,741,760

	For the Year Ended December 31	
	2021	**2020**
Additions to right-of-use assets	$ 379,101	$ 742,370
Depreciation charge for right-of-use assets		
Land and buildings	$ 477,566	$ 444,225

b. Lease liabilities

	December 31	
	2021	2020
Carrying amounts	$ 1,894,074	$ 1,723,121

Range of discount rate for lease liabilities was as follows:

	December 31	
	2021	2020
Land and buildings	0.72%-1.78%	0.73%-1.78%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	$ 201,742	$ 195,687
Total cash outflow for leases	$ (672,341)	$ (633,996)

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

21. INVESTMENT PROPERTIES, NET

	Land	Buildings	Total
Cost			
Balance at January 1, 2021	$ 4,505,444	$ 1,067,141	$ 5,572,585
Additions	-	6,773	6,773
Reclassification	-	-	-
Net exchange difference	(251,067)	(108,574)	(359,641)
Balance at December 31, 2021	$ 4,254,377	$ 965,340	$ 5,219,717
Accumulated depreciation and impairment			
Balance at January 1, 2021	$ -	$ (284,473)	$ (284,473)
Depreciation	-	(45,346)	(45,346)
Net exchange differences	-	21,623	21,623
Balance at December 31, 2021	$ -	$ (308,196)	$ (308,196)
Balance at December 31, 2021, net	$ 4,254,377	$ 657,144	$ 4,911,521

(Continued)

	Land	Buildings	Total
Cost			
Balance at January 1, 2020	$ 4,551,773	$ 1,055,137	$ 5,606,910
Additions	-	13,668	13,668
Reclassification	(42,418)	-	(42,418)
Net exchange difference	(3,911)	(1,664)	(5,575)
Balance at December 31, 2020	$ 4,505,444	$ 1,067,141	$ 5,572,585
Accumulated depreciation and impairment			
Balance at January 1, 2020	$ -	$ (237,130)	$ (237,130)
Depreciation	-	(47,759)	(47,759)
Net exchange differences	-	416	416
Balance at December 31, 2020	$ -	$ (284,473)	$ (284,473)
Balance at December 31, 2020, net	$ 4,505,444	$ 782,668	$ 5,288,112

(Concluded)

The Company acquired investment properties amounting to $986,055 thousand, $1,026,015 thousand and $668,984 thousand via SSG15, SSG12 and SSG16 in Japan on September 2014, February 2016 and April 2016, respectively. The amount was based on the valuation by independent appraisers that were not the Company's related parties.

Investment properties are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	15-50 years
Equipment installed in buildings	6-15 years

The fair values of investment properties were $6,337,383 thousand and $6,593,979 thousand as of December 31, 2021 and 2020, respectively. The fair values were based on the valuation at these dates by independent appraisers that were not the Company's related parties and estimated by the management according to the prices of similar properties in the vicinity.

Refer to Note 31 for information relating to investment properties pledged as guarantee.

The investment properties were leased out for 3 to 20 years. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

As of December 31, 2021 and 2020, refundable deposits paid under operating leases were $68,840 thousand and $75,713 thousand (included in other assets - refundable deposits), respectively.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2021 and 2020 was as follows:

	December 31	
	2021	2020
Year 1	$ 144,300	$ 137,471
Year 2	56,671	74,405
Year 3	18,322	17,521
Year 4	13,033	14,855
Year 5	12,652	14,174
Year 6 onwards	80,564	99,766
	$ 325,542	$ 358,192

22. GOODWILL

The Bank acquired Chung Shing Bank (Chung Shing) on March 19, 2005 and recognized goodwill amounting to $3,309,000 thousand. The goodwill amortization period was five years, and the amortization expense in 2005 was $551,500 thousand. However, the amortization of goodwill was no longer required from January 1, 2006.

The Bank merged with Union Bills Finance Corporation on August 16, 2010, with the Bank as the survivor entity, and recognized goodwill amounting to $130,498 thousand.

For the impairment test on Chung Shing, the Bank treated individual business units as cash-generating units (CGUs). Goodwill resulting from the merger was allocated to the relevant CGUs. The recoverable amount was determined by the value in use of each CGU and was calculated at the present values of the cash flow forecast for the next five years based on the going-concern assumption. Future cash flows were estimated on the basis of Chung Shing’s present operations and will be adjusted depending on the business outlook and economic trends.

As of December 31, 2021 and 2020, the balances of accumulated impairment were both $902,691 thousand.

23. OTHER ASSETS, NET

	December 31	
	2021	2020
Assets leased to others, net	$ 6,176,559	$ 5,828,598
Refundable deposits	2,494,570	2,247,706
Prepaid expenses	1,449,378	1,212,519
Prepaid pension (Note 34)	185,368	186,071
Others	137,385	68,481
	$ 10,443,260	$ 9,543,375

24. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2021	2020
Call loans from banks	$ 5,040,699	$ 6,616,671
Deposits from Chunghwa Post Co., Ltd.	4,599,730	5,599,730
Deposits from the Central Bank and other banks	306,561	127,091
Overdraft	53,152	137,622
	$ 10,000,142	$ 12,481,114

25. DUE TO THE CENTRAL BANK AND OTHER BANKS

	December 31	
	2021	2020
Due to the Central Bank and other banks	$ 6,741,390	$ 3,786,720
Due to other banks (Note 31)	400,665	-
	$ 7,142,055	$ 3,786,720

26. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	December 31	
	2021	2020
Commercial paper	$ 28,077,810	$ 16,513,416
Asset-based securities	13,730,236	18,014,455
Corporate bonds	5,974,483	5,011,996
Government bonds	2,253,728	2,749,077
Financial bonds	242,325	1,138,946
Negotiable certificates of deposit	1,001,174	1,000,286
	$ 51,279,756	$ 44,428,176
Maturity date	2022.01-2022.06	2021.01-2021.04
Repurchase price	$ 51,301,057	$ 43,452,064

27. PAYABLES

	December 31	
	2021	2020
Notes and checks in clearing	$ 3,339,499	$ 1,171,066
Accrued expenses	1,229,091	1,349,789
Investment payable	1,070,085	979,980
Receivable for underwriting of securities	555,743	75,382
Interest payable	476,421	574,255
Collections payable	252,265	394,848

(Continued)

	December 31	
	2021	2020
Bank acceptance bill	$ 220,120	$ 107,221
Net exchange clearing receivable	186,542	69,746
Tax payable	109,227	103,763
Others	1,080,971	767,964
	$ 8,519,964	$ 5,594,014

(Concluded)

28. DEPOSITS AND REMITTANCES

	December 31	
	2021	2020
Savings deposits	$ 390,486,917	$ 364,921,557
Demand deposits	157,678,371	115,241,243
Time deposits	115,506,519	112,396,084
Checking deposits	7,197,771	13,929,291
Negotiable certificates of deposit	336,000	305,900
Inward and outward remittances	177,280	66,424
	$ 671,382,858	$ 606,860,499

29. BANK DEBENTURES

	December 31	
	2021	2020
First issue of subordinated bank debentures in 2015; fixed rate at 2.08%; maturity: April 2022	$ 2,200,000	$ 2,200,000
First issue of subordinated bank debentures in 2016; no maturity date and non-cumulative; redeemable at face value plus interest accrued under the approval of the authorities when the issue term is over 5.1 years; fixed rate at 4.20%	-	2,500,000
First issue of subordinated bank debentures in 2017; no maturity date and non-cumulative; redeemable at face value plus interest accrued under the approval of the authorities when the issue term is over 5.1 years; fixed rate at 4.20%	500,000	500,000
First issue of subordinated bank debentures in 2019; fixed rate at 1.10%; maturity: September 2026	500,000	500,000
First issue of subordinated bank debentures in 2019; fixed rate at 1.23%; maturity: September 2029	1,500,000	1,500,000
First issue of subordinated bank debentures in 2021; no maturity date and non-cumulative; redeemable at face value plus interest accrued under the approval of the authorities when the issue term is above 5.5 years; fixed rate at 1.92%	3,000,000	-
	$ 7,700,000	$ 7,200,000

30. PREFERRED STOCK LIABILITIES

	December 31	
	2021	2020
Preferred stock liabilities	$ 371,500	$ 524,000

On June 2, 2020, the board of directors of Union Energy Co., Ltd. approved to issue 37,150 shares of preferred stock. The face value of each stock is $10 dollars. The main terms and conditions of the preferred stock are the following:

a. Maturity: Preferred stock up to 20 years.

b. Interest: The annual interest rate is 5.0%, based on the price of each stock.

c. Dividend payment: Whereas Union Energy Co., Ltd. makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offset losses of previous years, and from the remaining profit set aside amount as legal reserve, and set aside or reverse special reserve in accordance with the laws and regulations, and distribute dividends to the preferred shareholders. Union Energy Co., Ltd. has the sole discretion on the distribution of dividends of preferred stocks, which includes but not limited to the discretion to resolve not to distribute dividends to the preferred shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferred stocks, or if the distribution of dividends of preferred stocks may cause Total Capital Adequacy Ratio to be less than the authority’s minimum requirement, or if there are other essential considerations. If Union Energy Co., Ltd. resolves not to distribute dividends to the preferred shareholders, the shareholders of preferred stock shall raise no objection. The unpaid dividend will not be carried forward to years with earnings. Dividends of preferred stocks if distributed will be in cash and in one payment in a year. After the shareholders, in their meeting, approved the appropriation of the earnings of the fiscal year as proposed by the board of directors and resolved to distribute from the earnings cash dividends, the board of directors sets the record date of preferred stock for payment of dividends. Dividend is calculated based on the proportion of the number of days that the stocks are issued in a fiscal year, starting from the date of issuance to the record date (or redemption date) of dividend. The amount of dividends distributed should be listed on the dividend statements.

d. Restrictions on payment of dividends to common shares: Except for the dividends prescribed in the preceding subparagraphs, the shareholders of preferred stock are not entitled to participate in the distribution of earnings or capital reserve as cash or stock dividends of ordinary shares.

e. Redemption: After 3, 6, 9, 12, 15 and 18 years from the issue date, Union Energy Co., Ltd. may, subject to the competent authority’s approval, redeem a portion or all of the outstanding shares of preferred stock at any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement. If the stockholders’ meeting approves the distribution of dividends in the year Union Energy Co., Ltd. redeems the outstanding shares of preferred stock, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

f. Preferred stock repurchase: Preferred stock cannot be sold by the holder of preferred stock.

g. Liquidation preference: In the event of liquidation the order of priority for the distribution of the earnings and assets due to the shareholders is first to common shareholders then to the preferred shareholders and not more than the issuance amount of outstanding shares of preferred stock.

h. Non-voting: Generally, the preferred shares do not assign voting rights to their holders. However, some preferred shares allow its holders to vote on extraordinary events.

i. Convertibility to common stock: Preferred shares may be converted to a predetermined number of common shares. Some preferred shares specify the date at which the shares can be converted, while others require approval from the board of directors for the conversion.

j. When Union Energy Co., Ltd. issues new shares in cash, the shareholders of preferred stock and the common stock shall be entitled to equivalent preemptive rights on the new shares.

Union Energy's preferred stock according to International Accounting Standards 32 "Financial Instruments: Presentation", the preferred stock classified as preferred stock liability.

Union Green Energy I Private Equity Limited Partnership acquired all of the Union Energy issued preferred stock.

On December 23, 2020, the boards of directors of Ting Jie Electric Power Inc. approved to issue 40,000 shares, respectively, of preferred stock. The face value of each stock is $10 dollars. The main terms and conditions of the preferred stock are the following:

a. Maturity: Perpetual.

b. Interest: The annual interest rate is 6.5%, based on the price of each stock.

c. Dividend payment: Whereas Ting Jie Electric Power Inc. make profit in a fiscal year, the profit shall be first utilized for paying taxes, offset losses of previous years, and from the remaining profit set aside amount as legal reserve, and set aside or reverse special reserve in accordance with the laws and regulations, and distribute dividends to the preferred shareholders. They have the sole discretion on the distribution of dividends of preferred stocks, which includes but not limited to the their discretion to resolve not to distribute dividends to the preferred shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferred stocks, or if the distribution of dividends of preferred stocks may cause Total Capital Adequacy Ratio to be less than the authority's minimum requirement, or if they have other essential considerations. If they resolve not to distribute dividends to the preferred shareholders, the shareholders of preferred stock shall raise no objection. The unpaid dividend will not be carried forward to years with earnings. Dividends of preferred stocks if distributed will be in cash and in one payment in a year. After the shareholders, in their meeting, approved the appropriation of the earnings of the fiscal year as proposed by the board of directors and resolved to distribute from the earnings cash dividends, the board of directors sets the record date of preferred stock for payment of dividends. Dividend is calculated based on the proportion of the number of days that the stocks are issued in a fiscal year, starting from the date of issuance to the record date (or redemption date) of dividend. The amount of dividends distributed should be listed on the dividend statements.

d. Restrictions on payment of dividends to common shares: Except for the dividends prescribed in the preceding subparagraphs, the shareholders of preferred stock are not entitled to participate in the distribution of earnings or capital reserve as cash or stock dividends of ordinary shares.

e. Redemption: After 5 years from the issue date, Ting Jie Electric Power Inc. may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock at any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement. If the stockholders' meeting approves the distribution of dividend in the year Ting Jie Electric Power Inc. redeems the outstanding shares of preferred stock, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

f. Preferred stock repurchase: Preferred stock cannot be sold by the holder of preferred stock.

g. Liquidation preference: In the event of liquidation the order of priority for the distribution of the earnings and assets due to the shareholders is first to common shareholders then to the preferred shareholders and not more than the issuance amount of outstanding shares of preferred stock.

h. Non-voting: Generally, the preferred shares do not assign voting rights to their holders. However, some preferred shares allow its holders to vote on extraordinary events.

i. Convertibility to common stock: Preferred shares may be converted to a predetermined number of common shares. Some preferred shares specify the date at which the shares can be converted, while others require approval from the board of directors for the conversion.

j. When Ting Jie Electric Power Inc. issue new shares in cash, the shareholders of preferred stock and the common stock shall be entitled to equivalent preemptive rights on the new shares.

Ting Jie Electric Power Inc. main terms and conditions of the preferred stock in 2020 are the following:

a. Maturity: Preferred stock up to 20 years.

b. Interest: The annual interest rate is 6.5%, based on the price of each stock.

c. Dividend payment: Whereas Ting Jie Electric Power Inc. make profit in a fiscal year, the profit shall be first utilized for paying taxes, offset losses of previous years, and from the remaining profit set aside amount as legal reserve, and set aside or reverse special reserve in accordance with the laws and regulations, and distribute dividends to the preferred shareholders. They have the sole discretion on the distribution of dividends of preferred stocks, which includes but not limited to the their discretion to resolve not to distribute dividends to the preferred shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferred stocks, or if the distribution of dividends of preferred stocks may cause Total Capital Adequacy Ratio to be less than the authority's minimum requirement, or if they have other essential considerations. If they resolve not to distribute dividends to the preferred shareholders, the shareholders of preferred stock shall raise no objection. The unpaid dividend will not be carried forward to years with earnings. Dividends of preferred stocks if distributed will be in cash and in one payment in a year. After the shareholders, in their meeting, approved the appropriation of the earnings of the fiscal year as proposed by the board of directors and resolved to distribute from the earnings cash dividends, the board of directors sets the record date of preferred stock for payment of dividends. Dividend is calculated based on the proportion of the number of days that the stocks are issued in a fiscal year, starting from the date of issuance to the record date (or redemption date) of dividend. The amount of dividends distributed should be listed on the dividend statements.

d. Restrictions on payment of dividends to common shares: Except for the dividends prescribed in the preceding subparagraphs, the shareholders of preferred stock are not entitled to participate in the distribution of earnings or capital reserve as cash or stock dividends of ordinary shares.

e. Redemption: After 5 years from the issue date, Ting Jie Electric Power Inc. may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock at any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement. If the stockholders' meeting approves the distribution of dividend in the year Ting Jie Electric Power Inc. redeems the outstanding shares of preferred stock, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

f. Preferred stock repurchase: Preferred stock cannot be sold by the holder of preferred stock.

g. Liquidation preference: In the event of liquidation the order of priority for the distribution of the earnings and assets due to the shareholders is first to common shareholders then to the preferred shareholders and not more than the issuance amount of outstanding shares of preferred stock.

h. Non-voting: Generally, the preferred shares do not assign voting rights to their holders. However, some preferred shares allow its holders to vote on extraordinary events.

i. Convertibility to common stock: Preferred shares may be converted to a predetermined number of common shares. Some preferred shares specify the date at which the shares can be converted, while others require approval from the board of directors for the conversion.

j. When Ting Jie Electric Power Inc. issue new shares in cash, the shareholders of preferred stock and the common stock shall be entitled to equivalent preemptive rights on the new shares.

On December 23, 2020, the boards of directors of Na He Yi Hau Electric Power Inc. approved to issue 12,400 shares, respectively, of preferred stock. The face value of each stock is $10 dollars. The main terms and conditions of the preferred stock are the following:

a. Maturity: Perpetual.

b. Interest: The annual interest rate is 6.5%, based on the price of each stock.

c. Dividend payment: Whereas Na He Yi Hau Electric Power Inc. make profit in a fiscal year, the profit shall be first utilized for paying taxes, offset losses of previous years, and from the remaining profit set aside amount as legal reserve, and set aside or reverse special reserve in accordance with the laws and regulations, and distribute dividends to the preferred shareholders. They have the sole discretion on the distribution of dividends of preferred stocks, which includes but not limited to the their discretion to resolve not to distribute dividends to the preferred shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferred stocks, or if the distribution of dividends of preferred stocks may cause Total Capital Adequacy Ratio to be less than the authority’s minimum requirement, or if they have other essential considerations. If they resolve not to distribute dividends to the preferred shareholders, the shareholders of preferred stock shall raise no objection. The unpaid dividend will not be carried forward to years with earnings. Dividends of preferred stocks if distributed will be in cash and in one payment in a year. After the shareholders, in their meeting, approved the appropriation of the earnings of the fiscal year as proposed by the board of directors and resolved to distribute from the earnings cash dividends, the board of directors sets the record date of preferred stock for payment of dividends. Dividend is calculated based on the proportion of the number of days that the stocks are issued in a fiscal year, starting from the date of issuance to the record date (or redemption date) of dividend. The amount of dividends distributed should be listed on the dividend statements.

d. Restrictions on payment of dividends to common shares: Except for the dividends prescribed in the preceding subparagraphs, the shareholders of preferred stock are not entitled to participate in the distribution of earnings or capital reserve as cash or stock dividends of ordinary shares.

e. Redemption: After 5 years from the issue date, Na He Yi Hau Electric Power Inc. may, subject to the competent authority’s approval, redeem a portion or all of the outstanding shares of preferred stock at any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement. If the stockholders’ meeting approves the distribution of dividend in the year Na He Yi Hau Electric Power Inc. redeems the outstanding shares of preferred stock, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

f. Preferred stock repurchase: Preferred stock cannot be sold by the holder of preferred stock.

g. Liquidation preference: In the event of liquidation the order of priority for the distribution of the earnings and assets due to the shareholders is first to common shareholders then to the preferred shareholders and not more than the issuance amount of outstanding shares of preferred stock.

h. Non-voting: Generally, the preferred shares do not assign voting rights to their holders. However, some preferred shares allow its holders to vote on extraordinary events.

i. Convertibility to common stock: Preferred shares may be converted to a predetermined number of common shares. Some preferred shares specify the date at which the shares can be converted, while others require approval from the board of directors for the conversion.

j. When Na He Yi Hau Electric Power Inc. issue new shares in cash, the shareholders of preferred stock and the common stock shall be entitled to equivalent preemptive rights on the new shares.

