

Date of Publication: May 2022

This Annual Report may be accessed on the Market Observation Post System (<https://newmops.tse.com.tw>) and on the Bank's Website (<https://www.ubot.com.tw>)

The English version of annual report is a brief translation and is not part of official document of the shareholder's meeting.

The Chinese version shall prevail if there is any difference between these two.

2021 Annual Report



I. Spokesman

Name: Ms. Grace Lee/ Title: Senior Executive Vice President

Tel.: 02-27180001

E-mail: grance_lee@ubot.com.tw

Second Spokesman

Name: Mr. Yanger Yang / Title: Senior Executive Vice President

Tel.: 02-27180001

E-mail: yanger_yang@ubot.com.tw

II. Head Office/Domestic Branch, address, and telephone:

Please refer to page 215 ~219

III. Stock Registration Office

Name: MasterLink Securities Corp.

Homepage: <http://www.masterlink.com.tw>

Address: B1, No.35, Ln. 11, Guangfu N. Rd., Taipei City, Taiwan

Tel: (02) 2768-6668

IV. Credit Ratings Institution

Name: Taiwan Ratings Corp.

Homepage: <http://www.taiwanratings.com.tw>

Address: 2F., No. 167, Dunhua N. Rd., Taipei City, Taiwan

Tel.: (02) 2175-6800

V. CPA for Financial Statement Auditing

Name: Mr. Jui-Chan Huang / Mr. Charles Yang

Company: Deloitte & Touche

Homepage: <http://www.deloitte.com.tw>

Address: 20F, No.100, Songren, Xinyi Dist., Taipei, Taiwan

Tel.: (02) 2725-9988

VI. Offshore marketable securities exchange company and transaction information: None

VII. Homepage: <http://www.ubot.com.tw>

Table of Contents

Letter to Shareholders	01
Bank Profile	08
Corporate Governance	10
1. Organization Structure	10
2. Information on Directors, Supervisors and Executive Officers	13
3. Execution of Corporate Governance	56
4. Information on CPA Professional Fees.....	120
5. Information on change of CPA.....	121
6. The Chairman, President and Executive Officers in charge of the Bank's financial or accounting affairs who have, during the past year, served a position in the CPA firm to which or its affiliated enterprises the independent auditor(s) belong to	121
7. Transfer of Equity and Changes in Equity Used as Collateral by Directors, Supervisors, Managers, and Others Required to Report Equity in accordance with Paragraph 3, Article 25 of the Banking Act.	121
8. Information on Top 10 Shareholders Being the Related Parties.....	126
9. Ownership of Investee Companies	127
Fund Raising Status	129
1. Capital and Share	129
2. Issuance of Financial Debentures	136
3. Issuance of Preferred Stock	138
4. The status of Overseas Depository Receipts and Employee Stock Option.....	140
5. Acquisitions or Disposition of Other Financial Institutions	140
6. Fund Utilization Plan and Execution Status	141
Operational Highlights	142
1. Business Description	142
2. Employee Analysis	154
3. Corporate Responsibility and Ethical Conduct	156
4. Number of Non-managerial Staff, Amt of employee welfare expense and difference from the Previous Year	159
5. Facilities of Information Technology	159
6. Information Security Management.....	161
7. Labor Relations	168
8. Major Contracts	169
9. Securitization Commodities approved by the competent authority and relevant information launched in accordance with Financial Asset Securitization Act or Real Estate Securitization Act in recent years.....	173
Financial Highlights	174
1. Condensed Balance Sheets, Income Statements and Auditors' Opinions for the most recent five years	174
2. Financial Analysis and Capital Adequacy Ratio	180
3. Supervisors' Report for the 2020 Financial Statements	188
4. Financial Statements for 2020	189
5. 2020 Individual Statements for Certified and Audited by the CPA.....	189
6. Any Financial Difficulties Experienced by the Bank and its Affiliated Enterprises in the Past Year and Current Year up to the Printing Date of the Annual Report, if yes, please narrate the impact upon the Bank's financial conditions	189
Analysis of the Financial Status and Operating Results & Risk Management	190
1. Financial Status	190
2. Results of Operation	191

Table of Contents

3. Cash Flow	192
4. The Impact of Major Capital Expenditures on the Bank’s Financial & Business Operations for the recent years	192
5. Reinvestment Policy, the Main Reasons for Profit or Loss, Corrective Action Plan in last year, and Investment Plan for the Next Year	192
6. Risk Management	193
7. Contingency Plan	208
8. Other Important Matters	208
Affiliate and Special Notes	209
1. Information on Affiliated Enterprises	209
2. Private placement of marketable securities and financial debentures in the past year and current year up to the printing date of the annual report	213
3. Shares of the Bank held or disposed of by subsidiaries in the past year and current year up to the printing date of the annual report	213
4. Other Necessary Supplements	213
5. Up to the printing date of the annual report, any event which has a material impact on shareholders’ equity or securities prices pursuant to Article 36.2.2 of the Security and Exchange Law	213
Bank Directory	215
Appendix: Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors’ Report	



1. Results of Operation for 2021

1. Domestic and International Financial Environment

The vaccination coverage rate increased in 2021 that contributed to the incremental economic recovery in most countries of the world. Yet, the Delta and Omicron variants of COVID-19 started to hit the world once again in the second half of the year that hindered economic growth and resulted in uneven recovery of different industries. In Taiwan, the supply of capital was easy that contributed to an increase of lending. Effort has been made to widen interest gap for better profit. The thriving export also helped to pool up foreign exchange reserve. Lending will be focused on the special financing program in favor of the small and medium enterprises to continue business growth in this area. It was echoed with the sustained growth in mortgage loans, offshore financing, and investment, which in turned boosted up the growth in lending.

2. Changes in Bank Organization

The number of domestic branches reached 90 in 2021. The Hanoi Representative Office was established in April 2020. After that, there are three overseas representative offices of Union Bank of Taiwan.

3. Business Plan, Results of Operations and Budget Execution Status

Through the concerted effort of all employees, we made excellent performance in all key performance indicators (KPIs) in 2021. With regard to profitability, the Bank reported an after-tax net income of NT\$ 4.464 billion for the year ended Dec. 31, 2021, earnings per share (EPS) was NT\$ 1.21, return on assets (ROA) was 0.57%, and return on equity (ROE) was 7.56%. In terms of asset quality, the Bank was able to maintain sound asset quality, reporting an NPL ratio of 0.10% and bad debt coverage ratio of 1,081.30%.

Over the years, we have been promoting different types of business upon an operational strategy featuring steady growth and local cultivation. On December 8, 2021, Taiwan Ratings Corporation awarded our Bank its long- and short-term issuer credit rating for “twA” and “twA-1” respectively, and the outlook on the long-term rating is stable. According to the rating report of Taiwan Ratings Corporation, we have a prudent capital policy and appropriate risk controls, which will enable us to maintain a stable credit structure over the next one to two years. Taiwan Ratings Corporation expects that we can maintain a similar standard in market position, asset quality, capital sources and liquidity structure.

4. Revenue/Expenditure and Profitability

In 2021, the net interest income was NT\$8.674 billion, the non-interest income was NT\$5.491 billion, and the net revenue was NT\$14.165 billion. After deducting net bad debt expenses totaling NT\$777 million and operating expenses totaling NT\$8.227 billion, the net income before and after tax was NT\$5.162 billion and NT\$4.464 billion respectively.

Letter to Shareholders

2. Credit Rating

Rating Agency	Date of Rating	Rating Results		Outlook
Taiwan Ratings Corporation	December 8, 2021	Long-Term: twA+	Short-Term: twA-1	Stable

3. 2022 Business Plan

(1) Operating plan and important operating policy:

Actively expand the scale of various businesses with innovative and competitive services. In terms of business objectives, the Group adheres to the spirit of localized service to establish long-term relationship with customers and create win-win value:

1. Deposit business:

- A. Continue to assess the installation of ATM beyond branch locations for extending the services of the Bank, enhance the visibility of the Bank and expansion of business in deposit.
- B. Continue to expand the market of preferred customers of the Bank in manufacturing sector for solicitation of business in deposit.
- C. Develop new sources of customers and deposits through the cross-industry marketing program (acquirer bank service of credit cards (subsidy) at prearranged shops, special rate for shops providing acquirer banking service).
- D. Design preferential interest rate for deposit program to solicit business from new customers among the small and medium enterprise, and improve transactions in corporate online banking and other business to enlarge the size of deposit.

2. Corporate banking and foreign exchange business:

- A. Actively expand the loan business for industrial and commercial enterprises, give priority to loans for factories (MIT) and self-liquidating loans, and strengthen the protection of the creditor's rights through the acquisition of high-quality collateral and guarantees from the Small & Medium Enterprise Credit Guarantee Fund of Taiwan.
- B. Strengthen the undertaking of quality stock collateral loans.
- C. Strive to increase profitability under risk control and strive for cash flows and various business transactions to increase overall profitability through credit business transactions.
- D. Moderately increase the processing fee income for complex transactions or high operating costs.
- E. The LTV method for the accrual of capital on lending case backed by mortgage and reinforcement of claim over debt, which was applicable to cases of higher risk weight whereby interest will be set at a higher rate since 2021.
- F. Continue to refine the lending integration system and speed up the training of

Letter to Shareholders

personnel in corporate banking to respond to the need of growth of corporate banking

- G. Expanding foreign exchange credit business, and increase creditor's protection through Overseas Credit Guarantee Fund.
- H. Actively participate in international syndicated loan projects with high-quality major enterprises involved or guaranteed by the state or government agencies, and establish develop professionalism and experience in arranging international syndicated loan projects.
- I. Review and update the content of guarantee for offshore lending at regular intervals and seek reinforced protection of the claim to debt through Overseas Credit Guarantee Fund, and assist the branches to expand their business.

3. Consumer banking:

- A. Continue to focus preferred customers in further depth, keep abreast of the trend of customer need and keep existing customers. Provide customized programs to customers of different segments for intensifying the sources of new customers.
- B. Recruit new or provide training for the development of loan AO personnel to bring in more business.
- C. Use big data models for the clustering analysis of local groups of customers, and launch related marketing programs to targeted potential customer groups in order to secure the business opportunity from new customers and build up a wide array of business channels and integrated services.
- D. Continue the optimize and expand the function of online lending and upgrade lending services through the digital channel to broaden the clientele base of young customers or digital customers. Also refine the lending services at the physical channels (branches and service centers) for the full-fledged launched of virtual-physical channels. Unveil special loan programs to targeted customer groups and at specific time point.
- E. Improve cross-industry strategic alliance to provide digital lending service at venues for all walks of life.
- F. Stabilize the business in car loan programs and introduce special projects in collaboration with the car dealers for improving the volume of business. Ease the percentage and interest rate for the purchase of used cars and loan secured by the previously purchased cars for enlarging the scale of business.

4. Credit card business:

- A. Continue to promote LINE points cards to improve the cross-selling across the Bank. Go for any business opportunity for new accounts, income from small cap loans, and insurance premium. Issue new cards to different consumer groups and seek every opportunity of issuing cards through cooperation with outsiders, develop new customers and enhance market visibility and voice.

Letter to Shareholders

- B. Spare no effort to provide electronic services such as LINE statement, bundling with LINE BC, online issuance of cards and the promotion of other automated services to provide a wider array of online service and save the cost of the customers in receiving services.
 - C. In responding to the growing popularity of mobile payment, the Bank adopts the essential channels on hand to promote its credit cards. In addition, the Bank actively seek to broaden the clientele base for card bundling business to upgrade card using frequency. Even better banking service will be provided to the customers by designing a full-range digital banking APP platform at the APP credit card zone of the Bank. For example, press for card bundling, management of new function at the discretion of the customers.
 - D. Continue to develop prearranged online shops and chain stores matching with the shops peripheral to the branch locations for a higher penetration rate of acquirer banking service.
 - E. Online shopping and digital spending will still be the main pillar for credit card consumption. Further effort will be made to further cultivate the market of regular credit card spending such as supermarkets, and superstores. Design form full limit or installation card charge service in line with the trend of consumption in market for boosting the amount of sale through credit card charge.
5. Wealth management, insurance agencies, and trusts:
- A. Design for online transaction with mobile wealth management consulting service to provide a friendly banking environment and improve the convenience of customers in transactions. A remote wealth management system function will be set up to enhance the efficiency of wealth management customers operation.
 - B. Make effort to increase the ratio of rear-end load fund business and continue to expand the scale of special money trust business for bringing in higher revenue.
 - C. Intensify the management of customer inventory tracking service for the effective protection of customers in asset allocation.
 - D. The Bank will attune to the development of mobile insurance business and creation of a friendly banking environment to provide customers with high quality and quick insurance service so as to enhance the operation efficiency of the Bank.
 - E. In responding to the evolving trend of the aging society and sub-replacement fertility family structure, the Bank will continue to introduce protection, investment and annuity types of insurance products to satisfy the need of customers in full-range wealth management so as to bring in more commission income.
 - F. Train and develop the seeds of trust business for expanding the trust 2.0 business. The financial products of the Bank will be integrated under the framework of trust to provide customer a greater variety of financial services.

Letter to Shareholders

G. Broaden the scope of trust for elderly care and continue to develop cross-industry strategic alliance to integrate related channels in favor of the elderly and satisfy their full-range need.

6. Digital banking service:

A. Personal electronic banking services

Centered with user experience, the Bank will continue to fortify the function of personal eBanking and mobile banking, and user interface through optimizing the process of various types of transactions. The function of online banking service and application is also introduced to upgrade the competitiveness of eBanking service and the overall utilization rate.

B. Corporate online banking services

Upgrade the function of Corporate eBanking by introducing large sum foreign exchange transactions, online L/C opening and wealth management transactions for a more convenient corporate banking transaction platform so that corporate customers can effectively control the cash flows of the companies and other transactions with update information. The Bank will also actively promote the eBanking transaction management at the discretion of corporate customers to enhance operation efficiency and create competitive advantage.

C. New New Bank digital banking services

a. Continue to expand and bolster various forms of online service function in integrating online banking services of loans, credit card application, securities investment account opening, wealth management and investment. Videoconferencing, over-the-counter authentication and priority of opening digital account will also be released to continue the refinement of the process of online account opening with the addition of offline over-the-counter transactions.

b. Use digital banking to enhance the effect of virtual-physical integrated services, fortify the traditional banking service location such as Hi-Life Original, LINEPay card, campus payment to form a banking service chain online and offline.

c. The young digital population will be the target of further development. Resources and financial products of the Bank will be launched through the promotion strategic of special offer, strategic partnership in cross-industry cooperation, and cross marketing for attracting more new accounts and boosting business volume.

D. Fortifying the use of community and various information platforms in marketing

Strengthen the cultivation of the community and upgrade different kinds of information platforms such as LINE BC, text message, and eDM for

Letter to Shareholders

integrated use, and combine related new function of LINE API to continue the refinement of the texting personal messages, marketing promotion and service application.

- E. Integrate and apply new types of digital financial services
 - a. Install the big data forecasting model for cross-industry sale in personal and corporate banking, bolster the application and localization of the model for facilitating the cross infiltration of different business into the customers.
 - b. Introduce smart customer service and voice recognition system to the customer service system for reducing the cost of human service and upgrade service efficiency and quality.
 - c. Develop videoconference function for the customers through which the authority or setup at critical level can be opened to digital saving customers, and fortify the digitization function.
 - d. Assess different types of cross-system services in supporting the policy of the competent authority (for example, personalization of MyData digital service and Open Banking API service).

7. Securities:

- A. Establish a mechanism for online securities account opening applications to promote online business.
- B. Promote the business of electronic trading to increase the ratio of electronic trading.
- C. Spare no effort to increase the market share and employ more sale personnel to bring in more business.

- 8. As required by the competent authority, climate change risk in financial disclosure in the ESG Sustainability Report of the Bank shall be completed by the end of June 2023.

(2) Channel development:

- 1. Apart from 90 business locations in Taiwan, we will continue to proactively expand overseas presence and operation basis to provide customers with international financial services. The Hanoi Office has been approved by the Central Bank of Vietnam and began its opening operations since April 2020 to provide clients with international financial services.
- 2. The Bank has expanded our ATM service network to offer customers more convenient services and through which we hope to enhance our corporate image and reputation. As of December 31, 2021, the Bank has installed a total 856 ATMs to service our clients.

Letter to Shareholders

(3) The Bank's 2021 business goals

- | Business | Business Goals of 2022 |
|-------------------------------|--------------------------------|
| Deposits | NT\$ 717.2 billion by year end |
| Loans(excluding credit cards) | NT\$ 529.3 billion by year end |
| Foreign exchange turnover | US\$ 8.302 billion |
- Improvement in business performance targets: including a suppressed NPL ratio or one that is lower than the industry average, improvement in capital level to meet the requirement of IFRS and Basel III, and the maintenance of stable fund source and high-quality liquid assets in order to meet the standards of Net Stable Funding Ratio (NSFR) and Liquidity Coverage Ratio (LCR).

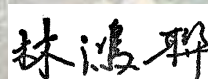
4. External Factors and Future Development Strategies

In 2022, the US Federal Reserve Board will activate an upward adjustment of interest rate as anticipated in market. This will be an input to the banking industry, as bank deposit is expected to increase. In addition, the continued back flow of investment from overseas Taiwan business and the advocacy of the “Contact Taiwan, Invest Taiwan, Bravo Taiwan” campaign of the government will help to boost the development of mortgage loans, which in turn will help to bring in income from interest spread. Yet, the overall international economic and political situations and the COVID-19 are still uncertain and the risks possibly derived cannot be overlooked.

We are very grateful to you for your long-term patronage and strong support in the past. We will endeavor to present a marvelous feat of performance under the Bank's operating mottoes of “Enthusiasm, Soundness, Efficiency and Innovation” through improving the quality of service and strengthening customer-bank relationships. Your continued support and encouragement in the future would be much appreciated.

Yours sincerely,

董事長



Chairman

總經理



President Wei Wen Hsu

BANK PROFILE

1. Date of Establishment and History

Union Bank of Taiwan was the third private bank approved for establishment by the government in the awakening of banking liberalization and globalization. Based on a common interest in sustainable development and a business philosophy featuring “enthusiasm,” “reliability,” “efficiency” and “innovation,” founders of this Bank set up the preparatory office of the Bank on March 29, 1989, leading to the official operations starting on January 21, 1992. On September 19, 1995, this Bank was listed on what is today’s Taipei Exchange and then on Taiwan Stock Exchange on June 29, 1998, becoming a publicly offered company recognized and identified by the public.

In order to achieve the goal of internationalization, the Bank has set up its Ho Chi Minh City Representative Office, Hanoi Representative Office and Hong Kong Representative Office. The Bank also got permission from the Financial Supervisory Commission in Mar., 2019 to set up a branch in Da Nang, Vietnam. As a result, the Bank has more branches and can provide a greater variety of convenient services for our customers.

To expand business channels and the scale of operations, we acquired Chung Shing Bank collectively on March 19, 2005 and completed merging it with Union Bills Finance Co., Ltd. On August 16, 2000.

To integrate overall resources, strengthen management, and demonstrate operating synergy, we merged with Union Insurance Broker Co., Ltd. on August 26, 2015 with BOD resolution and obtained the FSC’s approval on March 21, 2016. The merger was completed on August 1, 2016, in which Union Bank of Taiwan served as the surviving bank, which continue to provide service for the insured customers of the Union Insurance Broker.

By the end of March 2022, we have 90 domestic business locations, including 49 in Greater Taipei, 18 in Taoyuan and Hsinchu, 9 in Taichung and Changhua, 6 in Chiayi and Tainan, and 8 in Kaohsiung and Pingtung; 9 securities branches; and one overseas banking branch.

2. Merger, Acquisition, Reinvestment in Affiliated Enterprises and Corporate Restructure During 2021 and Current Year Up to the Printing Date of the Annual Report :

No mergers, acquisitions, or restructuring occurred during 2021 and the current year up to the publication date of the annual report. The number of new investment affiliated enterprises is 1, Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.

3. Is the Bank a Member Firm of a Specific Financial Holding Company?

The Bank is a commercial bank limited by shares, but not a member of a financial holding company.

4. Significant Transfers or Changes in Shareholding of Directors, Supervisors and Parties Required to Declare Ownership of Shares Under Paragraph 3, Article 25 of the Banking Act.

Refer to “Transfer of Equity and Changes in Equity Used as Collateral by Directors, Supervisors, Managers, and Others Required to Report Equity in accordance with Paragraph 3, Article 25 of the Banking Act” of the “Corporate Governance Report”.

5. Changes in Management Rights, Management Mode or Other Significant Business Changes During 2021 and Current Year Up to the Printing Date of the

BANK PROFILE

Annual Report: None.

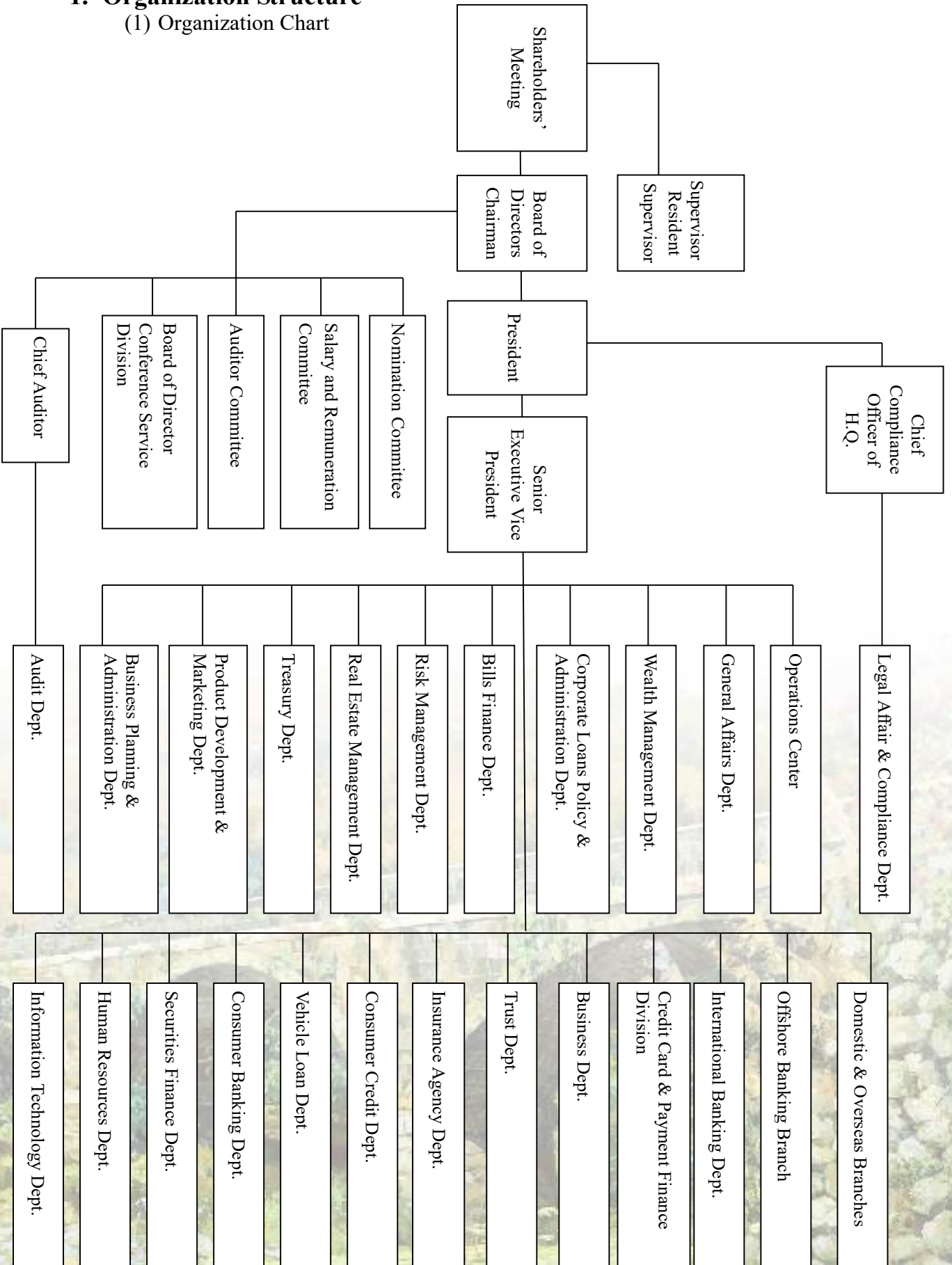
- 6. Other matters of material significance that could affect shareholders' equity and how such matters will affect the Bank:** None



Corporate Governance

1. Organization Structure

(1) Organization Chart



Corporate Governance

(2) Responsibilities of each department:

Audit Department:

Responsible for performing internal audit, planning and reviewing internal controls systems.

Business Planning & Administration Department:

Responsible for the Bank's organizational system, execution of budgets, risk management and deposit-taking and remittance businesses.

Product Development & Marketing Department:

Responsible for the planning and promotion of e-Commerce businesses.

Treasury Department:

Responsible for the Bank's fund appropriation and assets and liabilities management.

Real Estate Management Department:

Responsible for the appraisal of real estate collaterals and management of collateral received for loans.

Risk Management Department:

Responsible for managing the Bank's credit risks, market risks and operational risks.

Bills Finance Department:

Responsible for planning pursuing and managing the bills and bonds business.

Legal Affairs & Compliance Department:

Responsible for compliance affairs, processing of legal actions for the Bank, research of and advice on legal issues. Matters such as planning, supervision and compliance of anti-money laundering and countering the financing of terrorism.

Corporate Loan Policy & Administration Department:

Responsible for the promotion and management of corporate banking businesses.

Wealth Management Department:

Responsible for the promotion of wealth management businesses and administration of wealth management personnel.

General Affairs Department:

Response for the procurement of supplies, management of the bank's properties and acting as the bank's treasurer.

Operations Center:

Responsible for the establishment of files, disposition of transactional accounts and management of archives.

Information Technology Department:

Responsible for the design, execution and maintenance of the Bank's computer system.

Human Resources Department:

Responsible for planning human resources.

Corporate Governance

Securities Finance Department:

Responsible for entrusted trading, underwriting and purchase of marketable securities.

Consumer Banking Department:

Responsible for the promotion and management of consumer banking businesses.

Vehicle Loan Department:

Responsible for planning, promoting and managing the vehicle loan business.

Consumer Credit Department:

Responsible for the promotion and management of consumer credit businesses.

Credit Card & Payment Finance Division:

Responsible for the development of affairs related to credit cards and merchants, and processing of micro loans.

Trust Department:

Responsible for trust business, custodian banking and certification services.

International Banking Department:

Responsible for foreign exchange businesses and establishing and managing the overseas branches.

Insurance Agency Department:

Responsible for the promotion and management of insurance agency banking businesses.

Business Department:

Responsible for operating matters such as deposits, loans, exchange, agency, wealth management, safe deposit boxes and other businesses.

Corporate Governance

2. Information on Directors, Supervisors, and Executive Officers

(1) Directors and Supervisors

A. General Information

Shares Holding Recordation Date: March 29, 2022

Unit: Shares ; %:

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Chairman	Union Investment Co.,Ltd. Representative: Jeff Lin /M/T	50-59	2021.07.20	3 Yrs	1991.12.10	1,000,000/ 10,000,000	0.03%/0.30%	4,726,680/ 10,000,000	0.13%/ 0.28%	7,013,867	0.20%	-	-	Master' s Degree, National Taiwan University; President of UBOT	Director of Union Finance International (HK); Supervisor of Union Recreation Enterprise Co., Ltd.; Supervisor of Yuyu Holdings Co., Ltd; Director of Lin Rong San Co. Ltd; Supervisor of Lianhe Investment Co., Ltd.; Supervisor of Lianho Investment Co., Ltd.; Director of Jianchang Asset Co., Ltd.	None	None	None
Independent Managing Director	Guo-Zhang Li /M/T	90-99	2021.07.20	3 Yrs	2015.06.26	-	-	-	-	-	-	-	-	National Taiwan University, Chairman of Union Bills Finance Corp..	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Independent Director	Tzung Hang Lee /M/T	50-59	2021.07.20	3 Yrs	2021.07.20	-	-	-	-	-	-	-	-	PhD of Michigan University, Members of the Board of Examiners; Visiting Scholar of University of Manchester; Professor and College Dean of Tamkang University		None	None	None
Independent Director	Lin-Yu Fan/F/T	60-69	2021.07.20	3 Yrs	2021.07.20	-	-	-	-	-	-	-	-	City University of Seattle; VP of, Fuh Hwa Securities Investment Trust Co., Ltd; Jian Fuh Hwa Securities Investment Trust Co., Ltd; Director of Union Insurance Co., Ltd.		None	None	None
Managing Director	Chen-Chern Investment Co., Representative: Zhen-Xong Jiang /M/T	70-79	2021.07.20	3 Yrs	2012.06.22	9,147,440,827/4,245,959	4.47%/0.25%	9,156,744,343/4,245,959	4.48%/0.12%	2,423,326	0.06%	-	-	National Defense Medical School; Commissioner of International Rot Club; Managing Director of Union Optronics Corp.; Supervisor of Union Bills Finance Corporation		None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Director	Union Investment Co., Ltd. Representative: Wen-Ming Li /M/T	60-69	2021.07.20	3 Yrs	2021.07.20	1,000,000/ 10,000,000	0.03%/0.30%	4,726,680/ 10,000,000	0.13%/ 0.28%	190,037	-	-	-	Chung Yuan Christian University; Managing Director of Cosmos Foreign Exchange Intl. Co., Ltd.	Supervisor of Union Dyeing and Finishing Co., Ltd.; Managing Director of Cosmos Foreign Exchange Intl. Co., Ltd.; Chairman of One Two Three Life Technology Co., Ltd.; Director of Yuyu International Investment Co., Ltd. ; Director of Union Investment Co., Ltd.; Director of Lung Shan Lin Construction Co., Ltd.; JPMorgan-Union Assets Management Co., Ltd.; Chairman of Yuyu Holding Co., Ltd.; Supervisor of Lin Rong San Co., Ltd; Director of Union Holding Co., Ltd.; Chairman of Lianhe Investment Co., Ltd.; Supervisor of Jianyuan Investment Co., Ltd.; Supervisor of Tiansheng Investment Co., Ltd.; Supervisor of Kunzhe Investment Co., Ltd.; Surpervisor of Jincheng Assets Co., Ltd.; Chairman of Haotian Investment Co., Ltd. Supervisor of Xinghao Investment Co., Ltd.;	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
														Supervisor of Ji Hao Investment Co., Ltd.; Supervisor of Jiachuang Investment Co., Ltd.; Supervisor of Yuan Ping Investment Co., Ltd.; Supervisor of Yuan Gao Investment Co., Ltd. Supervisor of Bo II Co., Ltd.; Supervisor of Du Shin Co., Ltd.; Director of Union Optronics Corp.				
Director	Yu-Pang Co., Ltd. Representative: Sue-Feng Tsao /F/T	80-89	2021.07.20	3 Yrs	1994.06.01	44,779,543	1.35%	47,605,132	1.36%	4,429	0.06%	-	-	Taipei Commercial Academy Director of Tien-Sheng Investment Co., Ltd.	None	None	None	
Director	Herman Tu/M/T	60-69	2021.07.20	3 Yrs	2021.07.20	322,522	0%	358,697	0%	-	-	-	-	Chinese Culture University; SEVP of Union Bank of Taiwan; Director of Union Securities Investment Trust Co., Ltd.; Supervisor of Union Finance & Leasing (Int'l) Corp.	Chairman of Union Securities Investment Trust Co., Ltd.; Chairman of Union Private Equity Co., Ltd;	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T:Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
Director	Pai-Sheng Investment Co., Ltd. Representative: Si-Yong Lin /M/T	60-69	2021.07.20	3 Yrs	2015.06.26	156,817,842/ 8,167,281	4.76%/ 0.24%	166,713,047/ 8,167,281	4.76%/ 0.23%	2,243,661	0.06%	-	-	National Taiwan Normal University Director of Hong-Bung Construction Enterprise Co., Ltd.	Chairman of Union Dyeing and Finishing Co., Ltd.; Chairman of Yeh-Shan Construction Co., Ltd.; Chairman of Greensland Hotel Co., Ltd.; Chairman of Jen-Yo Investment Co. Ltd.; Chairman of Sun-Che Investment Co., Ltd.; Supervisor of RSL Enterprise Co., Ltd.; Director of Hi-Life International Co., Ltd.; Supervisor of Lung Shan Lin Realstate Mgmt Corp.; Director of Hong-Bung Construction Enterprise Co., Ltd.; Director & Manager of Hong-Bung Construction Enterprise Co., Ltd.; Chairman of Hong Yu Construction Enterprise Co., Ltd.; Supervisor of Heng Chang Investment Co., Ltd.; Chairman of Kang Hong Investment Co., Ltd ; Supervisor of Xinkang Investment; Supervisor of Biokang Investment Co., Ltd. Supervisor Bao Yu Investment Co., Ltd.; Supervisor of Dawei Investment Co., Ltd.; Supervisor of Song-Mai Investment Co., Ltd;	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Age	Date of Elected	Term	Date of Initial Appointment	Shareholding at Appt. (Common Stock / Preferred Stock) Note2		Current Shareholding (Common Stock / Preferred Stock)		Current Shareholding of Spouse & Minor Children (Common Stock / Preferred Stock)		Shareholding Under Other's Title (Common Stock / Preferred Stock)		Experience & Qualification	Current Positions in the Bank and Other Company	Other Executive Officers, Directors or Supervisors Are Spouse or Within Second-degree Relatives of Consanguinity to Each Other		
						Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio	Shares	Shareholding Ratio			Title	Name	Relation
														Chairman of Kuo-Sheng investment Co., Ltd ; Chairman of Hong Bai Investment Co., Ltd ; Chairman of Hong Ju Investment Co., Ltd; Chairman of Pai-Sheng Investment Co., Ltd.; Chairman of Ju-Bao Investment Co., Ltd. Chairman of Rong San Lin Enterprise Co., Director of Union Real Estate Mgmt. Corp.; Chairman of Banglon Construction Co., Ltd.; Chairman of Yuan Ping Investment Co., Ltd. Director of Union Optronics Corp				

B. Major Institutional Shareholders

Name of Shareholder	Major Shareholders of Institutional Shareholder
Yu-Pang Co., Ltd.	Lin Rong San Co., Ltd. (100%)
Union Enterprise Construction Co., Ltd.	Lin Rong San Co., Ltd. (100%)
Chen-Chern Investment Co., Ltd.	Lian-he Investment Co., Ltd. (100%)
Pai-Sheng Investment Co., Ltd.	Lian-he Investment Co., Ltd. (100%)

Corporate Governance

C. Major Shareholders of Institutional Shareholders

Name of Shareholder	Major Shareholders of Institutional Shareholder
Lin Rong San Co., Ltd.	Union Bank of Taiwan Co., Ltd. (shareholding ratio of 16.66%), Yuyu Holdings Co., Ltd. (shareholding ratio of 16.66%), Hande International Investment Co., Ltd. (shareholding ratio of 16.66%), Hongbang International Investment Co., Ltd. (shareholding ratio of 16.66%), Yaoxin Investment Co., Ltd. (shareholding ratio of 16.66%), and Rong San Lin Investment Co., Ltd. (shareholding ratio of 16.66%)
Lianhe Investment Co., Ltd.	Hung-Lien Lin (shareholding ratio of 90%) and Tien-Li Lin-Chao (shareholding ratio of 10%)

D. Professional qualifications and independence analysis of directors and supervisors

Requirement Name	Professional designation and experience	Status of independence	Number of companies where the Independent Director holds concurrent position as Independent Director
Jeff Lin	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Director, Vice President, President of Union Bank of Taiwan. UBOT has obtained the written declaration of the Directors that nothing in connection with	Other concurrent positions with other companies are exhibited in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their function at UBOT or	0

Corporate Governance

	Article 30 of the Company Act is application to the Bank.	defiance of the internal control of respective companies of concurrent positions.	
Zhen-Xong Jiang	Specialized in operation judgment and corporate management. Major experience includes Director-General of Rotary District 3482, Executive Director of UBOT, Supervisor of UBOT Bills Finance Corporation, Executive Director of Union Optronics Corp. UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.		0
Guo-Chang Lee	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Vice President of Taiwan Business Bank, President, Chairman of UBOT Bills Finance, Director-General of Bills Finance Association, Independent Director of UBOT. UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.	UBOT ha obtained the written declaration of the Directors thereby nothing in connection with the direct and indirect conflict of interest with the Banks as stated in “Regulations Government Appointment of Independent Directors and Compliance Matters for Public Companies” is assured.	0
Tzung-Hang Lee	Specialized in information technology, eCommerce, and digital economics. Major experience includes member of the Examination Board at Examination Yuan, visiting scholar at Manchester University in	UBOT ha obtained the written declaration of the Directors thereby nothing in connection with the direct and indirect conflict	0

Corporate Governance

	<p>the UK, professor of mechanical and electrical engineering at Tamkang University.</p> <p>UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.</p>	<p>of interest with the Banks as stated in “Regulations Government Appointment of Independent Directors and Compliance Matters for Public Companies” is assured.</p>	
Lin-Yu Fan	<p>Seasoned veteran in banking industry and knowledgeable of the industry and international market.</p> <p>Major experience includes Vice President of Fuhwa Securities, Executioner Chairperson of Fuhwa Securities Investment Trust, Resident Director at Union Insurance Company, President of Union Securities Investment Trust.</p> <p>UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.</p>	<p>UBOT ha obtained the written declaration of the Directors thereby nothing in connection with the direct and indirect conflict of interest with the Banks as stated in “Regulations Government Appointment of Independent Directors and Compliance Matters for Public Companies” is assured.</p>	0
Su-Feng Tsao	<p>Specialized in leadership and administrative management.</p> <p>Major experience includes Director of Tien Sheng Investment Co., Ltd., Director of UBOT.</p> <p>UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.</p>		0
Si-Yong Lin	<p>Specialized in leadership and administrative management.</p> <p>Major experience includes Director of Hon Bun Construction Enterprise Co., Ltd.,</p>	<p>Other concurrent positions with other companies are exhibited in the profiles of the Directors. As assessed,</p>	0

Corporate Governance

	<p>Director of UBOT, and Director of Union Optronics Corp.</p> <p>UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.</p>	<p>the function of the concurrent positions poses no conflict of interest with their function at UBOT or defiance of the internal control of respective companies of concurrent positions.</p>	
Wen-Ming Li	<p>Specialized in leadership and administrative management.</p> <p>Major experience includes professional staff at Formosa Chemicals & Fiber Corporation, senior professional staff at Union Construction Enterprise Co., Ltd., Executive Director of Cosmos International Money Brokers Limited Director of Cosmos foreign exchange international Co. Ltd</p> <p>The Bank has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.</p>	<p>Other concurrent positions with other companies are exhibited in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their function at UBOT or defiance of the internal control of respective companies of concurrent positions.</p>	0
Herman Tu	<p>Seasoned veteran in banking industry and knowledgeable of the industry and international market.</p> <p>Major experience includes Vice President, Senior Vice President of UBOT, Director of Union Securities Investment Trust, Supervisor of Union International Leasing Co., Ltd.</p> <p>UBOT has obtained the written declaration of the Directors that nothing in connection with Article 30 of the Company Act is application to the Bank.</p>	<p>Other concurrent positions with other companies are exhibited in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their function at UBOT or defiance of the internal control of respective companies of concurrent positions.</p>	0

Corporate Governance

Diversity and Independence of the directors and supervisors

Name	Nationality	Gender	Professional designation and experience						
			Diversified core program						
			Operation judgement	Corporate management	Finance and accounting	Industry and academic knowledge	International view of market	Leadership and decision-making	Risk management
Jeff Lin	Republic of China	Male	V	V	V	V	V	V	V
Zhen-Xiong Jiang	Republic of China	Male	V	V		V	V	V	
Guo-Chang Lee	Republic of China	Male	V	V	V	V	V	V	V
Tzung-Hang Lee	Republic of China	Male	V			V	V	V	
Lin-Yu Fan	Republic of China	Female	V	V		V	V	V	V
Su-Feng Tsao	Republic of China	Female			V	V	V	V	
Si-Yong Lin	Republic of China	Male	V	V	V	V	V	V	
Wen-Ming Li	Republic of China	Male	V	V		V	V	V	
Herman Tu	Republic of China	Male	V	V	V	V	V	V	V

(1) Diversit of the directors and supervisors

The substantive policy objective of diversity at UBOT and the attainment:

The members of the Board shall be disciplined with different professional knowledge and skills, or in both genders at different ages:

The Board shall be capable of the following for achieving the ideal goal of corporate governance: operation judgement, corporate management, finance and accounting, industry and academic knowledge, international view of market, leadership and decision-making, and risk management. At least 3 Directors of the Board have developed any of the above capabilities and skills. Individual members of the Board has developed at least 4 of the above 7 capabilities and skills. The professional designation of the members of the Board is specified to the above table. This indicated the accomplishment of the objective of diversity in professional knowledge.

In addition, UBOT also values the equality of gender of the Board. There are 2 seats of Directors who are females, which accounted for 22.2% of the total seats and is higher than the industry standard of companies listed at TWSE and TPEX in terms of the proportion of female Directors. The objective of diversity of gender has been achieved.

For the age distribution among the members of Board, 2 are at the age of 50-59 (22.2%), 4 are at the age of 60-69(44.5%), 1 is at the age of 70-79 (11.1%), 1 is at the age of 80-89 (11.1%), and 1 is at the age of 90-99 (11.1%). The objective of diversity in age distribution has been achieved.

Corporate Governance

- (2) Independence of the Board: Independent Directors occupied 3 seats of the Directors at the ratio of 33.3%. One Independent Director has more than 3 years of seniority and 2 have just assumed office in July 2021.
For fortifying the independence of the Board, UBOT limited the tenure of Independent Directors of no more than 3 terms of office from the 11th Board of Directors onward.
- (3) Diversity, complementation and pursuit: The policy of diversity will be subject to revision in line with the operation of the Board, the mode of operation, and development need, including but not limiting to the standard of the 2 aspects of fundamental requirement and value, professional knowledge and skills for assuring the members of the Board are disciplined with the kinds of knowledge, skills and accomplishment necessary for performing their duties.

E. Director and Supervisors' Training Records

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements ^{Note}
		From	To				
Chairman	Jeff Lin	2021.05.12	2021.05.12	Taiwan Academy of Banking and Finance	On-the-Job Training Course for Supervisors in the Trust Business (North Taiwan)	3	Yes
Chairman	Jeff Lin	2021.09.06	2021.09.06	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).	3	Yes
Chairman	Jeff Lin	2021.09.07	2021.09.07	Taiwan Academy of Banking and Finance	On-the-Job Training Course for Supervisors in the Trust Business (North Taiwan)	3	Yes
Chairman	Jeff Lin	2021.11.01	2021.11.01	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Personalization of digital service (MyData) Design and Implementation).	3	Yes

Corporate Governance

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements ^{Note}
		From	To				
Independent Managing Director	Guo-Chang Lee	2021.09.06	2021.09.06	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).	3	Yes
Independent Managing Director	Guo-Chang Lee	2021.10.23	2021.10.23	Taiwan Academy of Banking and Finance	Trust industry supervisor in-service seminar (northern area)	3	Yes
Independent Managing Director	Guo-Chang Lee	2021.11.01	2021.11.01	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Personalization of digital service (MyData) Design and Implementation).	3	Yes
Independent Managing Director	Guo-Chang Lee	2021.12.04	2021.12.04	Taiwan Academy of Banking and Finance	Trust industry supervisor in-service seminar (northern area)	3	Yes
Managing Director	Zhen-Xong Jiang	2021.09.06	2021.09.06	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).	3	Yes
Managing Director	Zhen-Xong Jiang	2021.11.01	2021.11.01	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Personalization of digital service (MyData) Design and Implementation).	3	Yes

Corporate Governance

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements ^{Note}
		From	To				
Independent Director	Tzung-Hang Lee	2021.08.24	2021.08.24	Taiwan Academy of Banking and Finance.	Seminar on Practical Operations of the Board of Directors and Supervisors and Corporate Governance (Financial report review for Directors and Supervisors)	3	Yes
Independent Director	Tzung-Hang Lee	2021.09.06	2021.09.06	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).	3	Yes
Independent Director	Tzung-Hang Lee	2021.11.01	2021.11.01	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Personalization of digital service (MyData) Design and Implementation).	3	Yes
Independent Director	Tzung-Hang Lee	2021.11.30	2021.11.30	Taiwan Academy of Banking and Finance	Seminar on Practical Operations of the Board of Directors and Supervisors and Corporate Governance (Financial Investments and Products for Sustainable Enterprises)	3	Yes
Independent Director	Lin-Yu Fan	2021.08.24	2021.08.24	Taiwan Academy of Banking and Finance.	Seminar on Practical Operations of the Board of Directors and Supervisors and Corporate Governance (Financial report review for Directors and Supervisors)	3	Yes
Independent Director	Lin-Yu Fan	2021.09.06	2021.09.06	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).	3	Yes

Corporate Governance

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements ^{Note}
		From	To				
Independent Director	Lin-Yu Fan	2021.11.01	2021.11.01	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Personalization of digital service (MyData) Design and Implementation).	3	Yes
Independent Director	Lin-Yu Fan	2021.12.07	2021.12.07	Taiwan Academy of Banking and Finance	Seminar on Practical Operations of the Board of Directors and Supervisors and Corporate Governance (On the Structure and Inheritance of Family Holding Companies from the Perspective of Governance)	3	Yes
Director	Su-Feng Tsao	2021.09.06	2021.09.06	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).	3	Yes
Director	Su-Feng Tsao	2021.11.01	2021.11.01	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Personalization of digital service (MyData) Design and Implementation).	3	Yes
Director	Si-Yong Lin	2021.09.06	2021.09.06	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).	3	Yes

Corporate Governance

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements ^{Note}
		From	To				
Director	Si-Yong Lin	2021.11.01	2021.11.01	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Personalization of digital service (MyData) Design and Implementation).	3	Yes
Director	Wen-Ming Li	2021.08.24	2021.08.24	Taiwan Academy of Banking and Finance.	Seminar on Practical Operations of the Board of Directors and Supervisors and Corporate Governance (Financial report review for Directors and Supervisors)	3	Yes
Director	Wen-Ming Li	2021.09.06	2021.09.06	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).	3	Yes
Director	Wen-Ming Li	2021.09.28	2021.09.28	Taiwan Academy of Banking and Finance	Seminar on Practical Operations of the Board of Directors and Supervisors and Corporate Governance (International sustainability and financial development trends)	3	Yes
Director	Wen-Ming Li	2021.11.01	2021.11.01	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Personalization of digital service (MyData) Design and Implementation).	3	Yes
Director	Herman Tu	2021.09.06	2021.09.06	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).	3	Yes

Corporate Governance

Title	Name	Date of Training		Organizer	Course Name	Hours	Has the Director or Supervisor Met the Training Requirements ^{Note}
		From	To				
Director	Herman Tu	2021.09.07	2021.09.07	Taiwan Academy of Banking and Finance	On-the-Job Training Course for Supervisors in the Trust Business (North Taiwan)	3	Yes
Director	Herman Tu	2021.09.28	2021.09.28	Taiwan Academy of Banking and Finance	Seminar on Practical Operations of the Board of Directors and Supervisors and Corporate Governance (International sustainability and financial development trends)	3	Yes
Director	Herman Tu	2021.11.01	2021.11.01	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (Personalization of digital service (MyData) Design and Implementation).	3	Yes

Corporate Governance

(2) President, SEVP, Chief Auditor, EVP and Managers of Departments/Branches

Recordation Date: March 30, 2021
Unit: Shares ; %

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
President	Wei-Wen Hsu /M/T	2021.09.09	14,507	0	0	0	0	0	Master's Degree, N National Chengchi University, Director General of Bureau of Agricultural Finance,	Supervisor of Taiwan Futures Exchange; Director of Union Information Technology Corp. ; Director of Hi-Life International Co., Ltd. Director of Line Biz+ Taiwan Ltd.; Director of iPASS Corporation; Director of Union Venture Capital Co., Ltd.	None	None	None
SEVP	Chu-Chang Yang (Yanger Yang)/M/T	2021.08.01	82,914/ 28,930	0	0	0	0	0	Master's Degree, Tunghai University; VP and Deputy GM of Business Planning & Admin. Dept. of UBOT	Director of RFD Micro Electricity Co., Ltd.; Director of Hi-Life International Co., Ltd.; Director of iPASS Corporation; Supervisor of Union Energy Co., Ltd; Director of Union Venture Capital Co., Ltd.; Direct of Blue Borders Medical and Health Management Consulting Co., Ltd; Director of Lian-An Service Co. Ltd. & I Pass Corporation. Ltd.; Director of Union Venture Capital Co., Ltd.	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
SEVP	Jeng-Ping Liu/M/T	2021.09.01	84,407	0	0	0	0	0	Doctor' s Degree of Tunghai University; EVP of UBOT	None	None	None	None	
SEVP	Grace Lee/F/T	2020.10.12	0	0	0	0	0	0	National Taiwan University; Chairman of Financial Ombudsman Institution,	Director of iPASS Corporation; Director of Union Securities Investment Trust Co., Ltd.	None	None	None	None
SEVP & Chief Information Security Officer	Denfer Hung/M/T	2020.10.05	71,254/ 30,000	0	0	0	0	0	Tunghai University; EVP of UBOT	None	None	None	None	None
Chief Auditor	Tammy Chang/M/T	2021.09.23	0/	0	0	0	0	0	Chung Yuan Christian University; Auditor of FSC; VP of Line Bank	None	None	None	None	None
Chief Compliance Officer and VP & GM of Legal Affair and Compliance Dept.	Ching-Wen Chen/M/T	2017.06.01	63,333/ 10,000	0	0	0	0	0	Soochow University VP & Branch Manager of Nanking E. Branch of UBOT	None	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
Chief Corporate Governance Officer	Hung-Ming Chien (Peter Chien)/M/T	2006.06.26	219,917/ 20,000	0	0	0	0	0	0	Panchiao Senior High School; VP & Branch Manager of Hsinchung Branch of UBOT	Director of Union Finance & Leasing (Int'l) Corporation,	None	None	None
GM of Business Planning & Admin. Dept.	Jane Lu /F/T	2021.09.01	94,105	0	0	0	0	0	0	Master' s Degree, University of Illinois; VP & Branch Manager of Taipei Branch	Supervisor of Tien Chuan Intelligent Energy Co., Ltd	None	None	None
EVP & GM of Consumer Credit Dept.	Pi-Chiu Tang (Joy Tang)/F/T	2004.03.22	113,195	0	0	0	0	0	0	Master's Degree, Memphis State University; VP & Deputy GM of Consumer Banking Dept.	None	None	None	None
EVP & GM of Consumer Banking Dept.		2021.08.01												
VP & GM of Trust Dept.	Wendy Chi/F/T	2019.04.01	117,420	0	0	0	0	0	0	Master's Degree, University of Texas; VP & Branch Manager of Jenai Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
EVP & GM of Wealth Management Dept.	Liang- Kuei Kuo/M/T	2021.07.12	32,668	0	0	0	0	0	Master of National Yunlin University of Science and Technology; Manager of J.P.Morgan Asset Management; GM of Chiayi Branch;	Director of Union Securities Investment Trust Co., Ltd.	None	None	None
VP & GM of Securities Finance Dept.	Hui-Chin Yang/F/T	2013.03.20	3,524	0	0	0	0	0	Feng Jia University First Securities Fong Yuan Branch Manager	None	None	None	None
VP & GM of Bills Finance Dept.	Ming-Teng Wu/M/T	2020.03.16	123,464/ 2,000	0	0	0	0	0	National Chengchi University; VP & Deputy GM of Union Bills Finance Corp.	None	None	None	None
VP & GM of Treasury Dept.	Wen-Chih Cheng/M/T	2016.03.16	52,925	0	0	0	0	0	Feng Jia University; AVP & Division Head of Treasury Dept	Director of Union Finance & Leasing (Int'l) Corp.	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
EVP & GM of Corporate Loans Policy & Admin. Dept.	Chueh-Ling Liu/F/T	2014.04.01	70,297/ 10,000	0	0	0	0	0	0	Master's degree, George Washington University Deputy GM of Corporate Loans Policy & Admin Dept.	Director of Union Securities Investment Trust Co., Ltd.	None	None	None
VP & GM of Vehicle Loans Dept.	Shum-Chen Tu/M/T	2017.07.01	20,179	0	4,000	0	0	0	0	National Chung Hsing University; AVP & Division of Vehicle Loans Dept.	None	None	None	None
VP & GM of Product Development & Marketing Dept.	Yi-Chun Kao (June Kao)/F/T	2015.08.01	32,601/ 20,000	0	0	0	0	0	0	National Cheng Chi University; AVP & Division Head of Wealth Management Dept.	None	None	None	None
VP & GM of Information Technology Dept.	Feng-Jung Yang (Luke Yang)/M/T	2006.07.01	153,064	0	0	0	0	0	0	Master's Degree, National Taiwan University; Deputy GM of IT Dept. of UBOT	Director of Union Information Technology Co., Ltd.; Director of Director of iPASS Corporation;	None	None	None
EVP & GM of Human Resources Dept.	Hsiao-Chen Lin (Michael Lin)/M/T	1999.12.01	82,032/ 20,000	0	0	0	0	0	0	National Chung Hsing University; VP & Deputy GM of Human Resources Dept. of UBOT	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & GM of General Affairs Dept.	Yu-Chang Chang (Russell YC Chang)/M/T	2003.10.01	204,078	0	0	0	0	0	Taiwan Institute of Technology; VP & Deputy GM of General Affairs Dept. of UBOT	None	None	None	None
VP & GM of Operations Center	Shu-Feng Hsueh /F/T	2005.09.06	48,838/ 10,000	0	2,691	0	0	0	National Cheng Chi University; AVP of Hsintien Branch	None	None	None	None
VP & GM of International Banking Department	Meng-Yun Tseng (Connie Tseng)/F/T	2010.09.01	51,478	0	0	0	0	0	Master's degree of National University, USA CA; VP of International Banking Dept. and OBU, Jih Sun Commercial Bank	Director of Union Finance International (HK)	None	None	None
VP & GM of Branch of OBU and Rep. of Hong Kong Rept. Office	Mei-Chih Lu (Lisa Lu)/F/T	2010.09.01	91,400/ 8,000	0	0	0	0	0	MBA University of Birmingham, UK; AVP of OBU and representative of Hong Kong Representative Office & Ho Chi Minh Representative Office (FRM)	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
Rep. of Ho Chi Minh Rept. Office	Le Thi Viet Hoa/F/VN	2020.10.01	0	0	0	0	0	0	Banking University of Ho Chi Minh City; CFO of Cathy United Bank Chu Lai Branch	None	None	None	None
Rep. of Hoani Rept. Office		2021.07.01											
VP & GM of Credit Card & Payment Finance Division	Ling-Jung Hsiung/F/T	2016.06.15	25,759	0	0	0	0	0	Master's degree of New Jersey Institute of Technology; SVP of Citibank	Director of I Pass Corporation.; Supervisor of Union Information Technology Corp.	None	None	None
VP & GM of Risk Management Department	Huei-Wen Chang/F/T	2016.08.24	42,113/ 2,000	0	0/ 2,000	0	0	0	Tamkang University; AVP & Division Head of Risk Management Dept.	None	None	None	None
Insurance Agency Department	Kuan-Hong Lee/M/T	2017.12.01	35,331	0	0	0	0	0	Tamkang University; VP & Branch Manager of Tenshin Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Taipei Branch	Fang-Ni Wang/F/T	2014.4.1	45,190/ 5,000	0	0	0	0	0	0	Master's Degree, National Central University; AVP & Division Head of Corporate loans policy & Administration Dept. Branch Manager of Kungkuan Branch	None	None	None	None
VP & GM of Business Dept	Jen-Chung Cheng/M/T	2013.05.16	61,849/ 1,513	0	0	0	0	0	0	National Cheng Chi University; VP & Branch Manager of Taoyuan Branch	None	None	None	None
EVP & Branch Manager of Taoyuan Branch	Jyh-Chiang, Huang /M/T	2019.09.01	66,859	0	20,584/ 5,008	0	0	0	0	National Chiao Tung University VP & Branch Manager of Taoying Branch	None	None	None	None
VP & Branch Manager of Taichung Branch	Hung-Min Chen /M/T	2017.12.01	65,003/ 16,114	0	304/ 26,000	0	0	0	0	Feng Chia University; VP & Branch Manager of Wugu Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Nanking E. Road Branch	Jeffery Tsai /M/T	2017.06.01	84,331/ 29,662	0	0	0	0	0	0	Master's Degree, Fu Jen Catholic University; VP & Branch Manager of Hsinchuang Branch	None	None	None	None
VP & Branch Manager of Chungli Branch	Jung-Hsiang Chung /M/T	2017.12.01	54,365/ 1,305	0	0	0	0	0	0	Feng Chia University; VP & Branch Manager of Gaorong Branch	None	None	None	None
VP & Branch Manager of Sanchung Branch	Chia-Wei Lin/M/T	2015.11.16	36,073/ 14,000	0	0	0	0	0	0	Tung Hai University; VP & Branch Manager of Breeze Mini Branch	None	None	None	None
VP & Branch Manager of East Taipei Branch	Ging-Yang Yu /M/T	2021.09.01.	79,701/ 889	0	14,346/ 702	0	0	0	0	China Culture University; AVP of Jenai Branch;	None	None	None	None
VP & Branch Manager of Kaohsiung Branch	Feng-Li Lin /F/T	2017.12.01	92,942	0	0	0	0	0	0	Feng Chia University; VP & Branch Manager of Lingya Branch	Director of I Pass Corporation	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Panchiao Branch	Lee-Hao Chen /M/T	2021.09.01	52,309/ 21,152	0	0/ 25,000	0	0	0	0	Master's Degree of University of California; Deputy GM of Corporate Finance Department	None	None	None	None
VP & Branch Manager of Tainan Branch	Roger Chang/M/T	2021.09.01	19,987	0	0	0	0	0	0	National Open University; VP & Branch Manager of Fuchiang Branch.	None	None	None	None
VP & Branch Manager of Yuanlin Branch	Tsung-Cheng Hsueh/M/T	2021.09.01	58,201	0	0	0	0	0	0	Dayeh University; AVP of Yuanlin Branch	None	None	None	None
VP & Branch Manager of Jenai Branch	Tereasa Lin /F/T	2019.04.01	8,534/ 7,262	0	0	0	0	0	0	Chihlee Institute of Technology; Head of Jenai Consumer loan center, Consumer Banking Dept.	None	None	None	None
VP & Branch Manager of Nankan Branch	Kuo-Ming Lin /M/T	2021.09.01	10,911/ 40	0	0	0	0	0	0	Open Business Colleague Affiliated with NTUB; AVP of Taoyuan Corporate Banking Center	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Hsinchu Branch	Cheng-Hsien Tseng /M/T	2017.05.15	41,889 6,722	0	0	0	0	0	0	Tamsui Oxford College; VP & Deputy Branch Manager of Hsinchu Branch	None	None	None	None
VP & Branch Manager of Luchou Branch	Fei-Kun Lin /M/T	2017.06.01	50,105/ 21,329	0	0	0	0	0	0	Tamkang University;. VP & Manager of Taipei Corporate Banking Center	None	None	None	None
VP & Branch Manager of Chiuju Branch	Ya-Yun Yang /F/T	2017.03.27	27,811	0	0	0	0	0	0	National Kaohsiung University of Applied Sciences; AVP & Division Head of Kaohsiung Branch	None	None	None	None
VP & Branch Manager of Shuanho Branch	Jacky Liao /M/T	2019.04.01	41,768/ 16,000	0	0	0	0	0	0	Chungyu Institute of Technology; VP & Branch Manager of Panchiao Branch	None	None	None	None
VP & Branch Manager of Hueilong Branch	Kuang-Yi Kuo /M/T	2017.12.01	53,384/ 11,596	0	0/ 2,000	0	0	0	0	Tamkang University; AVP & Division Head of Tenshin Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Chiayi Branch	Sabina Tsa /F/T	2021.07.12	50,673	0	0	0	0	0	Tatung Institute of Technology; VP & Deputy GM of Chiayi Branch	None	None	None	None
VP & Branch Manager of Kungkuan Branch	Ya-Fang Ko /F/T	2021.09.01	88,746	0	0/ 16,000	0	0	0	Master's Degree of University of California; Deputy GM of Corporate Finance Department	None	None	None	None
VP & Branch Manager of Neili Branch	Shen-Yung Peng/M/T	2013.04.01	23,863	0	21,662	0	0	0	Ching Yun University; VP & Branch Manager of Tunhwa Branch	None	None	None	None
VP & Branch Manager of Chunghsiao Branch	Zhi-Zhong Zhang/M/T	2017.06.01	19,679/ 100,000	0	0	0	0	0	National Chao Tung University; VP & Branch Manager of East Taipei Branch	None	None	None	None
VP & Branch Manager of Hsinchuang Branch	Wen-Shien Chu /M/T	2017.06.01	55,576/ 20,000	0	0	0	0	0	Fu Jen Catholic University; VP & Deputy General Manager of the Law and Compliance Dept.	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Fengshan Branch	Chiou-Ing Fang /F/T	2020.03.16	37,589	0	0	0	0	0	Master's Degree, National Kaohsiung University of Applied Sciences; VP & Deputy Branch Manager of Fengshan Branch	None	None	None	None	
VP & Branch Manager of Taoying Branch	Chia-Yu Chuo/F/T	2020.11.16	47,757/ 6,000	0	0	0	0	0	Master' s degree, Yuan Ze University Head of Taoying Loan Center, Consumer Banking Department	None	None	None	None	
VP & Branch Manager of Lungtan Branch	Po-Feng Wu/M/T	2021.09.01	29,676	0	0	0	0	0	Nanya Institute of Technology; AVP of North Chungli Branch	Director of Yangbang International Logistics Co., Ltd.	None	None	None	None
VP & Branch Manager of Hsintien Branch	Lin-Lin Huang /M/T	2020.03.16	30,866	0	0	0	0	0	Fu Jen Catholic University; AVP & Division Head of Hsintien Branch	None	None	None	None	None
VP & Branch Manager of Tatze Branch	Chien-Hui Li/M/T	2019.04.01	37,521	0	0	0	0	0	Soochow University; Head of Jenai Loan Center, VP & Branch Manager of Tann Branch	None	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Chungshan Mini Branch	Ye-Yan Lin /F/T	2013.11.25	36,853/ 8,981	0	0	0	0	0	0	Shih Chien University, Manager of Business Dept.	None	None	None	None
VP & Branch Manager of Wenshin Branch	Ta-Yu Chin /M/T	2017.12.01	81,718/ 12,846	0	0	0	0	0	0	Tamkang University; VP & Branch Manager of Fongyuan Branch	None	None	None	None
VP & Branch Manager of Chienshin Branch	Yu-Mei Tsai/F/T	2021.09.01	16,103/ 8,000	0	0	0	0	0	0	Open Business Colleague Affiliated with NTUB; VP & Deputy GM of Taoyuan Corporate Banking Center	None	None	None	None
VP & Branch Manager of Chungho Branch	Wen-Hui Lin /M/T	2017.12.01	73,614/ 19,192	0	0	0	0	0	0	Tamkang University University; VP & Branch Manager of Yongchun Branch	None	None	None	None
VP & Branch Manager of Neihu Branch	Gary Tsai /M/T	2020.11.25	45,284/ 243	0	0/ 50,000	0	0	0	0	Chung Yuan Christian University; VP m& Branch Manager of Tunhwa Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Dayuan Branch	Chang-Fu Tsai /M/T	2021.09.01	42,951/ 1,044	0	0/ 20,000	0	0	0	Feng Jia University; VP & Branch Manager of Lungtan Branch	None	None	None	None
VP & Branch Manager of Yungho Branch	Chun-Hsien Chang /M/T	2017.12.01	24,159/ 6,000	0	0	0	0	0	National Chung-Shin University; Vice President & General Manager of Insurance Agency Dept.	None	None	None	None
VP & Branch Manager of Chungkung Mini Branch	Shu-Huey Huang /F/T	2019.06.01	90,665	0	0	0	0	0	Lunghwa University of Science and Technology; Head of Hueilong Consumer loan center, Consumer Banking Dept.	None	None	None	None
VP & Branch Manager of Tonghwa Mini Branch	Liang-Wen Liu /M/T	2017.05.15	18,117	0	0	0	0	0	Yanping High School ; Junior Manager of Tonghwa Mini Branch .	None	None	None	None
VP & Branch Manager of Shihtung Branch	Ju-Ling Kuo /F/T	2019.04.01	111,247	0	0	0	0	0	Takming College; VP & Branch Manager of Wenlin Branch.	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Breeze Center Mini Branch	Meng-Wen Tsao/F/T	2020.03.16	15,243/ 8,000	0	0	0	0	0	0	Soochow University; AVP & Division Head of Nanking E. Road Branch	None	None	None	None
VP & Branch Manager of Changchun Branch	Ming-Tsan Hung /M/T	2016.08.29	34,917/ 5,000	0	0	0	0	0	0	Chinese Culture University; Junior Manager of Neihu Branch.	None	None	None	None
VP & Branch Manager of Sungchiang Branch	Chien-Lung Chen M/T	2013.11.25	156,787/ 14,588	0	0	0	0	0	0	Master's Degree, Aletheia University; VP & Branch Manager of Breeze Center Mini Branch	None	None	None	None
VP & Branch Manager of Taan Branch	Chan-Kwei Chen /M/T	2019.04.01	115,764/ 8,523	0	2,000/ 4,000	0	0	0	0	Feng Chia University; VP & Branch Manager of Ankang Branch	None	None	None	None
VP & Branch Manager of Yungchi Branch	Tsai-Ling Liao /F/T	2019.04.01	0	0	0	0	0	0	0	Taipei College of Commerce; VP & Branch Manager of Hoping Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Wenlin Branch	Candy Lin /F/T	2019.04.01	66,232/ 5,000	0	0	0	0	0	0	National Chung Hsing University; VP & Branch Manager of Yungchi Branch	None	None	None	None
VP & Branch Manager of Tungmen Branch	Cooper Kao /M/T	2015.11.16	75,939/ 16,710	0	518	0	0	0	0	Chinese Municipal Vocational School; Head of Chungho Loan Center Consumer Banking Dept	None	None	None	None
VP & Branch Manager of Hsihu Branch	Anita Hung /F/T	2016.03.21	40,300	0	0	0	0	0	0	Soochow University; AVP & Division Head of Business Dept.	None	None	None	None
VP & Branch Manager of Beitou Mini Branch	Wen-Chi Chiang /M/T	2014.11.17	32,056	0	8,720/ 10,000	0	0	0	0	National Chiao-Tong University; Head of Jenai Loan Center Consumer Banking Dept.	None	None	None	None
VP & Branch Manager of North Sanchung Branch	Shis-Wen Lu /M/T	2017.12.01	37,038	0	20,983	0	0	0	0	Takming Junior College of Commerce; VP & Branch Manager of Fuguo Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Houpu Branch	Chuen-Chour Li /F/T	2017.12.01	21,956/ 20,000	0	0	0	0	0	0	National Chung Hsing University; AVP & Division Head of East Taipei Branch	None	None	None	None
VP & Branch Manager of North Chungho Mini Branch	Wen-Hua Yang /F/T	2020.03.16	14,912 /65	0	0	0	0	0	0	Master's degree of National Central University; VP & Deputy of Hoping Branch	None	None	None	None
VP & Branch Manager of Fuguo Branch	Hsiung-Ping Tsai/M/T	2020.11.17	17,573	0	0	0	0	0	0	National Chengchi University; AVP & Division Head of Shingchung Branch	None	None	None	None
VP & Branch Manager of Shulin Branch	Chien-Chung Su /M/T	2020.03.16	33,027/ 14,687	0	0/ 100,000	0	0	0	0	Soochow University, VP & Branch Manager of Donghu Branch	None	None	None	None
VP & Branch Manager of Hsichih Branch	Sheng-Chieh Chang /M/T	2020.03.16	33,569/ 6,000	0	0	0	0	0	0	Aletheia University; V.P. & Branch Manager of Shulin Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of North Taoyuan Branch	Kuo-Kuang Chou /M/T	2015.01.05	34,153/ 8,000	0	0/ 6,000	0	0	0	0	National Taipei College of Commerce- Open Junior College of Commerce ; Head of Daye Loan Center Consumer Banking Dept.	None	None	None	None
VP & Branch Manager of North Chungli Branch	James Tsai /M/T	2015.01.05	119,380	0	194,379	0	0	0	0	Tamkang University; VP & Branch Manager of North Taoyuan Branch	None	None	None	None
EVP & Branch Manager of North Taichung Branch	Hsin-Yi Yang /F/T	2021.09.01	23,620	0	0	0	0	0	0	Chienkuo Junior College of Technology AVP & Division Head of Yuanlin Branch	None	None	None	None
VP & Branch Manager of Minchuan Branch	Hui-Fen Chao /F/T	2017.12.01	196,972	0	0	0	0	0	0	Graduate School of National Yunlin University of Science and Technology ; VP & Branch Manager of North Taichung Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Hsitun Branch	Wen-Ju Huanh /F/T	2021.09.01	31,351	0	10,590	0	0	0	National Tsao-Tun Commercial & Industrial Vocational Senior High School; AVP of North Taichung Branch	None	None	None	
VP & Branch Manager of Shingchung Branch	Chien-Tsung Wu /M/T	2016.08.29	61,452	0	0	0	0	0	The Overseas Chinese Institute of Technology; VP & Branch Manager of Beitun Branch	None	None	None	
VP & Branch Manager of Beitun Branch	Yu-Ju Lin /F/T	2020.03.16	51,673	0	0	0	0	0	Soochow University; AVP & Division Head of North Taichung Branch	None	None	None	
VP & Branch Manager of Fucheng Branch	Ping-Hui Lin /M/T	2017.12.01	55,463/ 20,000	0	0	0	0	0	Aletheia University; VP & Branch Manager of Tainan Branch	None	None	None	
VP & Branch Manager of Fongyuan Branch	Amy Chung /F/T	2017.12.01	57,340/ 3,000	0	0	0	0	0	National Cheng Kung University; VP & Branch Manager of Wenshin Branch	None	None	None	

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Fuchiang Branch	Chuang-Chieh Chung/M/T	2021.09.01	3,692	0	0	0	0	0	Kun Shan University ;AVP of Fuchiang Branch	None	None	None	None
VP & Branch Manager of Kaiyuan Branch	Chien-Wen Tan /M/T	2018.07.25	19,693	0	0	0	0	0	Tunghai University; AVP & Division Head of Fengshan Branch.	None	None	None	None
VP & Branch Manager of South Tainan Branch	Shan-Chih Yen /F/T	2020.06.01	95,809/ 25,766	0	4,439 /6,217	0	0	0	Master Degree of National Chiayi University; VP & Deputy GM of Fucheng Branch	None	None	None	None
VP & Branch Manager of Lingya Branch	Hsien-Ming Yen /M/T	2017.12.01	1,006	0	0	0	0	0	Feng Chia University; VP & Branch Manager of Fucheng Branch	None	None	None	None
VP & Branch Manager of North Kaohsiung Branch	Wen-Chian Chang/M/T	2017.12.01	27,550/ 614	0	12,536/ 614	0	0	0	Soochow University; VP & Branch Manager of Kaohsiung Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Sanmin Branch	I-Wen Ho /M/T	2017.12.01	12,718/ 20,000	0	0	0	0	0	0	Master's Degree, National Chung Hsing University; VP & Branch Manager of Wuchia Branch	None	None	None	None
VP & Branch Manager of Wuchia Branch	Miranda Tsai /F/T	2017.12.01	48,546	0	0	0	0	0	0	Tamkang University University ; VP & Branch Manager of Sanmin Branch	None	None	None	None
VP & Branch Manager of Pingtung Branch	Chi-Fang Chu /F/T	2014.03.19	34,938/ 8,000	0	0	0	0	0	0	Master's Degree, National Kaohsiung First University of Science and Technology; Manager of Pingtung Branch	None	None	None	None
VP & Branch Manager of Hoping Branch	Ru-Ji Cheng M/T	2021.09.01	48,603/ 10,000	0	0	0	0	0	0	Feng Chia University; VP & Branch Manager of Branch	None	None	None	None
VP & Branch Manager of Yongchun Branch	Ming-Hsueh Chen/M/T	2022.01.03	39,781/ 0	0	0	0	0	0	0	Fu Jen Catholic University; VP & GM of Tunhwa Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Tenshin Branch	Yei-Chang Hsieh /M/T	2019.05.08	22,650	0	0	0	0	0	Fu Jen Catholic University; AVP & Division Head of Business Dept.	None	None	None	None
VP & Branch Manager of Ankang Branch	Wen-Chang Juan/M/T	2019.04.01	85,590/ 9,404	0	0	0	0	0	Fu Jen Catholic University; Senior Manager of Taipei Corporate Finance Dept.	None	None	None	None
VP & Branch Manager of Dajhu Branch	Mei-Ling Lee /F/T	2013.05.16	61,313/ 8,000	0	0	0	0	0	Hsin Wu Business College, Senior AVP, Dajhu Branch	None	None	None	None
VP & Branch Manager of Gueishan Branch	Kuo-Yi Lu /M/T	2016.03.21	26,342/ 92,469	0	0/ 20,000	0	0	0	Tamsui Oxford University College; VP & Deputy Branch Manager of Taoyuan Corporate Banking Center	None	None	None	None
VP & Branch Manager of Linkou Branch	Cheng-Fa Huang /M/T	2017.12.01	35,140	0	0	0	0	0	Tamkung University; Manager of Linkou Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other		
			Share	%	Share	%	Share	%			Title	Name	Relation
VP & Branch Manager of Wugu Branch	Yen-Jou Liu /M/T	2017.12.01	63,815	0		0	0	0	Shih Hsin Senior high School; VP & Branch Manager of Hsichih Branch	None	None	None	
VP & Branch Manager of Gaorong Branch	I-Ho Ou /M/T	2017.12.01	34,438/ 14,000	0	36,595	0	0	0	National Chung Hsing University; AVP & Division Head of Gaorong Branch	None	None	None	
VP & Branch Manager of Daye Branch	Chien-Chou Chen /M/T	2017.12.01	42,042/ 24,069	0	0	0	0	0	Yuan Ze University; AVP & Division Head of Real Estate Management Dept , Taoyuan Center	None	None	None	
VP & Branch Manager of Luzhu Branch	Chu-Shih Wei /M/T	2017.12.01	46,395/ 7,029	0	0	0	0	0	Feng Chia University ; VP & Branch Manager of Dayuan Branch	None	None	None	
VP & Branch Manager of Tucheng Branch	Ching-Shyong Huang /M/T	2017.12.01	38,363	0	0/ 6,000	0	0	0	Fu Jen Catholic University; AVP of Hueilong Branch	None	None	None	

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of South Taoyuan Branch	Tawei Shih /M/T	2019.04.01	48,809/ 20,000	0	0	0	0	0	0	Master's Degree, Tamkang University; VP & Branch Manager of Chienshin Branch	None	None	None	None
VP & Branch Manager of JiSian Branch	Shih-Fu Liu /M/T	2015.08.01	52,651	0	5,333/ 14,000	0	0	0	0	Master's degree, Fu Jen Catholic University VP & Deputy Branch Manager of JiSian Branch	None	None	None	None
VP & Branch Manager of Sanxia Branch	Ben Tsai /M/T	2020.11.16	52,634/ 11,541	0	0	0	0	0	0	Ming-Chung University, VP & Division Head of Tucheng Branch	None	None	None	None
VP & Branch Manager of Donghu Branch	Ru-Chen Yuan/M/T	2020.03.16	53,783/ 4,372	0	0	0	0	0	0	Fu Jen Catholic University; AVP & Division Head of Taipei Corporate Finance Dept.	None	None	None	None
VP & Branch Manager of Tamsui Mini Branch	Chung-Chih Yeh /M/T	2019.09.02	32,317	0	0	0	0	0	0	Chienkuo Junior College of Technology Junior Manager of Jisian Branch	None	None	None	None

Corporate Governance

Title	Name/Gender /Nationality T: Taiwan	Date Appointed	Shareholding (Common Stock /Preferred stock)		Shareholding of Spouse & Minor Children(Com mon Stock /Preferred stock)		Shareholding Under Others' Title(Commo n Stock /Preferred stock)		Education/Experience	Also Serve Concurrently As	Managers are Spouse or Within Second-degree of Consanguinity to Each Other			
			Share	%	Share	%	Share	%			Title	Name	Relation	
VP & Branch Manager of Jincheng Branch	Yi-Hsien Wu /M/T	2019.09.02	57,193/ 14,734	0	0	0	0	0	0	Master Degree, Saint Louis University; AVP & Division Head of Taipei Corporate Banking Center	None	None	None	None
VP & Branch Manager of Nangang Branch	Shiu-Lan Hsieh /F/T	2022.01.03	66,984	0	0	0	0	0	0	National Taipei College of Commerce- Open Junior College of Commerce; VP & Branch Manager of Yongchun Branch	None	None	None	None

Note: The shares of Preferred Stock shows while occurs.

