



Taishin Holdings

2021 Annual Report

Published date: February 28, 2022

Company website: <https://www.taishinholdings.com.tw>

Market Observation Post System website: <https://mops.twse.com.tw>



Taishin Holdings



Taishin Holdings

Spokesman

Name: Welch Lin
Title: President of Taishin Holdings
Tel: 886-2- 5576-1888
E-mail address: spokesperson@taishinholdings.com.tw

Acting Spokesman

Name: Carol Lai
Title: Chief Financial Officer of Taishin Holdings
Tel: 886-2-5576-2881
E-mail address: spokesperson@taishinholdings.com.tw

Taishin Financial Holding Co., Ltd.

Address: 12F, 13F, 15F, 16F, 21F~23F, No.118, Sec. 4, Ren'ai Rd.,
Da'an Dist., Taipei City 106, Taiwan (R.O.C.)
Tel: 886-2-2326-8888
Website: <https://www.taishinholdings.com.tw>

Taishin International Bank Co., Ltd.

Address: B1&1F, No.44, Sec. 2, Jhongshan N. Rd.,
Jhongshan Dist., Taipei City 104 , Taiwan (R.O.C.)
Tel: 886-2-2568-3988
Website: <https://www.taishinbank.com.tw>

Taishin Securities Co., Ltd.

Address: 2F, No.44, Sec. 2, Jhongshan N. Rd., Jhongshan Dist.,
Taipei City 104 , Taiwan (R.O.C.)
Tel: 886-2-2181-5888
Website: <https://www.tssco.com.tw>

Taishin Insurance Co., Ltd.

Address: 10F, No. 161, Sec. 5, Nanjing E Rd, Songshan Dist.,
Taipei City 105, Taiwan(R.O.C.)
Tel: 886-2-2767-8866
Website: <https://www.taishinlife.com.tw>

Taishin Asset Management Co., Ltd.

Address: 2F-3, No.9, Dehui St., Zhongshan Dist.,
Taipei City 104, Taiwan (R.O.C.)
Tel: 886-2-2596-9388

Taishin Venture Capital Investment Co., Ltd.

Address: 18F, No.118, Sec. 4, Ren'ai Rd., Da-an Dist.,
Taipei City 106, Taiwan (R.O.C.)
Tel: 886-2-2706-6919

Taishin Securities Investment Trust Co., Ltd.

Address: 1F, No. 9-1, Dehui St., Zhongshan Dist.,
Taipei City 104, Taiwan (R.O.C.)
Tel: 886-2-2501-3838
Website: <https://www.tsit.com.tw>

Taishin Securities Investment Advisory Co., Ltd.

Address: 16F, No.118, Sec. 4, Ren'ai Rd., Da-an Dist.,
Taipei City 106, Taiwan (R.O.C.)
Tel: 886-2-5589-9558
Website: <https://www.tss-c.com.tw>

Stock Transfer Agency

Name: Stock Affair Agency Department of Taishin Securities
Co., Ltd.
Address: B1, No. 96, Sec. 1, Jianguo N. Rd., Jhongshan Dist.,
Taipei City 104, Taiwan (R.O.C.)
Tel: 886-2-2504-8125
Website: <https://www.taishinbank.com.tw>

Credit Rating Agencies

Fitch Ratings

Address: Suite A2, 23F., No. 68, Sec. 5, Zhongxiao E. Rd.,
Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)
Tel: 886-2-8175-7600
Website: <https://www.fitchratings.com>

Taiwan Ratings

Address: 2F., No. 167, Dunhua N. Rd., Songshan Dist.,
Taipei City 105, Taiwan (R.O.C.)
Tel: 886-2-2175-6800
Website: <https://www.taiwanratings.com>

Certified Public Accountants

CPAs: Han-Ni Fang, Ching-Cheng Yang
Name of accounting firm: Deloitte & Touche
Address: 20F, No. 100, Songren Rd., Xinyi Dist.,
Taipei City 110, Taiwan (R.O.C.)
Tel: 886-2-2725-9988
Website: <https://www.deloitte.com.tw>

Names of Exchanges Where Overseas Securities Are Listed and Methods of Inquiry: None.

Taishin Holdings

2021 Annual Report

CONTENTS

I. Letter to Shareholders	002
II. Company Profile	010
III. Corporate Governance Report	018
IV. Capital Overview	082
V. Operating Status	098
VI. Financial Information	158
VII. Review and Analysis of Financial Conditions, Financial Performance, and Risk Management	362
VIII. Special Disclosure	382
IX. Items with Major Effect on Shareholders' Benefits or Securities Prices in 2021 and As of the Date for the Publication of the Annual Report	390



01

Letter to Shareholders

I. Letter to Shareholders

Dear Shareholders,

The K-shaped global economic recovery that started in the second half of 2020 continued in 2021. Developed countries in Europe and the United States benefited from the successful development of mRNA, adenovirus, and other significantly effective vaccines and high vaccination rates in their own countries, and were therefore able to lift COVID related restrictions and have economic activities return largely to normal. Meanwhile, many governments launched fiscal stimuli to drive private spending to enable a fast recovery. The United States, the United Kingdom, and major countries in the Eurozone all reported GDPs in the second half of 2021 that exceeded pre-COVID levels. However, due to limited access to vaccines, most emerging countries were unable to reach sufficient vaccination coverage to curb the spread of the virus. As a result, their economies faced continued disruption from the pandemic. In particular, the Delta variant that spread quickly from India to the rest of the world in March had significant impact. Many emerging countries, including India, were forced to take response measures, including re-entering large-scale lockdown, which had a significant impact on economic growth.