Na He Yi Hau Electric Power Inc. main terms and conditions of the preferred stock in 2020 are the following:

a. Maturity: Preferred stock up to 20 years

b. Interest: The annual interest rate is 6.5%, based on the price of each stock

c. Dividend payment: Whereas Na He Yi Hau Electric Power Inc. make profit in a fiscal year, the profit shall be first utilized for paying taxes, offset losses of previous years, and from the remaining profit set aside amount as legal reserve, and set aside or reverse special reserve in accordance with the laws and regulations, and distribute dividends to the preferred shareholders. They have the sole discretion on the distribution of dividends of preferred stocks, which includes but not limited to the their discretion to resolve not to distribute dividends to the preferred shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferred stocks, or if the distribution of dividends of preferred stocks may cause Total Capital Adequacy Ratio to be less than the authority’s minimum requirement, or if they have other essential considerations. If they resolve not to distribute dividends to the preferred shareholders, the shareholders of preferred stock shall raise no objection. The unpaid dividend will not be carried forward to years with earnings. Dividends of preferred stocks if distributed will be in cash and in one payment in a year. After the shareholders, in their meeting, approved the appropriation of the earnings of the fiscal year as proposed by the board of directors and resolved to distribute from the earnings cash dividends, the board of directors sets the record date of preferred stock for payment of dividends. Dividend is calculated based on the proportion of the number of days that the stocks are issued in a fiscal year, starting from the date of issuance to the record date (or redemption date) of dividend. The amount of dividends distributed should be listed on the dividend statements.

d. Restrictions on payment of dividends to common shares: Except for the dividends prescribed in the preceding subparagraphs, the shareholders of preferred stock are not entitled to participate in the distribution of earnings or capital reserve as cash or stock dividends of ordinary shares.

e. Redemption: After 5 years from the issue date, Na He Yi Hau Electric Power Inc. may, subject to the competent authority’s approval, redeem a portion or all of the outstanding shares of preferred stock at any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock shall continue as specified in the agreement. If the stockholders’ meeting approves the distribution of dividend in the year Ting Na He Yi Hau Electric Power Inc. redeems the outstanding shares of preferred stock, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

f. Preferred stock repurchase: Preferred stock cannot be sold by the holder of preferred stock.

g. Liquidation preference: In the event of liquidation the order of priority for the distribution of the earnings and assets due to the shareholders is first to common shareholders then to the preferred shareholders and not more than the issuance amount of outstanding shares of preferred stock.

h. Non-voting: Generally, the preferred shares do not assign voting rights to their holders. However, some preferred shares allow its holders to vote on extraordinary events.

i. Convertibility to common stock: Preferred shares may be converted to a predetermined number of common shares. Some preferred shares specify the date at which the shares can be converted, while others require approval from the board of directors for the conversion.

j. When Na He Yi Hau Electric Power Inc. issue new shares in cash, the shareholders of preferred stock and the common stock shall be entitled to equivalent preemptive rights on the new shares.

Ting Jie Electric Power Inc. and Na He Yi Hau Electric Power Inc. preferred stock according to International Accounting Standards 32 “Financial Instruments: Presentation”, the preferred stock are classified as equity. (See Note 36)

Union Green Energy Private Equity Limited Partnership acquired all of the Ting Jie Electric Power Inc. and Na He Yi Hau Electric Power Inc. preferred stock.

31. BONDS PAYABLE

	December 31	
	2021	**2020**
Overseas corporate bonds - secured	$ 1,047,276	$ 1,464,796

SSG15

To comply with the Japanese law, whenever SSG15 issues secured corporate bonds, UCSH must transfer more than half of the shares of common stock of SSG15 held by UCSH to the legal entity Ippam Shadan Hojin UCJ1 (ISH UCJ1) in order to establish bankruptcy isolation mechanism.

SSG15 issued five-year period secured corporate bonds with a face value of JPY2,200,000 thousand (NT$529,170 thousand) secured by investment property as a guarantee. The book value of the investment property was JPY3,787,112 thousand (NT$910,921 thousand). According to the contract, the issuance can be extended by one year, every quarter will pay the interest and installment of JPY11,000 thousand. The overseas corporate bonds - secured has the book value of JPY2,134,000 thousand (NT$513,295 thousand). The interest rates are as follows:

a. The first to fifth years: Base interest rate + 0.41%

Base rate: The Tokyo Swap Rate (TSR), six-month LIBOR-based 5-year JPY/JPY-interest swap rate displayed on page 17143 of the Telerate screen at 10:00 am (JST) on the day that is two business days before the issuance date.

b. The sixth year: Base interest rate + 1.41%

Base rate: The 3-month TIBOR (based on 365 days) displayed as the Japanese yen TIBOR as published by the JBA TIBOR Administration on page 17097 of the Telerate screen at 11:00 am JST on the day that is two business days before the interest payment date.

SSG12

SSG12 issued secured corporate bonds. KK must transfer more than half of the shares of common stock of SSG12 held by KK to the legal entity Ippam Shadan Hojin UCJ2 (ISH UCJ2) in order to establish bankruptcy isolation mechanism.

SSG12 issued five-year period secured corporate bonds with a face value of JPY1,920,000 thousand (NT$461,821 thousand) secured by investment property as a guarantee. The book value of the investment property was JPY3,778,759 thousand (NT$908,912 thousand). According to the contract, the issuance can be extended by one year. The interest rates are as follows:

a. The first to fifth years: Base interest rate + 0.45%

   Base rate: The five-year yen-yen swap rate displayed on Reuters Screen page 17143 as the index rate as of 10 a.m. Tokyo time two business days prior to the issue date.

b. The sixth year: Base interest rate + 0.45%

   Base rate: The three-month yen TIBOR published by JBA TIBOR Administration on page 17097 of the Telerate screen as of 11 a.m., Tokyo time two business days prior to the first day of each interest calculation period during the tail period.

In September 2021, SSG12 issued five-year period secured corporate bonds with a face value of JPY1,920,000 thousand (NT$461,821 thousand). TMK SSG12 has provided investment property as a guarantee. According to the contract, the issuance can be extended by one year. The interest rates are as follows:

a. The first to fifth years: Base interest rate + 0.5%

   Base rate: The five-year yen-yen swap rate displayed on Refinitiv Screen page 17143 as the index rate as of 10 a.m. Tokyo time two business days prior to the issue date.

b. The sixth year: Base interest rate + 0.5%

   Base rate: The three-month yen TIBOR published by JBA TIBOR Administration on page 17097 of the Telerate screen as of 11 a.m., Tokyo time two business days prior to the first day of each interest calculation period during the tail period.

SSG16

SSG16 issued secured corporate bonds. KK must transfer more than half of the shares of common stock of SSG16 held by KK to the legal entity Ippam Shadan Hojin UCJ2 (ISH UCJ2) in order to establish bankruptcy isolation mechanism.

SSG16 issued four-year period secured corporate bonds with a face value of JPY1,200,000 thousand (NT$288,638 thousand) secured by investment property as a guarantee. The book value of the investment property was JPY2,466,478 thousand (NT$593,267 thousand). Interest rate of the corporate bonds is base rate + 0.50% (base rate: The three-month yen TIBOR published by JBA TIBOR Administration on page 17097 of the Telerate screen as of 11 a.m., Tokyo time two business days prior to the first day of each interest calculation period during the tail period).

In September 2021, SSG16 issued four-year period secured corporate bonds with a face value of JPY300,000 thousand (NT$72,160 thousand). TMK SSG16 has provided investment property as a guarantee.

32. OTHER FINANCIAL LIABILITIES

	December 31 2021	December 31 2020
Commercial paper	$ 9,777,795	$ 7,304,800
Principal amounts of structured products	6,445	115,361
	$ 9,784,240	$ 7,420,161

33. PROVISIONS

	December 31 2021	December 31 2020
Reserve for losses on guarantees and loan commitment	$ 333,295	$ 216,360
Provisions for employee benefits	11,130	12,764
Others	38,263	39,650
	$ 382,688	$ 268,774

The Company has accrued an allowance for doubtful guarantees and loan commitments; the changes in allowance for doubtful accounts on guarantees and loan commitment for the years ended December 31, 2021 and 2020 were as follows:

	2021					
	12-month Expected-credit Losses	Lifetime Expected-credit Losses	Lifetime Expected-credit Losses (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under (Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans)	Total
Balance at January 1, 2019	$ 49,242	$ 1,666	$ 144	$ 51,052	$ 165,308	$ 216,360
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(71)	72	(1)	-	-	-
Credit-impaired financial assets	(93)	(5)	98	-	-	-
12-month ECL	696	(677)	(19)	-	-	-
Derecognition of financial assets in the current reporting period	(30,886)	(534)	(146)	(31,566)	-	(31,566)
New financial assets purchased or originated	41,367	1,303	195	42,865	-	42,865
Difference of impairment loss under regulations	-	-	-	-	105,701	105,701
Change in others	-	-	-	-	-	-
Change in exchange rates	(65)	-	-	(65)	-	(65)
Balance at December 31, 2019	$ 60,190	$ 1,825	$ 271	$ 62,286	$ 271,009	$ 333,295

	2020					
	12-month Expected-credit Losses	**Lifetime Expected-credit Losses**	**Lifetime Expected-credit Losses (Credit-impaired Financial Assets)**	**Impairment Loss under IFRS 9**	**Difference of Impairment Loss under (Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-accrual Loans)**	**Total**
Balance at January 1, 2019	$ 51,294	$ 3,753	$ 28,150	$ 83,197	$ 138,291	$ 221,488
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(99)	99	-	-	-	-
Credit-impaired financial assets	(182)	(17)	199	-	-	-
12-month ECL	1,170	(1,170)	-	-	-	-
Derecognition of financial assets in the current reporting period	(33,417)	(2,608)	(28,300)	(64,325)	-	(64,325)
New financial assets purchased or originated	30,763	1,609	95	32,467	-	32,467
Difference of impairment loss under regulations	-	-	-	-	27,017	27,017
Change in others	(159)	-	-	(159)	-	(159)
Change in exchange rates	(128)	-	-	(128)	-	(128)
Balance at December 31, 2019	$ 49,242	$ 1,666	$ 144	$ 51,052	$ 165,308	$ 216,360

34. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company (except for Union Finance International (HK) Limited) adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expenses recognized in profit or loss for 2021 and 2020 of $155,958 thousand and $162,125 thousand, respectively, were contributions payable to these plans by the Company at rates specified in the pension plan rules.

b. Defined benefit plans

The Company (except for Union Finance International (HK) Limited) adopted the defined benefit plan under the Labor Standards Law, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement.

The Company contributes a fixed proportion of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Company of Taiwan and in the Company's Business Department in the committee's name.

The fund is deposited in the Bank of Taiwan under management of Bureau of Labor Funds, Ministry of Labor. The Company has no right to influence the investment policy and strategy. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

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

	December 31	
	2021	**2020**
Present value of defined benefit obligation	$ (1,725,510)	$ (1,668,388)
Fair value of plan assets	1,899,748	1,841,695
Surplus (deficit)	174,238	173,307
Net defined benefit assets (liabilities)	$ 174,238	$ 173,307
Provisions - accrued retirement liabilities	$ (11,130)	$ (12,764)
Other assets - prepaid retirement	$ 185,368	$ 186,071

Movements in net defined benefit (liabilities) assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Total
Balance at January 1, 2021	$ (1,668,388)	$ 1,841,695	$ 173,307
Service cost	(12,575)	-	(12,575)
Current service cost	(6,380)	7,028	648
Net interest (expense)	(18,955)	7,028	(11,927)
Recognized in profit or loss			
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	126,990	126,990
Actuarial gain (loss) - changes in financial assumptions	(106,555)	-	(106,555)
Actuarial gain (loss) - experience adjustments	(20,148)	-	(20,148)
Recognized in other comprehensive income	(126,703)	126,990	287
Contributions from the employer	-	12,571	12,571
Benefits paid	88,536	(88,536)	-
Balance at December 31, 2021	$ (1,725,510)	$ 1,899,748	$ 174,238

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Total
Balance at January 1, 2020	$ (1,704,114)	$ 1,870,111	$ 165,997
Service cost			
Current service cost	(15,380)	-	(15,380)
Net interest (expense)	(11,965)	13,129	1,164
Recognized in profit or loss	(27,345)	13,129	(14,216)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	19,638	19,638
Actuarial gain (loss) - changes in financial assumptions	(59,172)	-	(59,172)
Actuarial gain (loss) - experience adjustments	47,216	-	47,216
Recognized in other comprehensive income	(11,956)	19,638	7,682
Contributions from the employer	-	13,844	13,844
Benefits paid	75,027	(75,027)	-
Balance at December 31, 2020	$ (1,668,388)	$ 1,841,695	$ 173,307

(Concluded)

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

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

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

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

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

	December 31	
	2021	2020
Discount rate	0.475%-0.501%	0.301%-0.383%
Expected rates of future salary increase	1.5%-3.25%	1.5%-2.5%

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

	December 31	
	2021	**2020**
Discount rate(s)		
0.25% increase	$ (45,199)	$ (44,231)
0.25% decrease	$ 46,890	$ 45,941
Expected rate(s) of salary increase		
0.25% increase	$ 45,528	$ 44,263
0.25% decrease	$ (44,104)	$ (42,831)

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

	December 31	
	2021	**2020**
The expected contributions to the plan for the next year	$ 12,970	$ 14,168
The average duration of the defined benefit obligation	8-13 years	9-15 years

c. Retirement benefits plans of Union Finance International (HK) Limited

Union Finance International (HK) Limited has a defined contribution plan under foreign standards and regulations and is thus not covered by the Labor Pension Act and the Labor Standards Law. Its pension costs were $74 thousand in 2021 and $78 thousand in 2020.

35. OTHER LIABILITIES

	December 31	
	2021	**2020**
Guarantee deposits received	$ 2,568,691	$ 2,438,297
Advance receipts	944,611	1,040,272
Others	83,900	111,142
	$ 3,597,202	$ 3,589,711

36. EQUITY

a. Capital stock

Common stock

	December 31	
	2021	**2020**
Number of shares authorized (in thousands)	4,500,000	4,500,000
Amount of shares authorized	$ 45,000,000	$ 45,000,000
Number of shares issued and fully paid (in thousands)	3,295,219	3,093,369
Amount of shares issued	$ 32,952,187	$ 30,933,688

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

Preferred stock

Due to the capital needs of the Bank for future long-term business development and operational scale expansion, the Bank's shareholders approved and authorized the board of directors to issue ordinary shares or special shares for domestic cash capital increase (one or both, as appropriate) in accordance with the provisions of the Articles of Incorporation or the relevant laws and regulations, in order to raise the long-term funds. The total funds to be raised through issuing new shares as authorized this time shall not be more than NT$10 billion (inclusive) as the principle. The number of shares for issue shall not be more than 800,000,000 shares (inclusive) as the principle. On June 28, 2017, the Banks's board of directors resolved to issue preferred stock - A totaling 200,000 thousand shares, with a par value of NT$10, at NT$50 per share in the total amount of NT$10,000,000 thousand on December 28, 2017. The issuance of shares has been approved by the FSC under Order No. 1060033586 issued on September 1, 2017.

On October 24, 2017, the capital from issue of preferred stock - A amounted to NT$10,000,000 thousand. The preferred stock - A was listed on Taiwan Stock Exchange on December 1, 2017.

The rights and other important conditions of issuance of the preferred stock - A are as follows:

1) Tenor: Perpetual.

2) Dividend yield: An annual dividend yield is set at 4.8% (5-year IRS 0.89125%+3.90875%) per annum of the issue price at the pricing day. The 5-year IRS will be reset on the next business day after each fifth and half anniversary day after issuance thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 5-year IRS rate is the arithmetic mean of 5-year IRS rates appearing on Reuters pages "PYTWDFIX" and "COSMOS3" at 11:00 a.m. (Taipei time) on the relevant pricing date for reset. If such rate cannot be obtained, the Bank will determine the rate based on reasonable market price with good faith.

3) Dividend payment: Whereas the Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, offset losses of previous years, and from the remaining profit set aside amount as legal reserve, and set aside or reverse special reserve in accordance with the laws and regulations, and distribute dividends to the preferred shareholders. The Bank has the sole discretion on the distribution of dividends of preferred stocks - A, which includes but not limited to the Bank's discretion to resolve not to distribute dividends to the preferred shareholders if there is no surplus, or if earnings in the fiscal year are insufficient to fully pay off dividends to the shareholders of the preferred stocks, or if the distribution of dividends of preferred stocks may cause Total Capital Adequacy Ratio to be less than the authority's minimum requirement, or if the Bank has other essential considerations. If the Bank resolves not to distribute dividends to the preferred shareholders, the shareholders of preferred stock - A shall raise no objection. The unpaid dividend will not be carried forward to years with earnings. The stock dividends of preferred stocks - A are distributed by cash in one payment annually. After the shareholders, in their meeting, approved the appropriation of the earnings of the fiscal year as proposed by the board of directors and resolved to distribute from the earnings cash dividends, the board of directors sets the record date of preferred stock - A for payment of dividends. Dividend is calculated based on the proportion of the number of days that the stocks are issued in a fiscal year, starting from the date of issuance to the record date (or redemption date) of dividend. The amount of dividends distributed should be listed on the dividend statements.

4) Restrictions on payment of dividends to common shares: Except for the dividends prescribed in the preceding subparagraphs herein, the shareholders of preferred stock - A are not entitled to participate in the distribution of cash or stock dividends with regard to the ordinary shares derived from earnings or capital reserves.

5) Redemption: After 5.5 years from the issue date, the bank may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock - A at any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock - A shall continue as specified herein. If the stockholders' meeting approves the distribution of dividends in the year the Bank redeems the outstanding shares of preferred stock - A, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year to the redemption date to total days in a fiscal year.

6) Liquidation preference: In the event of liquidation, except when the competent authority assigned officials to take receivership over the Bank, order the Bank to suspend and wind up business, or liquidate the Bank, in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", the order of priority for the distribution of the earnings and assets of the shareholders of preferred stock - A is the same as that of a common stockholder, the shareholders of preferred stock - A shall be given priority to claim on the Bank's remaining assets over the shareholders of common stocks, and equal to shareholders of other preferred stock issued by the Bank, but subordinate to the holders of Tier 2 capital, depositors, and other general creditors, and not more than the issuance amount of outstanding shares of preferred stock - A.

7) Voting rights or election rights: The shareholders of preferred stock - A are not entitled to any voting rights or election rights in shareholders' meeting. However, they may vote in preferred stock - A shareholders' meetings and in general shareholder meetings with regard to agenda items concerning rights and obligations of the shareholders of preferred stock - A.

8) Preferred stock - A shall not be converted into common stocks. The shareholders of the preferred stocks shall not require the Bank to redeem the rights of the preferred stocks - A.

9) When the bank issues new shares in cash, the shareholders of preferred stock - A and the common stock shall be entitled to equivalent preemptive rights on the new shares.

b. Capital surplus

	December 31	
	2021	**2020**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of preference shares	$ 8,000,000	$ 8,000,000
Treasury stock transactions	32,413	32,413
Issuance of ordinary shares	13,281	7,622
May only be used to offset a deficit		
Changes in percentage of ownership interests in subsidiaries (2)	659	-
Share of changes in capital surplus of associates or joint ventures	5,631	-
	$ 8,051,984	$ 8,040,035

1) The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of ordinary shares and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital limited to a certain percentage of the Company's capital surplus and to once a year.

2) The capital surplus from not acquire or sell the subsidiaries, only changes in percentage of ownership interests in subsidiaries.

c. Legal reserve

Legal reserve should be appropriated until it equals the Company's paid-in-capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of its paid-in capital, the excess may be transferred to capital or distributed in cash. In addition, based on the Banking Act, if the legal reserve is less than the Company's paid-in capital, the amount that may be distributed in cash should not exceed 15% of the Company's paid-in-capital.

d. Special reserve

Items referred to under Rule No. 1010012865, Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Bank.

If a special reserve appropriated on the first-time adoption of IFRSs relates to investment properties other than land, the special reserve may be reversed continuously over the period of use. The special reserve relating to land may be reversed on the disposal or reclassification of the related assets.

The above special reserve may be used to offset a deficit; if the reserve has reached at least 50% of the paid-in capital, half of this special reserve may be capitalized.

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. Since 2017, the Company is allowed to reverse the special reserve at the amount of the costs of employee transfer and arrangement in connection with the development of financial technology.

According to Order No. 1010012865 and No. 10510001510 issued by FSC that should appropriate special reserves.

	December 31	
	2021	**2020**
Balance at January 1	$ 627,440	$ 627,440
Special reserves appropriated	-	-
Balance at December 31	$ 627,440	$ 627,440

e. Retained earnings and dividend policy

If the Bank has made a profit at the end of the fiscal year, in addition to paying income tax in accordance with the law, losses from prior years should first be compensated, then 30% shall be provided as legal reserve. Special reserve may also be provided in accordance with the law or as required for business. The remaining amount together with the accumulated undistributed profit from the previous year shall be subject to a profit distribution proposal prepared by the board of directors and shall be submitted to the shareholders' meeting for a resolution on the distribution of shareholders' dividends and bonuses.

When distributing the surplus of the preceding paragraph, the statutory surplus reserve and the capital reserve by way of issuing new shares, the shareholders' meeting will be held to make a special resolution; the cash assignor is authorized to distribute the surplus by the board of directors with more than two-thirds of the directors attending and resolution of more than half of the directors, and a report of such distribution should be submitted in the shareholders' meeting.

When distributing the surplus of the preceding paragraph, the statutory surplus reserve and the capital reserve by way of issuing new shares, the shareholders' meeting will be held to make a special resolution; the cash assignor is authorized to distribute the surplus by the board of directors with more than two-thirds of the directors attending and resolution of more than half of the directors, and a report of such distribution should be submitted in the shareholders' meeting. The dividends and bonuses under the first paragraph shall be distributed in cash or stock, as determined by the board of directors based on the financial status at the time, future profitability status and capital budget planning of the Bank. In principle, if the ratio between the Bank's own capital and risky assets after distribution will be lower than the ratio stipulated by the competent authority by 1%, issuance of stock dividend may be given priority; before the level of capital reserve reaches the amount of total capital, profit distribution in cash shall not exceed 15% of the total capital.