Corporate Governance

Note 1 : The latest annual surplus distribution proposal of the amount of the directors 'remuneration paid by the board of directors before the shareholders' meeting.

Note 2: Remuneration to the driver amounted to NT\$347,000.

Note 3 : The employee bonus to President ,SEVP, Chief Auditor and Chief Compliance Officer be distributed as approved by the Board of Directors before the shareholders' meeting for the motion of distribution of earnings for the most recent year (the projected amount based on the proportion of distribution last year)

Remuneration Range

Unit: NT Dollar

Range of Remuneration Paid to Directors	Name of Directors			
	Total of A,B,C and D		Total of A, B,C,D, E,F & G	
	UBOT	All the Companies in the Consolidated Statement	UBOT	All the Companies in the Consolidated Statement
Less than 1,000,000	Jeff Lin, Sue-Feng Tsao, Si-Yong Lin, Zen-Fa Lu, Tzung Hang Lee, Lin-Yu Fan, Wen-Ming Li, Herman Tu	Jeff Lin, Sue-Feng Tsao, Si-Yong Lin, Zen-Fa Lu, Tzung Hang Lee, Lin-Yu Fan, Wen-Ming Li, Herman Tu	Jeff Lin, Sue-Feng Tsao, Si-Yong Lin, Zen-Fa Lu, Tzung Hang Lee, Lin-Yu Fan, Wen-Ming Li, Herman Tu	Jeff Lin, Sue-Feng Tsao, Si-Yong Lin, Zen-Fa Lu, Tzung Hang Lee, Lin-Yu Fan, Wen-Ming Li, Herman Tu
1,000,000 (inclusive) ~ 2,000,000 (non-inclusive)	Kao-Jing Wang, Zhen-Xong Jiang, Guo-Zhang Li	Kao-Jing Wang, Zhen-Xong Jiang, Guo-Zhang Li	Kao-Jing Wang, Zhen-Xong Jiang, Guo-Zhang Li	Kao-Jing Wang, Zhen-Xong Jiang, Guo-Zhang Li
10,000,000 (inclusive) ~ 15,000,000 (non-inclusive)	Shiang-Chang Lee	Shiang-Chang Lee	Shiang-Chang Lee	Shiang-Chang Lee
Total	12	12	12	12

B. President, SEVP, Chief Compliance Officer & Chief Auditor's Remuneration and Range

Unit: NT Dollar Thousand, December 31, 2021

Title	Name	Remuneration (A)		Termination payment and pension costs (B)		Bonus & Special Allowance (C)		Employees' Bonus from Earnings (D)				Total of (A+B+C+D) as a % of Net profit after tax	Remuneration from Investee Companies Excluding Subsidiaries	
		The Bank	All Companies in the Financial Statement	The Bank	All Companies in the Financial Statement	The Bank	All Companies in the Financial Statement	The Bank	All Companies in the Financial Statement	Cash Dividend	Stock Dividend			The Bank
President	Wei-Wen Hsu													154
SEVP	Yin-Bor Chan (retired 2019.10.23)	17,550	17,550	8,179	8,179	5,822	5,822	0	824	0	824	32,375/0.73%	32,375/0.73%	Nil
SEVP	Herman Tu (retired 2020.07.30)													Nil

Corporate Governance

SEVP	Jeng-Ping Liu														Nil
SEVP	Denfer Hung														Nil
SEVP	Grace Lee														5
SEVP	Yanger Yang														50
Chief Auditor	Kuo-Pao Kang (retired 2021.09.01)														Nil
Chief Auditor	Tammy Chang														Nil
Chief Compliance Officer	Ching-Wen, Chen														Nil

Note1: The employee bonus to President, SEVP, Chief Auditor and Chief Compliance Officer be distributed as approved by the Board of Directors before the shareholders' meeting for the motion of distribution of earnings for the most recent year (the projected amount based on the proportion of distribution last year)

Note2: Remuneration to the Company's four drivers totalled NT\$ 2,534,000.

Unit: NT Dollar

Range of Remuneration Paid to President, SEVP, Chief Compliance Officer & Chief Auditor	Name of President, SEVP, Chief Compliance Officer & Chief Auditor	
	UBOT	All the Companies in the Financial Statement
Less than NT\$ 1,000,000	Jeng-Ping Liu 、 Tammy Chang	Jeng-Ping Liu 、 Tammy Chang
NT\$1,000,000 (inclusive) ~ NT\$2,500,000(non-inclusive)	Yanger Yang	Yanger Yang
NT\$2,000,000 (inclusive) ~ NT\$3,500,000(non-inclusive)	Yin-Bor Chan, Grace Lee, Kuo-Pao Kang, Ching-Wen Chen	Yin-Bor Chan, Grace Lee, Kuo-Pao Kang, Ching-Wen Chen
NT\$3,500,000 (inclusive) ~ NT\$5,000,000(non-inclusive)	Denfer Hung	Denfer Hung
NT\$5,000,000 (inclusive) ~ NT\$10,000,000(non-inclusive)	Wei-Wen Hsu, Herman Tu,	Wei-Wen Hsu, Herman Tu,
Total	10	10

C. Top five highest remuneration Paid to Managers : Not applicable

D. Bonus to Managers

Unit NT Dollar Thousand, Dec 31 2021

Title	Name	Stock Dividend	Cash dividend	Total	Total as % of Net Profit after Tax
Please refer Page 20* to Page 46.		9,657	0	9,657	0.22

Note: The employee bonus to managers to be distributed as approved by the Board of Directors before the shareholders' meeting for the motion of distribution of earnings for the most recent year (the projected amount based on the proportion of distribution last year).

Corporate Governance

- (5) Analysis of Payments of Remuneration to Directors, Supervisors, President, Senior Executive Vice President and Chief Auditor, as a percentage of net profit after tax in the latest two years, Remuneration Policy, Standard and Combination, Procedure for determining remuneration and their relationship to operating results and future risk
- a. The remuneration paid to Directors, Supervisors, President, Senior Executive Vice President and Chief Auditor in 2020 is NT\$40,393,000 and its ratio to net profit after tax is 1.17%.
 - b. The remuneration paid to Directors, Supervisors, President, Senior Executive Vice President and Chief Auditor in 2021 is NT\$54,440,000 and its ratio to net profit after tax is 1.22%.
 - c. Remuneration paid to directors and supervisors primarily include meeting attendance fees and salaries. All remuneration is paid on a fixed basis and will not exceed 0.1% of the total profit of the Bank. Remuneration to executive management was made in accordance with their respective experience, degree of business involvement and contribution, and compare with the salary and remuneration standard of the Industry peers. The salary and remuneration schedule will be submitted to the Board of Directors for resolution after it is examined by Salary and Remuneration Committee pursuant to the Bank's Article of Incorporation. In addition to monthly basic salaries and allowances, executives may also be eligible for the annual and the performance bonuses and the employee bonuses (according to the Bank's Article of Incorporation 1%-5%) depending on the Bank's annual results of operation and individual performance. As such, remuneration to S executive management is closely related to the Bank's operating performance. The occurrence of major risk events that may impair the Bank's goodwill, or incidents of deficiency in internal management, or employee fraud would vastly affect the amount of bonuses to executive management. The Risk Management Dept. should report directly to the Board of Directors regarding the status of the Bank's risk control and risk exposure on a quarterly basis.

3. Execution of Corporate Governance

(1) Board of Directors

The Board of Directors held 11 meetings in 2021. The status of attendance was as follows:

Corporate Governance

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Note
Chairman	Shiang-Chang Lee	6	0	100%	Resigned
Chairman	Union Investment Co., Ltd. Representative: Jeff Lin	10	1	90.9%	Newly-elected
	Union Enterprise Construction Co., Ltd. Representative: Jeff Lin				Resigned
Independent Director	Kao-Jing Wang	6	0	100%	Resigned
Managing Director	Chen-Chern Investment Co., Representative: Zhen-Xong Jiang	11	0	100%	Re-elected
Independent Director	Zen-Fa Lu	6	0	100%	Resigned
Independent Director	Guo-Zhang Li	11	0	100%	Re-elected
Independent Director	Tzung Hang Lee	5	0	100%	Newly-elected
Independent Director	Lin-Yu Fan	5	0	100%	Newly-elected
Director	Yu-Pang Investment Co., Representative: Sue-Feng Tsao	11	0	100%	Re-elected
Director	Pai-Sheng Investment Co., Representative: Si-Yong Lin	11	0	100%	Re-elected
Director	Union Investment Co., Ltd. Representative: Wen-Ming Li	5	0	100%	Newly-elected
Director	Herman Tu	5	0	100%	Newly-elected

Note: The Bank's 11th session of directors and independent directors were approved by the shareholders' meeting on 2021.07.20:

1. If the operation of the Board of the Directors refers to the following issue, the Company should specify the dates of meetings, terms, and contents of resolutions, all independent directors' opinions and the Company's response to the independent directors' opinions:
 - (1) Matters listed in Article 14-3 of the Securities and Exchange Act: The company has set up the Audit Committee, matters listed in Article 14-3 of the Securities and Exchange Act are included in Article 14-5 of the Securities and Exchange Act. Please refer to the resolutions by the Audit Committee for the relevant content.
 - (2) In addition to previous matters, other resolutions which were objected to or retained opinions and had a recorded or written statement by an independent director: The resolutions of the Board were adopted by all the attending directors

2. Execution situation of directors avoidance on motions with conflict of interests:

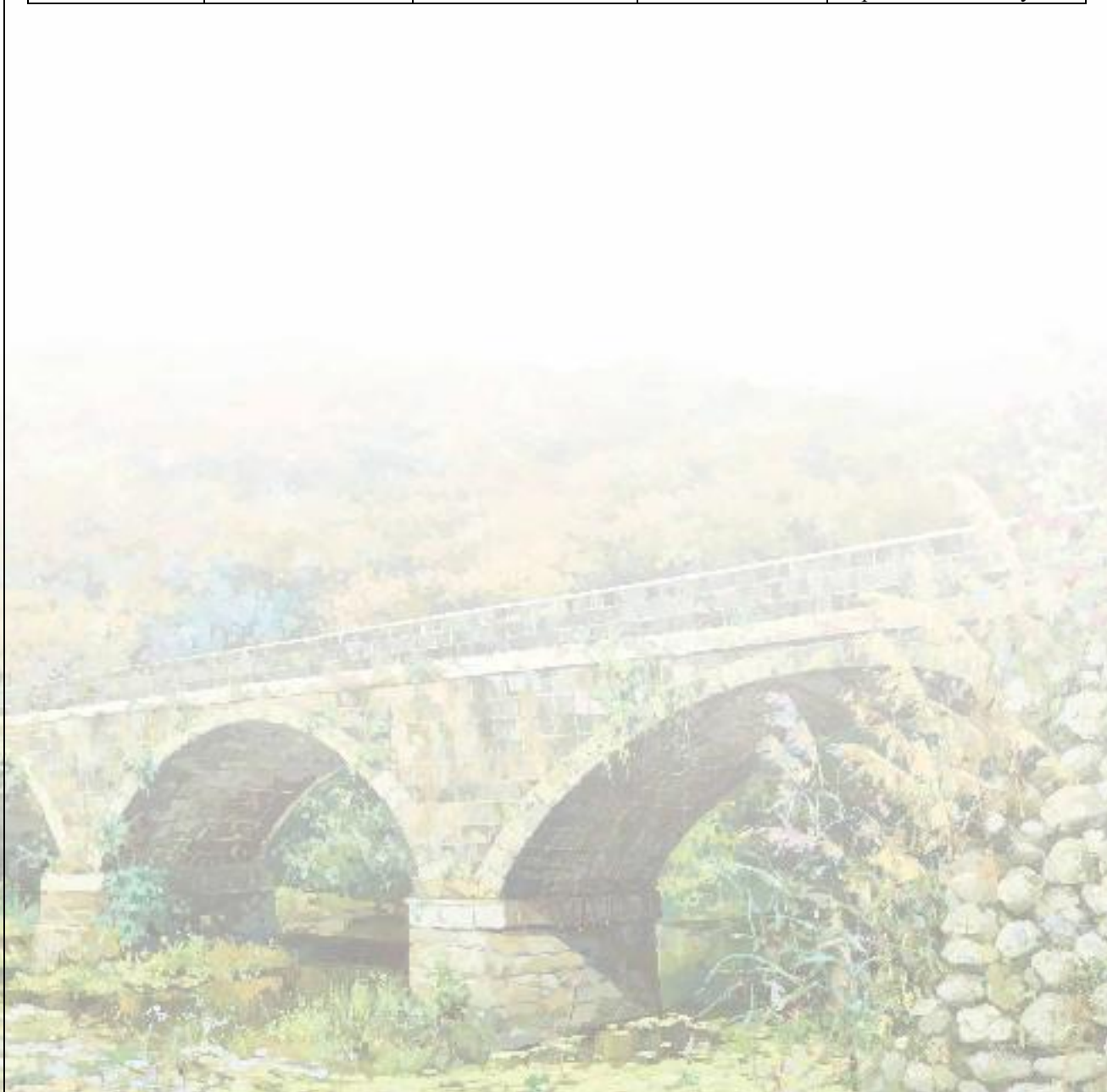
Term	Content of the resolution	Director's name	Reasons for recusal	Situation of participation in voting

Corporate Governance

Jul. 28, 2021 The 11th meeting of the 2nd term	Appoint a manager to represent the UBOT as Institutional Director and assume office as the Director of Union Securities Investment Trust Corporation, and direct investee company of UBOT. Director and Senior Vice President Herman Tu was appointed as Chairman.	Herman Tu	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. (The directors Jeff Lin took a leave and didn't attend the meeting.) The other directors had no opinions and resolutions were adopted unanimously.
Aug. 17, 2021 The 11th meeting of the 3rd term	Property rental	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. (The directors Jeff Lin took a leave and didn't attend the meeting.) The other directors had no opinions and resolutions were adopted unanimously.
	Parking Space rental	Jeff Lin, Zhen-Xong Jiang, Si-Yong Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
	Performance Bonus of Chairman & President of 2020	Jeff Lin, Guo-Zhang Li, Zhen-Xong Jiang, Si-Yong Lin, Su-Feng Tsao, Wen-Ming Li	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
Oct. 4, 2021 The 4th meeting of the 11th term	Planning for purchasing the AI training program from Tamkang University.	Tzung Hang Lee	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.
Nov. 8, 2021 The 5th meeting of the 11th term	Planning for appointment of First Securities Investment Trust, Fubon	Herman Tu	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other

Corporate Governance

	Asset Management, PGIM, and Union Securities Investment Trust as the fiduciary agents for discretionary investment of securities.			directors had no opinions and resolutions were adopted unanimously.
	Property leasing	Jeff Lin	Stakeholder	The stakeholders did not participate in discussion and voting in accordance with the laws. The other directors had no opinions and resolutions were adopted unanimously.



Corporate Governance

3. Execution situation of the Board of Directors and performance evaluation.				
Frequency	Period	Range	Method	Evaluation content
The internal evaluation of the performance of the Board of Directors shall be carried out at least once a year; the external evaluation shall be conducted by an external professional independent institution or an external team of experts and scholars at least once every three years, and the performance evaluation for the year shall be carried out at the end of the year. In the year when an external evaluation is conducted, internal performance evaluation may be exempted. The internal and external evaluation results of the performance of	From 2021/1/1 to 2021/12/31	Performance evaluation for Board of Directors, individual Board members, and functional committees (Audit Committee and Remuneration Committee)	Self assessment for Board of Directors Self assessment for Board Members and functional committees	<p>1. Performance evaluation of the Board covers five major aspects in degree of participation in the Company's operation, enhancement of Board decision-making quality, composition and structure of the Board, election and continuous education of Directors, and internal control. There are 41 indicators in total.</p> <p>2. Self-assessment of the performance of Board members covers six major aspects in understanding of the Company's objectives and tasks, awareness of Directors' responsibilities, degree of participation in the Company's operation, operation and communication of internal relationship, professions and continuous education of Directors, and internal control. There are 23 indicators in total.</p> <p>3. Performance evaluation of functional committees covers five major aspects in degree of participation in the Company's operation, awareness of the duties and responsibilities of the functional committees, improvement of the decision-making quality of the functional committees, functional committee member composition and its selection, and internal control. There are 24 indicators for the Audit Committee and 21 indicators for the Remuneration Committee.</p>

Corporate Governance

Performance evaluation results:

The Bank has conducted evaluation of the performance of the Board, individual Directors, and the functional committees in 2021. The self-assessment of the Board and individual Directors achieved 99% of the indicators in average. The overall evaluation result was “Senior to the Standard”, which indicated that the Board has performed its duties of direction and supervision of the strategy, key operation and risk management of the Bank in due diligence. In the aspect of law and compliance, the Bank has established viable internal control system and performed the function in risk control and all the audit matters can be appropriately supervised. In addition, UBOT is positively engaged in ESG matters. The overall operation is sound and in conformity to the requirement of corporate governance. The evaluation of the performance of the Audit Committee, Remuneration Committee, the Director Nomination Committee indicated achievement of 100%, 97%, and 94.7% for all indicators. The evaluation result was “Senior to Standard”. It is obvious that all the functional committees have performed their functions in compliance with applicable legal rules properly and can effectively enhance the function of the Board. This result can be served as reference for the Remuneration Committee in the adjustment of remuneration to individual Directors and the nomination of the Directors for a new term of office. The aforementioned evaluation result of Board performance has been reported to the 11th Board in its 7th session on March 7 2022 for record.

4. Execution situation assessment of measures taken to strengthen the functionality of the Board in the current year and recent years:
- (1) The Director Nomination Committee was established in January 2021 for the vitalization of corporate governance and fortification of the function of the Board of the Bank.
 - (2) The members of the “Director Nomination Committee” have been approved by the Board for establishment on January 27 2021. This functional committee shall proceed with performance evaluation in accordance with the “Regulations Governing the Evaluation of Board Performance”. The Board of UBOT approved to introduce the “Director Nomination Committee Performance Evaluation Sheet” on October 4 2021.
 - (3) The election of the new Board in 2021. All Independent Directors have met the requirement of no assumption of office for more than 3 terms.

(2) Audit Committee

The Audit Committee held 8 meetings(A) in 2021. The status of attendance was as follows:

Title	Name	Professional designation and experience	Actual frequency of attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Note
Independent Executive Director	Guo-Zhang Li	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Vice President of Taiwan Business Bank, President, Chairman of UBOT Bills Finance, Director-General of Bills	8	0	100%	Re-elected

Corporate Governance

		Finance Association, Independent Director of UBOT.				
Independent Executive Director	Zen-Fa Lu,	Well-disciplined in law, and has been judge of High Court Tainan Branch and High Court of Taiwan, Chief Public Prosecutor at Taitung Prosecution Office, Taipei Prosecution Office, and Taiwan High Court Prosecution Office, Chief Public Prosecutors at Supreme Prosecution Office.	4	0	100%	Resigned
Independent Executive Director	Wang Kao-Chin	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes elementary teacher, adjunct lecturer at National Cheng Kung University, Vice President of Bank of Taiwan, Chairman of Bank of Kaohsiung, Director-General and Executive Director of the Lending Committee at Bankers Association, Independent Executive Director at UBOT.	4	0	100%	Resigned
Independent Director	Tzung Hang Lee	Specialized in information technology, eCommerce, and digital economics. Major experience includes member of the Examination Board at Examination Yuan, visiting scholar at Manchester University in the UK, professor of mechanical and electrical engineering at Tamkang University.	4	0	100%	Newly elected
Independent Director	Lin-Yu Fan	Seasoned veteran in banking industry and knowledgeable of the industry and international market. Major experience includes Vice President of Fuhwa Securities, Executioner Chairperson of Fuhwa Securities Investment Trust, Resident Director at Union Insurance Company, President of Union Securities Investment Trust.	4	0	100%	Newly elected

Other supplementary notes:

1. Where any of the following circumstances have occurred during operations of the audit committee, the date, term, issue, resolution results of the audit committee and how the company handles opinions of the audit committee thereof:

- (1) Matters listed in Article 14-5 of the Securities and Exchange Act:

	Content of the resolution	Opinion of Independent Director	Date/Term of Meeting of Board of Direct	Resolution results and further handling

Corporate Governance

Jan. 27, 2021 The 19th meeting of the 2th term	1. Amendment to the “Institutional Investors Due Diligence Best Practice Principles” of UBOT.	No opinion	Jan. 27, 2021 The 20th meeting of the 10th term	It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.
Mar. 10, 2021 The 20th meeting of the 2nd term	1. Presentation of the “Unaudited Financial Statement Compilation Plan and Implementation”. 2. “Renewal of appointment of Deloitte Taiwan as Independent Auditors for the Tax Audit and Financial Audit of UBOT in 2021 for declaration and related matters”. 3. “Audited Financial Statements and Business Report of UBOT in 2020” 4. “Proposal for Distribution of Earnings of UBOT in 2020”. 5. “Capitalization of retained earnings and remuneration to employees of UBOT into new shares in 2020”.	No opinion	Mar. 10, 2021 The 21th meeting of the 10nd term	It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.
May. 12, 2021 The 22th meeting of the 2nd term	1. Amendment to the “Internal Control System for Securities Dealer engagement in Futures Introducing Broker Business undertaken by UBOT”. 2. Amendment to the “Internal Control System for Insurance Broker, Insurance Broker in Solicitation of Business System and Procedure, and Insurance Broker Commission Payment System of UBOT”. 3. Planning for petitioning with the competent authority for the engagement in metal futures trade with attachment of business plan and operation code. 4. Amendment to the “Regulations Governing the Overall Assessment of the Risks of Money Laundering and	No opinion	May. 12, 2021 The 10th meeting of the 23th term	It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.

Corporate Governance

	Financing of Terrorism”.			
Jul. 28, 2021 The 1th meeting of the 3rd term	1. Proposal for the relief of the duty of the representative of UBOT previously appointed as representative of Institutional Director of Union Securities Investment Trust and the appointment of Director and Senior Vice President Tu Hung-Mao as the new representative and as the Chairman of this company.	No opinion	Jul. 28, 2021 The 23th meeting of the 10th term	It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.
Aug. 17, 2021 The 2nd meeting of the 3rd term	<ol style="list-style-type: none"> 1. 1. Amendment to the “[Standard Operation Procedure for Internal Control of Securities Dealers” for the proprietary trade of UBOT as securities dealer”. 2. 2. Amendment to the “Internal Control System of UBOT in engagement as Securities Dealership”. 3. 3. Leasing of property. 4. 4. Leasing of parking garage. 5. 5. Direct investment 6. 6. “Presentation of the Audited and Reviewed financial statements of UBOT covering the first half of 2021”. 7. 7. “Proposal for the Distribution of Earnings for the first half of 2021”. 8. 8. Proposal of the newly appointed Chief Internal Auditor. 	No opinion	Aug. 17, 2021 The 2nd meeting of the 11th term	It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.
Oct. 4, 2021 The 3rd meeting of the 3rd term	<ol style="list-style-type: none"> 1. Amendment to the “Internal Control System for Securities Dealer engagement in Futures Introducing Broker Business undertaken by UBOT” 2. Amendment to the “Regulations Governing the Evaluation of Board Performance of UBOT”. 3. “Purchase of the IA Training Program from Tamkang University” 4. Property leasing 	No opinion	Oct. 4, 2021 The 4th meeting of the 11th term	It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted

Corporate Governance

				unanimously by all the attending directors.
Nov.8, 2021 The 4th meeting of the 3rd term	<p>1.Amendment to the “Procedure of UBOT for Derivative Trade” and its Appendix II, “TMU Customer Right Protection Guideline”.</p> <p>2.Planning to appoint First Securities Investment Trust, Fubon Asset Management, PGIM, and Union Securities Investment Trust as the fiduciary agents for discretionary investment of securities.</p> <p>3.Avail the property of UBOT for leasing</p> <p>4.Presenting the “Self-Audit Guideline”.</p> <p>5.“Presenting the 2022 Annual Audit Plan for UBOT and the “2022 Internal Audit Plan and Declaration of the implementation of the plan” for the securities dealer and futures introducing broker business undertaken by UBOT.</p> <p>6.Amendment to the “UBOT Policy on Assessment of the Risks of Money Laundering and Terrorism Financing and Formulation of Prevention Plans”.</p>	No opinion	Nov.8, 2021 The 5th meeting of the 11th term	It was adopted unanimously by all the members of the Audit Committee. The Independent directors had no opinions and it was adopted unanimously by all the attending directors.

(2) In addition to the preceding items, any resolution that has not been approved with the consent of the audit committee members but approved with the consent of two-thirds or more of all directors: None.

(3) The Audit Committee's annual main focus is explained as follows:

The Audit Committee of the Bank is composed of 3 independent directors. It aims to assist the Board of Directors with the execution of the supervision of quality and integrity of the Bank’s accounting, audit, financial reporting process and financial control.

The Audit committee held 7 meetings in 2020, and the main issues that were audited included:

- A. Establishment or amendment to the internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
- B. Assessment of the effectiveness of the internal control system.
- C. Establishment or amendment to the procedures for the acquisition or disposal of assets, engagement in derivative trade, loaning of funds to a third party, endorsement and guarantee in favor of a third party or other acts of financial and business significance pursuant to Article 36-1 of the Securities and Exchange Act.

Corporate Governance

- D. Issues involving the private interest of the Directors
 - E. Transactions with related parties required for review under law.
 - F. Significant transaction of assets or derivative trade.
 - G. Significant loaning of funds, endorsement or guarantee in favor of a third party.
 - H. Offering, issuance or private placement of equity securities.
 - I. The appointment, dismissal or remuneration to the CPAs in the capacity of Independent Auditors
 - J. The appointment and dismissal of chief financial officer, chief accounting officer and chief internal auditor.
 - K. The annual financial report requiring the signatures or seals of the Chairman, Manager, and chief accounting officer and the financial report of Q2 pending on the audit of the CPAs.
 - L. Other materiality as required by the Company or the competent authority.
2. Execution status of directors, avoidance on motions with conflict of interests. The names of directors, the content of the motion, the reasons of avoidance, and the voting participation status should be clearly stated:

Term	Content of the resolution	Independent Director's name	Reasons for recusal	Situation of participation in voting
2021.10.4 3 rd session of the 3 rd term of the committee	Planning for purchasing the AI training program from Tamkang University.	Lee Chung-Han	Related party - currently the Provost of the College of Artificial Innovative Intelligence and is the representative of the contract in this case.	The related party recused from discussion and voting under law. All other committee members in session passed the motion in common consent and present the motion to the Board for final approval. The Board : Director Lee Chung-Han recused to avoid the conflict of interest. All other Directors in session passed the motion in common consent.

3. Communication between independent directors and auditors:

(1) Communication between independent internal directors and auditors:

The Chief Auditor is involved in all Board of Directors meetings and Audit Committee meetings, and reports regularly to the Audit Committee on the progress of ongoing audits. Before the end of the financial year, the internal audit department would submit in writing the next year's audit plan for review by the Audit Committee. Furthermore, internal auditors engage independent directors in half-yearly meetings to present internal audit reports and to discuss any weaknesses found in the internal control system.

Date	Points of communication	Situation of implementation
Jan. 27, 2021	Audit department work report in the second half of 2020, the execution situation of the regular report of the audit operation.	1. Allowed for future reference. 2. Submitted to the Board of Directors for future reference.

Corporate Governance

Mar. 10, 2021	Reviewed the deficiencies of the internal control system every half year and held seminars by the auditors and independent directors.	Followed up the implementation situation of the opinions of the independent directors in the seminars, and submitted the meeting minutes to the Board of Directors for reporting.
Aug. 17, 2021	Audit department work report in the first half of 2021, the execution situation of the regular report of the audit operation.	1. Allowed for future reference. 2. Submitted to the Board of Directors for future reference.
Aug. 17, 2021	Reviewed the deficiencies of the internal control system every half year and held seminars by the auditors and independent directors.	Followed up the implementation situation of the opinions of the independent directors in the seminars, and submitted the meeting minutes to the Board of Directors for reporting.
Nov. 8, 2021	Internal audit plan for 2022	1. The resolutions were adopted unanimously. 2. Submitted to the Board of Directors for resolution.
Mar. 7, 2022	Audit department work report in the second half of 2021, the execution situation of the regular report of the audit operation.	1. Allowed for future reference. 2. Submitted to the Board of Directors for future reference.
Mar. 7, 2022	Reviewed the deficiencies of the internal control system every half year and held seminars by the auditors and independent directors.	Followed up the implementation situation of the opinions of the independent directors in the seminars, and submitted the meeting minutes to the Board of Directors for reporting.

Date	Points of communication	Situation of implementation
Mar. 10 2021	The CPAs explained the audit results and adjustment items of the financial statements for the year of 2020, and engaged in two-way communication with the Bank on financial and operation.	The Bank invited the CPAs with the Bank's internal audit head and independent directors to explain and engage in two-way communication on the Bank's finance and business at the 20th meeting of the 2nd Audit Committee, and completed the review of the financial statements.

Corporate Governance

	Aug 7, 2021	The Independent Auditors explained the audit findings from the 2021 financial statements and the adjustments, and engaged in two-way communication with UBOT on the influence of LIBOR conversion in 2022 on financial reporting of the Bank.	The Bank invited the CPAs with the Bank's internal audit head and independent directors to explain and engage in two-way communication on the Bank's finance and business at the 20th meeting of the 2nd Audit Committee, and completed the review of the financial statements.	
--	-------------	---	---	--

- (3) Items to be disclosed in Accordance with “Principles Governing Corporate Governance Practices of Banks”: Please Refer to the Bank’s Official Website:
<http://www.ubot.com.tw>

- (4) Status of implementation of The Corporate Governance, stating Discrepancy, if any, with Best Corporate Governance Practices of Banks and giving Reasons:

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
1. The Bank's shareholder structure and shareholder equity (1) Way in which the Bank defines any internal operating procedure to deal with suggestions, questions, disputes and legal actions from shareholders, and to implement the procedure.	√		(1) According to the Bank's Corporate Governance Best-Practice Principles, the Bank has delegated the spokesman and deputy spokesman and established an email box to take care of the suggestions, questions and disputes from shareholders. A dispute, if any, will be handed over to the Bank's legal counsel. The way to contact said spokesman is disclosed in the "investor relations" on the Bank's website and on the cover page of the Bank's annual report. Meanwhile, the Bank has also established the e-Service Center responsible for answering to and processing of the questions raised by customers via phone, processing of customers' complaints and opinions, and follow-up on various assignments. Therefore, the inquiries about the Bank's business and shareholders' suggestions or disputes may be referred to the related units by customer service attendants, if necessary.	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
(2) Ways in which the Bank regularly monitors the list of key shareholders who have management control of the Bank, or those who have ultimate control of key shareholders.	V		(2) In accordance with the related legal rules, the main shareholders of the Bank should report their shareholding situation monthly to the Bank, the related legal rules and forms are also disclosed on the website of the Bank.	No material discrepancy
(3) Whether the bank has established and implemented risk control and firewall mechanisms with affiliated enterprises	V		(3) The 4th meeting of the 10th Board of Directors passed the "Rules for Board Performance Evaluation" on November 7, 2018. The Board of Directors and functional committees shall perform at least one annual internal evaluation on the performance of the Board of Directors, members of the Board, the Audit Committee, and the Remuneration Committee. The internal and external performance evaluations of the Board of Directors shall be completed before the end of the first quarter in the following year. The "Board Performance Evaluation Form" shall be completed by the Board's Secretarial Department based on the evaluation results of "Board Member Self Assessment Questionnaire" and actual execution. The evaluation report shall be submitted to the Board for review and improvement.	No material discrepancy
2. Composition and responsibilities of Board of Directors: (1) Does the Board of Directors make diversifying guidelines for member composition and implement them precisely?	V		(1) A. The Bank formulated the "Principles Governing Corporate Governance Practices of Banks", in which diversifying guidelines were made in Chapter 4, "Strengthening the functions of the Board of Directors". The Board of Directors of the Bank approved the establishment of the Director Nomination Committee on January 27, 2021 Responsible for nominating director candidates, reviewing qualifications, and evaluating the independence of independent directors. In addition to evaluating the educational experience and qualifications of each candidate, it also refers to the opinions of stakeholders, and abides by the "Director Selection Procedures" and "Corporate Governance Code of Practice", and Ensure the diversity and independence of directors. B. The policy of board member diversification is disclosed on the	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
(2) Whether the Bank, in addition to establishing the remuneration committee and audit committee pursuant to laws, is willing to establish any other functional committees voluntarily?	V		Bank's website and Market Observation Post System.	No material discrepancy
			(2)	
	V		1 The Bank has set up a Remuneration Committee according to regulations and the Bank's Article of Incorporation in 19th Meeting of 7th Board of Directors on August 24, 2011 and formulated "Regulations Governing the Organization of Remuneration Committee" for compliance.	
	V		2 The Audit Committee was assembled in accordance with law and the Company's Articles of Incorporation during the 1st extraordinary meeting of the 9th board of directors held on June 26, 2015. A set of "Audit Committee Foundation Rules" has been implemented for guidance.	
		3 The Bank's Board of Directors approved the "establishment of a Director Nomination Committee" on January 27, 2021 with the Director Nomination Committee Charter formulated for compliance. The main responsibility of the committee is to nominate and review director candidates and review their qualifications, while assessing the independence of independent directors and devising directors' training plans.	No material discrepancy	
	V		4. In addition, to strengthen the management mechanism, the Bank's "Asset and Liability Management Committee", "Automated Operation Committee", "Investment and Credit Review Committee", "Overdue Credit, Collection, and Bad Debt Clearance Committee", "Trust Property Review Committee", "Personnel Appraisal Committee", "Corporate Social Responsibility Committee", and "Fair Treatment of Consumers Management Committee" will have their resolutions reported to corresponding levels of approval	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
			based on the approval hierarchy.	
(3) Has the listed/OTC bank established methodology for evaluating the performance of its Board of Directors, on an annual basis, reported the results of performance to the Board of Directors, and use the results as reference for Directors' remuneration and renewal?	V		(3) The Bank has formulated the "Rules of the Performance Evaluation of the Board of Directors", which has been approved by the Board of Directors. It is stipulated that the internal performance evaluation of the overall operation of the Board of Directors, functional committees, and individual directors shall be implemented at least once a year while an external professional independent institution or an external team of experts and scholars shall perform external evaluation at least once every three years. The results of the internal and external performance evaluation of the Board of Directors shall be completed before the end of the first quarter of the following year and reported to the audit committee and the Board of Directors. The "Board Performance Evaluation Form" shall be completed by the Board's Secretarial Department based on the evaluation results of "Board Member Self Assessment Questionnaire" and actual execution. The evaluation report shall be submitted to the Board for review and improvement.	No material discrepancy
(4) Regular evaluation of external auditors' independence.	V		(4) The Bank evaluates the independence of the CPA each year in accordance with the CPA Standard of Professional Ethics and Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies, and submits the evaluation result to the Board of Directors for review. A. The CPA never holds the position of director/supervisor or manager of the Bank, or thea position likely to render	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
			<p>significant influence on the Bank.</p> <p>B. The CPA does not have any direct or significantly indirect financial interest with the Bank.</p> <p>C. The CPA never acts as the Bank's independent auditor for seven years. The Statement of Independence has been issued by the CPA. Upon evaluation, the independent auditor retained by the Bank is held meeting the independence requirements under the corporate governance.</p>	
<p>3. If the bank set up appropriate corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, handling matters relating to board meetings and shareholders meetings according to laws, handling corporate registration and amendment registration, producing minutes of board meetings and shareholders meetings, etc.)?</p>	V		<p>1. The Bank has set up the Board of Director Conference Service Division, which belongs to the Board of Directors and take charge of board meetings.</p> <p>2. The Bank's Business Planning & Administration Dept. is the responsible unit for business related to corporate governance. It is supervised by the senior executive vice president in the department, which has at least three years of management experience related to legal affairs, financial or shareholders service in public companies. The corporate governance affairs mentioned above include providing directors with the data needed in executing business, assisting directors in legal compliance, preparing for board meetings in accordance with regulations.</p> <p>3. The execution process in 2019</p> <p>(1) Company amendment registration</p> <p>(2) Prepared the matters related to board meetings in accordance with the regulations.</p> <p>(3) Registered the shareholders' meetings date in advance in accordance with the regulations, prepared meeting notices, meeting handbook and memorandum within the required time period.</p> <p>(4) Assisted the Bank in adhering to laws related to the Board of Directors and shareholders' meetings.</p> <p>(5) Provided directors with the data needed in executing business.</p> <p>(6) Conduct annual director performance evaluation.</p> <p>(7) Amendment to Articles of</p>	No material discrepancy.

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons																										
	Yes	No	Memo																											
			<p>Incorporation.</p> <p>(8) Amendment to corporate governance related rules such as the Rules and Procedures of Board of Directors Meetings and Corporate Governance Best Practice Principles ° Status of further studies for corporate governance managers:</p> <table border="1"> <thead> <tr> <th>Date of further studies</th> <th>Organizer</th> <th>Name of course</th> <th>Further studies hours</th> <th>Total hours</th> </tr> </thead> <tbody> <tr> <td>Apr 15, 2021</td> <td>Taiwan Academy of Banking and Finance</td> <td>2021 Green Financial Leader Round Table Forum - trend of climate finance and risk management</td> <td>3.0</td> <td rowspan="3">12</td> </tr> <tr> <td>Apr 23, 2021</td> <td>Securities and Futures Institute of ROC</td> <td>Advanced Seminar on the Practice of Directors and Supervisors (including Independent Supervisors) and Corporate Governance Officer - Early Warning of Corporate Financial Crisis and Typology Analysis (North Taiwan).</td> <td>3.0</td> </tr> <tr> <td>Sep 06, 2021</td> <td>Taiwan Academy of Banking and Finance</td> <td>The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).</td> <td>3.0</td> </tr> <tr> <td></td> <td></td> <td></td> <td>Nov 01, 2021</td> <td>Taiwan Academy</td> <td>The Board of Directors and</td> <td>3.0</td> <td></td> </tr> </tbody> </table>	Date of further studies	Organizer	Name of course	Further studies hours	Total hours	Apr 15, 2021	Taiwan Academy of Banking and Finance	2021 Green Financial Leader Round Table Forum - trend of climate finance and risk management	3.0	12	Apr 23, 2021	Securities and Futures Institute of ROC	Advanced Seminar on the Practice of Directors and Supervisors (including Independent Supervisors) and Corporate Governance Officer - Early Warning of Corporate Financial Crisis and Typology Analysis (North Taiwan).	3.0	Sep 06, 2021	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).	3.0				Nov 01, 2021	Taiwan Academy	The Board of Directors and	3.0		
Date of further studies	Organizer	Name of course	Further studies hours	Total hours																										
Apr 15, 2021	Taiwan Academy of Banking and Finance	2021 Green Financial Leader Round Table Forum - trend of climate finance and risk management	3.0	12																										
Apr 23, 2021	Securities and Futures Institute of ROC	Advanced Seminar on the Practice of Directors and Supervisors (including Independent Supervisors) and Corporate Governance Officer - Early Warning of Corporate Financial Crisis and Typology Analysis (North Taiwan).	3.0																											
Sep 06, 2021	Taiwan Academy of Banking and Finance	The Board of Directors and Supervisors in Action and Corporate Governance Training Course (The trend of anti-tax avoidance laws and anti-money laundering in Taiwan).	3.0																											
			Nov 01, 2021	Taiwan Academy	The Board of Directors and	3.0																								

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
			<div style="display: flex; border: 1px solid black;"> <div style="border-right: 1px solid black; padding: 2px;">of Banking and Finance</div> <div style="padding: 2px;">Supervisors in Action and Corporate Governance Training Course (Personalization of digital service (MyData) Design and Implementation)</div> </div>	
4. Establishment of communication channels with stakeholders	V		The Bank has created a stakeholders section on its website. In addition, related parties should also contact with the Bank through mail, telephone, fax and internet etc. All communication channels are easily accessible and smooth.	No material discrepancy
5. Information Disclosure				
(1) Establishment of corporate website to disclose information regarding the Bank's financials, business and corporate governance status.	V		(1) The Bank has regularly disclosed financial and corporate governance status in the Bank's website (Web address: http://www.ubot.com.tw), and will disclose related information following the relevant regulations of the competent authority.	No material discrepancy.
(2) Other information disclosure channels (e.g. English website, designating particular person to handle information collection and disclosure, appointing spokesperson, webcasting investor conference)	V		(2) Information Disclosure Method' a. A designated department is to take charge of the collection and disclosure of information on the Bank's website. b. The Bank has set spokesperson and acting spokesperson position to be the sole outlet of the statement to the publics, and the Bank has also formulated "Procedures for Handling Significant Internal Information" for compliance. c. The annual report is prepared each year, disclosing the relevant information in accordance with the "Standards Governing Information to be published in the Annual Report of Banks".	
(3) After the end of the accounting year, has the bank announced and reported the annual financial statements within the prescribed period in accordance with requirements of the Banking Act and Securities and Exchange Act, and announced and reported the first, second, and third quarterly financial reports and monthly operations in advance of the stipulated	V		(3) The Bank announces and reports its financial reports within the prescribed period and announces and reports monthly operations in advance of the stipulated period according to requirements of the Banking Act and the Securities and Exchange Act.	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
period?				
6. Other important information that helps to understand the Bank's corporate governance status (such as rights of employees, care for employees, investor relations, rights of stakeholders, Directors' and Supervisors' training records, implementation of risk management policies and risk evaluation measures, implementation of customer protection policies, purchasing liability insurance for directors and supervisors, and donate to political parties, related parties and charitable foundations):	V		<ol style="list-style-type: none"> 1. Rights of employees and care for employees: The Bank has put in place the "Rules of Employment" to clearly define the rights and obligations of the Bank and employees. The Bank also convenes regular labor relations meeting to enhance the bank-employee relationships and ensure rights of employees. In addition, the Bank undertakes evaluation of the various remuneration and welfare policies to maximize benefits for the employees. The Bank has also put in place the "Criteria for Prevention, Reporting and Punishment of Sexual Harassment Incidences" to ensure equal employment opportunities and human dignity. 2. Investor relations: The Bank has set up an investor's relationship window for a smooth communication channel. 3. Any transaction between the Bank and our stakeholders are carried out treated in accordance with the "Operational Standards for Non-Credit Transactions Between Union Bank of Taiwan and Related Parties" and relevant regulations governing credit transactions. 4. Directors and Supervisors' training records: the Bank's directors and supervisors have taken related trainings of practical operation and company governance. The record may be accessed on the Market Observation Post System (http://newmops.tse.com.tw) and is included in the annual report. 5. Risk management policy and execution of the risk evaluation standards: The Bank has put in place a Risk Management Policy, established necessary risk management system and standard to effectively manage risks. (Qualitative and quantitative information for assessing the various risks.). 6. The implementation of customer protection policies: Customers may offer comments or lodge complaints on the website or via the hotline for complaints and suggestions. The Bank's responsible department will re-direct the issues to the relevant department for handling and follow-up. The Bank has also put in place the "Criteria and Operational Regulations Governing the Management of Suspected Illegal or Abnormal Deposit Account" and the "Organization of the Customer Dispute Processing Team & Procedures for Handling Customer Disputes" to protect the rights 	No material discrepancy.

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
			<p>of customers. Take the initiative to care and effectively remind customers to prevent the suffering of loss from being cheated.</p> <p>7. The status of the Bank taking out director liability insurance: The Bank has contacted MSIG Mintai Insurance Co., Ltd. in Nov., 2021 to buy director liability insurance for directors.</p> <p>8. Donation to political parties, stakeholders, and charitable foundations:</p> <p>(1) UBOT donated to the “Ministry of Health and Welfare Disaster Relief Fund Account” for assisting the capital requirement for subsequent medical care and settlement for the victims of the “Derailment of Taroko of Taiwan Railway Corporation” in April.</p> <p>(2) UBOT donated to the “Kaohsiung City Government Bureau of Social Affairs Social Relief Fund Account” for helping the victims and families in the “Kaohsiung Building Conflagration” at the urban center of the city in October.</p> <p>(3) UBOT donated to the epidemic prevention fund account of Taipei City Government and New Taipei Government in the wake of the mushrooming infection of COVID-19 for helping the two cities in medical care and the need for epidemic prevention materials.</p> <p>(4) UBOT organized the “Children Painting on Mom” children painting competition, and donated to the “Taitung County Government Social Relief Fund Account” by the number of works submitted to help the children of misfortune families.</p> <p>(5) (V) Donation to Children are Us Foundation in the “Children are Us Courtesy Community Care Center - Peace of the Mind Caring Plan” to help the center in remodeling and improving the environment.</p> <p>(6) (VI) Fund raising for donation to the Children Choir as funding for operation training and subsidizing the misfortune students.</p> <p>(7) (VII)UBOT and Union Cultural</p>	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Best Corporate Governance Practices of Banks and Reasons
	Yes	No	Memo	
			Foundation jointly unveiled the charity donation platform of “Well-Being Together”. The fund raised will be donated to the “Douliu Traditional Township Community Development Association of Yunlin County” for launching the kitchen for the elderly, the “Zhongliao Longyanlin Welfare Association at Nantou” for launching food delivery to the elderly in rural districts and the “Moudan Bay Aboriginal Tribe Cultural and Education Association at Moudan Village of Pingtung County” for launching care service for children and the elderly.	
7			<p>Explain the state of rectification addressing to the Corporate Governance Evaluation Result released by Taiwan Stock Exchange Corporation Corporate Governance Center in the previous period, and issues pending on further corrective action and issues required rectification at top priority and the measures to be taken: UBOT was rated among 6-20% in the 7th Corporate Governance Evaluation in 2021 announced by Taiwan Stock Exchange Corporation. For fortifying corporate governance, UBOT reviews on the indicators with no score given under the 7th Corporate Governance Evaluation and takes corrective action, and put on the top of the list of priorities for action. UBOT will also positively participate in corporate governance evaluation. In 2021, UBOT won the 14th TCSA Bronze Award in Corporate Sustainable Development and was included as a part of the “corporate governance 100 index” by Taiwan Stock Exchange Corporation. This indicated that the effort of UBOT in corporate governance has been recognized.</p>	

Note 1: The status of operation must be specified in the Memo section, irrelevant with whether the answer is “Yes” or “No”.

Note2: Please kindly describe the discrepancy with “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and reasons.

(5) The composition, responsibilities and operation status of the Salary and Remuneration Committee of the Bank:

A. Members of Salary and Remuneration Committee of the Bank

As of December 31, 2021

Requirement	Professional designation and experience	Status of independence	Number of companies where the members hold concurrent positions as members of their Remuneration Committees.
Identity Name			

Corporate Governance

Convener Independent Executive Director	Guo-Zhang Li	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Vice President of Taiwan Business Bank, President, Chairman of UBOT Bills Finance, Director-General of Bills Finance Association, Independent Director of UBOT.	UBOT has obtained the written declaration of the Directors thereby nothing in connection with the direct and indirect conflict of interest with the Banks as stated in “Regulations Government Appointment of Independent Directors and Compliance Matters for Public Companies” is assured.	0
Independent Director	Tzung-Hang Lee	Specialized in information technology, eCommerce, and digital economics. Major experience includes member of the Examination Board at Examination Yuan, visiting scholar at Manchester University in the UK, professor of mechanical and electrical engineering at Tamkang University.	UBOT ha obtained the written declaration of the Directors thereby nothing in connection with the direct and indirect conflict of interest with the Banks as stated in “Regulations Government Appointment of Independent Directors and Compliance Matters for Public Companies” is assured.	0
Director	Wen-Ming Li	Specialized in leadership and administrative management. Major experience includes professional staff at Formosa Chemicals & Fiber Corporation, senior professional staff at Union Construction Enterprise Co., Ltd., Executive Director of Cosmos International Money Brokers Limited.	Other concurrent positions with other companies are exhibited in the profiles of the Directors. As assessed, the function of the concurrent positions poses no conflict of interest with their function at UBOT or defiance of the internal control of respective companies of concurrent positions.	0

2. Operations of Salary and Remuneration Committee of the Bank

- a. There are three people in the Salary and Remuneration Committee of the Bank.
- b. The term of commissioner: 2021.07.20 to 2024.07.19 Salary and Remuneration Committee of the Bank held 2 meetings in 2021 The status of attendance was as follows:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	p.s.
Convener	Zen-Fa Lu	1	0	100%	Resigned Jul. 20, 2021

Corporate Governance

Convener	Guo-Zhang Li	2	0	100%	Re-elected Jul. 20, 2021
Commissioner	Tzung-Hang Lee	2	0	100%	Newly-elected Jul. 20, 2021
Commissioner	Wen-Ming Li	1	0	100%	Newly-elected Jul. 20, 2021

Other Necessary Notes:

- With the attention of kind managers, the committee should perform the following duties faithfully and be responsible to the board of directors, and submit the recommendations to the board of directors for discussion:
 - Formulate and regularly review the policies, systems, standards and structure of directors and managers' performance evaluation and salary and remuneration.
 - Regularly evaluate and determine the remuneration of directors and managers.
- Salary and compensation committee's resolutions and bank's response toward the opinions of compensation and compensation committee:

Term	Subject for Discussion	Resolution	The handling of Bank toward Remuneration Committee opinions.
2021.01.25 The 5th meeting of the 4th Committee	2020 Performance Bonus	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the meeting. The proposal was sent to Board of Directors for resolution.	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the meeting.
2021.08.09 The 1st meeting of the 5th Committee	Evaluation of Directors' remuneration and attendance fee	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the meeting. The proposal was sent to Board of Directors for resolution.	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the meeting.
	Evaluate Managers' remuneration	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the meeting. The proposal was sent to Board of Directors for resolution.	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the meeting.
	Directors' and managers' remuneration for the year of 2020	The Chairman proposed the relevant resolution for approval. It was adopted unanimously by all the Directors presented at the	The Chairman proposed the relevant resolution for approval in Board of Directors' meeting. It was adopted unanimously by all the Directors presented at the

Corporate Governance

		meeting. The proposal was sent to Board of Directors for resolution.	meeting.
3.	Board of director decline to adopt or require to modify recommendations of the remuneration committee: None.		
4.	Resolutions of the remuneration committee to which a member or members of the committee has or have expressed dissents or reservations which were recorded or made in writing: None.		

3. Information on members of the nomination committee of Directors and information on its operation

A. Eligibility and duties of the committee members to be nominated by the Board:

The Committee shall consist at least 3 members to be nominated by the Board at least half of whom shall be Independent Directors.

The function of the committee:

- (1) Nomination of the candidates to the seats of Directors of the Company and the review of their qualification requirement.
- (2) Evaluation of the state of independence of the Independent Directors
- (3) Mapping out the plan for the continuing education of the Directors.

B. The eligibility and experience of the members of the Director Nomination Committee and the function of the committee:

- (1) The Director Nomination Committee of the Company is consisted of 3 members.
- (2) The tenure of the members for this term of the Committee started on July 20 2021 and expires on July 19 2024. The Director Nomination Committee convened once (A) in 2021. The professional designation and experience, attendance to the sessions of the Committee, and the motions for discussion are specified below:

Occupational Title	Name	Professional designation and experience	Actual frequency of attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Remark
Committee member	Zen-Fa Lu	Well-disciplined in law, and has been judge of High Court Tainan Branch and High Court of Taiwan, Chief Public Prosecutor at Taitung Prosecution Office, Taipei Prosecution Office, and Taiwan High Court Prosecution Office, Chief Public Prosecutors at Supreme Prosecution Office.	1	0	100%	Renewed term , election on 2021/7/20
Convener	Guo-Chang Li	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Vice President of Taiwan Business Bank, President, Chairman of UBOT Bills Finance, Director-General of Bills Finance Association, Independent Director of UBOT.	1	0	100%	Renewed term of office Election on 2021/7/20
Committee member	Jeff Lin	Specialized in operation judgment and corporate management, seasoned in banking industry and knowledgeable of the industry and international market. Major experience includes the Director of UBOT, Vide President of UBOT, and President of UBOT.	1	0	100%	Reelected on 2021/7/20
Committee member	Tzung-Hang Lee	Specialized in information technology, eCommerce, and digital economics. Major experience includes member of the	0	0	No meeting has been held within	Newly elected on 2021/7/20

Corporate Governance

		Examination Board at Examination Yuan, visiting scholar at Manchester University in the UK, professor of mechanical and electrical engineering at Tamkang University.			the term of office									
<p>Note :</p> <p>1. The content of the motions, the result of resolution of the Director Nomination Committee, and the response of UBOT to the opinions of the Director Nomination Committee:</p> <table border="1"> <thead> <tr> <th>Term</th> <th>Points of discussion</th> <th>Resolution</th> <th>Response of UBOT to the opinions of the Remuneration Committee</th> </tr> </thead> <tbody> <tr> <td>2021.04.06 1st session of the 1st term</td> <td>Nomination of the list of candidates for the election of the 11th Board of Directors (including Independent Directors).</td> <td>The Presiding Officer inquired all members in session for opinion. All members in session acted in favor of the motion as stated at common consent. The resolution was referred to the Board for final approval.</td> <td>The Presiding Officer inquired all members in session for opinion on referring to the Board. All members in session acted in favor of the motion as stated at common consent.</td> </tr> </tbody> </table> <p>2. Board of director decline to adopt or require to modify recommendations of the remuneration committee: None.</p> <p>3. Resolutions of the remuneration committee to which a member or members of the committee has or have expressed dissents or reservations which were recorded or made in writing: None.</p>							Term	Points of discussion	Resolution	Response of UBOT to the opinions of the Remuneration Committee	2021.04.06 1 st session of the 1 st term	Nomination of the list of candidates for the election of the 11 th Board of Directors (including Independent Directors).	The Presiding Officer inquired all members in session for opinion. All members in session acted in favor of the motion as stated at common consent. The resolution was referred to the Board for final approval.	The Presiding Officer inquired all members in session for opinion on referring to the Board. All members in session acted in favor of the motion as stated at common consent.
Term	Points of discussion	Resolution	Response of UBOT to the opinions of the Remuneration Committee											
2021.04.06 1 st session of the 1 st term	Nomination of the list of candidates for the election of the 11 th Board of Directors (including Independent Directors).	The Presiding Officer inquired all members in session for opinion. All members in session acted in favor of the motion as stated at common consent. The resolution was referred to the Board for final approval.	The Presiding Officer inquired all members in session for opinion on referring to the Board. All members in session acted in favor of the motion as stated at common consent.											