In contrast to the sudden drop in demand following the global lockdown in 2020, the effects of the pandemic in 2021 are more pronounced on the supply side. Given the degree of specialization in the global supply chain at present, air freight, marine freight, and logistics systems in different countries are key to the proper operation of a connected global supply chain. The pandemic caused factories in many countries to suspend operations and ports to work at a significantly slower pace. It also caused a labor shortage in the logistics sector of many countries, which had a severe impact on production and delivery of many industrial goods. Hence, while demand showed strong rebound in major consumer markets, supply was becoming more constrained, which led to rapid inflation. The situation is expected to persist before slowly easing in the second half of 2022. The impact on the global economic growth remains to be seen.

Transmission of the virus was kept under control in Taiwan in 2021. The economy benefited as activities in the manufacturing sector remained undisrupted. Opportunities continued to be abundant in emerging tech applications and digital transition, and IC export reached another record high. Traditional manufacturing goods also benefited from global inflation, with rising prices on exports and fast export growth, which became the driving force behind Taiwan's economic growth. In terms of domestic demand, a larger COVID-19 outbreak pushed the disease control alert to Level 3 in May 2021. As a result, consumers increasingly stayed at home and started working or learning remotely. Therefore, revenues dropped in certain industries that relied on domestic demand. Nevertheless, a COVID-conscious population and support for government policies started to push the number of cases down in August. The alert was lowered from Level 3 to Level 2, and disease control measures were lifted gradually. Private spending started to recover, and shoppers returned to brick-and-mortar stores. In addition, the government introduced stimulus vouchers and other incentives to encourage spending, and consumer spending recovery is expected to continue into 2022.

Meanwhile, the financial sector in Taiwan benefited from a strong stock market performance. Business owners made active efforts to realize capital gains on stocks and bonds, which boosted profit growth for banks, insurance companies, and securities firms. In 2021, banks, insurance companies, and securities firms together reported a cumulative profit before tax of NT\$936.6 billion, exceeding NT\$900 billion for the first time. This was an increase of nearly NT\$261 billion compared to 2020 and represented a positive growth of 38.7%. In particular, the insurance companies reported a net profit before tax of NT\$411.1 billion and an 84.3% YOY growth; the banks reported NT\$385.6 billion and a 4.0% YOY growth; and the securities firms reported NT\$139.9 billion and a 72.0% YOY growth. Looking forward to the remainder of 2022, the pandemic's grip on the global economy is expected to

continue to ease, and economic activities will continue their recovery around the world. Inflation will remain high as oil prices climb, and the central bank in Taiwan is expected to start following the U.S. Fed's footsteps in raising rates.

We followed our operating budgets closely in 2021, and our core business delivered consistent growth. To increase our business competitiveness in the financial sector and realize our long-term business goals, we acquired Prudential Life Insurance on June 30, 2021, and renamed it Taishin Life Insurance on August 10, 2021. The recognized gain on bargain purchase was NT\$9.227 billion. In 2021, the net profit after tax was NT\$20.3 billion, the after-tax EPS was NT\$1.63, and the return on common shareholders' equity (ROE) was 12.34%. As of the end of 2021, the book value per share was NT\$13.70. In terms of capital structure, our capital adequacy ratio was 123.40% and our double leverage ratio was 119.56% at the end of 2021. The capital structure remained sound.

We were given international long- and short-term credit ratings of BBB and F3, respectively, by international credit rating agency Fitch Ratings in November 2021. Our domestic long- and short-term credit ratings were A+ (tw) and F1 (tw), respectively, and the outlook was changed from "Negative" to "Stable." We received international long- and short-term credit ratings of BBB and A-2, respectively, in a report issued by S&P Global Ratings in January 2022. Meanwhile, our national long- and short-term credit ratings were twA+ to twA-1 in a report issued by Taiwan Ratings in January 2022. The outlook was "Stable" in both reports.

Regarding overseas business expansion, Taishin Bank continues to forge its presence in the Chinese and Asia Pacific markets. The bank currently has branches in Hong Kong, Singapore, Japan (Tokyo), Australia (Brisbane), and Malaysia (a Labuan Branch and a Kuala Lumpur marketing office) as well as local offices in Vietnam (Ho Chi Minh City), Myanmar (Yangon), China (Shanghai), and Thailand (Bangkok). The Bangkok Office opened in June 2021, and the Labuan Branch and the Kuala Lumpur Marketing Office both opened in November 2021. Efforts to establish the Long An Branch in Vietnam will be fast-tracked while we continue to expand our market and increase profits from overseas.

FinTech application: To accelerate innovation in services, Taishin FHC has assembled professional teams that are dedicated to exploring innovative uses of digital banking solutions and to developing artificial intelligence and big data analytics. Our digital banking brand, Richart, continues to provide better digital banking services for consumers. Well-established as the market leader, Richart received an utility model patent for "loan application without proof of income" in 2021. Furthermore, mobile banking was revamped with a new generation of Fast Identity Online (FIDO) for stronger password storage. The smart customer service was upgraded to Google's Bidirectional Encoder Representations from Transformers (Bert) through natural language process (NLP) in order to give consumers a better and more innovative banking experience.

The business performance of our banking, securities, and investment trust subsidiaries in the previous year is summarized as follows.