The appropriations from the earnings of 2020 and 2019 were approved in stockholders' meetings on July 20, 2021 and May 28, 2020, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2020	**2019**	**2020**	**2019**
Legal reserve	$ 1,041,070	$ 1,007,837		
Cash dividends on ordinary shares	-	288,446	$ -	$ 0.1
Stock dividends on ordinary shares	1,951,916	2,019,119	0.631	0.7
Cash dividends on preference shares	480,000	480,000	2.4	2.4

The appropriations from the 2020 earnings were proposed by the board of directors on March 7, 2022. The appropriations, including the dividends per share, were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 1,665,178	
Dividends on ordinary shares	3,410,551	$ 1.035
Cash dividends on preference shares	480,000	2.40

The appropriation of earnings for 2021 will be approved in stockholders' meeting to be held on May 27, 2022.

f. Other equity items

1) Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ (1,091,223)	$ (604,632)
Exchange differences arising on translation the foreign operations	(681,737)	(608,239)
Income tax on exchange differences on translation of the net assets of foreign operations	136,347	121,648
Balance at December 31	$ (1,636,613)	$ (1,091,223)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2021	2020
Balance at January 1 (IFRS 9)	$ 6,942,293	$ 5,289,524
Generated this year		
Unrealized gain (loss)		
Debt instruments	(562,750)	1,040,127
Equity instruments	2,345,943	669,515
Adjustments to loss allowance for debt instruments	9,412	(19,120)
Disposal of debt instruments	(365,267)	(15,371)
Other comprehensive income for the year	1,427,338	1,675,151
Accumulated gain (loss) transferred to retained earnings from disposal of equity instruments at FVTOCI	(1,086,597)	(22,382)
Balance at year-end	$ 7,283,034	$ 6,942,293

g. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Balance at January 1	$ 1,577	$ 1,578
Attributed to non-controlling interests		
Share of profit for the year	(372)	(204)
Unrealized gains (losses) on investments in equity instruments at fair value through gains or losses	5	3
Remeasurement of defined benefit plans	2	-
Preferred stock liabilities converted to preferred stock (Note 30)	524,000	-
Subsidiaries’ cash dividends	(90)	-
Changes in equity interests in subsidiaries (Note)	(659)	-
Acquisition of non-controlling interests (Note 56)	205,295	200
Balance at December 31	$ 729,758	$ 1,577

Note: The Company did not increase the equity interest in Na He Yi Hau Electric Power Inc. on August 10, 2021; therefore, the Company’s equity interest changed from 99.93% to 90%, but this did not change the Company’s control on Na He Yi Hau Electric Power Inc. The Company continued to use equity method.

37. NET INTEREST

	For the Year Ended December 31	
	2021	2020
Interest revenue		
Discounts and loans	$ 8,460,323	$ 8,044,959
Credit card	797,944	834,266
Due from the Central Bank and call loans to other banks	68,667	152,751
Securities purchased under resell agreements	117,445	221,157
Investments in debt instruments at amortized cost	915,222	1,621,720
Financial assets at fair value through other comprehensive income	1,143,472	958,260
Others	132,526	90,371
	11,635,599	11,923,484
Interest expense		
Deposits	2,463,307	3,161,086
Securities sold under repurchase agreements	170,790	256,508
Bank debentures	153,584	571,777
Due to Chunghwa Post Co., Ltd.	32,687	39,340
Others	153,560	253,713
	2,973,928	4,282,424
	$ 8,661,671	$ 7,641,060

38. COMMISSION AND FEE REVENUE, NET

	For the Year Ended December 31	
	2021	2020
Commission and fee revenue		
Credit cards and debit cards	$ 2,274,714	$ 1,596,191
Insurance commission	707,506	638,744
Trust business	667,902	572,023
Loan business	412,868	350,161
Interbank service fee	127,559	117,207
Underwriting business	126,536	104,690
Guarantee business	98,507	88,911
Others	220,092	247,963
	4,635,684	3,715,890
Commission and fee expense		
Credit card	684,013	658,125
Verification of credit	36,106	39,014
Interbank service fee	28,576	28,786
Acquiring liquidation deal	736,739	15,256
Others	95,878	154,236
	1,581,312	895,417
	$ 3,054,372	$ 2,820,473

39. GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31	
	2021	2020
Realized gain or loss on financial assets at fair value through profit or loss		
Currency swap contracts	$ 143,893	$ 512,717
Foreign exchange forward contracts	25,667	37,061
Commercial papers	15,538	14,104
Beneficiary securities and shares	714,927	17,769
Option contracts	1,471	1,769
Government bonds	(2,535)	8,046
Corporate bonds	41,526	81,411
Dividend revenue	54,010	54,801
Interest revenue	191,752	245,917
Principal guaranteed notes	9,774	11,725
Cross-currency swap contracts	-	16,175
Futures exchange margins	3,066	(1,406)
	1,199,089	1,000,089
Unrealized gain or loss on financial assets at fair value through profit or loss		
Derivative financial assets and liabilities	(628,007)	805,279
Beneficiary securities and shares	22,990	(26,987)
Commercial paper	(598)	(6,922)
Government bonds and corporate bonds	(4,427)	(444)
Futures exchange margins	76	-
	(609,966)	770,926
	$ 589,123	$ 1,771,015

40. REALIZED GAIN ON FINANCIAL ASSETS AT FVTOCI

	For the Year Ended December 31	
	2021	2020
Dividend revenue	$ 528,470	$ 403,377
Net income on disposal - debt instruments	365,267	15,371
	$ 893,737	$ 418,748

41. IMPAIRMENT LOSS (REVERSAL OF LOSS)

	For the Year Ended December 31	
	2021	2020
Debt instruments at FVTOCI	$ (11,122)	$ 14,349
Financial assets at amortized cost	(11,357)	107,760
Foreclosed collateral	717	6,751
Investments accounted for using the equity method	(132,193)	-
	$ (153,955)	$ 128,860

42. SALARY AND BENEFITS OF EMPLOYEES

	For the Year Ended December 31	
	2021	2020
Salaries and wages	$ 2,604,472	$ 2,541,877
Bonus	1,069,781	865,683
Pension		
Defined contribution plans	156,032	162,203
Defined benefit plans	11,927	14,216
Labor insurance and national health insurance	344,288	318,376
Others	115,194	63,527
	$ 4,301,694	$ 3,965,882

The Bank accrued compensation of employees and remuneration of directors at the rates of between 1% and 5% and no higher than 0.1%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2021 and 2020 which have been approved by the Company's board of directors on March 7, 2022 and March 10, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Compensation of employees	1.84%	1.84%
Remuneration of directors	0.09%	0.09%

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash	Share	Cash	Share
Compensation of employees	$ -	$ 96,846	$ -	$ 72,242
Remuneration of directors and supervisors	4,737	-	3,534	-

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

The number of shares of the compensation of employees, which was determined by dividing the amount of the compensation of employees resolved for 2021 and 2020 by $13.45 and $10.85, respectively, which is the closing price per share on the day immediately preceding the meeting of the Company's board of directors was 7,200 thousand shares and 6,658 thousand shares for 2021 and 2020, respectively.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

43. DEPRECIATION AND AMORTIZATION

	For the Year Ended December 31	
	2021	2020
Assets leased	$ 1,716,981	$ 1,645,757
Property and equipment	304,400	273,570
Investment properties	45,346	47,759
Intangible assets	93,295	81,097
Right-of-use assets	477,566	444,225
	$ 2,637,588	$ 2,492,408

44. OTHER OPERATING EXPENSES

	For the Year Ended December 31	
	2021	2020
Advertisement	$ 957,885	$ 1,034,289
Taxation and government fee	736,859	668,675
Outsourcing service	369,306	339,905
Postage/cable charge	250,473	267,644
Rental	201,742	196,119
Computer operating	196,256	185,607
Maintenance charge	161,066	149,368
Deposit insurance	157,217	181,436
Others	702,619	716,814
	$ 3,733,423	$ 3,739,857

45. INCOME TAX

a. Income tax recognized in profit or loss

The main components of income tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
Current year	$ 733,498	$ 507,413
Additional income tax on unappropriated earnings	-	1,516
Prior year's adjustments	(1,190)	(7,953)
	732,308	500,976
Deferred tax		
Current year	14,540	(806)
Income tax expense recognized in profit or loss	$ 746,848	$ 500,170

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

	For the Year Ended December 31	
	2021	**2020**
Income before tax	$ 5,210,244	$ 3,941,675
Income tax expense at the 20% statutory rate	$ 1,049,966	$ 785,117
Tax-exempt income	(688,565)	(469,482)
Nondeductible expenses in determining taxable income	17,682	19,751
Additional income tax under the Alternative Minimum Tax Act	278,096	57,631
Unrecognized deductible temporary differences	43,332	6,824
Additional income tax on unappropriated earnings	-	1,516
Other permanent differences	42,450	56,171
Effect of change in tax rate	5,077	50,595
Adjustments for prior year's tax	(1,190)	(7,953)
Income tax expense recognized in profit or loss	$ 746,848	$ 500,170

For the subsidiaries, the income tax rate in Hong Kong is 16.5%; in Japan 30%, and in Singapore 17%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	**2020**
Deferred tax		
Recognized in other comprehensive income:		
Exchange differences on the translation of financial statements of foreign operations	$ 136,347	$ 121,648
Unrealized gain or loss on financial assets at fair value through other comprehensive income	34,546	(107,125)
Actuarial gains and losses on defined benefit plans	(57)	(1,536)
Total income tax expenses (benefit) recognized in other comprehensive income	$ 170,836	$ 12,987

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Impairment loss of financial instruments	$ 34,000	$ (34,000)	$ -	$ -	$ -
Exchange difference on translation of foreign operations	269,884	-	136,347	-	406,231
Employee benefit plan	178,870	(62)	(264)	-	178,544
Allowance for possible losses and reserve for losses on guarantees	94,618	(2,295)	-	-	92,323
Investment properties	135,389	(1,928)	-	-	133,461
Others	79,717	35,556	-	-	115,273
	$ 792,478	$ (2,729)	$ 136,083	$ -	$ 925,832
Deferred tax liabilities					
Temporary differences					
Financial assets at fair value through other comprehensive income	$ (1,103,246)	$ -	$ 34,546	$ -	($ 1,068,700)
Amortization of goodwill impairment loss	(397,061)	-	-	-	(397,061)
Others	(196,628)	(11,811)	207	(1,433)	(209,665)
	$ (1,696,935)	$ (11,811)	$ 34,753	$ (1,433)	$ (1,675,426)

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Temporary differences					
Impairment loss of financial instruments	$ 42,700	$ (8,700)	$ -	$ -	$ 34,000
Exchange difference on translation of foreign operations	148,236	-	121,648	-	269,884
Employee benefit plan	175,694	2,284	892	-	178,870
Allowance for possible losses and reserve for losses on guarantees	81,728	12,890	-	-	94,618
Investment properties	137,317	(1,928)	-	-	135,389
Others	113,246	(33,529)	-	-	79,717
	$ 698,921	$ (28,983)	$ 122,540	$ -	$ 792,478
Deferred tax liabilities					
Temporary differences					
Financial assets at fair value through other comprehensive income	$ (996,121)	$ -	$ (107,125)	$ -	$ (1,103,246)
Amortization of goodwill impairment loss	(397,061)	-	-	-	(397,061)
Others	(224,019)	29,789	(2,428)	30	(196,628)
	$ (1,617,201)	$ 29,789	$ (109,553)	$ 30	$ (1,696,935)

d. Information on loss carryforwards

The Company’s loss carryforwards as of December 31, 2021 were as follows:

	Unused Amount	Expiry Year
Union Finance International (HK) Limited	$ 92,072	N/A
Tianji Smart Energy	$ 27,602	2030
Na He Yi Hau Electric Power Inc.	$ 827	2031
Tinje electric power	$ 258	2031
Union Information Technology	$ 550	2031
Union Energy	$ 608	2031

e. Income tax assessments

	Examined and Cleared
Union Bank of Taiwan	Through 2018
Union Finance and Leasing International	Through 2019
Union Information Technology	Through 2020
Union Securities Investment Trust Corporation	Through 2019
Union Venture Capital	Through 2019
Tianji Smart Energy	Through 2019

46. EARNINGS PER SHARE

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	$ 1.21	$ 0.90
Diluted earnings per share	$ 1.21	$ 0.90

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

Net Profit for the Period

	For the Year Ended December 31	
	2021	2020
Net profit	$ 4,463,768	$ 3,441,709
Less: Dividends on preference shares	(480,000)	(480,000)
Earnings used in the computation of basic earnings per share	$ 3,983,768	$ 2,961,709
Earnings used in the computation of diluted earnings per share	$ 3,983,768	$ 2,961,709

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

	For the Year Ended December 31	
	2021	2020
Weighted average number of ordinary shares used in the computation of basic earnings per share	3,293,978	3,287,237
Effect of potentially dilutive ordinary shares		
Compensation or bonuses of employees	8,362	8,059
Weighted average number of ordinary shares used in the computation of diluted earnings per share	3,302,340	3,295,296

If the Company offered to settle the compensation or bonuses paid to employees in cash or shares, the Company 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.

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on September 7, 2021. The basic and diluted earnings per share were both adjusted from $0.96 to $0.90 for the year ended December 31, 2020.

47. RELATED-PARTY TRANSACTIONS

In addition to those disclosed in other footnotes, significant transactions between the Company and related parties are summarized as follows:

a. Related parties and their relationships with the Company

Related Party	Relationship with the Company
Union Real-Estate Management Corporation	Associates
LINE BIZ+ Taiwan, Ltd. (LINE PAY)	Associates
Hung-Kou Construction Inc., Ltd. (Hung-Kou)	Related party in substance
The Liberty Times Co., Ltd. (Liberty Times)	Related party in substance
Long Shan Lin Corporation	Related party in substance
Yong-Xuan Co., Ltd. (Yong-Xuan)	Related party in substance
Union Enterprise Construction Co., Ltd. (UECC)	Related party in substance
Yu-Pang Co., Ltd. (Yu-Pang)	Related party in substance
Lianhe Investment Co., Ltd.	Related party in substance
Union Recreation Enterprise Corporation	Related party in substance
Union Optronics Co., Ltd. (Union Optronics)	Related party in substance
Hi-Life International Co., Ltd.	Related party in substance
RFD Micro Electricity Co., Ltd.	Related party in substance
Securities Investment Trust Funds	Issued by Union Securities Investment Trust
Union Green Energy Private Equity Limited Partnership	Union Private Equity Co., Ltd. and UFLIC are general partner and limited partner, respectively
Union Green Energy I Private Equity Limited Partnership	Union Private Equity Co., Ltd. is general partner
Others	Directors, managers, and their relatives and affiliates

b. Significant transactions with related parties:

1) Loans

December 31, 2021

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2021	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction with Those for Unrelated Parties
				Normal Loans	Nonper-forming Loans		
Consumer loans	20	$ 14,471	$ 8,817	$ 8,817	$ -	Land, buildings and cars	None
Self-used housing mortgage loans	56	139,132	91,391	91,391	-	Real estate	None
Others	11	22,257	13,841	13,841	-	Land and buildings	None

December 31, 2020

Type	Account Volume or Name	Highest Balance in the Year Ended December 31, 2020	Ending Balance	Loan Classification		Collaterals	Differences in Terms of Transaction with Those for Unrelated Parties
				Normal Loans	Nonper-forming Loans		
Consumer loans	20	$ 16,372	$ 9,649	$ 9,649	$ -	Land, buildings and cars	None
Self-used housing mortgage loans	56	171,171	88,730	88,730	-	Real estate	None
Others	6	12,384	11,396	11,396	-	Land and buildings	None

	December 31		Interest Revenue		
	Amount	%	Rate	Amount	%
2021	$ 114,049	0.02	1.09%-3.20%	$ 1,842	0.02
2020	109,775	0.03	1.15%-3.00%	2,164	0.02

2) Deposits

	December 31		Interest Expense		
	Amount	%	Rate (Note)	Amount	%
2021	$ 9,743,185	1.45	0%-3.22%	$ 22,541	0.76
2020	12,060,316	1.99	0%-4.80%	31,353	0.73

3) Guarantees and letters of credit

December 31, 2021

Name	Highest Balance in the Year Ended December 31, 2021	Ending Balance	Balance of Guarantees and Letters of Credit (Note)	Rate	Collateral
Union Recreation Enterprise Corporation	$ 33,846	$ 14,530	$ -	0.5%-1%	Time deposits
The Liberty Times Co., Ltd.	2,337	2,437	-	0.05%	Time deposits
Long Shan Lin Corporation	71,040	71,040	-	0.5%	Time deposits
Hi-Life International Co., Ltd.	20,300	19,800	-	0.4%	Time deposits

December 31, 2020

Name	Highest Balance in the Year Ended December 31, 2020	Ending Balance	Balance of Guarantees and Letters of Credit (Note)	Rate	Collateral
Union Recreation Enterprise Corporation	$ 19,316	$ 19,316	$ -	0.50%	Time deposits
The Liberty Times Co., Ltd.	2,517	-	-	-	Time deposits
Long Shan Lin Corporation	71,040	71,040	-	0.50%	Time deposits
Hi-Life International Co., Ltd.	20,300	20,300	-	0.40%	Time deposits

Note: Reserve for guarantee loss is provided on the basis of the estimated unrecoverable amount.

4) Leases

Under operating lease agreements with terms of one year to five years, the Company rents office spaces from related parties for use by the Company's Head Office, Trust, International Banking Department, Wealth Management, Information Technology Department, Consumer Banking Department, Insurance Agency Department, Credit Card Department, Northern Collaterals Appraisal Center, five branches, USITC, UFLIC and UIT. Rentals are paid quarterly or are taken from lease deposits. Rental expenses and lease deposits were as follows:

	Lease Deposit (Part of Other Assets)		Lease Liabilities	
	Amount	%	Amount	%
2021				
Yu-Pang	$ 461,141	18.49	$ 43,334	2.29
Hung-Kuo	219,464	8.80	332,180	17.54
Yong-Xuan	17,626	0.71	124,764	6.59
UECC	4,772	0.19	44,175	2.33
2020				
Yu-Pang	461,141	20.52	58,225	3.38
Hung-Kuo	219,465	9.76	407,013	23.62
Yong-Xuan	16,494	0.73	192,338	11.16
UECC	4,651	0.21	56,146	3.26

The Bank rented space to install an ATM of Hi-life International Corporation, the rent expense was $70 thousand in 2021 and $65 thousand in 2020. Rental payable as December 31, 2021 and 2020 were both $5 thousand.

5) Financial assets at fair value through profit or loss

The Company wants to applied the fund more efficiency and participate in the investment of green energy development. Therefore, Union Private Equity Co., Ltd. has established Union Green Energy Private Equity Limited Partnership on December 2020, and invested $20 thousand as a general partner and the other general partner is UFLIC. The total investment is $536,046 thousand on December 31, 2021.

In June 2021, as general partner, Union Private Equity Co., Ltd. raised Union Green Energy I Private Equity Limited Partnership; the total investment was $4,948 thousand as of December 31, 2021.

Union Private Equity Co., Ltd. charged management fee from Union Green Energy Private Equity Limited Partnership and Union Green Energy I Private Equity Limited Partnership; at December 31, 2021 the amount was $10,597 thousand and $3,650 thousand, respectively.

As of December 31, 2021 and 2020, the UFLIC had purchased $7,663 thousand and $6,968 thousand units of beneficiary certificates issued by USITC, which amounted to $123,295 thousand and $127,847 thousand, respectively.

6) LINE PAY provided the use of its consumer platform to the Bank. The maintenance fees of the platform was $30,166 thousand and $25,252 thousand, respectively in 2021 and 2020.

7) LINE PAY provided the credit card bonus points and cooperative marketing activities to the Bank. The advertising fee was $711,056 thousand and $695,168 thousand, respectively in 2021 and 2020.

8) Hi-Life provided the commodity bonus exchange and marketing activities to the Bank. The advertising fees were $601 thousand and $867 thousand in 2021 and 2020, respectively.

9) RFD Micro Electricity Co., Ltd provided the Company with solar power plant construction and solar power plant maintenance service. As of December 31, 2021 and 2020, the Company has paid $955,035 thousand and $1,907,025 thousand, respectively. For the maintenance service, the Company paid $19,681 thousand on December 31, 2021.

10) In order to build the solar power plant, Na He Yi Hau Electric Power Inc. has issued commercial paper with International Bills Finance Corporation as guarantor. The total credit was $1,130,000 thousand with endorsement from Union Venture Capital Co., Ltd and Union Energy Co., Ltd. As of December 31, 2021 and 2020, commercial paper payable was $242,000 thousand and $67,000 thousand, respectively, and the rate was 0.692% for both.

Under the Banking Law, except for consumer and government loans, credits extended by the Bank to any related party should be fully secured, and the credit terms for related parties should be similar to those for unrelated parties.