(6) Fulfillment of Corporate Social Responsibilities:

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
1. Has UBOT set up the governance framework for sustainable development, and establish the body for the advocacy of sustainable development on a full-time (part-time) basis, and the Board has authorized the senior management to administer the work? How about the supervision of the Board?	√		For the proper pursuit of corporate social responsibility, UBOT resolved to establish the “Regulations Governing the Establishment of Corporate Social Responsibility Committee” by the 8 th term of the Board in the 17 th session in 2015 thereby established the UBOT Corporate Social Responsibility Committee responsible for the making of corporate social responsibility policy and management plans, and the action plans for pursuing the policy. The corporate governance, customer concern, employee care, environment sustainability and social charity groups under the committee have also been established to carry out the plans for assuring the proper pursuit of corporate social responsibility and for economic, social and environmental improvement. For achieving the goal of sustainable development in alignment with the international trend of development, UBOT changed the name of the	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>“Corporate Social Responsibility Committee” to “Sustainable Development Committee” in 2022. This committee will be the decision-making center of sustainable development at the top level of the Bank. The Chairman acts as the Director-General of the Committee, other members are the President, Vice Presidents, Chief Internal Auditor, Compliance Officer at corporate headquarters, and the function heads at corporate headquarters.</p> <p>The Sustainable Development Committee convenes once semi-annually in general and may convene with flexibility where necessary. This Committee is responsible for the review and approval of the annual objectives and action plans in all aspects, tracking the pursuit of sustainable development, review of the result, and decision or reference filing of all other matters pertinent to sustainable development. In 2021, the Committee convened to approve the result of the 2020 plan, and the action plans and objectives in all aspects for 2021.</p> <p>The Sustainable Development Committee reports to the Board on the progress of sustainable development at regular intervals of the year (at least once a year). The Board shall review the result of the pursuit of sustainable development of the management team and review the feasibility of all plans with timely recommendation for assuring the inclusion of environmental, social and corporate governance factors in the management policy and business activities of the Bank while pursuing sustainable development in operation and profit.</p>	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
2. Did UBOT assess the environmental, social, and corporate governance risks pertinent to its operation under the principle of materiality, and map out related risk management policies or strategies?	√		<p>1.The information disclosed covers the performance of UBOT in sustainable development in 2021 (from January 1 2021 to December 31 2021). The boundary of risk assessment confines to scope of operation and services provided by UBOT and its subsidiaries in Taiwan.</p> <p>2.The Sustainable Development Committee conducts analysis under the principle of materiality of the Sustainability Report and engaged in communication with the stakeholders through different channels and platforms for collection of opinions with reference to the domestic and overseas financial environment, industry outlook, strategic development, government policy, industry practice and the opinions from external consultants and experts to assess the ESG issues of materiality, and to effectively identify, assess, and control all risks for establishing appropriate risk management mechanisms and different rules and regulations in management.</p> <p>3.For the issue of law and compliance, climate change, and environmental sustainability and related issues of materiality, UBOT has established related management rules and regulations in its “Risk Management Policy).</p> <p>4.For the issues of ethical corporate management, law and compliance, and climate change and other issues of materiality, UBOT has designed related risk scenarios in its “Operation Risk Control Self-Assessment” database. Respective functional units will assess the residual risk after the pursuit of related control plans,</p>	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons						
	Yes	No	Memo (Note 2)							
			<p>and map out relevant action plans depending on the circumstance. Related risk management policy and strategy is specified below:</p> <table border="1"> <thead> <tr> <th>Materiality Issues</th> <th>Risk assessment items</th> <th>Explain</th> </tr> </thead> <tbody> <tr> <td>Corporate Governance</td> <td>Ethical Corporate management</td> <td> <p>1.The Directors and the senior management have declared the compliance with ethical corporate management policy to establish sound mechanisms for corporate governance, internal control and risk control under the supervision of relevant functional units.</p> <p>2.UBOT has established the “Ethical Corporate Management Best Practice Principles and Code of Conduct”, “Service Regulations”, and Rules of the Meeting of the Board of Directors for assuring the integrity of employees in performing their duties, compliance with applicable legal rules, and observing related rules and regulations and the service regulations of the Bank through performing their obligations of integrity to its entirety.</p> </td> </tr> </tbody> </table>	Materiality Issues	Risk assessment items	Explain	Corporate Governance	Ethical Corporate management	<p>1.The Directors and the senior management have declared the compliance with ethical corporate management policy to establish sound mechanisms for corporate governance, internal control and risk control under the supervision of relevant functional units.</p> <p>2.UBOT has established the “Ethical Corporate Management Best Practice Principles and Code of Conduct”, “Service Regulations”, and Rules of the Meeting of the Board of Directors for assuring the integrity of employees in performing their duties, compliance with applicable legal rules, and observing related rules and regulations and the service regulations of the Bank through performing their obligations of integrity to its entirety.</p>	
Materiality Issues	Risk assessment items	Explain								
Corporate Governance	Ethical Corporate management	<p>1.The Directors and the senior management have declared the compliance with ethical corporate management policy to establish sound mechanisms for corporate governance, internal control and risk control under the supervision of relevant functional units.</p> <p>2.UBOT has established the “Ethical Corporate Management Best Practice Principles and Code of Conduct”, “Service Regulations”, and Rules of the Meeting of the Board of Directors for assuring the integrity of employees in performing their duties, compliance with applicable legal rules, and observing related rules and regulations and the service regulations of the Bank through performing their obligations of integrity to its entirety.</p>								

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>3.Channels for reporting and complaints have been established. Report and complaints on unethical practices can be filed in writing, by telephone, fax of the investor relation section of the official website of UBOT.</p> <p>Law and compliance, Internal Audit</p> <p>1.The Legal Affairs Section and Compliance Section of the Law and Compliance Department at UBOT are the function for assuring compliance with applicable laws at UBOT. The Chief Compliance Officer at the corporate headquarters and the staff of the department are responsible for the planning, management, and enforcement of the compliance system at UBOT in joint effort.</p> <p>2.The corporate headquarters and the branches have appointed qualified personnel under law as compliance officers charged with matters in law and compliance.</p> <p>3The law and compliance policy of</p>	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>UBOT currently in effect was designed under the supervision of the competent authority, including prior planning, monitoring and control in the course of pursuit, and verification in the aftermath. All banking staff are reinforced with the notion of law abiding through education, training, and promotion.</p> <p>4. An internal audit body and general audit system were established under the direct supervision of the Board. This body administers the internal audits of the Bank, maps out audit plans, and conducts general audits and special audits at regular intervals.</p>	
			<p>Society Customer privacy and right</p> <p>1. The purpose of collection, the manner of using customer information and the exercise of related rights are explicitly stated at the notification documents for informing the customers voluntarily and base on the free will of the customers.</p> <p>2. UBOT has established effective rules and</p>	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			regulations for the protection of personal information, and the Personal Information Management Committee as the organization for managing personal information system across the departments. This committee review matters pertinent to the protection of personal information at UBOT at regular intervals, and intensify the management in collaboration with the information security team of UBOT for assuring safety of all files containing personal information.	
3. Fostering a Sustainable Environment: (1) Establishment of proper environment management systems based on the characteristics of its industry.	V		(1) The Bank established the Energy Management Committee in 2011 and set up environmental management personnel in the General Affairs Department. With reference to the ISO50001 energy management system and the ISO14000 environmental management system, the Bank formulated the "Energy and Environmental Management Manual", and carried out the Bank's environmental management related operations in accordance with international regulations. , to promote various energy-saving measures.	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
(2) Is the bank committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		(2) The Bank has formulated the "Energy and Environmental Management Policy", and the purchase of equipment will give priority to the use of green energy products with labels such as energy saving, green building material, environmental protection, and water saving. Handle waste classification and resource recycling. In addition, in order to improve the reuse rate of equipment and items, a database of various idle machinery, equipment and supplies has also been established. The database must be checked before the property purchase operation, and the reuse of idle inventory will be given priority to improve the reuse rate of items. Paper is used for double-sided printing or single-sided recycling and re-copying, and paper for expired documents is sent to paper mills for disposal as raw material for recycled paper.	No material discrepancy
(3) Does the Bank collect data for greenhouse gas emissions, water usage and total weight of waste in the past two years, and set energy conservation, carbon reduction, greenhouse gas emissions reduction, water usage reduction and other waste management policies?	V		(3) The Bank has assessed the risks and opportunities of climate change and adopted countermeasures as follows: 1. Climate change risks: A. Operational risk: In response to potential operating risks, such as regional power outages, water outages, and phone outages, which may interrupt the	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>operation of business locations, arising from extreme weather events, such as typhoons, floods, earthquakes, etc., the impact is assessed individually according to the type of individual customers' industries and the impact of climate change of their industries.</p> <p>B. Regulatory risk: According to the Greenhouse Gas Reduction and Management Act, the total amount of carbon emissions will gradually be restricted, or there is a risk of increased input costs (such as carbon tax or carbon pricing).</p> <p>2. Climate change opportunities: A. Improvement of corporate image: corporate image could be improved under more opportunities for communication with the outside world through the advocacy of events on energy saving worldwide and the energy saving promotion plan launched by the government.</p>	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>B. Create the opportunity where UBOT and the Customers are winners: operation loss or problem in fund appropriation will be the negative impact on the customers caused by extreme climate.</p> <p>3. Assessment and management of the risk and opportunity deriving from climate change: Through the mechanism of “Operation Risk Control Self-Assessment”, UBOT designed the risk scenarios under climate change with explanation on related control plants. Relevant function units will assess the residual risks after launching the control plans, and sketch out the risk map.</p> <p>4. Countermeasures for climate-related issues: A. Operational risk: For the core information equipment of the Bank, in addition to the backup mechanism, the information building is supplied in dual power. The relevant power sources are all supplied in dual power, and there are two network ISP providers that provide backup to each other. For each business site, the</p>	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>Bank has set up the “Union Bank of Taiwan Directions for Disaster Emergency Response” and set up a crisis management team, which coordinated countermeasures in a timely manner based on the nature of each crisis in the principle of “integration of strength and hierarchical responsibility”. At least two disaster prevention education and training and drills are held regularly every year, and the deficiencies will be reviewed and improved accordingly. The Bank has also purchased the bank comprehensive insurance, safe deposit box liability insurance, commercial fire insurance, and electronic equipment insurance. If an accident that occurs is within the insurance coverage signed by the Bank and the insurance company, necessary measures and procedures will be adopted to mitigate the impact of the risk of interruption of operations.</p> <p>B. Regulatory risk: The Bank adopts the control measures at each stage as in the greenhouse gas reduction policy announced by the Environmental Protection Agency, Executive Yuan, as</p>	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>the targets, and purchased recyclable, low-pollution, and resource-saving green products with energy-saving labels, water-saving labels, environmental labels, and carbon footprint labels, in order to improve energy efficiency and reduce the impact of office and operations on the environment. °</p> <p>C. Improve corporate image: By responding to the global “Earth Hour”, “Earth Day”, “World Environment Day”, and other energy-saving initiatives, and participating in the "Green Procurement by Private Enterprises and Organizations" organized by the Executive Yuan, the Bank can enhance the corporate image and increase opportunities for communication with external parties.</p> <p>D. Create the opportunity where UBOT and the Customers are winners: The “UBOT Guidelines for Financing Recovery from Natural Disasters” has been established for providing necessary funds for the customers in recovery after natural disasters to allow winning on both sides.</p>	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>E. The business will be promoted under the opportunities deriving from climate change:</p> <ul style="list-style-type: none"> ● Lending to green industries. ● Investment in corporate bonds aiming at low carbon objective and ESG funds. ● Issuance of the first UBOT green card bearing a physical card made of environmental friendly material and a virtual card at the same time in September 2021, which was the first in the industry. ● Launch funds with portfolios of ESG or investment in green bonds as investment strategy. ● Group enterprise Union Securities Investment Trust offered the “Union Global ESG Good Quality Bonds Fund Mature in 2023” with principal investment in ESG bonds. The “Union Low Carbon Multiple Assets Fund” invests in securities featuring “low carbon objective”. ● The subsidiary of Group enterprise Union Venture Capital made direct investment in solar energy power plant. 	
(4) Does the Bank collect data for greenhouse gas emissions, water usage and total weight of waste in the past two years, and set energy conservation,			<p>(4) 1. Since 2015, the Bank has conducted greenhouse gas</p>	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
carbon reduction, greenhouse gas emissions reduction, water usage reduction and other waste management policies?			<p>inventory every year and disclosed the results on the Company's website. The statistics on greenhouse gas emissions in the past two years are as follows:</p> <p>A. The Bank's greenhouse gas emissions in 2020 were 5,016 metric tons/CO₂e, and in 2021, it was 4,838 metric tons/CO₂e. In addition, according to statistics,</p> <p>B. The Bank's water consumption in 2020 was 82,526 m³.</p> <p>C. The total weight of waste in 2012 and 2021 was 294.2 and 173.5 metric tons, respectively.</p> <p>2. The Bank has devised policies, including energy conservation and carbon reduction, greenhouse gas reduction, water reduction, or waste management (waste classification and resource recycling), and set greenhouse gas emission reduction targets as follows:</p> <p>With 2014 as the base year, the Bank had actually achieved energy conservation and carbon reduction of 28.8% by 2020. It has also set a short-term target to reduce carbon emissions by 1% in the first five years starting from 2021, and by 17.5% by 2050 for the mid- and long-term target in order to meet the target of reducing greenhouse gas emissions by 50% by 2050 with 2005 as the base year as in the Greenhouse</p>	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>Gas Reduction and Management Act, while the Bank will work to achieve “net zero carbon emissions” by 2050 as its ultimate goal.</p> <p>3. The buildings harboring the corporate headquarters, Zhongshan Branch, Taoying Branch, Minquan Branch, and Yaling Branch have been accredited with the ISO14064 greenhouse gas inspection (Category I & II).</p>	
<p>4. Preserving Public Welfare</p> <p>(1) Whether the Bank has established the related management policies and procedures in accordance with the relevant laws and international human right conventions?</p>	V		<p>(1) UBOT recognizes and support the spirit and fundamental principles of the UN “Universal Declaration of Human Rights, “Global Impact”, “International Labour Convention” and other international human rights conventions for the protection of human rights, and established its “Human Right Policy” for the respect and obligation of protecting human rights for the realization of the aforementioned declarations. UBOT seeks to perform its corporate social responsibility to its entirety through the protection of human right at workplace, health and safety at workplace, labor-management relation, protection of personal information, and information security for the protection of the fundamental human right of all staff, customers, and stakeholders.</p>	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
(2) Has the Bank established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	V		(2) The Bank's "Guidelines for payroll under personnel management regulations" have defined the standards about granting of salary, allowance, compensation and bonuses. In addition, the Bank has enacted the "Criteria for handling employee merit and disciplinary incidents". The Bank regularly conducts promotion and salary adjustment to provide reasonable remuneration. In order to promote family care welfare and comply with the Labor Standards Act, we have established menstrual leave, pregnancy check-up leave, maternity leave, paternity leave, and miscarriage leave. The Company established an employee welfare committee to provide holiday bonuses, marriage, funeral, maternity and material natural disaster payments. Where there is a profit in the Bank's annual final accounts, the Board of Directors will consider the operating performance of the current year, issue year-end and performance bonuses, and distribute employee compensation (1% to 5% of the profit) to employees. From 2021, the Bank set up an employee stock ownership trust, and qualified employees can join freely to achieve the purposes of long-term savings,	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			wealth accumulation, and ensuring a stable life in the future.	

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
(3) Whether the Bank has provided safe and healthful work environments and training on safety and health for employees on a regular basis?	V		<p>(3) UBOT provides a safe and health work environment for its employees, and provides on-the-job training on topics of occupational health and safety for the employees at regular intervals as required by the competent authority.</p> <p>1.UBOT conducts inspection on the safety of power use, lighting intensity and indoor air quality on all its facilities twice a year for providing a safe and healthy work environment for the employees. UBOT also provides training on occupational safety and health for the new employees, for existing employees, training for personnel in charge of occupational safety, and first-aid staff as required by the competent authority.</p> <p>2.In 2021, there were 17 cases of occupational hazards occurred involving 17 persons or 0.43% of the total employee population. The main cause of the hazards is traffic accidents on the roads to work and from work. The occupational safety and health officers of the branches intensified the education on safety at morning meetings or through training on occupational safety to remind the employees on reducing driving speed and keeping distance in rainy weather, and duly observe traffic safety regulations. The Bank provides employees with safe and healthy work environment and performs</p>	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons												
	Yes	No	Memo (Note 2)													
(4) Whether the Bank has established some effective career development training plan for employees?	V		<p>(4) In responding to the rapid change in the financial environment, the corporate strategy of the Bank and the training of employees in career development, UBOT holds lectures, seminars, professional training programs and sending banking staff to receive training in finance and banking and corporate management from time to time in the year in accordance with the Regulations Governing Continuing Education of Employees and with reference to the career development planning of the employees for enriching them with the required professional knowledge and skills and developing into a full-seasoned talents in finance and banking services. UBOT has installed the E-learning platform for online learning and training. This platform makes available a wide array of digital learning programs online at the education section. Employees may access to the platform at time of their choosing voluntarily for upgrading their professional skills and capacity. Training of employees in career capacity is also carried out through job rotation.</p> <table border="1"> <thead> <tr> <th colspan="4">Continuing education in 2021</th> </tr> <tr> <th>Category of personnel</th> <th>Nature of the program</th> <th>Class</th> <th>Number of participants in training</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Continuing education in 2021				Category of personnel	Nature of the program	Class	Number of participants in training					No material discrepancy
Continuing education in 2021																
Category of personnel	Nature of the program	Class	Number of participants in training													

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons												
	Yes	No	Memo (Note 2)													
			<table border="1"> <tr> <td>New employees</td> <td>Orientation</td> <td>5</td> <td>1,806</td> </tr> <tr> <td>Employees of all functions</td> <td>Professional courses</td> <td>555</td> <td>33,154</td> </tr> <tr> <td>Newly appointed officer</td> <td>In charge of training</td> <td>10</td> <td>43</td> </tr> </table>	New employees	Orientation	5	1,806	Employees of all functions	Professional courses	555	33,154	Newly appointed officer	In charge of training	10	43	
New employees	Orientation	5	1,806													
Employees of all functions	Professional courses	555	33,154													
Newly appointed officer	In charge of training	10	43													
(5) Does the Bank's product and service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling and set policies to protect consumers' rights and consumer appeal procedures?	V		<p>(5) The Bank thinks highly of protecting its customers, and has established a policy of treating customers fairly, so as to increase consumers' confidence in the Bank and ensure its sustainable development. The Bank has implemented a policy of treating customers fairly, and complied with the Financial Consumer Protection Act and related regulations.</p> <p>For the protection of consumers' interests, a "Consumer Dispute Resolution Policy" was formulated and passed during the 2nd meeting of the 9th board on August 26, 2015. The Bank also maintains a 24-hour, all-year-round customer service hotline. When a customer who has business with the Bank claims his rights has been damaged and has disputes over products or services, he or she may file a complaint through proper channels (e.g. telephone, mail, web message, or over the</p>	No material discrepancy												

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>counter at branches). All complaints will be handled in discretion according to the Bank's "Customer Complaint Handling Procedures," and followed up by dedicated department. The Bank will resolve every customer dispute in a fast and efficient manner, and perform statistical analyses on complaint cases to identify rooms for improvement and thereby prevent similar occurrences. A "Consumer Dispute Resolution Team" has also been assembled to resolve disputes arising from business between the Bank and clients that were unable to reach agreement in the hope of resolving the issue with satisfactory result.</p>	
(6) Does the Bank set supplier management policy and request suppliers to comply with related standards on the topics of environmental protection, occupational safety and health or labor right, and their implementation status?	V		<p>(6) 1. The Bank has established a supplier management policy and requires suppliers to follow this policy when interacting with the Bank. When signing contracts, they must sign a commitment letter for "compliance with corporate social responsibility, integrity management policies, and legal requirements to regulate goods and services suppliers" to promise to abide by the environmental protection laws, the Occupational Safety and Health Act, the Labor Standard Act, and other relevant laws and regulations in the process of product manufacturing and provision of services, while</p>	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
			<p>paying attention to labor human rights and safety hazards in the work environment, taking measures to prevent hazards from occurring, and complying with the integrity management policy. There are provisions in the contract signed by each supplier that if the supplier violates the above-mentioned policy or has a significant impact on the environment and society, the Bank may terminate or revoke the contract at any time, to avoid business dealings with those who violate the Bank's corporate social responsibility policy.</p> <p>2. UBOT requires all suppliers to fill in the "Supplier Corporate Social Responsibility Self-Assessment Sheet" for understanding the suppliers in pursuing environmental protection, occupational safety and health, human rights of labor, and ethical corporate.</p>	
5. Does the Bank refer to international reporting rules or guidelines to publish CSR Report to disclose non-financial information of the Bank? Has the said Report acquire 3rd party accreditation institution's verification or statement of assurance?	v		<p>The Sustainability Report of UBOT was compiled in accordance with the GRI Standards: core items released by Global Reporting Initiative (GRI) in 2016. The Sustainability Report of 2020 was authenticated by the third party accreditation institution, the British Standards Institution (BSI) for confirmation of the report was compiled in accordance with the GRI core items and disclosed at AA1000 AS v 3. Statement of independent guarantee was disclosed as annex to the report. The Sustainability Report of UBOT was disclosed at MOPS and the official website of UBOT.</p>	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo (Note 2)	
6.				UBOT established the “Corporate Social Responsibility Best Practice Principles” by the 8th Board in its 18th session on March 18 2015, and passed by the 11th Board to rename as “Sustainable Development Best Practice Principles” in its 7th session on March 7 2022 thereby related provisions were amended in accordance with the “Sustainability Development Best Practice Principles for TWSE Listed and TPEX Listed Companies” for strengthening the pursuit towards the goal of sustainable development. UBOT reviews the status of implementation in accordance with the Principles and based on the Principles for taking corrective action. There is no difference since the implementation.
7.				Other important information to facilitate better understanding of the Bank’s corporate social responsibility practices (e.g., environmental protection, community involvement, social contribution, social work, social welfare, consumer rights, human rights, safety and hygiene and the adopted policies and measures to fulfill corporate social responsibilities and the status of performing such responsibilities): Page 83

(7) Fulfillment of ethical Management and Adopted measures:

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
1. Formulate the Policy and Procedures for Ethical Management (1) Whether the Bank has expressly stated the ethical policy and its fulfillment by the board of directors and the management in its Articles of Incorporation and public documents?	V		(1) The Bank’s board of directors has approved the Ethical Corporate Management Best Practice Principles and Guidelines for Conduct of Union Bank of Taiwan, which clearly states that the Board of Directors and senior management shall be committed to putting into practice the principles actively. In order to fulfill its commitments, the Bank has set up a “Corporate Governance Team” under the “Corporate Social Responsibility Committee” of the Board of Directors as the dedicated unit for the Bank’s integrity management, and is responsible for overseeing the implementation of the Bank’s integrity management policies and various preventive programs.	No material discrepancy
(2) Whether the Bank has established an assessment mechanism for the risk of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of	V		(2) Each business unit of the Bank has strict internal control and risk control mechanisms. In addition to complying with the regulations of the competent	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
<p>unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?</p> <p>(3) Has the Bank set up operating procedure, behavior guideline, disciplinary actions, and complaint system in the plans to prevent unethical conduct? Does the Bank strictly execute the implementation and periodically revise the afore-mentioned plan?</p>	V		<p>authorities and the head of each business unit, the Bank has compliance, audit, and risk management units for strict supervision. The preventive programs in the preceding paragraph also stipulate relevant regulations on the prohibition of bribery to ensure that the Company operates with integrity. Also, the Bank conducts a self-evaluation on operational risk control every year to understand the effectiveness of various control measures and whether they are implemented as required, and to adopt enhanced measures as appropriate. The evaluation results are compiled into a summary report and reported to the Asset and Liability Management Committee and the Board of Directors.</p> <p>(3) The Bank's program to prevent dishonest conduct is to specify operation process of the Bank, code of conduct, disciplinary action for violation in the Bank's human resource management procedure and work rule. The procedure and rule are periodically reviewed and modified. In addition, the Bank ensures the implementation of preventive measures through the legal compliance system, internal audit and whistle blower system.</p>	No material discrepancy
<p>2. Implementation of Ethical Management</p> <p>(1) Whether the Bank has evaluated the ethical record of trading counterparts and specifically set out the ethical management clause in business contract?</p>	V		<p>(1) The Bank's business activities shall avoid any trading with persons with unethical record, and the Bank planned to expressly state the clause about compliance with the Bank's ethical management policy in contracts. Meanwhile, before conclusion of any contract, the Bank will have the contract reviewed by the legal affairs unit to ensure the right, obligation and validity of the contract.</p>	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
(2) Whether the Bank has set up a unit under the Board which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	V		(2) The "Corporate Governance Team" under the "Corporate Social Responsibility Committee" that reports to the Board is responsible for monitoring the promotion of the Bank's ethical corporate management policies and the implementation of various preventive measures. The team regularly (at least once a year) reports to the Board of Directors.	No material discrepancy
(3) Whether the Bank has defined the policy to prevent conflict of interest and to offer appropriate channels for providing a statement in regard to the situation, and implemented the same precisely?	V		(3) The Bank's policies and channels for preventing conflicts of interest are clearly stipulated in the "Ethical Corporate Management Best Practice Principles and Guidelines for Conduct" in the work rules and employee service regulations (for employees), and the Bank has set up a grievance system and provided smooth communication channels. In addition, a recusal system (for directors) is stipulated in the Bank's Rules of the Meeting of the Board of Directors, and is strictly implemented as required.	No material discrepancy
(4) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically?	V		(4) The Bank's accounting policies were established in accordance with relevant laws, FSC-approved IFRS, International Accounting Standards, and Interpretations thereof, and have been adjusted to accommodate existing and future business requirements. The Bank's internal control system was developed based on "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries." The purpose is to facilitate sound business operation and to provide assurances in effectiveness and efficiency of business performance, reliability of financial reporting, and regulatory compliance. The audit unit drew up relevant audit plans based on the self-evaluation results of operational risk control in 2020, to examine the effectiveness of the design and implementation of the internal control system through the internal audit system and self-audit	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
(5) Whether the Bank has organized internal/external educational and training programs for ethical corporate management periodically?	V		<p>system to audit the compliance with the preventive programs for unethical conduct.</p> <p>(5) (i) According to the Bank's ethical corporate management best-practice principles, the Bank will organize the internal propagation activity to communicate the importance of ethics to directors, employees and appointees from time to time. The related staff will also attend the related workshops and educational training programs organized by external entities. (ii) The Bank held internal and external trainings related to ethical management in 2017 (including compliance of ethical management regulations, accounting policy and internal control). There are 247 participants in total and 77 hours in total..</p>	No material discrepancy
<p>3. Status of the Bank's complaint system</p> <p>(1) Whether the Bank has defined a specific complaints and rewards system, and established some convenient complaint channel, and assigned competent dedicated personnel to deal with the situation?</p>	V		<p>The Bank's ethical corporate management best-practice principles have defined the relevant complaint and handling procedures. The Bank also established an internal independent email box and hotline for complaints available to the Bank's internal and external personnel. The dedicated unit will designate competent dedicated personnel subject to the circumstances, declare in writing that it will keep confidential the complainant's ID and contents of the complaint and promise to protect complainants from unfair treatment due to the complaint.</p> <p>(1) The Bank's whistleblowing system implementation rules were submitted to the Board and adopted on Aug. 22, 2018. The complaint types are defined in the rules, the complaint can be submitted via paperwork, hotline, e-mail or complaint platform. The complaint will be handled by different units according to different recipients of the complaints. In order to encourage the employees to file complaints, if the complaints are</p>	No material discrepancy

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
(2) Whether the Bank has established standard operating procedures for investigating the complaints received, follow-up measures after investigation are completed, and ensuring such complaints are handled in a confidential manner?	V		verified, after the recipient of the complaint is punished according to the Bank's rules, the internal complainant will be rewarded. (2) The Bank's Rules for Implementation of Whistleblowing System expressly states the procedure for receiving, investigating, reporting for disciplinary action, and notification of complaint cases, and a clear division is established between the responsibilities of the complaint receiving department and those of the investigation department. The complaint receiving department will report to Board of Directors regarding context of complaints, handling of complaints, and follow up improvement measures. It also expressly states the confidentiality obligations regarding the complainant identification, complaint letters or complaint record, and other related materials.	No material discrepancy
(3) Whether the Bank has adopted the measures for protecting complainants from inappropriate disciplinary actions due to their complaints?	V		(3) The Bank's whistleblowing system expressly states that the complainant's ID is kept confidential and the complainant's right of work is guaranteed. The Bank cannot discharge, downgrade, cut wages, prejudice the interests guaranteed by the laws, contract, or practice, or enforce other punishments because of complaints.	No material discrepancy
4. Enhancing Information Disclosure Whether the Bank has disclosed the content and the status of implementation of its ethical corporate management best practice principles on its websites and the MOPS?	V		The "Corporate Governance Area" is set up on the Bank's website to disclose the requirements about ethical corporate management best-practice principles and status of the implementation thereof. Further, for transparency of information, the related information has been also uploaded to the MOPS for access by investors.	No material discrepancy
5. If the Bank has established corporate ethical management based on "Corporate Ethical Management Best Practice Principles for TWSE/GTSM-Listed Companies", please describe any discrepancy between the policies and their				

Corporate Governance

Item	Implementation Status (Note 1)			Discrepancy, if any, with Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Memo	
implementation: The Bank has established the “Union Bank of Taiwan Corporate Ethical Management Best Practice Principles” and “Work Rules” setting out that employees are required to carry out their duties ethically and dutifully and comply with regulatory requirements, policies, and service standards prescribed by the Bank. The company shall be managed in accordance with regulatory requirements and internal procedures to maximise investor benefits. There is no discrepancy between the Bank's operation of ethical management and said “Corporate Ethical Management Best Practice Principles for TWSE/GTSE-Listed Companies”.				
6. None.				

Note 1: The status of operation must be specified in the Memo section, irrelevant with whether the answer is “Yes” or “No”.

(8) Operating procedure for internal important information:

In order to establish the Bank’s fair important internal information processing and disclosure mechanism to prevent information from being disclosed inadequately and to ensure the accuracy and consistency of the information released by the Bank to the public and enhance the control over prevention of insider trading, the Bank defined the “Operating Procedure for Processing of Important Internal Information”.

On July 17, 2020 and November 27, 2020, the Bank offered education and awareness-raising courses for new employees. The content of the courses included the confidential work of material information, the reasons for the formation of insider transactions, and the identification process, and relevant contents are placed in the Company's internal system.

(9) Corporate governance principles and methods for searching the relevant regulations: Please refer to the corporate governance at MOPS (<http://mops.twse.com.tw>).

(10) Other material information sufficient to enhance understanding of the status of the Bank’s corporate governance practices:

Please refer to the Bank’s website (<http://www.ubot.com.tw>).

Union Bank of Taiwan



Statement of Internal Controls System

March 7, 2022

To Financial Supervisory Commission:

1. On behalf of Union Bank of Taiwan, we hereby state that from January 1, 2020 to December 31, 2020, we have duly complied with the “Enforcement Regulations for Bank Internal Audit Control System” in establishing its internal system, implementing risk management, designating an independent and objective department to conduct audits, and regularly reporting to the Board of Directors and the Supervisors.
2. With respect to the securities business, evaluation of the effectiveness of the design and implementation of its internal control systems described in the “Regulations Governing the Establishment of Internal Control Systems of Service Enterprises in Securities and Futures Markets”, promulgated by the Securities and Futures Bureau, Financial Supervisory Commission.
3. Concurrent Operation of Insurance Agent Business:
 - (1) The Bank evaluates the design and operating effectiveness of its internal control system based on the criteria provided in “Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies”. Criteria for evaluating internal control system according to the afore-mentioned regulation should at least include below elements: 1. Control environment; 2. Risk assessment; 3. Control activities; 4. Information and communication; 5. Monitoring activities.
 - (2) The Bank has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
 - (3) Based on the findings of the evaluation mentioned in the preceding paragraph, the Bank believes that its internal control system concerning operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations, were effective in design and operation, and can reasonably assure the achievement of the above-stated objectives.
4. After prudent evaluation, the internal control and regulatory compliance of the units for the year have been effectively implemented, except for matters set forth in the attached table.
5. This Statement will be included as the main content of the Bank’s annual report and prospectus, and be published to the public. If there is any illegal activity such as fraud or

Corporate Governance

concealment, liabilities under Article 20, 32, 171, and 174 of the Securities and Exchange Law will be involved.

6. This statement was approved by the company's board of directors during its board meeting on March 10, 2021. Among the 8 directors who attended the meeting, none of them were opposed and all others agreed to the contents of this statement.

Chairman: Jeff Lin



President: Wei-Wen Hsu



Chief Auditor: Tammy Chang



Compliance Officer of the Bank: Ching-Wen Chen



Chief Information Security Officer



Corporate Governance

Attachment: Internal Control Deficiencies and Improvement Plan

(Record Date: December 31, 2021)

Matters that should be improved	Improvement measures	Targeted completion date
Customers who are no longer exempted from declaration of large sum currency transactions have cash deposit exceeding NT\$500,000 in the transactions. But UBOT failed to declare with the Ministry of Justice Investigation Bureau on large sum currency transactions. This defect was demanded by the competent authority in writing for rectification.	The Bank has established relevant control mechanisms and issued a document requesting branches to comply with such regulations.	This has been completed according to the improvement measures

(12) Legal violations and the Bank's response for the most recent two years:

Disclosed Matter	Major Deficiency	Status of Improvement
(1) Responsible person or employees of the Bank violated the law when conducting business and resulted in an indictment by a prosecutor.	None	None
(2) Violation of laws that resulted in the Financial Supervisory Commission imposing punishment in accordance with Article 61-1 of the Banking Act. Or a penalty imposed by the Bank on its internal staff for violation of the internal control system, the result of which may have a material impact on shareholders' equity or securities prices. Or for situation that applies to Article 2 of Regulations for FSC to handle violation of financial regulations, impose punishment, and announce to the public, the punishment, major deficiency, and improvement status.	For customers who have removed from the list of "exempted from declaration for large sum currency transaction", the list of name being removed has not been connected online. As such, the defect of large sum of currency transactions exceeding NT\$500,000 have not been declared with the Ministry of Justice Investigation Bureau on large sum of currency transaction was resulted, which hampered the healthy operation of UBOT. Corrective action has been taken pursuant to Paragraph 1 under Article 61-1 of the Banking Act.	UBOT has taken corrective action and listed the item for self-audit for intensifying the inspection. Additional control and inspection standard have been added to the "Procedures for Review and Declaration of Suspected Money Laundering and Financing of Terrorism" Handbook for control.
(3) Accidents occurring as a result of a fraud, major non-recurring incidence or failure to comply with the Guidelines for Maintaining the Security of Financial Institutions, as a result of which individual or accumulated losses during the year amounted to NT\$ 50 million or more and therefore the nature and amount	None	None

Corporate Governance

Disclosed Matter	Major Deficiency	Status of Improvement
of loss for which shall be disclosed.		
(4) Other necessary disclosures prescribed by the Financial Supervisory Commission.	In the Bank' concurrent operation of securities firm business, in handling internal staff account management, trading account opening operations in the securities brokerage business, customer trading quota review operations, and during business personnel's execution of duties, there were cases in which brokerage securities trading was conducted with the authorization of a person who was not the customer himself/herself or without a customer's power of attorney, and the Bank's personnel acted as an authorized agent for a customer to buy and sell securities, failing to implement the internal control system as required. The above-mentioned deficiencies violated Paragraph 2, Article 2 of the Regulations Governing Securities Firms and shall be corrected in accordance with Article 65 of the Securities and Exchange Act.	The Bank has sent a letter to all securities branches to require them to implement the procedures in accordance with relevant regulations so as to execute the internal control system as required.

(13) Material Resolutions of Shareholders Meetings or Board of Directors Meetings During the Current Fiscal Year up to the Date of Printing of the Annual Report

1. Material resolutions of the shareholders' meeting during 2021 and the status of implementation
 - A. Ratification of the surplus earnings distribution for 2020: The resolution was adopted
Status of implementation: In the shareholders' meeting, the Bank has resolved on the dividend distribution, the preferred stock dividends of (NT\$ 2.4 per share), the common stock dividends of NT\$ 0.631 per share (cash dividend NT\$0 and stock dividend NT\$0631). The distribution record date was determined to be Aug.15, 2021 and Sep. 7, 2021 and preferred stock dividends were paid on Aug.27, 2021.
 - B. Ratification of the 2020 business report and financial statements: The resolution was adopted.
 - C. The Bank's new issuance of common shares from earnings: The resolution was adopted.
Status of implementation: The Bank's proposal of capital increase via return earning and employee compensation was adopted by the Financial Supervisory Commission on Aug. 11, 2021, and also adopted by the Ministry of Finance on Sep. 29 and Letter No. 11001169410 was issued, and the shares were listed and traded on the stock market on Oct. 13, 2021.
2. Material resolutions of the Board of Directors meeting during 2021 and during the

Corporate Governance

current fiscal year up to the date of publication of the annual report.

- A. The 10th Board approved to amended the “Internal Control System of Securities Dealer Business undertaken by UBOT”, the “Investment Policy of UBOT”, “Regulations Governing Gate Approval in Processing Foreign Exchange”, the “Regulations Governing Securities Investment in Foreign Currencies By UBOT” and renamed as “Regulations Governing International Banking Branches of UBOT in Securities Investment in Foreign Currencies”, the “Regulations Governing the Wavier of Guarantee with Commercial Papers”, the “Risk Management Policy of UBOT”, the “Due Diligence Principle for Institutional Investors of UBOT”, the “2021 Annual Internal Audit Plan and Pursuit of Internal Audit Declaration Sheet” for UBOT as securities dealer, propriety trade of bonds, and futures introducing broker, the “2021 Annual Internal Audit Plan”, “Suitability of Related Internal Code for Lien and Borrowing from special money trust beneficial interest right of UBOT as the fiduciary agent, integrity of contract document and information system control”, the “Regulations Governing the Referral of Non-Performing Loans to Collection and Recognition as DoUBOTful Accounts”, and the motion of performance bonus to the Chairman and the President in its 20th session on January 27 2021.
- B. The 10th Board passed the “2021 Shareholders Meeting of UBOT in regular session and related matters”, the establishment of “Regulations Governing the Acceptance of Motions proposed by Shareholders at the 2021 Shareholders Meeting in regular session and related matters”, the establishment of “Duration for the nomination of the list of candidates to the seats of Directors (including Independent Directors by the 2021 Shareholders Meeting in regular session, the number of seats opened for election, and the processing of nomination”, the “motion of election of the 11th term of the Board of Directors (including Independent Directors) in the regular session of the 2021 Shareholders Meeting”, amended the “Procedure for the Election of Directors at UBOT”, the “Planning of the Parliamentary Procedure for the Shareholders Meeting of UBOT”, “Regulations Governing the appraisal of property”, the “Financing Limit and Cut Off Limit of Industry”, the establishment of “Undertaking of Financing Secured by the Pledge of Stock and Credit Limit for Financing with Stock not listing at TWSE and TPEX as chattels”, the establishment of “Mortgage Limit for Property at Specific Zones”, amended the “Limit of Loan secured by the pledge of property”, the “Regulations Governing the Concentration of Credit Risk from Particular person, group enterprise and industry”, the “2020 [Declaration of Overall Enforcement of Banking Business Information Security] and [Declaration of Overall Enforcement of Securities Business Information Security] of UBOT”, the “[Declaration of AML/CFT Internal Control] signed by the Chairman, President, Chief Internal Auditor, and Chief AML/CFT Officer of UBOT”, Declaration of the effectiveness of the Internal Control System of UBOT in design and enforcement in 2020 except for the particulars singled out on the list attached to the Statement of Declaration of Internal Control”, amended the “Regulations Governing Performance Evaluation of the Banking Units”, “The compilation of financial statement of UBOT and implementation”, “UBOT renewal of appointment of Deloitte Taiwan as Independent Auditors for financial audit and tax audit service on financial statements of UBOT for declaration in 2021 and related matters”, the “The audited financial statements and business report of UBOT in 2020”, the “Remuneration to employees and Directors in 2020 and the payment status”, “Proposal for distribution of earnings in 2020”, “Capitalization of retained earnings

Corporate Governance

and remuneration to employees into new shares in 2020”, “The operation of Union International Leasing Co., Ltd. in Q4 2020, the amount and proportion of financing assets and operation assets, routine review of the mode of operation of Union Leasing (including the credit policy, and debt management)”, amended and renamed the “Regulations Governing the Overall Assessment of the Risks of Money Laundering and Financing of Terrorism”, “Review the Law and Compliance Policy of UBOT and the establishment of the 2021 Law and Compliance Plan”.

- C. The 10th Board resolved to amend the “Credit Limit for Higher Level of Risk in Credit Rating”, the “Regulations Governing the Credit Risk of Financing Group Enterprises of UBOT”, and “Credit Limit for Particular Person, Particular Related Party, or Particular Affiliate”, “Presentation of the Resolutions of the 1st Director Nomination Committee of UBOT in its 1st session”, and “Lift the ban on competition among Directors for the 11th Board” in its 22nd session on April 14 2021.
- D. The 10th Board resolved to amend the “Internal Control System for Securities Dealer engagement in Futures Introducing Broker Business undertaken by UBOT”, “Planning for the issuance of environmental protection concept credit card”, amend the “Regulations Governing special authorization for investment in corporate bonds in foreign currencies” of UBOT, increase the working capital appropriated by UBOT for engagement in insurance broker business, amended the “Internal Control System for Insurance Broker, Insurance Broker in Solicitation of Business System and Procedure, and Insurance Broker Commission Payment System of UBOT to Sale Personnel”, amend the “Regulations Governing the Issuance of Bank Debentures”, “Planning for petitioning with the competent authority for the engagement in metal futures trade”, amend the “Regulations Governing the Overall Assessment of the Risks of Money Laundering and Financing of Terrorism”, and “presentation of the consolidated financial statements covering Q1 2022” in the 23rd session on May 12 2021.
- E. The 10th Board resolved to pass the “Change in the place for the convention of 2021 Shareholders Meeting in regular session with full power of attorney authorization to the Chairman to handle the change” in its 2nd special session on May 12 2021.
- F. The 10th Board resolved to pass the “Rescheduling of the time and place for the 2021 Shareholders Meeting of UBOT in regular session”, and “presentation of the 2021 [information to be declared under the principle of compliance and review]” in its 24th session on June 30 2021.
- G. The 11th Board resolved to appoint the Executive Directors and the Chairman for the 11th Board, the convener and presiding officer for the 3rd term of the Audit Committee in its 1st session on July 20 2021.
- H. The 11th Board approved to pass the “Insurance Agent Business AML/CFT Risk Assessment Report”, rename the previously Assets and Liabilities Management Committee of UBOT to Assets and Liabilities and Risk Management Committee, and upgrade the committee to Board level, amend the “Regulations Governing the monitoring and control of subsidiaries” of UBOT, amend the “Fair Treatment of Customers Strategy”, and the appointment of the members of the 5th term of the Remuneration Committees of UBOT in its 2nd session on July 28 2021.
- I. The 11th Board resolved to amend the “[Standard Operation Procedure for Internal Control of Securities Dealers” for the proprietary trade of UBOT as securities dealer”, the “Internal Control System of UBOT as Securities Dealer”, the “Regulations Governing the salaries and bonus of Securities Brokers”, the leasing of property and parking garage, amend the “Regulations Governing country risk of

Corporate Governance

foreign exchange debt”, adjustment of the mortgage loan pricing policy, amend the “Corporate Banking Pricing Policy on Financing”, and the “Interest rate and service fee rate chart”, report on the adjustment of credit limit for mortgage loan in specific zones in proportion to the total limit, direct investment case, establishment of “Lending Regulations of UBOT”, set the dividend day for common share dividend of UBOT, “presentation of the audited and reviewed financial statements of UBOT covering the first half of 2021”, “proposal for the distribution of earnings in the first half of 2021”, “Points of discussion in the 1st session of the 5th Remuneration Committee (assessment of the “principle for approval of remuneration to Directors”, “Remuneration to the Managers of UBOT”, “Remuneration to Directors on the basis of account settlement in 2020”, “Standard of remuneration to employees in 2020”, “remuneration to employees at the rank of manager and higher in 2020)” in its 3rd session on August 17 2021.

- J. The 11th Board resolved to amend the “Internal Control System for UBOT as securities and futures introducing brokers”, the “Regulations Governing the Evaluation of Board Performance”, “Purchase of AI Training Program from Tamkang University”, leasing of property, the relocation of Tunhua Branch (also as a securities dealer) to Zhongxiao Branch and renamed Zhongxiao Branch Company, petition with the competent authority for expansion of the business place of Zhongxiao Branch, petition with the competition for the relocation of Tunhua Branch in its 4th session on October 4 2021.
- K. The 11th Board resolved to amend the “Regulations Governing Gate Approval of Foreign Exchange”, the “Liquidity Risk Management Policy”, the “Procedure for Derivative Trade” and its annex 2, “TMU Customer Right Protection Guideline”, pass the “Table of Authorized Limits for Inter-Bank Transactions”, and “Principle of authorization for the investment in surety-free short-term bills issued by domestic enterprises” of UBOT in 2022, Planning to appoint First Securities Investment Trust, Fubon Asset Management, PGIM, and Union Securities Investment Trust as the fiduciary agents for discretionary investment of securities, property of UBOT available for leasing, “amendment to [Self-Audit Guideline]”, “presentation of the 2022 Annual Audit Plan and the [2022 Annual Audit Plan and Audit Result Declaration Sheet] of UBOT in the engagement in securities dealer and futures introducing broker business”, amend the “UBOT Policy on Assessment of the Risks of Money Laundering and Terrorism Financing and Formulation of Prevention Plans”, “presentation of the consolidated financial statements of UBOT covering Q3 2021” in its 5th session on August 11 2021.
- L. The 11th Board resolved to amend the “[Regulations Governing the Internal Control Standard of Securities Dealer” for the proprietary trade of securities dealer undertaken by UBOT”, the “Internal Control System of UBOT in engagement in Securities Dealer Business”, the “replacement of the delegated Commission Futures Merchant for introducing broker operation undertaken by UBOT”, leasing of property, leasing of company vehicles, amend the “Regulations Governing Transactions with Related Parties beyond Financing”, amend the “UBOT and Subsidiaries AML/CFT Policy”, amend the “the law and compliance policy of UBOT and establishment of the 2022 law and compliance plan”, “appointment of the members to the 2nd term of the Director Nomination Committee of UBOT”, “Donation from UBOT subsidiary Union International Leasing Co., Ltd.”, amend the “Organization Code”, “presentation of the 2022 [Operation Budget of UBOT and all Business Types], and the [Policies for Different Business]”, request “for the

Corporate Governance

authorization of the Chairman for taking related measures for the epidemic prevention as required by the competent authority in response to the severe spreading of COVID-19 in Taiwan”.

- M. The 11th Board resolved to call for the “2022 UBOT Shareholders Meeting in regular session and related matters”, establish the “Processing of motions from shareholders for the regular session of 2022 Shareholders Meeting”, amend the “Rules of Procedure for Shareholders Meeting”, amend the “Internal Control System of UBOT in engagement in Securities Dealer Business”, amend the “Regulations Governing the salaries and bonus for securities brokers”, establish the “Regulations Governing the Evaluation of Performance of Securities Headquarters (branches) of UBOT”, amend the “Regulations Governing the Evaluation of Car loans Performance”, amend the “Regulations Governing the Evaluation of Personnel at Wealth Management Department”, “Proposal for joint venture with chain stores in credit card acquirer service and marketing service”, leasing of property, establish the “Regulations Governing the Evaluation and Reward of Personnel at Corporate Banking Department”, amend the “Financing Limit and Cut Off Limit of Industry”, “Review the Undertaking of Financing Secured by the Pledge of Stock and Credit Limit for Financing with Stock not listing at TWSE and TPEX as chattels in 2022”, amend the “Mortgage Limit for Property at Specific Zones”, amend the “Regulations Governing the Concentration of Credit Risk from Particular person, group enterprise and industry”, amend the “Corporate Governance Best Practice Principles of UBOT and the Regulations Governing the Establishment of Corporate Social Responsibility Committee”, amend the “Corporate Governance Best Practice Principles of UBOT”, amend the “Organization Code of UBOT”, amend the “Articles of Incorporation of UBOT”, “presentation of the business report , amount and ratio of financing assets and operation assets of Union International Leasing Co., Ltd. in Q4 2021”, amend the “Personal Information Protection Guideline”, amend the “[Important Notice of UBOT in AML/CFT in the engagement of insurance broker operation] of UBOT, [Patterns of suspected money laundering, financing of terrorism or arm transfer expansion in the operation of insurance broker], and [Important Notice of UBOT in AML/CFT in the engagement in the operation of futures trade], [Patterns of suspected money laundering, financing of terrorism or arm transfer expansion in the operation of futures introducing broker], and the [establishment of prevention plan and policy for the assessment of money laundering and financing of terrorism of UBOT in the engagement in futures trade”, the signing of [Declaration of Internal Control in AML/CFT], “the result of the evaluation of the effectiveness of the internal control system of UBOT in 2021 and the issuance of Statement of Declaration of Internal Control for the effective implementation of the system’, “presentation of the 2022 Continuing Education Plan for the Directors”, amend the “Service Regulations of UBOT”, amend the “Regulations Governing the Performance of Business Units”, “UBOT investee UITC offering new shares for raising capital”, the unaudited and preliminary audited financial statements and business report of UBOT in 2021”, “the Disbursement of remuneration to employees and Directors of UBOT in 2021”, “proposal for the distribution of earnings of UBOT in 2021”, “Capitalization of retained earnings into new shares in 2021”, “Capitalization of remuneration to employees into new shares in 2021”, “UBOT renewal of appointment of Deloitte Taiwan as Independent Auditors for financial audit and tax audit service on financial statements of UBOT for declaration in 2022 and related matters”, amend the “Procedure for Acquisition or Disposal of Assets”,

Corporate Governance

“Donation of NT\$10 million to support the government in raising fund for the Ukraine operation” in its 7th session on March 7 2022.

(14) During the current fiscal year up to the date of printing of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal context thereof: None.

(15) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of printing of the annual report, of persons connected with the company’s financial report:

Table of resignation or retirement of related personnel presented in the financial statements
December 31 2021

Occupational Title	Name	Date of office	Date of relief from office	Reason for resignation or relief
Chairman	Lee Hsian-Chang	June 15 2006	July 20 2021	Retired
Chairman	Lin Hung-Lian	July 20 2021		New term
President	Lin Hung-Lian	June 15 2006	July 20 2021	Job adjustment
President	Hsu Wei-Wen	September 9 2021		New term
Chief Accounting Officer	Yang Chu-Chang	June 22 2006	September 1 2021	Job adjustment
Chief Accounting Officer	Lu Wen-Chuan	September 1 2021		New term
Chief Internal Auditor	Kang Kuo-Pao	November 1 2020	September 1 2021	Retired
Chief Internal Auditor	Chang Yi-Hua	September 23 2021		New term

4. Information on CPA professional fees

In NT\$ thousand

Name of CPA Firm	Name of CPA	Audit Period	Audit Fees	Non-Audit Fees	Total Fees	Note
Deloitte & Touche	Jui-Chan Huang	January ~ December 2021	9,150	7,880	17,030	
	Charles Yang					

- (1) Auditing fee refers to the fee for the service of the certified public accountants in conducting audit, review, second review of financial statements and the audit of financial forecast.
- (2) Content of non-auditing fee: personal information protection project/report on the

Corporate Governance

issuance of subordinated bonds/AML/CFT/mobile device test service/protocol procedure/transfer pricing/capitalization of retained earnings and information security of computer system.

(3) Change of audit engagement and that the audit fee for the year of change is less than that charged for the year prior to the change: None.

(4) Auditing fee decreased 10% or more below the fee charged for the previous year: None

5. Information on change of CPA: None

6. The Chairman, President and Executive Officers in charge of the Bank's financial or accounting affairs who have, during the past year, served a position in the CPA firm to which or its affiliated enterprises the independent auditor(s) belong to: None.

7. Transfer of Equity and Changes in Equity Used as Collateral by Directors, Supervisors, Managers, and Others Required to Report Equity in accordance with Paragraph 3, Article 25 of the Banking Act. :

(1) Changes in shareholding (preferred stock shows with "P" while occurs)

Title	Name	2020		Mar. 31, 2021	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Chairman	Jeff Lin	416,306	0	0	0
Independent Managing Director	Guo-Zhang, Li	0	0	0	0
Independent Director	Tzung-Hang Lee	0	0	0	0
Independent Director	Lin-Yu Fan	0	0	0	0
Managing Director	Chen-Chern Investment Co., Ltd.	9,303,516	0	0	0
Director	Union Investment Co., Ltd.	4,726,680	0	0	0
Director	Yu-Pang Co., Ltd.	2,825,589	0	0	0
Director	Pai-Sheng Investment Co., Ltd.	9,895,205	0	0	0
Director	Herman Tu	36,175			
President	Wei-Wen Hsu	14,507	0	0	0
SEVP	Denfer Hung	15,051	0	0	0
SEVP	Grace Lee	0	0	0	0
SEVP	Chu-Chang Yang(Yanger Yang)	13,461	0	0	0
SEVP	Jeng-Ping Liu	16,225	0	0	0
Chief Auditor	Tammy Chang	0	0	0	0

Corporate Governance

Title	Name	2020		Mar. 31, 2021	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
EVP	Feng-Jung Yang (Luke Yang)	17,131	0	0	0
EVP	Hsiao-Chen Lin (Michael Lin)	14,128 20,000	0	0	0
EVP	Chueh-Ling Liu	11,230	0	0	0
EVP	Liang- Kuei Kuo	9,166	0	0	0
EVP	Pi-Chiu Tang(Joy Tang)	12,741	0	0	0
EVP	Lee-Hao Chen	6,004	0	10,000	0
Manager	Huei-Wen Chang	7,087	0	0	0
Manager	Chuen-Chour Li	5,580	0	0	0
Manager	Chien-Wen Tan	4,820	0	0	0
Manager	Chan-Kwei Chen	11,651	0	0	0
Manager	Hsin-Yi Yang	4,677	0	0	0
Manager	Wendy Chi	13,791	0	0	0
Manager	Ming-Tsan Hung	5,818	0	0	0
Manager	Chien-Hui Li	6,066	0	0	0
Manager	Jen-Chung Cheng	10,023	0	0	0
Manager	Ya-Yun Yang	5,302	0	0	0
Manager	Sabina Tsa	35,673	0	5,000	0
Manager	Ru-Ji Cheng	7,853	0	0	0
Manager	Kuo-Ming Lin	3,830	0	0	0
Manager	Cheng-Fa Huang	5,770	0	0	0
Manager	Chia-Yu Chuo	8,932	0	0	0
Manager	Yei-Chang Hsieh	5,028	0	0	0
Manager	Yi-Chun Kao (June Kao)	7,016	0	0	0
Manager	Ging-Yang Yu	8,806	0	0	0
Manager	Kuo-Kuang Chou	5,772	0	0	0
Manager	Ya-Fang Ko	10,113	0	0	0
Manager	Jacky Liao	7,475	0	0	0
Manager	Wen-Chian Chang	6,272	0	0	0
Manager	Anita Hung	6,542	0	0	0
Manager	Wen-Chi Chiang	5,667	0	0	0
Manager	Ling-Jung Hsiung	12,162	0	0	0
Manager	Hung-Ming Chien (Peter Chien)	21,192	0	0	0
Manager	Po-Feng Wu	5,022	0	0	0
Manager	Yu-Chang Chang (Russell YC Chang)	18,653	0	0	0
Manager	Gary Tsai	8,005 (2,000)(P)	0	0	0
Manager	Shum-Chen Tu	6,659 (9,000)	0	(8,000)	0
Manager	Ching-Shyong Huang	6,229	0	0	0
Manager	Chu-Shih Wei	8,731	0	0	0
Manager	Yu-Mei Tsai	5,557	0	0	0
Manager	Chun-Hsien Chang	6,280	0	0	0
Manager	Tsung-Cheng Hsueh	7,124	0	0	0

Corporate Governance

Title	Name	2020		Mar. 31, 2021	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Manager	Chien-Lung Chen	13,837	0	0	0
Manager	Tawei Shih	7,788	0	0	0
Manager	Shu-Feng Hsueh	6,830	0	0	0
Manager	Meng-Hsia Wu	5,413	0	0	0
Manager	Chien-Chung Su	5,611	0	0	0
Manager	Hui-Chin Yang	5,228 (15,000)	0	0	0
Manager	Ye-Yan Lin	5,556	0	0	0
Manager	Ching-Wen Chen	10,958	0	0	0
Manager	Zhi-Zhong Zhang	5,628	0	0	0
Manager	Fang-Ni Wang	7,636	0	0	0
Manager	Tsai-Ling Liao	5,114 (5,114)	0	0	0
Manager	Yen-Jou Liu	8,869	0	0	0
Manager	Shih-Fu Liu	7,232	0	0	0
Manager	Le Thi Viet Hoa/F/VN	0	0	0	0
Manager	Shen-Yung Peng	5,632	0	0	0
Manager	I-Ho Ou	5,695	0	0	0
Manager	Kuo-Yi Lu	5,290	0	0	0
Manager	Sheng-Chieh Chang	5,437	0	0	0
Manager	Shis-Wen Lu	5,774	0	0	0
Manager	Kuan-Hong Lee	5,673	0	(5,700)(P)	0
Manager	Hung-Min Chen	8,304	0	0	0
Manager	James Tsai	12,638	0	0	0
Manager	Chung-Chih Yeh	6,058	0	0	0
Manager	Hui-Fen Chao	15,458	0	5,000	0
Manager	Chia-Wei Lin	5,980	0	0	0
Manager	Wen-Chang Juan	8,821	0	0	0
Manager	Chien-Tsung Wu	7,797	0	0	0
Manager	Yi-Hsien Wu	7,770	0	0	0
Manager	Lin-Lin Huang	5,675	0	0	0
Manager	Ta-Yu Chin	9,254	0	0	0
Manager	Chi-Fang Chu	6,449	0	0	0
Manager	Candy Lin	7,582	0	0	0
Manager	Roger Chang	5,797	0	0	0
Manager	Hsien-Ming Yen	6,498 (6,000)	0	(1,000)	0
Manager	Feng-Li Lin	10,937	0	0	0
Manager	Chuang-Chieh Chung	3,692	0	0	0
Manager	I-Wen Ho	6,166 4,000(P)	0	0	0
Manager	Cheng-Hsien Tseng	8,180	0	0	0
Manager	Jeffery Tsai	11,263	0	0	0
Manager	Ju-Ling Kuo	11,261	0	0	0
Manager	Wen-Hui Lin	8,961	0	0	0
Manager	Miranda Tsai	7,561	0	0	0
Manager	Jyh-Chiang Huang	10,361	0	0	0

Corporate Governance

Title	Name	2020		Mar. 31, 2021	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Manager	Meng-Wen Tsao	4,800	0	0	0
Manager	Ping-Hui Lin	8,260	0	0	0
Manager	Shiu-Lan Hsieh	8,267	0	0	0
Manager	Tereasa Lin	8,965 (45,000)	0	0	0
Manager	Amy Chung	7,995	0	0	0
Manager	Cooper Kao	8,615	0	0	0
Manager	Shan-Chih Yen	9,836 5,000(P)	0	0	0
Manager	Wen-Hua Yang	5,237	0	0	0
Manager	Jung-Hsiang Chung	9,249	0	0	0
Manager	Kuang-Yi Kuo	6,820	0	0	0
Manager	Chang-Fu Tsai	6,859	0	5,000(P)	0
Manager	Meng-Yun Tseng (Connie Tseng)	8,490	0	0	0
Manager	Mei-Chih Lu (Lisa Lu)	10,412	0	0	0
Manager	Liang-Wen Liu	4,161	0	0	0
Manager	Ming-Teng Wu	12,127	0	0	0
Manager	Yu-Ju Lin	7,384	0	0	0
Manager	Mei-Ling Lee	8,956	0	0	0
Manager	Wen-Shien Chu	8,992	0	0	0
Manager	Fei-Kun Lin	7,284	0	0	0
Manager	Shu-Huey Huang	10,915	0	0	0
Manager	Chien-Chou Chen	7,247	0	0	0
Manager	Ru-Chen Yuan	7,568	0	0	0
Manager	Chiou-Ing Fang	6,487	0	0	0
Manager	Ben Tsai	7,782	0	0	0
Manager	Hsiung-Ping Tsai	5,842	0	0	0
Manager	Ming-Hsueh Chen	6,807	0	0	0
Manager	Wen-Chih Cheng	8,929	0	0	0
Manager	Jane Lu	10,478	0	0	0
Major Shareholder	Tsong-Li Investment Co., Ltd.	15,532,280	150,000,000	0	0
Major Shareholder	Pai-Sheng Investment Co., Ltd.	9,805,205	0	0	0
Major Shareholder	Tien-Sheng Investment Co., Ltd.	9,636,029	116,884,000	0	0
Major Shareholder	Chen-Chem Investment Co., Ltd.	9,303,516	0	0	0
Major Shareholder	Chien-Tuan Investment Co., Ltd.	8,970,728	130,000,000	0	12,000,000
Major Shareholder	Wei-Chih Investment Co., Ltd.	8,588,299	103,897,000	0	0
Major Shareholder	Chuo-Pao Investment Co., Ltd.	8,081,036	128,000,000	0	0
Major Shareholder	Kun-Che Investment Co., Ltd.	7,775,667	122,000,000	0	0
Major Shareholder	Chi-Shun Investment Co., Ltd.	7,222,222	100,000,000	0	0

Corporate Governance

Title	Name	2020		Mar. 31, 2021	
		Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)	Shareholding Increase (Decrease)	Share Pledges Increase (Decrease)
Major Shareholder	Jan-Pang Construction Co., Ltd.	7,169,564	120,000,000	0	0
Major Shareholder	Pao-Shing Investment Co., Ltd.	6,768,732	0	0	0
Major Shareholder	Hong-Yu Construction Enterprise Co., Ltd.	6,763,989	0	0	0
Major Shareholder	Hung-Hsiang Investment Co., Ltd.	6,698,343	72,000,000	0	0
Major Shareholder	Bai-Ing Investment Co., Ltd.	6,171,518	0	0	86,000,000
Major Shareholder	Chen-Sheng Investment Co., Ltd.	5,807,257	0	0	72,000,000
Major Shareholder	Lin, Chang Su-O	5,773,457	0	0	0
Major Shareholder	Hong-Kong Construction Co., Ltd.	6,264,660	0	(10,803,231)	0
Major Shareholder	Lin Rong San Foundation of Culture and Social Welfare	4,732,759 (4,550,000)	0	0	0
Major Shareholder	Hong-Pern Construction Co., Ltd.	4,407,307	0	0	0
Major Shareholder	Hong-Pang Construction Co., Ltd.	3,272,100	0	0	0
Major Shareholder	Jianyou Investment Co., Ltd.	40,034,000	0	10,803,231	0
Major Shareholder	Yu-Pang Co., Ltd.	2,825,589	0	0	0

Note: Preferred Stock shows with "P" while occurs.

(2) Information on Share Transfer: Not applicable as the counter parties to the share transfer are non-related parties.

(3) Information on Share Pledge: Not applicable as there is no change on the share pledge.

Note: Share number change is for preferred stocks; the unmarked numbers are for common stocks

Corporate Governance

8. Information for Top 10 Shareholders Being the Related Parties

March 29, 2022 Unit: Shares ; %

Shareholder ^(Note 1)	Shareholding		Spouse or minor children's shareholding		Top 10 shareholders being the related parties to each other		Name of and Relationship Between the Top Ten Shareholders Being A Related Party as Defined in Statements of Financial Accounting Standards No. 6	
	Shares (Preferred Stock Included)	%	Shares	%	Shares	%	Name	Relation
Tsong Li Investment Co., Ltd. Representative: Hong-Bung Lin	261,685,695 0	7.48 0	0 0	0 0	0 0	0 0	Tsong Li Investment Co., Ltd. Jan-Pang Construction Co. Ltd.	The Company's responsible person is the same as that of the other company
Pai-Sheng Investment Co., Ltd. Representative: Si-Yong Lin	174,880,328 363,353	5.00 0.01	0 1,880,308	0 0.05	0 0	0 0	Chu-Pao Investment Co., Ltd. Pai-Sheng Investment Co., Ltd.	The Company's responsible person is the same as that of the other company
Tien-Sheng Investment Co., Ltd. Representative: Tzung-Hang Lee	162,346,473 72,671	4.64 0	0 0	0 0	0 0	0 0	Tien-Sheng Investment Co., Ltd. Chen-Chern Investment Co., Ltd.	The Company's responsible person is the same as that of the other company
Chen-Chern Investment Co., Ltd. Representative: Tzung-Hang Lee	160,990,302 72,671	4.60 0	0 0	0 0	0 0	0 0	Tien-Sheng Investment Co., Ltd. Chen-Chern Investment Co., Ltd.	The Company's responsible person is the same as that of the other company
Chien-Yuan Investment Co., Ltd. Representative: C.C. Chang	151,137,589 590,237	4.32 0.01	0 0	0 0	0 0	0 0	-	-
Wei-Chih Investment Co., Ltd. Representative: S.S. Yeh	144,694,470 0	4.13 0	0 0	0 0	0 0	0 0	-	-
Chu-Pao Investment Co., Ltd. Representative: Si-Yong Lin	136,148,177 363,353	3.89 0.01	0 1,880,308	0 0.05	0 0	0 0	Chu-Pao Investment Co., Ltd. Pai-Sheng Investment Co., Ltd.	The Company's responsible person is the same as that of the other company

Corporate Governance

Shareholder ^(Note 1)	Shareholding		Spouse or minor children's shareholding		Top 10 shareholders being the related parties to each other		Name of and Relationship Between the Top Ten Shareholders Being A Related Party as Defined in Statements of Financial Accounting Standards No. 6	
	Shares (Preferred Stock Included)	%	Shares	%	Shares	%	Name	Relation
Kun-Che Investment Co., Ltd. Representative: Y. C. Huang	131,003,358 10,280	3.74 0	0 0	0 0	0 0	0 0	-	-
Chi-Shun Investment Co., Ltd. Representative: Jyh-Dong Chen	121,679,004 2,645	3.48 0.01	0 0	0 0	0 0	0 0	-	-
Jan-Pang Construction Co. Ltd. Representative: Hong-Pan Lin	120,791,830 0	3.45 0	0 0	0 0	0 0	0 0	Tsong Li Investment Co., Ltd. Jan-Pang Construction Co. Ltd.	The Company's responsible person is the same as that of the other company

Note: Calculation of shares and holding rate includes the Preferred Stock.

9. Ownership of Investee Companies

December 31, 2021 Unit: Shares ; %

Investee Companies ^{Note}	Invested by the Bank (A)		Investments from Directors, Supervisors, Executive Officers and Directly or Indirectly Controlled Entities of the Bank (B)		Total Investments (C=A+B)	
	Shares	%	Shares	%	Shares	%
Union Finance Int'l (HK)Ltd.	30,000,002	100	0	0	30,000,002	100.00
Union Information Technology Corp.	999,923	99.99	0	0.00	999,923	99.99
Union Finance and Leasing Int'l Corp.	153,000,000	100.00	0	0.00	153,000,000	100.00
Union Securities Investment Trust Corp.	31,014,261	99.60	0	0.00	31,014,261	99.60
Union Real-Estate Management Corp.	2,000,000	40.00	950,000	19.00	2,950,000	59.00
Taiwan Asset Management Corp.	6,000,000	0.57	0	0.00	6,000,000	0.57
Li Yu Venture Corporation	558,255	4.76	0	0.00	558,255	4.76
Taiwan Financial Asset Service Corp.	5,000,000	2.94	0	0.00	5,000,000	2.94

Corporate Governance

Investee Companies ^{Note}	Invested by the Bank (A)		Investments from Directors, Supervisors, Executive Officers and Directly or Indirectly Controlled Entities of the Bank (B)		Total Investments (C=A+B)	
	Shares	%	Shares	%	Shares	%
Financial Information Service Co., Ltd.	13,599,039	2.61	0	0.00	13,599,039	2.61
Fu Hua Venture Corporation	15,000	5.00	0	0.00	15,000	5.00
Taiwan Depository & Clearing Corp.	1,084,830	0.25	0	0.00	1,084,830	0.25
Taiwan Futures Exchange Co., Ltd.	8,554,734	2.04	0	0.00	8,554,734	2.04
Taipei Forex Inc.	160,000	0.81	0	0.00	160,000	0.81
Lian An Service Corporation	125,000	5.00	0	0.00	125,000	5.00
I-Pass Corporation	38,696,603	33.944	0	0.00	38,696,603	33.944
Taipower Corporation	394,879	0.0012	0	0.00	394,879	0.0012
Taiwan Mobile Payment Corporation	600,000	1.00	0	0.00	600,000	1.00
Sunny Asset Management Co.	386,376	6.44	0	0.00	386,376	6.44
LINE BIZ+ Taiwan Limited	5,470,647	10.00	0	0.00	5,470,647	10.00
Union Venture Capital Co., Ltd.	80,000,000	100.00	0	0.00	80,000,000	100.00
Line Bank Taiwan Limited	50,000,000	5.00	0	0	50,000,000	5.00

Note : Investments made in accordance with Article 74 of the Banking Act.

Fund Raising Status

1. Capital and Shares

(1) Sources of Capital

Date	Issued Price	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount (\$)	Shares	Amount (\$)	Source of Capital	Notes
Dec. 1991	10	1,200,000,000	12,000,000,000	1,200,000,000	12,000,000,000	The promoters of a company subscribed shares for 9,600,000,000 Publicly soliciting subscription to shares for 2,400,000,000	—
Jul 1995	10	1,230,000,000	12,300,000,000	1,230,000,000	12,300,000,000	Capital Increase Via Return Eaming	1
Jul 1997	10	1,281,660,000	12,816,600,000	1,281,660,000	12,816,600,000	Capital Increase Via Return Eaming	2
Jul 1998	10	1,361,516,990	13,615,169,900	1,361,516,990	13,615,169,900	Capital Increase Via Return Eaming	3
Jul 1999	10	1,418,700,704	14,187,007,040	1,418,700,704	14,187,007,040	Capital Increase Via Return Eaming	4
Jul 2000	10	1,488,926,389	14,889,263,890	1,488,926,389	14,889,263,890	Capital Increase Via Return Eaming	5
Mar 2005	10	2,488,926,389	24,889,263,890	1,788,926,389	17,889,263,890	Cash Capital Increase	6
Jun 2005	10	2,488,926,389	24,889,263,890	1,825,394,074	18,253,940,740	C.B. Conversion	7
Dec. 2006	10	2,488,926,389	24,889,263,890	1,827,797,807	18,277,978,070	C.B. Conversion	8
Mar 2007	10	2,488,926,389	24,889,263,890	1,828,066,183	18,280,661,830	C.B. Conversion	9
Sep 2007	10	3,000,000,000	30,000,000,000	2,228,066,183	22,280,661,830	Preferred Stocks of Private Placement	10
Sep 2007	10	3,000,000,000	30,000,000,000	2,318,824,429	23,188,244,290	C.B. Conversion	11
May 2010	10	3,000,000,000	30,000,000,000	1,753,661,989	17,536,619,890	Capital reduction offset loss	12
Sep 2010	10	3,000,000,000	30,000,000,000	1,948,499,589	19,484,995,890	Capital Increase Via Amalgamation	13
Sep 2012	10	3,000,000,000	30,000,000,000	2,026,439,572	20,264,395,720	Capital Increase Via Return Eaming	14
Aug 2013	10	3,000,000,000	30,000,000,000	2,216,525,121	22,165,251,210	Capital Increase Via Return Eaming & Bonus Share	15
Aug 2014	10	3,000,000,000	30,000,000,000	2,450,930,628	24,509,306,280	Capital Increase Via Return Eaming & Bonus Share	16
Sep 2015	10	3,000,000,000	30,000,000,000	2,605,152,427	26,051,524,270	Capital Increase Via Return Eaming & Bonus Share	17
Oct 2017	50	4,500,000,000	45,000,000,000	2,805,152,427	28,051,524,270	Issuance of preferred stock by cash	18 (revised in Articles of Association)
Aug 2018	10	4,500,000,000	45,000,000,000	2,890,012,883	28,900,128,830	Capital Increase Via Return Eaming & Bonus Share	19

Fund Raising Status

Aug 2019	10	4,500,000,000	45,000,000,000	3,084,455,292	30,844,552,920	Capital Increase Via Return Earning & Bonus Share	20
Aug 2020	10	4,500,000,000	45,000,000,000	3,293,368,806	32,933,688,060	Capital Increase Via Return Earning & Bonus Share	21
Oct 2020	10	4,500,000,000	45,000,000,000	3,495,218,694	34,952,186,940	Capital Increase Via Return Earning & Bonus Share	22

Notes:1. According to Tai-Tsai-Zheng Tze (1) Letter No. 35096 issued by the Ministry of Finance on June 14, 1995.2. According to Tai-Tsai-Zheng Tze (1) Letter No. 44753 issued by the Ministry of Finance on June 6, 1997.3. According to Tai-Tsai-Zheng Tze (1) Letter No. 55074 issued by the Ministry of Finance on June 23, 1998.