A. Bank subsidiary

a. Retail Banking Services

As of the end of 2021, the size of Taishin Bank's mortgage portfolio stood at NT\$589.2 billion, representing 6.0% in YOY growth; the auto loan balance amounted to NT\$52.4 billion, representing a 3.5% YOY growth, and again placing the bank at the top of the financial industry; the bank had 6.06 million credit cards in circulation, ranking 4th with a 11.5% market share; and lastly, Taishin Bank had 163,000 card accepting merchants nationwide, ranking first with a 22.0% market share.

Digital banking in everyday life: Richart is the first digital bank in Taiwan to bring banking into different areas of the everyday. The "Rainy Day Fund" was launched in September 2021 and the "KKBox Music Time

Deposit" in November. Richart also won the Global Finance World's Best Digital Bank Awards for the third consecutive year.

Taishin Bank works hard to develop a wide range of payment services. Thanks to the joint efforts of the bank and its partners, Taishin Bank has more than 100,000 points of service in duty-free stores, department stores, major shopping districts, and night markets. Taishin Pay is the only digital wallet developed by a bank to be accepted at all four major convenience store chains, leading department store Shin Kong Mitsukoshi, and other retail chain stores in Taiwan.

Since its launch in August 2020, Richart Life has been developing key services for everyday banking. Now customers only have to open Richart Life to pay with Taishin Points or redeem for products or services at two major convenience store chains in Taiwan. With a payment- and point-based cross-sector ecosystem, Taishin Bank brought together more than 1,000 merchants by being the only bank to issue 20,000 limited edition Richart National Games of Taiwan debit cards in 2021. The card allows customers to pay for purchases or redeem points in Richart Life, effectively bringing banking into everyday life.

Credit cards: Taishin Bank works constantly to launch products and services that keep pace with our modern age. The aim is to connect spending scenarios and optimize the payment experience for customers. Following its ESG strategy, Taishin Bank teamed up with DOMI Earth and promoted e-statements in a bid to reduce carbon emissions. As part of the bank's CSR commitments, the costs saved were used to help energy disadvantaged families switch to energy efficient appliances. This innovative approach received recognition from the MOEA Buying Power - New Product and Service of Social Innovation Purchase Reward Program for the fourth consecutive year. Furthermore, Taishin Bank continues to grow closer ties with card-accepting merchants through innovative products and a complete line of services. The Bank also introduced Taiwan's first mobile card reader app, Taishin Mobile Terminal. The app is aimed at micro mobile merchants and is able to turn any smartphone into a payment terminal. It has helped promote contactless payment during the pandemic and won several international awards.

Wealth management: In 2003, Taishin Bank was first bank in Taiwan to open a wealth management flagship branch. Having followed a sophisticated customer segmentation process over the years, Taishin Bank is able to provide a wide range of exclusive financial services to meet the demand for "professional financial planning advice," "exclusive benefits and experiences," "one-stop shopping," and other services. Furthermore, Taishin Bank follows a sustainability- and customer-oriented philosophy and strives to meet the need for integrated services for personal accounts and household accounts. The family-based wealth management service extends the scope of personal wealth management to the household so that all members of a household may enjoy financial advice at different life stages while enjoying the same benefits. It is an excellent choice for customers with inheritance concerns. Meanwhile, following digital banking trends, Taishin Bank combines counter services, mobile banking, internet banking, and other online and offline services to provide a full range of friendly and professional services in an everyday banking ecosystem. Despite the pandemic and dramatic market volatility, financial planning teams at Taishin Bank are taking a long-term view and remain steadfast in their duty to safeguard customers' asset growth. Feedback on the service is generally positive, and, as a result, the net wealth management service fee income rose by 4% YOY.

b. Wholesale Banking Services

Corporate lending: As of the end of December 2021, the total outstanding balance of corporate lending was NT\$601.9 billion, which was up by 6.3% compared to the previous year. Loans to state-owned and private enterprises totaled NT\$354.5 billion, placing the bank in the top half of the market rankings and in 9th place in terms of total amount of syndications as a lead arranger. In support of the government's initiative,

Taishin Bank provides guarantees compliance with policy to help SMEs acquire operating capital. Lending to SMEs totaled NT\$231 billion by the end of December 2021, rising steadily compared to 2020. Taishin Bank will continue to expand the scope of its cooperation with the SME Credit Guarantee Fund of Taiwan, helping SMEs to upgrade their business, and providing relevant financing schemes in accordance with major governmental policies such as the six pioneer industries and the Welcoming the Return of Taiwanese Investment Initiative Action Plan.

Other wholesale banking services: Automated clearing house (ACH), developed in collaboration with Taiwan Clearing House for fulfilling the needs of corporate customers to allocate funds, ranked first in the number of payments accepted and third in the number of payments made in 2021. While balancing customer relationship management, price, and risk in factoring, the bank undertook NT\$201.3 billion in 2021, 9.4% more than in 2020, and occupied the market-leading position. The shareholder agency services were split off and transferred from Taishin Bank to Taishin Securities in November 2021.