For transactions between the Bank and related parties, the terms are similar to those transacted with third parties, except for the preferential interest rates offered to Bank employees for savings and loans within prescribed amounts.

c. Compensation of directors, supervisors and management personnel:

	For the Year Ended December 31	
	2021	**2020**
Short-term employment benefits		
Salaries	$ 49,434	$ 47,313
Transportation expenses	1,483	1,365
Other	241	17
	51,158	48,695
Post-employment benefits	3,400	3,554
	$ 54,558	$ 52,249

Compensation of directors and management personnel is determined by the remuneration committee on the basis of individual performance and market trends.

48. PLEDGED ASSETS

a. As of December 31, 2021 and 2020, the Bank deposit of $7,000,000 and $5,000,000 in Central Bank Reserve Account, for undertaking the loan facility to help small and medium sized companies hit by the COVID-19 pandemic.

b. As of December 31, 2021 and 2020, government bonds and bank debentures, which amounted to $343,105 thousand and $293,305 thousand (all amounts included in other financial assets), respectively, had been provided to the courts and the Bank of Taiwan as guarantee deposits on provisional seizures against the debtors' properties, as reserve for credit card receivables, as guarantee deposits on bills finance operations, brokering life insurance, property and casualty insurance, and as trust reserve.

c. As of December 31, 2021 and 2020, the Bank pledged a time deposit of both $1,100,000 thousand (part of other financial assets) to Mega International Commercial Bank and Mizuho Bank to be part of the latter's online bank-to-bank payment system.

d. The following assets of the Company had been used as collaterals to apply for loans, issue commercial papers and apply for provisional seizure of certain assets:

	December 31	
	2021	2020
Other financial assets		
Pledge assets	$ 94,711	$ 77,781
Investment property	$ 2,413,101	$ 2,765,969

e. As of December 31, 2021 and 2020, notes receivable (not expired) amounting to $574,800 thousand and $504,173 thousand had been used as collaterals to apply for loans and issue commercial papers, respectively.

49. CONTINGENCIES AND COMMITMENTS

a. As of December 31, 2021 and 2020, the Company's commitments consisted of the following:

	December 31	
	2021	2020
Irrevocable standby loan commitment	$ 135,636,198	$ 124,910,213
Unused credit card commitment	288,563,204	290,942,911
Unused letters of credit	1,874,481	1,012,925
Other guarantees	18,796,924	15,593,398
Collections for customers	19,990,165	24,196,089
Guarantee notes payable	1,417,100	1,377,300
Trust assets	93,973,952	85,935,248
Marketable securities under custody	5,274,541	4,985,682

b. The duration of leasing cars (included in other assets) is about 1 to 3 years.

Minimum future annual rentals are as follows:

	December 31 2021	December 31 2020
Within 1 year	$ 1,994,779	$ 1,884,198
Over 1 year to 5 years	2,117,112	1,954,589
	$ 4,111,891	$ 3,838,787

c. Computer equipment purchase contracts

As of December 31, 2021 and 2020, the Company had contracts to buy computer equipment and software for $174,876 thousand and $191,419 thousand, respectively, of which $104,871 thousand and $110,133 thousand had been paid as of December 31, 2021 and 2020, respectively.

d. Union Securities Investment Trust Corporation (USITC)

The private equity funds managed by USITC, a subsidiary of the Bank, were mainly invested in the Fairfield Sentry Funds (F Funds) of the Madoff Investment Securities' (Madoff Company) Fairfield Company (Fairfield). On January 10, 2011, the liquidator of the F Funds sued USITC, the private equity funds managed by USITC and the beneficiaries who bought USITC's private equity funds to demand the return of the redemption proceeds of US$17,206 thousand received by USITC's private equity funds from the F Funds. This case remained pending before the Bankruptcy Court for the Southern District of New York.

Madoff Company's liquidation trustee claimed that F Funds' redemption proceeds from Madoff Company constituted unjust enrichment and thus sued USITC and F Funds on March 23, 2012 to demand the return of the redemption proceeds of US$17,206 thousand received by USITC's private equity funds from F Funds. This case remained pending before the Bankruptcy Court for the Southern District of New York.

The plaintiff has asked the US court to deliver the complaint to the Taiwan Taipei District Court through mutual legal assistance. In accordance with the provisions of Article 402, paragraph 1, paragraph 2 of the Code of Civil Procedure and the relevant practical opinions of the court, the legal documents have been legally delivered to USITC. In order to avoid the unfavorable judgment of the court, USITC appointed American lawyers to deal with the litigation. The defendant in the case (that is, the non-US foreign investor who was a party in the Fairfield series of funds) disputed the application of the US bankruptcy law and the jurisdiction of the US court. The US Court recognized the law does not apply to such defendants, therefore, rejected the plaintiff's request for the reason of international comity. The plaintiff has appealed to the Federal Second Circuit Court of Appeal. In August 2019, the plaintiff has appealed to the Supreme court of the US. The Supreme court of the US rejected the appeal and considered it as a protest; therefore, the case is back to Bankruptcy Court to hear the case.

The private equity funds managed by USITC and mainly invested in the F Funds of Fairfield had become a loss for USITC. Thus, on June 26, 2013, USITC joined Fairfield Greenwich, Citco and PwC in a class action litigation on this investment loss. Regarding the class action suit against Fairfield Greenwich, United States District Court of the Southern District of New York approved the settlement of the two parties on December 19, 2014. The settlement fee was distributed among the settling parties in February 2015. Regarding the class action suit against Citco, the two parties had already come to a settlement on August 12, 2015; the court also approved the settlement of Citco on November 20, 2015. The settlement fee is going to be distributed among the settling parties. Regarding the class action suit against PwC, the court gave a preliminary verdict of settlement to the two parties and opened a court session on May 6, 2016, for a hearing on the fairness of the settlement and the granting of permission;

there has been no further appeals since then. The settlement fee would be distributed to the settling parties after deducting the approved amount of counselor fees and disbursement fees. The private equity funds managed by USITC received the check of settlement fee from Rust Consulting Inc. on January 3, 2017 and redeemed for cash on February 6, 2017.

50. OTHER

Since January 2020, the COVID-19 pandemic has influenced the global economy; it is causing uncertainty in the economic growth. The Company increased the level of risk advisory, pressure test, loan management and continuously tracking different financial risks data. After critical analysis, the Company concluded that the effect of the COVID-19 pandemic will not influence the Company's ability to continue operating or cause significant asset impairment loss.

51. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts
December 31, 2021

Trust Assets	Amount	Trust Liabilities and Capital	Amount
Bank deposits	$ 11,636,622	Management fee payable	$ 19
Investments		Income tax payable	822
Mutual funds	54,232,156	Marketable securities payable	15,785,785
Debt	3,791	Trust capital	78,038,890
Common stock	275,286	Reserve and deficit	148,436
Accounts receivable	87,387		
Stock in custody	15,785,785		
Real estate - land and building	11,952,925		
Total	$ 93,973,952	Total	$ 93,973,952

Note: The foreign currency amount of mutual funds was included in OBU on December 31, 2021.

Balance Sheet of Trust Accounts
December 31, 2020

Trust Assets	Amount	Trust Liabilities and Capital	Amount
Bank deposits	$ 8,157,969	Management fee payable	$ 13
Investments		Income tax payable	706
Mutual funds	47,850,626	Marketable securities payable	16,366,695
Debt	3,971	Trust capital	69,507,816
Common stock	330,003	Reserve and deficit	60,018
Accounts receivable	9,687		
Stock in custody	16,366,695		
Real estate - land and building	13,216,297		
Total	$ 85,935,248	Total	$ 85,935,248

Note: The foreign currency amount of mutual funds was included in OBU on December 31, 2020.

Income Statement of Trust Accounts
Year Ended December 31, 2021

	Amount
Trust income	
Interest revenue - demand accounts	$ 802
Interest revenue - time deposits	19,912
Interest revenue - debt	147
Cash dividends - common stock	7,718
Income from beneficiary certificates	344
Realized capital gain - common stock	17,937
Realized capital gain - fund	508
Unrealized capital gain - fund	15
Unrealized capital gain - common stock at stock exchange market	81,421
Total trust income	128,804
Trust expense	
Management expense	13,822
Taxation	5
Agency fees	219
Unrealized capital loss - common stock at stock exchange market	337
Unrealized capital loss - debt	110
Realized capital loss - fund	298
Unrealized capital loss - fund	851
Others	975
Total trust expense	16,617
Gain before tax	112,187
Income tax expense	(1,601)
Net gain	$ 110,586

Note: The above trust income statements were not included in the Bank's income statements.

Income Statement of Trust Accounts
Year Ended December 31, 2020

	Amount
Trust income	
Interest revenue - demand accounts	$ 628
Interest revenue - time deposits	21,286
Interest revenue - debt	100
Cash dividends - common stock	9,077
Income from beneficiary certificates	269
Realized capital gain - fund	287
Unrealized capital gain - fund	311
Unrealized capital gain - common stock at stock exchange market	45,250
Total trust income	77,208

(Continued)

	Amount
Trust expense	
Management expense	$ 15,827
Taxation	5,487
Agency fees	3,152
Unrealized capital loss - common stock at stock exchange market	238
Unrealized capital loss - debt	45
Realized capital loss - fund	1,186
Unrealized capital loss - fund	423
Others	1,687
Total trust expense	28,045
Gain before tax	49,163
Income tax expense	(1,593)
Net gain	$ 47,570

(Concluded)

Note: The above trust income statements were not included in the Bank's income statements.

Trust Property and Equipment Accounts
December 31, 2021

Investment Portfolio	Amount
Bank deposits	$ 11,636,622
Investments	
Mutual funds	54,232,156
Debt	3,791
Common stock	275,286
Accounts receivable	87,387
Stock in custody	15,785,785
Real estate - land and buildings	11,952,925
	$ 93,973,952

Note: The foreign currency amount of mutual funds was included in OBU on December 31, 2021.

Trust Property and Equipment Accounts
December 31, 2020

Investment Portfolio	Amount
Bank deposits	$ 8,157,969
Investments	
Mutual funds	47,850,626
Debt	3,971
Common stock	330,003
Accounts receivable	9,687
Stock in custody	16,366,695
Real estate - land and buildings	13,216,297
	$ 85,935,248

Note: The foreign currency amount of mutual funds was included in OBU on December 31, 2020.

52. FINANCIAL INSTRUMENTS

a. Information on fair value hierarchy

The definitions of each level of the fair value hierarchy are shown below:

1) Level 1

Level 1 financial instruments are traded in an active market in which there are quoted prices for identical assets and liabilities. An active market has the following characteristics:

a) All financial instruments in the market are homogeneous.

b) There are willing buyers and sellers in the market all the time.

c) The public can access the price information easily.

The products in this level, such as listed stocks and beneficiary securities, usually have high liquidity or are traded in futures market or exchanges.

2) Level 2

The products in this level have fair values that can be inferred from either directly or indirectly observable inputs other than quoted prices in an active market. Examples of these inputs are:

a) Quoted prices from the similar products in an active market. This means the fair value can be derived from the current trading prices of similar products, and whether they are similar products should be judged on the characteristics and trading rules. The fair price valuation in this circumstance may be adjusted due to time differences, trading rule's differences, interested parties' prices, and the correlation of price between itself and the similar goods;

b) Quoted prices for identical or similar financial instruments in inactive markets;

c) For the marking-to-model method, the inputs to this model should be observable (such as interest rates, yield curves and volatilities). The observable inputs mean that they can be obtained from the market and can reflect the expectation of market participants;

d) Inputs that are derived from observable market data through correlation or other means.

The fair values of products categorized in this level are usually calculated using a valuation model generally accepted by the market. Examples are forward contracts, cross-currency swap, simple interest bearing bonds, convertible bonds and commercial paper.

3) Level 3

The fair values of the products in this level are typically based on management assumptions or expectations other than the direct market data. For example, historical volatility used in valuing options is an unobservable input because it cannot represent the entire market participants' expectation on future volatility.

The products in this level are complex derivate financial instruments or products with prices that are provided by brokers. Examples are complex foreign exchange options.

b. The fair value hierarchies of the Company's financial instruments as of December 31, 2021 and 2020 were as follows:

(In Thousands of New Taiwan Dollars)

	December 31, 2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Measured at fair value on a recurring basis				
Nonderivative financial instruments				
Assets				
Financial assets at fair value through profit or loss (FVTPL)				
Financial assets mandatorily classified as at FVTPL				
Stock	$ 865,862	$ 830,840	$ -	$ 35,022
Beneficiary certificates	1,455,853	908,903	-	546,950
Commercial paper	42,918,771	-	42,918,771	-
Asset-based securities	40,877	-	40,877	-
Negotiable certificates of deposit	999,902	-	999,902	-
Futures exchange margins	58,090	58,090	-	-
Financial assets at fair value through other comprehensive income				
Stock	16,205,403	13,836,162	-	2,369,241
Debt instruments	45,543,540	-	45,543,540	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	303,698	-	209,634	94,064
Liabilities				
Financial liabilities at FVTPL	495,421	-	401,379	94,042

	December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Measured at fair value on a recurring basis				
Nonderivative financial instruments				
Assets				
Financial assets at fair value through profit or loss (FVTPL)				
Financial assets mandatorily classified as at FVTPL				
Stock	$ 178,152	$ 133,711	$ -	$ 44,441
Debt instruments	298,124	-	298,124	-
Beneficiary certificates	1,300,172	743,818	-	556,354
Commercial paper	31,361,157	-	31,361,157	-
Asset-based securities	57,897	-	57,897	-
Negotiable certificates of deposit	999,450	-	999,450	-
Futures exchange margins	56,665	56,665	-	-
Financial assets at fair value through other comprehensive income				
Stock	12,150,928	10,237,041	-	1,913,887
Debt instruments	41,252,805	-	41,252,805	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	630,231	-	574,513	55,718
Liabilities				
Financial liabilities at FVTPL	206,002	-	150,308	55,694

c. The financial instruments measured at fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants with full understanding of the sale or transfer transaction. The fair values of financial instruments at fair value, financial assets at fair value through other comprehensive income, available-for-sale financial assets and hedging derivative financial instruments with quoted price in an active market are based on their market prices; financial instruments with no quoted prices in an active market are estimated by valuation methods.

1) Marking to market

This method should be used first to determine fair value. Following are the principles to follow in marking to market:

a) Ensure the consistency and integrity of market data.

b) The source of market data should be transparent and easy to access and can be referred to by independent resources.

c) Listed securities with tradable prices should be valued at closing prices.

d) Evaluating unlisted securities that lack tradable closing prices should use quoted prices from independent brokers.

2) Marking to model

The use of marking to model is suggested if marking to market is infeasible. This valuation methodology is based upon model inputs that are used to derive the value of the trading positions. The Company uses the same estimations and assumptions as those used by market participants to determine the fair value.

The Company uses the forward rates provided by Reuters to estimate the fair values of forward contracts, foreign exchange swap contracts, interest rate swap and cross-currency swap contracts and the discounted cash flow method to calculate the fair values of each contract. For foreign exchange option transactions, the Company uses the option pricing models which are generally used by other market participants (e.g., the Black-Scholes model) to calculate the fair value of the contracts.

For debt instruments with no active market, the Company estimates fair values based on prices quoted by counterparties and adjusted in accordance with the results of the evaluation of a debtor's credit.

3) Fair value adjustment

Credit risk assessment adjustment refers to the fair value of the over the counter (OTC) derivative financial commodity contracts, which also reflects the credit risk of both parties. It can be mainly divided into "credit evaluation adjustment" and "debit evaluation adjustment":

a) Credit value adjustments (CVA): A transaction in a non-concentrated trading market, that is, the adjustment of the derivatives contract evaluation in the OTC transaction, which reflects the possibility of the Company may not be able to collect the full market value or the counterparty may default on the repayment on the fair value.

b) Debit value adjustments (DVA): It refers to the transactions of the non-concentrated trading market, that is, the adjustment of the derivatives contract evaluation in the OTC transaction, which reflects the possibility that the Company may not be able to collect the full market value or the counterparty may default on the repayment of the fair value.

Both CVA and DVA are concepts of estimated loss, calculated as the probability of default (PD) multiplied by the default loss rate (LGD) and multiplied by the exposure at default (EAD).

For customers with external credit ratings, the default probability is based on the default probability corresponding to the external rating; for customers without external credit ratings, the impairment rate calculated according to the Company's loan and receivable impairment assessment and the average incidence of impairment is taken as the default probability.

The Company uses the fair value of OTC derivatives to calculate the amount of default risk (EAD).

The Company uses 60% as the default loss rate based on the recommendation of "IFRS 13 CVA and DVA Related Disclosure Guidelines" of the Stock Exchange.

The Company incorporates the credit risk assessment adjustment into the fair value calculation of financial instruments to reflect the counterparty's credit risk and the Company's credit quality.

4) Transfers between Level 1 and Level 2

There was no material transfer between Level 1 and Level 2 for 2021 and 2020.

5) Reconciliation of Level 3 items of financial instruments

a) Reconciliation of Level 3 items of financial assets

For the year ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial assets at fair value through profit or loss								
Derivative financial assets	$ 55,718	$ 13,663	$ -	$ 78,856	$ -	$ (54,173)	$ -	$ 94,064
Beneficiary certificates	556,354	(19,967)	-	10,563	-	-	-	546,950
Equity instruments	44,441	(1,941)	-	-	-	(7,478)	-	35,022
Financial assets at fair value through other comprehensive income								
Equity instruments	1,913,887	-	556,216	487,543	-	(588,405)	-	2,369,241

For the year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial assets at fair value through profit or loss								
Derivative financial assets	$ 26,985	$ 10,676	$ -	$ 53,028	$ -	$ (34,971)	$ -	$ 55,718
Financial assets at fair value through other comprehensive income								
Equity instruments	1,157,095	-	(113,900)	914,867	-	(44,175)	-	1,913,887

b) Reconciliation of Level 3 items of financial liabilities

For the year ended December 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial liabilities	$ 55,694	$ 56,702	$ -	$ 50,773	$ -	($ 69,127)	$ -	$ 94,042

For the year ended December 31, 2020

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Valuation Gains (Losses)		Amount of Increase		Amount of Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Purchase or Change in Fair Value	Transfer to Level 3	Sale or Change in Fair Value	Transfer from Level 3	
Financial liabilities at fair value through profit or loss								
Derivative financial liabilities	$ 26,976	$ 22,568	$ -	$ 36,334	$ -	$ (30,184)	$ -	$ 55,694

6) Quantitative information of significant unobservable inputs - Level 3 fair value measurement

Item	Product	2021/12/31 Fair Value	Valuation Technique	Significant Unobservable Inputs	Interval (Weighted-average)	Relation Between Input and Fair Value
Derivative financial instruments						
Financial assets at fair value through profit or loss	Foreign exchange options	$ 94,064	Option pricing model	Ratio	AUD/JPY 9.51%-10.18% AUD/USD 9.72% EUR/USD 6.87%-8.15% NZD/USD 10.16%-10.68% USD/CNH 6.10% USD/TWD 4.30%-5.95% USD/ZAR 15.80%-16.22%	The higher the ratio is, the higher the fair value
Non-derivative financial instruments						
Financial assets at fair value through profit or loss	Stock	35,022	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
	Beneficiary certificates	546,950	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
Non-derivative financial instruments						
Financial assets at fair value through other comprehensive income	Stock	1,839,593	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value

(Continued)

Item	Product	2021/12/31 Fair Value	Valuation Technique	Significant Unobservable Inputs	Interval (Weighted-average)	Relation Between Input and Fair Value
	Stock	$ 529,648	Market method	Allowance of minority interest	10%%	The higher the equity dispersion is, the lower the fair value
Derivative financial instruments						
Financial liabilities at fair value through profit or loss	Foreign exchange options	94,042	Option pricing model	Ratio	AUD/JPY 9.51%-10.18% AUD/USD 9.72% EUR/USD 6.87%-8.15% NZD/USD 10.16%-10.68% USD/CNH 6.10% USD/TWD 4.3%-5.95% USD/ZAR 15.80%-16.22%	The higher the ratio is, the higher the fair value

(Concluded)

Item	Product	2020/12/31 Fair Value	Valuation Technique	Significant Unobservable Inputs	Interval (Weighted-average)	Relation Between Input and Fair Value
Derivative financial instruments						
Financial assets at fair value through profit or loss	Foreign exchange options	$ 55,718	Option pricing model	Ratio	AUD/JPY 9.51%-10.18% AUD/USD 9.72% EUR/USD 6.87%-8.15% NZD/USD 10.16%-10.68% USD/CNH 6.10% USD/TWD 4.30%-5.95% USD/ZAR 15.80%-16.22%	The higher the ratio is, the higher the fair value
Non-derivative financial instruments						
Financial assets at fair value through other comprehensive income	Equity instruments	556,354	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
	Stock	1,509,518	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
	Stock	404,369	Income value model	Allowance of minority interest	10%-20%	The higher the equity dispersion is, the lower the fair value

(Continued)

Item	Product	2020/12/31 Fair Value	Valuation Technique	Significant Unobservable Inputs	Interval (Weighted-average)	Relation Between Input and Fair Value
Derivative financial instruments						
Financial liabilities at fair value through profit or loss	Foreign exchange options	$ 55,694	Option pricing model	Ratio	AUD/JPY 9.51%-10.18% AUD/USD 6.69% EUR/USD 6.87%-8.15% NZD/USD 10.16%-10.68% USD/CNH 6.10% USD/TWD 4.3%-5.95% USD/ZAR 15.80%-16.22%	The higher the ratio is, the higher the fair value

(Concluded)

7) The assessment process of Level 3 fair value measurement

To ensure that the product assessment results can be close to the market, the risk management department of the Bank is responsible for the verification of the independent fair value. For products assessed by the model, before daily assessment, the information required for the assessment will be verified as correct and consistent with each other and the department will calibrate the model to the market quotation and update the input value required for the assessment model. In addition to regular checking of the accuracy of the assessment model, the reasonableness of the prices provided by third parties will also be checked.