4. According to Tai-Tsai-Zheng Tze (1) Letter No. 57967 issued by the Ministry of Finance on June 25, 1999.

5. According to Tai-Tsai-Zheng Tze (1) Letter No. 57163 issued by the Ministry of Finance on July 4, 2000.

6. According to Jin-Kuan-Zheng Tze (1) Letter No. 0930160237 issued by the Financial Supervisory Commission on January 10, 2005.

7. According to Jing-Shou-Shang Tze Letter No. 09401110140 issued by the Ministry of Economic Affairs on June 21, 2005.

8. According to Jing-Shou-Shang Tze Letter No. 09601055460 issued by the Ministry of Economic Affairs on March 20, 2007.

9. According to Jing-Shou-Shang Tze Letter No. 09601248450 issued by the Ministry of Economic Affairs on October 16, 2007.

10. According to Jin-Kuan-Yin Tze (2) Letter No. 09600410990 issued by the Financial Supervisory Commission on September 21, 2007.

11. According to Jing-Shou-Shang Tze Letter No. 09601305020 issued by the Ministry of Economic Affairs on December 14, 2007.

12. According to Jin-Kuan-Zheng Tze (1) Letter No. 0990020484 issued by the Financial Supervisory Commission on May 14, 2010.

13. According to Jing-Shou-Shang Tze Letter No. 09901196320 issued by the Ministry of Economic Affairs on September 1, 2010.

14. According to Jing-Shou-Shang Tze Letter No. 10101199660 issued by the Ministry of Economic Affairs on September 24, 2012.

15. According to Jing-Shou-Shang Tze Letter No. 10201171350 issued by the Ministry of Economic Affairs on August 22, 2013.

16. According to Jing-Shou-Shang Tze Letter No. 10301166960 issued by the Ministry of Economic Affairs on August 26, 2014.

17. According to Jing-Shou-Shang Tze Letter No. 10401185290 issued by the Ministry of Economic Affairs on September 10, 2015.

18. According to Jin-Kuan-Zheng Tze Letter No. 1060033586 issued by the Financial Supervisory Commission on September 1, 2017.

19. According to Jing-Shou-Shang Tze Letter No. 10701109740 issued by the Ministry of Economic Affairs on August 30, 2018.

20. According to Jing-Shou-Shang Tze Letter No. 10801114660 issued by the Ministry of Economic Affairs on August 26, 2019.

21. According to Jing-Shou-Shang Tze Letter No. 10901150600 issued by the Ministry of Economic Affairs on August 14, 2020.

22. According to Jing-Shou-Shang Tze Letter No. 11001169410 issued by the Ministry of Economic Affairs on September 29, 2021.

Type of Shares	Authorized Capital			Remark
	Issued Shares	Unissued Shares	Total	
Common Stock	3,295,218,694	1,004,781,306	4,500,000,000	Listed shares
Preferred Stock	200,000,000			

(2) Shareholder Composition

Fund Raising Status

A. Common Stock

March 29, 2022

Amount \ Shareholder Composition	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions & Individuals	Total
No. of Shareholders	0	0	108	41,986	157	42,251
No. of Shares Held	0	0	2,578,762,199	594,521,791	121,934,704	3,295,218,694
% of Shareholding	0.00%	0.00%	78.26%	18.04%	3.70%	100%

B. Preferred Stock

March 29, 2022

Amount \ Shareholder Composition	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions & Individuals	Total
No. of Shareholders	0	6	91	7,332	6	7,435
No. of Shares Held	0	11,196,000	120,567,335	68,090,091	146,574	200,000,000
% of Shareholding	0.00%	5.60%	60.28%	34.05%	0.07%	100%

(3) Distribution of Shareholding

A. Common Stock

Par value per share NT\$ 10; March 29, 2022

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding (%)
1 ~ 999	15,034	3,980,745	0.12%
1,000 ~ 5,000	15,110	33,129,434	1.01%
5,001 ~ 10,000	4,140	30,233,700	0.92%
10,001 ~ 15,000	2,024	24,773,290	0.75%
15,001 ~ 20,000	2,445	40,974,818	1.24%
20,001 ~ 30,000	1,156	28,576,475	0.87%
30,001 ~ 40,000	570	19,578,936	0.59%
40,001 ~ 50,000	295	13,511,060	0.41%
50,001 ~ 100,000	671	47,324,668	1.44%
100,001 ~ 200,000	406	56,086,426	1.70%
200,001 ~ 400,000	190	52,184,699	1.58%
400,001 ~ 600,000	66	31,763,429	0.96%
600,001 ~ 800,000	36	25,544,063	0.78%
800,001 ~ 1,000,000	17	15,234,809	0.46%
Over 1,000,001	91	2,872,322,142	87.17%
Total	42,251	3,295,218,694	100.00%

B. Preferred Stock

Par value per share NT\$ 50; March 29, 2022

Class of Shareholding	Number of Shareholders	Shareholding (Shares)	Shareholding (%)
1 ~ 999	1,087	264,519	0.13%
1,000 ~ 5,000	4,386	7,044,216	3.52%
5,001 ~ 10,000	871	7,016,150	3.51%
10,001 ~ 15,000	161	2,068,784	1.03%
15,001 ~ 20,000	276	5,328,385	2.66%
20,001 ~ 30,000	150	3,931,102	1.97%

Fund Raising Status

30,001 ~ 40,000	116	4,365,901	2.18%
40,001 ~ 50,000	48	2,221,473	1.11%
50,001 ~ 100,000	169	12,872,361	6.44%
100,001 ~ 200,000	97	15,872,154	7.94%
200,001 ~ 400,000	27	8,051,955	4.03%
400,001 ~ 600,000	6	3,231,000	1.62%
600,001 ~ 800,000	9	6,303,000	3.15%
800,001 ~ 1,000,000	6	5,426,000	2.71%
Over 1,000,001	26	116,003,000	58.00%
Total	7,435	200,000,000	100.00%

(4) Major Shareholders

March 29, 2022

Major Shareholders	Shares	No. of shares Held (preferred stocks included)	% of shareholding
Tsong-Li Investment Co., Ltd.		261,685,695	7.48%
Pai-Sheng Investment Co., Ltd.		174,880,328	5.00%
Tien-Sheng Investment Co., Ltd.		162,346,473	4.64%
Chen-Chem Investment Co., Ltd.		160,990,302	4.60%
Chien-Yuan Investment Co., Ltd.		151,137,589	4.32%
Wei-Chih Investment Co., Ltd.		144,694,470	4.13%
Chu-Pao Investment Co., Ltd.		136,148,177	3.89%
Kun-Che Investment Co., Ltd.		131,003,358	3.74%
Chi-Shun Investment Co., Ltd.		121,679,004	3.48%
Jen-Pang Construction Co., Ltd.		120,791,830	3.45%
Pao-Shing Investment Co., Ltd.		119,625,417	3.42%
Hongyu Construction Enterprise Co., Ltd.		113,958,748	3.26%
Hung-Hsiang Investment Co., Ltd.		112,852,753	3.22%
Bai-Ing Investment Co., Ltd.		103,976,877	2.97%
Chen-Sheng Investment Co., Ltd.		97,839,870	2.79%
Lin, Chang Su-O		97,270,414	2.78%
Horng-Gow Construction Co., Ltd.		94,742,890	2.71%
Lin Rong San Foundation of Culture and Social Welfare		77,986,877	2.23%
Horng-Pern Construction Co., Ltd.		74,255,216	2.12%
Union Recreation Enterprise Co., Ltd.		55,127,886	1.57%
Jianyou Investment Co., Ltd.		50,837,231	1.45%
Yu-Pang Co., Ltd.		47,605,132	1.36%

Notes:

1. The list above shows the shareholders with shareholding over 1% or ranked top 10.
2. The number of shares held and the % of shareholding include preferred stocks.

Fund Raising Status

(5) Market Price, Net Worth, Earning & Dividend per Share and Other Relative Information for the Past Two Years

Item		Year		
		2020	2021 (Note 8)	
Market price per share	Highest	11.75	13.80	
	Lowest	8.60	10.30	
	Average	10.59	11.66	
Net Worth per share	Before Distribution	16.23	16.73	
	After Distribution	15.94	note10	
Earnings per share	Weighted Average Shares		3,092,030	3,293,978
	Earning Per Share(NT\$)	Before adjustment	0.96	1.21
		After adjustment	0.90	note9
Dividend per share	Cash Dividends		-	0.15
	Stock Dividends	Dividends from retained earning	0.631	0.885(note10)
		Dividends from capital reserve	-	-
	Accumulated Dividends		-	-
Return on investments	Price/Earning Ratio ^{Note1}		11.03	9.64
	Price/Dividend Ratio ^{Note2}		-	77.73
	Cash dividends yield rate ^{Note3}		-	1.29%

Notes:

*If retained earnings or capital reserves were used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution should be disclosed.

- List the highest and lowest market prices over the years and calculate the average market price of respective years according to each year's trading value and volume.
- Please fill in based on number of shares issued at the end of the year and distribution amount resolved by the shareholders' meeting held in the following year.
- Where retroactive adjustment is necessary due to issuance of stock dividend, earnings per share before and after the adjustment shall be listed.
- If the terms of equity securities issuance allow unpaid dividends to be accumulated to subsequent profitable years, the Company shall respectively disclose the accumulated unpaid dividends up to the current year.
- $P/E \text{ ratio} = \text{Average closing share price for the current fiscal year} / \text{earnings per share}$.
- $P/D \text{ ratio} = \text{Average closing share price for the current fiscal year} / \text{cash dividends per share}$.
- $\text{Cash dividend yield to maturity} = \text{Cash dividends per share} / \text{average closing share price for the current fiscal year}$.
- The current year data should be updated to the annual report publish date.
- The 2021 Annual General Meeting has not been held and therefore the adjusted earnings per share for 2020 has not been disclosed.
- The distribution of 2021 earnings will be confirmed when ratified at the 2022 Shareholders' Meeting

(6) Dividend Policy and Implementation

- A. Dividend policy set out in the Bank's Articles of Incorporation:
According to the Bank's dividend policy, based on the current and future development plans, considering the investment environment, capital needs, and domestic and international competition, and taking into account shareholders' interests, where there are earnings in the annual final accounts, the Bank shall pay income tax in accordance with the law, compensate the losses accumulated from prior years, and then appropriate 30% of the

Fund Raising Status

balance to the statutory reserve while making an appropriation for or reversing special reserves according to laws and regulations or business needs. For the balance, priority shall be given to dividends for the preference shares for the current year. With the remaining balance, together with the accumulated undistributed earnings from the previous year, the board of directors shall put forth an earnings distribution proposal to be resolved by the shareholders' meeting to distribute dividends and bonuses. After deducting or appropriating the aforesaid amounts for each year, at least 50% of the balance shall be allocated for shareholders' dividends, of which the cash dividend shall not exceed 50% of the total dividends distributed. However, if the percentage of the Bank's own capital or the risk-weighted assets is lower than the requirement of the competent authority, or lower than the percentage specified by the competent authority plus one percentage point, stock dividends may be preferred. Before the statutory reserves reach the amount of the total capital, the maximum cash dividends to be distributed shall not exceed 15% of the total capital.

B. Proposal for dividend distribution for the current year:

The Board of Directors resolved in the meeting held on March 7, 2022 to approve the earnings distribution proposal for 2021 as follows: cash dividends on preferred stocks are NT\$ 2.4 per share (the dividend rate of 4.8%); stock dividends are NT\$0.885 per share and cash dividends are NT\$ 015 per share on common shares. The actual earnings per share distributed described above may be adjusted by the Board of Directors based on the number of outstanding shares as recorded in the common shareholders' register on the record date.

(7) Impact on the bank's Operations Results and Earning per Share resulting from the Proposal for Stock Dividend Distribution

Item	Year	Year2022 (Forecast)
Beginning Paid-In Capital		Common shares: NT\$32,952,187,000 Preferred stocks: NT\$2,000,000,000
Stock and Cash Dividend in this Year	Cash Dividend per share	Preferred stocks: NT\$2.4 Common Share: NT\$0.15 dollars per share
	Capitalization of Retained Earnings Stock Dividend per share	0.885 shares per share (common shares)
	Capitalization of Capital Reserves Stock Dividend per share	None
Operation Result Changes	Operating Profit	Not Applicable (Note)
	Ratio of Increase (Decrease) in Operating Profit Compared to the same period last year	
	Net Profit after Tax	
	Ratio of Increase (Decrease) in After Tax Net Profit Compared to the same period last year	
	Earnings per Share (NT\$)	
	Ratio of Increase (Decrease) in Earnings per share Compared to the same period last year	
Annual Average Return on Investment (Reciprocal of Annual Average Price/Earnings Ratio)		

Fund Raising Status

Item		Year	Year2022 (Forecast)
Pro forma Earnings per Share and P/E Ratio	If Capitalization of Surplus is all changed to the Issuance of Cash Dividend	Pro forma earnings per share (NT\$)	
		Pro forma annual average return on investment	
	If Capitalization of Capital Reserve in not conducted.	Pro forma earnings per share (NT\$)	
		Pro forma annual average return on investment	
	If Capitalization of Capital Reserve is not conducted and Capitalization of Surplus is all changed to the Issuance of Cash Dividend	Pro forma earnings per share (NT\$)	
		Pro forma annual average return on investment	

Note: The Bank has not published the financial forecasts for the 2022 fiscal year. According to Tai-Tsai-Zheng Tze (1) Letter No. 00371 issued by the Ministry of Finance on February 1, 2000, companies that have not published their financial forecasts are not required to disclose this information.

(8) Employees' Bonus and Directors' & Supervisors' Remuneration

- A. The percentages or ranges with respect to employee bonuses and director/supervisors' remuneration, as set forth in the Bank's Articles of Incorporation:
- Employees' remuneration: Between 1% and 5% of net profit; where employees' remuneration is paid in shares, the beneficiaries may include employees of subordinated companies that satisfy certain criteria. These criteria shall be determined by the board of directors.
 - Directors' remuneration: No more than 0.1% of net profit.
- The board of directors is authorized to change the rules of employees' and directors' remuneration described above.
- In any case, however, profits must first be taken to offset against cumulative losses, if any, before the remainder can be distributed as employees' and directors' remuneration according to the above percentages.
- B. If the estimated bonus to employees and remuneration to directors and supervisors, differ from the actual amounts subsequently resolved by the stockholders meeting the differences are to be recorded the profit (loss) of the year as result of a change in accounting estimate.
- C. The proposals to distribute remuneration approved by the Board of Directors are as follows:
- Employees' and directors' remuneration distributed by cash or stocks: The Bank's Board of Directors resolved on March 7, 2022 to distribute the employees' remuneration and directors' remuneration in 2021 totaling NT\$ 96,846,461 and NT\$ 4,737,055, respectively. The employees' remuneration will be distributed in stocks and calculated based on the Bank's common stock closing price of NT\$ 13.45 on March 4, 2022, which are 7,700,480 shares in total with face value of NT\$ 10 per share (the remaining remuneration of NT\$ 5 that is not enough for one share will be distributed by cash); the remuneration for directors are all distributed by cash. The amounts mentioned above have no difference with that estimated in the year of expense recognition.

Fund Raising Status

(2) The ratio of the employees' stock remuneration to the after-tax income in the individual financial report for the current period and the total amount of employees' remuneration: 2.12%.

D. Actual employees', directors', and supervisors' remuneration in the previous year:

Unit: NTD

	Amount proposed and passed by the board	Amount actually paid	Difference	Remarks
Employees' remuneration	72,242,747	72,242,747	—	
Directors' and supervisors' remuneration	3,533,613	3,533,613	—	
Total	75,776,360	75,776,360	—	

Note: Directors' and supervisors' remuneration were paid in cash, whereas employees' remuneration was paid in shares. The number of shares issued was calculated based on the closing market price one day before the annual general meeting. Based on this calculation, a total of 6,658,317 shares were issued at NT\$10.85 each.

(9) Share Repurchases by the bank: None

2. Issuance of Financial Debentures

Type of Financial Debentures	1st Subordinated Financial Debentures issued in 2015	1 st Perpetual Non-Cumulated Subordinated Financial Debentures issued in 2017	1 st Subordinated Financial Debentures issued in 2019	1 st Perpetual Non-Cumulated Subordinated Financial Debentures issued in 2021
Date & No. Approved by Central Competent Authority	Jin-Kuan-Yin-Kuo-Zi-No. 10400055530 Apr.1, 2015	Jin-Kuan-Yin-Kuo-Zi-No. 10500034480 Feb.24, 2016	Jin-Kuan-Yin-Kuo-Zi-No. 10802143320 Aug.22, 2019	Jin-Kuan-Yin-Kuo-Zi-No. 1100204963 Mar.11, 2021
Issuing Date	Apr.22, 2015	Mar. 23, 2017	Sep. 26, 2018	Mar. 25, 2021
Face Value	1,000,000	1,000,000	1,000,000	1,000,000
Issuance/Trade Place	Domestic	Domestic	Domestic	Domestic
Currency	NTD	NTD	NTD	NTD
Issuance Price	Issued at par	Issued at par	Issued at par	Issued at par
Issuance Amount	2.2 billion	0.5 billion	A: 0.5 billion B: 1.5 billion	3 billion
Interest Rate	2.08%, fixed rate	4.2%, fixed rate	A: 1.10%, fixed rate B: 1.23% fixed rate	The coupon rate of the bond is 1.92% per annum (benchmark interest rate plus 1.1183%), and the "benchmark interest rate" refers to the arithmetic mean of the one-year fixed interest rates of Bank of Taiwan, Land Bank of Taiwan, Taiwan Cooperative Bank,

Fund Raising Status

Type of Financial Debentures	1st Subordinated Financial Debentures issued in 2015	1 st Perpetual Non-Cumulated Subordinated Financial Debentures issued in 2017	1 st Subordinated Financial Debentures issued in 2019	1 st Perpetual Non-Cumulated Subordinated Financial Debentures issued in 2021
				First Commercial Bank, Hua Nan Commercial Bank, Ltd., and Chang Hwa Commercial Bank, Ltd., rounded to the nearest fourth decimal place. The coupon rate will be reset upon maturity after 5 years and 6 months from the issue date and every 5 years and 6 months thereafter.
Term	Maturity Date: Apr 22, 2022	Perpetual	A: Maturity Date: Sep 26, 2026 B: Maturity Date: Sep 26, 2029	Perpetual
Order of Redemption	Subordinate	Subordinate	Subordinate	Subordinate
Guarantor	Nil	Nil	Nil	Nil
Trustee	Nil	Nil	Nil	Nil
Underwriter	Nil	Nil	Nil	Nil
Auditor	S.S. Lai	S.S. Lai	S.S. Lai	S.S. Lai
CPA	Deloitte & Touche (Terence Huang/ Vincent Cheng)	Deloitte & Touche (Vincent Cheng)	Deloitte & Touche (Vincent Cheng)	Deloitte & Touche (Terence Huang)
Certifying Financial Institution	“Book-Entry”	“Book-Entry”	“Book-Entry”	“Book-Entry”
Method of Redemption	Repaid in full upon maturity	Refer to the terms of redemption or advance payment for details.	Repaid in full upon maturity	Refer to the terms of redemption or advance payment for details.
Unredeemed Balance	2.2 billion	0.5 billion	2.0 billion	3.0 billion
Paid-in Capital For the Previous Fiscal Year	24.51 billion	26.05 billion	28.90 billion	32.93 billion
After-tax Net Worth for the Previous Fiscal Year	32.38 billion	35.95 billion	49.81 billion	56.24 billion
Performance	Normal	Normal	Normal	Normal
Redemption or Early Redemption	Nil	Early redemption clause: After 5.1 years upon the expiration of the issuance of the bonds, if the ratio of capital to risk-based assets after calculation meets the minimum requirements set by the Competent	Nil	Early redemption clause: After 5.5 years upon the expiration of the issuance of the bonds, if the ratio of capital to risk-based assets after calculation meets the minimum requirements set by the Competent Authority, the Bank may

Fund Raising Status

Type of Financial Debentures	1st Subordinated Financial Debentures issued in 2015	1 st Perpetual Non-Cumulated Subordinated Financial Debentures issued in 2017	1 st Subordinated Financial Debentures issued in 2019	1 st Perpetual Non-Cumulated Subordinated Financial Debentures issued in 2021
		Authority, the Bank may apply for redemption upon the consent of the Competent Authority. The Bank shall make an announcement on the 30th day before the scheduled redemption date and redeem all the bonds at face value plus interest accrued.		apply for redemption upon the consent of the Competent Authority. The Bank shall make an announcement on the 30th day before the scheduled redemption date and redeem all the bonds at face value plus interest accrued.
Conversion & Exchange Conditions	Nil	Nil	Nil	Nil
Restrictions terms	Nil	Nil	Nil	Nil
Fund Utilization Plan	Improve financial structure to raise capital adequacy ratio	Improve financial structure to raise capital adequacy ratio	Improve financial structure to raise capital adequacy ratio	Improve financial structure to raise capital adequacy ratio
Balance of issued debentures before adding the declared issue amount as a percentage of after-tax net worth for the previous fiscal year (%)	6.79%	7.51%	9.44%	13.69%
Whether it is accounted for as qualified core capital and type	Tier 2 capital	Tier 1 capital	Tier 2 capital	Tier 1 capital
Name of rating agency, date and result of rating	Taiwan Ratings Corp. twBBB+ Apr. 8, 2015	Taiwan Ratings Corp. twA+ Dec. 8, 2021	Taiwan Ratings Corp. twA+ Dec. 8, 2021	Taiwan Ratings Corp. twA+ Dec. 8, 2021

3. Issuance of Preferred Stock:

Item	Issue Date	October 24, 2017 (Series A Preferred Stock of Union Bank of Taiwan)
Face Value	NT\$ 10	
Issue Price	NT\$ 50 per share	
Share Number	200,000,000 shares	
Total Amount	Total capital stock is NT\$ 2,000,000,000; Total amount issued is NT\$ 10,000,000,000	
Duties & Rights	Distribution of Dividends and Surplus	1. Dividend: The dividend rate of Series A Preferred Stock (annually) is 4.8% (=5-yr IRS rate 0.89125% + 3.90875%), and are calculated based on the issue price per share. The 5-yr IRS rate will be reset on

Fund Raising Status

		<p>the second business day after 5.5 years since the issue date and be reset every 5.5 years afterwards. The pricing record date of the rate reset is two Taipei financial business days before the reset day. The interest rate indicator, the 5-yr IRS, is the average rate of the 5-yr interest rate swap price of PYTWDFIX and COSMOS3 published by the Reuter at 11:00 AM on the Taipei financial business day of the rate reset day. If the above-mentioned price cannot be obtained before the rate reset day, the rate will be decided by the Bank at the market price and based on the principle of good faith.</p> <p>2. Dividend distribution: If there are earnings left in the Bank's annual resolution, in addition to the required payment of income tax, the Bank shall first offset the losses in the previous years, recognize legal reserve and recognize or reverse special reserve, and then may distribute the regulated dividends to the preferred stocks based on the earnings balance with priority. The Bank reserves the discretion right on the dividend distribution of preferred stocks. However, if there are no earnings or not enough earnings for distribution in the Bank's annual resolution, or if the dividend distribution of the preferred stock will cause the Bank's capital adequacy ratio to be lower than the requirement of laws or the minimum limit regulated by the competent authority, or if there is other necessary consideration, the Bank may decide not to distribute the dividends of preferred stocks. The shareholders of the preferred stock shall not have other opinions. The dividends decided not to be distributed or are distributed inadequately will also not accumulated as the future payment in years with earnings. The dividends of Series A Preferred Stock are distributed by cash one time annually. The distributable dividends for the previous year and the record date of payment are decided by the Board of Directors after the ratification of financial reports by the Annual Shareholders General Meeting. The distributed amount in the issue year and call year is calculated based on the actual issue days in the year. The dividends distributed will be recorded in the dividend certificate.</p> <p>3. Excess dividend distribution: The shareholders of Series A Preferred Stock shall not participate in the cash and capital distribution of earnings and capital surplus in common stock, except for the regulated dividend rate mentioned above.</p>
	Distribution of Residual Property	The order the shareholders of Series A Preferred Stock in distributing the Bank's residual property is former than that of the shareholders of common stocks and is the same with the shareholders of the Bank's other preferred stocks; except when the Bank is taken over by the competent authority, required to stop business for clearing and liquidation in accordance with "Regulations Governing the Capital Adequacy and Capital Category of Banks", the distribution order of the shareholders of Series A Preferred Stock is the same with that of the common stock shareholders. However, their order is inferior to the holders of Tier 2 capital tools, depositors and the general debtholders, and the dividend amount shall not exceed the issue amount.
	Execution of Voting Right	The shareholders of Series A Preferred Stock have no voting rights and election rights, but have voting rights on the preferred stock shareholders meetings or when there are circumstances in which their duties and rights are involved.
	Others	There is no maturity date for the Banks' Series A Preferred Stock. When the Bank issued new stocks by cash, the shareholders of Series A Preferred Stock have the same stock option right with common stock shareholders.
Outstanding Preferred	Amount called or converted	NT\$ 0

Fund Raising Status

Stock	Balance not called or converted		NT\$ 2,000,000,000
	Terms of call and convert		<p>1. The shareholders of Series A Preferred Stock shall not convert the preferred stocks into common stocks, and have no rights in asking the Banks to call back the Series A Preferred Stock they hold.</p> <p>2. The Bank may call all or part of the preferred stocks at the original issue price anytime under approval of the competent authority on the second day after 5.5 years of the issuance. The preferred stocks not called still satisfy the duties and rights mentioned above. If the Bank's shareholders meeting decides to distribute dividends in the year that Series A Preferred Stock is called, then the dividends that should be distributed until the call day are calculated based on the actual issue days in that year.</p>
Market Price per Share	2020	Highest	55.50
		Lowest	49.00
		Average	53.09
	2021	Highest	53.50
		Lowest	51.00
		Average	52.54
	As of March 31, 2022	Highest	53.50
		Lowest	52.40
		Average	52.91
Other rights attached	Amount converted or bought as of the date Annual Report is printed	The shareholders of Series A Preferred Stock shall not convert the preferred stocks into common stocks.	
	Guidelines for issuance and convert or buying	None	
Effect of issue terms on the right of shareholders; circumstances that equity may be diluted and the effect on existing shareholders' right			None
Impact of callable preferred stocks on capital to risk-weighted asset ratio			Not applicable

4. The status of Overseas Depository Receipts and Employee Stock Option:

None

5. Acquisitions or Disposition of Other Financial Institutions

- (1) Where the bank has acquired another financial institution through merger or acquisition in the most recent fiscal year, the annual report shall disclose the CPA's opinion on the reasonableness of the share swap ratio: None.
- (2) Mergers or acquisitions of other financial institutions in the past five years: None.
- (3) Where the Board of Directors has, during the most recent fiscal year or the current fiscal year up to the date of printing of annual report, adopted a resolution approving issuance of new shares due to merger or acquisition of shares of another financial institution, the annual report shall disclose the state of

Fund Raising Status

implementation and the basic information of the institution merged or acquired:
None.

6. Fund Utilization Plan and Execution Status

1. Fund Utilization Plan

- A. Description of the plan: Please see the pages for details of previous public issues or private placement of securities and bank debentures.
- B. Uncompleted previous public issues or private placement of securities, or those completed in the most recent three years but have not yet fully yielded the planned benefits: None.

2. Execution Status

Status of implementation: There are no circumstances that the execution progress or benefits do not meet the expected goal.



Operational Highlights

1. Business Description

(1) Main Businesses

- A. Primary Business Activities of the Respective Business Units
- To accept all types of deposits.
 - To extend corporate loans, discount bills and notes, issue domestic letters of credit and conduct accounts receivable factoring.
 - To handle exports, imports, foreign remittances, foreign currency loans and guarantees.
 - To extend mortgage, auto loans, personal loans and other consumer credits, and provide credit card services.
 - Wealth management, trust, custodian business, safe-deposit box rental and certification services for marketable securities.
 - To extend the insurance agency business and property insurance business.
 - To trade marketable securities and futures on behalf of customers.
 - To provide peripheral financial services by acting as collecting and paying agent for public facilities fees, taxes and remittances.
 - To conduct other relevant businesses authorized by the competent authorities.
- B. Operational Highlight
- Deposits: NTD and foreign currencies (including OBU), deposits from peers, and deposits from Chunghwa Post)

Amount: NT\$ Million

Type	December 31, 2021		December 31, 2020		Comparison	
	Amount	Ratio	Amount	Ratio	Increase (Decrease)	Growth Rate%
Current Deposit	364,716	53.83%	306,164	49.87%	58,552	19.12%
Time Deposit	312,838	46.17%	307,766	50.13%	5,072	1.65%
Total	677,554	100%	613,930	100%	63,624	10.36%

b. Loans

Amount: NT\$ Million

Type	December 31, 2021		December 31, 2020		Comparison	
	Amount	Ratio	Amount	Ratio	Increase (Decrease)	Growth Rate%
Consumer Banking	288,797	57.94%	250,233	58.41%	38,564	15.41%
Corporate Banking	209,675	42.06%	178,196	41.59%	31,479	17.67%
Total	498,472	100%	428,429	100%	70,043	16.35%

c. Foreign Exchange

Amount: US\$ Million

Type	December 31, 2021		December 31, 2020		Comparison	
	Amount	Ratio	Amount	Ratio	Increase (decrease)	Growth Rate%
Exports	92	0.74%	85	0.74%	7	8.24%
Imports	615	4.95%	439	3.80%	176	40.09%
Foreign Remittances	11,715	94.31%	11,028	95.46%	687	6.23%
Total	12,422	100%	11,552	100%	870	7.53%

Operational Highlights

d. Trust & Wealth Management

Amount: NT\$ Million

Type		December 31, 2021	December 31, 2020	Comparison	
		Amount	Amount	Increase (decrease)	Growth Rate%
Trust	Non-discretionary Money Trust Invested in Securities	54,212	47,838	6,374	13.32%
	Fund Custody Business	15,786	16,367	(581)	(3.55%)
	General Trusts	23,976	21,730	2,246	10.34%
Ancillary Service	Other Custody Business	5,158	4,920	238	4.84%
Total		99,132	90,855	8,277	9.11%

e. Credit Card Business

Unit: NT\$ Million ; Card

Item	December 31, 2021	December 31, 2020	Comparison	
	Amount / Card	Amount / Card	Increase (Decrease)	Growth Rate%
Card in New Issue	248,291	354,906	(106,615)	(30.04%)
Cards in Circulation	2,255,449	2,243,665	11,784	0.53%
Valid cards	1,300,127	1,322,987	(22,860)	(1.73%)
Credit Amount	101,599	98,783	2,816	2.85%
Cash Advance Amount	624	672	(48)	(7.14%)
Accounts Receivables	18,299	17,591	708	4.02%
Revolving Credit Balance	5,349	5,738	(389)	(6.78%)
Sales Amount	81,665	68,012	13,653	20.07%

f. Revenue and Percentage by Business

Item	% of Total Revenue 2021	% of Total Revenue 2020	Changes (%)
Corporate Banking	14.77%	15.49%	(0.72%)
Consumer Banking	35.33%	40.67%	(5.34%)
Trust & Wealth Management	7.31%	7.30%	0.01%
Investment Banking	25.70%	21.77%	3.93%
Other	16.89%	14.77%	2.12%
Total	100.00%	100.00%	-

(2) Business Plan for 2021

A. Deposit business

- a. Evaluated the establishment of new off-bank ATMs to expand the Bank's service sites, enhance the Bank's visibility, and expand the deposit business.

Operational Highlights

- b ∙ Continued to increase deposits from and salary transfer account business with the Bank's cooperating companies with a reciprocal relationship.
- c ∙ Launched marketing programs across different business activities (acquiring business (subsidy) project for credit card cooperating stores and elder care trust business) to create new sources of customers and deposits.
- d ∙ Design preferential interest rate for deposit program to solicit business from new customers among the small and medium enterprise, and improve transactions in corporate online banking and other business to enlarge the size of deposit.

B. Corporate banking & foreign exchange

- a ∙ Actively expand the loan business for industrial and commercial enterprises, give priority to loans for factories (MIT) and self-liquidating loans, and strengthen the protection of the creditor's rights through the acquisition of high-quality collateral and guarantees from the Small & Medium Enterprise Credit Guarantee Fund of Taiwan.
- b ∙ Strengthen the undertaking of quality stock collateral loans.
- c ∙ Strive to increase profitability under risk control and strive for cash flows and various business transactions to increase overall profitability through credit business transactions.
- d ∙ Moderately increase the processing fee income for complex transactions, high operating costs.
- e ∙ The LTV method for the accrual of capital on lending case backed by mortgage and reinforcement of claim over debt, which was applicable to cases of higher risk weight whereby interest will be set at a higher rate since 2021.
- f ∙ Continue to refine the lending integration system and speed up the training of personnel in corporate banking to respond to the need of growth of corporate banking.
- g ∙ Develop the customer sources of foreign exchange businesses, expand imports, exports and foreign exchange business to increase the Bank's niche in foreign exchange business and market share.
- h ∙ Actively participate in international syndicated loan projects with high-quality major enterprises involved or guaranteed by the state or government agencies, and establish develop professionalism and experience in arranging international syndicated loan projects.
- i ∙ Review and update the content of guarantee for offshore lending at regular intervals and seek reinforced protection of the claim to debt through Overseas Credit Guarantee Fund, and assist the branches to expand their business.

C. Consumer banking

- a ∙ Continue to focus and deepen the cultivation of high-quality customers, keep abreast of the trends of customers' demand, and consolidate existing customers; provide customized projects to different groups to explore new customer groups.
- b ∙ Actively recruit new or train credit AO personnel to increase business volume.
- c ∙ Analyze customer groups through the establishment and execution of a big

Operational Highlights

data model, identify potential customer groups based on the data and launch marketing projects, increase opportunities for new business transactions, and establish diverse business channels and complete services.

- d、 Continue the optimize and expand the function of online lending and upgrade lending services through the digital channel to broaden the clientele base of young customers or digital customers. Also refine the lending services at the physical channels (branches and service centers) for the full-fledged launched of virtual-physical channels. Unveil special loan programs to targeted customer groups and at specific time point.
- e、 Increase cross-industry alliances and provide digital loans through daily-life scenarios.
- f、 Stabilize the business in car loan programs and introduce special projects in collaboration with the car dealers for improving the volume of business. Ease the percentage and interest rate for the purchase of used cars and loan secured by the previously purchased cars for enlarging the scale of business.

D. Credit card business

- a、 Continue to promote LINE points cards to improve the cross-selling across the Bank. Go for any business opportunity for new accounts, income from small cap loans, and insurance premium. Issue new cards to different consumer groups and seek every opportunity of issuing cards through cooperation with outsiders, develop new customers and enhance market visibility and voice. ◦
- b、 Spare no effort to provide electronic services such as LINE statement, bundling with LINE BC, online issuance of cards and the promotion of other automated services to provide a wider array of online service and save the cost of the customers in receiving services.
- c、 In responding to the growing popularity of mobile payment, the Bank adopts the essential channels on hand to promote its credit cards. In addition, the Bank actively seek to broaden the clientele base for card bundling business to upgrade card using frequency. Even better banking service will be provided to the customers by designing a full-range digital banking APP platform at the APP credit card zone of the Bank. For example, press for card bundling, management of new function at the discretion of the customers.
- d、 Continue to develop prearranged online shops and chain stores matching with the shops peripheral to the branch locations for a higher penetration rate of acquirer banking service.
- e、 Online shopping and digital spending will still be the main pillar for credit card consumption. Further effort will be made to further cultivate the market of regular credit card spending such as supermarkets, and superstores. Design form full limit or installation card charge service in line with the trend of consumption in market for boosting the amount of sale through credit card charge

E. Wealth management, insurance agencies, and trusts:

Operational Highlights

- a 、 Design for online transaction with mobile wealth management consulting service to provide a friendly banking environment and improve the convenience of customers in transactions. A remote wealth management system function will be set up to enhance the efficiency of wealth management customers operation.
- b 、 Make effort to increase the ratio of rear-end load fund business and continue to expand the scale of special money trust business for bringing in higher revenue.
- c 、 Intensify the management of customer inventory tracking service for the effective protection of customers in asset allocation.
- d 、 The Bank will attune to the development of mobile insurance business and creation of a friendly banking environment to provide customers with high quality and quick insurance service so as to enhance the operation efficiency of the Bank.
- e 、 In responding to the evolving trend of the aging society and sub-replacement fertility family structure, the Bank will continue to introduce protection, investment and annuity types of insurance products to satisfy the need of customers in full-range wealth management so as to bring in more commission income.
- f 、 Train and develop the seeds of trust business for expanding the trust 2.0 business. The financial products of the Bank will be integrated under the framework of trust to provide customer a greater variety of financial services.
- g 、 Broaden the scope of trust for elderly care and continue to develop cross-industry strategic alliance to integrate related channels in favor of the elderly and satisfy their full-range need.

F. Digital banking service:

a 、 Personal electronic banking services

Centered with user experience, the Bank will continue to fortify the function of personal eBanking and mobile banking, and user interface through optimizing the process of various types of transactions. The function of online banking service and application is also introduced to upgrade the competitiveness of eBanking service and the overall utilization rate.

b 、 Corporate online banking services

Upgrade the function of Corporate eBanking by introducing large sum foreign exchange transactions, online L/C opening and wealth management transactions for a more convenient corporate banking transaction platform so that corporate customers can effectively control the cash flows of the companies and other transactions with update information. The Bank will also actively promote the eBanking transaction management at the discretion of corporate customers to enhance operation efficiency and create competitive advantage.

c 、 New New Bank digital banking services

- (i) Continue to expand and bolster various forms of online service function in integrating online banking services of loans, credit card application, securities investment account opening, wealth

Operational Highlights

management and investment. Videoconferencing, over-the-counter authentication and priority of opening digital account will also be released to continue the refinement of the process of online account opening with the addition of offline over-the-counter transactions.

- (ii) Use digital banking to enhance the effect of virtual-physical integrated services, fortify the traditional banking service location such as Hi-Life Original, LINEPay card, campus payment to form a banking service chain online and offline.
- (iii) The young digital population will be the target of further development. Resources and financial products of the Bank will be launched through the promotion strategic of special offer, strategic partnership in cross-industry cooperation, and cross marketing for attracting more new accounts and boosting business volume.

d、Strengthen marketing in social communities and various information platforms

Strengthen the cultivation of the community and upgrade different kinds of information platforms such as LINE BC, text message, and eDM for integrated use, and combine related new function of LINE API to continue the refinement of the texting personal messages, marketing promotion and service application.

e、Integrate and apply new types of digital financial services

- (i) Install the big data forecasting model for cross-industry sale in personal and corporate banking, bolster the application and localization of the model for facilitating the cross infiltration of different business into the customers.
- (ii) Introduce smart customer service and voice recognition system to the customer service system for reducing the cost of human service and upgrade service efficiency and quality.
- (iii) Develop videoconference function for the customers through which the authority or setup at critical level can be opened to digital saving customers, and fortify the digitization function.
- (iv) Cooperate with the competent authority's policy evaluation to build various cross-system services (such as MyData digital service personalization, Open Banking, API and other services).

G. Securities financing business:

- a、Establish a mechanism for online securities account opening applications to promote online business.
- b、Promote the business of electronic trading to increase the ratio of electronic trading.
- c、Spare no effort to increase the market share and employ more sale personnel to bring in more business.

Operational Highlights

H. Others

- a 、 Actively develop high-quality companies with good liquidity, such as publicly listed companies and well-known groups, to expand commercial paper underwriting business, and continue to strictly implement the post-loan management mechanism to review and adjust credit risks in a timely manner, and prudently control the credit risk from customers for the underwriting guaranteed and non-guaranteed commercial paper while increasing the turnover rate of commercial paper, so as to expand the underwriting market share and increase the underwriting commission income.) In complying the BASEL rules, UBOT maintains its capital adequacy level to meet the standards of the competent authority in the ratios of different categories of capital, the stable sources of capital and high quality liquidable assets to meet the net stable fund ratio (NSFR) and the liquidity coverage ratio (LCR).
- b 、 As required by the competent authority, climate change risk in financial disclosure in the ESG Sustainability Report of the Bank shall be completed by the end of June 2023

I. In terms of investment business, the Bank actively cultivates financial transaction talents; carefully selects investment targets and implement the disciplinary requirements in relation to risk control in capital operation so as to contribute to the Bank's profit; strive to improve the profitability of various assets, strengthen risk management and maintain good asset quality; review the appropriateness of the notes and bond position at all times to maintain better funding flexibility. In investment business, cultivate financial trading talents, choose investment targets carefully and execute disciplinary financial operations in order to control the risk and increase the Bank's income, do our best to improve the profitability of all assets, strengthen risk management, and maintain good asset quality.

J. Ensure effective management of funds available to the Bank, regularly increase the investment amount of government bonds and corporate bonds issued by quality enterprises to increase the Bank's investment return, actively assist in the development of all the businesses to enhance the overall capital efficiency and maintain an appropriate level of liquid capital to ensure that the Bank has a sound liquidity level. For TMU business, in addition to continuing serving existing clients, provide them with all the real-time financial market information and products, and assist with developing new clients to increase the Bank's business turnovers in deposits, loans, and foreign exchange business.

(3) Market Analysis

A. In 2022, the US Federal Reserve Boars will activate an upward adjustment of interest rate as anticipated in market. This will be an input to the banking industry, as bank deposit is expected to increase. With the extension of the "Contact Taiwan, Invest Taiwan, Bravo Taiwan" campaign until the end of 2024, the back flow of capital investment from overseas Taiwan business helped to boost mortgage loan and financing in the green technology sector, which in turn will help to bring in income from interest spread. Yet, the overall international economic and political situations and the COVID-19 are still uncertain and the risks possibly derived cannot be overlooked.

B. Analysis of the market's growth of supply and demand situation in the future

Operational Highlights

In 2022, the US Federal Reserve Board will activate an upward adjustment of interest rate as anticipated in market. This will be an input to the banking industry, as bank deposit is expected to increase. With the extension of the “Contact Taiwan, Invest Taiwan, Bravo Taiwan” campaign until the end of 2024, the back flow of capital investment from overseas Taiwan business helped to boost mortgage loan and financing in the green technology sector, which in turn will help to bring in income from interest spread. Yet, the overall international economic and political situations and the COVID-19 are still uncertain and the risks possibly derived cannot be overlooked.

C. Competitive Niches and Advantages/Disadvantages Relating to Development Prospects And Responsive Measures

a. Advantages

- i. Inflation in the US stayed high that the FED have completed tapering to reduce the capital flow in market in March 2022, and activated interest rate upward adjustment on March 16 2022. There will be a few more interest rate surge in 1 year where the financial sector will be benefited. In the future, the interest rate surge cycle will widen the interest rate gap.
- ii. The spread of COVID-19 drove people to rely on online financial transactions even more. Indeed, the pandemic helps to make the convenient online financial transactions more popular. This also changed the mentality of the middle to old age group who were previously less inclined to online service. This change not only helps to improve service performance but also cut down the labor cost with the use of FinTech that contributed to the acceleration of the banking industry in reducing the number of physical business locations and upgrade the operation performance.
- iii. The infrastructure and economic development in the newly emerged economies are at the stage of development that the market in the ASEAN countries has attracted the attention of Taiwan in business development. This will help to boost the financing of Taiwan business in ASEAN countries.

b. Disadvantages

- i. The property market in Taiwan continue to stay high and a number of policies have been launched to keep the market under control. Once the effect of interest rate is hampered, the credit risk of related mortgage loans will rise. As such, risk control in the financial sector is an issue that no one can afford to neglect.
- ii. The spreading of COVID-19 has been so unpredictable so far. The successful development of vaccine and medication helped to cut down the mortality rate and severity rate incrementally. Yet, the development of the virus into new variants or sudden spreading is still uncertain that no country can fully come back to normal economic activity.
- iii. The new mode of transactions deriving from technology development and the sustenance of the pandemic emerged as a new way of normal life to the financial sector. Accordingly, the application of technology to the financial sector must also be accelerated in response to the situation. The flooding of FinTech changed the mode of competition in the financial

Operational Highlights

sector where competitors are not just industry peers but also from a great variety of other sectors. Enterprises in this sector may elect either to transform proactively or being replaced by the easy and convenient digital financial services. In addition, FinTech also triggers the high demand for human resources in information technology, law and compliance, and information security, which in turn drives up the cost of human resources in the banking industry at significant level.

- c. Countermeasures
 - i. For the effective management and control of the credit risk deriving from the pledge of property as collateral for loans, UBOT has set the mortgaged loan limit and will continue to support the government in the measures for the control of risk deriving from mortgaged loans.
 - ii. UBOT has provided or extended the relief for corporate clients affected by the pandemic. Most enterprises with relief have credit guarantee or secured by property or other chattels for reinforcement of the right to debt. The right to debt at UBOT can be protected.
 - iii. In alignment with the development of FinTech, UBOT provides diversified services in real-time. The combination of the digital deposit account with credit card, loans, insurance, and securities, and the link to electronic payment service give customers better convenience. These could help to earn customer loyalty.

(4) Research of Financial Products and Status of Business Development

A. Main Financial Instruments and the Size of New Business Departments Introduced During the Past Two Years and the Profit/Loss Status

- a. Corporate Banking business continues introducing financial products such as good-quality stock loans, accounts receivable purchases and subsequent advance payment loans, easily discounted notes, and corporate banking foreclosure real estate loans to offer corporate customers multiple loan choices.
- b. The financing loan business offers a variety of short and medium-term funding options to customers. As of the end of 2021, total loan granted amounted to NT\$19.7 billion, and the balance of loan amounted to NT\$38.7 billion, representing an increase of 28.76% and 34.38% respectively comparing to 2020.
- c. Wealth management business
In 2021, UBOT continued to bring in a number of funds, overseas bonds, and ETF, and adjusted its policy of wealth management thereby switched to insurance of assets as the mainstream in business operation and helped the customers to adjust their asset appropriation. As of Dec. 31, 2021, the Bank had a total of over 154,000 wealth management clients, representing an increase of 6.21% from that of 2020, and total assets under management aggregated to NT\$359.5 billion, representing an increase of 6.17% from that of 2020.
- d. Fortune passbook business
The Bank launched the “Fortune Passbook” for children under 20 years of age. (It integrates our major financial management services including NTD deposit, foreign-currency deposit, securities, and funds.) The Bank also worked with

Operational Highlights

fine-quality child art & cultural merchants horizontally (including Sesame Street English, Cloud Gate Dance Theatre Foundation, Ju Percussion Music School, Hsin Yi Parent-Child Game Bookstore, Parenting and Family Style, Language Canada Taipei, If Kids Theatre, Just Apple Theatre, and Song Song Song Children's & Puppetm Theatre), and provided the exclusive offers. As of Dec. 31, 2021, the balance of assets of the Fortune Passbook holders amounted to NT\$10,337,540,000, representing a 5.32% growth rate compared to NT\$9,815,430,000 as of Dec. 31, 2020.

e. VISA debit cards

In 2021, several events have been unfolded including the “Use UBOT cards for 6 days, 2% bonus for FUN”, “PX Mart Spring Festival Bonus Point Up to 2,000”, “PX Mart Interim Celebration 200 Bonus Point”, “PX Mart Mid-Year Festival Bonus Point up to 500”, “PX Mart Super Anniversary Celebration”, “UBOT Card Holder Day”, “Free Parking at City Zone”, “Discount for Gasoline Refill”, and others by using credit card for payment. The consumption amounts through the Bank's Visa debit cards (including Easy Debit Card and iPass Debit Card) in 2021 totaled NT\$1.84848 billion, representing a 5.32% growth compared to 2020.

f. Promotion of automated services and e-banking

i. In addition to the establishment of ATMs and unmanned banks in the stations along the Kaohsiung/Taoyuan Line, OK marts, the Breeze Center, and Carrefour, the Bank installed a total of 155 ATMs at Show Ba Department Stores in 2018, 2019, 2020 and 2021 to provide customers with more convenient services.

ii. The “New New Bank” digital deposit account continued to unveil series of special offers through the combination of deposit, credit card, securities, loan, insurance and iPASS MONEY (previously LINE Pay Money” across different types of business. As of the end of 2021, the number of accounts reached 313,008.

iii. Deposit account is lined to electronic payment service. UBOT will continue to launch series of special offers like the account opening with “iPASS MONEY”, link to deposit account, and consumer gift (such as the enhanced bonus for the 5000 Coupon”. As of the end of 2021, more than 172,219 deposit accounts of the Bank had been linked with LINE Pay Money.

iv. UBOT will continue to optimize the function and services of its eBanking system, and provide online foreign exchange settlement at special rate. By the end of 2021, eBanking at UBOT had some 656,350 applications by head count.

g. The business department set by the Bank in the recent two years: none.

B. R&D Expenditures and Achievements for the Last Two Years and a Brief Description of Future R&D Plan

a. R&D expenditure and results

Unit: NTD Thousand

Item	Year	2021	2020
	R&D expenditure		115,948

i. A survey on mobile payment of consumers released by the MIC of III in

Operational Highlights

2021 led us to know that there is an increasing number of consumers inclined to choose mobile payment as the top priority from 37% in 2020 to 50% of the year. To the contrast, choosing payment by physical card as the top priority fell from 35% in 2021 to 26% in the year. The change in preference in the mode of payment is obviously and the gap widened. The change is 24% in just 1 year. This is particularly the case in 2021 that Taiwan was under Level III alert of the pandemic. Consumers are less willing to pay cash and switch to pay by physical cards and mobile payment as the common mode of payment. The hygiene factor during the spread of the pandemic prompted the consumers to make mobile payment a habit. For this reason, UBOT continued to develop mobile payment products positively in 2021, and emerged as one among the few banks that support payment by NFC sensor and QR code scanning. This made UBOT a leader in the development and application of mobile payment. By the end of 2021, some 340,000 NFC sensor for mobile payment have been installed and was an increase of 12% from the same period of 2020. The amount of payment through this mode (including sensor or QR code scanning) surpassed NT\$13.3 billion or growth of 58% from 2020. Mobile payment offered by UBOT emerged as the best choice in market for card users

- ii. The installation is centered at user experience. UBOT will continue to reinforce the system framework and user interface of personal eBanking and mobile banking. Further to the refinement of the eBanking platform transaction service, online borrowing inquiry, inter-bank fund transfer by mobile phone number, and 24-hours foreign currency fund transfer service. It is expected that a brand new user service interface will be provided to the customers through a wide array of channels for even more convenient banking service.
 - iii. In order to attract digital customers, the Bank continued to optimize and added services related to New New Bank, to provide diverse service channels, and launched services, such as online deposit account opening for minors, mobile phone number transfer, and online securities account opening. Meanwhile, in response to the development trend of social media, the Bank continues to provide services, such as real-time transactions, target exchange rate notifications, and personalized wealth management transaction notifications through the official LINE account. With the provision of online account opening and personalized messaging services, the Bank will be more in line with users' needs to expand the Bank's digital customer base.
 - iv. To optimize the Bank's anti-money laundering system and correspond to the relevant regulations of the Money Laundering Control Act, the Bank purchased the "anti-money laundering and combating terrorist financing system for banks" and AML-KYC system from the system integrator "Stark Technology, Inc.," and the Bank also purchased a "name scanning database" from "Dow Jones Factiva Limited" to integrate the basic information and transaction information of the Bank's customers with the information system to enhance the efficiency of conducting anti-money laundering operations for the Bank.
- b. Future R&D plan
- i. Build an online loan management system to streamline the credit granting process and enhance the operation efficiency. To reduce the credit risk of

Operational Highlights

credit granting, the Bank has built an internal evaluation system for the credit granting to correspond to the credit risk structure of Basel.

- ii. According to a behavioral analysis of the consumers in mobile payment in 2021 conducted by MCI of III, there are 3 trends that worth our attention, namely, “the pandemic prompted for linking the field online, with rapid growth in 3 major fields”, “the ratio of daily user population and average amount of consumption was record high”, and “82% of the users have used payment service in banking, payment service in banking fermented in Taiwan”. The top 5 mobile payment fields are in the order of “convenient stores (70%), Cyber shops (56.3%), superstores (55.8%), supermarkets (51%), and food chain stores (47%)”. The top 5 fields by increase in volume are in the order of “Cyber shops, takeout and delivery platform, payment, supermarkets, Non-chain proprietor restaurants”. These indicated that the pandemic changed the mode of payment of consumers and broadened the scope of use, and eventually forged into the habit of consumers for remote consumption. These behavioral patterns will be the gravity of mobile payment in 2022 for observation. The prevalence of smart phone and mobile devices, and the flourishing of 5G network will be matters of grave concern for banks and the industry in prolonging the life cycle of users in mobile payment, increase the population size of mobile payment, and enhance the user value per unit of time. Channels, special offer, system stability and through streaming experience will be critical to win in the market. As such, UBOT is oriented towards providing sufficient channels, attracting special offer packages, and through streaming user experience, and combine with various forms of frontier technologies and mobile payment know-how in application to attract more applications from the new generation of mobile groups for upgrading the traffic volume of mobile payment and payment amount.
- iii. In view of the maturity of mobile devices and the Internet environment, the Bank’s research and development of digital financial services will continue to focus on mobile device applications, reinforce the existing e-banking service platforms, and continue to optimize services of personal online banking, corporate online banking, and mobile banking. Also, it will increase online applications of various services and digital banking services, focus on the customer needs as the core for design, and put emphasis on user experience and service interface, while providing customers with more real-time, safe, and convenient e-banking services under the premise of taking into account both transaction efficiency and information security.
- iv. Continue researching and paying attention to the technologies related to financial markets and the relevant applications, follow the evolution of information technologies, cultivate relevant talents in the fields of new financial technology of AI, blockchain, biometric, big data and so on. In response to the trend of changing service types in the future, the Bank will continue doing research on digital services and its application. In 2022, a budget of NT\$58 million was allocated for the planning and research in different forms of digital services and areas of application. We aim to strengthen the basis for future development of each business by developing the Bank’s digital customers with new digital financial services.
- v. We will enhance the Bank’s wealth management system and improve the

Operational Highlights

efficiency of financial consultants and the control over trading. We will also utilize multi-dimensional analysis and asset allocation to effectively identify wealth management customers, and increase the functions of internal management and control, analysis, and identification. Besides, we will also follow the government's policy by introducing an information and judgment mechanism for money laundering and terrorist financing in order to achieve the function of anti-money laundering and combating terrorist financing and maintain the financial order and trading safety.

- vi. Installation of an online collection system applicable to all types of loans for reinforcing the process of collection service and progress. This information system will also be used in the automation of other operations for upgrading operation efficiency and accuracy.
- vii. For the refinement of the anti-money laundering system at UBOT, the Bank enters into the "AML Risk Executive Maintenance Agreement" with system service providers every year and purchases the "name scanning database" from list service providers at regular intervals to continue the pursuit of AML of the Bank. In 2022, NT\$438,000 is expected to spend in this area.

(4) Long-term and Short-term Business Development Plan

- A. Short-term Business Development Plan: Please refer to "Chapter (2) 2021 Business Plan".
- B. Long-term Business Development Plan: Please refer to page 2 "4. External Factors and Future Development Strategies of I. Letter to Shareholders"

2. Employee Analysis

- (1) Employee Data for the Last Two Years and Current Year Up to the Printing Date of the Annual Report:

Year		End of 2020	End of 2021	Mar 31, 2022
Number of Employees	Permanent	4,012	3,932	3,946
	Temporary	0	0	0
	Other	0	0	0
	Total	4,012	3,932	3,946
Average age		38.41	38.97	39.09
Average year of service		9.84	10.40	10.45
Education	Doctorate	0.02	0.03	0.03
	Master	6.88	7.04	7.20
	University (College)	87.21	87.41	87.32
	Senior High School	5.88	5.52	5.45
	Junior High School & Under	0	0	0
Type of professional certification held by employees		End of 2020	End of 2021	Mar 31, 2022
Certified Anti-Money Laundering Specialist (CAMS)		5	6	6
Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialist		280	338	349
Basic Proficiency Test for International Banking Personnel		391	392	390
Proficiency Test on Foreign Exchange Trading		9	8	8
Proficiency Test for Trust Operations Personnel		2,647	2,758	2,768

Operational Highlights

Year	End of 2020	End of 2021	Mar 31, 2022
Subject Test - Laws and Regulations on Trust Businesses	34	35	37
Qualification exam for “General knowledge of Financial Markets and professional code of Ethics”	3,072	3,060	3,043
Financial Risk Manager (FRM)	3	3	3
Class B Accounts Clerk	6	6	6
Class C Accounts Clerk	99	94	100
Basic Proficiency Test for Bank Lending Personnel	423	431	433
Advanced Proficiency Test for Bank Lending Personnel	28	27	27
Proficiency Test for Bank Collateral Appraisal Personnel	10	10	9
Proficiency Test for Financial Planning Personnel	351	331	327
Structured Product Sales Personnel Qualification Test	500	522	523
Qualification exam for securities investment trust and consulting regulations (including professional ethics rules)	17	17	18
For taking “Investment trust & consulting regulations (including self-disciplinary rules)” only	1,148	1,326	1,352
Life insurance salesperson	2,974	2,907	2,867
Investment-oriented insurance salesperson	1,335	1,340	1,338
Fundamental Test of Investment-oriented insurance salesperson and financial market	269	256	247
Property Insurance Salesperson Registration Certificate	1,284	1,323	1,319
Qualification Test for Life Insurance Salesperson Selling Non-Investment Type of Insurance Product in Foreign Currency	1,125	1,134	1,164
Futures specialist	323	323	323
Bill finance specialist	88	89	88
Fin Tech Knowledge Test	46	64	69
Certification Test for Eldercare Financial Planning consultant	0	0	57
Labor safety and health specialists (Class B certificate for labor safety and hygiene)	5	3	3
Class A Manager of Labor Safety & Health Affairs	55	54	54
Class B Manager of Labor Safety & Health Affairs	101	107	104
Class C Manager of Labor Safety & Health Affairs	37	36	35
Fire Fighting Administrator	154	145	143
First Aid Specialist	172	178	176
Bond Specialist	23	24	24
Basic Proficiency Test on Internal Controls	2,202	2,263	2,283
Securities specialist	373	386	387
Senior securities specialist	257	249	249
Securities investment trust and consulting professionals	204	204	204
Securities investment Analyst	4	3	2
Specialist of “Margin and Stock Loans by Securities Firms”	53	53	55
Assistant real estate Brokers	10	12	13

Note: Not include the 2 employees of offshore units.

(2) Advanced Education and Training of Employees

In response to the fast changing financial environment and for the purpose of enhancing the professional competency of our employees, the Bank organizes the various business seminars and symposiums each year as well as sends employees to attend the various external training programs. The bank also requests, where possible, the relevant staff at all levels to acquire the required certification. The bank aims to upgrade the capabilities in product innovation and improve the operational procedures.

Operational Highlights

Dec. 31 2021

Item	Internal program	External program	Total
Number of employees trained	33,834	5,020	38,854
Total training expense (in NT\$ thousand)	5,739	5,903	11,642

- (3) Rules of Employee Behavior and Ethics
The Bank has put in place the “Employment Standards” and “Employee Service Rules” to govern employees’ behaviors and dedication for works. The Bank motivates its employees to take the corporate mission above all personal pursuits and perform their duties in accordance with corporate rules to facilitate the development of the various businesses.
- (4) Protection for Work Environment and Employee Safety
- A. Access Security: The Bank has installed a premise access surveillance system to monitor people entering or leaving the office premise. The system is linked to the police stations at all times and is subject to regular trial checks. Security guards stationed on site to ensure personnel and premise security.
- B. Office Premises and Equipment: The Bank performs regular or random maintenance check on the various equipment in accordance with the relevant regulations on public safety and fire tests of office premises.
- C. Security Maintenance: The security maintenance regulations enforced by the competent authority and Bankers’ Association prescribe that each retail office shall conduct anti-robbery rehearsals each year.
- D. Safety and health: We have established the “Safety and Health Work Rules” and “Occupational Safety and Health Management Plan”. In addition, we implement various environmental examinations and organize occupational safety and health education/training activities and first aid training courses in accordance with the Occupational Safety and Health Act and relevant regulations to ensure workplace safety for employees.

3. Corporate Responsibility and Ethical Conduct

- (1) Cultural Intelligence Education:
For long times, UBOT has committed to the the cause of social education for cherishing children with arts and filial piety, and charity of helping other people. In 2021, UBOT held the 21st “Children Painting on Mom” charity painting competition for children and donated NT\$10 to “Taitung County Government Social Relief Fund” on each piece of work submitted to the competition in order to help the children of misfortune families. For the promotion of oil painting art in Taiwan, UBOT and Union Cultural and Education Foundation jointly held the 19th “Union Fine Art Impression Award”, and the 24th “Union Fine Art Rising Star Award” competitions. UBOT also organized 11 itinerant exhibitions in Taipei, Kaohsiung, Taichung Changhwa, Taoyhuan, Miaoli, Pingtung, the Cultural Bureau of Yilan County Government, Art Center of Taitung Cultural Department, National Defense Art Museum, and Luzhou Lin Chien-Sheng Memorial Library. For the promotion of local culture of historic remains in Taiwan, UBOT continued to engage in joint venture with SET TV in the production of “Taiwan Story - Union Bank Tour at Historic Site 3rd Season”. Six episodes have been produced in 2021. The themes included the visit at Pingtung, Nantou, New Taipei, Yilan, Miaoli, and Qiwu, Qingshui in Taichung.

Operational Highlights

This series helped the people in Taiwan to understand the local history and folklore of Taiwan better. For broadening the knowledge and concept of conservation and environmental protection, UBOT participated in the fostering of endangered species of Taiwan, the “Prionailurus bengalensis” and the “Phasianus colchicus”.

(2) Sponsoring Arts and Cultural Activities:

UBOT values the development of arts and culture in Taiwan, and actively participates in the arts and cultural events organized by the county governments. In 2021, UBOT donated the “2021 Taiwan Lantern Festival” organized by Hsinchu City Government, sponsored the Kaohsiung Philharmonic Arts and Cultural Foundation in organizing the “Spring Music Festival Concerts” and the “Song of the Young Traveller - Mahler [Titan] Violin Concert”, and installed the “UBOT Cultural and Arts Gallery” at the Meilidao Station of Kaohsiung Mass Rapid Transit System for the artistic appreciation of the people.

(3) Social Engagement

- A. Care for community development: We continued adopting “Minyao Park #2 in Songshan District” and the flower beds in front of Luzhou Elementary School in New Taipei City to maintain a public natural environment and facilitate positive symbiosis between enterprise and community.
- B. Support local agriculture: UBOT takes action to support local farmers, and has pledged to purchase 510 boxes of pineapples under stagnant sale in April 2021, and purchased 38,000 carnations at the eve of the Mothers Day from the floral plantation farmers at Tienwei as gifts to the customers and the public. UBOT also sponsored the roadshow plan of the documentary “Hands of the Eagle”, a film depicting the Nelumbo nucifera Gaertn farmers in Chiayi as the theme with the expectation of awakening the people of Taiwan of the land where they were born and grown up.
- C. Concern for the youth students: UBOT is concerned about the misfortune students and helped them to develop and demonstrate their talent and have their dreams come true by funding the “Male Basketball Team at Dong Shan Senior High School in Taichung”, and sponsored the “2021 National Inter-high school Athletic Meet” organized by Yunlin County Government for the promotion of sports and development of good athletes in Taiwan. Fund raising for donation to the Children Choir as funding for operation training and subsidizing the misfortune students.
- D. Care for local industries: Every year we order a large quantity of Lunar New Year gifts such as ceramic Chinese zodiac piggy banks, calendars, red envelopes, and Spring Festival couplets. Local MIT manufacturers are always our priority contractors.
- E. Care about Taiwan’s pandemic situation: In the face of COVID-19, the Bank particularly produced "Taiwanese Badges" to give out to the public, and launched the “Union Bank of Taiwan’s Support for Medical Care Project” to call on the Taiwanese people to work together to protect our homeland, while giving back to the medical staff who worked hard on the front line.
- F. Participation in disaster aid and relief: Being empathetic of “starving of the others just like starving myself, and drowning the others just like drowning myself”, UHT rallied for the support from all walks of social lives to make

Operational Highlights

donation for helping the victim of the “ Derailment of Taroko of Taiwan Railway Corporation” in April in medical treatment and going back to life. UBOT also donated to the victims of the “Kaohsiung Building Conflagration” at the urban center of the city in October for rebuilding their homes and economic support. In addition, UBOT also donated to help Taipei City Government and New Taipei Government in the wake of the mushrooming infection of COVID-19 for helping the two cities in medical care and the need for epidemic prevention materials.

(4) Charity

- A. Good-hearted donation: Donation to Children are Us Foundation in the “Children are Us Courtesy Community Care Center - Peace of the Mind Caring Plan” to help the center in remodeling and improving the environment, and also with Eden Social Welfare Foundation in the “Support the slow flying angels - keep them company to schools free of [barrier]”, in the “Charity with Love - Save the Youth to Fly with me”, and the Taipei Parents’ Association for the Blind in “Eye with Love, Eye forever”Eye in donation.
- B. Fundraising donations: The Bank and the Union Culture Foundation jointly launched the “Let’s Create Happiness Together” charity donation platform, to raise funds to finance the “Old Community Development Association” of Dounan Township, Yunlin County, to promote an elderly restaurant and community care, the “Long-Yan-Lin Welfare Association” in Zhongliao Township, Nantou, to provide meal delivery services for the elderly in rural areas and volunteer visiting service, and the “Quan-Ren Cultural and Educational Association in Mudan Township, Pingtung County”, to take care of indigenous children after school and provide schoolwork instruction and other diverse care services to the elderly and children.
- C. City charity: For nurturing a healthy urban life, UBOT sponsored Taoyuan MRT to shoot the footage of “Carry the Dream to Well-Being” to show its corporate image, and Kaohsiung MRT in holding the “KMRT x 12 Schools Dance Exhibition”, “Summer Animation at KMRT”, “Reality Solution National Senior High School Elite Invitation Game”, and the “Charity Symphony Concert” to convey the message of “Persistent in Making Dream Come True” at the time of the pandemic spread for bolstering collaboration between the industry and school, and promote the animation culture of Taiwan and the tourist attraction of the harbor city.