System platforms: The GB2B Global Digital Corporate Banking Network and the Taishin iHub (API) were fully launched. Integrated automatic delivery makes it possible to provide cash flow products, transactional funding and wholesale financing, and makes financial services significantly more efficient. Starting with eliminating pain points for corporate customers and thinking outside the box, Taishin Bank created an innovative digital API cash management and payment platform. The platform won the First National Award in the Best Product Category at the 2021 Annual National Brand Yushan Award. Amid the waves of fintech, Taishin Bank continues to support fintech innovations and optimize the "Instant Credit Check" interface developed in partnership with the credit guarantee fund. API technology allows SMEs quick access to funds through a new automated service from application to approval. Taishin Bank is committed to providing an innovative quality service experience for SMEs.

c. Financial Market Business

In terms of trading financial products, Taishin Bank provides a wide range of financial products, including exchange rate, interest rate, equity, credit, commodities, derivatives, and structured products, to meet different hedging or investment needs. The bank offers up-to-date market information and professional advice. A transaction platform with a complete line of financial products is used to help customers monitor market changes and assess risks and meet the financial needs of onshore/offshore institutional and retail customers.

At NT\$11,059.3 billion in 2021, Taishin Bank was one of the five leading banks in the country in terms of the volume of derivative trading. Regarding bond underwriting, Taishin Bank is an active participant in bond issuance and financing planning for onshore and offshore companies. The Bank brings in a wide range of bonds by overseas issuers to give Taiwanese investors more investment choices. The total amount of bonds underwritten was NT\$55.7 billion in 2021. Taishin Bank will continue to explore underwriting opportunities around the world.

Furthermore, to provide better banking services for overseas customers, Taishin Bank is also working hard to integrate and coordinate trading platform resources around the world. Trading rooms at the overseas branches in 2021 reported a 7% business growth compared to 2020. The growth will make it easier to explore financial opportunities overseas. Meanwhile, in response to development in digital banking platforms, Taishin Bank has been working to put financial products on online platforms in order to provide easy-to-use transaction services. These platforms support the trading of onshore structured products and a gold account. They are designed to meet the demand for easy and real-time financial investing and other transactions.

B. Insurance subsidiary

The scope of business of Taishin Life covers life insurance, retirement planning, asset accumulation, health and accident insurance, and other aspects of the insurance business. The two core distribution channels are life insurance advisors and bancassurance. In addition to providing protection products, Taishin Life adds variety into the product portfolio to create additional value and increased exposure and visibility of the products to win customer recognition.

The impacts of COVID-19 persisted in 2021. However, given a relatively strong New Taiwan Dollar against the U.S. Dollar and a heated capital market, first year premium from investment-linked policies rose by 70%, reaching NT\$577.4 billion. The increase pushed up total first year premium for the entire life insurance industry to NT\$1,048 billion, which translated to a 14.3% YOY growth.

As of the end of 2021, Taishin Life reported NT\$21.6 billion in total premium (including that from investment-linked policies), which rose by 37% compared to 2020. In particular, total new business premium was NT\$7.4 billion, which rose by 351% compared to 2020. In terms of asset management, an active and flexible approach to asset allocation drove total return on fund utilization to 3.56% (up by 1.16% compared to 2020). Total profit outperformed the previous year on a year-over-year basis.

C. Securities and Investment Trust Subsidiaries

a. Securities subsidiary:

1. Securities operations: Securities operations follow a customer-oriented business management philosophy, with continual expansion of O2O services. The subsidiaries endeavor to develop digital financial services and combine O2O resources to expand the customer base and increase stickiness. Regarding proprietary trading, positions are managed for quick strategy adjustments in response to market changes. Hedging tools are actively employed and risk management mechanisms implemented. Meanwhile, derivatives are issued to suit customers' investment needs and risk tolerance. More types of investment returns are added in pursuit of consistent returns and risk diversification. The brokerage business held a cumulative market share of 2.37%, which rose by 9.66% compared to 2020.
2. Investment banking operations: Regarding underwriting services, Taishin continues to focus on serving well-managed companies, and seeks opportunities in funding projects applying for first time TWSE/TPEX listing in Taiwan. Taishin also continues to expand offshore securities underwriting services and foreign currency securities sales through offshore securities units (OSU) in order to increase overall market share. The operations continue to provide corporate restructuring and reorganization, mergers, financial planning and other consulting services for individuals, corporate entities, government institutions, and financial institutions inside and outside the Republic of China. Average margin trading reached NT\$10.6 billion in 2021, up by 75.69% compared to 2020. Taishin handled a total of 22 securities underwriting cases as lead underwriter for a total of NT\$16.09 billion throughout the entire year. It ranked 3rd place in the market in total amount underwritten. Having received the shareholder agency services from Taishin Bank in November 2021, Taishin provided shareholder services to a total of 339 companies traded on the TWSE/TPEX and the Emerging Stock Market, ranking 5th among peers.

b. SITE subsidiary:

Taishin Securities Investment Trust reported an after-tax EPS of NT\$2.88 at the end of 2021, which rose by 154% compared to NT\$1.13 in 2020. This was the highest after-tax EPS reported by Taishin Securities

Investment Trust since its establishment. The size of public/private offering and discretionary assets under management by Taishin Securities Investment Trust (TSIT) reached NT\$306.8 billion at the end of 2021, a NT\$128.4 billion (or 72%) growth compared to 2020 and an all-time high. In particular, NT\$123.7 billion was in publicly offered funds, accounting for a 2.50% market share and enabling the company to rank 11th place among domestic investment trusts. The company has the largest market share in money market funds at 10.74%. TSIT will develop customer services and strengthen product designs on an ongoing basis to achieve greater synergy.