8) Sensitivity analysis of Level 3 fair value if reasonably possible alternative assumptions were used

The Company’s Level 3 financial instruments are foreign exchange options. When engaging in foreign exchange option transactions, the Company makes a match for other banks and customers. Thus, the Company does not hold positions, and its source of profit and loss is from receiving and paying premiums. The sensitivity analysis has no effect on profit and loss since the Company does back-to-back transactions and the assets offset the liabilities.

The fair value measurement of financial instrument is reasonable although the use of different valuation models or parameters may lead to different results. For financial instruments classified in Level 3, if the parameter changes by 10%, the effects on profit or loss or other comprehensive income for the current periods are as follows:

December 31, 2021

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	**Unfavorable Changes**
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	$ 236,924	$ (236,924)

December 31, 2020

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	**Unfavorable Changes**
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	$ 191,389	$ (191,389)

d. Fair value of financial instruments that are not measured at fair value

1) Information of fair value

Except for the financial instruments shown in the following table, the management believes that the financial assets and financial liabilities recognized in the financial statements either have carrying amounts that approximate their fair values or have fair values that cannot be reasonably measured.

	December 31			
	2021		**2020**	
	Carrying Amount	**Estimated Fair Value**	**Carrying Amount**	**Estimated Fair Value**
Financial assets				
Financial assets measured at amortized cost	$ 77,431,542	$ 79,021,276	$ 90,697,662	$ 93,603,257
Financial liabilities				
Bank debentures	7,700,000	7,760,694	7,200,000	7,280,129

2) Fair value hierarchy

Items	**December 31, 2021**			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Financial assets measured at amortized cost	$ 79,021,276	$ -	$ 79,021,276	$ -
Financial liabilities				
Bank debentures	7,760,694	-	7,760,694	-

Items	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets measured at amortized cost	$ 93,603,257	$ -	$ 93,603,257	$ -
Financial liabilities				
Bank debentures	7,280,129	-	7,280,129	-

53. FINANCIAL RISK MANAGEMENT

a. Overview

To deal with any expected or unexpected business risk, the Company has established a comprehensive risk management system to allocate resources effectively and efficiently, strengthen business competitiveness, mitigate operational risk to a tolerable or acceptable level, and maintain the capital adequacy ratio to meet the minimum requirements of the authorities and the Basel Accord framework.

b. Risk management framework

The board of directors, which occupies the highest level in the Company’s risk management framework, reviews risk management policies, the overall risk management framework and organization structure for carrying out responsibilities and exercising accountability. The Asset/Liability Management Committee inspects management reports or information provided by business units and the Risk Management Division. The Risk Management Division is an independent unit that is in charge of reviewing the risk management system designed by business units and the compliance with risk management requirements; this division also submits risk management reports to the authorities and develops a series of risk management tools to assess the risks identified. Business units establish risk control procedures, manage and monitor the implementation of those controls in operation units. Operation units perform daily risk management work and internal controls to ensure the accuracy and completeness of the risk management information generated.

c. Credit risk

1) Credit risk definitions and sources

Credit risk refers to the risk of losses caused by borrowers, debtors, or counterparties’ failure to fulfill their contractual obligations due to deteriorating financial position or other factors. It arises principally from transactions involving discounts, loans, credit cards, due from or call loans to banks, debt investments and derivatives etc., and also from off-balance sheet products such as guarantees, acceptance, letters of credit and commitments.

2) Strategy/objectives/policies and processes

a) Credit risk management strategy: The Company has established the “Credit Risk Management Standards of Union Bank of Taiwan” as the basis of planning, implementing, and managing credit risk management system.

b) Credit risk management objective: The objectives are to establish and implement an effective credit risk management mechanism to mitigate credit risk, archive operational and management goals, and balance business development and risk control.

c) Credit risk management policy: The policies are meant to ensure that credit risk falls within an acceptable range and that adequate capital is maintained to meet credit risk management objectives and create maximum risk-adjusted returns.

d) Credit risk management process: The Company carries out credit risk identification, credit risk measurement, credit risk mitigation, credit risk monitoring and control and credit risk reporting process as part of its credit risk management mechanism.

3) Credit risk management framework

a) The board of directors: The board of directors, the top risk supervisor of the Company, reviews risk management policies, operational risk limits and the design and change of credit risk management framework.

b) Asset/Liability Management Committee: This committee inspects management reports or information provided by business units and the Risk Management Division.

c) Risk Management Division: The Risk Management Division is an independent unit that is in charge of the work related to three pillars of Basel and reviews the risk management system designed by business units and the compliance with risk management requirements; the division also submits risk management reports to the authorities and develops risk management tools to assess the risk identified.

d) Business units: Business units are responsible for establishing risk management regulations and risk control procedures and managing and monitoring the implementation of those controls in operation units.

e) Operation units: Under the risk management regulations and procedures set by business units, operation units perform daily risk management work and internal controls and prepares reports on these tasks.

4) Credit risk measurement, control and reporting

a) The range of credit risk reporting:

i. Each business unit will regularly report the promotion of the business and the allocation of risk assets to the Assets/Liability Management Committee (ALMC).

ii. The Company's risk management department regularly monitors the credit limit control situations and reports to the ALMC the credit concentration and the status of each business' achieving BIS (Bank for International Settlements) goals. The department also presents the volume of business NPL situation, credit concentration and the execution of credit risk control to the board of directors.

b) Measurement system:

The Company's credit risk management adopts the use of the standardized approach to calculate capital charge and regularly submits related reports to the government. The risk management division and business units implement the Company's management system and monitors the credit exposure of the business, industry, and countries as well as the concentration of credit and collateral to effectively measure and manage investment portfolio.

5) Mitigation of risks or hedging of credit risk

The Company is exposed to loss on each credit risk faced by its business. Thus, depending on the nature of the business and the cost considerations, the Company will take appropriate remeasures to control risk. The Company's information systems provide information that can be used in managing risk control procedures, and the risk management division reports to the board every six months the business risk management status.

6) Maximum exposure to credit risk

The maximum credit exposures of assets in the consolidated balance sheets are almost equivalent to their carrying values. These off-balance sheet maximum credit exposures (excluding collaterals and other credit enhancement instruments) are shown as follows:

Off-Balance Sheet Items	**The Maximum Credit Exposure**	
	December 31, 2021	**December 31, 2020**
Irrevocable standby loan commitment	$ 9,993,572	$ 9,449,892
Unused letters of credit	1,874,481	1,012,925
Other guarantees	18,796,924	15,593,398
Unused credit card commitments	288,563,204	290,942,911

December 31, 2021	**Collateral**	**Netting Arrangements**	**Other Credit Enhancement**	**Total**
In-balance sheet items				
Discount and loans	$ 416,806,457	$ -	$ -	$ 416,806,457

December 31, 2020	**Collateral**	**Netting Arrangements**	**Other Credit Enhancement**	**Total**
In-balance sheet items				
Discount and loans	$ 356,521,477	$ -	$ -	$ 356,521,477

7) Concentrations of credit risk exposure

Concentrations of credit risk arise when a number of counterparties or exposure have comparable economic characteristics, or such counterparties are engaged in similar activities, or operate in the same geographical areas or industry sectors, so that their collective ability to meet contractual obligations is uniformly affected by changes in economic or other conditions.

There can be credit risk concentrations in a bank's assets, liabilities, or off-balance sheet items through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. These exposures can cover credits, loans and deposits, call loans to banks, investments, receivables and derivatives. To minimize its credit risk, the Company maintains a diversified portfolio; limits its exposure to any one geographic region, country or individual creditor; and closely monitors its exposures. The Company's most significant concentrations of credit risk are summarized as follows:

a) By industry

	December 31, 2021		December 31, 2020	
	Amount	**%**	**Amount**	**%**
Private enterprises	$ 139,104,736	26.86	$ 117,401,556	26.37
Public enterprises	470,729	0.09	107,900	0.02
Government organizations	45,743,005	8.83	36,370,927	8.17
Nonprofit organizations	647,279	0.13	584,112	0.13
Private organizations	330,120,793	63.73	286,646,401	64.82
Financial Institutions	467	-	627	-
Foreign enterprises	1,879,655	0.36	1,693,804	0.38
Total	$ 517,966,664	100.00	$ 443,805,327	100.00

b) By geographical area

The Company's operations are mainly in Taiwan.

c) By collaterals

	December 31, 2021		December 31, 2020	
	Amount	**%**	**Amount**	**%**
Unsecured	$ 90,026,405	17.38	$ 79,092,381	17.82
Secured				
Financial instruments	12,304,039	2.38	10,345,503	2.33
Stocks	15,165,456	2.93	12,565,587	2.83
Properties	362,284,901	69.94	307,553,396	69.30
Movables	22,001,530	4.25	20,259,264	4.56
Guarantees	14,824,514	2.86	12,682,520	2.86
Others	1,359,819	0.26	1,306,676	0.30
Total	$ 517,966,664	100.00	$ 443,805,327	100.00

8) Analysis of impairment for financial assets

On the basis of the result of a credit evaluation, the Company may require collaterals before the credit facilities are granted. To minimize credit risk, appropriate collaterals are required on the basis of the borrowers' financials and debt service capabilities. All guarantees and appraisal procedures follow the authorities' relevant regulations and the Company's internal rules. The Company's internal rules describe the acceptable types of collaterals, appraisal methods, appraisal process, and post-approval collateral management, which require close monitoring of the value of collaterals to ensure repayment. The main collateral types are summarized as follows:

a) Real estate
b) Other property
c) Securities/stock
d) Deposits/certificates of deposits
e) Credit guarantee fund or government guarantee

The Company observes the value of collateral for financial instruments and takes into consideration the impairment loss that should be recognized for financial assets that are credit-impaired. The values of the credit-impaired financial assets and the values of collateral to mitigate potential losses are as follows:

December 31, 2021

Credit-impaired Financial Assets	Carrying Amount	Allowance for Impairment Loss	Exposure Amount (Amortized Cost)	Fair Value of Collateral
Receivables				
Credit cards	$ 938,024	$ 60,590	$ 877,434	$ -
Other	113,857	26,318	87,539	29,630
Discounts and loans	1,337,678	373,914	963,764	3,628,220
	$ 2,389,559	$ 460,822	$ 1,928,737	$ 3,657,850

December 31, 2020

Credit-impaired Financial Assets	Carrying Amount	Allowance for Impairment Loss	Exposure Amount (Amortized Cost)	Fair Value of Collateral
Receivables				
Credit cards	$ 1,016,564	$ 56,259	$ 960,305	$ -
Other	76,589	32,183	44,406	11,671
Discounts and loans	1,538,618	434,013	1,104,861	3,555,487
	$ 2,586,677	$ 513,870	$ 2,109,572	$ 3,567,158

9) Judgment that credit risk has increased significantly since the initial recognition

On each reporting date, the Bank assesses the change in the default risk of financial assets, as well as considers reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, to determine whether the credit risk has increased significantly. The main considerations include:

Quantitative indicators

a) The borrower pays the amount for contracts overdue for at least one month (more than or equal to 30 days for the credit card business), or the amounts for other contracts that are overdue for at least one month (more than or equal to 30 days for the credit card business).

b) Debt instruments whose prices on the reporting date have fallen more than 40% from the original price since the acquisition date.

c) Debt instruments that have non-investment grades based on the debt (priority), issuer, and guarantor’s credit rating and that have fallen by more than two grades and whose prices have fallen by more than 15% on the reporting date.

Qualitative indicators

a) The borrower’s check bounced due to insufficient funds in the Bank’s checking account, or announced as a rejected account.

b) The borrower’s collateral was seized.

c) The borrower’s debt has been recognized as a non-accrual loan or transferred to bad debt by other financial institutions.

d) The borrower has been reorganized.

e) An auditors’ report on the borrower has been released where it was stated that a material uncertainty exists that may cast significant doubt on the borrower’s ability to continue as a going concern.

f) The borrower has other bad debts that indicate that the borrower’s ability to perform its debt obligations is weak or has signs of impairment, which has been assessed to affect its operations or repayment ability.

10) Definition of default and credit impaired financial assets

The Company uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions below are met, the Company determines that the financial assets have defaulted and are credit impaired. The main considerations include:

a) The borrower pays the amount for contracts overdue for at least 3 months (90 days and above for the credit card business).

b) The debtor has significant financial difficulties (e.g., the debtor has ceased operations, is bankrupt, or has liquidated).

c) Economic or legal considerations, concessions to borrowers with financial difficulties (such as debt negotiations).

If the financial assets no longer meet the definition of default and credit impairment, they are judged as regaining their status of meeting performance obligations and are no longer regarded as financial assets that have defaulted and are credit impaired.

11) Reversal policy

When the Company is not reasonably expected to recover all or part of the financial assets, the indicators that all or part of the financial assets that cannot be reasonably expected to be recovered include the following:

a) Recourse activities have stopped.

b) The borrower is assessed to have insufficient assets or sources of income to pay the outstanding amount.

The financial assets that have been written off by the Company may still have ongoing recourse activities in accordance with the relevant policies.

12) Contractual cash flow modification of financial assets

The Company may modify the contractual cash flow of financial assets due to the borrower's financial difficulties, increase in the recovery rate of the doubtful borrowers, or to maintain customer relationships. The modification of the contractual terms of the financial assets may include extending the contract period, modifying the interest payment time, and modifying the agreed interest rate or the exemption of some of the outstanding debts. The modification of contractual cash flows of financial assets may result in the delisting of existing financial assets in accordance with the Company's financial assets delisting policy and recognition of new financial assets at fair value.

If the contractual cash flow modification of a financial asset does not result in a derecognition, the Company assesses whether the credit risk of the financial asset has increased significantly by comparing the following:

a) Risk of default on the reporting date (based on modified contract terms).

b) The risk of default at the time of original recognition (based on the original unmodified contract terms).

The Company considers the borrower's subsequent payment in accordance with the revised terms and several relevant behavioral indicators to assess the probability of default of the revised financial assets and confirm whether the contract modification improves or restores the ability of the Company to recover the relevant contract payments. If the borrower pays the contract amount according to the revised terms and shows good payment behavior, it can be determined that the credit risk is reduced and the loss allowance will be measured by the 12-month expected credit loss.

The Company regularly reviews the changes in credit risk of the revised financial assets in accordance with relevant policies, and evaluates whether there is a significant increase in credit risk following the revised financial assets based on a specific model.

13) Measurement of expected credit losses

For the purpose of assessing expected credit losses, credit assets are classified into the following groups based on the credit risk characteristics of the borrower's industry, credit risk rating, collateral type and remaining maturity period:

Business	**Group**	**Definition**
Corporate banking	Corporate banking	Corporate banking business
Consumer banking	Mortgages	Mortgage business
	Financial loans	Financial loan business
	Credit card	Credit card business
	Others	Other business

The Company adopts the 12-month ECL model to evaluate the loss allowance of financial instruments whose credit risk have not increased significantly since initial recognition, and adopt the lifetime ECL model to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

The Company considers both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplied by the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

"PD" refers to the borrower's probability to default and "LGD" refers to losses caused by the default. The Company calculates the "PD" and "LGD" used in the impairment assessment of the credit business according to each group's historical information (such as credit loss experience) from internal statistical data, and after adjustment of the historical data based on current observable and forward-looking macroeconomic information.

	Account Receivable				
	December 31, 2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired Financial Assets)	Additional Impairment Loss Required under Regulations	Total
Gross carrying amount	$ 26,562,872	$ 115,944	$ 1,051,881	$ -	$ 27,730,697
Less: Allowance for impairment loss	75,695	10,976	86,908	-	173,579
Less: Additional impairment loss required under regulations	-	-	-	86,497	86,497
	$ 26,487,177	$ 104,968	$ 964,973	$ 86,497	$ 27,470,621

	Account Receivable				
	December 31, 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired Financial Assets)	Additional Impairment Loss Required under Regulations	Total
Gross carrying amount	$ 23,952,958	$ 109,148	$ 1,093,153	$ -	$ 25,155,259
Less: Allowance for impairment loss	56,939	16,678	88,442	-	162,059
Less: Additional impairment loss required under regulations	-	-	-	56,624	56,624
	$ 23,896,019	$ 92,470	$ 1,004,711	$ 56,624	$ 24,936,576

	Discounts and Loans				
	December 31, 2021				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired Financial Assets)	Additional Impairment Loss Required under Regulations	Total
Gross carrying amount	$ 495,317,823	$ 1,972,968	$ 1,337,678	$ -	$ 498,628,469
Less: Allowance for impairment loss	429,117	110,659	373,914	-	913,690
Less: Additional impairment loss required under regulations	-	-	-	4,482,269	4,482,269
	$ 494,888,706	$ 1,862,309	$ 963,764	$ 4,482,269	$ 493,232,510

	Discounts and Loans				
	December 31, 2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL (Credit-impaired Financial Assets)	Additional Impairment Loss Required under Regulations	Total
Gross carrying amount	$ 424,210,714	$ 1,874,264	$ 1,538,618	$ -	$ 427,623,596
Less: Allowance for impairment loss	245,586	106,506	433,757	-	785,849
Less: Additional impairment loss required under regulations	-	-	-	3,992,384	3,992,384
	$ 423,965,128	$ 1,767,758	$ 1,104,861	$ 3,992,384	$ 422,845,363

When the Company estimates the 12-month and lifetime expected credit losses for its loan commitments, it will give different credit conversion factors according to the characteristics of each product. The Company will also take into consideration the amount that is expected to be utilized within 12 months from the reporting date and the expected lifetime of each commitment in determining the default risk amount that is used to calculate the expected credit loss.

The estimation techniques or material assumptions used to assess expected credit losses have not changed significantly during the current period.

14) Consideration of forward-looking information

The Company's credit (including credit card) segments are based on different loan properties, such as corporate banking, consumer finance, credit, car loans and credit cards, and forward-looking model estimates are carried out, based on actual default rates and overall economic variables of each segment in the past quarters. The default rate for the next year is estimated using the credit risk chain model, by estimating the relationship between the default rate and the overall economic variables. The investment function makes reference to external credit ratings in their consideration of forward-looking information.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity risk means banks cannot provide sufficient funding for asset size growth and for meeting obligations on matured liabilities or have to make late payments to counterparties or raise emergency funding to cover funding gaps.

2) Liquidity risk management strategy and principles

a) The board of directors, the top risk supervisor of the Company, regularly reviews liquidity risk management policies. The Asset/Liability Management Committee, the top liquidity risk executive of the Company, supervises the implementation of liquidity risk monitoring and control procedures and is responsible for taking any needed remedial measures.

b) In making internal transfer pricing, performance evaluation and new product development decisions, the operation units take liquidity cost and product effectiveness and risks into consideration and align their decisions with the Company's overall liquidity risk management policies.

c) The fund procurement department implements funding strategies in accordance with the conservatism principle to diversify the funding sources and negotiate reasonable repayment periods to ensure continuing participation in the lending market, and maintains a close relationship with fund providers to strengthen financing channels and ensure the stability and reliability of fund sources.

d) To strengthen liquidity risk management, the Company has regulations requiring the daily execution of risk management procedures and the monitoring of implementation to maintain sufficient liquidity.

e) The risk management units report the Company's liquidity position to the Asset/Liability Management Committee monthly and report the Company's liquidity risk management to the board of directors regularly.