(5) Affinity card donation while spending charity plan

- A. In 2021, UBOT issued the affinity cards including the 8 Blessing Affinity Card, Guardian Angel Affinity Card, and the Peace Affinity Card. When card holders used credit card charge for payment, a percentage of the payment amount will be donated. A charity budget has also been prepared for feedback to charity organizations and charity purposes at the county or city level.
- B. In supporting the government policy of “Green Finance Action Plan 2.0”, UBOT issued the “UBOT Green Card” in September 2021. Feedback was made via green spending channel to materialize the vision of environmental and social sustainability. This is the first of kind in the industry that a physical card made of environmental material and a virtual card was issued at the same

Operational Highlights

time. A percentage of the spending from credit card charge will be donated to the “Taiwan Environmental Information Association” for better effort in environmental protection, promotion of education in environmental protection and related charity events through the resources of green charity groups.

- (6) Collaboration between Union card holders and charity groups in making donation through payment by credit cards.

World Vision : participation in “lucky money packet for love! A blessing for motivating children with courage to take off” program. Card holders of UBOT are invited to support the cause for the concern of the children of misfortune families, and help them grow up safely and healthily, and going to school happily. This will give them strengthen.

4. Number of non-managerial staff, amount of employee welfare expenses, and differences from the previous year

Unit: NT\$ thousands; %

Category	2020	2021	Difference	
Head count	3,685	3,681	(4)	(0.11%)
Average welfare expense	769	838	69	8.97%
Median welfare expense	669	737	68	10.16%

5. Facilities of Information Technology

- (1) Maintenance and Allocation of Hardware & Software for major IT systems:

A. Operating system server room:

There are one IBM z/BC12 operating host, one IBM Linux ONE host for onsite backup, two IBM disk drives, one IBM virtual tape drive, seven IBM RS/6000, one IBM AS/400, and 100 PC servers.

B. Remote backup server room:

There are one Linux ONE host for remote backup, one IBM virtual tape drive, one IBM disk drive, two IBM RS/6000, one IBM AS/400, and 10 PC servers.

C. Network:

Several CISCO routers and switches are used for the operating system server room and the remote backup server room, and the two server rooms are connected by optical fibers. Each branch uses two dedicated lines to connect with the two server rooms, respectively, and the two server rooms are the mutual backup.

D. The Bank has signed a maintenance contract with each of the relevant suppliers/providers for the equipment above.

- (2) Future development or procurement plans:

A. Replacement of the core operation mainframe system

B. Replacement of the Core Switch of the operation system, and the upgrade of the IPVN broadband of the whole Bank.

C. AS400 mainframe replacement.

D. The note copy of the “Green Financing” and “Sustainability Performance

Operational Highlights

- Credit Link” were sent for declaration.
- E. Inter-bank fund transfer process adjustments: commission on individual and corporate accounts are differentiated.
 - F. Refinement of the teller account settlement operation
 - G. Inter-branch deposit copy terminated in transit
 - H. Batch processing in online transaction: account information sent and received by mainframe API.
 - I. passbook deposit interest rate by stage
 - J. Wealth management revolving credit limit
 - K. TCIC, foreign exchange remittance and foreign currency deposit statement RIS inquiry function development
 - L. Installation of the foreign currency asset management system
 - M. Development of online declaration of large sum foreign exchange settlement
 - N. Installation of online opening of L/C
 - O. Installation of payment of remittance from Internet banking
 - P. Installation of TCIC, negotiation and accounting transferred to OCSI
 - Q. Installation of foreign currency remittance fraud prevention
 - R. Installation of bid data model
 - S. Installation of Securities Finance Department specimen seal impression
 - T. Replacement of the DES of the automation equipment control system of the Bank.
 - U. Introduction of air to land connection (linking the function of private network) for mobile wealth management.
 - V. Installation of new deposit APP
 - W. Design and Installation of real-time information platform function
 - X. Installation of iPASS PAY APP and platform
 - Y. Proceed with the introduction of a third party institution evaluation on (IT Department) ISMS (information security management system)
 - Z. Installation and assessment of the IT equipment terminal detection and reply protection system.
 - AA. Installation of the monitoring and control mechanisms for the Security Operation Center (SOC) of UBOT
 - BB. Installation of the F-SOC information security joint protection program in the information exchange platform at the UBOT end.
 - CC. Executive of the tasks assigned under the Financial Supervisory Commission Information Security Action Plan.
 - DD. Exercise drill on UBOT information security (social engineering, diffusion test, DDoS, SWIFT, and ATM).
- (3) Emergency Backup and Security Protection Measures
- A. Construct on-site backup device at Neihu computer room with Minsheng computer room serving as the remote backup support.
 - B. Off-site media backup and storage of sensitive documents, separately at Neihu and Minsheng computer rooms.
 - C. Completed the establishment of a remote server room, including access control, surveillance and video recording, line control, fire-fighting equipment, environmental monitoring, power, network, and other systems.
 - D. Conducted computer system information security assessment program, strengthened compliance review and improvement measures.
 - E. Used the information security incident management platform to

Operational Highlights

- strengthen the reporting and response of warnings and information security incidents.
- F. Implemented system source code detection, vulnerability test and penetration test to enhance system security.
 - G. Used mechanisms such as firewalls, email filtering and auditing, intrusion detection and defense, anti-virus detection and containment, threat intelligence handling, etc. to strengthen the depth of information security and ensure network and data security ◦
 - H. Enact the “Plan for Union Bank of Taiwan IT Security Contingency” and conduct annual rehearsals of on-site and remote backup and fire safety in accordance with the “Plan for Union Bank of Taiwan IT Disaster Contingency”.

6. Information Security Management :

(1). Information security management strategy and framework:

A. Information security risk management framework

a. Organization of corporate information security governance

The Board of UBOT is responsible for the approval of the “information security policy” of the Bank and making decision on critical issues pertinent to information security. The Board contains members specialized in IT that the Board and the senior management are jointly responsible for supervision and governance.

UBOT has established the “Information Security Management Section” under the Information Department in 2017 charged with information security, governance, planning, supervision and enforcement of information security to build up multilateral information security defensive capacity and the awareness of employees in information security. In 2021, a Vice President has been appointed as the Chief Information Security Officer to administer the launch of information security policy and allocation of resources. UBOT delegates a third party professional institution to inspect on the overall performance in information security annually for the proper implementation of information security . Inspection on the design, monitoring and execution of the overall security management measures in accordance with the requirements of the competent authority and the self-regulatory rules of the industry association. Related reports will be compiled on the basis of the findings from the evaluation, and will be submitted to the Audit Committee and the Board for review and approval. The Chairman, President, Chief Internal Auditor, and Chief Information Security Officer will jointly issued the Declaration of the Overall Performance of Information Security. UBOT has established the “Security Protection Supervisory Team” to meet the needs of information security protection of the Bank, reinforce the mechanism of security protection, and upgrade the self-regulatory function. The Supervisory Vice President of Business Administration Department is the convener of this team for the supervision of the organization and testing of the security in pursuit, education and training, and routine exercise drill. The members of this team are the heads of Business Administration

Operational Highlights

Dept, General Affairs Department, Human Resources Department, and Information Department. Other function heads of personnel may be invited to sit in the meeting as observers on the discussion of specific topics where necessary. For facilitating the pursuit of security protection and audit of UBOT, the Chief Internal Auditor or internal auditors will also be invited to participate in the team meeting to provide relevant advice. The team holds the “Security Protection Reporting Meeting” quarterly. The convener will preside over the meeting and report on the security affairs in operation of the Bank and related information security works in the quarter will be presented as instruction of major works, and review of the performance of works so that related defects could be addressed to and rectified. The meeting of the minute on record shall be subject to the approval of President Chen and Chairman, and report to the Board in regular session for record.

- b. Framework of the corporate information security organization
UBOT adopts the 3 lines of defense management framework for the internal control of information security: the 1st line of defense is guarded by Information Department and all functional units of UBOT in the enforcement of information security. The 2nd line of defense is guarded by the information security unit in the design, monitoring and control, and enforcement of information security system and policy. Law and compliance unit is responsible for the assurance of compliance with applicable legal rules. Risk management unit is responsible for information security risk management. The 3rd line of defense is guarded by the audit and examination conducted by the internal audit function of UBOT. For the effective control of the damage to and improper use of the information equipment and system at the corporate headquarters and all banking units, or incidents causing significant damage, UBOT established the “Information Security Emergency Response Plan” for the quick reporting and response to the emergency and can recover in the shortest span of time for assuring normal operation and service. In addition, a standing team, the “Information Security Task Force” was also formed and is responsible for the supervision of the preventive measures on information security taken by respective functional units and reporting on crisis, and response to emergency and related tasks. The Chief Information Security Officer is the convener who administers the subordinated audit team (called by the Internal Audit Department), security prevention team (called by Information Department), crisis management team (jointly formed by the Business Administration Department and Information Department), and the Information Security Reporting and Action units (by respective function heads), for the joint action to tackle with information security issues. All function heads shall be responsibility for the advocacy, coordination and supervision of information security management issues simultaneously, and reporting on information security crisis events.
- c. Framework of the Personal Information Protection Committee
For supervising the effective running of the personal information

Operational Highlights

protection system, and assuring security for all personal information data files at UBOT, UBOT established the “Personal Information Management Committee”. A designated Vice President was appointed by the President as the convener of the committee. Members of the committee are the heads of Corporate Banking Department, Business Administration Department, Wealth Management Departments, Credit and Payment Division, Law and Compliance Department, Information Department, and Risk Management Department. The heads of other functional departments may also be invited to the committee meetings where necessary. The Chief Internal Auditor shall be invited as observer. The function of the committee: supervision and management of the personal information protection system of UBOT, tracking on the rectification to the defect of personal information protection at UBOT, examination of the review and corrective action on personal information incidents, other aspects of supervision and management of personal information protection.

(2) Information security policy

The information security policy of UBOT aims at fortifying information security of the Bank for assurance of data, system equipment and network security as the objective. The overall objective of policy pursuit is to assure the confidentiality, integrity and usability of the Bank in the application of information, and prevent any impact of security incidents on the operation of the Bank to reduce possible operation risk. This policy shall be applicable to all personnel, data, application system, hardware, machine room, and Internet facility.

a. Corporate information security management strategy and framework

The information security management at UBOT covers the segregation of duties and authorities in information security, information security education and training, computer system security, network security, information asset security, system environment security, system access security, application system development and maintenance, physical and environment safety, information system disaster recovery and other matters pertinent to information security management to avoid possible risks and hazards caused by human negligence, willful act or natural disasters. For the effective enforcement of information security management, UBOT the management cycle of plan, do, check, and action to review the applicability of the information security policy and protective measures.

The gravity of work at the planning stage is information security management for building up a viable information security management system, and the continued advocacy of international information management systems with accreditation in order to reduce the threat to corporate information security from the system, technical and procedural dimensions, and achieve the protection of confidential information to the needs of the customers and in conformity to the requirements of the competent authority.

The gravity of work at the doing stage is the buildup of multiple layers of information security protection, fortifying the defense depth and the continued introduction of innovation know-how in information

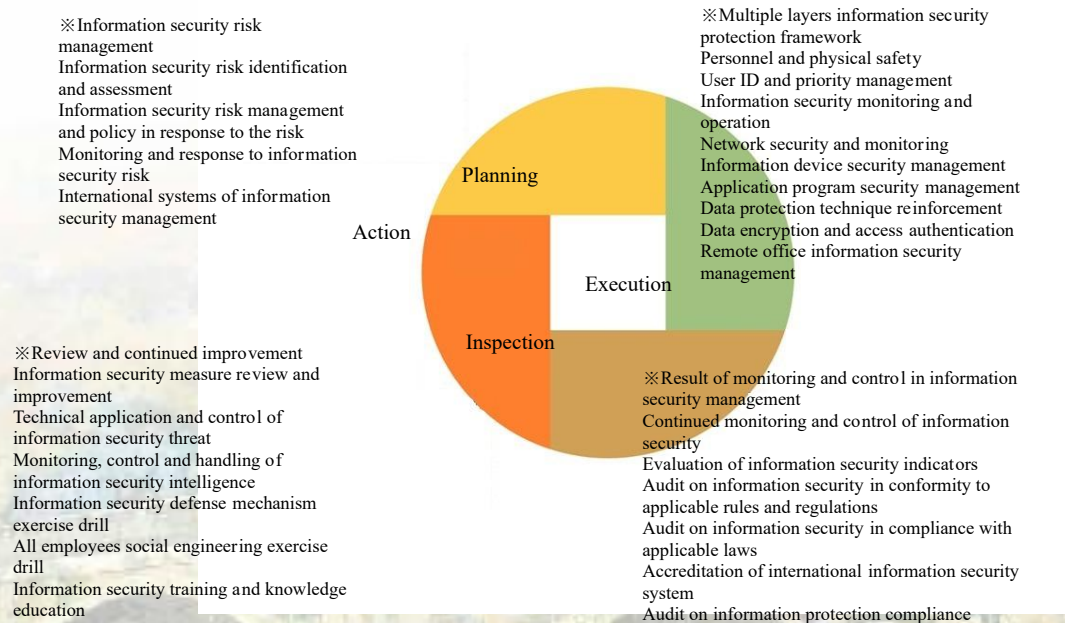
Operational Highlights

security defense. Information security control mechanism will be integrated and internalized into equipment maintenance, application system and information security management and related process, and achieve information security through systematic monitoring and control to protect the vital assets of UBOT in the aspects of confidentiality, integrity, and usability.

The gravity of the work at the checking stage is to review the effect of information security management. Through internal and external audit, as well as the assessment of third party professional information security institutions, analysis of the information security indicators will be conducted on the basis of the audit findings. In addition, exercise drills for information security test will be conducted at regular intervals to upgrade the overall defense mechanism and the awareness of the personnel in information security.

The gravity of work at the action stage is the review and continued improvement through proper supervision and audit for assurance the ongoing effectiveness of the information security rules and regulations. Review and take action for improvement including information security measures, education and training, and promotion for assurance of the normal running of the system and the security of vital and sensitive information.

b. Information security risk management and continued improvement cycle management framework



c. Information security management substantive plan

i. Information security management practice

UBOT designed and installed an information security system and network security multilateral protection environment in accordance with the “Information Operation Management Code”, “Information Accident Response Plan”, and the “Information Security Emergency Response Plan”, including the organization and segregation of duties and authorities of security, asset classification and control, personnel safety control, physical and environmental safety management, information and operation security management, safe access control

Operational Highlights

of information resources, system development and maintenance, Disaster Backup Management and compliance of applicable legal rules. UBOT also established information security management policy and system and conduct routine audit on security, network monitoring and control, and personnel safety management mechanisms to fortify the information security overall defense capacity and reduce the security threat and loss from disasters.

ii. Information system management and control

UBOT execute detection, monitoring, management early warning work in real time, and fortify the strategic depth of information security defense through layers of firewall, mail screening and audit, junk mail screening, detection of phishing website, web page control and protection, detection and defense of intrusion, antivirus detection and interception, data leak protection, and response to intelligence on threat round-the-clock for assuring network and data security. In addition, UBOT also uses the information security management platform to intensify warning analysis and security incident reporting and response.

iii. Information security intelligence application management

UBOT receives the information security intelligence reporting from professional information security service provider and F-ISAC (Financial Information Sharing and Analysis Center) in accordance with the “Regulations Governing Information Security Intelligence Operation Management” for keeping track of early warning signal of information security in real-time, and conduct risk assessment on the basis of the content of intelligence, scope of influence, risk level and policy recommendation to respond to the situation timely for the prevention of disaster caused by information security incident and reduction of the level of influence.

iv. Transaction security management and data protection

For assuring the security of transaction information and accuracy in transmission, UBOT continues to fortify the secrecy, integrity of information and the traceability of the sources, no overlapping and undeniability of information in its information security protective measures as security design, and comply with the regulatory requirements of respective industry associations in strengthening security control mechanism and protection of security of online transaction. In addition, network segregation, access control, weak spot management and related security design and defense strategy are also adopted with continued upgrade of system reliability.

v. Conduct information security testing and exercise drill

In responding to the changeable means of external attacks, UBOT has deployed related defense mechanism, and delegated external professional institutions to conduct testing and exercise drill in joint effort for reviewing the effectiveness of the defense and capacity in response to security events. Weakness test and remedy has also been made taken for assuring security in service and using.

UBOT organized various kinds of information security exercise drills, including the drill in social engineering, weakness scanning, penetration test, response to personal information hacking meeting

Operational Highlights

drill, and training on response to emergency, information operation failure response management drill, event communication and response meeting drill, DDoS drill, and computer system information security assessment.

vi. Holding information security education and training

Designated personnel responsible for information security have to receive at least 15 hours of training in information security topics or professional skills. All employees have to receive at least 3 hours of online program in information security education and pass the test.

vii. Information system or service outsourced management

UBOT outsources for information communication system work or services in accordance with the “Guidelines for Outsourcing of Service and Important Notice to Financial Institutions in Outsourcing for Services”, and in compliance with the principles under the “Information Operation Management Code”.

viii. Information security event response management

Upon the confirmation of an information security event, respective functional units of UBOT shall respond to the supervisors of respective functions in accordance with the “Information Security Emergency Response Plan”, and fill in the information security information notification form to reflect the situation to or request support from the Information Department at the corporate Headquarters to complete the process of internal reporting. The “Information Security Task Force” will determine to take appropriate actions on the basis of the report on the incident and the influence and risk tolerance, and adjust the control measures of the information security protection plan and proceed to subsequent operation procedure.

(4) Assessment of the effect of information security enforcement

UBOT delegated professional institution to conduct audit and information security expert to conduct routine network and information security assessment every year, and proceed to risk analysis on the basis of the objective findings from the verification of a third party and the threat intelligence to fortify the information security management system.

No significant defect has been detected in the 2021 information security audit, and no occurrence of critical information security incident in defiance of information security that resulted in the leak of customer information and fine from the authorities.

D. Resources committed to information security management

UBOT continues to commit resources to information security related affairs, including security basic structure in management and know-how, fortification of information security defense facility, security intelligence gathering and analysis, and related education and training in all aspects of information security capabilities from management to know-how, and from equipment to personnel.

- a、 The result of UBOT in the pursuit of corporate information security policies is specified below:
- b、 Additional 5 sets of regulations governing information security have been introduced in 2021.
- c、 Compilation of teaching materials for information security

Operational Highlights

- training and videotaping of online program in 2021 to convey the message to all employees on important rules and regulations and important notice of information protection and information security.
- d、 Installation of new and replacement of obsolete information security hardware and software with proper system upgrade.
 - e、 Installation of the mechanisms for alternate site and remote office information security protection of whole UBOT in different districts with effective implementation.
 - f、 Installation of the automatic data backup mechanism. Further to same site backup, the data backup copies will be placed in the computer system at alternate sites with routine data recovery exercise drill.
 - g、 UBOT has set up firewall, anti-virus system, and network monitoring and control devices, and delegates professional information security service providers to execute weakness scanning, penetration test and DDoS exercise drill at regular intervals of the year for assuring the security of the information system and network. For reducing the risk deriving from DDoS attack to the extent that website service is impaired, UBOT designed and installed related defense mechanisms.
 - h、 The APP for mobile devices was passed by the testing of a delegated qualified laboratory in accordance with the information security testing standard under the regulations governing the supply of mobile APP by financial institutions.
 - i、 For fortifying the detection and protection from disguised external service website and mobile APP, UBOT continues to check for the existence of phishing sites or act of disguise.
 - j、 In the aspect of personnel training, UBOT arranged professional training for the information security staff and upgrade the knowledge and awareness of all in information security through information security training and social engineering exercise drill. In addition, UBOT also delegated professional institutions to offer courses in program security, and established the channels of counseling to upgrade the overall capacity of information personnel in secure development.
 - k、 Third party professional institution was delegated to conduct assessment on information security in order to review the effectiveness and security of the control measures in service, and reduce the risk of information security.
 - l、 UBOT works in cooperation with F-ISAC for intelligence gathering and sharing in order to keep abreast of the overall information security status and trend in finance and banking, and respond to the risk and threat as early as possible.
 - m、 For the proper implementation of international standards in information security, the insurance broker department of UBOT has been accredited with the ISO 27001 system in 2018, and will continue to introduce related international information security systems for accreditation.

(2) In the most recent year and up to the date of publication of the annual report, if

Operational Highlights

the loss, possible impact and countermeasures of a major information security incident cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be explained. None

7. Labor Relations

- (1) Execution status of employee welfare and retirement policy, labor agreements and protection of employee welfare:
 - A. Establish the Employee Welfare Committee. Deduct 0.5% of employees' monthly salaries and appropriate 0.1% of operating revenue and use the fund to administer employee welfare affairs such as Mother's Day Fair and special allowances for marriage, funeral, birth (including spouse) and major accident.
 - B. In order to promote family care and welfare and comply with the Labor Standards Act, we have established menstrual leave, pregnancy check-up leave, maternity leave, paternity leave, and miscarriage leave. Employees with children younger than three years old may apply for child care leave without pay. The Bank also provides quality breastfeeding (collecting) rooms for female employees.
 - C. Offer deposits, loans and unsecured consumer loan for staff at special rates.
 - D. Set up an employee stock ownership trust, and qualified employees can join freely to achieve the purposes of long-term savings, wealth accumulation, and ensuring a stable life in the future.
 - E. The Bank has set up retirement plan for employees and established the Labor Pension Fund Supervisory Committee, and makes monthly contributions of 2% to 15% to the pension reserve fund in the commissioned account in the Bank of Taiwan to protect labor rights. When an employee apply for retirement, and his service years comply with Labor Standards Act or he meets retirement criteria set out by the Bank's employment rules, the Bank will provide pensions. After the implementation of the Labor Pension Act with effect from July 1, 2005, the Bank makes monthly contributions of 6% to the employees' individual pension account in accordance with the retirement scheme applicable to the Ordinance.
 - F. The Bank has set up rules for governing labor-management committee to maintain sound and harmonious labor-management relationship.
 - G. In order to prevent sexual harassment in the workplace and protect employees' rights and interests, the Bank has formulated the "Workplace Sexual Harassment Prevention, Complaint, and Punishment Guidelines" in line with a friendly workplace and the Act of Gender Equality in Employment. In addition, the Bank has formulated the "Program for Illegal Harm During Performance of Duties" to provide employees with complaint channels about physical, psychological, and verbal violence, and sexual harassment in order to maintain a safe work environment.
- (2) List Any Loss Sustained As A Result of Labor Disputes in the Most Recent Fiscal Year, and During the Current Fiscal Year up to The Date of Publication of the annual report, (Including Matters in Violation of the Labor Standards Act According to Labor Inspection, the Date of Punishment, the Number of Punishments, the Regulations Violated, the Content of Regulations Violated, the

Operational Highlights

Content of Punishments Should Be Listed), Disclose an Estimate of Losses Incurred to Date or Likely to Be Incurred in the Future, and Indicate Mitigation Measures Being or to Be Taken. If the Loss Cannot Be Reasonably Estimated, Make a Statement to That Effect.

In June 2020, an employee engaged in labor mediation and requested confirmation of the existence of the employment relationship due to differences in the perception between the employee and the supervisor for the reasons for severance, and finally both parties reached a settlement with a settlement payment of NT\$150,000 in August 2021.

8. Major Contracts

Mar 31, 2022

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
Insurance Contract	Central Deposit Insurance Corporation	Since Apr. 27, 1994	Performance bond agreement for the solvency of financial institution in paying depositors	None
Insurance Contract	MSIG Mingtai Insurance Co., Ltd.	Jan. 21, 2021 to Jan. 21, 2023	Bankers Blanket Insurance	None
Outsource Contract	Union Information Technology Corp.	Jan. 01, 2022 to Dec. 31, 2022	Design & maintenance of Web and Mainframe	None
Outsource Contract	Union Information Technology Corp.	Jan. 01, 2017 to Jun. 30, 2022	Credit card information system	None
Outsource Contract	Kyndryl Taiwan Corporation	Jan. 01, 2016 to Jun. 30, 2022	Credit card information system	None
Outsource Contract	Financial eSolution Co., Ltd.	Since Apr. 14, 2011	Chip card transactions processing	None
Outsource Contract	Union Information Technology Corp.	Jan. 01, 2021 to Dec. 31, 2021	Collections system of Convenient Store and tuition	None
Outsource Contract	Smart Star Software Inc.	Nov. 05, 2019 to Nov 04, 2022	Maintenance of debt collection System	None
Outsource Contract	Foongtone Technology Co., Ltd.	Since Dec. 30, 2021	Manufacturing of chip credit cards	None
Outsource Contract	Foongtone Technology Co., Ltd.	Since Nov. 02, 2021	Manufacturing of chip ATM cards	None
Outsource Contract	Taiwan Name Plate Co., Ltd.	Since Sep 01, 2021	Manufacturing of chip credit cards	None
Outsource Contract	TECO Smart Technologies Co., Ltd.	Since Oct. 31, 2014	Manufacturing of chip credit cards	None
Outsource Contract	Taiwan Mobile Payment Corporation	Dec. 17, 2014 to Mar. 31, 2021	Manufacturing of credit cards for the mobile payment tools	None
Outsource Contract	Yuen Foong Paper Co., Ltd.	Since Oct. 01, 2018	Printing and mailing	None

Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
			Statement	
Outsource Contract	Yuen Foong Paper Co., Ltd.	Since Oct. 01, 2018	Printing and mailing integrated Statement	None
Outsource Contract	Yuen Foong Paper Co., Ltd.	Oct. 01, 2020 to Sep. 30 2021	Printing of withholding tax statements	None
Outsource Contract	Yuen Foong Paper Co., Ltd.	Since Dec. 26, 2017	Printing and mailing Insurance documents	None
Outsource Contract	Ma Chiu Consulting Management Co. Ltd.	Since Mar. 01, 2010	Household registration transport apply	None
Outsource Contract	Ma Chiu Consulting Management Co. Ltd.	May. 18, 2021 to May. 17, 2022	Household registration and financial/tax information search	None
Outsource Contract	EVERY8D Co., LTD.	Aug. 1, 2022 to Jul. 31, 2023	Messaging system and message delivery service	None
Outsource Contract	SYSTEX Corporation	Jun. 1, 2016 to May 31, 2021	Mail Printing and Posting of Credit Card	
Outsource Contract	Mitake Inc.	Mar. 1, 2022 to Feb. 28, 2023	Messaging system and message delivery service	None
Outsource Contract	Kyndryl Taiwan Corporation	Jul. 01, 2016 to Jun. 30, 2022	Credit card statement printing	None
Outsource Contract	Chunghwa Post Co., Ltd. Taipei Post	Since Nov. 01, 2018	Printing, the credit card notification letter and aerogram	None
Outsource Contract	Chunghwa Post Co., Ltd. Taipei Post	Since Nov. 01, 2018	Enveloping the credit card notification letter and aerogram	None
Outsource Contract	Chunghwa Post Co., Ltd. Taipei Post	Since Nov. 01, 2018	Delivery Service	None
Outsource Contract	Hou Jeh Co., Ltd.	Jan. 01, 2022 to Dec. 31, 2023	Enveloping of printed mail and delivery	None
Outsource Contract	SYSTEX Corporation	Since Aug. 01, 2018	Delivery of credit card statements	None
Outsource Contract	SYSTEX Corporation	Jan. 01, 2021 to Dec, 31, 2025	Delivery of credit card e-statements	None
Outsource Contract	Leebao Security Co., Ltd	Since Aug. 01, 2007	Cash transportation	None
Outsource Contract	Taiwan Security Co., Ltd.	Since Feb. 01, 2016	Cash transportation	None
Outsource Contract	An Fong Enterprise Co., Ltd.	Since Oct. 01, 2004	ATM banknote replenishment and	None

Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
			troubleshooting operation	
Outsource Contract	Lian-An Service Co., Ltd.	Since Feb. 01, 2014	ATM banknote replenishment and troubleshooting operation	None
Outsource Contract	Transnational Group	Jan. 01, 2020 to Dec. 31, 2021	Check clearing house delivery operation	None
Outsource Contract	Yeah Ju-Cui Conveyancing Office	Since Nov. 25, 2014	Conveyancing services	None
Outsource Contract	Hsin Yaun Conveyancing Office	Since Nov. 14, 2014	Conveyancing services	None
Outsource Contract	Ja Chou Conveyancing Office	Since Nov. 17, 2014	Conveyancing services	None
Outsource Contract	Lin Hsiu-Fan Conveyancing Office	Since Dec 1, 2014	Conveyancing services	None
Outsource Contract	Chou Jin-Kuo Conveyancing Office	Since Dec 1, 2014	Conveyancing services	None
Outsource Contract	Shih Chang-Chih Conveyancing Office	Since Nov. 25, 2014	Conveyancing services	None
Outsource Contract	Lin Yin-Hui Conveyancing Office	Since Dec 1, 2014	Conveyancing services	None
Outsource Contract	Huang Jin-Yuan Conveyancing Office	Since Dec 1, 2014	Conveyancing services	None
Outsource Contract	Pu-Hsin Conveyancing Office	Since Dec 1, 2014	Conveyancing services	None
Outsource Contract	Fong Tai Management Consulting Co., Ltd.	Since Aug. 28, 2007	Lost car search service	None
Outsource Contract	Tai Ding Industrial Co., Ltd.	Since Aug. 28, 2007	Lost car search service	None
Outsource Contract	Hong Jeh Management Consulting Co., Ltd.	Since Dec.01, 2009	Lost car search service	None
Outsource Contract	Chen Xu Management Consulting Co., Ltd.	Since Jun. 01, 2019	Lost car resell	None
Outsource Contract	SinJang Enterprise Co., Ltd.	Since Jun. 01, 2019	Lost car resell	None
Outsource	Ho Rong Co.,	Since Oct. 01,	Lost car resell	None

Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
Contract	Ltd.	2006		
Outsource Contract	Hotai Leasing Corporation	Oct. 21, 2021 to Oct 20,2022	Lost car resell	None
Outsource Contract	Lee & Lin Real Estate Consultant	Since Oct 13, 2021	Conveyancing services	None
Outsource Contract	Justor Collection Management Co. Ltd.	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	YuBan Credit Management Consulting Co., Ltd.	Since Jul. 06, 2007	Collection of receivables	None
Outsource Contract	Sparkle Collection Management Co., Ltd	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	Chung Yu Credit Finance & Credit Management Co., Ltd.	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	E-HAO MANAGEMENT CONSULTANT LTD	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	Standard Finance & Credit Management Co., Ltd.	Since Jul. 01, 2007	Collection of receivables	None
Outsource Contract	United Credit Services Ltd.	Since Oct. 27, 2009	Collection of receivables	None
Outsource Contract	Asia Credit Management Co., Ltd.	Since Oct. 27, 2009	Collection of receivables	None
Outsource Contract	Hung Lih Asset Management Consulting Co., Ltd.	Since Oct. 01, 2011	Collection of receivables	None
Outsource Contract	Uni-President Enterprises Corporation	Since Nov. 01, 2005	Collection of consumer loan payment	None
Outsource Contract	Taiwan FamilyMart Co., Ltd.	Since Jun. 01, 2019	Collection of consumer loan payment	None
Outsource Contract	OK Mart Taiwan	Since Jun. 25, 2019	Collection of credit card payment	None
Outsource Contract	Hi-Life International Co., Ltd	Since Sep. 25, 2018	Collection of credit card payment	None
Outsource Contract	Taiwan FamilyMart Co., Ltd.	Since Jun. 01, 2011	Collection of credit card payment	None
Outsource Contract	Uni-President Enterprises Corporation	Since Nov. 01, 2005	Collection of credit card payment	None
Outsource	iPASS	Since Sep. 26,	Collection of	None

Operational Highlights

Nature of Contract	Concerned Parties	Contract Period	Content	Restriction on Contract
Contract	Corporation	2019	credit card payment	
Full Authorization Contract in Security Investment	Union Securities Investment Trust Co., Ltd.	Since Jan. 01, 2020	Conducting security investment with full authorization in accordance with Article 74-1 of the Banking Act	None
Full Authorization Contract in Security Investment	Fubon Securities Investment Trust Co., Ltd.	Since Jan. 01 2021	Conducting security investment with full authorization in accordance with Article 74-1 of the Banking Act	None
Full Authorization Contract in Security Investment	Prudential Financial Securities Investment Trust Enterprise	Since Jan. 01 2022	Conducting security investment with full authorization in accordance with Article 74-1 of the Banking Act	None
Full Authorization Contract in Security Investment	First Securities Investment Trust Co., Ltd.	Since Jan. 01 2022	Conducting security investment with full authorization in accordance with Article 74-1 of the Banking Act	None
Other major contracts	Stark Technology, Inc.	Oct. 15,2018	Anti-money laundering and combating terrorist financing system for bank	None
Other major contracts	Dow Jones Factiva Limited	Jul. 25, 2018	Name scanning database	None
Other major contracts	Stark Technology, Inc.		AML Anti-Money Laundering Risk Causes Project Maintenance	None

9. Securitization Commodities approved by the competent authority and relevant information launched in accordance with Financial Asset Securitization Act or Real Estate Securitization Act in recent years: None

Financial Highlights

1. Condensed Balance Sheets, Income Statement and Auditors' Opinions for the most recent five years.

(1) Condensed Consolidated Balance Sheets - IFRS

In NT\$ thousand

Year Item	Financial Data for the Past Five Years (Note 1)				
	2017	2018	2019	2020	2021
Cash and equivalent, due from the Central Bank and other banks	31,317,157	43,277,365	29,727,331	33,287,236	43,320,917
Financial assets at fair value through profit or loss	12,136,325	36,709,925	30,917,254	34,881,848	46,643,053
Financial assets at fair value through other comprehensive income	-	33,393,507	41,236,965	53,403,733	61,748,943
Investments in debt instruments at amortized cost	-	94,149,872	104,170,149	90,697,662	77,431,542
Available-for-sale financial assets	35,489,633	-	-	-	-
Hedging derivative financial instruments	-	-	-	-	-
Securities purchased under resell agreements	28,234,334	68,480,765	51,417,825	63,911,473	57,721,456
Receivable-Net	17,751,420	18,131,482	21,177,107	24,936,576	27,476,621
Current Tax asset	52,134	81,020	58,716	50,085	5,133
Available-for-sale asset-Net	-	-	-	-	-
Discounts & Loans-Net	316,728,989	325,015,686	384,649,673	422,845,363	493,232,510
Held-to-maturity financial asset	51,285,957	-	-	-	-
Equity Investment(Equity Method)- Net	53,121	1,623,462	1,587,482	1,536,989	1,993,160
Restricted assets	-	-	-	-	-
Other financial asset – Net	48,267,839	2,301,648	3,632,648	4,549,698	1,681,562
Property and equipment- Net	8,081,729	8,007,495	7,969,302	7,925,277	9,967,221
Right-of-use asset-Net	-	-	1,439,735	1,741,760	1,908,089
Investment property-Net	5,284,434	5,398,908	5,369,780	5,288,112	4,911,521
Intangible asset –Net	2,169,444	2,162,961	2,137,457	2,166,337	2,178,326
Deferred tax asset-Net	1,172,974	791,550	698,921	792,478	925,832
Other asset	7,590,797	8,060,448	8,970,842	9,543,375	10,443,260
Total asset	565,616,287	647,586,094	695,161,187	757,558,002	841,589,146
Due to the central bank and other banks	9,249,185	12,111,895	11,860,732	12,481,114	10,000,142
Call loans to the central banks and other banks	-	-	-	3,786,720	7,142,055

Financial Highlights

Year		Financial Data for the Past Five Years (Note 1)				
		2017	2018	2019	2020	2021
Item						
Financial liability at fair value through profit or loss		183,384	307,799	650,981	206,002	495,421
Hedging derivative financial instruments		-	-	-	-	-
Securities sold under repurchase agreements		30,273,976	44,334,388	65,377,436	44,428,176	51,279,756
Payable		7,108,824	7,013,422	4,615,289	5,594,014	8,519,964
Current Income Tax liability		77,173	41,221	369,729	121,567	451,475
Liabilities directly associated with assets held for sale		-	-	-	-	-
Deposit and remittance		449,049,470	513,918,075	532,899,100	606,860,499	671,382,858
Bank debentures		13,109,598	11,180,976	11,673,858	8,664,796	8,747,276
Liability component of preferred stocks		-	-	-	524,000	371,500
Other financial liability		4,291,441	4,089,464	4,887,786	7,420,161	9,784,240
Provision		182,262	262,482	258,535	268,774	382,688
Deferred tax liability		-	-	1,415,180	1,723,121	1,894,074
lease liabilities		937,196	1,269,570	1,617,201	1,696,935	1,675,426
Other liability		2,967,213	2,998,047	3,285,481	3,589,711	3,597,202
Total liability	Before dilution	517,429,722	597,527,339	638,911,308	697,365,590	775,724,077
	After dilution	518,562,523	598,007,339	639,609,737	697,773,348	Note2
Total equity attributable to owners of parent		47,918,675	49,813,029	56,248,301	60,190,835	65,135,311
Capital stock	Before dilution	28,051,524	28,900,129	30,844,553	32,933,688	34,952,187
	After dilution	28,900,129	30,844,553	32,933,688	34,952,187	Note2
Capital surplus		8,032,413	8,032,413	8,035,484	8,040,035	8,051,984
Retained earnings	Before dilution	10,254,481	11,220,664	12,683,372	13,366,042	16,484,719
	After dilution	8,340,134	8,857,655	9,895,808	10,939,785	Note2
Others equity		1,580,257	1,659,823	4,684,892	5,851,070	5,646,421
Treasury Stock		-	-	-	-	-
Non control Interest		267,890	245,726	1,578	1,577	729,758
Total equity	Before dilution	48,186,565	50,058,755	56,249,879	60,192,412	65,865,069
	After dilution	47,053,764	49,578,755	55,551,450	59,784,654	Note2

Note 1: All financial data has been audited by independent auditors.

Note2: The 2022 annual general shareholders' meeting has yet to be held. As such, the amount after appropriation for 2021 was not provided.

Financial Highlights

(2) Condensed Individual Balance Sheet-IFRS

In NT\$ thousand

Year Item	Financial Data for the Past Five Year (Note 1)				
	2017	2018	2019	2020	2021
Cash and equivalent, due from the Central Bank and other banks	29,937,036	41,940,353	28,282,170	32,467,132	42,375,505
Financial assets at fair value through profit or loss	11,852,723	36,355,695	30,599,774	33,967,730	45,833,426
Financial assets at fair value through other comprehensive income	-	33,118,474	40,962,420	52,807,395	60,672,055
Investments in debt instruments at amortized cost	-	94,149,872	104,170,149	90,697,662	77,431,542
Available-for-sale financial assets	35,183,406	-	-	-	-
Hedging derivative financial instruments	-	-	-	-	-
Securities purchased under resell agreements	28,215,334	68,467,365	51,360,225	63,872,973	57,688,435
Receivable-Net	17,627,438	17,870,713	20,432,902	22,703,290	25,351,438
Current Tax asset	46,909	73,563	49,185	44,382	-
Available-for-sale asset-Net	-	-	-	-	-
Discounts & Loans-Net	318,624,348	326,837,853	386,383,784	424,304,969	493,750,735
Held-to-maturity financial asset	51,285,957	-	-	-	-
Equity Investment(Equity Method)-Net	2,981,366	4,725,795	5,375,020	5,863,071	6,523,042
Restricted assets	-	-	-	-	-
Other financial asset – Net	48,100,741	2,204,959	3,520,128	4,471,836	1,605,569
Property and equipment- Net	8,061,615	7,982,503	7,945,393	7,892,451	7,913,431
Right-of-use asset-Net	-	-	1,361,636	1,639,260	1,590,101
Investment property-Net	-	-	-	-	-
Intangible asset –Net	2,162,835	2,154,587	2,128,179	2,156,130	2,168,088
Deferred tax asset-Net	1,019,583	634,777	540,779	636,906	706,598
Other asset	2,102,313	2,490,419	3,267,302	2,751,600	2,970,253
Total asset	557,201,604	639,006,928	686,379,046	746,276,787	826,580,218
Due to the central bank and other banks	8,961,290	11,389,841	11,300,923	11,942,863	9,296,313
Call loan to the central bank and other banks	-	-	-	3,786,720	6,741,390

Financial Highlights

Item \ Year	Financial Data for the Past Five Year (Note 1)					
	2017	2018	2019	2020	2021	
Financial liability at fair value through profit or loss	183,611	307,799	650,981	206,002	495,421	
Hedging derivative financial instrument	-	-	-	-	-	
Securities sold under repurchase agreements	30,273,976	44,334,388	65,377,436	44,428,176	51,279,756	
Payable	7,005,686	6,912,587	4,519,286	5,430,396	8,154,976	
Current Income Tax liability	70,008	24,379	364,806	106,676	411,559	
Liabilities directly associated with assets held for sale	-	-	-	-	-	
Deposit and remittance	449,412,119	514,386,800	533,655,963	608,269,514	672,825,605	
Bank debentures	11,700,000	9,700,000	10,200,000	7,200,000	7,700,000	
Liability component of preferred stocks	-	-	-	-	-	
Other financial liability	21,720	11,825	111	115,361	6,446	
Provision	171,759	252,949	249,967	244,939	361,874	
Lease liabilities	-	-	1,338,560	1,621,207	1,576,632	
Deferred tax liability	911,524	1,228,719	1,569,639	1,635,842	1,604,370	
Other liability	571,236	644,612	903,073	1,098,256	990,565	
Total liability	Before dilution	509,282,929	589,193,899	630,130,745	686,085,952	761,444,907
	After dilution	510,415,730	588,713,899	630,829,174	686,493,710	Note2
Capital stock	Before dilution	28,051,524	28,900,129	30,844,553	32,933,688	34,952,187
	After dilution	28,900,129	30,844,553	32,933,688	34,952,187	Note2
Capital surplus	8,032,413	8,032,413	8,035,484	8,040,035	8,051,984	
Retained earning	Before dilution	10,254,481	11,220,664	12,683,372	13,366,042	16,484,719
	After dilution	8,340,134	8,857,655	9,895,808	10,939,785	Note2
Other equity	1,580,257	1,659,823	4,684,892	5,851,070	5,646,421	
Treasury stock	-	-	-	-	-	
Total equity	Before dilution	47,918,675	49,813,029	56,248,301	60,190,835	65,135,311
	After dilution	46,785,874	49,333,029	55,549,872	59,783,077	Note2

Note 1: All financial data has been audited by independent auditors.

Note 2: The 2022 annual general shareholders' meeting has yet to be held. As such, the amount after appropriation for 2021 was not provided.

Financial Highlights

(3) Condensed Consolidated Comprehensive Income Statement - IFRS

In NT\$ thousand

Item	Financial Data for the past five years (Note)				
	2017	2018	2019	2020	2021
Interest Revenue	10,268,804	10,987,708	12,003,109	11,923,484	11,635,599
Less: interest expense	3,677,756	4,285,920	5,525,647	4,282,424	2,973,928
Net interest	6,591,048	6,701,788	6,477,462	7,641,060	8,661,671
Net revenue others than interest	5,880,317	6,030,533	7,388,720	6,789,302	8,027,102
Total net revenue	12,471,365	12,732,321	13,866,182	14,430,362	16,688,773
Provision reversal of allowance for doUBOTful accounts	356,861	293,579	240,675	290,540	805,824
Operating expense	8,727,933	8,962,158	9,598,051	10,198,147	10,672,705
Income before income tax	3,386,571	3,476,584	4,027,456	3,941,675	5,210,244
Income tax (expense) revenue	(620,536)	(521,583)	(655,978)	(500,170)	(746,848)
Income after income tax	2,766,035	2,955,001	3,371,478	3,441,505	4,463,396
Discontinue segment profit/loss	-	-	-	-	-
Net income	2,766,035	2,955,001	3,371,478	3,441,505	4,463,396
Other comprehensive income					
Other comprehensive income after tax	396,819	(412,950)	3,500,069	1,194,707	882,183
Total comprehensive income	3,162,854	2,542,051	6,871,547	4,636,212	5,345,579
Net income attributable to owners of bank	2,744,987	2,956,724	3,359,457	3,441,709	4,463,396
Net income attributable to Non-controlling interests	21,048	(1,723)	12,021	(204)	(372)
Net profit attributable to owners of bank	3,141,678	2,544,240	6,859,589	4,636,413	5,345,944
Net profit attributable to Non-controlling interests	21,176	(2,189)	11,958	(201)	(365)
Earnings per share	\$1.02	1.00	0.93	0.90	1.21

Note : All financial data has been audited by independent auditors.

Financial Highlights

(4) Condensed Individual Comprehensive Income Statement - IFRS

In NTS thousand

Year Item	Financial Data for The Past Five years (Note)				
	2017	2018	2019	2020	2021
Interest Revenue	10,298,904	11,016,864	12,023,379	11,858,192	11,537,639
less: Interest Expense	3,613,710	4,225,103	5,459,519	4,158,730	2,863,330
Net Interest	6,685,194	6,791,761	6,563,860	7,699,462	8,674,309
Net revenues others than interest	3,602,533	3,779,951	5,096,496	4,379,033	5,490,906
Total net revenue	10,287,727	10,571,712	11,660,356	12,078,495	14,165,215
Provision reversal of allowance for doUBOTful accounts	356,861	291,985	235,584	267,216	776,891
Operating expenses	6,617,616	6,842,702	7,450,405	7,960,819	8,226,513
Income before income tax	3,313,250	3,437,025	3,974,367	3,850,460	5,161,811
Income tax revenue(expense)	(568,263)	(480,301)	(614,910)	(408,751)	(698,043)
Income after income tax	2,744,987	2,956,724	3,359,457	3,441,709	4,463,768
Discontinue segment profit	-	-	-	-	-
Net income	2,744,987	2,956,724	3,359,457	3,441,709	4,463,768
Other comprehensive income after tax	396,691	(412,484)	3,500,132	1,194,704	882,176
Total comprehensive income	3,141,678	2,544,240	6,859,589	4,636,413	5,345,944
Earnings per share	\$1.02	\$1.00	\$0.93	\$0.90	\$1.21

Note: :All financial data has been audited by independent auditors.

(5) Name of CPAs and the Auditors' Opinion

Year	CPA Firm	Independent Auditors	Audit Opinion
2012	Deloitte & Touche	Jui-Chan Huang / Vincent Cheng	Unqualified opinion
2013	Deloitte & Touche	Jui-Chan Huang / Vincent Cheng	Unqualified opinion
2014	Deloitte & Touche	Jui-Chan Huang / Vincent Cheng	Unqualified opinion
2015	Deloitte & Touche	Vincent Cheng / Charels Yang	Unqualified opinion
2016	Deloitte & Touche	Vincent Cheng / Charels Yang	Unqualified opinion
2017	Deloitte & Touche	Vincent Cheng / Charels Yang	Unqualified opinion
2018	Deloitte & Touche	Vincent Cheng / Charels Yang	Unqualified opinion
2019	Deloitte & Touche	Jui-Chan Huang / Charels Yang	Unqualified opinion
2020	Deloitte & Touche	Jui-Chan Huang / Charels Yang	Unqualified opinion
2021	Deloitte & Touche	Jui-Chan Huang / Charels Yang	Unqualified opinion

Financial Highlights

2. Financial Analysis and Capital Adequacy Ratio

(1) Financial Analysis & Key Performance Index (KPI)

A. Consolidated Financial Report.

In NT\$ thousand

Year		Financial Data for the Past Five Years (Note1)				
		2017	2018	2019	2020	2021
Item(Note2)						
Operating capability	Loans to deposits ratio (%)	71.31	64.03	72.99	70.47	74.29
	Non-performing loan ratio (%)	0.12	0.12	0.15	0.14	0.10
	Interest expense to average total deposits (%)	0.66	0.69	0.74	0.55	0.39
	Interest revenue to average total loans (%)	2.08	2.15	2.17	1.97	1.83
	Total asset turnover (times)	0.0227	0.0210	0.0207	0.0199	0.0209
	Average net income per employee	3,141	3,160	3,308	3,329	3,900
	Average earnings per employee	697	733	804	794	1,043
Profitability	Return on tier 1 capital (%)	8.88	7.80	8.52	7.67	9.33
	Return on assets (%)	0.50	0.49	0.50	0.47	0.56
	Return on equity (%)	7.44	7.28	6.70	6.14	7.51
	Net income ratio (%)	22.18	23.21	24.31	23.85	26.74
	EPS (NT\$)	1.02	1.00	0.93	0.90	1.21
Financial Structure	Total liabilities to total assets ratio (%)	91.46	92.24	91.88	92.03	92.13
	Fixed assets to shareholders' equity ratio (%)	16.77	16.00	14.17	13.17	15.13
Growth rate	Asset growth ratio (%)	6.18	14.49	7.35	8.98	11.09
	Profitability growth ratio (%)	2.29	2.66	15.85	(2.13)	32.18
Cash Flow	Cash flow ratio (%)	-	86.32	-	13.36	-
	Cash flow adequacy ratio (%)	99.12	1,093.33	917.36	1,030.12	1,182.70
	Cash flow reinvestment ratio (%)	-	1,401.87	-	358.20	-
Liquid Reserve Ratio (%)		20.65	28.35	27.13	26.64	21.93
Balance of Secured Loans to Related Parties		1,259,684	1,240,019	1,494,031	1,569,623	1,664,714
Total Secured Loans to Related Parties as a % of Total Loans		0.37	0.36	0.37	0.35	0.32
Operation Scale	Market share of asset (%)	1.04	1.14	1.17	1.19	1.25
	Market share of net worth (%)	1.28	1.25	1.30	1.34	1.42
	Market share of deposits (%)	1.08	1.21	1.20	1.25	1.29
	Market share of loans (%)	1.22	1.19	1.34	1.38	1.49

Financial Highlights

Reason of ration change:

The decline of NPL rate was mainly because of the good quality of loan in persistence.

The ratio of interest expense to annual average deposit balance declined mainly because of the further decline of the interest rate for deposit.

Note 1: All financial data has been audited or reviewed by independent auditors.

Note 2: Financial ratios are computed as follows:

I. Operating Capability

- i. Loans to deposits ratio= Total loans/ total deposits (excluding redeposits of Chunghwa Post Co.)
- ii. Non-performing loan ratio= Total NPL/ total loans
- iii. Interest expense to average total deposits= Deposits related interest expense/ average total deposits
- iv. Interest revenue to average total loans= Loans related interest revenue/ average total loans
- v. Total asset turnover= Net operating revenue/ average total assets
- vi. Average net income per employee (Note 6) = Net operating revenue/ total number of employees.
- vii. Average earnings per employee= Net income after tax/ total number of employees.

II. Profitability

- i. Return on tier 1 capital= Net income before tax/ average total tier 1 capital.
- ii. Return on assets= Net income after tax/ average total assets.
- iii. Return on equity= Net income after tax/ average shareholders' equity.
- iv. Net Income ratio= Net income after tax/ net income.
- v. Earnings per share= (Net Income after tax - preferred stock dividend)/weighted average outstanding shares (Note 4)

III. Financial structure

- i. Total liabilities to total assets ratio= Total liabilities (Note 3)/ total assets.
- ii. Fixed assets and equipment to net worth ratio= Fixed assets and equipment, net/ shareholders' equity, net.

IV. Growth rate

- i. Asset growth ratio= (Total assets as at the end of this year - total assets as at the end of last year)/total assets as at the end of last year.
- ii. Profitability growth ratio= (Net income before tax for the current year- net income before tax for the past year)/net income before tax for the past year.

V. Cash flow (Note 7)

- i. Cash flow ratio= Net cash from operating activities/(call loans to banks+ CD payable+ change in fair value of financial liabilities through the income statement+ repurchase securities payable+ Liabilities-current portion due within one year).
- ii. Cash flow adequacy ratio= Net cash from operating activities for the past five years/(capital expenditure+ cash dividends) incurred for the past 5 years.
- iii. Cash flow reinvestment ratio= Net cash from operating activities/net cash from investing activities.

VI. Liquid reserve ratio= Liquid assets statutorily required/reserve for liabilities.

VII. Operation scale

- i. Market share of assets= Total assets/total assets of all authorized deposit-taking and loan-underwriting financial institutions*. (Note 5)
- ii. Market share of net worth= Net worth/total net worth of all authorized deposit-taking and loan-underwriting financial institutions*.
- iii. Market share of deposits= Total deposits/total deposits of all authorized deposit-taking and loan-underwriting financial institutions*.
- iv. Market share of loans= Total loans/total loans of all authorized deposit-taking and loan-underwriting financial institutions*.

Note 3: Total liabilities refer to the amount of liabilities after deducting performance guarantee reserve and contingency reserve.

Note 4: I. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.

II. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.

III. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.

IV. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be SUBOTracted from the net profit after tax, or added to the net loss after tax.

V. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be SUBOTracted

Financial Highlights

from the net profit after tax; no adjustment is required to be made if the result of operation is a net loss.

Note 5: All authorized deposit-taking and loan-underwriting financial institutions include all domestic bank, the local branches of foreign banks, credit cooperative associations, farmers' & fishermen's associations and trust & investment corps.

Note 6: Revenue refers to the sum of interest income and non-interest income.

Note 7: The following notes apply when conducting cash flow analysis:

- I. Net cash flow from operating activities means net cash in-flows from operating activities listed in the statement of cash flows.
- II. Capital expenditures means the amounts of cash out-flows for annual capital investment.
- III. Cash dividend includes cash dividends from both common shares and preferred shares.

Financial Highlights

(B) Financial Analysis – Financial Report

In NT\$ thousand

Year Item(Note2)		Financial Data for the Past Five Years (Note1)				
		2017	2018	2019	2020	2021
Operating capability	Loans to deposits ratio (%)	71.68	64.32	73.22	70.55	74.21
	Non-performing loan ratio (%)	0.12	0.12	0.15	0.14	0.10
	Interest expense to average total deposits (%)	0.66	0.69	0.74	0.56	0.38
	Interest revenue to average total loans (%)	2.08	2.15	2.17	1.97	1.83
	Total asset turnover (times)	0.0190	0.0177	0.0176	0.0169	0.0180
	Average net income per employee	2,780	2,813	2,994	3,005	3,595
	Average earnings per employee	742	787	863	856	1,133
Profitability	Return on tier 1 capital (%)	8.71	7.73	8.47	7.56	9.31
	Return on assets (%)	0.51	0.49	0.51	0.48	0.57
	Return on equity (%)	7.43	7.33	6.69	6.14	7.56
	Net income ratio (%)	26.68	27.97	28.81	28.49	31.51
	EPS (NT\$)	1.02	1.00	0.93	0.90	1.21
Financial Structure	Total liabilities to total assets ratio (%)	91.38	92.17	91.77	91.91	92.08
	Fixed assets to shareholders' equity ratio (%)	16.82	16.02	14.13	13.11	12.15
Growth rate	Asset growth ratio (%)	6.41	14.68	7.41	8.73	10.76
	Profitability growth ratio (%)	2.69	3.74	15.63	(3.12)	34.06
Cash Flow	Cash flow ratio (%)	-	84.52	-	15.77	-
	Cash flow adequacy ratio (%)	81.05	1,029.33	881.60	1,013.59	1,192.00
	Cash flow reinvestment ratio (%)	-	2,380.43	-	3,483.36	-
Liquid Reserve Ratio (%)		20.65	28.35	27.13	26.64	21.93
Balance of Secured Loans to Related Parties		3,155,043	3,062,186	3,228,142	3,029,229	2,182,939
Total Secured Loans to Related Parties as a % of Total Loans		0.94	0.88	0.79	0.68	0.42
Operation Scale	Market share of asset (%)	1.02	1.13	1.16	1.17	1.23
	Market share of net worth (%)	1.27	1.24	1.30	1.34	1.41
	Market share of deposits (%)	1.08	1.21	1.20	1.25	1.29
	Market share of loans (%)	1.22	1.20	1.35	1.38	1.49

Financial Highlights

Reason of ration change:

The decline of NPL rate was mainly because of the good quality of loan in persistence. The ratio of interest expense to annual average deposit balance declined mainly because of the further decline of the interest rate for deposit.

Note 1: All financial data for the most recent two years was audited by CPA.

Note 2: Financial ratios are computed as follows:

I. Operating Capability

Loans to deposits ratio= Total loans/ total deposits (excluding redeposits of Chunghwa Post Co.)

Non-performing loan ratio= Total NPL/ total loans.

Interest expense to average total deposits= Total interest expense/ average total deposits.

Interest revenue to average total loans= Total interest revenue/ average total loans.

Total asset turnover= Net operating revenue/ total assets.

Average net income per employee (Note 6) = Net operating revenue/ total number of employees.

Average earnings per employee= Net income after tax/ total number of employees.

II. Profitability

Return on tier 1 capital= Net income before tax/ average total tier 1 capital.

Return on assets= Net income after tax/ average total assets.

Return on equity= Net income after tax/ average shareholders' equity.

Net Income ratio= Net income after tax/ net income.

Earnings per share= (Net Income after tax - preferred stock dividend)/weighted average outstanding shares (Note 4)

III. Financial structure

Total liabilities to total assets ratio= Total liabilities/total assets.

Fixed assets to net worth ratio= Fixed assets, net/ shareholders' equity, net.

IV. Growth rate

Asset growth ratio= (Total assets as at the end of this year - total assets as at the end of last year)/total assets as at the end of last year.

Profitability growth ratio= (Net income before tax for the current year- net income before tax for the past year)/net income before tax for the past year.

V. Cash flow (Note 7)

Cash flow ratio= Net cash from operating activities/(call loans to banks+ CD payable+ change in fair value of financial liabilities through the income statement + repurchase securities payable+ Liabilities-current portion due within one year).

Cash flow adequacy ratio= Net cash from operating activities for the past five years/(capital expenditure+ cash dividends) incurred for the past 5 years.

Cash flow reinvestment ratio= Net cash from operating activities/net cash from investing activities.

VI. Liquid reserve ratio= Liquid assets statutorily required/reserve for liabilities.

VII. Operation scale

Market share of assets= Total assets/total assets of all authorized deposit-taking and loan-underwriting financial institutions*.(Note 5)

Market share of net worth= Net worth/total net worth of all authorized deposit-taking and loan-underwriting financial institutions*.

Market share of deposits= Total deposits/total deposits of all authorized deposit-taking and loan-underwriting financial institutions*.

Market share of loans= Total loans/total loans of all authorized deposit-taking and loan-underwriting financial institutions*.

Note 3: Total liabilities refer to the amount of liabilities after deducting performance guarantee reserve and contingency reserve.

Note 4: I. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.

II. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.

Financial Highlights

III. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.

IV. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be sUBOTracted from the net profit after tax, or added to the net loss after tax.

V. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be sUBOTracted from the net profit after tax; no adjustment is required to be made if the result of operation is a net loss.

Note 5: All authorized deposit-taking and loan-underwriting financial institutions include all domestic bank, the local branches of foreign banks, credit cooperative associations, farmers' & fishermen's associations and trust & investment corps.

Note 6: Revenue refers to the sum of interest income and non-interest income.

Note 7: The following notes apply when conducting cash flow analysis:

I. Net cash flow from operating activities means net cash in-flows from operating activities listed in the statement of cash flows.

II. Capital expenditures means the amounts of cash out-flows for annual capital investment.

III. Cash dividend includes cash dividends from both common shares and preferred shares.

Financial Highlights

(2) Capital Adequacy

(Unconsolidated)

In NT\$ thousand

Item		Year(Note1)	Capital Adequacy Ratio for the Past Five Years (Note2)					Capital Adequacy Ratio as of the current year
			2017	2018	2019	2020	2021	
Regulatory Capital	Common Stock Equity		31,867,478	33,172,535	37,440,298	40,774,470	45,523,219	As of the date of publication of the annual report, the recent information (2021) certified or audited by the CPA has been presented in the left column and does not need to be disclosed again.
	Other Tier1 Capital of Non- Common Stock Equity		12,146,864	11,720,972	11,559,375	12,096,138	12,552,479	
	Tier2 Capital		5,726,391	4,310,985	6,347,470	8,100,742	7,412,960	
	Regulatory Capital		49,740,733	49,204,492	55,347,143	60,971,350	65,488,658	
Risk Weighted Assets	Credit risk	Standardized Approach	262,292,427	289,940,083	332,391,574	358,778,139	350,479,999	
		Internal Ratings-Based Approach						
		Credit Valuation Adjustment (CVA)	25,735	29,221	31,217	51,481	60,217	
		Asset Securitization	11,794,762	2,343,167	700,692	1,457,002	345,662	
	Operation risk	Basic Indicator Approach	17,986,588	18,656,113	19,966,470	21,379,484	23,429,481	
		Standardized Approach/ Alternative Standardized Approach						
		Advanced Measurement Approach	24,757,659	32,534,371	23,513,386	30,328,618	32,880,351	
	Market Risk	Standardized Approach	24,757,171	32,534,371	23,513,386	30,328,618	32,880,351	
		Internal Model Approach						
	Total Risk-weighted Assets			316,857,171	343,502,955	376,603,339	411,994,724	407,195,710
Capital Adequacy Ratio			15.70%	14.32%	14.70%	14.80%	16.08%	
Ratio of tier 1 capital to risk-weighted assets			13.89%	13.07%	13.01%	12.83%	14.26%	
Ratio of common stock equity to risk-weighted assets			10.06%	9.66%	9.94%	9.90%	11.18%	
Leverage Ratio			7.30%	6.48%	6.53%	6.55%	6.53%	

Note1: The financial data in all periods was audited by CPA..

Note2: Core capital, weighted risk-based assets and total exposures in this Table were calculated in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "Explanation and Table of Computation of Banks' Core Capital and Risk-Weighted Assets".

Note3: The ratios are computed as follows:

- i. Regulatory Capital = Common Stock Equity + Other Tier1 Capital of Non- Common Stock Equity + Tier2 Capital
- ii. Total risk-weighted assets = Credit risk weighted assets + (operational risk + market risk) capital appropriation * 12.5.
- iii. Capital adequacy ratio = Regulatory capital / Total risk-weighted assets.
- iv. Ratio of tier 1 capital to risk-weighted assets = (Common Stock Equity + Other Tier1 Capital of Non- Common Stock Equity) / Total risk-weighted assets.
- v. Ratio of Common Stock Equity to risk-weighted assets = Common Stock Equity / Total risk-weighted assets.
- vi. Gearing ratio = Tier 1 Capital - Net / Total Risk Exposure.

Note4: As of the date of publication of the annual report, if the information is certified or audited by the accountant, it should be disclosed.

Financial Highlights

(Consolidated)

In NT\$ thousand

Item		Year(Note1)	Capital Adequacy Ratio for the Past Five Years (Note2)				
			2017	2018	2019	2020	2021
Regulatory Capital	Common Stock Equity		31,226,900	32,575,667	37,013,051	40,287,801	44,997,272
	Other Tier1 Capital of Non- Common Stock Equity		12,878,925	12,496,555	12,506,259	12,984,989	13,419,550
	Tier2 Capital		8,534,948	7,313,533	9,685,896	11,372,099	10,663,854
	Regulatory Capital		52,640,773	52,385,755	59,205,206	64,644,889	69,080,676
Risk Weighted Assets	Credit risk	Standardized Approach	271,952,498	299,979,309	343,055,529	370,780,083	363,691,591
		Internal Ratings-Based Approach					
		Credit Valuation Adjustment (CVA)	25,735	29,221	31,217	51,481	60,217
		Asset Securitization	11,794,762	2,343,167	700,692	1,457,002	345,662
	Operation risk	Basic Indicator Approach	20,976,363	22,156,450	23,560,822	25,122,017	27,435,045
		Standardized Approach/ Alternative Standardized Approach					
		Advanced Measurement Approach					
	Market Risk	Standardized Approach	25,883,018	33,506,790	24,423,653	32,384,711	34,758,825
		Internal Model Approach					
	Total Risk-weighted Assets			330,632,376	358,014,937	391,771,913	429,795,294
Capital Adequacy Ratio			15.92%	14.63%	15.11%	15.04%	16.21%
Ratio of tier 1 capital to risk-weighted assets			13.34%	12.59%	12.64%	12.39%	13.70%
Ratio of common stock equity to risk-weighted assets			9.44%	9.10%	9.45%	9.37%	10.56%
Leverage Ratio			7.21%	6.42%	6.52%	6.49%	6.45%

Note1: The financial data in all periods was audited by the CPA.

Note2: Core capital, weighted risk-based assets and total exposures in this Table were calculated in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "Explanation and Table of Computation of Banks' Core Capital and Risk-Weighted Assets".

Note3: The ratios are computed as follows:

- i. Regulatory Capital = Common Stock Equity + Other Tier1 Capital of Non- Common Stock Equity + Tier2 Capital
- ii. Total risk-weighted assets = Credit risk weighted assets + (operational risk + market risk) capital appropriation * 12.5.
- iii. Capital adequacy ratio = Regulatory capital / Total risk-weighted assets.
- iv. Ratio of tier 1 capital to risk-weighted assets = (Common Stock Equity + Other Tier1 Capital of Non- Common Stock Equity) / Total risk-weighted assets.
- v. Ratio of Common Stock Equity to risk-weighted assets = Common Stock Equity / Total risk-weighted assets.
- vi. Gearing ratio = Tier 1 Capital- Net / Total Risk Exposure

Note4: As of the date of publication of the annual report, if the information is certified or audited by the accountant, it should be disclosed.

Financial Highlights

3. Supervisors' Report for the 2020 Financial Statements

Union Bank of Taiwan Co., Ltd.

Audit Committee's Report

The Bank's 2021 consolidated financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and International Financial Reporting Standards, International Accounting Standards, interpretations and interpretation announcements approved and issued by the Financial Regulatory Commission. The Bank's 2021 individual financial report was prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms. The above statements have been audited by CPA Mr. Jui-Chan Huang and Mr. Charles Yang of Deloitte & Touche and further determined to be correct and accurate by the supervisors. Hence, according to Article 14-4 and 14-36, we hereby submit this report.

To:
2021 Annual General Shareholders' Meeting of Union Bank of Taiwan Co.,

Union Bank of Taiwan Co., Ltd.

Convener of Audit Committee : Guo-Zhang Li



March 7, 2022

Financial Highlights

4. Financial Statements for 2021: Please refer to Appendix.

5. 2021 Individual Financial Statements for certified and audited by the CPA:
Please refer to Appendix.

6. Any Financial Difficulties Experienced by the Bank and its Affiliated Enterprises in the Past Year and Current Year up to the Printing Date of the Annual Report, if yes, please narrate the impact upon the Bank's financial conditions: None.