In summary, we have received wide, continuous acclaim for our excellent performance in various areas of expertise, including banking, insurance, securities, and investment trust. Taishin Bank's open API-based everyday banking ecosystem stood out among 80 financial institutions from around the world and won the Celent Model Bank Award for Open Banking Ecosystem Development. The Richart Life app, launched only a few years ago, combines Taishin Pay and Taishin Point and provides an innovative digital banking service. The app has received positive feedback from users worldwide. It was awarded Best Customer Relationship Management and Best Loyalty Programme by Asian Banker as well as Best Consumer Digital Bank Award for Asia-Pacific by Global Finance. By combining wealth management and digital banking innovation, Taishin Bank was named Best Private Bank in Asia for Customer Service and Best Private Bank in Taiwan by PWM/The Banker. The Bank also received the Best Wealth Management in Taiwan Award for Digital Experience by The Asset. The wholesale banking services by Taishin Bank support government policies and have been awarded with the SMEG Gold Award by the Ministry of Economic Affairs for 9 years in a row. In addition, Taishin Life was rated a Model Company by the Financial Supervisory Commission. Taishin Securities was named Securities Firm of the Year in Taiwan and won Management Buyout of the Year in Taiwan by Asian Banking & Finance for its impressive performance in acquisitions and mergers. TSIT won the Best-in-Class Award by the Benchmark. Taishin FHC received more than 120 awards from domestic and international professional institutions in 2021. Its performance was generally recognized in many countries.

With respect to corporate governance and corporate social responsibility, we have been achieving excellent results every year since TWSE announced the results of the first Corporate Governance Evaluation in 2015. The rankings reflect recognition for our hard work and results in corporate governance. The Company continues to be one of the constituents of the TWSE Corporate Governance 100 Index.

Taishin has made solid progress in the development of various aspects of sustainability. In particular, the Company has been becoming more involved on climate change issues and continues to participate in a number of global sustainability initiatives, including the Task Force on Climate-related Financial Disclosures (TCFD), the Equator Principles (EP), and the Science-based Targets (SBTs). In 2021, Taishin was one of the founding members of the Taiwan Alliance for Net Zero Emission, and it works with the other members to support net zero with real action. Taishin joined the other members in declaring a 2030 carbon reduction target. Meanwhile, Taishin works constantly to better itself in the campaign for responsible finance. The Company started by establishing the Green Finance Principles and the Industrial, Environmental, and Social Risk Management Guidelines, and it incorporated ESG into loan review and investing activities. These efforts are expected to gradually direct funds to ESG compliant investment and financing projects and to help Taishin work with the public and private sectors to create a sustainable banking ecosystem. Taishin has been receiving recognition from domestic and international award organizers and rating agencies for excellent performance in ESG. In addition to being included in the DJSI World and DJSI Emerging Markets by the Dow Jones Sustainability Index (DJSI) for the 4th consecutive year, Taishin has been added to different ESG indexes, including the TWSE RAFI Taiwan High Compensation 100 Index, the TIP Taiwan TPEX ESG Index, and the FTSE4Good Emerging Index. Taishin is also an ESG award winner for many consecutive years. For

example, MSCI ESG rates Taishin FHC as AA-leader, the highest among the financial institutions in Taiwan. Vigeo Eiris, a subsidiary of Moody's, has consistently ranked Taishin FHC in the Top 100 companies in emerging markets since 2019. Furthermore, Taishin FHC has been a regular recipient of the Sustainability Excellence Award from the British Standards Institution (BSI), the TOP 50 Corporate Sustainability Reports Award from Taiwan Institute for Sustainable Energy, and Commonwealth Magazine's Corporate Citizen Award. The goal is always to strengthen governance and CSR practices and to actively fulfill Taishin's commitment to corporate sustainability.

It has been government policy in recent years to encourage Taiwanese businesses to return to invest in the country and thereby invigorate the local financial market. With "corporate sustainability," "emphasis on information security," and "financial inclusion" established as the goals, the policies proposed in 2021 will be implemented in an effective and orderly fashion. With the hope to find growth opportunities on the basis of stability, the government is attempting to elevate Taiwan into a hub for fund transfer and high net worth wealth management services for Asian businesses, helping businesses in key industries obtain funding, and promoting the adoption of international standards in the banking system.

Looking forward, we remain committed to the environmental, social, and governance goals as part of our corporate sustainability efforts while supporting government policies and complying with applicable regulations. Our business strategies and plans include: continuing to develop group-wide advantages and perfecting cross-industry operations across banking, insurance, and securities so as to make our product line more comprehensive, increase our business competitiveness in the financial sector, and realize our long-term business goals; integrating financial holding resources, expanding the business scale of subsidiaries with an emphasis on risk control and business growth, and the creation of diverse profit engines; upholding the ESG culture and building on strengths in sustainable development; creating new advantages in emerging fintech through digital transition and utilizing new technologies and innovative business models to keep increasing Richart's market share; developing encompassing product strategies to meet the insurance needs of customers in various stages of their lives; working as a holding group to expand market share in bancassurance and improving the efficiency of the team of life insurance advisors while growing the brokerage business and expanding the size of our life insurance business; optimizing IT resources in the holding group on an ongoing basis, implementing strong information security defense, and building IT systems to facilitate business growth; and continuing to promote overseas business expansion, focusing primarily on Asian countries and areas populated by Overseas Chinese communities and developing international businesses.