3) The liquidity risk analysis of the cash inflow and outflow of assets and liabilities held for liquidity risk refers to the amounts of the obligations for the remaining maturity periods, i.e., from the reporting date to the contract maturity dates. The maturity analysis of financial assets and financial liabilities:

a) For maintaining solvency and meeting the needs of emergency assistance arrangements, the Company holds cash and high-quality, liquid interest-bearing assets. The assets held for liquidity risk management include cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, discounts and loans, available-for-sale financial assets, held-to-maturity financial assets, and debt instruments with no active market, etc.

b) The Company disclosed the analysis of cash outflows from nonderivative financial liabilities by the residual maturities as of the balance sheet dates. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those that shown in the consolidated balance sheets.

i. The maturity analysis of financial liabilities

	December 31, 2021					
	Due in One Month	Due Between after One Month and Three Months	Due Between after Three Months and Six Months	Due Between after Six Months and One Year	Due after One Year	Total
Deposits from the Central Bank and other banks	$ 4,283,393	$ 508,474	$ 3,025,050	$ 1,715,000	$ 468,225	$ 10,000,142
Due to the Central Bank and other banks	781,485	47,540	91,060	472,900	5,749,070	7,142,055
Securities sold under agreements to repurchase	32,435,362	18,844,394	-	-	-	51,279,756
Accounts payables	6,284,226	945,934	1,112,929	128,692	48,183	8,519,964
Deposits and remittance	45,284,473	80,144,406	91,380,213	183,802,395	270,771,371	671,382,858
Preferred stock liabilities	-	-	-	-	371,500	371,500
Bank debentures	-	500,000	2,200,000	-	5,000,000	7,700,000
Bonds payable	-	-	-	-	1,047,276	1,047,276
Other liabilities	4,178,987	2,377,019	193,529	3,827,261	1,776,136	12,352,932

	December 31, 2020					
	Due in One Month	Due Between after One Month and Three Months	Due Between after Three Months and Six Months	Due Between after Six Months and One Year	Due after One Year	Total
Deposits from the Central Bank and other banks	$ 4,899,167	$ 6,532,291	$ 525,050	$ 15,000	$ 509,606	$ 12,481,114
Due to the Central Bank and other banks	26,000	35,650	$ 84,300	248,720	3,392,050	3,786,720
Securities sold under agreements to repurchase	25,701,954	18,720,220	6,002	-	-	44,428,176
Accounts payables	3,357,074	1,180,689	873,480	164,672	18,099	5,594,014
Deposits and remittance	39,569,566	64,746,534	82,685,570	157,934,658	261,924,171	606,860,499
Preferred stock liabilities	-	-	-	-	524,000	524,000
Bank debentures	-	-	-	-	7,200,000	7,200,000
Bonds payable	-	-	-	-	1,464,796	1,464,796
Other liabilities	5,290,504	2,396,706	157,093	280,736	1,733,419	9,858,458

Further information on the maturity analysis of lease liabilities is as follows:

	December 31, 2021						
	Due in One Year	Due Between after One Year and Five Years	Due Between after Five Years and Ten Years	Due Between after Ten Years and Fifteen Years	Due Between after Fifteen Years and Twenty Years	Due after Twenty Years	Total
Lease liability	$ 470,627	$ 1,029,372	$ 260,652	$ 158,857	$ 65,735	$ -	$ 1,985,243

	December 31, 2020						
	Due in One Year	Due Between after One Year and Five Years	Due Between after Five Years and Ten Years	Due Between after Ten Years and Fifteen Years	Due Between after Fifteen Years and Twenty Years	Due after Twenty Years	Total
Lease liability	$ 419,180	$ 1,083,984	$ 155,267	$ 62,791	$ 6,370	$ -	$ 1,727,592

ii. The maturity analysis of derivatives financial liabilities - forward exchange contracts and currency swap contracts

	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at gross amounts						
Cash outflow	$ 27,246,729	$ 43,370,414	$ 475,555	$ 181,806	$ -	$ 71,274,504
Cash inflow	27,001,959	43,217,057	474,191	180,016	-	70,873,223
	244,770	153,357	1,364	1,790	-	401,281
Derivative financial liabilities to be settled at net amounts						
Forward exchange contracts	-	-	-	-	-	-
	$ 244,770	$ 153,357	$ 1,364	$ 1,790	$ -	$ 401,281

	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at gross amounts						
Cash outflow	$ 18,335,891	$ 11,082,638	$ 492,466	$ 831,586	$ -	$ 30,742,581
Cash inflow	18,222,640	11,065,864	488,806	826,142	-	30,603,452
	113,251	16,774	3,660	5,444	-	139,129
Derivative financial liabilities to be settled at net amounts						
Forward exchange contracts	-	-	-	-	-	-
	$ 113,251	$ 16,774	$ 3,660	$ 5,444	$ -	$ 139,129

iii. The maturity analysis of derivatives financial liabilities-option contracts

	December 31, 2021					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at net amounts	$ 5,882	$ 6,431	$ 10,490	$ 12,793	$ -	$ 35,596

	December 31, 2020					
	0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year	Total
Derivative financial liabilities to be settled at net amounts	$ 1,738	$ 5,357	$ 2,058	$ 11,917	$ -	$ 21,070

e. Market risk

1) Source and definition of market risk

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

2) Market risk management strategy and processes

The Company implements the “Market Risk Management Standards of Union Bank of Taiwan”, which had been approved by the board of directors, as the basis of market risk management.

The market risk management processes are risk identification, risk measurement, risk monitoring and control, risk reporting and risk mitigation.

a) Risk identification: For balance sheet and off-balance sheet items, the Company identifies and assesses market risk factors of products and the investment business and subjects them to risk management, monitoring and control procedures.

b) Risk measurement: In principle, each investment or transaction has at least one risk measurement tool - such as sensitivity analysis, value at risk and stress testing, which can be applied to variables, such as fair market value and notional amounts, to quantify market risk.

c) Risk monitoring and control: Each operation unit observes the risk limit regulation stated in its operating manual and regularly monitors risk control. The department of risk management is responsible for summarizing and reporting the Company's overall market risk monitoring.

d) Risk reporting: The risk management reports are classified as regular report, over-limit report and exception report. Regular reports are the management statements sent to the appropriate level in accordance with certain requirements. Over-limit reports are about situations in which risk limits are exceeded. Exception reports contain operation units' recommendations on how to meet temporary business needs.

e) Risk mitigation: An operation unit may take certain action to reduce risk, such as hedging, investment combination adjustment, position adjustment, setting a break-even point, halting new transactions, etc.

3) Market risk management framework

a) The board of directors: The board of directors, the Company's top market risk supervisor, reviews risk management policies, operational risk limits and the design and change of the credit risk management framework.

b) Asset/Liability Management Committee: The Asset/Liability Management Committee inspects management reports or information provided by business units and the Risk Management Division.

c) Risk Management Division: The Risk Management Division is an independent unit in charge of the work related to three pillars of Basel and of the development of market risk management tools to assess and control the risk identified through setting risk limits.

d) Operation units: Operation units perform daily market risk management work and report the market risk of investment positions and related information to the authorities.

4) Market risk measurement, control and reporting

a) The market risk of the trading book financial instruments is measured in accordance with the fair market value or evaluation model and the profit and loss situation is evaluated regularly.

b) The business units and the risk management division prepares management reports periodically and report to the appropriate level.

c) The market risk management system combines the evaluation of the front and middle offices to generate information that will assist management in risk monitoring. Moreover, the system supports the capital accrual method being used by the Company through generating internal and external reports for management's decision, making.

5) Market risk measurement of trading book

The Company assesses the market risk exposure of the trading book in conformity with an assessment model using publicly quoted market prices or other measurement methods, including interest rate sensitivity analysis (DV01 value) and stress tests. The interest rate sensitivity analysis (DV01 value) refers to changes in market interest by 1 basis point (0.01%); the abnormal stress test system deals with market volatility and involves the regular estimation of possible losses (stress loss) and of the impact of stress test scenarios on major asset portfolios and the Company's profit and loss.

6) Banking book market risk

a) Interest rate risk

The loans and deposits and other interest rate-related items in the Company's balance sheet, including interest rate sensitive assets and interest rate sensitive liabilities, are measured from the viewpoint of earnings because there is a risk of decrease in earnings due to adverse changes in interest rates for loans and deposits.

The earnings viewpoint mainly emphasizes the impact of interest rates on earnings, especially short-term earnings. For 2021 and 2020, assuming all market risk indicators, except interest rates, remained constant, an interest rate increase or decrease by 100bps would result in an increase or decrease in profit before tax by $562,592 thousand and $734,108 thousand, respectively.

b) Exchange rate risk

The exchange rate risk of the banking book refers to the business operation of the International Banking Department of the Company's Head Office and the operating funds in foreign currencies required by the ROC or local regulations; if there are adverse exchange rate changes, the income statement or cumulative translation adjustments in equity would be negatively affected.

The International Banking Department (IBD) of the Company's Head Office is a going concern, and its operating funds are foreign currencies for business needs. However, the exchange rate risk on these funds is not significant because the percentage of the operating funds to the Company's total assets is small, as shown by the immaterial ratio of the IBD's cumulative translation adjustment to the Companies' net worth.

7) Foreign currency rate risk information

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

Unit: Each Foreign Currency (In Thousands)/NT$ (In Thousands)

	December 31, 2021		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
USD	$ 3,837,220	27.6900	$ 106,252,618
JPY	28,515,333	0.2405	6,858,850
GBP	12,336	37.3040	460,174
AUD	128,353	20.0919	2,578,859
HKD	367,310	3.5506	1,304,183
CAD	19,449	21.6277	420,643
CNY	647,355	4.3465	2,813,703
SGD	30,437	20.4626	622,829
ZAR	909,166	1.7337	1,576,212
CHF	1,169	30.1930	35,310
THB	460	0.8300	382
NZD	21,736	18.8901	410,603
EUR	58,390	31.3312	1,829,440
Financial liabilities			
USD	3,296,491	27.6900	91,279,830
JPY	21,964,095	0.2405	5,283,068
GBP	12,295	37.3040	458,643
AUD	128,370	20.0919	2,579,189
HKD	323,142	3.5506	1,147,358
CAD	19,505	21.6277	421,842
CNY	647,594	4.3465	2,814,744
SGD	30,370	20.4626	621,442
ZAR	909,666	1.7337	1,577,079
CHF	1,168	30.1930	35,259
NZD	21,755	18.8901	410,957
EUR	58,366	31.3312	1,828,684

	December 31, 2020		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
USD	$ 3,761,016	28.5080	$ 107,219,033
JPY	18,801,471	0.2765	5,198,250
GBP	6,024	38.9163	234,437
AUD	147,591	21.9740	3,243,151
HKD	358,334	3.6775	1,317,758
CAD	16,364	22.3575	365,860
CNY	829,320	4.3813	3,633,524

(Continued)

	December 31, 2020		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
SGD	$ 4,355	21.5790	$ 93,974
ZAR	1,173,971	1.9510	2,290,464
CHF	1,493	32.3587	48,327
THB	460	0.9517	438
NZD	24,718	20.5970	509,109
EUR	42,365	35.0534	1,485,056
Financial liabilities			
USD	3,242,859	28.5080	92,447,414
JPY	13,972,564	0.2765	3,863,148
GBP	6,028	38.9163	234,582
AUD	147,527	21.9740	3,241,745
HKD	323,354	3.6775	1,189,122
CAD	16,344	22.3575	365,408
CNY	829,328	4.3813	3,633,560
SGD	4,306	21.5790	92,928
ZAR	1,173,864	1.9510	2,290,254
CHF	1,543	32.3587	49,916
NZD	24,681	20.5970	508,348
EUR	35,505	35.0534	1,244,575

(Concluded)

8) Effect of interest rate benchmark reform

The Company is exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. Therefore, when existing contracts and agreements that reference USD LIBOR transfer to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Company’s counterparties are not successfully concluded before the cessation of USD LIBOR, the case will bring significant uncertainties to the future interest rate basis applied to financial instruments, and give rise to additional interest rate risk that was not anticipated when the contracts were entered into. If a hedged financial instrument and the related hedging derivative instruments are transited to alternative benchmark rates at different times, it could result in hedge ineffectiveness.

The following table contains details of non-derivative financial instruments held by the Company as of December 31, 2021 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Carrying Amount
Non-derivative financial assets which are subject to the reform	
Financial assets linked to USD LIBOR	
Financial assets at FVTPL	$ 40,877
Financial assets at FVTOCI	1,375,929
Discounts and loans	8,535,546
	$ 9,952,352
Financial assets linked to EUR LIBOR	
Discounts and loans	$ 3,998
Financial assets linked to JPY LIBOR	
Discounts and loans	$ 5,412

f. Transfers of financial assets.

Most of the transferred financial assets of the Company that are not derecognized in their entirety are securities sold under repurchase agreements. According to these transactions, the right on cash flow of the transferred financial assets would be transferred to other entities and the associated liabilities of the Company's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. As the Company 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 are not derecognized in their entirety and the associated financial liabilities are as follows:

December 31, 2021					
Category of Financial Assets	**Carrying Amount of Transferred Financial Asset**	**Carrying Amount of Associated Financial Liability**	**Fair Value of Transferred Financial Asset**	**Fair Value of Associated Financial Liability**	**Fair Value of Net Position**
Financial instruments at fair value through profit or loss Securities sold under repurchase agreements	$ 29,064,065	$ 29,078,984	$ 29,064,605	$ 29,078,984	$ (14,379)
Financial assets at fair value through other comprehensive income Securities sold under repurchase agreements	8,789,959	8,470,536	8,789,959	8,470,536	319,423
Financial assets at amortized cost Securities sold under repurchase agreements	17,353,068	13,730,236	18,602,659	13,730,236	4,872,423

December 31, 2020					
Category of Financial Assets	Carrying Amount of Transferred Financial Asset	Carrying Amount of Associated Financial Liability	Fair Value of Transferred Financial Asset	Fair Value of Associated Financial Liability	Fair Value of Net Position
Financial instruments at fair value through profit or loss Securities sold under repurchase agreements	$ 17,501,131	$ 17,513,701	$ 17,501,131	$ 17,513,701	$ (12,570)
Financial assets at fair value through other comprehensive income Securities sold under repurchase agreements	9,216,124	8,900,020	9,216,124	8,900,020	316,104
Financial assets at amortized cost Securities sold under repurchase agreements	23,249,254	18,014,455	25,511,315	18,014,455	7,496,860

g. Offsetting financial assets and financial liabilities.

The Company is eligible to present certain derivative assets and derivative liabilities on a net basis on the balance sheets since the offsetting criteria are met. Cash collateral has also been paid by part of counterparties for the net amount of the derivative assets and derivative liabilities. The cash collateral does not meet the offsetting criteria, but it can be set off against the net amount of the derivative assets and derivative liabilities in the case of default and insolvency or bankruptcy, in accordance with an associated collateral arrangement.

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

December 31, 2021						
Financial Assets	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Net Amount of Financial Assets Presented in the Balance Sheets (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instrument	Cash Collateral Pledged	
Derivatives	$ 303,698	$ -	$ 303,698	$ 40,264	$ -	$ 263,434

December 31, 2021						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Net Amount of Financial Liabilities Presented in the Balance Sheets (c)=(a)(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)(d)
				Financial instrument	Cash Collateral Pledged	
Derivatives	$ 495,421	$ -	$ 495,421	$ 73,498	$ -	$ 421,923

December 31, 2020						
Financial Assets	Gross Amount of Recognized Financial Assets (a)	Gross Amount of Recognized Financial Liabilities Offset in the Balance Sheets (b)	Net Amount of Financial Assets Presented in the Balance Sheets (c)=(a)-(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)-(d)
				Financial Instrument	Cash Collateral Pledged	
Derivatives	$ 630,231	$ -	$ 630,231	$ 1,704	$ -	$ 628,527

December 31, 2020						
Financial Liabilities	Gross Amount of Recognized Financial Liabilities (a)	Gross Amount of Recognized Financial Assets Offset in the Balance Sheets (b)	Net Amount of Financial Liabilities Presented in the Balance Sheets (c)=(a)(b)	Related Amount Not Offset in the Balance Sheets (d)		Net Amount (e)=(c)(d)
				Financial instrument	Cash Collateral Pledged	
Derivatives	$ 206,002	$ -	$ 206,002	$ 96,346	$ -	$ 109,656

54. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

Under the regulations set by the authorities, the Company complies with the requirements set each year for the minimum consolidated capital adequacy ratios, including the common equity Tier I capital ratio; the Company’s leverage ratio is also in accordance with the requirements of the relevant authorities. These ratios are applied in accordance with the regulations announced by the authorities.

b. Capital assessment program

The capital ratios and leverage ratios are applied, analyzed, monitored and reported regularly, and are assigned to each business unit as the target capital adequacy ratios. The business units’ compliance with the ratio requirements is tracked regularly, and remedial action is taken if the capital and leverage ratio requirements are not met.

c. Capital adequacy

(Unit: In Thousands of New Taiwan Dollars, %)

Year / Items (Note 2)			December 31, 2021	
			Own Capital Adequacy Ratio	Capital Adequacy Ratio
Eligible capital	Common equity Tier 1 Ratio		$ 45,523,219	$ 44,997,272
	Other Tier 1 capital		12,552,479	13,419,550
	Tier 2 capital		7,412,960	10,663,854
	Eligible capital		65,488,658	69,080,676
Risk-weighted assets	Credit risk	Standard	350,540,216	363,751,808
		Internal rating-based approach	-	-
		Asset securitization	345,662	345,662
	Operational risk	Basic indicator approach	23,429,481	27,435,045
		Standard/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standard	32,880,351	34,758,825
		Internal model approach	-	-
	Total risk-weighted assets		407,195,710	426,291,340
Capital adequacy rate			16.08%	16.21%
Ratio of common stockholders’ equity to risk-weighted assets			11.18%	10.56%
Ratio of Tier 1 capital to risk-weighted assets			14.26%	13.70%
Leverage ratio			6.53%	6.45%

<table>
<tr><th colspan="3">Items (Note 2) / Year</th><th colspan="2">December 31, 2020</th></tr>
<tr><th colspan="3"></th><th>Own Capital Adequacy Ratio</th><th>Consolidated Capital Adequacy Ratio</th></tr>
<tr><td rowspan="4">Eligible capital</td><td colspan="2">Common equity Tier 1 Ratio</td><td>$ 40,774,470</td><td>$ 40,287,801</td></tr>
<tr><td colspan="2">Other Tier 1 capital</td><td>12,096,138</td><td>12,984,989</td></tr>
<tr><td colspan="2">Tier 2 capital</td><td>8,100,742</td><td>11,372,099</td></tr>
<tr><td colspan="2">Eligible capital</td><td>60,971,350</td><td>64,644,889</td></tr>
<tr><td rowspan="9">Risk-weighted assets</td><td rowspan="3">Credit risk</td><td>Standard</td><td>358,829,620</td><td>370,831,564</td></tr>
<tr><td>Internal rating-based approach</td><td>-</td><td>-</td></tr>
<tr><td>Asset securitization</td><td>1,457,002</td><td>1,457,002</td></tr>
<tr><td rowspan="3">Operational risk</td><td>Basic indicator approach</td><td>21,379,484</td><td>25,122,017</td></tr>
<tr><td>Standard/alternative standardized approach</td><td>-</td><td>-</td></tr>
<tr><td>Advanced measurement approach</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Market risk</td><td>Standard</td><td>30,328,618</td><td>32,384,711</td></tr>
<tr><td>Internal model approach</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Total risk-weighted assets</td><td>411,994,724</td><td>429,795,294</td></tr>
<tr><td colspan="3">Capital adequacy rate</td><td>14.80%</td><td>15.04%</td></tr>
<tr><td colspan="3">Ratio of common stockholders' equity to risk-weighted assets</td><td>9.90%</td><td>9.37%</td></tr>
<tr><td colspan="3">Ratio of Tier 1 capital to risk-weighted assets</td><td>12.83%</td><td>12.39%</td></tr>
<tr><td colspan="3">Leverage ratio</td><td>6.55%</td><td>6.49%</td></tr>
</table>

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

Note 2: Formulas used were as follows:

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

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

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

4) Ratio of Common equity Tier 1 capital to risk-weighted assets = Common equity Tier 1 capital ÷ Risk-weighted assets.

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

6) Leverage ratio = Tier 1 capital ÷ Exposure Measurement

The Banking Law and related regulations require that the Bank maintains its unconsolidated and consolidated CARs at a minimum of 10.5%, the Tier 1 Capital Ratio at a minimum of 8.5% and the Common Equity Tier 1 Ratio at a minimum of 7.0%. In addition, if the Bank's CAR falls below the minimum requirement, the authorities may impose certain restrictions on the amount of cash dividends that the Bank can declare or, in certain conditions, totally prohibit the Bank from declaring cash dividends.

55. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Union Bank of Taiwan

a. Credit risk

1) Asset quality

See Note 53 and Table 6.

2) Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

December 31, 2021			
Rank (Note 1)	**Company Name**	**Credit Extension Balance**	**% to Net Asset Value**
1	Company H- retail sale of other food, beverages and tobacco in specialized stores	$ 2,855,000	4.38
2	Group G - other financial service activities	2,611,000	4.01
3	Company I - manufacture of man-made fibers	1,842,608	2.83
4	Company T - manufacture of grain mill products	1,500,000	2.30
5	Company S - automotive manufacturing	1,280,663	1.97
6	Company A - real estate development	1,143,267	1.76
7	Company J - real estate development	1,060,000	1.63
8	Company N- securities firms	969,150	1.49
9	Company Q - telecommunications	919,884	1,41
10	Company C- manufacture of other food products	903,821	1.39

(In Thousands of New Taiwan Dollars, %)

December 31, 2020			
Rank (Note 1)	**Company Name**	**Credit Extension Balance**	**% to Net Asset Value**
1	Group G - real estate development	$ 2,541,500	4.22
2	Company H - retail of other food and beverages	2,003,000	3.33
3	Company B - other financial intermediation	1,459,000	2.42
4	Company S - automotive manufacturing	1,230,000	2.04
5	Company M - sporting and athletic articles manufacturing	974,000	1.62
6	Company Q - telecommunications	955,043	1.59
7	Company C - instant food manufacturing	907,194	1.51
8	Company W - real estate development	800,000	1.33
9	Company V - accommodation	799,600	1.33
10	Company K - manufacture of rubber products	790,000	1.31

b. Market risk

Interest Rate Sensitivity
December 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 rate-sensitive assets	$ 608,137,527	$ 8,477,742	$ 12,038,976	$ 74,307,462	$ 702,961,707
Interest rate-sensitive liabilities	355,262,684	258,426,150	70,276,867	15,557,848	699,523,549
Interest rate-sensitive gap	252,874,843	(249,948,408)	(58,237,891)	58,749,614	3,438,158
Net worth					59,685,996
Ratio of interest rate-sensitive assets to liabilities					100.49%
Ratio of interest rate sensitivity gap to net worth					5.76%

December 31, 2020

(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 rate-sensitive assets	$ 532,258,985	$ 10,984,353	$ 12,845,941	$ 71,950,434	$ 628,039,713
Interest rate-sensitive liabilities	290,976,871	222,689,736	70,806,321	25,993,196	610,466,124
Interest rate-sensitive gap	241,282,114	(211,705,383)	(57,960,380)	45,957,238	17,573,589
Net worth					56,248,988
Ratio of interest rate-sensitive assets to liabilities					102.88%
Ratio of interest rate sensitivity gap to net worth					31.24%

Note 1: The above amounts included only the New Taiwan dollar held by the Bank's head office and branches (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 are 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
December 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 rate-sensitive assets	$ 2,663,524	$ 79,113	$ 130,558	$ 1,663,124	$ 4,536,319
Interest rate-sensitive liabilities	1,531,322	461,239	703,351	587,150	3,283,062
Interest rate-sensitive gap	1,132,202	(382,126)	(572,793)	1,075,974	1,253,257
Net worth					219,042
Ratio of interest rate-sensitive assets to liabilities					138.17%
Ratio of interest rate sensitivity gap to net worth					572.15%

December 31, 2020

(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 rate-sensitive assets	$ 2,142,337	$ 504,181	$ 164,487	$ 1,402,049	$ 4,213,054
Interest rate-sensitive liabilities	1,601,332	433,271	492,622	702,642	3,229,867
Interest rate-sensitive gap	541,005	70,910	(328,135)	699,407	983,187
Net worth					175,908
Ratio of interest rate-sensitive assets to liabilities					130.44%
Ratio of interest rate sensitivity gap to net worth					558.92%

Note 1: The above amounts included only U.S. dollar amounts held by the Bank's head office, domestic branches, OBU and overseas branches 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 are affected by interest rate changes.

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

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

c. Liquidity risk

1) Profitability

(%)

Items		Year Ended December 31, 2021	Year Ended December 31, 2020
Return on total assets	Before income tax	0.65	0.54
	After income tax	0.56	0.47
Return on common equity	Before income tax	8.92	7.18
	After income tax	7.51	6.14
Net income ratio		26.74	23.85

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 years ended December 31, 2021 and 2020.

2) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities
December 31, 2021

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 781,838,385	$ 211,347,601	$ 29,497,818	$ 51,348,617	$ 121,443,362	$ 368,200,987
Main capital outflow on maturity	901,429,650	104,191,958	135,689,420	116,697,294	226,310,665	318,540,313
Gap	(119,591,265)	107,155,643	(106,191,602)	(65,348,677)	(104,867,303)	49,660,674

December 31, 2020

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 691,415,883	$ 196,433,057	$ 32,469,854	$ 49,004,565	$ 94,019,121	$ 319,489,286
Main capital outflow on maturity	796,002,195	84,997,650	113,456,441	103,382,981	191,598,487	302,566,636
Gap	(104,586,312)	111,435,407	(80,986,587)	(54,378,416)	(97,579,366)	16,922,650

Note: The above amounts are book value held by the onshore branches and offshore banking unit of the Bank in U.S. dollars, without off-balance sheet amounts (for example, the issuance of negotiable certificate of deposits, bonds or stocks).

Maturity Analysis of Assets and Liabilities
December 31, 2021

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 4,733,246	$ 977,463	$ 1,760,741	$ 89,075	$ 135,791	$ 1,770,176
Main capital outflow on maturity	4,727,275	1,173,371	996,018	521,864	895,419	1,140,603
Gap	5,971	(195,908)	764,723	(432,789)	(759,628)	629,573

December 31, 2020

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 4,339,872	$ 686,488	$ 1,448,642	$ 535,083	$ 170,022	$ 1,499,637
Main capital outflow on maturity	4,318,776	923,214	1,130,312	472,516	585,694	1,207,040
Gap	21,096	(236,726)	318,330	62,567	(415,672)	292,597

Note: The above amounts are book value of the assets and liabilities held by the onshore branches and offshore banking unit of the Bank in U.S. dollars, without off-balance amounts (for example, the issuance of negotiable certificate of deposits, bonds or stocks).

56. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
Tianji Smart Energy Co., Ltd.	Energy development and technology service	November 2, 2021	90

The company acquired Tianji Smart Energy Co., Ltd., it mainly engages in energy development and technology service.

b. Assets acquired and liabilities assumed at the date of acquisition

Assets	
Cash and cash equivalents	$ 67,467
Account receivable	191,502
Property, plant and equipment	2,129,384
Right-of-use asset	243,762
Prepayment	120,753
Other assets	1,716
	2,754,584
Liabilities	(2,386,633)
Identifiable net assets acquired	$ 367,951

c. Non-controlling interests

Tianji Smart Energy Co., Ltd.’s non-controlling interest (a 10% ownership interest) recognized at the acquisition date was measured by reference to the fair value of non-controlling interest and amounted to $36,795 thousand.

d. Goodwill recognized on acquisitions

Consideration transferred (Note)	$ 394,413
Plus: Non-controlling interests	36,795
Less: Fair value of identifiable net assets acquired	(367,951)
	$ 63,257

The goodwill recognized in the acquisitions of Tianji Smart Energy Co., Ltd. mainly represent the control premium included in the cost of the combinations. In addition, the consideration paid for the combinations effectively included amounts attributed to the benefits of expected synergies, revenue growth and future market development. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Note: Included the prepaid stock $81,506 thousand in 2020.

e. Net cash outflow on the acquisition of subsidiary

	Tianji Smart Energy Co., Ltd.
Consideration paid in cash	$ 312,907
Less: Cash and cash equivalent balances acquired	(67,467)
	$ 245,440

f. Impact of acquisitions on the results of The Company

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Tianji Smart Energy Co., Ltd.
Net profit	$ 189,844
Revenue	$ (38,433)

Had Tianji Smart Energy Co., Ltd. concluded the acquisition at the beginning of 2021, The Company's net profit and revenue would have been $$16,878,617 thousand and $4,501,829 thousand, respectively. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operation of the company that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, nor is it intended to be a projection of future result.

57. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Futures Bureau for the Bank and its investees:

a. Related information of significant transactions and investees and (b) proportionate share in investees:

1) Financing provided: The Company - not applicable; investee - Table 1 (attached)

2) Endorsement/guarantee provided: Table 2 (attached)

3) Marketable securities held: The Company - not applicable; investee - Table 3 (attached)

4) Marketable securities acquired or disposed of at costs or prices of at least $300 million or 10% of the paid-in capital: Table 4 (attached)

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

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

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

8) Receivables from related parties amounting to at least $300 million or 10% of the paid-in capital: Table 5 (attached)

9) Sale of nonperforming loans: None

10) Asset securitization under the “Regulations for Financial Asset Securitization”: None

11) Other significant transactions which may affect the decisions of users of financial reports: Table 6 (attached)

12) Names, locations and other information of investees on which the Bank exercises significant influence: Table 7 (attached)

13) Derivative transactions: Note 8

b. Investment in Mainland China: None

c. Intercompany relationships and significant intercompany transactions.

The detailed information of intercompany relationships and significant intercompany transactions are referred to Table 8 (attached).

d. Information of major shareholders which hold ownership of 5% or greater: Table 9 (attached)

58. OPERATING SEGMENTS

The information reported to the Company’s chief operating decision makers for the assessment of segment performance focuses mainly on operation and profitability. The Company’s reportable segments are as follows:

a. Corporate banking unit: Corporate banking, foreign exchange business, debt management and public treasury business, etc.

b. Consumer banking unit: Consumer banking, financial management and loan business, credit card business and car-loan business, etc.

c. Wealth management and trust unit: Wealth management and trust business, etc.

d. Investing unit: Investing business in the financial market, etc.

e. Leasing unit: Leasing of vehicles, buildings, etc.

The analysis of the Bank’s operating revenue and results by reportable segment was as follows:

	For the Year Ended December 31, 2021						
	Corporate Banking	Consumer Banking	Wealth Management	Investing	Leasing	Others	Total
Net interest (Note)	$ 1,629,194	$ 3,703,734	$ (3,966)	$ 1,501,283	$ (3,907)	$ 2,027,085	$ 8,853,423
Net commissions and fees revenues	211,815	1,349,912	1,042,854	182,470	(852)	268,173	3,054,372
Net revenues other than interest	269,123	(6,587)	5,958	1,986,939	2,461,452	64,093	4,780,978
Total net revenues	2,110,132	5,047,059	1,044,846	3,670,692	2,456,693	2,359,351	16,688,773
Provisions (reversal)	19,928	94,728	-	7,176	28,934	655,058	805,824
Operating expenses	874,897	3,167,136	593,228	193,196	2,287,805	3,556,443	10,672,705
Income before income tax	$ 1,215,307	$ 1,785,195	$ 451,618	$ 3,470,320	$ 139,954	$ (1,852,150)	$ 5,210,244

	For the Year Ended December 31, 2020						
	Corporate Banking	**Consumer Banking**	**Wealth Management**	**Investing**	**Leasing**	**Others**	**Total**
Net interest (Note)	$ 1,498,697	$ 3,425,738	$ (1,646)	$ 1,555,350	$ (57,793)	$ 1,466,630	$ 7,886,976
Net commissions and fees revenues	170,818	1,481,686	879,726	138,623	(406)	150,026	2,820,473
Net revenues other than interest	197,671	(6,867)	1,492	929,380	2,361,895	239,342	3,722,913
Total net revenues	1,867,186	4,900,557	879,572	2,623,353	2,303,696	1,855,998	14,430,362
Provisions (reversal)	(10,510)	55,291	-	(11,801)	23,324	234,236	290,540
Operating expenses	835,478	3,368,788	535,695	179,390	2,155,740	3,123,056	10,198,147
Income before income tax	$ 1,042,218	$ 1,476,478	$ 343,877	$ 2,455,764	$ 124,632	$ (1,501,294)	$ 3,941,675

Note: Include interest revenue of financial assets at fair value through profit or loss.

TABLE 1

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

No.	Lender	Borrower	Financial Statement Account	Highest Balance for the Period (Note 1)	Ending Balance (Note 2)	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount (Note 3)	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 4)	Aggregate Financing Limit (Note 5)
												Item	Value		
1	Union Financial and Leasing International Corporation	Union Capital (Singapore) Holding PTE. Ltd.	Receivables of affiliates	$ 889,968 (JPY 3,700,000)	$ 889,968 (JPY 3,700,000)	$ 631,932 (JPY 2,627,225)	1.25	Business transaction	$ 889,968 (JPY 3,700,000)	-	$ -	-	$ -	$ 2,865,168	$ 2,865,168
		Uflc Capital (Singapore) Holding PTE. Ltd.	Receivables of affiliates	1,563,458 (JPY 6,500,000)	1,563,458 (JPY 6,500,000)	1,328,653 (JPY 5,523,808)	1.25	Business transaction	1,563,458 (JPY 6,500,000)	-	-	-	-	2,865,168	2,865,168
		Feng Sheng Steel CO., LTD.	Account receivable	18,000	-	-	7-10	Short-term financing	-	Business financing	-	Real estate	19,326	286,517	1,146,067
		Minamoto Kitazawa International Co., Ltd.	Account receivable	35,000	-	-	3-6	Short-term financing	-	Business financing	-	Real estate	27,400	286,517	1,146,067
		Megaful CO., LTD.	Account receivable	65,000	-	-	3-6	Short-term financing	-	Business financing	-	Real estate	73,484	286,517	1,146,067
		Junwei Development and Construction Co., Ltd.	Account receivable	20,000	9,969	9,969	5-8	Short-term financing	-	Business financing	100	Real estate	12,447	286,517	1,146,067
2	Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Receivables of affiliates	457,011 (JPY 1,900,000)	457,011 (JPY 1,900,000)	352,587 (JPY 1,465,865)	2.75	Business transaction	457,011 (JPY 1,900,000)	-	-	-	-	2,865,168	2,865,168
3	Uflc Capital (Singapore) Holding PTE. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Receivables of affiliates	793,756 (JPY 3,300,000)	793,756 (JPY 3,300,000)	686,840 (JPY 2,855,504)	2.75	Business transaction	793,756 (JPY 3,300,000)	-	-	-	-	2,865,168	2,865,168
4	Union Energy Co., Ltd.	Tianji Smart Energy Co., Ltd.	Receivables of affiliates	10,000	10,000	10,000	3	Short-term financing	-	Business financing	-	-	-	1,200,853	1,200,853

UNION BANK OF TAIWAN AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currency, Unless Stated Otherwise)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 5)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 4)	Actual Amount Borrowed (Note 6)	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 7)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 2)											
1	Union Venture Capital Co., Ltd.	Na He Yi Hau Electric Power Inc.	3	$ 6,513,531	$ 1,113,000	$ 1,113,000	$ 242,100	$ -	92.68	$ 7,205,118	Yes	No	No	

UNION BANK OF TAIWAN AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars and Foreign Currency, Unless Stated Otherwise)

Holding Company	Type and Issuer/ Name of Marketable Security	Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2021				Note
				Shares/Piece/ Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Union Finance and Leasing International Corporation	Stock							
	Hey-Song Corporation	-	Financial assets at fair value through other comprehensive income	4,551	$ 162,471	1.13	$ 162,471	
	ERA Communications Co., Ltd.	-	Financial assets at fair value through other comprehensive income	425	9,935	0.33	9,935	
	Beneficiary certificates							
	Union Advantage Global FI Portfolio Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	2,384	36,372	-	36,372	
	Union Golden Balance Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	517	23,195	-	23,195	
	Union APEC Balanced A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,660	21,582	-	21,582	
	Union Asian High Yield Bond A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,102	22,021	-	22,021	
	Union Global High Dividend Strategic Investment Fund (USD-A)	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	2,000	20,126	-	20,126	
	Union Green Energy Private Equity Limited Partnership	-	Financial assets at fair value through profit or loss	-	536,046	99.00	536,046	
Union Information Technology Corporation	Stock							
	ELTA Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income	3,019	32,358	14.38	32,358	
Union Securities Investment Trust (USITC)	Stock							
	Fundrish Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	566	6,174	0.94	6,174	
	Beneficiary certificates							
	Union Advantage Global FI Portfolio Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,068	16,290	-	16,290	
	Union Emerging Asia Bond A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	889	9,961	-	9,961	
	Union Money Market	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,230	16,409	-	16,409	

(Continued)

Holding Company	Type and Issuer/ Name of Marketable Security	Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2021 Shares/Piece/ Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	Note
	Union Golden Balance Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	29	$ 1,301	-	$ 1,301	
	Union China	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	34	1,995	-	1,995	
	Union Technology Fund	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	93	2,652	-	2,652	
	Union APEC Balanced A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,358	27,119	-	27,119	
	Union Asian High Yield Bond A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	2,300	21,544	-	21,544	
	Union Global High Dividend Strategic Investment Fund (USD-A)	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	438	5,698	-	5,698	
Union Finance International (HK) Limited	<u>Stock</u>							
	Obsidian	-	Financial assets at fair value through other comprehensive income	17	US$ 70	-	US$ 70	
	Mr. Cooper Group Inc.		Financial assets at fair value through other comprehensive income	1	US$ 62	-	US$ 62	
Union Venture Capital Co., Ltd.	<u>Stock</u>							
	Greenway Environmental Technology Co., Ltd.		Financial assets at fair value through other comprehensive income	1,100	1,530	2.82	1,530	
	RFD Micro Electricity Co., Ltd.		Financial assets at fair value through other comprehensive income	10,377	529,648	14.59	529,648	
	Hope Vision Co., Ltd.		Financial assets at fair value through other comprehensive income	1,357	5,142	2.46	5,142	
Corner Ventures DAG I-U, LLC (Delaware, US)	<u>Stock</u>							
	Dantari Pharmaceuticals, LLC	-	Financial assets at fair value through other comprehensive income	Preferred stock 310	US$ 310	-	US$ 310	
	Fabric Ltd.	-	Financial assets at fair value through other comprehensive income	Preferred stock 148	US$ 2,031	-	US$ 2,031	
	Healthy.io Limited	-	Financial assets at fair value through other comprehensive income	Preferred stock 6	US$ 313	-	US$ 313	
		-	Financial assets at fair value through other comprehensive income	Preferred stock 25	US$ 1,265	-	US$ 1,265	
	Prismo Systems Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 40	US$ 307	-	US$ 307	
	Nexar Ltd.	-	Financial assets at fair value through other comprehensive income	Preferred stock 67	US$ 841	-	US$ 841	
	Latigo Biotherapeutics, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 180	US$ 125	-	US$ 125	
	Oncovalent Therapeutics Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 3	US$ 38	-	US$ 38	

(Continued)

Holding Company	Type and Issuer/ Name of Marketable Security	Issuer's Relationship with Holding Company	Financial Statement Account	December 31, 2021 Shares/Piece/ Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	Note
	Twin Health, Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 165	US$ 2,360	-	US$ 2,360	
	Meilo Ltd.	-	Financial assets at fair value through other comprehensive income	8	US$ 832	-	US$ 832	
		-	Financial assets at fair value through other comprehensive income	Preferred stock 4	US$ 368	-	US$ 368	
	Aravalent Therapeutics, Inc.	-	Financial assets at fair value through other comprehensive income	68	US$ 66	-	US$ 66	
	Boldend, Inc.	-	Financial assets at fair value through other comprehensive income	27	US$ 484	-	US$ 484	
	Bookaway Ltd.	-	Financial assets at fair value through other comprehensive income	26	US$ 219	-	US$ 219	
	Cargomatic, Inc.	-	Financial assets at fair value through other comprehensive income	20	US$ 77	-	US$ 77	
	Engageli, Inc.	-	Financial assets at fair value through other comprehensive income	176	US$ 383	-	US$ 383	
	Garuda Labs, Inc.	-	Financial assets at fair value through other comprehensive income	14	US$ 306	-	US$ 306	
	AnyRoad Inc.	-	Financial assets at fair value through other comprehensive income	7	US$ 38	-	US$ 38	
	Assemble Stream, Inc.	-	Financial assets at fair value through other comprehensive income	33	US$ 115	-	US$ 115	
	FINDEM, Inc.	-	Financial assets at fair value through other comprehensive income	5	US$ 38	-	US$ 38	
	Suvalent Therapeutics Inc.	-	Financial assets at fair value through other comprehensive income	83	US$ 87	-	US$ 87	
	Solv Health, Inc.	-	Financial assets at fair value through other comprehensive income	115	US$ 501	-	US$ 501	
Corner Union LLC (Delaware, US)	Stock							
	Healthy.io Limited	-	Financial assets at fair value through other comprehensive income	Preferred stock 30	US$ 1,500	-	US$ 1,500	
Union Private Equity Co., Ltd.	Beneficiary certificates							
	Union Green Energy Private Equity Limited Partnership	-	Financial assets at fair value through profit or loss		5,441	0.99	5,441	
	Union Green Energy I Private Equity Limited Partnership	-			4,948	1.32	4,948	

(Concluded)

TABLE 4

UNION BANK OF TAIWAN AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF PROPORTION SHARE INVESTMENT OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEARS END DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
Union Bank of Taiwan	Stock LINE Bank Taiwan Limited	Financial assets at fair value through other comprehensive income	LINE Bank Taiwan Limited	-	7,413	$ 60,044	35,784	$ 357,844	4,500	$ 45,007	$ 38,342	$ 6,665	38,697	$ 321,801
Union Energy Co., Ltd.	Tianji Smart Energy Co., Ltd.	Financial assets at fair value through other comprehensive income	SOLARFARM CORPORATION	-	-	-	33,904	394,413 (Note 5)	-	-	-	-	33,904	$ 329,618

Note 1: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

Note 2: Investors who use the equity method in their securities accounts must fill in these two columns, the rest are not

Note 3: The accumulated buying and selling amount should be calculated separately at market price whether it reaches $300 million or 10% of the paid-in capital.