Analysis of the Financial Status and Operating Results & Risk Management

1. Financial Status

In NT\$ thousand

Item	Year		Difference	
	Dec. 31, 2021	Dec. 31, 2020	Amount	%
Cash & cash equivalent, Due from Central Bank and other banks (note 1)	43,320,917	33,287,236	10,033,681	30.14
Financial assets at fair value through profit or loss	46,643,053	34,881,848	11,761,205	33.72
Fair value through profit or loss financial assets. (note 2)	61,748,943	53,403,733	8,345,210	15.63
Amortized cost financial assets	77,431,542	90,697,662	(13,266,120)	(14.63)
Securities purchased under re-sale agreements	57,721,456	63,911,473	(6,190,017)	(9.69)
Account receivable – net	27,476,621	24,936,576	2,540,045	10.19
Current income tax asset	5,133	50,085	(44,952)	(89.75)
Discount & loans – net	493,232,510	422,845,363	70,387,147	16.65
Stock investments accounted for under the Equity Method	1,993,160	1,536,989	456,171	29.68
Other Financial Assets – net (Note 3)	1,681,562	4,549,698	(2,868,136)	(63.04)
Property & equipment – net	9,967,221	7,925,277	2,041,944	25.76
Right-of-use asset	1,908,089	1,741,760	166,329	9.55
Investment property-net	4,911,521	5,288,112	(376,591)	(7.12)
Intangibles	2,178,326	2,166,337	11,989	0.55
Deferred income tax assets	925,832	792,478	133,354	16.83
Other assets	10,443,260	9,543,375	899,885	9.43
Total assets	841,589,146	757,558,002	84,031,144	11.09
Due to Central Bank & other banks	10,000,142	12,481,114	(2,480,972)	(19.88)
Funds Borrowed from Central Bank and banks	7,142,055	3,786,720	3,355,335	88.61
Financial liability at fair value through profit or loss	495,421	206,002	289,419	140.49
Securities sold under re-purchase agreement	51,279,756	44,428,176	6,851,580	15.42
Accounts Payable (note 4)	8,519,964	5,594,014	2,925,950	52.31
Current income tax liabilities	451,475	121,567	329,908	271.38
Deposit & remittance	671,382,858	606,860,499	64,522,359	10.63
Bank debentures	8,747,276	8,664,796	82,480	0.95
Preferred stock liability	371,500	524,000	(152,500)	(29.10)
Other financial liability	9,784,240	7,420,161	2,364,079	31.86
Provision	382,688	268,774	113,914	42.38
Finance lease obligations	1,894,074	1,723,121	170,953	9.92
Deferred income tax liabilities	1,675,426	1,696,935	(21,509)	(1.27)
Other liabilities	3,597,202	3,589,711	7,491	0.21
Total liabilities	775,724,077	697,365,590	78,358,487	11.24

Analysis of the Financial Status and Operating Results & Risk Management

Item	Year	Dec. 31, 2021	Dec. 31, 2020	Difference	
				Amount	%
Capital stock		34,952,187	32,933,688	2,018,499	6.13
Capital surplus		8,051,984	8,040,035	11,949	0.15
Retained earnings		16,484,719	13,366,042	3,118,677	23.33
Others equity (note 5)		5,646,421	5,851,070	(204,649)	(3.50)
Total equity attributable to owners of the Bank		65,135,311	60,190,835	4,944,476	8.21
Non control interest		729,758	1,577	728,181	46175.08
Total Equity		65,865,069	60,192,412	5,672,657	9.42

Notes:

1. Cash and cash equivalents, due from Central Bank and call loans to banks: mainly because of the increase of deposit reserve and due from banks.
2. Financial assets at fair value through income statements: mainly because of the increase of investment in commercial papers.
3. Other financial assets: mainly because of the decrease of the due from banks in time deposits.
4. Financing from Central Bank and other banks: mainly because of the increase of financing from Central Bank.
5. Income tax liabilities in current period: mainly because of the increase of payable income tax.
6. Other financial liabilities: mainly because of the increase of payable commercial papers.

2. Results of Operation

In NT\$ thousand

Item	2021	2020	Change in Amount	Change in %
	Amount	Amount		
Interest Income	8,661,671	7,641,060	1,020,611	13.36
Income other than Interest Income	8,027,102	6,789,302	1,237,800	18.23
Reversal of Bad debt expense (note 1)	805,824	290,540	515,284	177.35
Operating expense	10,672,705	10,198,147	474,558	4.65
Income (loss) before tax	5,210,244	3,941,675	1,268,569	32.18
Income tax benefits (expense)	746,848	500,170	246,678	49.32
Consolidated income	4,463,396	3,441,505	1,021,891	29.69
Other comprehensive income, net of income tax (note 2)	882,183	1,194,707	(312,524)	(26.16)
Total comprehensive income	5,345,579	4,636,212	709,367	15.30

Notes of change:

1. Net doUBOTful accounts: mainly because of the increase of balance of drawn down Additional provision for doUBOTful account.
2. Income tax: the growth of profit led to an increase of income tax expense for recognition.

Analysis of the Financial Status and Operating Results & Risk Management

3. Cash Flow

(1) Cash Flow Analysis for the Past Two Years

In NT\$ thousand

Item \ Year	2021	2020	Change in %
Cash flow ratio (%)	-	13.36%	-
Cash flow adequacy ratio (%)	1,182.70%	1,030.12%	152.58%
Cash flow satisfaction ratio (%)	-	358.20%	-

The surge of the cash flow adequacy ratio is mainly because of the increase of net cash flow from operation over the last 5 years in accumulation.

(2) Liquidity Analysis for the Next Year

In NT\$ thousand

Opening balance of cash ①	Expected cash inflows (outflows) from operating activities ②	Total expected cash inflows (outflows) ③	Expected cash surplus (deficit) ①+②+③	Corrective measures for cash Deficiency	
				Investment Plan	Financing Plan
71,489,262	15,361,379	(974,283)	85,876,358	-	-

Cash flow analysis:

1. Operating activities: The increase was due to the growth of operating activities.
2. Investing and financing activities: The increase was due to the issuance of subordinated debt and the increase of reinvestment
3. Measures to finance cash deficiency and liquidity analysis: None.

4. The Impact of Major Capital Expenditure on the Bank's Financial Operations for the recent years: None

5. Reinvestment Policy, the Main Reasons for Profit or Loss, Corrective Action Plan in last year, and Investment Plan for the Next Year:

(1) Reinvestment Policy

The Bank's basic principles of reinvestment are to be in line with the government policy, to carry out business diversification and to optimize capital utilization. In addition, the bank will coalesce its related financial business channels to provide customers with multiple services and to create an operating synergy for the group.

(2) The Main Reasons for Profit or Loss

The Bank's Investment profit recognized in 2021 totaling NT\$ 79.96 million and the main items recognized are the operating profit and cash dividend income of the reinvestment business.

(3) Improvement Plan

The Bank evaluates the performance and risks of our investee companies on a regular basis during the year. We adopt a proactive management approach in that we examine the financial and business status of investee companies from time to time and make adjustments accordingly to ensure performance.

(4) Investment Plan for the Next Year

Will depend on the overall economic environment and the Bank's operating strategy.

Analysis of the Financial Status and Operating Results & Risk Management

6. Risk Management

(1) Qualitative and Quantitative Information About the Various Risks:

A. Credit Risk Management System and Capital Requirement:

a. Credit Risk Management System-2020

Item	Contents
1. Credit risk management strategies and procedures	<ol style="list-style-type: none"> 1. Credit risk management strategy: The Bank has enacted UBOT credit risk management principle as the basis to plan, promote, manage and execute the credit risk. 2. Credit risk management objective: The Bank has established credit risk management mechanism to lower credit risk, and to achieve the objective of operating and management, and to attain a balance between risk control and business development. 3. Credit risk management policy: The Bank has aimed at maintaining an adequate capital base within an acceptable level of credit risk to complete the objective of credit risk strategy and maximize revenue in after-risk-adjusted. 4. Credit risk management procedure: The Bank has employed procedures such as risk recognition, risk measuring, risk offsetting, risk control and risk reporting etc. to establish risk management system.
2. Credit risk management organization and framework	<ol style="list-style-type: none"> 1. Board of Directors: The highest decision-making unit of the Bank's credit risk management policy. Responsible for reviewing the Bank's credit risk management policy. 2. Assets and Liabilities Management Committee: Responsible for reviewing the implementation of the Bank's credit risk management. 3. Risk Management Dept.: Responsible for examining the risk management mechanisms established by the respective business administration departments, performing the risk control and submitting the risk control report to the Board of Directors regularly. 4. Business Planning and Administration Dept.: Responsible for formulating the business management rules and control mechanisms and properly supervising the performance of risk control of respective business unit. 5. Respective business units: Shall comply with the rules and regulations set forth by the Business Planning and Administration Departments while conducting their day-to-day operations.
3. Scope and characteristics of credit risk reporting and measurement system	<p>Scope of Risk Reporting</p> <ol style="list-style-type: none"> 1. All business administration departments report to the Assets and Liabilities Management Committee on a periodic basis regarding the status of business promotion and execution as well as information on the allocation of risk-based assets. 2. The Risk Management Dept. monitors the control of the Bank's credit limits on a periodic basis and reports to the Assets and Liabilities Committee with respect to concentration of credit risks and achievement of the BIS targets set for various business sectors. The Risk Management Dept. also reports to the Board of Directors on the various business volumes achieved, status of

Analysis of the Financial Status and Operating Results & Risk Management

Item	Contents
	<p>nonperforming loans, concentration of credit risks and the execution of credit risk control measures.</p> <p>Measurement System: The Bank adopts the Standardized Approach to compute the capital requirement and regularly generates official risk management reports. The Risk Management Dept. and the respective business administration departments generate various risk exposure reports by business, industry, country, group, credit concentration and types of collateral, to effectively measure and manage the combination of asset.</p>
4. Credit risk hedging or risk reduction policies, and strategies and procedures for monitoring the effectiveness of hedges and risk reduction tools	<p>The Bank employs suitable strategies such as eschewing, transfer, control and undertaking to tackle possible credit risk losses of all business units according to their respective business characteristics and cost-effective considerations.</p> <p>The Bank's IT system provides the relevant risk information to assist the Bank's management to perform risk monitoring procedures. The Risk Management Dept. reports the status of risk control measures to the Board of Directors on a six-monthly basis.</p>
5.Method used to provide the legal capital	Standard Method.

b. Exposure after risk reduction & capital requirement for standard method of credit risk calculation

As of Dec 31, 2021

In NT\$ thousand

Type of exposure	Exposure after risk reduction	Capital requirement(Note)
Sovereign states	123,172,743	263,236
Public departments other than the central government	30,211,171	634,435
Banks (including multiple development banks)	31,095,995	1,386,258
Enterprises (including securities and insurance companies)	47,064,096	4,407,203
Retailing credits	68,356,631	4,872,212
Residential real estate	373,096,315	22,698,414
Investments in equity securities	8,659,276	909,224
Equity securities investment in funds and venture capital businesses	4,872,752	471,762
Other assets	21,253,608	1,157,656
Total	707,782,587	36,800,400

Note: The capital requirement is exposure after risk reduction multiplying by the statutory minimum capital adequacy ratio (2021: 10.5%).

Analysis of the Financial Status and Operating Results & Risk Management

B. Risk Management System, Risk Exposure and Capital Requirement of Asset Securitization: a. Risk Management System of Asset Securitization in 2020

Item	Contents
1. Management strategy and procedure of securitization	<p>(1) Securitization Strategy: The current asset securitization investment positions held by the Bank belong to the banking books. In principle the bank does not act in the capacity of the originating bank of securitization products, but rather plays as the investor to earn stable income. The investment target products are mainly of the investment grade with higher security.</p> <p>(2) Securitization procedure: Before making investment, the bank evaluates the characteristics, credit rating, returns and risks of the products to understand the security, liquidity and profitability. Investment proposals should be submitted to the Board of Managing Directors for approval, and regularly review the exposure status on the investment targets.</p>
2. Securitization management organization and framework	The Bank does not act as the originating bank of any securitized products. The risks of positions invested are evaluated and reviewed by the investing unit and the Bank's risk management department periodically.
3. Scope and characteristics of securitization risk report and measuring system	In addition to observing the global economy and market interest rate change in connection with the investment on securitization products, regular evaluation and monitoring on risk and income are performed periodically and the results are submitted to Asset and Liability Management committee and the Board of Director.
4. Securitization hedging or risk reduction policies, and effective strategies and procedures for controlling risk hedging and risk reduction tools	The relevant units shall review and control the securitized products periodically.
5. Approach to require the authorized capital	Standard Method
6. Disclosure of Marco qualitative: a. Objectives of securitization activities and the risk of re-securitization. b. Other risk of asset securitization. c. The role and the degree of	

Analysis of the Financial Status and Operating Results & Risk Management

Item	Contents
involvement in securitization process. d. The description of monitoring tool in credit and market fluctuation related to securitization exposure. e. Management policy of offsetting credit risk in securitization and re securitization.	Not applicable since the Bank does not act as the originating bank of securitized product.
7. The description of accounting policy of bank's securitization..	
8. Explain the exposure of securitization and ECAI in the banking book	
9. Explain major change in the quantities information after reporting period	

b. Status of Asset Securitization as of December 31, 2021

Type	Total issue amount	Outstanding balance	Amount repurchased
None			

Analysis of the Financial Status and Operating Results & Risk Management

c. Exposure & Capital Requirement of Asset Securitization as of December Dec 31, 2021

In NT\$ thousand

Type of exposure	Type of exposure	Conventional		Portfolio		Total		Capital requirement prior to securitization	
		Exposures		Capital requirement (2)	Exposure	Capital requirement (4)	Capital requirement (6) = (2)+(4)		Exposures (5) = (1)+(3)
		SUBOTotal (1)	Held or Purchased (3)						
		The enhancement of credit provided	Liquidity facilities provided	Held or Purchased					
Book Type The role of bank	Non-originating bank	CMO							
			Bank Book	19,690,612	27,653		19,690,612	27,653	
			Trade Book						
		SUBOTotal	19,690,612	19,690,612	27,653		19,690,612	27,653	
	Originating bank	Bank Book							
		Trade Book							
SUBOTotal									
	Total	19,690,612	19,690,612	27,653		19,690,612	27,653		

d. Information of Securitized commodities investment as of December 31, 2020

Analysis of the Financial Status and Operating Results & Risk Management

I. Summary of Investment in Securitized commodities

USD : NTD = 1 : 28.508

In NT\$ thousand

Item	Account	Initial Cost	Cumulative Valuation Gain or Loss	Cumulative Impairment	Carrying Amount
CMO	Financial Assets at Fair Value Through Profit or Loss	34,347	6,530	0	40,877
CMO	Investment in Debt Instruments at Amortized Cost	19,596,455	0	185,523	19,410,932

Note1: The above numbers do not include the amount of Interest Receivable.

Note2: Accumulated valuation gains or losses and accumulated impairment losses were calculated and provided by an internationally renowned professional risk management agency (Yield Book model).

II.

- i. Information on Securitized commodities investment where the initial cost of a single investment is in excess of NT\$300 million (excluding those held by the Originator for the purpose of credit enhancement):

USD : NTD = 1 : 27.69

In NT\$ thousand

Name of Securities	Account (Note)	Currency	Issuer & Place	Purchase Date	Coupon Rate	Credit Rating	Method of Interest Payment & Principal Repayment	Initial Cost	Cumulative Valuation Gain or Loss	Cumulative Impairment	Carrying Amount	Attach ment Point	Details of Asset Pool
				Maturity Date									
Ginnie Mae CMO	Non-active market debt instruments	USD	Ginnie Mae	20091130-20211230	2.0%~5.5%	Moody's Aaa	Monthly	13,132,382	0	124,283	13,008,098	N/A	N/A
				20220220-20340916									
Fannie Mae CMO	Non-active market debt instruments	USD	Fannie Mae	20121030	2.5%~3.0%	S&P AAA+	Monthly	413,423	0	3,923	409,501	N/A	N/A
				20290702									

- ii. Securitized commodities held by the bank as the originator for the purpose of credit enhancement In NT\$ thousand

Name of Securities	Currency	Purchase Date	Maturity Date	Coupon Rate	Credit Rating	Method of Interest Payment & Principal Repayment	Initial Cost	Cumulative Valuation Gain or Loss	Cumulative Impairment	Carrying Amount	Attachment Point	Details of Asset Pool
None												

- iii. Bank acting as the buyer or liquidating buyer of the impaired assets of Securitized commodities

In NT\$ thousand

Name of Securities	Currency	Issuer & Place	Maturity Date	Contract Details	Status of Contract Execution

Analysis of the Financial Status and Operating Results & Risk Management

None

III. Bank acting as the guarantor of, or the provider of liquidity facility for the Securitized commodities

In NT\$ thousand

Name of Securities	Currency	Purchase Date	Maturity Date	Coupon Rate	Credit Rating	Acting As	Amount	Attachment Point	Details of Asset Pool
None									

C. Operation Risk Management System and Capital Requirement

a. Operation Risk Management System

2021

Item	Risks
1. Operation risk management strategies and procedures	<p>Strategies: The Bank has enacted the "Operation Risk Management Guidelines of Union Bank of Taiwan" which serves as the basis for relevant business units to plan, promote, manage and execute operations risk management.</p> <p>Procedure: The Bank has built up an operation risk management mechanism through procedures for risk identification, assessment, measuring, monitoring and reporting.</p>
2. Operational risk management organization and framework	<ol style="list-style-type: none"> 1. Board of Directors: The top decision-making body of the Bank's operational risk management policy. Responsible for reviewing the Bank's operational risk management policy. 2. Assets and Liabilities Management Committee: Responsible for reviewing the implementation of the Bank's operational risk management. 3. Risk Management Dept.: Responsible for examining the risk management mechanisms established by the respective business administration departments, performing risk control and the submitting the risk control report to the board of Directors regularly. 4. Business Planning and Administration Dept.: Responsible for formulating the business management rules and control mechanisms and supervising the performance of risk control of respective business unit. 5. All business units: Shall comply with the rules and regulations set forth by the Business Administration departments in daily operations.

Analysis of the Financial Status and Operating Results & Risk Management

Item	Risks
3. Scope and characteristics of the operational risk reporting and measurement system	<ol style="list-style-type: none"> 1 The Bank adapts the “Guidelines for Collection of Operational Risk Information” and establishes the “Operational Risk Reporting System” for all departments to report any operational risk incident to the Risk Management Dept. 2 The Bank has put in place the “Operational Risk Indicators”. Upon setting the control frequency and risk warning standards, the relevant departments are responsible for providing the risk indicator values based on the risk control frequency to the Risk Management Dept. Improvement measures are taken to address any risks that exceeded the set standards. 3 The Bank has adopted the “Guidelines for Operational Risk Control Self-Assessment” and established the “Operational Risk Control Self-Assessment” database to carry out the operational risk control self-assessment throughout the Bank periodically. 4 The Risk Management Dept. reports the status control of “Operational risk events”, “Operational risk indicators” and “Operational risk control self-assessment” to the Assets and Liabilities Management Committee and Board of Directors on a regular basis.
4. Operational risk hedging or risk reduction policies, and strategies and procedures for monitoring the effectiveness of hedges and risk reduction tools	<ol style="list-style-type: none"> 1. The Bank evaluates the frequency and level of influence with respect to operation risk confronted and adopts a series of risk reduction measures such as insurance, outsourcing operation, procedure improvement, personnel training enhancement, urgent response actions set up and risk hedging. 2. The Bank takes every possible operation risk into consideration and build up acceptable action measures while enacting operation manual for core products. In addition, External and internal auditing are the enhancements of operation risk prevention. 3. Risk Management Dept. informs Assets and Liabilities Management Committee about operation risk incidents collected quarterly and reports the Board of Director the operation risk control status of all business biannually.
5. Method used to provide the legal capital	Basic Indicator Approach.

b. Operation Risk Capital Requirement as of Dec.31, 2021

In NT\$ thousand

Year	Gross profit	Capital requirement
2018	11,644,056	
2019	11,949,060	
2020	13,894,053	
Total	37,487,169	1,874,358

Analysis of the Financial Status and Operating Results & Risk Management

D. Market Risk Management System and Capital Requirement

a. Market Risk Management System – 2021

Item	Contents
1. Market risk management strategies and procedures	<ol style="list-style-type: none"> 1. The Bank has enacted “UNION BANK market risk management principle” approved by the Board of Directors, as the basis for market risk management. 2. The management procedure of market risk management contains the following five processes: <ol style="list-style-type: none"> (1) Risk Identification: For items on/off the Balance Sheet, the bank identify the market risk factors of various products and investment business to evaluate the risk and define management procedure and control mechanism. (2) Risk Measurement: To cope with market risk quantification, there is at least one assessment tool for each investment or transaction. The assessment tools include mark-to-market, nominal principal, sensitivity analysis, value at risk and pressure test. (3) Risk Monitoring: Clearly define risk limits on relevant operation regulations for all business and monitor by frequency. Risk Management Dept. is in charge of the summarization and presentation of market risks for the Bank. (4) Risk Reporting: Risk Reporting is divided into routine reporting, overrun reporting and exceptional reporting. Routine reports are distributed to proper authorized level in accordance with the List of Separation of Duties; overrun reports should explain overrun status and suggest responsive measures; Exception reports are submitted by business unit before an event due to temporary business needs. (5) Risk reduction: Risk reduction procedures such as risk hedging, investment portfolio adjustment, position allocation, stop-loss and close new transactions.
2. Market risk management organization and framework	<ol style="list-style-type: none"> 1. Board of Directors: The top decision-making body of the Bank’s market risk management policy responsible for examining and approving the Bank’s market risk policy and the total risk limit targets for all businesses, and setting and modifying the Bank’s market risk management organization structure. 2. Asset and Liability Management Committee: Examine the management reports and information submitted by risk management department and the business units. 3. Risk Management Dept.: It is a dedicated independent risk management unit executing three pillars related operation of BASEL II market risk, planning and building market risk measuring tools, and monitoring according to the risk limits for different products. 4. Business Units: responsible for the execution of daily market risk management for the business they handle, and reporting the market risk and investment status related information to proper authorization level.
3. Scope and characteristics of the market risk reporting and measurement system	<ol style="list-style-type: none"> 1. Market Risk evaluated trading book position for various financial products and use fair market value or evaluation model as basis to regularly evaluate the profit/loss condition of the position held. 2. All business units and Risk Management Department should make relevant management reports regularly and submit to proper authorization level. 3. Market risk management system combine with front-desk trading position and middle desk evaluation to generate sufficient information for assisting all management levels to execute each individual risk monitoring task, and can support the capital calculation method selected by a bank to generate relevant internal and

Analysis of the Financial Status and Operating Results & Risk Management

Item	Contents
	external reports as the basis for management decision-making.
4. Market risk hedging or risk reduction policies, and strategies and procedures for monitoring the effectiveness of hedges and risk reduction tools	When market risk is excessive or the position limit or stop-loss limit has been exceeded, the bank will take following market risk reduction method: hedging, portfolio adjustment, position adjustment, square stop-loss and stop new transaction.
5. Method used to provide the legal capital	Standardized Approach.

b. Market Risk Capital Requirement

December 31, 2021

In NT\$ thousand

Type of risk	Capital requirement
Interest rate risk	1,014,738
Equity securities risk	1,521,404
Foreign exchange risk	94,286
Product risk	
Total	2,630,428

E. Liquidity Risk Including the Analysis of Maturities of Assets and Liabilities, and Also Specify the Approach to Manage the Liquidity of Assets and Maturity Gap:

a. Maturity Analysis of NTD Assets and Liabilities

December 31, 2021

In NT\$ thousand

Item	Total	The amount of remaining period to maturity					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~1 year	Over 1 year
Main capital inflow on maturity	781,838,385	101,153,357	110,194,244	29,497,818	51,348,617	121,443,362	368,200,987
Main capital outflow on maturity	901,429,650	39,391,299	64,800,659	135,689,420	116,697,294	226,310,665	318,540,313
Gap	(119,591,265)	61,762,058	45,393,585	(106,191,602)	(65,348,677)	(104,867,303)	49,660,674

Note: The figures in above Table represent the New Taiwan Dollars (excluding foreign currency) assets and liabilities for Head Office, domestic branches and offshore offices.

Analysis of the Financial Status and Operating Results & Risk Management

b. Maturity Analysis of USD Assets and Liabilities December 31, 2021

In US\$ thousand

Item	Total	The amount of 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

Note: The figures in above Table represent the foreign currency (in USD equivalent) assets and liabilities for the Head Office, domestic branches and offshore offices.

c. Approach to Manage Assets and Liabilities

- i. The Bank's assets and liabilities management mechanism applies the asset and liability interest rate sensitivity and gap analysis for control purpose. Presently, the Bank has set up the Assets and Liabilities Management Committee to provide guidance and policy instruction and, to manage interest rate fluctuations and gaps. In addition to fully monitoring on interest rate, senior executive meetings are called from time to time as needed to exercise overall adjustment and review the Bank's asset and liabilities structure, and present result to the Committee for approval.
- ii. For the interest rate risk of NTD and foreign currencies, the Bank employ well-established trading and funding MIS to manage daily changes of deposit and loan amounts, as well as the cost and balance of deposits in various types and terms. In addition, it will produce the analysis of floating and fixed interest rate deposits and loans, the analysis of interest rate sensitivity and the analysis of interest rate spread. The Bank will utilize above mentioned information and analyses to set up strategies for interest rate adjustment.
- iii. For foreign exchange risk, the Bank has designed independent and related procedures for transaction settlement, and has also applied the position control, individual trader position control and stop-loss control etc.
- iv. For liquidity risk, the Bank strictly monitor cash on hands and the movement of deposits and loans every day. Meanwhile, the Bank has also launched the mechanism to forecast, measure, calculate and early warning for future needs and changes of funding so as to realize current assets to meet the needs.

(2) Domestic and Global Changes in Government Policies and Legal Environment, and the Effect on the Financial and Operational Status of the Bank, and Response Actions thereof:

- A. According to the "Regulations Governing the Protection of the Personal Information Data Files Security of Unofficial Institutions Designated by Financial Supervisory Commission" after amendment, in the event of critical personal information incident, the Bank shall report to Financial Supervisory

Analysis of the Financial Status and Operating Results & Risk Management

Committee within 72 hours after occurrence. UBOT has supported this policy thereby amended its important notice to the protection of personal information and personal data files security protection plan. No additional manpower or expense has been incurred as assessed.

- B. In response to the principle of fair treatment of customers in financial service sector announced by the Financial Supervisory Commission, UBOT has established its fair treatment of customer policy and action plans for upgrading the awareness of the employees in the protection of financial consumers and the compliance with applicable legal rules governing the protection of financial consumers. In responding to the introduction of 2 indicators for the evaluation of “fair treatment of customers principle” executed by the financial service section in 2023 announced by Financial Supervisory Commission - “the principle of friendly service” and “the principle of the practice of ethical corporate management”, UBOT has started to design and respond, and referred to the Fair Treatment of Customers Committee for advocacy in persistent effort. The practice should lead to the fair treatment of customers and the protection of the rights of the customers, and reduce the risk and spending on compensation under legal consequences.
- C. To align with international standard in the calculation of capital adequacy ratio, and enhance the sensitivity to the risk exposure of property of the banks in Taiwan, the Financial Supervisory Commission consult the rules under BASEL III thereby amend the “Note to the Calculation of Equity Capital of Banks and Risk Assets and the Table” and changed the particular risk weight for calculating risk exposure of property currently in effect to “Loan to Value (LTV) ratio” method. Accordingly, risk exposure of property is classified as conforming risk exposure and non-conforming risk exposure differentiated by a standard of 6 elements, and corresponds with relevant applicable weight of risk by the ratio of the balance of loans to property value, income generation type or general type of property. In addition, the “land acquisition, development and construction risk exposure” was introduced. UBOT started to adopt the new standard in the calculation of different ratios since the end of June 2021 (equity ratio of common shares, tier 1 capital adequacy ratio and capital adequacy ratio) by upward adjustment to 10.73%, 13.87%, and 15.86%, which are higher than the required standards of the competent authority

(3) The Effect of Technological and Industrial Changes on the Bank’s Financial Position and Its Response Actions:

- A. In the thriving development of digital finance and banking and the rise of FinTech made available innovative service and lower the entry barrier of users in access to financial service. This also changed the behavior and habit in cash flow and payment and overhauled to mode of financial services in the past. In responding to digital financial and banking service and the revolutionary change in the technology environment, UBOT proactively launched various forms of financial services and accelerated the digitization of financial service products. It also strengthened its assessment of information security risk in order to protect the rights of the customers.

Further to the proactive launch of a wide array of financial services and the

Analysis of the Financial Status and Operating Results & Risk Management

acceleration of the digitization of financial service products, UBOT also continued to bolster the integration of equipment and information sources under the notion that information security is the fundamental condition for the development of FinTech, and strengthen information security control and protection. In addition, UBOT also values the assessment of information security risk and spares no effort in the protection of customer information and rights for responsible innovation.

- B. Information Technology Security Risk and Management Policy - Seeing that information security is the cornerstone for the development of FinTech, UBOT continues to bolster the integration of equipment and information sources and strengthen information security control and protection. In addition, UBOT also values the assessment of information security risk and spares no effort in the protection of customer information and rights for responsible innovation. UBOT has deployed several protection measures, including the Internet firewall, intrusion detection/protection, application program firewall, data leak protection, DDoS prevention and response, and Advanced Persistent Threat Defense. In addition, UBOT also provided training for the employees information security to upgrade the awareness of the employees on information security and the ability to respond. For the proper control of overall information security risk, UBOT has delegated a third party professional institution to assess information security annually for inspection and interview on issues pertinent to information security, and assure the security and integrity of the information structure, equipment and process. In responding to the incidents and risks detected from the assessment, UBOT maps out related corrective action plans or control measures of the time limit for tacking with the problems for subsequent follow-up action and a second review. Related reports and result of the second review will be submitted to the senior management and the Board for the proper monitoring and management of information security. UBOT has installed related information security protective measures for the Internet and computers, but cannot guarantee its information system for operation under control or maintenance can be free from any third party attempt to paralysis the system through attack from the Internet. These attacks from the Internet may be launched through illegal intrusion to the Internet or Intranet system of the Bank so as to inflict damage to the operation and the good will of the Bank. Under severe Internet attack, the system of UBOT may suffer loss on its vital data. Accordingly, operation service may also be interrupted. UBOT has continued to review and assess its information securities rules and regulations and operation procedures for assuring appropriate and effective. Yet, this cannot guarantee the Bank can be free from the influence of emerging information security risks and malicious attacks under the ever evolving information security threats worldwide. Internet attack may be an attempt to steal the business secrets of other confidential information of the Bank, such as the exclusive information on the customers or other stakeholders, and the personal information of the employees of the Bank. Hackers may also attempt to plant computer virus, riskware and ransomware into the Internet system of the Bank so as to interfere the

Analysis of the Financial Status and Operating Results & Risk Management

operation of the Bank, and exert intimidation and extortion against the Bank, acquire the control of the computer system, or probing confidential information. These attacks may inflict loss deriving from the compensation to the customers due to the delay or interruption of services that caused. Or, huge amount of expense is incurred from seeking remedy or improvement so as to fortify the Internet security system defense of the Bank. This may also make the Bank involve in material legal responsibility under lawsuit or investigation of the supervisory body due to the for the leaking of information on its employees, customers or third parties where the Bank has the obligation of keeping this information confidential. In addition, the Bank may also outsource with third party providers for service. Notwithstanding that the Bank and the third party service providers are required to observe confidentiality and/or the requirement of Internet security as stated in the agreement, the Bank cannot guarantee each and every third party service provider will duly observe their obligation of this kind. The network, system and equipment maintained by the aforementioned service providers and/or their contractors may also be vulnerable to the risk of an Internet attack. If the Bank or the aforementioned service providers cannot solve the technical problems caused by these attacks timely, or assure the integrity and usability of the data of the Bank and its customers or third party, or control the computer system of the Bank or the aforementioned service providers, the commitment of the Bank to its customers and other stakeholders may be seriously jeopardized. Accordingly, the result of business operation, financial position, prospect and reputation of the Bank may be unfavorably and significantly affected.

- (4) The effect of change in the Bank's corporate image on the Bank and its response actions:
- A. In the wake of the diversified development of FinTech, and for the availability of convenient and rapid banking services to its customers, UBOT had continued to upgrade and refine its eBanking function and service. UBOT also provide the "New New Bank" digital deposit account, "Union eLoans" online financing platform, and online ordering of securities purchase and related services. Community platform like LINE will be adopted to bolster the cultivation of customer relation. Likewise, big data analysis will be used in the analysis for precision marketing in order to provide the customers will full-range banking products and services.
 - B. In confronting the development trend of ESG banking, UBOT continues to make effort in participating in activities related to corporate social responsibility without reserve, protect the environment and launch green banking product and low carbon life, and will continue to strengthen its internal audit and internal control, and compliance with applicable legal rules and risk management for green governance.
 - C. In addition, to ensure quality communication with the media, and avoid a public relation crisis that would hurt the corporate image, the Bank adopted a spokesperson system and formulated "Guidelines for Union Bank of Taiwan Crisis Management" and "Procedures for Handling Internal material information". When a crisis that would hurt the corporate image arises, the

Analysis of the Financial Status and Operating Results & Risk Management

issue will be escalated to accountable departments according to the SOP. Meanwhile, the public will be addressed through a single spokesperson in an appropriate manner to prevent damage from spreading, and thereby protect the Bank's reputation and brand image.

- (5) Expected Result and Possible Risks of Mergers and Acquisitions and Response Actions thereof: None
- (6) Expected Result for Establishing More Business Locations, Possible Risk and Response Actions Thereof:
The establishment of business unit will not only increase transaction volume of deposits/loans/wealth management but also improve profits as well as provide comprehensive services to our customers. Effectively nevertheless, there is possibility that the economy of scale may not be achieved due to poor branch location or the business activities may be below our expectation. The Bank will then access the needs for relocation.
- (7) Risk in the Over Concentration of Business and Response Action thereof:
When business is concentrated, it could easily make business income source over-concentrated in one single industry or single customer group. It is vulnerable to industry cycle and could heighten the risks borne by the Bank. The Bank's current credit and investment related business are all based on and executed within the internal quota policy. The Bank has set regulations such as "Credit/Market Risk Management Guideline", "Regulations governing the Management of Enterprise Group Credit Risk", "Foreign Currency Security Investment Processing Guideline", "Foreign Currency Credit and Country Risk Management Approach", and "Investment Policy" to strengthen the management of risk quota for all business.
The Bank's Risk Management Department also monitors credit quota, controls status and reports the credit concentration regularly to Asset and Liability Management Committee and the Board of Directors.
- (8) The Effect of Change in the Management of the Bank, Possible Risk and Response Action Thereof: The Bank was founded with the mission for sustainable operation. We maintain the management concepts of "Enthusiasm", "Stability", "Efficiency" and "Innovation" to provide financial products and services that meet the needs of customers and to service the general public. The Bank employs professional managerial officers to manage the businesses and as such, the Bank's business management will not change or be impacted significantly as a result of changes in management power. The Bank shall provide the relevant internal management information and enhance the transparency of information disclosure in the event of a change in management power in order to secure investor and consumer confidence.
- (9) The effect that large transfer in shares of director or supervisor, or shareholders holding more than ten percent of shares of the company, Possible Risk and Response Action:
There has been no significant change in share ownership of the Bank's shareholders, directors and supervisors. The Bank employs professional managerial officers to manage the Bank's business. Therefore, the Bank's

Analysis of the Financial Status and Operating Results & Risk Management

operational management will not be impacted as a result of a significant change in share ownership. The Bank shall ensure information transparency in the event of a significant transfer or change in share ownership and files a declaration and makes public announcement with respect to the changes in accordance with the relevant banking regulations to secure investor and consumer confidence.

(10) Legal Actions and Non-contentious Matters: None.

(11) Other Major Risks and Response Actions thereof: None.

7. Contingency Plan

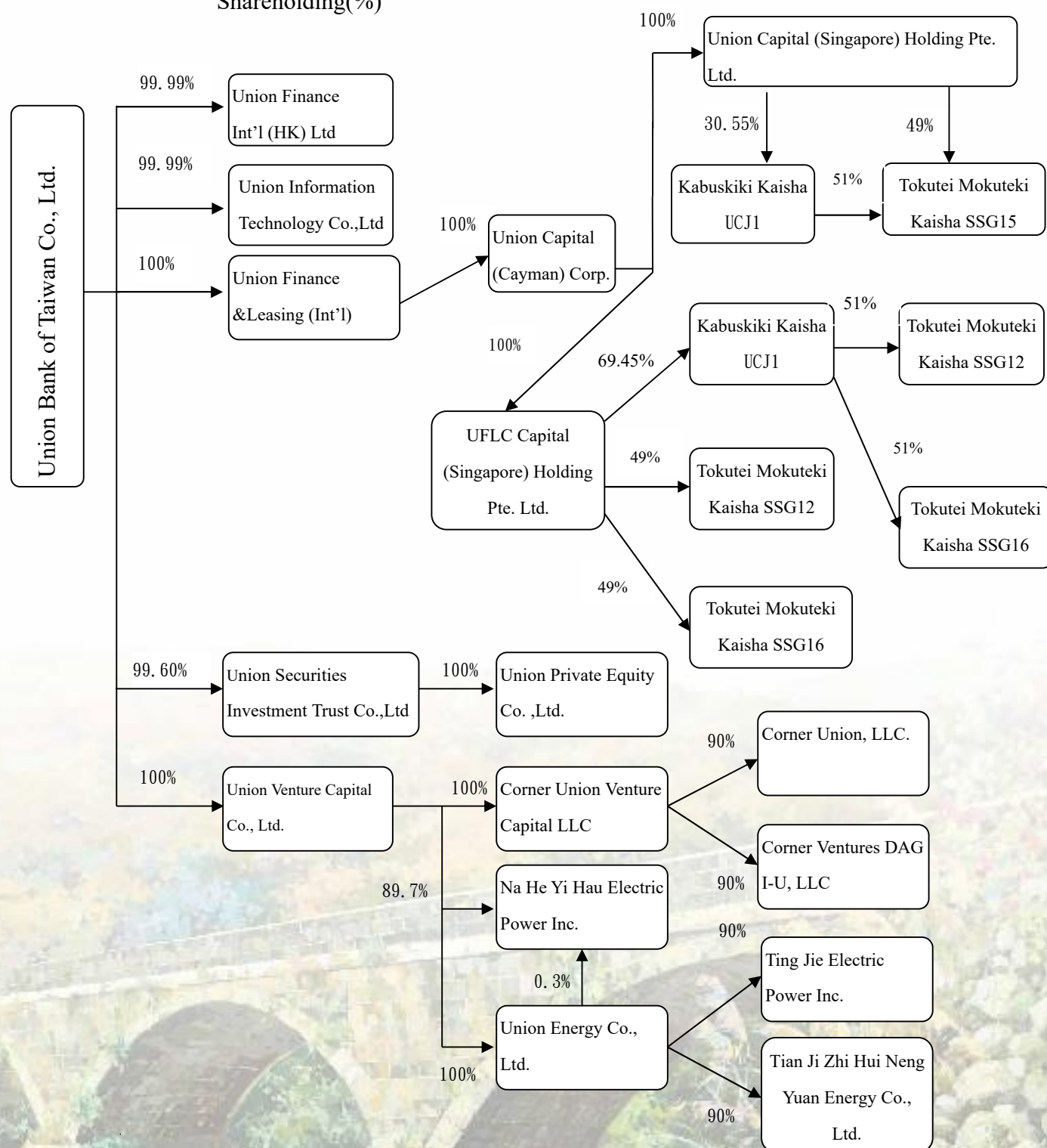
The Bank has enacted the “Essential Points for Urgent Response Action to Disasters” and has set up a crisis management taskforce, urgent contact and report mechanism to execute the disaster rescue measures effectively. The various business units shall perform the disaster education training and drill in accordance with the Bank’s “Instructions to Safety Protection” and “Safety Protection Drill Implementation Plan”, and shall also check and maintain the safety facilities more than twice a year.

8. Other Important Matters: None

Affiliated and Special Notes

1. Information on Affiliated Enterprises

(1) Organization Chart Shareholding(%)



Affiliated and Special Notes

Amount in NTD、JPY、USD thousand

Name of Enterprise	Date of Establishment	Address	Paid-in Capital	Main Business or Production Activities
Union Finance International (HK) Ltd	1996.04.23	Unit 18, 35/F, West Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong	TWD 106,510	Import and export financing
Union Information Technology Co., Ltd.	1998.08.10	10F, No. 109, Sec. 3, Minsheng E. Road, Taipei, Taiwan	TWD 10,000	IT and software services
Union Finance & Leasing (Int'l) Co., Ltd.	1996.11.11	9F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan	TWD 1,530,000	Installment purchases, leasing, auto loan and car rental business
Union Securities Investment Trust Co., Ltd.	1998.12.22	6F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan	TWD 311,400	Securities investment trust
Union Venture Capital Co., Ltd.	2019.11.21	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 800,000	Venture Capital
Union Capital (Cayman) Corp.	1997.07.23	P.O.Box 1034, George Town, Grand Cayman, Cayman Islands, British West Indies.	JPY 5,584	Installment purchase and lease investment businesses
Union Capital (Singapore) Holding Pte. Ltd.	2014.09.12	50 RAFFLES PLACE #25-03 SINGAPORE LAND TOWER SINGAPORE (048623)	-	Lease investment businesses °
UFLC Capital (Singapore) Holding Pte. Ltd.	2016.03.11	50 RAFFLES PLACE #25-03 SINGAPORE LAND TOWER SINGAPORE (048623)	-	Lease investment businesses °
Kabuskiki Kaisha UCJ1	2014.09.12	1 Chome 11, Kanda Jinbocho, Chiyoda, Tokyo, Japan	JPY 1,515,450	Lease investment businesses °
Tokutei Mokuteki Kaisha SSG15	2014.09.19	1 Chome 11, Kanda Jinbocho, Chiyoda, Tokyo, Japan	JPY 1,430,200	Lease investment businesses °
Tokutei Mokuteki Kaisha SSG12	2016.02.25	1 Chome 11, Kanda Jinbocho, Chiyoda, Tokyo, Japan	JPY 1,930,200	Lease investment businesses °
Tokutei Mokuteki Kaisha SSG16	2016.03.31	1 Chome 11, Kanda Jinbocho, Chiyoda, Tokyo, Japan	JPY 1,300,200	Lease investment businesses °
Union Private Equity Co., Ltd.	2020.09.17	6F, 137, Sec. 2, Nanking E. Road, Taipei, Taiwan	TWD 30,000	investment and management of private equity fund
Corner Union Venture Capital LLC	2020.04.20	1013 Centre Road, Suite 403-B, Wilmington, Delaware 19805	TWD 10,004	Overseas investment management consulting business
Corner Union, LLC.	2020.07.14	850 New Burton Road, Suite 201, Dover, Delaware 19904, County of Kent.	USD 1,500	Venture Capital
Corner Ventures DAG I-U, LLC	2020.04.29	850 New Burton Road, Suite 201, Dover, Delaware 19904, County of Kent.	USD 8,497	Venture Capital
Na He Yi Hau Electric Power Inc.	2020.02.20	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 290,000	Power generation, transmission, distribution and energy technology service business
Ting Jie Electric Power Inc.	2020.02.20	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 421,000	Power generation, transmission, distribution and energy technology service business
Union Energy Co., Ltd.	2020.12.17	B1, No. 205, Sec. 1, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan	TWD 90,000	General investment consulting and energy business management
Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.	2018.08.21	4F., No. 100, Sec. 2, Wenxing Rd., Zhubei City, Hsinchu County, Taiwan	TWD 406,713	Power generation

Affiliated and Special Notes

(2) Information on Directors, Supervisors and President of Affiliated Enterprises

December 31, 2021

Name of Enterprise	Title	Name of Representative	Shareholding	
			Shares	%
Union Finance International (HK) Ltd	Director	Union Bank of Taiwan (Representative: Jeff Lin)	30,000,002	100
	Director	Union Bank of Taiwan (Representative: Connie Tseng)	0	0
	Director & President	Union Bank of Taiwan (Representative: Amanda Lin)	0	0
Union Information Technology Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Angela Shen)	999,923	99.99
	Director	Union Bank of Taiwan (Representative: Wei-Wen Hsu)		
	Director	Union Bank of Taiwan (Representative: Luke Yang)		
	Supervisor	Ling-Jung Hsiung	0	0
	President	Angela Shen	0	0
Union Finance & Leasing (International) Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Cheng-Juh Hsieh)	153,000,000	100
	Director	Union Bank of Taiwan (Representative: Yanger Yang)		
	Director	Union Bank of Taiwan (Representative: Chueh-Ling Liu)		
	Director	Union Bank of Taiwan (Representative: Hung-Ming Chien)		
	Director	Union Bank of Taiwan (Representative: Angela Shen)		
	Supervisor	Union Bank of Taiwan (Representative: Herman Tu)		
	President	Cheng-Juh Hsieh	0	0
Union Securities Investment Trust Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Herman Tu)	31,014,261	99.60
	Director	Union Bank of Taiwan (Representative: Grace Lee)		
	Director	Union Bank of Taiwan (Representative: Wen-Chih Cheng)		
	Supervisor	Angela Shen	0	0
	President	Ya-Ching Chuang	0	0
Union Venture Capital Co., Ltd.	Chairman	Union Bank of Taiwan (Representative: Pa-Hsan Wu)	80,000,000	100
	Director	Union Bank of Taiwan (Representative: Wei-Wen Hsu)		
	Director	Union Bank of Taiwan (Representative: Yanger Yang)		
	President	Pa-Hsan Wu	0	0
Union Capital (Cayman) Corp	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Ju-Chu Tsai)	50,000	100
	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Cheng-Juh Hsieh)		
Union Capital (Singapore) Holding Pte. Ltd.	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Cheng-Juh Hsieh)	1	100
	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Ju-Chu Tsai)	0	0
UFLC Capital (Singapore) Holding Pte. Ltd.	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Cheng-Juh Hsieh)	1	100
	Director	Union Finance & Leasing (International) Co., Ltd. (Representative: Ju-Chu Tsai)	0	0
Kabuskiki, Kaisha UCJ1	Director	Union Capital (Singapore) Holding Pte. Ltd. (Representative: Cheng-Juh Hsieh)	9,259	31
	Director	UFLC Capital (Singapore) Holding Pte. Ltd. (Representative: Cheng-Juh Hsieh)	21,050	69
Tokutei Mokuteki Kaisha SSG15	Director	Union Capital (Singapore) Holding Pte. Ltd. (Representative: Cheng-Juh Hsieh)	14,015	49
	Director	Kabuskiki Kaisha UCJ1 (Representative: Rika Nakamura)	14,586	51
Tokutei Mokuteki Kaisha SSG12	Director	Union Capital (Singapore) Holding Pte. Ltd. (Representative: Cheng-Juh Hsieh)	18,915	49

Affiliated and Special Notes

Name of Enterprise	Title	Name of Representative	Shareholding	
			Shares	%
	Director	Kabuskiki Kaisha UCJ1 (Representative: Rika Nakamura)	19,686	51
Tokutei Mokuteki Kaisha SSG16	Director	Union Capital (Singapore) Holding Pte. Ltd. (Representative: Cheng-Juh Hsieh)	12,741	49
	Director	Kabuskiki Kaisha UCJ1 (Representative: Rika Nakamura)	13,260	51
Union Private Equity Co., Ltd.	Chairman	Union Securities Investment Trust Co., Ltd. (Representative: Herman Tu)	3,000,000	100
	Director	Union Securities Investment Trust Co., Ltd. (Representative: Ming-Yu Kuo)		
	Director	Union Securities Investment Trust Co., Ltd. (Representative: Ya-Ting Chuang)		
Corner Union Venture Capital LLC		Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	-	100
Corner Union, LLC.		Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	-	100
Corner Ventures DAG I-U, LLC		Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	-	100
Na He Yi Hau Electric Power Inc.	Chairman	Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	14,890,000	89.7
Ting Jie Electric Power Inc.	Chairman	Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	1,890,000	90
Union Energy Co., Ltd.	Chairman	Union Venture Capital Co., Ltd. (Representative: Pa-Hsan Wu)	9,000,000	100
Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.	Chairman	Union Energy Co., Ltd. (Representative: Han-Ti Wang)	33,904,232	90

(3) General Information of Affiliated Enterprises

December 31, 2021 In NT\$ thousand except Earnings Per Share (NT\$)

Name of Enterprise	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Income	Operating Profit	Net Income (Loss) After Tax	Earnings Per Share After-tax (\$)
Union Finance International (H.K.) Ltd. <small>Note1</small>	106,519	286,746	130,058	156,688	42,361	33,608	30,971	1.03
Union Information Technology Co., Ltd.	10,000	118,053	100,741	17,312	178,809	(3,049)	(2,527)	-
Union Finance & Leasing (International) Co., Ltd.	1,530,000	16,197,246	13,332,078	2,865,168	2,394,617	65,014	97,579	0.64
Union Securities Investment Trust Co., Ltd.	311,400	473,972	43,144	430,828	173,095	26,425	35,953	1.15
Union Venture Capital Co., Ltd.	800,000	1,302,158	101,305	1,200,853	8,637	(75,239)	(75,239)	-
Union Capital (Cayman) Corp. <small>Note2</small>	1,408	55,614	20	55,594	4,276	4,035	4,035	80.70
Union Capital (Singapore) Holding PTE . Ltd. <small>Note2</small>	-	720,808	637,905	82,903	31,014	21,956	21,969	21,969,013
Uflic Capital (Singapore) Holding PTE . Ltd. <small>Note2</small>	-	1,442,752	1,342,264	100,488	46,403	27,582	25,411	25,410,710
Kabuskiki Kaisha UCJ1 <small>Note2</small>	364,514	1,395,471	1,054,694	340,777	45,318	12,210	1,472	48.55

Affiliated and Special Notes

Name of Enterprise	Paid-in Capital	Total Assets	Total Liabilities	Net Worth	Operating Income	Operating Profit	Net Income (Loss) After Tax	Earnings Per Share After-tax (\$)
Tokutei Mokuteki Kaisha SSG15 Note2	344,009	951,399	568,862	382,537	80,772	44,993	40,650	1,421.28
Tokutei Mokuteki Kaisha SSG12 Note2	464,275	986,832	496,185	490,647	61,466	31,162	27,824	720.82
Tokutei Mokuteki Kaisha SSG16 Note2	312,740	746,506	412,570	333,936	41,067	25,613	22,364	860.12
Union Private Equity Co., Ltd.	30,000	42,966	4,167	38,799	14,247	11,118	9,307	3.10
Corner Union Venture Capital LLC	277,014	372,739	605	372,134	-	(6,384)	(6,384)	-
Corner Union, LLC.	41,535	41,535	1,900	39,635	-	(1,124)	(1,124)	-
Corner Ventures DAG I-U, LLC	235,289	336,138	3,220	332,918	-	(5,257)	(5,257)	-
Na He Yi Hau Electric Power Inc.	290,000	523,852	242,449	281,403	-	(3,061)	(4,141)	-
Ting Jie Electric Power Inc.	421,000	420,554	3,841	416,713	-	(1,340)	(1,292)	-
Union Energy Co., Ltd.	90,000	392,614	371,620	20,994	-	(69,005)	(69,005)	-
Tian Ji Zhi Hui Neng Yuan Energy Co., Ltd.	406,714	2,726,650	2,210,408	516,242	173,716	58,684	36,725	0.90

Note1: HKD/TWD: 3.550637 for Asset and Liability items; HKD/TWD: 3.598056 for P/L items

Note2: JPY/TWD: 0.240532 for Asset and Liability items; JPY/TWD: 0.253779 for P/L items

Note3: USD/TWD: 27.69 for Asset and Liability items; USD/TWD: 27.970833 for P/L items.

(4) Consolidated Financial Reports of affiliated enterprises: please refer to Appendix.

(5) Report on relationships between the business activities conducted by affiliated enterprises: please refer to Appendix.

2. **Private placement of marketable securities and financial debentures in the past year and current year up to the printing date of the annual report:** None.
3. **Shares of the Bank held or disposed of by subsidiaries in the past year and current year up to the printing date of the annual report:** None.
4. **Other necessary supplements:** None.
5. **In the past year and current year up to the printing date of the**

Affiliated and Special Notes

annual report, any event which has a material impact on shareholders' equity or securities prices pursuant to Article 36.2.2 of the Security and Exchange Law: None.



Bank Directory

Bank Directory

Branch Name	Address	Telephone
Head Office	3F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
International Banking Dept	2F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
Trust Department	3F, No.137, Sec. 2, Nanjing E. Rd., Chungshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2507-4066
Credit & Payment Dept.	5F, No.399, Rueiguang Rd., Neihu District, Taipei City 114, Taipei City 105, Taiwan (R.O.C.)	(02)2719-2233
Offshore Banking Branch	2F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
Taipei Branch	No.105, Sec. 1, Chengde Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02)2556-8500
Business Department	1F, No.109, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2718-0001
Changchun Branch	No.328, Changchun Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2545-5588
Nanking East Road Branch	No.137, Sec. 2, Nanjing E. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2515-1333
East Taipei Branch	No.217, Sec. 5, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)2753-0900
Chunghsiao Branch	2F., No.5, Lane 223, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2773-3456
Jenai Branch	No.179, Yanji St., Da'an District, Taipei City 106, Taiwan (R.O.C.)	(02)2781-3366
Tungmen Branch	No.101, Sec. 2, Sinyi Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)2358-2345
Hoping Branch	No.68-2, Sec. 3, Heping E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2735-2828
Chungshan Mini Branch	No.83, Sec. 2, Jhongshan N. Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2571-7890
Kungkuan Branch	No.272, Sec. 3, Roosevelt Rd., Jhongjheng District, Taipei City 100, Taiwan (R.O.C.)	(02)2369-2678
Sungchiang Branch	No.228, Songjiang Rd., Jhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2561-6601
Breeze Center Mini Branch	2F., No.39, Sec. 1, Fusing S. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02)8772-2858
Nangang Branch	No. 271, 272, Chongyang Rd., Nangan Dist., Taipei City, Taiwan (R.O.C.)	(02)2788-5200
Taan Branch	No.165, Sec. 4, Hsin-I. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2704-9588
Tonghwa Mini Branch	No.74, Tonghua St., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02)2739-5888
Yongchun Branch	No.453, Sec. 5, Jhongsiao E. Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)2748-0188
Yungchi Branch	No.306, Yongji Rd., Sinyi District, Taipei City 110, Taiwan (R.O.C.)	(02)2748-0329
Neihu branch	No.399, Rueiguang Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)2658-6121

Bank Directory

Branch Name	Address	Telephone
Donghu Branch	No.150-3, Sec. 6, Mincuan E. Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)-2796-7779
Hsihu Branch	No.88, Sec. 1, Neihu Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02)8797-1537
Tachih Branch	No.649, Mingshuei Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02)2532-3836
Shihlung Branch	No.9, Lane 91, Shihdong Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	(02)2875-6161
Wenlin Branch	No.758, Wunlin Rd., Shihlin District, Taipei City 111, Taiwan (R.O.C.)	(02)2835-1818
Beitou Mini Branch	No.68, Sec. 1, Jhongyang N. Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)	(02)2896-6333
Panchiao Branch	No.226, Mincyuan Rd., Banciao District, New Taipei City 220, Taiwan (R.O.C.)	(02)2965-6600
Houpu Branch	No.77, Chongcing Rd., Banciao District, New Taipei City 220, Taiwan (R.O.C.)	(02)2964-2777
Sanchung Branch	No.10, Sec. 3, Chongsin Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02)2977-7666
North Sanchung Branch	No.245, Jhengyi N. Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02)2982-6226
Tenshin Branch	No.16, Sec. 3, Jhongsiao Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02)8982-1155
JiSian Branch	No.329, Wuhua St., Sanchong Dist., New Taipei City 241, Taiwan (R.O.C.)	(02)2855-9996
Sanxia Branch	No.261, Xuecheng Rd., Sanxia Dist., New Taipei City 237, Taiwan (R.O.C.)	(02)2673-0808
Luchou Branch	No.80, Jhongjheng Rd., Lujhou District, New Taipei City 247, Taiwan (R.O.C.)	(02)2848-5577
Chungho Branch	No.150, Jian 1st Rd., Jhonghe District, New Taipei City 235, Taiwan (R.O.C.)	(02)8226-5168
North Chungho Mini Branch	No.146, Sec. 3, Jhongshan Rd., Jhonghe District, New Taipei City 235, Taiwan (R.O.C.)	(02)2221-9698
Shuanho Branch	No.222, Jhongjheng Rd., Yonghe District, New Taipei City 234, Taiwan (R.O.C.)	(02)2945-9898
Yungho Branch	No.137, Sec. 2, Yonghe Rd., Yonghe District, New Taipei City 234, Taiwan (R.O.C.)	(02)8660-0808
Hsintien Branch	No.102, Mincyuan Rd., Sindian District, New Taipei City 231, Taiwan (R.O.C.)	(02)2219-9989
Ankang Branch	No.161, Sec. 2, Ankang Rd., Sindian District, New Taipei City 231, Taiwan (R.O.C.)	(02)2211-9088
Hsinchung Branch	No.601, Sihyuan Rd., Sinjhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02)8522-7799
Fuguo Branch	No.108, Fuguo Rd., Sinjhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02)2205-2299
Chungkung Mini Branch	No.308, Jhonggang Rd., Sinjhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02)2276-9678
Wugu Branch	No.6-1, Sec.3, Chengtai Rd., Wugu District, New Taipei City 248, Taiwan (R.O.C.)	(02)2291-5888
Linkou Branch	No.468, Jhongsiao Rd., Linkou District, New Taipei City 244, Taiwan (R.O.C.)	(02)2600-6969

Bank Directory

Branch Name	Address	Telephone
Shulin Branch	No.275, Jhonghua Rd., Shulin District, New Taipei City 238, Taiwan (R.O.C.)	(02)8685-8939
Hsichih Branch	No.159, Sec. 1, Sintai 5th Rd., Sijhih District, New Taipei City 221, Taiwan (R.O.C.)	(02)8642-5289
Tamsui Mini Branch	No. 16, Sec. 3, Xinshi 2nd Rd., Tamsui Dist., New Taipei City 251, Taiwan (R.O.C.)	(02)2626-0909
Tucheng Branch	No.3, Chengtian Rd., Tucheng District, New Taipei City 236, Taiwan (R.O.C.)	(02)2268-1799
Jincheng Branch	No. 219, Sec. 2, Jincheng Rd., Tucheng Dist., New Taipei City 236, Taiwan (R.O.C.)	(02)8262-7799
Taoyuan Branch	No.332, Sianfu Rd., Taoyuan District City, Taoyuan City 330, Taiwan (R.O.C.)	(03)339-5300
North Taoyuan Branch	No.191, Yong-an Rd., Taoyuan District City, Taoyuan City 330, Taiwan (R.O.C.)	(03)339-6262
South Taoyuan Branch	No.1308, Zhongshan Rd., Taoyuan District, Taoyuan City 330, Taiwan (R.O.C.)	(03)369-7388
Taoying Branch	No.343, Taoying Rd., Taoyuan District, Taoyuan City 330, Taiwan (R.O.C.)	(03)377-9797
Daye Branch	No.388 , Sec. 1, Daye Rd., Taoyuan District, Taoyuan City 330, Taiwan (R.O.C.)	(03)357-7388
Chungli Branch	No.62, Sec. 1, Jhongyang W. Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)426-5111
North Chungli Branch	No.222, Yuanhua Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)426-1133
Neili Branch	No. 258, Sec. 1, Jhonghua Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)435-1288
Chenshin Branch	No.189, Jianxing Rd., Jhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)428-0808
Gaorong Branch	No.226, Sec. 5, Minzu Rd., Zhongli District, Taoyuan City 320, Taiwan (R.O.C.)	(03)490-9777
Nankan Branch	No.137, Jhongjheng Rd., Lujhu District, Taoyuan City 338, Taiwan (R.O.C.)	(03)322-9699
Dajhu Branch	No.43, Dasin Rd., Lujhu District, Taoyuan City 338, Taiwan (R.O.C.)	(03)313-4688
Luzhu Branch	No.3, Sec. 1, Ren'ai Rd., Luzhu District , Taoyuan City 338, Taiwan (R.O.C.)	(03)222-1389
Hueilong Branch	No.253, Sec. 1, Wanshou Rd., Gueishan District, Taoyuan City 333, Taiwan (R.O.C.)	(02)8209-0808
Gueishan Branch	No.688, Sec. 2, Wanshou Rd., Gueishan District, Taoyuan City 333, Taiwan (R.O.C.)	(03)319-2323
Lungtan Branch	No.245, Jhongjheng Rd., Longtan District, Taoyuan City 325, Taiwan (R.O.C.)	(03)470-9188
Tayuan Branch	No.56, Jhongjheng E. Rd., Dayuan District, Taoyuan City 337, Taiwan (R.O.C.)	(03)385-0505
Hsinchu Branch	No.107, Jhongjheng Rd., Hsinchu City 300, Taiwan (R.O.C.)	(03)524-9966
Taichung Branch	No.711, Sec.2, Taiwan Blvd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)2328-5666
North Taichung Branch	No.13, Sec. 3, Wunsin Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)2311-8555

Bank Directory

Branch Name	Address	Telephone
Wenhsin Branch	No.208-1, Sec. 4, Wunsin Rd., North District, Taichung City 404, Taiwan (R.O.C.)	(04)2298-0808
Beitun Branch	No.701, Sec. 4, Wunsin Rd., Beitun District, Taichung City 406, Taiwan (R.O.C.)	(04)2245-2636
Minchuan Branch	No.135, Mincyuan Rd., West District, Taichung City 403, Taiwan (R.O.C.)	(04)2220-6789
Hsitun Branch	No.277, Sec. 2, Situn Rd., Situn District, Taichung City 407, Taiwan (R.O.C.)	(04)2702-2152
Singchung Branch	No.406, Sec. 1, Fusing Rd., South District, Taichung City 402, Taiwan (R.O.C.)	(04)2261-4040
Fongyuan Branch	No.102, Fucian St., Fongyuan District, Taichung County 420, Taiwan (R.O.C.)	(04)2522-8800
Yuanlin Branch	No.37, Sanmin St., Yuanlin Township, Changhua County 510, Taiwan (R.O.C.)	(04)834-7666
Chiayi Branch	No.285, Jhongshan Rd., Chiayi City 600, Taiwan (R.O.C.)	(05)228-5908
Tainan Branch	No.271, Sec. 4, Simen Rd., North District, Tainan City 704, Taiwan (R.O.C.)	(06)251-3377
Fucheng Branch	No.92, Jhongjheng Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06)229-0866
Fuchiang Branch	No.15, Sec. 3, Dongmen Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06)260-1268
Kaiyuan Branch	No.229, Kaiyuan Rd., North District, Tainan City 704, Taiwan (R.O.C.)	(06)235-4445
South Tainan Branch	No.379, Sec. 1, Jinhua Rd., South District, Tainan City 702, Taiwan (R.O.C.)	(06)265-5663
Kaohsiung Branch	No.204, Guanghua 1st Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.)	(07)226-5353
Lingya Branch	No.30, Sihwei 4th Rd., Lingya District, Kaohsiung City 802, Taiwan (R.O.C.)	(07)338-6033
Sanmin Branch	No.73, Jiouru 1st Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07)389-0258
Chiuju Branch	No.495, Jiouru 2nd Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07)311-8871
North Kaohsiung Branch	No.468, Bo'ai 1st Rd., Gushan District, Kaohsiung City 804, Taiwan (R.O.C.)	(07)558-6158
Fengshan Branch	No.224, Kaisyuan Rd., Fongshan District, Kaohsiung City 830, Taiwan (R.O.C.)	(07)763-8185
Wuchia Branch	No.173, Nanhua Rd., Fongshan District, Kaohsiung City 830, Taiwan (R.O.C.)	(07)721-5866
Pingtung Branch	No.172, Minzu Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08)732-6777
Ho Chi Minh Representative Office	Royal Tower Building, 8th Floor, Room 805, 235 Nguyen Van Cu Street, Dist.1, Ho Chi Minh City, Vietnam	(8428)3925-9208
Hanoi Representative Office	No. 1104, 11th Floor, Pacific Place, 83B Ly Thuong Kiet Street, Hoan Kiem district, Hanoi, Vietnam	(8424)3726-5223

Bank Directory

Branch Name	Address	Telephone
Hong Kong Representative Office	Unit 18, 35/F, West Tower, Shun Tak Centre, 200 Connaught Road, Central, Hong Kong	(852)2521-1678



APPENDIX

Union Bank of Taiwan

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Union Bank of Taiwan

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public 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 Financial Statements section of our report. We are independent of the Bank in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matters of the Bank's 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 Bank was approximately 60% of total assets, and was considered material to the financial statements as a whole. Refer to Note 14 to the financial statements. The Bank'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 Bank'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 relevant 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 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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 financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

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

UNION BANK OF TAIWAN

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

ASSETS	2021		2020	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 12,822,394	2	\$ 8,141,334	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 43)	29,553,111	4	24,325,798	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	45,833,426	6	33,967,730	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 9 and 11)	60,672,055	7	52,807,395	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)	57,688,435	7	63,872,973	9
RECEIVABLES, NET (Notes 4, 5, 13 and 15)	25,351,438	3	22,703,290	3
CURRENT TAX ASSETS (Note 4)	-	-	44,382	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 42)	493,750,735	60	424,304,969	57
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 16)	6,523,042	1	5,863,071	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 17 and 43)	1,605,569	-	4,471,836	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 18)	7,913,431	1	7,892,451	1
RIGHT-OF-USE ASSETS (Notes 4 and 19)	1,590,101	-	1,639,260	-
INTANGIBLE ASSETS (Notes 4 and 20)				
Goodwill	1,985,306	-	1,985,307	-
Computer software	182,782	-	170,823	-
Total intangible assets	2,168,088	-	2,156,130	-
DEFERRED TAX ASSETS (Notes 4 and 40)	706,598	-	636,906	-
OTHER ASSETS, NET (Notes 4, 21, 42 and 44)	2,970,253	-	2,751,600	-
TOTAL	\$ 826,580,218	100	\$ 746,276,787	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 22)	\$ 9,296,313	1	\$ 11,942,863	2
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 23)	6,741,390	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 (Notes 4 and 24)	51,279,756	6	44,428,176	6
PAYABLES (Notes 25 and 42)	8,154,976	1	5,430,396	1
CURRENT TAX LIABILITIES (Note 4)	411,559	-	106,676	-
DEPOSITS AND REMITTANCES (Notes 26 and 42)	672,825,605	82	608,269,514	81
BANK DEBENTURES (Notes 4 and 27)	7,700,000	1	7,200,000	1
OTHER FINANCIAL LIABILITIES	6,446	-	115,361	-
PROVISIONS (Notes 4, 5, 15 and 28)	361,874	-	244,939	-
LEASE LIABILITIES (Notes 4, 19 and 42)	1,576,632	-	1,621,207	-
DEFERRED TAX LIABILITIES (Notes 4 and 40)	1,604,370	-	1,635,842	-
OTHER LIABILITIES (Notes 30, 42 and 44)	990,565	-	1,098,256	-
Total liabilities	761,444,907	92	686,085,952	92
EQUITY				
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	65,135,311	8	60,190,835	8
TOTAL	\$ 826,580,218	100	\$ 746,276,787	100

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

UNION BANK OF TAIWAN

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, 32 and 42)					
Interest revenue	\$ 11,537,639	81	\$ 11,858,192	98	(3)
Interest expense	<u>2,863,330</u>	<u>20</u>	<u>4,158,730</u>	<u>34</u>	(31)
Net interest	<u>8,674,309</u>	<u>61</u>	<u>7,699,462</u>	<u>64</u>	13
NET REVENUE OTHER THAN INTEREST					
Commissions and fee revenue, net (Notes 4 and 33)	3,064,775	22	2,869,110	24	7
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 34)	557,486	4	1,710,809	14	(67)
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 35)	875,982	6	407,220	3	115
Share of profit of subsidiaries and associates (Notes 4 and 16)	79,960	1	25,788	-	210
Foreign exchange gain (loss), net (Note 4)	683,542	5	(946,549)	(8)	172
Reversal of impairment loss (impairment loss) on assets (Notes 4 and 36)	(90,697)	(1)	128,860	1	(170)
Securities brokerage fee revenue, net	300,193	2	171,805	2	75
Loss on disposal of properties and equipment, net (Note 4)	(1,193)	-	(7,119)	-	(83)
Other noninterest gain, net	<u>20,858</u>	<u>-</u>	<u>19,109</u>	<u>-</u>	9
TOTAL NET REVENUE	<u>14,165,215</u>	<u>100</u>	<u>12,078,495</u>	<u>100</u>	17
PROVISIONS (Notes 4, 5 and 15)					
Provision of allowance for doubtful accounts and provision for losses on commitments and guarantees	<u>776,891</u>	<u>5</u>	<u>267,216</u>	<u>2</u>	191

(Continued)

UNION BANK OF TAIWAN

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

	2021		2020		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefit expense (Notes 4, 29, 37 and 42)	\$ 3,979,844	28	\$ 3,695,508	31	8
Depreciation and amortization (Notes 4, 19 and 38)	803,620	6	753,311	6	7
Others (Notes 4, 39 and 42)	<u>3,443,049</u>	<u>24</u>	<u>3,512,000</u>	<u>29</u>	(2)
Total operating expenses	<u>8,226,513</u>	<u>58</u>	<u>7,960,819</u>	<u>66</u>	3
INCOME BEFORE INCOME TAX	5,161,811	37	3,850,460	32	34
INCOME TAX EXPENSE (Notes 4 and 40)	<u>698,043</u>	<u>5</u>	<u>408,751</u>	<u>4</u>	71
NET INCOME	<u>4,463,768</u>	<u>32</u>	<u>3,441,709</u>	<u>28</u>	30
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(940)	-	11,842	-	(108)
Unrealized gain on investments in equity instrument at fair value through other comprehensive income	1,772,006	12	812,340	7	118
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	540,371	4	(39,030)	-	1,485
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 40)	<u>34,734</u>	<u>-</u>	<u>(109,493)</u>	<u>(1)</u>	132
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>2,346,171</u>	<u>16</u>	<u>675,659</u>	<u>6</u>	247

(Continued)

UNION BANK OF TAIWAN

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	%	
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	\$ (361,067)	(3)	\$ (625,885)	(5)	(42)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(256,536)	(2)	14,117	-	(1,917)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	(918,605)	(6)	1,005,636	8	(191)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 40)	<u>72,213</u>	<u>1</u>	<u>125,177</u>	<u>1</u>	(42)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(1,463,995)</u>	<u>(10)</u>	<u>519,045</u>	<u>4</u>	(382)
Other comprehensive income for the year, net of income tax	<u>882,176</u>	<u>6</u>	<u>1,194,704</u>	<u>10</u>	(26)
TOTAL COMPREHENSIVE INCOME	<u>\$ 5,345,944</u>	<u>38</u>	<u>\$ 4,636,413</u>	<u>38</u>	15
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 41)					
Basic	<u>\$1.21</u>		<u>\$0.90</u>		
Diluted	<u>\$1.21</u>		<u>\$0.90</u>		

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

(Concluded)

UNION BANK OF TAIWAN

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

	Share Capital (Notes 31 and 37)			Capital Surplus (Note 31)	Retained Earnings (Notes 4 and 31)				Other Equity (Notes 4 and 31)		Total	Total Equity
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
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
Appropriation of the 2019 earnings												
Legal reserve	-	-	-	-	1,007,837	-	(1,007,837)	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(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)
Net income for the year ended December 31, 2020	-	-	-	-	-	-	3,441,709	3,441,709	-	-	-	3,441,709
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
Share-based payment	70,016	-	70,016	4,551	-	-	-	-	-	-	-	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
Appropriation of the 2020 earnings												
Legal reserve	-	-	-	-	1,041,070	-	(1,041,070)	-	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)
Stock dividends on common shares	1,951,916	-	1,951,916	-	-	-	(1,951,916)	(1,951,916)	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	-	4,463,768	4,463,768	-	-	-	4,463,768
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	228	228	(545,390)	1,427,338	881,948	882,176
Share-based payment	66,583	-	66,583	5,659	-	-	-	-	-	-	-	72,242
Changes in ownership interests in subsidiaries	-	-	-	6,290	-	-	-	-	-	-	-	6,290
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	<u>\$ 32,952,187</u>	<u>\$ 2,000,000</u>	<u>\$ 34,952,187</u>	<u>\$ 8,051,984</u>	<u>\$ 8,924,700</u>	<u>\$ 627,440</u>	<u>\$ 6,932,579</u>	<u>\$ 16,484,719</u>	<u>\$ (1,636,613)</u>	<u>\$ 7,283,034</u>	<u>\$ 5,646,421</u>	<u>\$ 65,135,311</u>

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

UNION BANK OF TAIWAN

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	\$ 5,161,811	\$ 3,850,460
Adjustments for:		
Depreciation expense	717,519	677,907
Amortization expense	86,101	75,404
Expected credit losses/provision of allowance for doubtful accounts	776,891	267,216
Gain on disposal of financial assets at fair value through profit or loss	(503,731)	(1,656,347)
Interest expense	2,863,330	4,158,730
Interest revenue	(11,537,639)	(11,858,192)
Dividend income	(564,470)	(446,311)
Share of profit of subsidiaries and associates	(73,295)	(25,788)
Gain on disposal of associates	(6,665)	-
Loss on disposal of properties and equipment	1,193	7,119
Gain on disposal of investments	(365,267)	(15,371)
Impairment loss (reversed) recognized on financial assets	22,479	(122,109)
Loss on impairment of nonfinancial asset	68,935	-
Reversal of impairment losses on nonfinancial asset	(717)	(6,751)
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	(10,444,144)	(1,372,342)
Financial assets at fair value through other comprehensive income	(6,599,533)	(9,992,508)
Investments in debt instruments at amortized cost	13,084,558	13,628,315
Receivables	(2,499,589)	(2,391,120)
Discounts and loans	(70,149,182)	(38,232,449)
Other financial assets	2,926,067	(977,008)
Deposits from the Central Bank and other banks	(2,646,550)	641,940
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	2,827,518	1,319,242
Deposits and remittances	64,556,091	74,613,551
Other financial liabilities	(108,915)	115,250
Provision for employee benefits	(940)	9,474
Other liabilities	-	100
Cash generated from (used in) operations	(11,412,039)	3,076,660
Interest received	11,575,870	12,008,785
Dividend received	586,800	451,540
Interest paid	(2,894,026)	(4,492,295)
Income tax paid	(342,995)	(673,949)
Net cash generated from (used in) operating activities	<u>(2,486,390)</u>	<u>10,370,741</u>

(Continued)

UNION BANK OF TAIWAN

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	\$ (357,844)	\$ (500,000)
Disposal of associates	45,007	-
Payments for properties and equipment	(345,503)	(250,161)
Proceeds from disposal of properties and equipment	-	20
Increase in settlement fund	-	616
Decrease in settlement fund	(3,386)	-
Increase in refundable deposits	(248,099)	-
Decrease in refundable deposits	-	299,631
Payments for intangible assets	(50,332)	(34,797)
Proceeds from disposal of collaterals	477	7,007
Decrease in other assets	<u>32,832</u>	<u>179,962</u>
Net cash used in investing activities	<u>(926,848)</u>	<u>(297,722)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to Central Bank and other banks	2,954,670	3,786,720
Proceeds from issue of bank debentures	3,000,000	-
Repayments of bank debentures	(2,500,000)	(3,000,000)
Proceeds from guarantee deposits received	4,164	11,412
Repayment of the principal portion of lease liabilities	(437,403)	(409,986)
Decrease in other liabilities	-	170,189
Increase in other liabilities	(133,357)	-
Dividends paid	<u>(480,000)</u>	<u>(768,446)</u>
Net cash generated from (used in) financing activities	<u>2,408,074</u>	<u>(210,111)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(498,314)</u>	<u>(623,188)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,503,478)	9,239,720
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>72,014,307</u>	<u>62,774,587</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 70,510,829</u>	<u>\$ 72,014,307</u>

(Continued)

UNION BANK OF TAIWAN

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

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents in balance sheets	\$ 12,822,394	\$ 8,141,334
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	<u>57,688,435</u>	<u>63,872,973</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 70,510,829</u>	<u>\$ 72,014,307</u>

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

(Concluded)

UNION BANK OF TAIWAN

NOTES TO 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 engages 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 Trust, Wealth Management, Security Finance, Bills Finance, International Banking Department of the Head Office, Insurance Agency Department, an Offshore Banking Unit (OBU), 3 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 Bank’s financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the 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 FSC

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Bank’s accounting policies:

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

The Bank 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 48.