Taishin employees have long dedicated themselves to delivering the best banking services with "integrity, commitment, innovation, and collaboration" in mind. Even in the pursuit of profitability and continuous growth, Taishin has been able to demonstrate the innovation and customer-centric values that have helped shape Taiwan's banking industry as a whole and embodied the group's fulfillment of its corporate social responsibility. Taishin will hereafter adhere to the same business philosophy while continuing to deliver comprehensive services and maximizing profits so as to benefit our shareholders, customers, employees, and the greater community alike and to deliver on our promises to shareholders.

Chairman
Taishin Financial Holding co., Ltd.
April 2022





02

Company Profile

II. Company Profile

A. Date of establishment

February 18, 2002

B. Company history

Taishin Financial Holding Co., Ltd. ("Taishin Financial Holding" or the "Company") was established by Taishin International Bank Co., Ltd. ("Taishin Bank") and Dah An Commercial Bank Co., Ltd. ("Dah An Bank") pursuant to the Republic of China ("ROC") Financial Holding Company Act and related regulations through a stock swap on February 18, 2002. Taishin Financial Holding's main business activities are investing and managing its investments in financial institutions.

Taishin Bank and Dah An Bank established Taishin Financial Holding through a stock swap. In forming the holding company, Taishin Bank merged with Dah An Bank, with Taishin Bank as the surviving company. In addition, Taishin Securities Co., Ltd. ("Taishin Securities A") and Taishin Bills Finance Co., Ltd. ("Taishin Bills Finance") became wholly-owned subsidiaries of Taishin Financial Holding through a stock swap effective on December 31, 2002.

In order to better integrate the resources of the Company and its controlled affiliates, on December 19, 2009, the Company disposed of its wholly-owned subsidiary Taishin Securities A via a merger transaction of Taishin Securities A, as the dissolved company, and KGI Securities Co., Ltd. In addition, on January 22, 2011, Taishin Bank merged with Taishin Bills Finance. Hence, Taishin Bank acquired the whole assets and assumed all liabilities and operations of Taishin Bills Finance.

Taishin Bank started its business operations on March 23, 1992.

Taishin Asset Management Co., Ltd. ("Taishin AMC") was established on August 14, 2002.

Taishin Venture Capital Co., Ltd. ("Taishin Venture Capital") was approved for establishment on December 25, 2002.

Taishin Securities Co., Ltd. ("Taishin Securities B") (formerly known as Donshin Securities Co., Ltd.) was incorporated on January 15, 1990, and its operations include services dealing with futures, securities underwriting, brokerage, margin lending and security transfer services. Taishin Financial Holding acquired 100% equity interest of Taishin Securities B by cash investments on April 9, 2010. Taishin Securities B became a subsidiary of Taishin Financial Holding.

Taishin Financial Holding acquired 100% equity interest of Taishin Securities Investment Trust Co., Ltd. ("Taishin Securities Investment Trust") and 92% equity interest of Taishin Securities Investment Advisory Co., Ltd. ("Taishin Securities Investment Advisory") by cash investments on July 26, 2010.

Taishin Financial Holding acquired 100% equity interest of Franklin Insurance Brokers Co., Ltd. ("Franklin Insurance Brokers") by cash investments on April 27, 2011. Franklin Insurance Brokers became a subsidiary of Taishin Financial Holding and changed its company name to Taishin Holdings Insurance Brokers Co., Ltd. ("Taishin Holdings Insurance Brokers"). However, in order to integrate the group resources and effectively

utilize operational capital to advance operational performance, the Company conducted an internal group restructure. Therefore, on October 29, 2015, the board of Taishin Bank (acting as stockholders of Taishin Bank) resolved that the surviving company was Taishin Bank and the dissolved company was Taishin Holdings Insurance Brokers.

Taishin Financial Holding acquired 100% equity interest in Prudential Life Insurance Company of Taiwan Inc. ("Prudential Life Insurance") through cash investment on June 30, 2021. Prudential Life Insurance became a subsidiary of Taishin Financial Holding and changed the company name to Taishin Life Insurance Co., Ltd. ("Taishin Life Insurance") on August 10, 2021 with approval by the ROC Ministry of Economic Affairs.

In the year ended December 31, 2005, Taishin Financial Holding acquired 1,400,000 thousand shares of preferred stock B issued by Chang Hwa Commercial Bank, Ltd. ("Chang Hwa Bank") through private placements. The 22.55% ownership interest with voting rights allows Taishin Financial Holding to take over half of the seats in the board of directors of Chang Hwa Bank. Accordingly, Taishin Financial Holding had controlling power over Chang Hwa Bank. On October 3, 2008, this preferred stock B was converted into 1,400,000 thousand shares of common stock. Chang Hwa Bank held the election of its board of directors on December 8, 2014, whereby Taishin Financial Holding did not obtain more than half of the seats of Chang Hwa Bank's board of directors. Therefore, Taishin Financial Holding lost its control over Chang Hwa Bank and afterwards did not account for Chang Hwa Bank as its subsidiary in accordance with the Financial Holding Company Act. In addition, Taishin Financial Holding disposed of 200 million shares of Chang Hwa Bank on June 10, 2021 and issued a letter of undertaking to the FSC, promising to complete the disposition of all shares held in 6 years from the time when the disposition of the shares of Chang Hwa Bank started; and since the beginning of the disposal of Chang Hwa Bank's shares, the Group no longer exercised shareholder rights other than dividend distribution rights, including no longer nominating directors, recommending independent directors, or supporting specific candidates for Chang Hwa Bank, thereby losing significant influence. The ownership interest without voting rights in Chang Hwa Bank held by Taishin Financial Holding and subsidiaries was 20.89% as of December 31, 2021.