Note 4: The Company has increased the equity share from 11.4% to 33.94% in November 2021; the Company uses the equity method to account for the investment.

Note 5: Included advance payment for capital stock of $81,506 thousand in 2020.

TABLE 5

UNION BANK OF TAIWAN AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Union Finance and Leasing International Corporation	Union Capital (Singapore) Holding Pte. Ltd.	Subsidiary	$ 631,932 (JPY 2,627,225)	-	$ -	-	$ -	$ -
	Uflc Capital (Singapore) Holding Pte. Ltd.	Subsidiary	1,328,653 (JPY 5,523,808)	-	-	-	-	-
	Tianji Smart Energy Co., Ltd.	Subsidiary	1,734,780		-		6,233	17,348
Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Subsidiary	352,587 (JPY 1,465,865)	-	-	-	-	-
Uflc Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1 (Japan)	Subsidiary	686,840 (JPY 2,855,504)	-	-	-	-	-

UNION BANK OF TAIWAN AND SUBSIDIARIES

ASSET QUALITY - NONPERFORMING LOANS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, %)

Period			December 31, 2021					December 31, 2020				
Items			Nonperforming Loan (Note 1)	Loan	Ratio of Nonperforming Loan (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 181,780	$ 133,123,735	0.14%	$ 1,924,635	961.40%	$ 239,421	$ 112,515,889	0.21%	$ 1,751,804	507.05%
	Unsecured		18,411	79,397,115	0.02%			106,065	68,184,808	0.16%		
Consumer banking	Housing mortgage (Note 4)		168,617	218,124,120	0.08%	2,747,950	1629.70%	150,626	191,585,318	0.08%	2,410,675	1,600.44%
	Cash card		36	10,544	0.34%	2,028	5633.64%	86	15,487	0.56%	2,811	3,268.60%
	Small-scale credit loans (Note 5)		113,465	45,681,211	0.25%	484,016	426.58%	90,413	35,040,265	0.26%	380,303	420.63%
	Other (Note 6)	Secured	16,472	20,859,171	0.08%	237,330	1419.95%	17,774	19,393,472	0.09%	232,640	1,221.72%
		Unsecured	242	1,950,798	0.01%			1,268	2,347,963	0.05%		
Loan			499,023	499,146,694	0.10%	5,395,959	1081.30%	605,653	429,083,202	0.14%	4,778,233	788.94%
			Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Credit Losses	Coverage Ratio (Note 3)
Credit cards			21,866	17,896,657	0.12%	138,614	633.92%	25,247	17,280,465	0.15%	142,695	565.20%
Accounts receivable factored without recourse			-	319,884	-	3,199	-	-	480,043	-	4,800	-

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

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

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

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

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, in small amounts and exclude credit cards and cash cards.

Note 6: Other consumer banking loans refer to secured or unsecured loans that exclude housing mortgage, cash cards, credit cards and small-scale credit loans.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 094000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

(Continued)

Not reported as nonperforming loans or nonperforming receivables

Types \ Items	December 31, 2021		December 31, 2020	
	Not Reported as Nonperforming Loan	**Not Reported as Nonperforming Receivable**	**Not Reported as Nonperforming Loan**	**Not Reported as Nonperforming Receivable**
Amounts of executed contracts on negotiated debts not reported as nonperforming loans and receivables (Note 1)	$ 10,097	$ 48,994	$ 14,432	$ 68,937
Amounts of discharged and executed contracts on clearance of consumer debts not reported as nonperforming loans and receivables (Note 2)	227,678	700,898	198,375	730,286
Total	237,775	749,892	212,807	799,223

Note 1: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau’s letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: Amounts of discharged and executed contracts on clearance of consumer debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau’s letter dated September 15, 2008 (Ref. No. 09700318940).

(Concluded)

UNION BANK OF TAIWAN AND SUBSIDIARIES

INFORMATION ON AND PROPORTIONATE SHARE IN INVESTEES
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Value	Investment Gain (Loss)	Proportionate Share of the Bank and Its Subsidiaries in Investees				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership (%)	
Union bank of Taiwan	Financial - related										
	Union Finance and Leasing International Corporation	Taipei	Installment, leasing and accounts receivable factoring	100.00	$ 2,865,194	$ 97,579	153,000	-	153,000	100.00	
	Union Finance International (HK) Limited	Hong Kong	Import and export accommodation	100.00	156,688	30,971	30,000	-	30,000	100.00	
	Union Securities Investment Trust Corporation	Taipei	Securities investment trust	99.60	429,088	35,808	31,014	-	31,014	99.60	
	Union Information Technology Corporation	Taipei	Software and hardware product retail and distribution, system programming development, system development outsourcing, website design, e-commerce, etc.	99.99	17,311	(2,527)	1,000	-	1,000	99.99	
	Union Venture Capital Corporation	Taipei	Venture Investment	100.00	1,200,742	(75,239)	80,000	-	80,000	100.00	
	Ipass Corporation	Kaohsiung	IC card	33.94	321,802	(1,860)	38,697	-	38,697	33.94	
	Taiwan Gin Lian Asset Management Corporation	Taipei	Purchase, sale and management of nonperforming loans from financial institutions	0.57	79,477	-	6,000	-	6,000	0.57	
	Taiwan Financial Asset Service Corporation	Taipei	Property auction	2.94	48,291	-	5,000	-	5,000	2.94	
	Sunny Asset Management Co.	Taipei	Purchase, sell and manage nonperforming loans from financial institution	6.44	4,320	-	386	-	386	6.44	
	Taipei Forex Inc.	Taipei	Foreign exchange brokering	0.81	7,271	-	160	-	160	0.81	
	Financial Information Service Co., Ltd.	Taipei	Information service	2.61	356,843	-	12,875	-	12,875	2.61	
	Taiwan Depository & Clearing Corporation	Taipei	Financial service	0.25	75,252	-	1,085	-	1,085	0.25	
	Taiwan Futures Exchange Co., Ltd.	Taipei	Futures clearing	2.04	510,842	-	8,555	-	8,555	2.04	
	Taiwan Mobile Payment Corporation	Taipei	International trade, data processing service	1.00	3,163	-	600	-	600	1.00	
	LINE BIZ+ Taiwan., Ltd.	Taipei	Data processing, digital information supply and third party payment services	10.00	1,480,143	(4,565)	5,471	-	5,471	10.00	Note 3
	Nonfinancial - related										
	Union Real-Estate Management Corporation	Taipei	Construction plan review and consulting	40.00	52,074	(207)	2,000	-	2,000	40.00	
	Fu Hua Venture Corporation	Taipei	Investment	5.00	955	-	15	-	15	5.00	
	Li Yu Venture Corporation	Taipei	Investment	4.76	3,772	-	558	-	558	4.76	
	Lian An Service Corporation	Taipei	Security service	5.00	1,514	-	125	-	125	5.00	
	Taiwan Power Corporation	Taipei	Electricity - related business	0.0012	3,825	-	395	-	395	0.0012	
	LINE Bank Taiwan Limited	Taipei	Banking	5.00	357,789	-	50,000	-	50,000	5.00	
Union Finance and Leasing International Corporation	Nonfinancial - related										
	Union Capital (Cayman) Corp.	Cayman	Investments, overseas financing, equipment leasing, installment selling, acquisition of account receivable	100.00	55,594	4,035	50	-	50	100.00	
	Union Capital (Singapore) Holding PTE. Ltd.	Singapore	Investments, overseas financing, equipment leasing, installment selling, acquisition of account receivable	100.00	82,903 (JPY 344,665)	21,969 (JPY 86,568)	-	-	-	100.00	
	Uflc Capital (Singapore) Holding PTE. Ltd.	Singapore	Investments, overseas financing, equipment leasing, installment selling, acquisition of account receivable	100.00	100,488 (JPY 417,775)	25,411 (JPY 100,129)	-	-	-	100.00	
Union Capital (Singapore) Holding Pte. Ltd.	Nonfinancial - related										
	Kabushiki Kaisha UCJ1	Japan	Buy, sell and lease real estate	30.55	117,517 (JPY 488,569)	761 (JPY 2,999)	9	-	9	30.55	Note 4
	Tokutei Mokuteki Kaisha SSG15	Japan	Real estate securitization	49.00	187,432 (JPY 779,237)	19,918 (JPY 78,487)	Note 6	-	Note 6	49.00	Note 4

(Continued)

Investor Company	Investee Company	Location	Main Business and Product	Percentage of Ownership (%)	Carrying Value	Investment Gain (Loss)	Proportionate Share of the Bank and Its Subsidiaries in Investees				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership (%)	
Kabushiki Kaisha UCJ1	Nonfinancial - related							-			
	Tokutei Mokuteki Kaisha SSG15	Japan	Real estate securitization	51.00	$ 195,069 (JPY 810,991)	$ 20,731 (JPY 81,690)	Preferred stock 15	-	Preferred stock 15	51.00	Note 4
	Tokutei Mokuteki Kaisha SSG12	Japan	Real estate securitization	51.00	250,205 (JPY 1,040,217)	14,191 (JPY 55,917)	Preferred stock 20	-	Preferred stock 20	51.00	Note 4
	Tokutei Mokuteki Kaisha SSG16	Japan	Real estate securitization	51.00	170,283 (JPY 707,943)	11,406 (JPY 44,943)	Preferred stock 13	-	Preferred stock 13	51.00	Note 4
Uflc Capital (Singapore) Holding Pte. Ltd.	Nonfinancial - related										
	Kabushiki Kaisha UCJ1	Japan	Buy, sell and lease real estate	69.45	267,170 (JPY 1,110,744)	1,730 (JPY 6,818)	21	-	21	69.45	Note 4
	Tokutei Mokuteki Kaisha SSG12	Japan	Real estate securitization	49.00	240,405 (JPY 999,474)	13,634 (JPY 53,724)	Note 7	-	Note 7	49.00	Note 4
	Tokutei Mokuteki Kaisha SSG16	Japan	Real estate securitization	49.00	163,617 (JPY 680,230)	10,958 (JPY 43,180)	Note 5	-	Note 5	49.00	Note 4
Union Securities Investment Trust Co., Ltd.	Financial - related										
	Union Private Equity Co., Ltd.	Taiwan	Investment services	100.00	38,799	9,307	3,000	-	3,000	100.00	
Union Venture Capital Co., Ltd.	Nonfinancial - related										
	Na He Yi Hau Electric Power Inc.	Taiwan	Electricity - related business	89.70	141,189	(3,918)	14,890	-	14,890	89.70	
	Union Energy Co., Ltd.	Taiwan	Investment advisory services and energy related business	100.00	20,994	(69,005)	90,000	-	90,000	100.00	
	Corner Union Venture Capital, LLC.	United States of America	Investment	100.00	372,134 (US$ 13,439)	(6,384) (US$ -228)	-	-	-	100.00	
	Blue Borders Medical and Heal Management Consulting Co., Ltd.	Taiwan	Biotechnology Services	38.89	139,141	(858)	14,000	-	14,000	38.89	Note 3
Union Energy Co., Ltd.	Nonfinancial - related										
	Ting Jie Electric Power Inc.	Taiwan	Electricity - related business	90.00	15,042	(1,163)	1,890	-	1,890	90.00	
	Na he yi hau electric power Inc.	Taiwan	Electricity - related business	0.30	281,403	(6,494)	50	-	50	0.30	
	Tianji Smart Energy Co., Ltd.	Taiwan	Electricity - related business	90.00	329,618	(1,538)	33,904	-	33,904	90.00	
Corner Union Venture Capital, LLC.	Nonfinancial - related										
	Corner Ventures DAG I-U, LLC.	United States of America	Investment	100.00	332,917 (US$ 12,023)	(5,259) (US$ -188)	-	-	-	100.00	
	Corner Union, LLC.	United States of America	Investment	100.00	39,635 (US$ 1,432)	(1,119) (US$ -40)	-	-	-	100.00	

Note 1: Except for LINE BIZ+ Taiwan., Ltd., the investees' information shown above is based on audited financial reports as of December 31, 2021.

Note 2: Pro forma shares are considered if equity securities - convertible bonds, warrants, etc. - or derivative contracts such as stock options, are converted to shares.

Note 3: Union Capital (Singapore) Holding Pte. Ltd., Uflc Capital (Singapore) Holding Pte. Ltd. and Tokutei Mokuteki Kaisha SSG15, SSG12 and SSG16 - the audited statements of stockholders' equity as of September 30, 2021. Kabushiki Kaisha UCJ1 - unaudited statements of stockholders' equity as of September 30, 2021.

Note 4: Refers to 1 share of common stock and 13 thousand shares of preferred stock.

Note 5: Refers to 1 share of common stock and 14 thousand shares of preferred stock.

Note 6: Refers to 1 share of common stock and 19 thousand shares of preferred stock.

(Concluded)

UNION BANK OF TAIWAN AND SUBSIDIARIES

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

No. (Note 1)	Transacting Corporation	Counterparty	Flow of Transaction (Note 2)	Description of Transaction			
				Financial Statement Account	Amount	Trading Terms	Percentage of Total Revenue or Total Assets (Note 3)
0	The Bank	UFLIC and its subsidiaries	a	Deposits and remittances - demand deposits	$ 256,065	Note 4	0.03
0	The Bank	UFLIC and its subsidiaries	a	Deposits and remittances - checking deposits	23,339	Note 4	0.00
0	The Bank	UFLIC and its subsidiaries	a	Deposits and remittances - time deposits	721,603	Note 4	0.09
1	UFLIC and its subsidiaries	The Bank	b	Call loans and due to other banks - call loans from banks	1,001,007	Note 4	0.12
0	The Bank	UFLIC and its subsidiaries	a	Discounts and loans	518,225	Note 4	0.06
1	UFLIC and its subsidiaries	The Bank	b	Due from banks	518,225	Note 4	0.06
0	The Bank	UFLIC and its subsidiaries	a	Other operating expenses	12,007	Note 4	0.07
1	UFLIC and its subsidiaries	The Bank	b	Rental revenue	12,007	Note 4	0.07
0	The Bank	UFLIC and its subsidiaries	a	Interest revenue	13,958	Note 4	0.08
1	UFLIC and its subsidiaries	The Bank	b	Interest expense	13,958	Note 4	0.08
0	The Bank	UIT	a	Deposits and remittances - demand deposits	15,851	Note 4	0.00
2	UIT	The Bank	b	Call loans and due to other banks - call loans from banks	15,851	Note 4	0.00
0	The Bank	UIT	a	Other assets	28,801	Note 4	0.00
2	UIT	The Bank	b	Other liabilities	28,801	Note 4	0.00
0	The Bank	UIT	a	Net revenues other than interest	161,714	Note 4	0.97
2	UIT	The Bank	b	Other operating expenses	161,714	Note 4	0.97
0	The Bank	UIT	a	Accrued payables - expense	3,875	Note 4	0.00
2	UIT	The Bank	b	Receivables - accounts receivables	3,875	Note 4	0.00
0	The Bank	UVC and its subsidiaries	a	Deposits and remittances - demand deposits	176,757	Note 4	0.02
3	UVC and its subsidiaries	The Bank	b	Call loans and due to other banks - call loans from banks	176,757	Note 4	0.02
0	The Bank	UVC and its subsidiaries	a	Deposits and remittances - time deposits	18,718	Note 4	0.00
3	UVC and its subsidiaries	The Bank	b	Other financial assets	18,718	Note 4	0.00
0	The Bank	USITC and its subsidiaries	a	Deposits and remittances - demand deposits	31,485	Note 4	0.00
0	The Bank	USITC and its subsidiaries	a	Deposits and remittances - time deposits	29,700	Note 4	0.00
4	USITC and its subsidiaries	The Bank	b	Call loans and due to other banks - call loans from banks	61,185	Note 4	0.01
0	The Bank	USITC	a	Deposits and remittances - time deposits	168,600	Note 4	0.02
4	USITC	The Bank	b	Other financial assets	168,600	Note 4	0.02
0	The Bank	USITC	a	Accrued payables - expense	3,087	Note 4	0.00
4	USITC	The Bank	b	Receivables - accounts receivables	3,087	Note 4	0.00
0	The Bank	USITC	a	Interest expense	1,610	Note 4	0.01
4	USITC	The Bank	b	Interest revenue	1,610	Note 4	0.01
0	The Bank	USITC	a	Commissions and fee revenue	41,859	Note 4	0.25
4	USITC	The Bank	b	Commissions and fee expense	41,859	Note 4	0.25
2	UIT	UFLIC	c	Net revenues other than interest	1,771	Note 4	0.01
5	UFLIC	UIT	c	Other operating expenses	1,771	Note 4	0.01
2	UIT	UFLIC	c	Net revenues other than interest	285	Note 4	0.00
2	UIT	UFLIC	c	Proprietary and broking sales revenue	1,938	Note 4	0.01

(Continued)

No. (Note 1)	Transacting Corporation	Counterparty	Flow of Transaction (Note 2)	Description of Transaction			
				Financial Statement Account	Amount	Trading Terms	Percentage of Total Revenue or Total Assets (Note 3)
5	UFLIC	UIT	c	Other operating expenses	$ 2,223	Note 4	0.01
5	UFLIC	Tianji Smart Energy Co., Ltd.	c	Receivables - receivables from related parties	1,734,780	Note 4	0.21
6	Tianji Smart Energy Co., Ltd.	UFLIC	c	Payables - payables to related parties	1,734,780	Note 4	0.21
5	UFLIC	Tianji Smart Energy Co., Ltd.	c	Interest revenue	28,680	Note 4	0.17
6	Tianji Smart Energy Co., Ltd.	UFLIC	c	Interest expense	28,680	Note 4	0.17
5	UFLIC	Union Capital (Singapore) Holding Pte. Ltd.	c	Receivables - receivables from related parties	637,480	Note 4	0.08
7	Union Capital (Singapore) Holding Pte. Ltd.	UFLIC	c	Payables - payables to related parties	637,480	Note 4	0.08
5	UFLIC	Union Capital (Singapore) Holding Pte. Ltd.	c	Interest revenue	25,476	Note 4	0.15
7	Union Capital (Singapore) Holding Pte. Ltd.	UFLIC	c	Interest expense	25,476	Note 4	0.15
5	UFLIC	Uflc Capital (Singapore) Holding Pte. Ltd.	c	Receivables - receivables from related parties	1,341,075	Note 4	0.16
8	Uflc Capital (Singapore) Holding Pte. Ltd.	UFLIC	c	Payables - payables to related parties	1,341,075	Note 4	0.16
5	UFLIC	Uflc Capital (Singapore) Holding Pte. Ltd.	c	Interest revenue	17,073	Note 4	0.10
8	Uflc Capital (Singapore) Holding Pte. Ltd.	UFLIC	c	Interest expense	17,073	Note 4	0.10
5	UFLIC	UVC and its subsidiaries	c	Receivables - receivables from related parties	1,734,780	Note 4	0.21
3	UVC and its subsidiaries	UFLIC	c	Payables - payables to related parties	1,734,780	Note 4	0.21
7	Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Receivables - receivables from related parties	352,906	Note 4	0.04
9	Kabushiki Kaisha UCJ1	Union Capital (Singapore) Holding Pte. Ltd.	c	Payables - payables to related parties	352,906	Note 4	0.04
8	Uflc Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Receivables - receivables from related parties	698,134	Note 4	0.08
9	Kabushiki Kaisha UCJ1	Uflc Capital (Singapore) Holding Pte. Ltd.	c	Payables - payables to related parties	698,134	Note 4	0.08
7	Union Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Interest revenue	10,230	Note 4	0.06
9	Kabushiki Kaisha UCJ1	Union Capital (Singapore) Holding Pte. Ltd.	c	Interest expense	10,230	Note 4	0.06
8	Uflc Capital (Singapore) Holding Pte. Ltd.	Kabushiki Kaisha UCJ1	c	Interest revenue	19,928	Note 4	0.12
9	Kabushiki Kaisha UCJ1	Uflc Capital (Singapore) Holding Pte. Ltd.	c	Interest expense	19,928	Note 4	0.12

Note 1: The transacting corporation is identified in the No. column as follows:

a. 0 for parent company.
b. Sequentially from 1 for subsidiaries.

Note 2: The flow of transactions is as follows:

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

Note 3: The percentage is calculated as follows:

a. Assets and liabilities: Ending balance divided by total consolidated assets.
b. Income and expenses: The amount at the end of the year divided by consolidated net income

Note 4: The terms of the transactions between the Bank and related parties were similar to those for unrelated parties.

Note 5: Referring to transactions exceeding $1,000 thousand.

(Concluded)

TABLE 9

UNION BANK OF TAIWAN AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Name of Major Shareholder	Shares			
	Number of Shares			Percentage of Ownership (%)
	Ordinary Shares	Preferred Shares	Total	
Tsong-Li Investment Co., Ltd.	261,686	-	261,686	7.48
Pai-Sheng Investment Co., Ltd	166,713	8,167	174,880	5.00

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.