- b. The IFRSs endorsed by the Financial Supervisory Commission (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 Bank 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 Bank is continuously assessing the possible impact that the application of other standards and interpretations will have on the Bank’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 Bank 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 Bank 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 Bank 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 Bank’s interest as an unrelated investor in the associate or joint venture, i.e., the Bank’s share of the gain or loss is eliminated. Also, when the Bank 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 Bank’s interest as an unrelated investor in the associate or joint venture, i.e., the Bank’s share of the gain or loss is eliminated.

The Bank 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 bank 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 Bank 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 Bank 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 Bank 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 Bank is required to make significant judgments or assumptions in applying an accounting policy, and the Bank 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 Bank may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Bank 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 Bank 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 Bank 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 financial statements were authorized for issue, the Bank is continuously assessing the possible impact that the application of other standards and interpretations will have on the Bank’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 financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis of Preparation

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

When preparing its financial statements, the Bank used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same as the amounts attributable to the owner of the Bank in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and associates, share of other comprehensive income of subsidiaries, associates and related equity items, as appropriate, in the financial statements.

Foreign Currencies

In preparing the financial statements of the Bank, transactions in currencies other than the Bank'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 the 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 financial statements, the assets and liabilities of the Bank's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Bank) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the 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 Bank uses the equity method to account for its investments in subsidiaries and associates.

a. Investments in subsidiaries

A subsidiary is an entity (including a structured entity) that is controlled by the Bank.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Bank's share of the profit or loss and other comprehensive income of the subsidiary. The Bank also recognizes the changes in the Bank's share of equity of subsidiaries attributable to the Bank.

Changes in the Bank's ownership interest in a subsidiary that do not result in the Bank losing control of the subsidiary are equity transactions. The Bank recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Bank's share of losses of a subsidiary exceeds its interest in that subsidiary (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 Bank's net investment in the subsidiary), the Bank continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Bank's share of the net fair value of the identifiable assets and liabilities of a subsidiary 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 Bank's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Bank assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the financial statements of the investee company as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Bank recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Bank loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Bank accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Bank had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the Bank's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the Bank's financial statements only to the extent of interests in the subsidiaries that are not related to the Bank.

b. Investments in associates

An associate is an entity over which the Bank has significant influence and that is neither a subsidiary nor an interest in a joint venture. The Bank 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 Bank's share of the profit or loss and other comprehensive income of the associate. The Bank also recognizes the changes in the Bank's share of the equity of associates attributable to the Bank.

Any excess of the cost of acquisition over the Bank'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 Bank'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 Bank 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 Bank's proportionate interest in the associate. The Bank 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 Bank'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 Bank'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 Bank's net investment in the associate), the Bank discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Bank 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 Bank 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 Bank 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 Bank continues to apply the equity method and does not remeasure the retained interest.

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

Financial Instruments

Financial assets and financial liabilities are recognized when the Bank 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 47.

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

b. Equity instruments

Debt and equity instruments issued by the Bank 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 by the Bank are recognized at the proceeds received, net of direct issue costs.

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

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 Bank'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 47.

Financial guarantee contracts

Financial guarantee contracts issued by the Bank, 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.

2) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

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.

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 Bank'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 and 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 Bank 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 Bank 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

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

For a contract that contains a lease component and non-lease components, the Bank 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 Bank 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 Bank 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 Bank, 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 Bank'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 Bank 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 Bank as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Bank 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 Bank 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 Bank 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 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 rereasurement) 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 in which they occur. Rereasurement, 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. Rereasurement 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 Bank'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 rereasurement is recognized in profit or loss.

d. Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Bank can no longer withdraw the offer of the termination benefit and when the Bank 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 Bank 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 Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes for the period

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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 Bank 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 Bank 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 Bank's obligation is fulfilled.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Bank'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 loans, receivables, investments in debt instruments and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Bank uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Bank'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 48. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2021	2020
Cash on hand	\$ 6,901,168	\$ 5,740,402
Checks for clearing	3,339,499	1,171,066
Due from banks	<u>2,581,727</u>	<u>1,229,866</u>
	<u>\$ 12,822,394</u>	<u>\$ 8,141,334</u>

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

	<u>December 31</u>	
	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	<u>96,915</u>	<u>99,778</u>
	<u>\$ 29,553,111</u>	<u>\$ 24,325,798</u>

Under a directive issued by the Central Bank of the ROC, the Bank 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
<u>Financial assets designated as at fair value through profit or loss</u>		
Commercial paper	\$ 42,918,771	\$ 31,361,157
Government bond	-	298,124
Negotiable certificated of deposit	999,902	999,450
Domestic listed stock	829,450	50,496
Beneficiary certificates	682,638	513,710
Asset-backed securities	40,877	57,897
Future exchange margins	<u>58,090</u>	<u>56,665</u>
	<u>45,529,728</u>	<u>33,337,499</u>
Derivative financial instruments		
Foreign exchange forward contracts	50,521	60,430
Currency swap contracts	159,113	514,083
Option contracts	<u>94,064</u>	<u>55,718</u>
	<u>303,698</u>	<u>630,231</u>
	<u>\$ 45,833,426</u>	<u>\$ 33,967,730</u>
<u>Financial liabilities held for trading</u>		
Derivative financial instruments		
Currency swap contracts	\$ 395,338	\$ 132,889
Foreign exchange forward contracts	6,041	17,419
Option contracts	<u>94,042</u>	<u>55,694</u>
	<u>\$ 495,421</u>	<u>\$ 206,002</u>

The Bank engaged in derivative transactions mainly to accommodate customers' needs and manage its exposure positions. The financial risk management objective of the Bank 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
Futures contracts	27,690	-
Cross-currency swap contracts		
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 Bank were as follows:

December 31, 2021

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

On December 31, 2020 there were no open positions of future transaction.

The Bank's futures trading margins receivable were as follows:

	December 31	
	2021	2020
Account balance	\$ 58,014	\$ 56,665
Gain	<u>76</u>	<u>-</u>
Account net worth	<u>\$ 58,090</u>	<u>\$ 56,665</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2021	2020
Investments in equity instruments at FVTOCI		
Domestic listed shares	\$ 7,996,689	\$ 4,231,079
Overseas listed shares	5,674,842	5,847,572
Domestic unlisted shares	<u>1,456,984</u>	<u>1,475,939</u>
	<u>15,128,515</u>	<u>11,554,590</u>
Investments in debt instruments at FVTOCI		
Overseas corporate bonds	17,945,996	14,093,944
Overseas bond debentures	5,310,605	6,190,979
Overseas government bonds	5,810,431	6,192,951
Corporate bonds	9,417,590	8,410,769
Government bonds	<u>7,058,918</u>	<u>6,364,162</u>
	<u>45,543,540</u>	<u>41,252,805</u>
	<u>\$ 60,672,055</u>	<u>\$ 52,807,395</u>

Details of the Banks investments in foreign and domestic listed and 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
Taiwan Asset Management Corporation	79,477	77,164
Taiwan Depository & Clearing Corporation	75,252	65,631
iPass Corporation	-	60,044
Taiwan Financial Asset Service Corporation	48,291	48,105
Others	<u>28,490</u>	<u>29,363</u>
	<u>\$ 1,456,984</u>	<u>\$ 1,475,939</u>

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. The management of the bank considers the fact if the investment classified as fair value through profit or loss, it does not correspond with the purpose. Therefore, the management elected to designate these investments in equity instruments as at FVTOCI.

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

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 Bank sold \$8,789,959 thousand and \$9,216,124 thousand of 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	<u>\$ 48,100,000</u>	<u>\$ 51,275,000</u>
Debt instruments		
Government bonds	9,920,610	10,252,526
Overseas asset-backed securities	<u>19,410,932</u>	<u>29,170,136</u>
	<u>29,331,542</u>	<u>39,422,662</u>
	<u>\$ 77,431,542</u>	<u>\$ 90,697,662</u>

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

The Bank 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 Bank 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	<u>780,649</u>	<u>-</u>	<u>780,649</u>
	<u>\$ 45,543,540</u>	<u>\$ 29,331,542</u>	<u>\$ 74,875,082</u>

	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	<u>1,708,666</u>	<u>-</u>	<u>1,708,666</u>
	<u>\$ 41,252,805</u>	<u>\$ 39,422,662</u>	<u>\$ 80,675,467</u>

The Bank 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 Bank takes into consideration the multi-period default probability table for each rating 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 made in debt instruments on were 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 default	-	-	-
New debt instruments purchased	34,805	-	-
Derecognition	(23,122)	-	-
Changes in risk or model parameters	10,796	-	-
Change in exchange rates	<u>(7,145)</u>	<u>-</u>	<u>-</u>
Loss allowance on December 31, 2021	<u>\$ 257,033</u>	<u>\$ -</u>	<u>\$ -</u>
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 default	-	-	-
New debt instruments purchased	9,311	-	-
Derecognition	(114,854)	-	-
Changes in risk or model parameters	(16,566)	-	-
Change in exchange rates	<u>(20,879)</u>	<u>-</u>	<u>-</u>
Loss allowance on December 31, 2020	<u>\$ 241,699</u>	<u>\$ -</u>	<u>\$ -</u>

12. SECURITIES PURCHASED UNDER AGREEMENTS TO RESELL

	<u>December 31</u>	
	2021	2020
Commercial paper	\$ 30,079,407	\$ 21,377,310
Corporate bonds	26,608,330	39,645,492
Negotiable certificates of deposit	<u>1,000,698</u>	<u>2,850,171</u>
	<u>\$ 57,688,435</u>	<u>\$ 63,872,973</u>
Maturity date	2022.01-2022.02	2021.01-2021.03
Resale price	<u>\$ 57,695,704</u>	<u>\$ 63,877,099</u>

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

13. RECEIVABLES, NET

	<u>December 31</u>	
	2021	2020
Notes and accounts receivable	\$ 18,272,770	\$ 17,725,376
Interbank clearing fund receivable	3,500,374	1,818,946
Investment receivable	1,075,587	1,078,978
Interest receivable	995,084	913,909
Accounts receivable factoring without recourse	319,884	480,043
Acceptances receivable	220,120	107,221
Collections receivable	92,036	119,055
Entrusted exchanges	556,415	77,939
Others	<u>524,538</u>	<u>648,434</u>
	25,556,808	22,891,962
Less: Allowance for doubtful accounts	<u>205,370</u>	<u>188,672</u>
	<u>\$ 25,351,438</u>	<u>\$ 22,703,290</u>

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	\$ 21,740,511	\$ 103,392	\$ 1,048,059	\$ 22,891,962
Receivables assessed collectively	(269,421)	25,277	244,144	-
Receivables purchased or originated	10,225,924	29,376	111,452	10,366,752
Write-offs	-	-	(153,520)	(153,520)
Derecognition	<u>(7,265,016)</u>	<u>(47,856)</u>	<u>(235,514)</u>	<u>(7,548,386)</u>
Balance at December 31, 2021	<u>\$ 24,431,998</u>	<u>\$ 110,189</u>	<u>\$ 1,014,621</u>	<u>\$ 25,556,808</u>

	12-month Expected-credit Losses	Lifetime Expected-credit Losses	Lifetime Expected-credit Losses (Credit- impaired Financial Assets)	Total
Balance at January 1, 2020	\$ 19,416,706	\$ 106,235	\$ 1,110,213	\$ 20,633,154
Receivables assessed collectively	(319,562)	18,859	300,703	-
Receivables purchased or originated	10,234,882	32,872	92,118	10,359,872
Write-offs	-	-	(197,910)	(197,910)
Derecognition	<u>(7,591,515)</u>	<u>(54,574)</u>	<u>(257,065)</u>	<u>(7,903,154)</u>
Balance at December 31, 2020	<u>\$ 21,740,511</u>	<u>\$ 103,392</u>	<u>\$ 1,048,059</u>	<u>\$ 22,891,962</u>

Refer to Note 48 for the impairment loss analysis of receivables.

The Bank has accrued an allowance for doubtful accounts on receivables, the changes in allowance for doubtful accounts 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)	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	\$ 35,883	\$ 16,566	\$ 80,113	\$ 132,562	\$ 56,110	\$ 188,672
Changes of financial instruments recognized at the beginning of the current reporting period						
Transfers to						
Lifetime ECL	(357)	427	(70)	-	-	-
Credit-impaired financial assets	(60,511)	(27,135)	87,646	-	-	-
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	70,776	26,927	86,423	184,126	-	184,126
Difference of impairment loss under regulations	-	-	-	-	23,874	23,874
Write-offs	-	-	(153,520)	(153,520)	-	(153,520)
Recovery of written-off receivables	-	-	213,825	213,825	-	213,825
Change in others	(52)	136	(213,327)	(213,243)	-	(213,243)
Change in exchange rates	<u>(81)</u>	<u>-</u>	<u>-</u>	<u>(81)</u>	<u>-</u>	<u>(81)</u>
Balance at December 31, 2021	<u>\$ 28,599</u>	<u>\$ 10,864</u>	<u>\$ 85,923</u>	<u>\$ 125,386</u>	<u>\$ 79,984</u>	<u>\$ 205,370</u>

	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, 2020	\$ 43,935	\$ 18,491	\$ 93,187	\$ 155,613	\$ 44,639	\$ 200,252
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)	(34,145)	113,414	-	-	-
12-month ECL	433	(294)	(139)	-	-	-
Derecognition of financial assets in the current reporting period	(20,567)	(5,558)	(14,849)	(40,974)	-	(40,974)
New financial assets purchased or originated	92,024	37,452	85,991	215,467	-	215,467
Difference of impairment loss under regulations	-	-	-	-	11,471	11,471
Write-offs	-	-	(197,910)	(197,910)	-	(197,910)
Recovery of written-off receivables	-	-	225,537	225,537	-	225,537
Change in others	(89)	129	(225,051)	(225,011)	-	(225,011)
Change in exchange rates	(160)	-	-	(160)	-	(160)
Balance at December 31, 2020	<u>\$ 35,883</u>	<u>\$ 16,566</u>	<u>\$ 80,113</u>	<u>\$ 132,562</u>	<u>\$ 56,110</u>	<u>\$ 188,672</u>

14. DISCOUNTS AND LOANS, NET

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
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	85,461,913	74,450,827
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	205,936,425	178,920,373
Import and export negotiations	355,235	275,199
Overdue loans	<u>319,748</u>	<u>379,110</u>
	499,146,694	429,083,202
Less: Allowance for doubtful accounts	<u>5,395,959</u>	<u>4,778,233</u>
	<u>\$ 493,750,735</u>	<u>\$ 424,304,969</u>

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.

In 2021 and 2020, the Bank wrote off certain credits after completing the required legal procedures.

The Bank had set up an allowance for doubtful accounts on discounts and loans.

The changes in the 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	\$ 425,670,321	\$ 1,874,263	\$ 1,538,618	\$ 429,083,202
Discount and loans assessed collectively	(831,975)	376,508	455,467	-
Discount and loans purchased or originated	279,951,429	519,789	144,846	280,616,064
Write-offs	-	-	(349,574)	(349,574)
Derecognition	<u>(208,953,726)</u>	<u>(797,593)</u>	<u>(451,679)</u>	<u>(210,202,998)</u>
Balance at December 31, 2021	<u>\$ 495,836,049</u>	<u>\$ 1,972,967</u>	<u>\$ 1,337,678</u>	<u>\$ 499,146,694</u>
Balance at January 1, 2020	\$ 387,137,800	\$ 2,015,580	\$ 1,529,359	\$ 390,682,739
Discount and loans assessed collectively	(925,107)	529,854	395,253	-
Discount and loans purchased or originated	237,208,758	406,605	407,431	238,022,794
Write-offs	-	-	(122,057)	(122,057)
Derecognition	<u>(197,751,130)</u>	<u>(1,077,776)</u>	<u>(671,368)</u>	<u>(199,500,274)</u>
Balance at December 31, 2020	<u>\$ 425,670,321</u>	<u>\$ 1,874,263</u>	<u>\$ 1,538,618</u>	<u>\$ 429,083,202</u>

Refer to Note 48 for the impairment loss analysis of discounts and loans.

The Bank has accrued an allowance for doubtful accounts on discount and loans; the changes in allowance for doubtful accounts on discounts 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)	-	-	-

(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
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	<u>(2,725)</u>	<u>-</u>	<u>-</u>	<u>(2,725)</u>	<u>-</u>	<u>(2,725)</u>
Balance at December 31, 2021	<u>\$ 429,117</u>	<u>\$ 110,659</u>	<u>\$ 373,914</u>	<u>\$ 913,690</u>	<u>\$ 4,482,269</u>	<u>\$ 5,395,959</u>
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	<u>(4,685)</u>	<u>-</u>	<u>-</u>	<u>(4,685)</u>	<u>-</u>	<u>(4,685)</u>
Balance at December 31, 2020	<u>\$ 245,586</u>	<u>\$ 106,506</u>	<u>\$ 433,757</u>	<u>\$ 785,849</u>	<u>\$ 3,992,384</u>	<u>\$ 4,778,233</u>

(Concluded)

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Provision of allowance for doubtful accounts</u>		
Receivables	\$ (43,526)	\$ (39,047)
Discounts and loans	703,417	311,263
Reserve for losses on guarantees	100,000	(5,000)
Reserve for losses on loan commitments	<u>17,000</u>	<u>-</u>
	<u>\$ 776,891</u>	<u>\$ 267,216</u>

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

	<u>December 31</u>	
	2021	2020
Investments in subsidiaries	\$ 4,669,023	\$ 4,326,082
Investments in associates	<u>1,854,019</u>	<u>1,536,989</u>
	<u>\$ 6,523,042</u>	<u>\$ 5,863,071</u>

a. Investments in subsidiaries

	<u>December 31</u>	
	2021	2020
Union Finance and Leasing International Corporation (UFLIC)	\$ 2,865,194	\$ 2,998,319
Union Securities Investment Trust Corporation (USITC)	429,088	414,021
Union Finance International (H.K.) Limited	156,688	129,604
Union Information Technology Corporation (UIT)	17,311	13,462
Union Venture Capital Corporation	<u>1,200,742</u>	<u>770,676</u>
	<u>\$ 4,669,023</u>	<u>\$ 4,326,082</u>

At the end of the reporting period, the proportion of ownership and voting rights in subsidiaries held by the Bank were as follows:

	<u>December 31</u>	
	2021	2020
Union Finance and Leasing International Corporation (UFLIC)	100.00%	100.00%
Union Securities Investment Trust Corporation (USITC)	99.60%	99.60%
Union Finance International (H.K.) Limited	100.00%	99.99%
Union Information Technology Corporation (UIT)	99.99%	99.99%
Union Venture Capital Corporation	100.00%	100.00%

To integrate resources and enhance operating effectiveness, the investment was approved by the Financial Supervisory Commission (FSC) under Rule No. 10802037180 on March 27, 2019. The bank spend \$264,909 thousand dollars to purchase 64.60% equity interest from Union Securities Investment Trust Corporation's shareholder on July 5, 2019 and December 27, 2019, respectively. After the transaction was completed, the percentage of total equity interest increased from 35% to 99.60%.

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, Union Bank of Taiwan 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 Financial Supervisory Commission (FSC) under Rule No. 10802042270. The investment was approved by the Financial Supervisory Commission (FSC) under Rule No. 10802042270 on March 28, 2019. The total investment amount was \$800,000 thousand, and the Bank held 100% of Union Venture Capital's shares as of December 31, 2021.

b. Investments in associates

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
<u>Not individually material</u>		
Line BIZ+ Taiwan Limited	\$ 1,480,143	\$ 1,484,708
iPass Corporation (Note 9)	321,802	-
Union Real-Estate Management Corporation	<u>52,074</u>	<u>52,281</u>
	<u>\$ 1,854,019</u>	<u>\$ 1,536,989</u>

The summarized financial information in respect of the Bank's associates is set out below:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Net loss	<u>\$ (6,632)</u>	<u>\$ (50,493)</u>

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 Bank has significant influence over Line BIZ+ Taiwan Limited; thus, the Bank uses the equity method to account for the investment. And included the goodwill amount \$977,235 thousand in the cost.

The Bank's share of profit and other comprehensive income recognized from investments in associates other than Line BIZ+ Taiwan Limited during the fiscal years 2021 and 2020 were based on financial statements audited by their respective auditors for the same reporting periods as those of the Bank.

Management of the Bank considers that numbers quoted from the unaudited financial statements of Line BIZ+ Taiwan Limited and iPass Corporation will not lead to material misstatements of the Bank's financial statements.

17. OTHER FINANCIAL ASSETS, NET

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Pledged assets (Note 43)	\$ 1,513,863	\$ 1,468,848
Due from banks - certificate of deposit	89,102	2,979,551
Others	<u>2,604</u>	<u>23,437</u>
	<u>\$ 1,605,569</u>	<u>\$ 4,471,836</u>

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

18. PROPERTY AND EQUIPMENT, NET

	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Lease Improvements	Prepayments for Equipment	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 3,929,555	\$ 5,212,236	\$ 1,461,735	\$ 334,776	\$ 457,920	\$ 49,728	\$ 11,445,950
Additions	42,925	38,029	45,229	12,635	31,730	174,955	345,503
Disposals	-	-	(73,574)	(7,781)	-	-	(81,355)
Reclassification	-	810	2,421	2,197	1,998	(55,224)	(47,798)
Balance at December 31, 2021	<u>3,972,480</u>	<u>5,251,075</u>	<u>1,435,811</u>	<u>341,827</u>	<u>491,648</u>	<u>169,459</u>	<u>11,662,300</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2021	-	1,913,045	1,078,340	279,203	282,911	-	3,553,499
Depreciation	-	123,089	94,907	15,139	42,397	-	275,532
Disposals	-	-	(72,554)	(7,608)	-	-	(80,162)
Balance at December 31, 2021	-	<u>2,036,134</u>	<u>1,100,693</u>	<u>286,734</u>	<u>325,308</u>	-	<u>3,748,869</u>
Balance at December 31, 2021, net	<u>\$ 3,972,480</u>	<u>\$ 3,214,941</u>	<u>\$ 335,118</u>	<u>\$ 55,093</u>	<u>\$ 166,340</u>	<u>\$ 169,459</u>	<u>\$ 7,913,431</u>
<u>Cost</u>							
Balance at January 1, 2020	\$ 3,845,398	\$ 5,194,044	\$ 1,379,546	\$ 316,416	\$ 405,213	\$ 207,859	\$ 11,348,476
Additions	48,665	17,180	66,077	23,424	42,674	52,141	250,161
Disposals	-	-	(114,170)	(5,451)	-	-	(119,621)
Reclassification	35,492	1,012	130,282	387	10,033	(210,272)	(33,066)
Balance at December 31, 2020	<u>3,929,555</u>	<u>5,212,236</u>	<u>1,461,735</u>	<u>334,776</u>	<u>457,920</u>	<u>49,728</u>	<u>11,445,950</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2020	-	1,786,913	1,107,325	271,313	237,532	-	3,403,083
Depreciation	-	126,132	78,261	13,126	45,379	-	262,898
Disposals	-	-	(107,246)	(5,236)	-	-	(112,482)
Balance at December 31, 2020	-	<u>1,913,045</u>	<u>1,078,340</u>	<u>279,203</u>	<u>282,911</u>	-	<u>3,553,499</u>
Balance at December 31, 2020, net	<u>\$ 3,929,555</u>	<u>\$ 3,299,191</u>	<u>\$ 383,395</u>	<u>\$ 55,573</u>	<u>\$ 175,009</u>	<u>\$ 49,728</u>	<u>\$ 7,892,451</u>

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	3-5 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 Bank and UFLIC. Per contract, the Bank will provide its land 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 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 had paid \$85,585 thousand and \$2,181 thousand as of December 31, 2021 and 2020, respectively.

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2021	2020
<u>Carrying amount</u>		
Buildings	<u>\$ 1,590,101</u>	<u>\$ 1,639,260</u>
	<u>For the Year Ended December 31</u>	
	2021	2020
Additions to right-of-use assets	<u>\$ 369,556</u>	<u>\$ 706,653</u>
Depreciation charge for right-of-use assets		
Land and buildings	<u>\$ 441,987</u>	<u>\$ 415,009</u>

b. Lease liabilities

	<u>December 31</u>	
	2021	2020
Carrying amounts	<u>\$ 1,576,632</u>	<u>\$ 1,621,207</u>

Range of discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	2021	2020
Buildings	0.72%-0.93%	0.73%-0.93%

c. Other lease information

	<u>For the Year Ended December 31</u>	
	2021	2020
Expenses relating to short-term leases	<u>\$ 212,960</u>	<u>\$ 206,167</u>
Total cash outflow for leases	<u>\$ (650,363)</u>	<u>\$ (616,153)</u>

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

20. 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 surviving 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, the balance of accumulated impairment was \$902,691 thousand.

21. OTHER ASSETS, NET

	<u>December 31</u>	
	2021	2020
Refundable deposits	\$ 2,484,268	\$ 2,232,783
Prepaid expenses	321,509	353,828
Prepaid pensions cost (Note 29)	164,363	164,801
Others	<u>113</u>	<u>188</u>
	<u>\$ 2,970,253</u>	<u>\$ 2,751,600</u>

22. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	<u>December 31</u>	
	2021	2020
Deposits from Chunghwa Post Co., Ltd.	\$ 4,599,730	\$ 5,599,730
Call loans from banks	4,336,870	6,078,420
Deposits from the Central Bank and other banks	306,561	127,091
Overdraft	<u>53,152</u>	<u>137,622</u>
	<u>\$ 9,296,313</u>	<u>\$ 11,942,863</u>

23. DUE TO THE CENTRAL BANK AND OTHER BANKS

	<u>December 31</u>	
	2021	2020
Due to the Central Bank	<u>\$ 6,741,390</u>	<u>\$ 3,786,720</u>

24. 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 certificated of deposit	<u>1,001,174</u>	<u>1,000,286</u>
	<u>\$ 51,279,756</u>	<u>\$ 44,428,176</u>
Maturity date	2022.01-2022.06	2021.01-2021.04
Repurchase price	<u>\$ 51,301,057</u>	<u>\$ 43,452,064</u>

25. PAYABLES

	December 31	
	2021	2020
Investments payable	\$ 1,070,085	\$ 1,349,789
Notes and checks in clearing	3,339,499	1,171,066
Accrued expenses	1,101,869	860,672
Interest payable	475,651	573,653
Collections payable	250,572	391,944
Bank acceptances payable	220,120	107,221
Tax taxable	108,758	103,685
Reimbursed for settlement	186,542	69,746
Capital stocks under custody	555,743	75,382
Others	<u>846,137</u>	<u>727,238</u>
	<u>\$ 8,154,976</u>	<u>\$ 5,430,396</u>

26. DEPOSITS AND REMITTANCES

	December 31	
	2021	2020
Savings deposits	\$ 390,486,917	\$ 364,921,557
Demand deposits	158,159,158	115,561,141
Time deposits	116,445,140	113,473,414
Checking deposits	7,221,110	13,941,078
Negotiable certificates of deposit	336,000	305,900
Inward and outward remittances	<u>177,280</u>	<u>66,424</u>
	<u>\$ 672,825,605</u>	<u>\$ 608,269,514</u>

27. BANK DEBENTURES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
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 over 5.5 years; fixed rate 1.92%	<u>3,000,000</u>	<u>-</u>
	<u>\$ 7,700,000</u>	<u>\$ 7,200,000</u>

28. PROVISIONS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Reserve for losses on guarantees and loan commitments	\$ 333,295	\$ 216,360
Others	<u>28,579</u>	<u>28,579</u>
	<u>\$ 361,874</u>	<u>\$ 244,939</u>

The Bank has accrued an allowance for doubtful accounts on guarantees and loan commitments; the changes in allowance for doubtful accounts on guarantees and loan commitments 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	\$ 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, 2021	<u>\$ 60,190</u>	<u>\$ 1,825</u>	<u>\$ 271</u>	<u>\$ 62,286</u>	<u>\$ 271,009</u>	<u>\$ 333,295</u>
Balance at January 1, 2020	\$ 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, 2020	<u>\$ 49,242</u>	<u>\$ 1,666</u>	<u>\$ 144</u>	<u>\$ 51,052</u>	<u>\$ 165,308</u>	<u>\$ 216,360</u>

29. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The Bank 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 Bank contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan and in the Bank'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 Bank has no right to influence the investment policy and strategy. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year.

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

	December 31	
	2021	2020
Present value of defined benefit obligation	\$ (1,683,471)	\$ (1,626,432)
Fair value of plan assets	<u>1,847,834</u>	<u>1,791,233</u>
Deficit (surplus)	<u>164,363</u>	<u>164,801</u>
Net defined benefit asset	<u>\$ 164,363</u>	<u>\$ 164,801</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Total
Balance at January 1, 2020	\$ (1,667,125)	\$ 1,820,689	\$ 153,564
Service cost			
Current service cost	(14,966)	-	(14,966)
Net interest income (expense)	<u>(11,705)</u>	<u>12,783</u>	<u>1,078</u>
Recognized in profit or loss	<u>(26,671)</u>	<u>12,783</u>	<u>(13,888)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	17,997	17,997
Actuarial loss - changes in financial assumptions	(56,783)	-	(56,783)
Actuarial gain - experience adjustments	<u>50,628</u>	-	<u>50,628</u>
Recognized in other comprehensive income	<u>(6,155)</u>	<u>17,997</u>	<u>11,842</u>
Contributions from the employer	-	13,283	13,283
Benefits paid	<u>73,519</u>	<u>(73,519)</u>	<u>-</u>
Balance at December 31, 2020	<u>\$ (1,626,432)</u>	<u>\$ 1,791,233</u>	<u>\$ 164,801</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Total
Balance at January 1, 2021	<u>\$ (1,626,432)</u>	<u>\$ 1,791,233</u>	<u>\$ 164,801</u>
Service cost			
Current service cost	(12,163)	-	(12,163)
Net interest income (expense)	<u>(6,234)</u>	<u>6,866</u>	<u>632</u>
Recognized in profit or loss	<u>(18,397)</u>	<u>6,866</u>	<u>(11,531)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	126,238	126,238
Actuarial loss - changes in financial assumptions	(105,281)	-	(105,281)
Actuarial gain - experience adjustments	<u>(21,897)</u>	<u>-</u>	<u>(21,897)</u>
Recognized in other comprehensive income	<u>(127,178)</u>	<u>126,238</u>	<u>(940)</u>
Contributions from the employer	-	12,033	12,033
Benefits paid	<u>88,536</u>	<u>(88,536)</u>	<u>-</u>
Balance at December 31, 2021	<u>\$ (1,683,471)</u>	<u>\$ 1,847,834</u>	<u>\$ 164,363</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, the Bank 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:

	<u>December 31</u>	
	2021	2020
Discount rate	0.501%	0.383%
Expected rates of future salary increase	3.25%	2.50%

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:

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Discount rate(s)		
0.25% increase	<u>\$ (44,176)</u>	<u>\$ (43,062)</u>
0.25% decrease	<u>\$ 45,827</u>	<u>\$ 44,723</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 43,885</u>	<u>\$ 43,074</u>
0.25% decrease	<u>\$ (42,550)</u>	<u>\$ (41,709)</u>

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.

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
The expected contributions to the plan for the next year	<u>\$ 12,425</u>	<u>\$ 13,615</u>
The average duration of the defined benefit obligation	10.89 years	10.9 years

30. OTHER LIABILITIES

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Advance receipts	\$ 809,887	\$ 903,350
Guarantee deposits received	123,561	119,397
Others	<u>57,117</u>	<u>75,509</u>
	<u>\$ 990,565</u>	<u>\$ 1,098,256</u>

31. EQUITY

a. Capital stock

Common stock

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

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 Bank'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 5.5 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 Bank 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 Ordinary 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

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

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

Note 2: The capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transaction other than actual disposals or acquisition or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Legal reserve

Legal reserve should be appropriated until it equals the Bank's paid-in-capital. Legal reserve may be used to offset deficit. If the Bank has no deficit and the legal reserve has exceeded 25% of 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 Bank's paid-in capital, the amount that may be distributed in cash should not exceed 15% of the Bank's paid-in-capital.

d. Special reserve

Items referred to under Rule No. 109015022 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 Bank 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.

	December 31	
	2021	2020
Balance at January 1	\$ 627,440	\$ 627,440
Special reserves appropriated	<u>-</u>	<u>-</u>
Balance at December 31	<u>\$ 627,440</u>	<u>\$ 627,440</u>

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 regarding 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 the 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:

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

The appropriations from the 2021 earnings were proposed by the board of directors on March 7, 2022. The appropriations, including the dividends per share, were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 1,665,718	
Dividends on ordinary shares	3,410,551	\$1.035
Cash dividends on preference shares	480,000	2.4

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 translation of foreign operations

	<u>For the Year Ended December 31</u>	
	2021	2020
Balance at January 1	\$ (1,091,223)	\$ (604,632)
Exchange differences arising on translation of the foreign operations	(361,067)	(625,885)
Income tax on exchange differences on translation of the net assets of foreign operations	72,213	125,177
Share of exchange difference of subsidiaries accounted for using the equity method	<u>(256,536)</u>	<u>14,117</u>
Balance at December 31	<u>\$ (1,636,613)</u>	<u>\$ (1,091,223)</u>

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

	For the Year Ended December 31	
	2021	2020
Balance at January 1	\$ 6,942,293	\$ 5,289,524
Generated this year		
Unrealized gain (loss)		
Debt instruments	(562,750)	1,040,127
Equity instruments	1,806,552	705,215
Adjustments to loss allowance for debt instruments	9,412	(19,120)
Share of associates	539,391	(35,700)
Disposal of debt instruments	<u>(365,267)</u>	<u>(15,371)</u>
Other comprehensive loss for the year	<u>1,427,338</u>	<u>1,675,151</u>
Accumulated gain (loss) transferred retained earnings denied from disposal of equity instruments at FVTOCI	<u>(1,086,597)</u>	<u>(22,382)</u>
Balance at year-end	<u>\$ 7,283,034</u>	<u>\$ 6,942,293</u>

32. NET INTEREST

	For the Year Ended December 31	
	2021	2020
<u>Interest revenue</u>		
Discounts and loans	\$ 8,474,287	\$ 8,073,680
Debt instruments at amortized cost	915,222	1,621,720
Financial assets at FVTOCI	1,143,472	958,260
Credit card	797,944	834,266
Securities purchased under resell agreements	117,445	221,157
Due from the Central Bank and call loans to other banks	68,641	127,370
Others	<u>20,628</u>	<u>21,739</u>
	<u>11,537,639</u>	<u>11,858,192</u>
<u>Interest expense</u>		
Deposits	2,465,036	3,189,807
Securities sold under repurchase agreements	153,584	571,777
Bank debentures	170,790	256,508
Due to Chunghwa Post Co., Ltd.	32,687	39,340
Others	<u>41,233</u>	<u>101,298</u>
	<u>2,863,330</u>	<u>4,158,730</u>
	<u>\$ 8,674,309</u>	<u>\$ 7,699,462</u>

33. COMMISSION AND FEE REVENUE, NET

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Commission and fee revenue		
Insurance commission	\$ 707,506	\$ 638,744
Credit cards and cash cards	2,274,907	1,596,391
Trust business	667,902	572,023
Loan business	412,868	350,161
Interbank service fee	98,507	104,690
Underwriting business	126,536	88,911
Guarantee business	127,559	117,207
Others	<u>259,280</u>	<u>255,667</u>
	<u>4,675,065</u>	<u>3,723,794</u>
Commission and fee expense		
Credit card	684,013	658,125
Interbank service fee	28,576	28,786
Acquiring liquidation deal	736,739	15,256
Verification of credit	36,106	39,014
Agency fee	13,779	17,209
Others	<u>111,077</u>	<u>96,294</u>
	<u>1,610,290</u>	<u>854,684</u>
	<u>\$ 3,064,775</u>	<u>\$ 2,869,110</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
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 paper	15,538	14,104
Beneficial securities and shares	712,331	10,156
Option contracts	1,471	1,769
Government bonds	(2,535)	8,046
Corporate bonds	1,196	1,632
Interest revenue	191,752	245,917
Dividend	53,755	54,462
Principal guaranteed notes	9,774	11,725
Cross currency swap contract	-	16,175
Future exchange margins	<u>3,066</u>	<u>(1,406)</u>
	<u>1,155,908</u>	<u>912,358</u>

(Continued)

	For the Year Ended December 31	
	2021	2020
Unrealized gain or loss on financial assets at fair value through profit or loss		
Beneficial securities and shares	\$ 34,534	\$ 538
Government bonds and corporate bonds	(4,427)	(444)
Commercial paper	(598)	(6,922)
Derivative financial assets and liabilities	(628,007)	805,279
Future trading margin	76	-
	<u>(598,422)</u>	<u>798,451</u>
	<u>\$ 557,486</u>	<u>\$ 1,710,809</u>

(Concluded)

35. REALIZED GAIN ON FINANCIAL ASSETS AT FVOCI

	For the Year Ended December 31	
	2021	2020
Dividend revenue	\$ 510,715	\$ 391,849
Net profit from disposal of bonds	<u>365,267</u>	<u>15,371</u>
	<u>\$ 875,982</u>	<u>\$ 407,220</u>

36. 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 collaterals	717	6,751
Investments accounted for using the equity method	<u>(68,935)</u>	<u>-</u>
	<u>\$ (90,697)</u>	<u>\$ 128,860</u>

37. SALARY AND BENEFITS OF EMPLOYEES

	For the Year Ended December 31	
	2021	2020
Salaries and wages	\$ 2,368,480	\$ 2,331,557
Bonus	1,021,510	834,397
Pension		
Defined contribution plans	144,450	149,995
Defined benefit plans	11,531	13,888
Labor insurance and national health insurance	319,432	296,614
Remuneration of directors	12,925	13,430
Others	<u>101,516</u>	<u>55,627</u>
	<u>\$ 3,979,844</u>	<u>\$ 3,695,508</u>

According to the Bank's Articles, the Bank accrued compensation of employees and remuneration of directors at the rates 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 were as follows:

Accrual Rate

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

Amount

	<u>For the Year Ended December 31</u>			
	<u>2021</u>		<u>2020</u>	
	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 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 Bank'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 Bank's board of directors in 2021 and 2020 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

38. DEPRECIATION AND AMORTIZATION

	<u>For the Year Ended December 31</u>	
	2021	2020
Property and equipment	\$ 275,332	\$ 262,898
Intangible assets	86,101	75,404
Right of use assets	<u>441,987</u>	<u>415,009</u>
	<u>\$ 803,620</u>	<u>\$ 753,311</u>

39. OTHER OPERATING EXPENSES

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Rental	\$ 212,960	\$ 206,167
Taxation and government fee	631,328	610,516
Advertisement	951,808	1,024,785
Outsourcing service	365,448	335,177
Postage/cable charge	243,723	261,337
Computer operating	192,655	181,941
Deposit insurance	161,066	149,368
Maintenance charge	124,712	127,336
Marketing	32,551	46,832
Printing and binding	43,138	47,288
Donation	45,648	20,831
Others	<u>438,012</u>	<u>500,422</u>
	<u>\$ 3,443,049</u>	<u>\$ 3,512,000</u>

40. INCOME TAX

- a. Income tax recognized in profit or loss

The main components of income tax expense were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Current tax		
Current year	\$ 688,874	\$ 429,260
Additional income tax on unappropriated earnings	-	1,516
Prior year's adjustments	3,386	(7,785)
Deferred tax		
Current year	<u>5,783</u>	<u>(14,240)</u>
Income tax expense recognized in profit or loss	<u>\$ 698,043</u>	<u>\$ 408,751</u>

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

	<u>For the Year Ended December 31</u>	
	<u>2021</u>	<u>2020</u>
Income before tax	<u>\$ 5,161,811</u>	<u>\$ 3,850,460</u>
Income tax expense at the 20% statutory rate	\$ 1,032,362	\$ 770,092
Tax-exempt income	(636,949)	(411,849)
Additional income tax under the Alternative Minimum Tax Act	278,096	56,777
Unrecognized deductible temporary differences	21,148	-
Adjustments for prior year's tax	3,386	(7,785)
Income tax on unappropriated earnings	<u>-</u>	<u>1,516</u>
Income tax expense recognized in profit or loss	<u>\$ 698,043</u>	<u>\$ 408,751</u>

As the appropriation of the 2020 earnings is uncertain, the income tax consequences of the 2020 unappropriated earnings cannot be reliably determined.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2021	2020
<u>Deferred tax</u>		
Recognized in other comprehensive income:		
Exchange differences on the translation of financial statements of foreign operations	\$ 72,213	\$ 125,177
Unrealized gain (loss) on financial assets at FVTOCI	34,546	(107,125)
Actuarial gains and losses on defined benefit plans	<u>188</u>	<u>(2,368)</u>
Total income tax expenses (benefit) recognized in other comprehensive income	<u>\$ 106,947</u>	<u>\$ 15,684</u>

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	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Impairment loss of financial instruments	\$ 34,000	\$ (34,000)	\$ -	\$ -
Employee benefit plan	176,320	-	-	176,320
Payable for annual leave	8,767	560	-	9,327
Allowance for possible losses and reserve for losses on guarantees	93,103	(3,108)	-	89,905
Exchange difference on translation of foreign operations	268,187	-	72,213	340,400
Others	<u>56,619</u>	<u>34,027</u>	<u>-</u>	<u>90,646</u>
	<u>\$ 636,906</u>	<u>\$ (2,521)</u>	<u>\$ 72,213</u>	<u>\$ 706,598</u>
<u>Deferred tax liabilities</u>				
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	<u>(135,535)</u>	<u>(3,262)</u>	<u>188</u>	<u>(138,609)</u>
	<u>\$ (1,635,842)</u>	<u>\$ (3,262)</u>	<u>\$ 34,734</u>	<u>\$ (1,604,370)</u>

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Impairment loss of financial instruments	\$ 42,700	\$ (8,700)	\$ -	\$ 34,000
Employee benefit plan	173,984	2,336	-	176,320
Payable for annual leave	7,370	1,397	-	8,767
Allowance for possible losses and reserve for losses on guarantees	81,727	11,286	-	93,013
Exchange difference on translation of foreign operations	143,010	-	125,177	268,187
Others	<u>91,988</u>	<u>(35,369)</u>	<u>-</u>	<u>56,619</u>
	<u>\$ 540,779</u>	<u>\$ (29,050)</u>	<u>\$ 125,177</u>	<u>\$ 636,906</u>
<u>Deferred tax liabilities</u>				
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	<u>(176,457)</u>	<u>43,290</u>	<u>(2,368)</u>	<u>(135,535)</u>
	<u>\$ (1,569,639)</u>	<u>\$ 43,290</u>	<u>\$ (109,493)</u>	<u>\$ (1,635,842)</u>

d. Income tax assessments

Examined and Cleared

Union Bank of Taiwan

Through 2018

41. EARNINGS PER SHARE

	<u>For the Year Ended December 31</u>	
	2021	2020
Basic earnings per share	<u>\$ 1.21</u>	<u>\$ 0.90</u>
Diluted earnings per share	<u>\$ 1.21</u>	<u>\$ 0.90</u>

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

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

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	<u>8,362</u>	<u>8,059</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>3,302,340</u>	<u>3,295,296</u>

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.

42. RELATED-PARTY TRANSACTIONS

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

a. Related parties and their relationships with the Bank

Related Party	Relationship with the Bank
Union Finance and Leasing International Corporation (UFLIC)	Subsidiary
Union Information Technology Corporation (UIT)	Subsidiary
Union Finance International (H.K.) Limited	Subsidiary
Union Securities Investment Trust Corporation (USITC)	Subsidiary
Union Venture Capital Co., Ltd. (UVC)	Subsidiary
Union Capital (Cayman) Corp. (UCCC)	Subsidiary
Union Capital (Singapore) Holding Pte. Ltd. (UCSH)	Subsidiary
Uflc Capital (Singapore) Holding Pte. Ltd. (UFLC)	Subsidiary
Kabushiki Kaisha UCJ1 (KK)	Subsidiary
Tokutei Mokuteki Kaisha SSG15 (TMK SSG15)	Subsidiary
Tokutei Mokuteki Kaisha SSG12 (TMK SSG12)	Subsidiary
Tokutei Mokuteki Kaisha SSG16 (TMK SSG16)	Subsidiary
Corner Union Venture Capital, LLC (Delaware)	Subsidiary
Corner Union LLC DAG I-U, LLC	Subsidiary
Corner Union LLC	Subsidiary
Na He Yi Hau Electric Power Inc.	Subsidiary
Ting Jie Electric Power Inc	Subsidiary
Union Energy Co., Ltd	Subsidiary

(Continued)

Related Party	Relationship with the Bank
Union Private Equity Co., Ltd.	Subsidiary
Tianji Smart Energy Co., Ltd.	Subsidiary
Union Real-Estate Management Corporation	Associates
LINE BIZ+ Taiwan, Ltd. (LINE PAY)	Associates
iPASS Corporation	Associates
Blue Borders Medical and Heal Management Consulting Co., Ltd.	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
Lianhe Investment Co., Ltd.	Related party in substance
Union Enterprise Construction Co., Ltd. (UECC)	Related party in substance
Yu-Pang Co., Ltd. (Yu-Pang)	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. (Hi-Life)	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	USITC and UFLIC are general partnership of the private fund
Union Green Energy I Private Equity Limited Partnership	USITC is general partnership of the private fund
Others	Directors, managers and their relatives and affiliates

(Concluded)

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	Nonperforming 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	UFLIC	1,653,499	518,225	518,225	-	Land and buildings	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	Nonperforming 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	UFLIC	1,727,263	1,459,606	1,459,606	-	Land and buildings	None
Others	6	12,384	11,396	11,396	-	Land and buildings	None

	December 31		Interest Revenue			
	Amount	%	Rate	Amount	%	
2021	\$ 632,274	0.13	1.09%-3.20%	\$ 28,740	0.25	
2020	1,569,381	0.37	1.15%-3.00%	30,326	0.26	

2) Deposits

	December 31		Interest Expense			
	Amount	%	Rate (Note)	Amount	%	
2021	\$ 11,185,932	1.66	0%-3.22%	\$ 22,749	0.79	
2020	14,511,786	2.39	0%-4.80%	29,002	0.70	

Note: Including foreign currency interest rate.

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	\$ -	0.5%	Time deposits
The Liberty Times Co., Ltd.	2,517	-	-	-	Time deposits
Long Shan Lin Corporation	71,040	71,040	-	0.5%	Time deposits
Hi-Life International Co., Ltd.	20,300	20,300	-	0.4%	Time deposits

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

4) Leases

a) The Bank as lessee

Under operating lease agreements with terms of one year to five years, the Bank rents from related parties' office spaces for use by the Head Office, Trust, International Banking Department, Wealth Management, Information Technology Department, Consumer Banking Department, Insurance Agency Department, Credit Card Department, the Northern Collateral Appraisal Center, and some branches. Rentals are payable quarterly, with some contracts allowing placement with the lessors of lease deposits in lieu of rental payments. Rental expenses and lease deposits were as follows:

	Lease Deposit (Part of Other Assets)		Lease Liabilities	
	Amount	%	Amount	%
<u>2021</u>				
Yu-Pang	\$ 456,046	18.36	\$ 17,254	1.13
Hung-Kuo	219,464	8.83	332,180	21.73
Yong-Xuan	15,029	0.60	99,497	6.51
UECC	5,019	0.20	43,820	2.87
UFLIC	250	0.01	14,268	0.93
<u>2020</u>				
Yu-Pang	\$ 456,046	20.43	\$ 22,754	1.40
Hung-Kuo	219,465	9.83	407,013	25.11
Yong-Xuan	15,029	0.67	158,935	9.80
UECC	4,384	0.20	55,324	3.41

The Bank rented cars for business use from UFLIC; the rent expense was \$12,007 thousand in 2021 and \$11,061 thousand in 2020. Rent payable as of December 31, 2021 and 2020 were \$31 thousand and \$41 thousand, respectively.

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

b) The Bank as lessor

The Bank's South Taoyuan Branch, Kaohsiung Branch, Fucheng Branch, Jiuru Branch, Xing-Zhong Branch, Tun-Hua Branch, Taichung Branch and Songjiang Branch leased part of their office premises to UFLIC, UVC, Hi-Life and USITC under operating lease agreements starting from December 2014 to August 2024, from January 2016 to December 2020, from June 2013 to April 2020, from May 2017 to April 2022, from November 2017 to October 2022, from November 2019 to October 2024, from March 2022 to April 2030 and from March 2020 to June 2020, respectively. The leasing revenues received were \$2,530 thousand and \$1,599 thousand in 2021 and 2020, respectively. The lease deposits received (included in other liabilities) were \$491 thousand and \$406 thousand in 2021 and 2020, respectively.

5) UIT sold computers and related materials and software and provided network services to the Bank. The purchase and service fees were \$146,352 thousand in 2021 and \$136,214 thousand in 2020.

- 6) LINE PAY had provided the use of its consumer platform to the Bank from July 2019. The maintenance fee of the platform as of December 31, 2021 and 2020 were \$30,166 thousand and \$25,252 thousand, respectively.
- 7) LINE PAY provided the credit card bonus points and cooperative marketing activities to the Bank. The advertising fee as of December 31, 2021 and 2020 were \$711,056 thousand and \$695,168 thousand, respectively.
- 8) Hi-Life provided the commodity bonus exchange and marketing activities to the Bank. The advertising fee were \$601 thousand and \$867 thousand in 2021 and 2020, respectively.

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:

	<u>For the Year Ended December 31</u>	
	2021	2020
Short-term employment benefits		
Salaries	\$ 35,956	\$ 35,501
Transportation expenses	<u>1,434</u>	<u>1,230</u>
	37,390	36,731
Post-employment benefits	<u>3,166</u>	<u>3,338</u>
	<u>\$ 40,556</u>	<u>\$ 40,069</u>

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

43. PLEDGED ASSETS

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

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.

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.

44. CONTINGENCIES AND COMMITMENTS

a. As of December 31, 2021 and 2020, the Bank'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	24,196,090
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. Computer equipment purchase contracts

As of December 31, 2021 and 2020, the Bank had contracts to buy computer equipment and software for \$181,892 thousand and \$209,281 thousand, respectively, of which \$111,887 thousand and \$120,972 thousand had been paid as of December 31, 2021 and 2020, respectively.

45. OTHER

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

46. 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	<u>148,436</u>
Accounts receivable	87,387		
Stock in custody	15,785,785		
Real estate - land and building	<u>11,952,925</u>		
Total	<u>\$ 93,973,952</u>	Total	<u>\$ 93,973,952</u>

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	<u>60,018</u>
Accounts receivable	9,687		
Stock in custody	16,366,695		
Real estate - land and building	<u>13,216,297</u>		
 Total	 <u>\$ 85,935,248</u>	 Total	 <u>\$ 85,935,248</u>

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	<u>81,421</u>
Total trust income	<u>128,804</u>
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	<u>975</u>
Total trust expense	<u>16,617</u>
Gain before tax	112,187
Income tax expense	<u>(1,601)</u>
 Net gain	 <u>\$ 110,586</u>

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	<u>45,250</u>
Total trust income	<u>77,208</u>
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	<u>1,687</u>
Total trust expense	<u>28,045</u>
Gain before tax	49,163
Income tax expense	<u>(1,593)</u>
Net gain	<u>\$ 47,570</u>

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	<u>11,952,925</u>
	<u>\$ 93,973,952</u>

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	<u>13,216,297</u>
	<u>\$ 85,935,248</u>

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

47. 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 beneficial 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 derivative financial instruments or products with prices that are provided by brokers. Examples are equity investments with unlisted shares or no active market and complex foreign exchange options.

- b. The fair value hierarchies of the Bank'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
<u>Measured at fair value on a recurring basis</u>				
<u>Nonderivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss (FVTPL)				
Financial assets mandatorily classified as at FVPTL				
Beneficiary certificates	\$ 682,638	\$ 682,638	\$ -	\$ -
Commercial paper	42,918,771	-	42,918,771	-
Negotiable certificated of deposit	999,902	-	999,902	-
Asset-based securities	40,877	-	40,877	-
Stock	829,450	829,450	-	-
Futures exchange margins	58,090	58,090	-	-
Financial assets at fair value through other comprehensive income				
Stock	15,128,515	13,671,531	-	1,456,984
Debt investments	45,543,540	-	45,543,540	-
<u>Derivative financial instruments</u>				
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
<u>Measured at fair value on a recurring basis</u>				
<u>Nonderivative financial instruments</u>				
Assets				
Financial assets at fair value through profit or loss (FVTPL)				
Financial assets mandatorily classified as at FVPTL				
Beneficiary certificates	\$ 513,710	\$ 513,710	\$ -	\$ -
Commercial paper	31,361,157	-	31,361,157	-
Negotiable certificated of deposit	999,450	-	999,450	-
Asset-based securities	57,897	-	57,897	-
Stock	50,496	50,496	-	-
Debt investment	298,124	-	298,124	-
Futures exchange margins	56,665	56,665	-	-
Financial assets at fair value through other comprehensive income				
Stock	11,554,590	10,078,651	-	1,475,939
Debt investments	41,252,805	-	41,252,805	-
<u>Derivative financial instruments</u>				
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, fair value through other comprehensive income 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 Bank uses the same estimations and assumptions as those used by market participants to determine the fair value.

The Bank 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 Bank 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 Bank 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

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 bank's loan and receivable impairment assessment and the average incidence of impairment is taken as the default probability.

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

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

4) Transfer 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
Financial assets at fair value through other comprehensive income Investments in equity instruments	1,475,939	-	93,562	-	376,719	(489,236)	-	1,456,984

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 Investments in equity instruments	1,047,719	-	(48,834)	-	500,000	(22,946)	-	1,475,939

Above-mentions valuation included in profit and loss; as December 31, 2021 and 2020, the balance hold profit \$13,663 thousand and \$10,676 thousand, respectively.

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

Above-mentions valuation included in profit and loss; as December 31, 2021 and 2020, the balance hold loss \$56,702 thousand and \$22,568 thousand, respectively.

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

December 31, 2021

Item	Product	Fair Value	Valuation Technique	Significant Unobservable Inputs	Interval (Weighted-average)	Relation Between Input and Fair Value
<u>Derivative financial Instruments</u>						
Financial assets at fair value through profit or loss	Foreign exchange options	\$ 94,064	Option pricing model	Ratio	AUD/JPY 10.61%-10.86% AUD/USD 7.15%-8.47% EUR/GBP 6.43% NZD/USD 8.62% USD/TWD 3.20%-5.56% USD/ZAR 15.75%-15.77%	The higher the ratio is, the higher the fair value
<u>Non-derivative financial instruments</u>						
Financial assets at fair value through other comprehensive income	Investment in equity instruments	1,456,984	Assets value model	Allowance of minority interest	5%-20%	The higher the equity dispersion is, the lower the fair value
<u>Derivative financial instruments</u>						
Financial liabilities at fair value through profit or loss	Foreign exchange options	94,042	Option pricing model	Ratio	AUD/JPY 10.61%-10.86% AUD/USD 7.15%-8.47% EUR/GBP 6.43% NZD/USD 8.62% USD/TWD 3.20%-5.56% USD/ZAR 15.75%-15.77%	The higher the ratio is, the higher the fair value

December 31, 2020

Item	Product	Fair Value	Valuation Technique	Significant Unobservable Inputs	Interval (Weighted-average)	Relation Between Input and Fair Value
<u>Derivative financial Instruments</u>						
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
<u>Non-derivative financial instruments</u>						
Financial assets at fair value through other comprehensive income	Investment in equity instruments	1,475,939	Assets value model	Allowance of minority interest	10%-20%	The higher the equity dispersion is, the lower the fair value
<u>Derivative financial instruments</u>						
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 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

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 Bank's Level 3 financial instruments are foreign exchange options and unlisted shares. When engaging in foreign exchange option transactions, the Bank makes a match for other banks and unlisted shares and customers. Thus, the Bank 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 Bank 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	\$ 145,698	\$ (145,698)

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	\$ 147,594	\$ (147,594)

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

1) Information of fair value

	December 31			
	2021		2020	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
<u>Financial assets</u>				
Financial assets measured at amortized cost	\$ 77,431,542	\$ 79,021,276	\$ 90,697,662	\$ 93,603,257
<u>Financial liabilities</u>				
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
<u>Financial assets</u>				
Financial assets measured at amortized cost	\$ 79,021,276	\$ -	\$ 79,021,276	\$ -
<u>Financial liabilities</u>				
Bank debentures	7,760,694	-	7,760,694	-

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

48. FINANCIAL RISK MANAGEMENT

a. Overview

To deal with any expected or unexpected business risk, the Bank 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 Bank'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 Bank has established "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 Bank 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 Bank, 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 Bank'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 Bank'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 Bank'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 Bank 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 Bank will take appropriate measures to control risk. The Bank'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 balance sheet 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
<u>In-balance sheet items</u>				
Discount and loans	\$ 417,324,682	\$ -	\$ -	\$ 417,324,682
December 31, 2020	Collateral	Netting Arrangements	Other Credit Enhancement	Total
<u>In-balance sheet items</u>				
Discount and loans	\$ 357,981,083	\$ -	\$ -	\$ 357,981,083

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 Bank maintains a diversified portfolio; limits its exposure to any one geographic region, country or individual creditor; and closely monitors its exposures. The Bank'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	26.83	\$ 117,401,556	26.37
Profit organization	470,729	0.09	107,900	0.02
Government organizations	45,743,005	8.82	36,370,927	8.17
Nonprofit organizations	647,279	0.13	584,112	0.13
Private organizations	330,639,018	63.77	289,106,008	64.93
Financial institutions	467	-	627	-
Foreign enterprises	1,879,655	0.36	1,693,804	0.38
Total	\$ 518,484,889	100.00	\$ 445,264,934	100.00

b) By geographical area

The Bank's operations are mainly in Taiwan.

c) By collaterals

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Unsecured	\$ 90,026,405	17.36	\$ 79,092,381	17.76
Secured				
Financial instruments	12,304,039	2.37	10,345,503	2.32
Stocks	15,165,456	2.93	12,565,587	2.82
Properties	362,803,126	69.98	309,013,003	69.40
Movables	22,001,530	4.24	20,259,264	4.55
Guarantees	14,824,514	2.86	12,682,520	2.85
Others	1,359,819	0.26	1,306,676	0.30
Total	\$ 518,484,889	100.00	\$ 445,264,934	100.00

8) Analysis of impairment for financial assets

On the basis of the result of a credit evaluation, the Bank 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 Bank's internal rules. The Bank'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 Bank 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:

2021

	Carrying Amount	Allowance for Impairment Loss	Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Credit-impaired financial assets</u>				
Receivables				
Credit cards	\$ 938,024	\$ 60,590	\$ 877,434	\$ -
Other	76,597	25,333	51,266	29,630
Discounts and loans	<u>1,337,678</u>	<u>373,914</u>	<u>963,764</u>	<u>3,628,220</u>
	<u>\$ 2,352,299</u>	<u>\$ 459,837</u>	<u>\$ 1,892,464</u>	<u>\$ 3,657,850</u>

2020

	Carrying Amount	Allowance for Impairment Loss	Exposure Amount (Amortized Cost)	Fair Value of Collateral
<u>Credit-impaired financial assets</u>				
Receivables				
Credit cards	\$ 1,016,564	\$ 56,259	\$ 960,305	\$ -
Other	31,495	23,854	7,641	11,671
Discounts and loans	<u>1,538,618</u>	<u>433,757</u>	<u>1,104,861</u>	<u>3,555,487</u>
	<u>\$ 2,586,677</u>	<u>\$ 513,870</u>	<u>\$ 2,072,807</u>	<u>\$ 3,567,158</u>

9) Judgment that credit risk has increased significantly since the initial recognition - 2018

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 Bank uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions below are met, the Bank 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 Bank 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 Bank may still have ongoing recourse activities in accordance with the relevant policies.