C.Honors of the company

Date	Issuing Organization	Awards / Rankings
◆ 2021.01	WealthAsia Media	BENCHMARK Fund of the Year 2020 for Best Performing Fund in Taiwan_Best in Class (Taishin North American Income Trust Fund A) – Taishin Securities Investment Trust
◆ 2021.01	WealthAsia Media	BENCHMARK Fund of the Year 2020 for Best Performing Fund in Taiwan_Best Regular Saving Plan in Class (Taishin North American Income Trust Fund A) – Taishin Securities Investment Trust
◆ 2021.01	WealthAsia Media	BENCHMARK Fund of the Year 2020 for Best Performing Fund in Taiwan_Best Regular Saving Plan in Class (Taishin CSI Leading Consumption and Services Index Fund-USD) – Taishin Securities Investment Trust
◆ 2021.01	WealthAsia Media	BENCHMARK Fund of the Year 2020 for Best Performing Fund in Taiwan_Best Regular Saving Plan in Class (Taishin CSI Leading Consumption and Services Index Fund-USD) – Taishin Securities Investment Trust
◆ 2021.01	WealthAsia Media	BENCHMARK Fund of the Year 2020 for Best Performing Fund in Taiwan_Best in Class (Taishin MSCI China ETF) – Taishin Securities Investment Trust
◆ 2021.01	WealthAsia Media	BENCHMARK Fund of the Year 2020 for Best Performing Fund in Taiwan_Best in Class (Taishin SG Global AI and Robotics Select ETF) – Taishin Securities Investment Trust
◆ 2021.02	The Asset	Best syndicated loan in Vietnam – Taishin Bank
◆ 2021.03	RMiM (Risk Management, Insurance & Finance Foundation)	Most Admired Financial Holding Company by Graduating Finance/ Insurance Students_ Excellence – Taishin FHC
◆ 2021.03	Celent	Model Bank for Open Banking Ecosystem Development – Taishin Bank
◆ 2021.03	Wealth Magazine	Wealth Management Award – Best Wealth Management – Taishin Bank
◆ 2021.03	Wealth Magazine	Wealth Management Award – Best Value Award – Taishin Bank
◆ 2021.03	Wealth Magazine	Wealth Management Award – Innovation Awards for Financial Services – Taishin Bank
◆ 2021.03	IDC (International Data Corporation)	BEST BANK IN TAIWAN – Taishin Bank
◆ 2021.03	The Asset	Best Digital Wallet Project – Taishin Bank
◆ 2021.04	Economic Affairs	Gold Award of Credit Guarantee – Taishin Bank
◆ 2021.04	Economic Affairs	Excellence Award of Portfolio Guarantee – Taishin Bank
◆ 2021.04	Economic Affairs	Support Award of Regional Development – Taishin Bank
◆ 2021.04	Economic Affairs	Excellence Award of Credit Managers – Taishin Bank
◆ 2021.04	LINE Family Club	The Best Brand – Taishin Bank
◆ 2021.05	The Digital Banker	Best Customer Experience – Branch – Taishin Bank
◆ 2021.05	The Digital Banker	Best Fintech for Digital CX – Cross Border Payments – Taishin Bank
◆ 2021.05	The Digital Banker	Best Customer Experience – ATM (Personalized recommendation Platform) – Taishin Bank

Date	Issuing Organization	Awards / Rankings
◆ 2021.05	The Digital Banker	Highly Acclaimed : Best Retail Bank for Digital CX – Taishin Bank
◆ 2021.05	CSRWorks International	Asia's Best Sustainability Report (Design) Gold Award – Taishin FHC
◆ 2021.05	CSRWorks International	Asia's Best Community Reporting Gold Award – Taishin FHC
◆ 2021.05	CSRWorks International	Asia's Best Stakeholder Reporting Silver Award – Taishin FHC
◆ 2021.06	Asian Banker	Best Customer Loyalty/Reward Initiative – Taishin Bank
◆ 2021.06	Asian Banker	Best Frictionless Omni Channel Integration Initiative/Application – Taishin Bank
◆ 2021.06	The Banker and PWM	Best private bank for big data analytics and AI, Asia – Taishin Bank
◆ 2021.07	Business Next	Best Business Model –Bronze Award (Data Driven : The New CRM Model) – Taishin Bank
◆ 2021.07	Business Next	Best Business Model –Bronze Award(Taishin Point, innovation in Richart Life Ecosystem) – Taishin Bank
◆ 2021.07	Asian Banking & Finance	Service Innovation of the Year in Taiwan – Taishin Bank
◆ 2021.07	Asian Banking & Finance	COVID Management Initiative of the Year in Taiwan – Taishin Bank
◆ 2021.07	Asian Banking & Finance	New Consumer Lending Product of the Year in Taiwan – Taishin Bank
◆ 2021.07	Asian Banking & Finance	Taiwan Domestic M&A Initiative of the Year – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Taishin iHub API) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (t-Loan) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Most Popular Brands(Ricahrt) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Richart Life) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Podcast project) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Taishin Merchant App) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Most Popular Brands (Rose Giving Card) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Real-Time Personalize Interact System) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Most Popular Brands(Wealth Management) – Taishin Bank
◆ 2021.07	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products(Digital of open an account application online) – Taishin Securities
◆ 2021.08	The Digital Banker	Best Wealth Management for \$250 – 500k AUM – Taishin Bank
◆ 2021.08	Outstanding Enterprise Manager Association	The 16th Golden Torch Award of Top 10 Outstanding Companies – Taishin Securities Investment Trust