12) Contractual cash flow modification of financial assets

The Bank 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 Bank'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 Bank 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 Bank 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 bank 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 model.

The Bank 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 Bank 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 adopts 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 Bank 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 Bank 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	\$ 24,431,998	\$ 110,189	\$ 1,014,621	\$ -	\$ 25,556,808
Less: Allowance for impairment loss	28,599	10,864	85,923	-	125,386
Less: Additional impairment loss required under	-	-	-	79,984	79,984
	<u>\$ 24,403,399</u>	<u>\$ 99,325</u>	<u>\$ 928,698</u>	<u>\$ 79,984</u>	<u>\$ 25,351,438</u>
	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	\$ 21,740,510	\$ 103,393	\$ 1,048,059	\$ -	\$ 22,891,962
Less: Allowance for impairment loss	35,883	16,566	80,113	-	132,562
Less: Additional impairment loss required under	-	-	-	56,110	56,110
	<u>\$ 21,704,627</u>	<u>\$ 86,827</u>	<u>\$ 967,946</u>	<u>\$ 56,110</u>	<u>\$ 22,703,290</u>

Discounts and Loans					
December 31, 2021					
	Stage 1	Stage 2	Stage 3	Additional	
	12-month ECL	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
			(Credit-impaired	Required under	
			Financial Assets)	Regulations	
Gross carrying amount	\$ 495,836,049	\$ 1,972,967	\$ 1,337,678	\$ -	\$ 499,146,694
Less: Allowance for impairment loss	429,117	110,659	373,914	-	913,690
Less: Additional impairment loss required under	-	-	-	4,482,269	4,482,269
	<u>\$ 495,406,932</u>	<u>\$ 1,862,308</u>	<u>\$ 963,764</u>	<u>\$ 4,482,269</u>	<u>\$ 493,750,735</u>
Discounts and Loans					
December 31, 2020					
	Stage 1	Stage 2	Stage 3	Additional	
	12-month ECL	Lifetime ECL	Lifetime ECL	Impairment Loss	Total
			(Credit-impaired	Required under	
			Financial Assets)	Regulations	
Gross carrying amount	\$ 425,670,321	\$ 1,874,263	\$ 1,538,618	\$ -	\$ 429,083,202
Less: Allowance for impairment loss	245,586	106,506	433,757	-	785,849
Less: Additional impairment loss required under	-	-	-	3,992,384	3,992,384
	<u>\$ 425,424,735</u>	<u>\$ 1,767,757</u>	<u>\$ 1,104,861</u>	<u>\$ 3,992,384</u>	<u>\$ 424,304,969</u>

When the Bank 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 Bank 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 Bank'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 Bank, regularly reviews liquidity risk management policies. The Asset/Liability Management Committee, the top liquidity risk executive of the Bank, 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 Bank'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 Bank 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 Bank's liquidity position to the Asset/Liability Management Committee monthly and report the Bank'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 liabilities was as follows:

- a) For maintaining solvency and meeting the needs of emergency assistance arrangements, the Bank 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, financial assets at fair value through other comprehensive income, financial assets at amortized cost, discounts and loans, available-for-sale financial assets, held-to-maturity financial assets, and debt instruments with no active market, etc.
- b) The Bank 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 balance sheets.

i. The maturity analysis of financial liabilities

	December 31, 2021					Total
	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	
Call loans and due to banks	\$ 4,696,583	\$ 59,680	\$ 3,025,050	\$ 1,515,000	\$ -	\$ 9,296,313
Due to the Central Bank and other bank	380,820	47,540	91,060	472,900	5,749,070	6,741,390
Securities sold under repurchase agreements	32,435,362	18,844,394	-	-	-	51,279,756
Payables	5,951,908	945,934	1,112,929	128,692	15,513	8,154,976
Deposits and remittance	46,727,220	80,144,406	91,380,213	183,802,395	270,771,371	672,825,605
Bank debentures	-	500,000	2,200,000	-	5,000,000	7,700,000
Other liabilities	25,861	-	-	-	104,146	130,007

The maturity analysis of lease liability:

December 31, 2021						
	Less than A Year	1-5 years	5-10 years	10-15 Year	15-20 Year	Total
Lease liabilities	<u>\$ 417,333</u>	<u>\$ 917,702</u>	<u>\$ 187,864</u>	<u>\$ 86,069</u>	<u>\$ 6,426</u>	<u>\$ 1,615,394</u>

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
Call loans and due to banks	\$ 6,060,273	\$ 5,342,540	\$ 525,050	\$ 15,000	\$ -	\$ 11,942,863
Due to the Central Bank and other bank	26,000	35,650	84,300	248,720	3,392,050	3,786,720
Securities sold under repurchase agreements	25,701,954	18,720,220	6,002	-	-	44,428,176
Payables	3,193,456	1,180,689	873,480	164,672	18,099	5,430,396
Deposits and remittance	40,978,581	64,746,534	82,685,570	157,934,658	261,924,171	608,269,514
Bank debentures	-	-	-	-	7,200,000	7,200,000
Other liabilities	140,075	-	-	-	94,683	234,758

December 31, 2020						
	Less than A Year	1-5 years	5-10 years	10-15 Year	15-20 Year	Total
Lease liabilities	<u>\$ 389,156</u>	<u>\$ 1,047,837</u>	<u>\$ 155,267</u>	<u>\$ 62,791</u>	<u>\$ 6,370</u>	<u>\$ 1,661,421</u>

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	<u>27,001,959</u>	<u>43,217,057</u>	<u>474,191</u>	<u>180,016</u>	<u>-</u>	<u>70,873,223</u>
	244,770	153,357	1,364	1,790	-	401,281
Derivative financial liabilities to be settled at net amounts						
Forward exchange contracts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 244,770</u>	<u>\$ 153,357</u>	<u>\$ 1,364</u>	<u>\$ 1,790</u>	<u>\$ -</u>	<u>\$ 401,281</u>

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	<u>18,222,640</u>	<u>11,065,864</u>	<u>488,806</u>	<u>826,142</u>	<u>-</u>	<u>30,603,452</u>
	113,251	16,774	3,660	5,444	-	139,129
Derivative financial liabilities to be settled at net amounts						
Forward exchange contracts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 113,251</u>	<u>\$ 16,774</u>	<u>\$ 3,660</u>	<u>\$ 5,444</u>	<u>\$ -</u>	<u>\$ 139,129</u>

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	<u>\$ 5,882</u>	<u>\$ 6,431</u>	<u>\$ 10,490</u>	<u>\$ 12,793</u>	<u>\$ -</u>	<u>\$ 35,596</u>

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	<u>\$ 1,738</u>	<u>\$ 5,357</u>	<u>\$ 2,058</u>	<u>\$ 11,917</u>	<u>\$ -</u>	<u>\$ 21,070</u>

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 Bank 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 Bank 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 Bank’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 Bank’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 Bank through generating internal and external reports for management's decision, making.

5) Market risk measurement of trading book

The Bank 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 Bank'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 Bank'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 Bank'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 Bank'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 Bank's total assets is small, as shown by the immaterial ratio of the IBD's cumulative translation adjustment to the Banks' net worth.

7) Foreign currency rate risk information

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

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

	December 31, 2021		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 3,842,671	27.6900	\$ 106,403,559
JPY	16,379,185	0.2405	3,939,718
GBP	12,336	37.3040	460,174
AUD	128,353	20.0919	2,578,859
HKD	286,728	3.5506	1,018,066
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
<u>Financial liabilities</u>			
USD	3,296,491	27.6900	91,279,830
JPY	15,800,034	0.2405	3,800,414
GBP	12,295	37.3040	458,643
AUD	128,370	20.0919	2,579,189
HKD	286,512	3.5506	1,017,300
CAD	19,505	21.6277	421,842
CNY	647,433	4.3465	2,814,041
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

7) Effect of interest rate benchmark reform the Bank if exposed to

Non-derivative financial instrument.

	December 31, 2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
USD	\$ 3,761,165	28.5080	\$ 107,223,292
JPY	7,084,894	0.2765	1,958,838
GBP	6,024	38.9163	234,437
AUD	147,591	21.9740	3,243,151
HKD	287,833	3.6775	1,058,492
CAD	16,364	22.3575	365,860
CNY	829,320	4.3813	3,633,524
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
<u>Financial liabilities</u>			
USD	3,242,858	28.5080	92,447,394
JPY	8,120,551	0.2765	2,245,178
GBP	6,028	38.9163	234,582
AUD	147,527	21.9740	3,241,745
HKD	288,067	3.6775	1,059,354
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

8) Effect of interest rate benchmark reform

The Bank 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 Bank’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 transitioned 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 Bank as of December 31, 2021 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

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

f. Transfers of financial assets.

Most of the transferred financial assets of the Bank 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 Bank's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. As the Bank 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 assets at fair value through profit or loss Securities sold under repurchase agreements	\$ 29,064,605	\$ 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 costs 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 assets 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 costs 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 Bank 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 Asset (a)	Gross Amount of Recognized Financial Assets 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 Liabilities 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 Asset (a)	Gross Amount of Recognized Financial Assets 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 Liabilities 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

49. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

Under the regulations set by the authorities, the Bank complies with the requirements set each year for the minimum capital adequacy ratios, including the common equity Tier I capital ratio; the Bank'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.

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

Items (Note 2)		Year	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%

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

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 maintain 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.

50. 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 Table 4.

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

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%

**Interest Rate Sensitivity
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%

Interest Rate Sensitivity
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 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		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Before income tax	0.66	0.54
	After income tax	0.57	0.48
Return on common equity	Before income tax	8.89	6.99
	After income tax	7.56	6.14
Net income ratio		31.51	28.49

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

**Maturity Analysis of Assets and Liabilities
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

**Maturity Analysis of Assets and Liabilities
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).

51. 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 to other parties: The Bank - not applicable; investee - Table 1 (attached)
 - 2) Endorsement/guarantee provided: The Bank - not applicable; investee: Table 2 (attached)
 - 3) Marketable securities held: The Bank - 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
- c. Investment in Mainland China: None
- d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

52. SEGMENT INFORMATION

The Bank has disclosed its segment information in the consolidated financial statements. Thus, no segment information is presented in the parent company only financial statements.

UNION BANK OF TAIWAN

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	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	
												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. Junwei Construction Co., Ltd.	Account receivable Account receivable	65,000 20,000	- 9,969	- 9,969	3%-6% 5%-8%	Short-term financing Short-term financing	- -	Business financing Business financing	- 100	- -	Real estate Real estate	73,484 12,447	286,517 286,517	1,146,067 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.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
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

MARKETABLE SECURITIES HELD
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	<u>Stock</u> 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	
	<u>Beneficiary certificates</u> 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 Global High Dividend Strategic Investment Fund (USD-A)	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,660	21,582	-	21,582	
	Union APEC Balanced Strategic Fund USD A	Securities investment trust issued by USITC	Financial assets at fair value through profit or loss	1,102	22,021	-	22,021	
	Union Low Carbon Target Multiple Asset Fund 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	<u>Stock</u> 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)		<u>Stock</u> Fundrish Securities Co., Ltd.	-	Financial assets at fair value through other comprehensive income	566	6,174	0.94	6,174
	<u>Beneficiary certificates</u> 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				Note
				Shares/Piece/ Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	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	
	Prismo Systems Inc.	-	Financial assets at fair value through other comprehensive income	Preferred stock 25	US\$ 1,265	-	US\$ 1,265	
	Nexar Ltd.	-	Financial assets at fair value through other comprehensive income	Preferred stock 40	US\$ 307	-	US\$ 307	
	Latigo Biotherapeutics, Inc.	-	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				Note
				Shares/Piece/ Units (In Thousands)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
	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)	<u>Stock</u> 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.	<u>Beneficiary certificates</u> 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)

UNION BANK OF TAIWAN

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF PROPORTION SHARE INVESTMENT OF AT LEAST NTS300 MILLION OR 10% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED 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 Bank has increased the equity share from 11.4% to 33.94% in November 2021; the Bank uses the equity method to account for the investment.

Note 5: Included advance payment for capital stock of \$81,506 thousand in 2020.

UNION BANK OF TAIWAN AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED 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

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					
		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	1,629.70%	150,626	191,585,318	0.08%	2,410,675	1,600.44%	
	Cash card	36	10,544	0.34%	2,028	5,633.64%	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	1,419.95%	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	1,081.30%	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

INFORMATION ON AND PROPORTIONATE SHARE IN INVESTEEES
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	<u>Financial - related</u>											
	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	
		<u>Nonfinancial - related</u>										
		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	<u>Nonfinancial - related</u>											
	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	Note 4	
	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	Note 4	
Union Capital (Singapore) Holding Pte. Ltd.	<u>Nonfinancial - related</u>											
	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	<u>Nonfinancial - related</u> 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.	<u>Nonfinancial - related</u> 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.	<u>Financial - related</u> 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.	<u>Nonfinancial - related</u> Na He Yi Hau Electric Power Inc.	Taiwan	Electricity - related business	89.70	141,189	(3,918)	14,890	-	14,890	89.70	
	Corner Union Venture Capital, LLC.	United States of America	Investment	100.00	372,134 (US\$ 13,439)	(6,384) (US\$ -228)	-	-	-	100.00	
	Union Energy Co., Ltd.	Taiwan	Investment advisory services and energy related business	100.00	20,994	(69,005)	90,000	-	90,000	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.	<u>Nonfinancial - related</u> 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.	<u>Nonfinancial - related</u> 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: Management of the Bank considers that numbers quoted from the unaudited financial statements and other comprehensive income would not have material effect on the Bank's financial statements.

Note 4: 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 5: Refers to 1 share of common stock and 13 thousand shares of preferred stock.

Note 6: Refers to 1 share of common stock and 14 thousand shares of preferred stock

Note 7: Refers to 1 share of common stock and 19 thousand shares of preferred stock.

(Concluded)

TABLE 8**UNION BANK OF TAIWAN****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 trustor 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.

UNION BANK OF TAIWAN

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
Statement of financial assets at fair value through profit or loss	2
Statement of financial assets at fair value through other comprehensive income	3
Statement of investments in debt instruments at amortized cost	4
Statement of securities purchased under resale agreements	5
Statement of changes in investments accounted for using the equity method	6
Statement of property and equipment	Note 18
Statement of deposits	7
Statement of securities sold under repurchase agreement	8
Statement of bank debentures	9
Major Accounting Items in Profit or Loss	
Statement of interest revenue	10
Statement of interest expense	11
Statement of employee benefit expenses	12

UNION BANK OF TAIWAN

STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Items	Amounts
Cash on hand (Note)	\$ 6,901,168
Checks for clearing	3,339,499
Due from banks	<u>2,581,727</u>
	<u>\$ 12,822,394</u>

Note: Including US\$7,185 thousand @27.69, JPY733,232 thousand @0.2405, HK\$42,081 thousand @3.5506, EUR3,089 thousand @31.3312 and CNY21,355 thousand @4.3464.

UNION BANK OF TAIWAN

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Financial Instrument Name	Par Value	Shares	Rate (%)	Acquisition Cost	Fair Value		Credit Risk Due to Changes in Fair Value	Note
					Unit Price	Total Amount		
Beneficiary certificates		41,821		\$ 662,557	9.11-3,696.34	\$ 682,638	\$ -	
Commercial paper	42,961,700		0.21-1.12	42,928,049		42,918,771	-	
Asset-based securities		34,347	7.00-10.08	34,347		40,877	-	Due before January 2026
Future exchange margins				58,014		58,090	-	
Stock		6,450		801,793	24-2,190	829,450	-	
Negotiable certificates of deposits	1,000,000		0.30	1,000,000		999,902	-	
Derivative instruments								
Foreign exchange forward contracts						50,521	-	
Currency swap contracts						159,113	-	
Option contracts						94,064	-	
						303,698		
						\$ 45,833,426		

Note 1: The amount of each individual item in others does not exceed 5% of the account balance.

Note 2: \$29,064,605 thousand of financial instruments at fair value through profit or loss was sold under repurchase agreements.

UNION BANK OF TAIWAN

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Financial Instrument Name	Shares (In Thousands)	Par Value	Rate (%)	Acquisition Cost	Loss Allowance	Fair Value	
						Total Amount	Unit Price
Government bonds (Note 1)		\$ 6,850,000	0.38-2.00	\$ 7,076,144	\$ -	\$ 7,058,918	
Overseas government bonds (Note 1)		5,493,696	1.25-5.75	5,481,405	(7,739)	5,810,431	
Corporate bonds (Note 1)		9,400,000	0.44-1.65	9,412,177	(3,527)	9,417,590	
Overseas corporate bonds (Note 1)		17,182,435	1.22-11.75	17,571,767	(33,233)	17,945,996	
Overseas bond debentures (Note 1)		5,140,952	0.83-6.80	5,221,396	(27,011)	5,310,605	
Domestic listed shares (Note 1)	112,273			6,887,135	-	7,996,689	16.15-615
Overseas listed shares							
VISA	939			331,342	-	5,674,842	6,041
Unlisted shares	88,581			<u>873,810</u>	<u>-</u>	<u>1,456,984</u>	5.27-69.37
				<u>\$ 52,855,176</u>	<u>\$ (71,510)</u>	<u>\$ 60,672,055</u>	

Note 1: The amount of each individual item in others does not exceed 5% of the account balance.

Note 2: \$9,216,124 thousand of financial instruments at fair value through other comprehensive income was sold under repurchase agreements.

UNION BANK OF TAIWAN

STATEMENT OF INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Bond Name	Par Value	Loss Allowance	Unamortized Premiums (Discounts)	Rate (%)	Carrying Value	Collateral	Note
Government bonds	9,513,900	\$ -	\$ 406,710	0.50-2.63	\$ 9,920,610	None	
Asset-based securities (Note 2)	19,552,438	(185,523)	44,017	1.50-5.50	19,410,932	None	
Negotiable certificates of deposits (NCD) NCD issued by the CBC	48,100,000	-	-		<u>48,100,000</u>	None	
					<u>\$ 77,431,542</u>		

Note 1: The par value of asset-based securities is its initial investment amount.

Note 2: The amount of each individual item in others does not exceed 5% of the account balance.

Note 3: \$17,353,068 thousand of financial instruments at amortized cost was sold under repurchase agreements.

UNION BANK OF TAIWAN

STATEMENT OF SECURITIES PURCHASED UNDER RESALE AGREEMENTS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Par Value	Book Value	Note
Commercial paper	\$ 30,117,200	\$ 30,079,407	
Corporate bonds	26,495,900	26,608,330	
Negotiable certificates of deposits	1,000,000	<u>1,000,698</u>	
		<u>\$ 57,688,435</u>	

Note: The amount of each individual item in others does not exceed 5% of the account balance.

UNION BANK OF TAIWAN

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Balance, January 1, 2021		Addition in Investment		Decrease in Investment		Increase (Decrease) in Using Equity Method	Balance, December 31, 2021			Market Value or Net Assets Value	Collateral
	Shares	Amount	Shares	Amount	Shares	Amount		Shares	%	Amount		
Union Finance and Leasing International Corporation (UFLIC)	153,000	\$ 2,998,319	-	\$ -	-	\$ 230,704	\$ 97,579	153,000	100.00	\$ 2,865,194	\$ 2,865,194	None
Union Securities Investment Trust Corporation (USITC)	31,019	414,021	-	-	-	20,741	35,808	31,019	99.60	429,088	429,088	None
Union Finance International (HK) Limited	30,000	129,604	-	-	-	3,887	30,971	30,000	100.00	156,688	156,688	None
Union Information Technology Corporation (UIT)	1,000	13,462	-	6,376	-	-	(2,527)	1,000	99.99	17,311	17,311	None
Union Venture Capital Co., Ltd.	80,000	770,676	-	505,305	-	-	(75,239)	80,000	100.00	1,200,742	1,200,742	
Associates												
Union Real Estate Management Corporation	2,000	52,281	-	-	-	-	(207)	2,000	40.00	52,074	52,074	None
LINE BIZ+ Taiwan, Ltd.	5,471	1,484,708	-	-	-	-	(4,565)	5,471	10.00	1,480,143	1,480,143	
Ipass Corporation	-	-	43,197	368,669	4,500	45,007	(1,860)	38,697	33.94	321,802	321,802	
		<u>\$ 5,863,071</u>		<u>\$ 880,350</u>		<u>\$ 300,339</u>	<u>\$ 79,960</u>			<u>\$ 6,523,042</u>	<u>\$ 6,523,042</u>	

Note: The amount of increase and decrease in the current period is due to recognition of the unrealized gains and losses of financial assets at fair value through other comprehensive income, the remeasurement of defined benefit plans and exchange differences on translating foreign operations.

UNION BANK OF TAIWAN**STATEMENT OF DEPOSITS****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Items	Amounts
Saving deposits	
Withdrawals of interest savings deposits	\$ 140,689,061
Demand deposits	197,340,647
Round-amount savings deposits	50,532,876
Staff demand savings deposits	1,688,672
Regular deposits	<u>235,661</u>
	<u>390,486,917</u>
Time deposits	
General deposits	60,262,878
Policy-based deposits	8,416,753
Foreign-exchange time deposits	<u>47,765,509</u>
	<u>116,445,140</u>
Demand deposits	
General deposits	119,239,323
Foreign-exchange deposits	<u>38,919,835</u>
	<u>158,159,158</u>
Checking deposits	<u>7,221,110</u>
Negotiable certificates of deposits	<u>336,000</u>
Inward and outward remittances	<u>177,280</u>
	<u>\$ 672,825,605</u>

UNION BANK OF TAIWAN**STATEMENT OF SECURITIES SOLD UNDER REPURCHASE AGREEMENT****DECEMBER 31, 2021****(In Thousands of New Taiwan Dollars)**

Items	Face value	Amount	Note
Commercial paper	\$ 28,094,400	\$ 28,077,810	
Assets-based securities	17,353,068	13,730,236	
Negotiable certificate of deposits	1,000,000	1,001,174	
Corporate bonds	6,123,493	5,974,483	
Government bonds	2,167,015	2,253,728	
Financial bonds	276,900	<u>242,325</u>	
		<u>\$ 51,279,756</u>	

UNION BANK OF TAIWAN

STATEMENT OF BANK DEBENTURES
DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Bonds Name	Trustee	Issuance Date	Interest Payment Date	Terms of Bank Debentures	Coupon Rate (%)	Total Amount	Balance, End of Year
First issue of subordinated bank debentures in 2015	-	2015/04/22	On 4/22 annually	Interest payable annually after the issue date, principal repayable on maturity	2.08	\$ 2,200,000	\$ 2,200,000
First issue of subordinated bank debentures in 2017	-	2017/02/23	On 7/1 annually	Redeemable at face value plus interest accrued under the approval of the authorities when the issue term is over 5.1 years	4.20	500,000	500,000
First issue of subordinated bank debentures in 2019	-	2019/09/26	On 9/26 annually	Interest payable annually after the issue date, principal repayable on maturity	1.10	500,000	500,000
First issue of subordinated bank debentures in 2019	-	2019/09/26	On 9/26 annually	Interest payable annually after the issue date, principal repayable on maturity	1.23	1,500,000	1,500,000
First issue of subordinated bank debentures in 2021	-	2021/03/25	On 7/1 annually	Redeemable at face value plus interest accrued under the approval of the authorities when the issue term is over 5.5 years	1.92	<u>3,000,000</u>	<u>3,000,000</u>
						<u>\$ 7,700,000</u>	<u>\$ 7,700,000</u>

UNION BANK OF TAIWAN**STATEMENT OF INTEREST REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Items	Amounts
Discounts and loans	
Short-term loans	\$ 491,596
Medium-term loans	1,052,079
Long-term loans	170,837
Short-term secured loan	1,557,236
Medium-term secured loan	1,827,047
Long-term secured loan	3,185,674
Other (Note)	<u>189,818</u>
	<u>8,474,287</u>
Credit card interest	<u>797,944</u>
Due from the Central Bank and call loans to bank	<u>68,641</u>
Reverse repurchased agreement	<u>117,445</u>
Investment in marketable securities	
Fair value through other comprehensive income	1,143,472
Investments in debt instruments at amortized cost	<u>915,222</u>
	<u>2,058,694</u>
Other (Note)	<u>20,628</u>
	<u>\$ 11,537,639</u>

Note: The amount of each individual item in others does not exceed 5% of the account balance.

UNION BANK OF TAIWAN**STATEMENT OF INTEREST EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Items	Amounts
Deposits	
Time deposits	\$ 368,538
Lump sum deposits	379,219
Principal deposits	1,162,934
Foreign exchange time deposits	268,136
Demand saving deposits	241,152
Other (Note)	<u>45,057</u>
	2,465,036
Bills and bonds sold under repurchase agreements	153,584
Bank debentures payables	170,790
Postal remittance	32,687
Other (Note)	<u>41,233</u>
	<u>\$ 2,863,330</u>

Note: The amount of each individual item in others does not exceed 5% of the account balance.

UNION BANK OF TAIWAN

**STATEMENT OF EMPLOYEE BENEFIT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Items	Amount			Total	Note
	Personnel Expenses	Net Profits Other than Interest	Other Operating Expenses		
Employee benefit expenses					
Salaries and wages	\$ 3,389,990	\$ -	\$ -	\$ 3,389,990	
Labor insurance and national health insurance	319,432	-	-	319,432	
Pension	155,981	-	-	155,981	
Directors remuneration	12,925	-	732	13,657	
Others	101,516	-	-	101,516	
	<u>\$ 3,979,844</u>	<u>\$ -</u>	<u>\$ 732</u>	<u>\$ 3,980,576</u>	

Note 1: In 2021 and 2020, the Bank had an average of 3,940 and 4,019 employees, respectively, and 8 non-employee directors in both years.

Note 2: In 2021 and 2020, the annual average employee benefits expenses was \$1,009 thousand and \$918 thousand, respectively.

Note 3: In 2021 and 2020, the annual average salaries and wages were \$862 thousand and \$789 thousand, respectively.

Note 4: The average adjustment to salaries and wages is 9.25%.

Note 5: The bank's salary and remuneration policies are as follows:

- a. The director's remuneration is based on "Director's Remuneration Approval Principle", director's remuneration mainly include meeting attendance and remuneration. The remuneration is paid in fixed amount, the amount cannot exceed 0.1% of the bank's profit.
- b. The Bank has "Manager's Salary Bracket", the fixed salary is based on comprehensive considerations such as responsibilities of the position, work ability performance and professional skills required for the position, and is assessed with reference to the industry standard. Other than fixed salary and allowance, bonus is based on the Bank's overall operating performance, personal performance and 1% to 5% of employees' compensation. Therefore, manager's remuneration and bank's overall operation performance is closely related. If there is a major risk event that will effects company's goodwill, inappropriate internal management or fraud occur, it will influence the manager's bonus. Every quarter the bank's risk management department will analyze risk control and level of exposure and report to the board of directors.

(Continued)

- c. In the Bank “Human Resources Management Regulation of Salary’s Guideline”, it regulate the standard of employees’ salary, allowance and bonus and also applied to corporate social responsibility policy to make the reasonable salary and remuneration policies. Which include regular salary promotion and legitimate salary adjustment. If the Bank has profit, the board of director will consider the bank overall operating performance to give employees year-end bonus, performance bonus and employee provision, that is about 1% to 5% of profit.

(Concluded)

Union Bank of Taiwan

**Securities Department Disclosure
Years Ended December 31, 2021 and 2020**

UNION BANK OF TAIWAN
SECURITIES DEPARTMENT

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

ASSETS	2021		2020	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents	\$ 200	-	\$ 200	-
Financial assets at fair value through profit and loss (Note 5)	-	-	298,124	3
Financial assets at fair value through other comprehensive income - current (Note 6)	5,441,125	66	5,963,441	68
Receivables, net (Note 7)	1,285,318	16	1,448,070	17
Prepayments	5,763	-	10,191	-
Other current assets	<u>556,495</u>	<u>7</u>	<u>78,311</u>	<u>1</u>
Total current assets	<u>7,288,901</u>	<u>89</u>	<u>7,798,337</u>	<u>89</u>
NON-CURRENT ASSETS				
Financial assets at amortized cost (Note 8)	710,546	9	715,346	8
Operating guaranty deposits (Note 9)	150,000	2	150,000	2
Settlement clearing deposits (Note 10)	27,140	-	23,753	-
Refundable deposits	<u>36,226</u>	<u>-</u>	<u>35,975</u>	<u>1</u>
Total non-current assets	<u>923,912</u>	<u>11</u>	<u>925,074</u>	<u>11</u>
TOTAL	<u>\$ 8,212,813</u>	<u>100</u>	<u>\$ 8,723,411</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Securities sold under repurchase agreements (Note 11)	\$ 3,258,987	40	\$ 4,945,148	57
Accounts payable (Note 12)	1,257,228	15	1,420,825	16
Receipts under custody	558,724	7	79,240	1
Other payables	<u>71,806</u>	<u>1</u>	<u>42,305</u>	<u>-</u>
Total current liabilities	<u>5,146,745</u>	<u>63</u>	<u>6,487,518</u>	<u>74</u>
NON-CURRENT LIABILITIES				
Inter department (Note 15)	<u>2,069,071</u>	<u>25</u>	<u>1,266,017</u>	<u>15</u>
Total liabilities	<u>7,215,816</u>	<u>88</u>	<u>7,753,535</u>	<u>89</u>
EQUITY				
Registered operating capital	840,000	10	840,000	10
Retained earnings				
Other equity	178,900	2	84,461	1
Unrealized gain on financial assets at fair value through other comprehensive income				
Unrealized gain on available for sale financial assets	<u>(21,903)</u>	<u>-</u>	<u>45,415</u>	<u>-</u>
Total equity	<u>996,997</u>	<u>12</u>	<u>969,876</u>	<u>11</u>
TOTAL	<u>\$ 8,212,813</u>	<u>100</u>	<u>\$ 8,723,411</u>	<u>100</u>

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

**UNION BANK OF TAIWAN
SECURITIES DEPARTMENT**

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)**

	2021		2020	
	Amount	%	Amount	%
REVENUES (Note 4)				
Brokerage fee revenue, net (Note 15)	\$ 323,602	81	\$ 184,249	73
Underwriting business revenue	503	-	407	-
Net profit from sale of operation securities - dealing	(2,535)	-	8,046	3
Interest revenue	43,709	11	38,944	16
Net gains on measurement at fair value through profit or loss for securities held for operations	754	-	52	-
Net gains on investments in debt instruments at fair value through other comprehensive income	1,376	-	-	-
Commission revenues	2,248	1	2,456	1
Other operating revenues	29,137	7	16,905	7
Expected credit loss (Note 4)	<u>114</u>	<u>-</u>	<u>(524)</u>	<u>-</u>
Total revenues	<u>398,908</u>	<u>100</u>	<u>250,535</u>	<u>100</u>
COST AND EXPENSES				
Brokerage fee expenses, net	23,603	6	12,820	5
Financial costs	3,309	1	3,236	1
Employee benefit expenses (Note 13)	129,144	32	108,946	44
Depreciation and amortization	10,355	2	11,202	4
Others (Note 14)	<u>66,241</u>	<u>17</u>	<u>62,546</u>	<u>25</u>
Total cost and expenses	<u>232,652</u>	<u>58</u>	<u>198,750</u>	<u>79</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	<u>57,806</u>	<u>14</u>	<u>51,927</u>	<u>21</u>
PROFIT BEFORE INCOME TAX	224,062	56	103,712	42
INCOME TAX EXPENSE (Note 4)	<u>45,162</u>	<u>11</u>	<u>19,251</u>	<u>8</u>
NET INCOME	<u>178,900</u>	<u>45</u>	<u>84,461</u>	<u>34</u>
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on investment in debt instruments at fair value through other comprehensive income	<u>(67,318)</u>	<u>(17)</u>	<u>38,305</u>	<u>15</u>
TOTAL COMPREHENSIVE LOSS	<u>\$ 111,582</u>	<u>28</u>	<u>\$ 122,766</u>	<u>49</u>

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

**UNION BANK OF TAIWAN
SECURITIES DEPARTMENT**

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

1. ORGANIZATION AND OPERATIONS

The securities department of the Union Bank of Taiwan (the Department) was established on July 27, 1994 and obtained the securities dealer's license from the authorities on August 11, 2010. The Department is principally engaged in the provision of brokerage services and the bonds and securities business. The Department's working capital were both \$840,000 thousand as of December 31, 2021 and 2020

The numbers of employees in the Department as of December 31, 2021 and 2020 were 123 and 125, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The board of directors approved and authorized the issue of the financial statements on March 7, 2022.

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

Refer to Note 3 to the financial statements of the Bank.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis of Preparation

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

Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within 12 months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within 12 months after the reporting period; and
- c. Liabilities for which the Department does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

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

- a. Measurement category

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.

- 1) Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the 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 47.

- 2) Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents and trade receivables 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:

- a) 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
- b) 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.

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.

3) Investments in debt instruments at FVTOCI

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

- a) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- b) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest 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.

4) Investments in equity instruments at FVTOCI

On initial recognition, the Department 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 Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b. Impairment of financial assets

The Department recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables, loans and non-accrual loans), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

For financial instruments and contract assets, the Department 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 Department 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.

The Department 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.

c. Derecognition of financial assets

The Department 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.

When a financial asset measured at amortized cost is deducted as a whole, the difference between its carrying amount and the consideration received is recognized in profit or loss. When investments in debt instruments at fair value through other comprehensive income are deducted as a whole, the difference between their carrying amount and the sum of the consideration received plus any accumulated gain or loss recognized in other comprehensive income is recognized in profit or loss.

Recognition of Revenue

Revenue is recognized when it is realized or realizable and also when it is earned. Revenue earned from service is recognized when the service is rendered.

Taxation

Income tax expense is the sum of tax currently payable and deferred income tax.

5. FINANCIAL ASSETS AT FVTPL

	December 31	
	2021	2020
Government bond	\$ -	\$ 298,124

6. FINANCIAL ASSETS AT FVTOCI

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Corporate bonds	\$ 3,507,363	\$ 3,678,536
Government bond	<u>1,933,762</u>	<u>2,284,905</u>
	<u>\$ 5,441,125</u>	<u>\$ 5,963,441</u>

The Department sold \$2,987,865 thousand and \$4,642,462 thousand of its financial assets at FVTOCI under several repurchase agreements on December 31, 2021 and 2020, respectively.

7. RECEIVABLES, NET

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Investments receivable	\$ 1,075,587	\$ 1,078,977
Interest receivable	23,177	23,762
Reimbursed for settlement	<u>186,554</u>	<u>345,331</u>
	<u>\$ 1,285,318</u>	<u>\$ 1,448,070</u>

8. FINANCIAL ASSETS MEASURED AT COST

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Debt instruments		
Government bonds	<u>\$ 710,546</u>	<u>\$ 715,346</u>

Financial assets at amortized cost of the Bank's securities department as of December 31, 2021 and 2020 were not available for sale under the terms of repurchase agreements.

9. OPERATING GUARANTEE DEPOSITS

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Securities broker operating guarantee deposits	\$ 90,000	\$ 90,000
Futures broker operating guarantee deposits	50,000	50,000
Securities dealer operating guarantee deposits	<u>10,000</u>	<u>10,000</u>
	<u>\$ 150,000</u>	<u>\$ 150,000</u>

The Department placed \$150,000 thousands in time deposits in designated banks as operating guarantee deposits as of December 31, 2021 and 2020 in accordance with the Securities and Exchange Act, Regulations Governing Securities Firms, Regulations Governing Offshore Funds, and Regulations Governing Futures Commission Merchants.

10. SETTLEMENT CLEARING DEPOSITS

	<u>December 31</u>	
	2021	2020
Taiwan Stock Exchange Corporation settlement clearing deposits	\$ 15,224	\$ 13,737
Taipei Exchange settlement clearing deposits	<u>11,916</u>	<u>10,016</u>
	<u>\$ 27,140</u>	<u>\$ 23,753</u>

The Department made deposits into the clearing and settlement fund in dedicated accounts for custody set up by the Taiwan Stock Exchange and the Taipei Exchange in accordance with the standards provided by the Taiwan Stock Exchange and the Taipei Exchange. With respect to interest accrued from utilization by the Taiwan Stock Exchange and Taipei Exchange of the clearing and settlement fund, the Taiwan Stock Exchange and Taipei Exchange settle accounts on a half-yearly basis and reimburse any remaining interest, after deducting applicable fees and taxes, to the securities firms in accordance with Securities and Exchange Act.

11. BONDS SOLD UNDER REPURCHASE AGREEMENTS

	<u>December 31</u>	
	2021	2020
Government bonds	\$ 1,659,994	\$ 1,045,735
Corporate bonds	<u>1,598,993</u>	<u>3,899,413</u>
	<u>\$ 3,258,987</u>	<u>\$ 4,945,148</u>
Maturity date	January to February 2022	January to March 2021
Repurchase price	<u>\$ 3,259,676</u>	<u>\$ 4,946,605</u>

12. PAYABLES

	<u>December 31</u>	
	2021	2020
Investments receivable	\$ 1,070,085	\$ 1,349,789
Reimbursed for settlement	186,542	69,746
Others	<u>601</u>	<u>1,290</u>
	<u>\$ 1,257,228</u>	<u>\$ 1,420,825</u>

13. EMPLOYEE BENEFIT EXPENSE

	<u>For the Year Ended December 31</u>	
	2021	2020
Employee benefit expense		
Salaries	\$ 105,834	\$ 88,291
Labor and health insurance	10,584	8,963
Pension	6,314	5,230
Others	<u>6,412</u>	<u>6,462</u>
	<u>\$ 129,144</u>	<u>\$ 108,946</u>

14. OTHER OPERATING EXPENSE

	<u>For the Year Ended December 31</u>	
	2021	2020
Computer operating	\$ 11,083	\$ 9,666
Maintenance charge	4,765	4,973
Postage/cable charge	4,657	4,482
Taxation	7,220	4,185
Utilities	2,030	2,053
Others	<u>36,486</u>	<u>37,187</u>
	<u>\$ 66,241</u>	<u>\$ 62,546</u>

15. RELATED-PARTY TRANSACTIONS

a. Related parties

<u>Related Party</u>	<u>Relationship with the Department</u>
Union Bank of Taiwan	Headquarter of the Department

b. Significant transactions between the Department and related parties

Related Party	Account	<u>December 31</u>	
		2021	2020
Union Bank of Taiwan	Inter-Department Debits	<u>\$ (2,069,071)</u>	<u>\$ (1,266,017)</u>

Brokerage handling fees charged to related parties were adjusted to the account "Inter-Department Debits" and the rate and collection term were not significantly different from those with other customers.

16. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at 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 Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
<u>Assets</u>				
Financial assets at amortized cost	\$ 710,546	\$ 715,491	\$ 715,346	\$ 729,005

Fair value hierarchy:

Item	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Financial asset</u>				
Financial assets at amortized cost	\$ 715,491	\$ -	\$ 715,491	\$ -

Item	December 31, 2020			
	Total	Level 1	Level 2	Level 3
<u>Financial asset</u>				
Financial assets at amortized cost	\$ 729,005	\$ -	\$ 729,005	\$ -

b. The Department's methods and assumptions used to measure the fair value of financial assets and liabilities are as follows:

- 1) The carrying values of cash, cash equivalents, receivables, net, other financial assets, other current assets, inter-department debits, payables, collection payments, other payables (other than tax payable) and other current liabilities approximate the fair values due to their short maturities.
- 2) The carrying values of operating guarantee deposits, settlement clearing deposits and refundable deposits approximate their fair values due to the fact that interest payments are collected and cash discounts are immaterial.

- 3) The information on the fair value hierarchies of the Department's financial instruments as of December 31, 2021 and 2020 were as follows:

Item	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis nonderivative financial instruments				
<u>Assets</u>				
Financial assets at FVTOCI				
Bond investments	\$ 5,441,125	-	\$ 5,441,125	-

Item	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Measured at fair value on a recurring basis nonderivative financial instruments				
<u>Assets</u>				
Financial assets at FVTPL				
Bond investments	\$ 298,124	\$ -	\$ 298,124	\$ -
Financial assets at FVTOCI				
Bond investments	5,963,441	-	5,963,441	-

Refer to Note 47 for further information regarding the definitions of the 3 levels of fair value measurement.

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

d. Information on financial risk management

1) Market risk

Transactions of the Department were all measured at fair value using reliable information, such as the market price, market interest rate and maturity date. Moreover, hedging strategies were also applied to mitigate risk exposure.

2) Credit risk

Credit risks refers to the Department's exposure to financial losses due to inability of customers, bonds issuers, or counterparties to meet the contractual obligations on financial instruments. Before entering transactions, the Department evaluates the counterparty's credit status with reference to external credit rating information. Furthermore, the Department assigns different transaction limits to counterparties of different credit ratings in order to mitigate default losses when extreme situations occur.

Investments in debt instruments made by the Department were composed of financial assets at FVTOCI and financial assets at amortized cost:

December 31, 2021

	FVTOCI	Amortized Cost	Total
Carrying value	\$ 5,465,216	\$ 710,546	\$ 6,175,762
Loss allowance	(1,094)	-	(1,094)
Fair value	<u>(22,997)</u>	<u>-</u>	<u>(22,997)</u>
	<u>\$ 5,441,125</u>	<u>\$ 710,546</u>	<u>\$ 6,151,671</u>

December 31, 2020

	FVTOCI	Amortized Cost	Total
Carrying value	\$ 5,920,442	\$ 715,346	\$ 6,635,788
Loss allowance	(1,208)	-	(1,208)
Fair value	<u>44,207</u>	<u>-</u>	<u>44,207</u>
	<u>\$ 5,963,441</u>	<u>\$ 715,346</u>	<u>\$ 6,678,787</u>

The Department continuously monitors the external credit rating information and price movements of the debt instruments invested in to assess whether credit risk has significantly increased since initial recognition of the investment.

The Department takes into consideration the multi-period default probability table for each rating 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 for these investments.

Debt investments at FVTOCI and at amortized cost, sorted by credit ratings, are shown as follows:

Credit Risk Ratings	Definition	Basis for Recognizing Expected Credit Loss	Expected Credit Loss Rate	Carrying Amount at December 31, 2021
Low credit risk	The debtor has low credit risk	12-month ECL	0%-0.0558%	\$ 6,151,671
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECL	Note	-
Default	Evidence of credit impairment	Lifetime ECL	100%	-

Credit Risk Ratings	Definition	Basis for Recognizing Expected Credit Loss	Expected Credit Loss Rate	Carrying Amount at December 31, 2020
Low credit risk	The debtor has low credit risk	12-month ECL	0%-0.06%	\$ 6,678,787
Significant increase in credit risk	Credit risk has increased significantly since initial recognition	Lifetime ECL	Note	-
Default	Evidence of credit impairment	Lifetime ECL	100%	-

Note: Credit rating of investment in debt instruments on December 31, 2021 and 2020 was normal

The allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost grouped by credit rating is reconciled as follows:

	Credit Ratings		
	Low Credit Risk	Significant Increase in Credit Risk Since Initial Recognition	Evidence of Credit Impairment
Balance at January 1, 2021	\$ 1,208	\$ -	\$ -
Changes in credit risk ratings			
Low credit risk to significant increase in credit risk	-	-	-
Significant increase in credit risk to default	-	-	-
New debt instruments purchased	-	-	-
Derecognition	(48)	-	-
Risk/model parameter change	(66)	-	-
Other changes	-	-	-
Balance at December 31, 2021	<u>\$ 1,094</u>	<u>\$ -</u>	<u>\$ -</u>
Balance at January 1, 2020	\$ 875	\$ -	\$ -
Changes in credit risk ratings			
Low credit risk to significant increase in credit risk	-	-	-
Significant increase in credit risk to default	-	-	-
New debt instruments purchased	423	-	-
Derecognition	(74)	-	-
Risk/model parameter change	(16)	-	-
Other changes	-	-	-
Balance at December 31, 2020	<u>\$ 1,208</u>	<u>\$ -</u>	<u>\$ -</u>

3) Liquidity risk

The Department has low liquidity risk due to the fact that investments owned by the Department have relatively high liquidity. Besides, among those investments, the Department also set holding limits.

17. ADDITIONAL DISCLOSURES

Significant transactions and investees:

- a. Financing provided: None.
- b. Endorsement/guarantee provided: None.
- c. Acquisition of individual real estate at a costs of at least NT\$300 million or 20% of the paid-in capital: None.
- d. Disposal of individual real estates at a prices of at least NT\$300 million or 20% of the paid-in capital: None.
- e. Allowance for service fees to related parties amounting to at least NT\$5 million: None.
- f. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

18. RELATED INFORMATION ON EQUITY INVESTMENTS IN INVESTEES: NONE

19. INVESTMENT IN MAINLAND CHINA: NONE

UNION BANK OF TAIWAN
SECURITIES DEPARTMENT

LIST OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Maturity Date	Interest Rate %	Fair Value	Accumulated Impairment	Historical Cost		Fair Value	
					Unit Price	Total Price	Unit Price	Total Price
Government bond								
A08109	2029/10/14	0.63	\$ 600,000	\$ -	101.1273	\$ 606,764	99.5275	\$ 597,165
A09103	2030/02/21	0.50	750,000	-	100.4299	753,224	98.4837	738,627
Other (Note 2)			<u>600,000</u>	<u>-</u>		<u>599,607</u>		<u>597,970</u>
			<u>1,950,000</u>	<u>-</u>		<u>1,959,595</u>		<u>1,933,762</u>
Corporate bonds								
B618C1	2027/09/03	0.58	300,000	(56)	100.1013	300,304	99.9103	299,731
B903V4	2022/12/26	1.39	400,000	(125)	100.5427	402,171	100.9090	403,636
B903X6	2024/12/16	0.75	470,000	(146)	99.9999	470,000	100.7554	473,550
B903XP	2027/12/15	0.45	500,000	(155)	100.0000	500,000	98.8357	494,179
Other (Note 2)			<u>1,830,000</u>	<u>(612)</u>		<u>1,832,052</u>		<u>1,836,267</u>
			<u>3,500,000</u>	<u>(1,904)</u>		<u>3,504,527</u>		<u>3,507,363</u>
			<u>\$ 5,450,000</u>	<u>\$ (1,904)</u>		<u>\$ 5,464,122</u>		<u>\$ 5,441,125</u>

Note 1: Total amount under repurchase agreement is \$2,987,865 thousand.

Note 2: Individual items have not exceeded 5% of the total amount.

UNION BANK OF TAIWAN
SECURITIES DEPARTMENT

LIST OF BONDS UNDER PURCHASE AGREEMENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Transaction Terms			Fair Value	Issue Price
	Issue Date	Maturity Date	Interest Rate %		
Government bond					
A08109	2021/12/27	2022/01/25	0.16	\$ 420,800	\$ 464,344
A09103	2021/12/13	2022/02/16	0.19	727,000	793,065
HB0701	2021/12/22	2022/02/18	0.21	186,600	203,354
Other	2021/09/06	2022/01/25	0.21	181,900	199,231
				<u>1,516,300</u>	<u>1,659,994</u>
Corporate bonds					
B903V3	2021/11/29	2022/01/17	0.22	156,800	173,082
B903XP	2021/12/13	2022/01/17	0.29	196,400	216,807
B903V4	2021/12/03	2022/02/15	0.16	180,500	187,501
B903X6	2021/11/29	2022/01/17	0.22	340,200	372,644
Other (Note)	2021/12/13	2022/01/17	0.29	606,700	648,959
				<u>1,480,600</u>	<u>1,598,993</u>
				<u>\$ 2,996,900</u>	<u>\$ 3,258,987</u>

Note: Individual items have not exceeded 5% of the total amount.

UNION BANK OF TAIWAN
SECURITIES DEPARTMENT

LIST OF FINANCIAL ASSETS AT AMORTISED COST
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Total Amount	Maturity Date	Unamortized Gross Price	Interest Rate	Accumulated Impairment	Book Value	Provided as Guarantee or Pledged as Collateral
A03106H	700,000	2024/03/30	<u>\$ 8,685</u>	1.50%	<u>\$ -</u>	<u>\$ 710,546</u>	None

UNION BANK OF TAIWAN
SECURITIES DEPARTMENT

ITEM STATEMENT (SORTED BY BUSINESS CATEGORY)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Item	Broker		Dealer		Total	%
	Amount	%	Amount	%		
Profit (loss)						
Operating revenue						
Brokerage fee revenue	\$ 323,602	91	\$ -	-	\$ 323,602	81
Underwriting business revenue	503	-	-	-	503	-
Profit from sale of operation securities - dealing	-	-	(2,535)	(6)	(2,535)	-
Interest revenue	-	-	43,709	101	43,709	11
Net profit from operating securities at fair value through profit or loss	-	-	754	2	754	-
Realized gain on financial assets at fair value through other comprehensive income	-	-	1,376	3	1,376	-
Commission revenue	2,248	1	-	-	2,248	1
Others operating revenue	29,137	8	-	-	29,137	7
Expected credit losses	-	-	114	-	114	-
	<u>355,490</u>	<u>100</u>	<u>43,418</u>	<u>100</u>	<u>398,908</u>	<u>100</u>
Operating expense						
Brokerage fee	23,603	7	-	-	23,603	6
Finance cost	3,309	1	-	-	3,309	1
Employee benefits expense	115,405	32	13,739	32	129,144	32
Depreciation and amortization expense	10,355	3	-	-	10,355	2
Other operating expense	52,613	15	13,628	31	66,241	17
	<u>205,285</u>	<u>58</u>	<u>27,367</u>	<u>63</u>	<u>232,652</u>	<u>58</u>
Profit (loss)	<u>150,205</u>	<u>42</u>	<u>16,051</u>	<u>37</u>	<u>166,256</u>	<u>42</u>
Other income and losses	<u>57,806</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>57,806</u>	<u>14</u>
Profit before tax	<u>208,011</u>	<u>59</u>	<u>16,051</u>	<u>37</u>	<u>224,062</u>	<u>56</u>
Income tax expense	<u>41,602</u>	<u>12</u>	<u>3,560</u>	<u>8</u>	<u>45,162</u>	<u>11</u>
Net profit (loss)	<u>166,409</u>	<u>47</u>	<u>12,491</u>	<u>29</u>	<u>178,900</u>	<u>45</u>
Other comprehensive income	<u>-</u>	<u>-</u>	<u>(67,318)</u>	<u>(155)</u>	<u>(67,318)</u>	<u>(17)</u>
Total comprehensive income	<u>\$ 166,409</u>	<u>47</u>	<u>\$ (54,827)</u>	<u>(126)</u>	<u>\$ 111,582</u>	<u>28</u>

**UNION BANK OF TAIWAN
SECURITIES DEPARTMENT**

**LIST OF BROKERAGE FEE REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Securities Brokerage at Stock Exchange Market	Securities Brokerage at Over the Counter Market	Securities Lending Fee	Total
January	\$ 39,704	\$ 8,354	\$ 3	\$ 48,061
February	22,803	5,175	-	27,978
March	35,682	8,583	-	44,265
April	43,323	10,264	-	53,587
May	50,670	8,880	14	59,564
June	48,591	9,431	55	58,077
July	61,811	13,540	21	75,372
August	40,703	9,280	86	50,069
September	30,222	8,563	-	38,785
October	30,444	8,225	29	38,698
November	40,560	13,112	43	53,715
December	<u>32,048</u>	<u>10,525</u>	<u>58</u>	<u>42,631</u>
	<u>\$ 476,561</u>	<u>\$ 113,932</u>	<u>\$ 309</u>	<u>\$ 590,802</u>

**UNION BANK OF TAIWAN
SECURITIES DEPARTMENT****LIST OF DISCOUNTS ON BROKERAGE FEE REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Month	Stock Exchange Market	Over-the- Counter	Total
January	\$ 17,682	\$ 3,696	\$ 21,378
February	9,762	2,226	11,988
March	15,758	3,894	19,652
April	18,119	4,534	22,653
May	21,549	3,942	25,491
June	22,144	4,382	26,526
July	29,073	6,332	35,405
August	19,194	4,267	23,461
September	14,117	3,922	18,039
October	13,584	3,943	17,527
November	19,379	6,021	25,400
December	<u>14,737</u>	<u>4,943</u>	<u>19,680</u>
	<u>\$ 215,098</u>	<u>\$ 52,102</u>	<u>\$ 267,200</u>

**UNION BANK OF TAIWAN
SECURITIES DEPARTMENT**

**LIST OF SECURITIES SOLD
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Item	Revenue from Sale of Securities	Cost of Securities Sold	Profit or Loss
Dealer			
Sold at the office			
Financial assets at FVTPL			
Government bonds	<u>\$ 1,684,281</u>	<u>\$ 1,686,816</u>	<u>\$ (2,535)</u>
Financial assets at FVOCI			
Government bonds	<u>\$ 301,219</u>	<u>\$ 299,843</u>	<u>\$ 1,376</u>

**UNION BANK OF TAIWAN
SECURITIES DEPARTMENT****LIST OF INTEREST REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)**

Items	Amounts
Interest revenue from bond investments	
Interest from financial assets at FVOCI	\$ 35,752
Interest from financial assets at amortized cost	<u>7,950</u>
	43,702
Others	<u>7</u>
	<u>\$ 43,709</u>

**UNION BANK OF TAIWAN
SECURITIES DEPARTMENT****LIST OF OPERATING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	2021	2020
Employee benefit expense		
Salary expense	\$ 105,834	\$ 88,291
Insurance expense	10,584	8,963
Pension expense	6,314	5,230
Others (Note)	<u>6,412</u>	<u>6,462</u>
	<u>129,144</u>	<u>108,946</u>
Depreciation and amortization expense		
Depreciation expense	4,593	5,983
Amortization expense	<u>5,762</u>	<u>5,219</u>
	<u>10,355</u>	<u>11,202</u>
Other operating expense		
Computer operating expense	11,083	9,666
Maintenance expense	4,765	4,973
Postage/cable fee	4,657	4,482
Utilities	2,030	2,053
Tax	7,220	4,185
Others (Note)	<u>36,486</u>	<u>37,187</u>
	<u>66,241</u>	<u>62,546</u>
	<u>\$ 205,740</u>	<u>\$ 182,694</u>

Note 1: Total number of employees was 123 and 125 in 2021 and 2020, respectively.

Note 2: Individual items have not exceeded 5% of the total amount.

Union Bank of Taiwan

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Union Bank of Taiwan

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public 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 Financial Statements section of our report. We are independent of the Bank in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

The key audit matters of the Bank's 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 Bank was approximately 60% of total assets, and was considered material to the financial statements as a whole. Refer to Note 14 to the financial statements. The Bank'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 Bank'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 relevant 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 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.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements 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 financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally accepted and applied in the Republic of China.

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

UNION BANK OF TAIWAN

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

ASSETS	2021		2020	
	Amount	%	Amount	%
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	\$ 12,822,394	2	\$ 8,141,334	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 43)	29,553,111	4	24,325,798	3
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4 and 8)	45,833,426	6	33,967,730	5
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 5, 9 and 11)	60,672,055	7	52,807,395	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)	57,688,435	7	63,872,973	9
RECEIVABLES, NET (Notes 4, 5, 13 and 15)	25,351,438	3	22,703,290	3
CURRENT TAX ASSETS (Note 4)	-	-	44,382	-
DISCOUNTS AND LOANS, NET (Notes 4, 5, 14 and 42)	493,750,735	60	424,304,969	57
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Notes 4 and 16)	6,523,042	1	5,863,071	1
OTHER FINANCIAL ASSETS, NET (Notes 4, 17 and 43)	1,605,569	-	4,471,836	1
PROPERTY AND EQUIPMENT, NET (Notes 4 and 18)	7,913,431	1	7,892,451	1
RIGHT-OF-USE ASSETS (Notes 4 and 19)	1,590,101	-	1,639,260	-
INTANGIBLE ASSETS (Notes 4 and 20)				
Goodwill	1,985,306	-	1,985,307	-
Computer software	182,782	-	170,823	-
Total intangible assets	2,168,088	-	2,156,130	-
DEFERRED TAX ASSETS (Notes 4 and 40)	706,598	-	636,906	-
OTHER ASSETS, NET (Notes 4, 21, 42 and 44)	2,970,253	-	2,751,600	-
TOTAL	\$ 826,580,218	100	\$ 746,276,787	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 22)	\$ 9,296,313	1	\$ 11,942,863	2
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 23)	6,741,390	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 (Notes 4 and 24)	51,279,756	6	44,428,176	6
PAYABLES (Notes 25 and 42)	8,154,976	1	5,430,396	1
CURRENT TAX LIABILITIES (Note 4)	411,559	-	106,676	-
DEPOSITS AND REMITTANCES (Notes 26 and 42)	672,825,605	82	608,269,514	81
BANK DEBENTURES (Notes 4 and 27)	7,700,000	1	7,200,000	1
OTHER FINANCIAL LIABILITIES	6,446	-	115,361	-
PROVISIONS (Notes 4, 5, 15 and 28)	361,874	-	244,939	-
LEASE LIABILITIES (Notes 4, 19 and 42)	1,576,632	-	1,621,207	-
DEFERRED TAX LIABILITIES (Notes 4 and 40)	1,604,370	-	1,635,842	-
OTHER LIABILITIES (Notes 30, 42 and 44)	990,565	-	1,098,256	-
Total liabilities	761,444,907	92	686,085,952	92
EQUITY				
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	65,135,311	8	60,190,835	8
TOTAL	\$ 826,580,218	100	\$ 746,276,787	100

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

UNION BANK OF TAIWAN

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, 32 and 42)					
Interest revenue	\$ 11,537,639	81	\$ 11,858,192	98	(3)
Interest expense	<u>2,863,330</u>	<u>20</u>	<u>4,158,730</u>	<u>34</u>	(31)
Net interest	<u>8,674,309</u>	<u>61</u>	<u>7,699,462</u>	<u>64</u>	13
NET REVENUE OTHER THAN INTEREST					
Commissions and fee revenue, net (Notes 4 and 33)	3,064,775	22	2,869,110	24	7
Gain on financial assets and liabilities at fair value through profit or loss (Notes 4 and 34)	557,486	4	1,710,809	14	(67)
Realized gain on financial assets at fair value through other comprehensive income (Notes 4 and 35)	875,982	6	407,220	3	115
Share of profit of subsidiaries and associates (Notes 4 and 16)	79,960	1	25,788	-	210
Foreign exchange gain (loss), net (Note 4)	683,542	5	(946,549)	(8)	172
Reversal of impairment loss (impairment loss) on assets (Notes 4 and 36)	(90,697)	(1)	128,860	1	(170)
Securities brokerage fee revenue, net	300,193	2	171,805	2	75
Loss on disposal of properties and equipment, net (Note 4)	(1,193)	-	(7,119)	-	(83)
Other noninterest gain, net	<u>20,858</u>	<u>-</u>	<u>19,109</u>	<u>-</u>	9
TOTAL NET REVENUE	<u>14,165,215</u>	<u>100</u>	<u>12,078,495</u>	<u>100</u>	17
PROVISIONS (Notes 4, 5 and 15)					
Provision of allowance for doubtful accounts and provision for losses on commitments and guarantees	<u>776,891</u>	<u>5</u>	<u>267,216</u>	<u>2</u>	191

(Continued)

UNION BANK OF TAIWAN

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

	2021		2020		Percentage Increase (Decrease) %
	Amount	%	Amount	%	
OPERATING EXPENSES					
Employee benefit expense (Notes 4, 29, 37 and 42)	\$ 3,979,844	28	\$ 3,695,508	31	8
Depreciation and amortization (Notes 4, 19 and 38)	803,620	6	753,311	6	7
Others (Notes 4, 39 and 42)	<u>3,443,049</u>	<u>24</u>	<u>3,512,000</u>	<u>29</u>	(2)
Total operating expenses	<u>8,226,513</u>	<u>58</u>	<u>7,960,819</u>	<u>66</u>	3
INCOME BEFORE INCOME TAX	5,161,811	37	3,850,460	32	34
INCOME TAX EXPENSE (Notes 4 and 40)	<u>698,043</u>	<u>5</u>	<u>408,751</u>	<u>4</u>	71
NET INCOME	<u>4,463,768</u>	<u>32</u>	<u>3,441,709</u>	<u>28</u>	30
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(940)	-	11,842	-	(108)
Unrealized gain on investments in equity instrument at fair value through other comprehensive income	1,772,006	12	812,340	7	118
Share of the other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	540,371	4	(39,030)	-	1,485
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 40)	<u>34,734</u>	<u>-</u>	<u>(109,493)</u>	<u>(1)</u>	132
Items that will not be reclassified subsequently to profit or loss, net of income tax	<u>2,346,171</u>	<u>16</u>	<u>675,659</u>	<u>6</u>	247

(Continued)

UNION BANK OF TAIWAN

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	%	
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of the financial statements of foreign operations	\$ (361,067)	(3)	\$ (625,885)	(5)	(42)
Share of other comprehensive income (loss) of subsidiaries and associates accounted for using the equity method	(256,536)	(2)	14,117	-	(1,917)
Unrealized gain (loss) on investments in debt instruments at fair value through other comprehensive income	(918,605)	(6)	1,005,636	8	(191)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 40)	<u>72,213</u>	<u>1</u>	<u>125,177</u>	<u>1</u>	(42)
Items that may be reclassified subsequently to profit or loss, net of income tax	<u>(1,463,995)</u>	<u>(10)</u>	<u>519,045</u>	<u>4</u>	(382)
Other comprehensive income for the year, net of income tax	<u>882,176</u>	<u>6</u>	<u>1,194,704</u>	<u>10</u>	(26)
TOTAL COMPREHENSIVE INCOME	<u>\$ 5,345,944</u>	<u>38</u>	<u>\$ 4,636,413</u>	<u>38</u>	15
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 41)					
Basic	<u>\$1.21</u>		<u>\$0.90</u>		
Diluted	<u>\$1.21</u>		<u>\$0.90</u>		

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

(Concluded)

UNION BANK OF TAIWAN

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

	Share Capital (Notes 31 and 37)			Capital Surplus (Note 31)	Retained Earnings (Notes 4 and 31)				Other Equity (Notes 4 and 31)		Total	Total Equity
	Ordinary Shares	Preference Shares	Total		Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income		
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
Appropriation of the 2019 earnings												
Legal reserve	-	-	-	-	1,007,837	-	(1,007,837)	-	-	-	-	-
Cash dividends on common shares	-	-	-	-	-	-	(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)
Net income for the year ended December 31, 2020	-	-	-	-	-	-	3,441,709	3,441,709	-	-	-	3,441,709
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
Share-based payment	70,016	-	70,016	4,551	-	-	-	-	-	-	-	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
Appropriation of the 2020 earnings												
Legal reserve	-	-	-	-	1,041,070	-	(1,041,070)	-	-	-	-	-
Cash dividends on preference shares	-	-	-	-	-	-	(480,000)	(480,000)	-	-	-	(480,000)
Stock dividends on common shares	1,951,916	-	1,951,916	-	-	-	(1,951,916)	(1,951,916)	-	-	-	-
Net income for the year ended December 31, 2021	-	-	-	-	-	-	4,463,768	4,463,768	-	-	-	4,463,768
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	-	-	228	228	(545,390)	1,427,338	881,948	882,176
Share-based payment	66,583	-	66,583	5,659	-	-	-	-	-	-	-	72,242
Changes in ownership interests in subsidiaries	-	-	-	6,290	-	-	-	-	-	-	-	6,290
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	<u>\$ 32,952,187</u>	<u>\$ 2,000,000</u>	<u>\$ 34,952,187</u>	<u>\$ 8,051,984</u>	<u>\$ 8,924,700</u>	<u>\$ 627,440</u>	<u>\$ 6,932,579</u>	<u>\$ 16,484,719</u>	<u>\$ (1,636,613)</u>	<u>\$ 7,283,034</u>	<u>\$ 5,646,421</u>	<u>\$ 65,135,311</u>

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

UNION BANK OF TAIWAN

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	\$ 5,161,811	\$ 3,850,460
Adjustments for:		
Depreciation expense	717,519	677,907
Amortization expense	86,101	75,404
Expected credit losses/provision of allowance for doubtful accounts	776,891	267,216
Gain on disposal of financial assets at fair value through profit or loss	(503,731)	(1,656,347)
Interest expense	2,863,330	4,158,730
Interest revenue	(11,537,639)	(11,858,192)
Dividend income	(564,470)	(446,311)
Share of profit of subsidiaries and associates	(73,295)	(25,788)
Gain on disposal of associates	(6,665)	-
Loss on disposal of properties and equipment	1,193	7,119
Gain on disposal of investments	(365,267)	(15,371)
Impairment loss (reversed) recognized on financial assets	22,479	(122,109)
Loss on impairment of nonfinancial asset	68,935	-
Reversal of impairment losses on nonfinancial asset	(717)	(6,751)
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	(10,444,144)	(1,372,342)
Financial assets at fair value through other comprehensive income	(6,599,533)	(9,992,508)
Investments in debt instruments at amortized cost	13,084,558	13,628,315
Receivables	(2,499,589)	(2,391,120)
Discounts and loans	(70,149,182)	(38,232,449)
Other financial assets	2,926,067	(977,008)
Deposits from the Central Bank and other banks	(2,646,550)	641,940
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	2,827,518	1,319,242
Deposits and remittances	64,556,091	74,613,551
Other financial liabilities	(108,915)	115,250
Provision for employee benefits	(940)	9,474
Other liabilities	-	100
Cash generated from (used in) operations	(11,412,039)	3,076,660
Interest received	11,575,870	12,008,785
Dividend received	586,800	451,540
Interest paid	(2,894,026)	(4,492,295)
Income tax paid	(342,995)	(673,949)
Net cash generated from (used in) operating activities	<u>(2,486,390)</u>	<u>10,370,741</u>

(Continued)

UNION BANK OF TAIWAN

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	\$ (357,844)	\$ (500,000)
Disposal of associates	45,007	-
Payments for properties and equipment	(345,503)	(250,161)
Proceeds from disposal of properties and equipment	-	20
Increase in settlement fund	-	616
Decrease in settlement fund	(3,386)	-
Increase in refundable deposits	(248,099)	-
Decrease in refundable deposits	-	299,631
Payments for intangible assets	(50,332)	(34,797)
Proceeds from disposal of collaterals	477	7,007
Decrease in other assets	<u>32,832</u>	<u>179,962</u>
Net cash used in investing activities	<u>(926,848)</u>	<u>(297,722)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to Central Bank and other banks	2,954,670	3,786,720
Proceeds from issue of bank debentures	3,000,000	-
Repayments of bank debentures	(2,500,000)	(3,000,000)
Proceeds from guarantee deposits received	4,164	11,412
Repayment of the principal portion of lease liabilities	(437,403)	(409,986)
Decrease in other liabilities	-	170,189
Increase in other liabilities	(133,357)	-
Dividends paid	<u>(480,000)</u>	<u>(768,446)</u>
Net cash generated from (used in) financing activities	<u>2,408,074</u>	<u>(210,111)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(498,314)</u>	<u>(623,188)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,503,478)	9,239,720
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>72,014,307</u>	<u>62,774,587</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 70,510,829</u>	<u>\$ 72,014,307</u>

(Continued)

UNION BANK OF TAIWAN

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

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

	<u>December 31</u>	
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents in balance sheets	\$ 12,822,394	\$ 8,141,334
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	<u>57,688,435</u>	<u>63,872,973</u>
Cash and cash equivalents in statements of cash flows	<u>\$ 70,510,829</u>	<u>\$ 72,014,307</u>

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

(Concluded)