Date	Issuing Organization	Awards / Rankings
◆ 2021.08	Outstanding Enterprise Manager Association	The 16th Golden Torch Award of Top 10 Innovative Designs – Taishin Securities Investment Trust
◆ 2021.08	Global Finance	Best Consumer Digital Bank in Taiwan – Taishin Bank
◆ 2021.08	Global Finance	Best Online Product Offerings – Taishin Bank
◆ 2021.08	Global Finance	World's Best Financial Innovation Labs – Taishin Bank
◆ 2021.08	Excellence Magazine	Excellence in Wealth Management 2021 – Taishin Bank
◆ 2021.08	Excellence Magazine	Best Diversified Products 2021 – Taishin Bank
◆ 2021.08	Brain Magazine	Top 10 Powerful Words in Advertising- Taishin Bank
◆ 2021.09	Asian Banking & Finance	Management Buyout of the Year in Taiwan – Taishin Securities
◆ 2021.09	Asian Banking & Finance	Securities House of the Year in Taiwan – Taishin Securities
◆ 2021.09	Taiwan Futures Exchange	Futures Trading Growth in Banking Sector – Diamond Award (No.1) – Taishin Bank
◆ 2021.09	Business Today	Best Wealth Management Award of Banks and Securities-Best Wealth Management Bank – Taishin Bank
◆ 2021.09	Business Today	Best Wealth Management Award of Banks and Securities- Best Robo Advisor (No.1) – Taishin Bank
◆ 2021.09	Business Today	Best Wealth Management Award of Banks and Securities-Best Products (No.2) – Taishin Bank
◆ 2021.09	Business Today	Best Wealth Management Award of Banks and Securities- Best Digital Experience (No.2) – Taishin Bank
◆ 2021.09	Business Today	Best Wealth Management Award of Banks and Securities-Best Wealth Appreciation (No.3) – Taishin Bank
◆ 2021.10	IDC (International Data Corporation)	Best in Future of Digital Innovation in Taiwan – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Best Loyalty/Rewards Strategy – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Best ATM and self-service Innovation – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Best Payment Innovation – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Trailblazing Use of AI in Financial Services – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Highly Commended Achievement – Dynamic Third-Party Collaboration – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Highly Commended Achievement – Excellence in Customer Centricity – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Highly Commended Achievement – Excellence in Mobile Banking – Taishin Bank
◆ 2021.10	RBI (Retail Banker International)	Highly Commended Achievement – Excellence in Omni-Channel Integration – Taishin Bank
◆ 2021.10	PBI (Private Banker International)	Outstanding Wealth Management Technology Initiative-Back Office – Taishin Bank
◆ 2021.10	PBI (Private Banker International)	Highly Commended Achievement- Outstanding Wealth Management Service for the Affluent – Taishin Bank
◆ 2021.10	Commercial Times	Digital Financial Service Award:Best Digital Innovation Gold Award

Date	Issuing Organization	Awards / Rankings
◆ 2021.10	Commercial Times	Digital Financial Service Award: Digital Transformer Quality Award
◆ 2021.10	CommonWealth	Ranked Top 50 in "Excellence in Corporate Social Responsibility" – Taishin Holdings
◆ 2021.10	Wealth Magazine	Taiwan Financial Awards: Best FinTech Bank Quality Award – Taishin Bank
◆ 2021.10	Wealth Magazine	Taiwan Financial Awards: Best Customer Recommendation Quality Award – Taishin Bank
◆ 2021.10	Wealth Magazine	Taiwan Financial Awards: Best Digital Bank Quality Award – Taishin Bank
◆ 2021.10	TAISE(Taiwan Institute for Sustainable Energy)	Social Inclusion Gold Award, Taiwan Sustainability Action Awards , TSAA – Taishin FHC
◆ 2021.10	TAISE(Taiwan Institute for Sustainable Energy)	Economic Development Bronze Award, Taiwan Sustainability Action Awards , TSAA – Taishin FHC
◆ 2021.10	Financial Supervisory Commission R.O.C. (Taiwan)	Model Company (11th time) – Taishin Life
◆ 2021.10	TII (Taiwan Insurance Institute)	Talent Development Initiative_Silver Quality Award– Taishin Bank
◆ 2021.10	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-First Prize in the Best Product – Taishin Bank (Taishin iHub API)
◆ 2021.10	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-First Prize in The Most Popular Brands – Taishin Bank (Wealth Management)
◆ 2021.11	The Banker and PWM	Best Private Bank in Taiwan – Taishin Bank
◆ 2021.11	BSI(British Standard Institution)	BSI Sustainable and Resilient Navigator Award – Taishin FHC
◆ 2021.11	TAISE(Taiwan Institute for Sustainable Energy)	Platinum Award in Taiwan Top 50 Corporate Sustainability Report Award – Taishin FHC
◆ 2021.11	TAISE(Taiwan Institute for Sustainable Energy)	Top 50 Corporate Sustainability Award – Taishin FHC
◆ 2021.11	TAISE(Taiwan Institute for Sustainable Energy)	Gold Award in English Corporate Sustainability Report Awards – Taishin FHC
◆ 2021.11	TAISE(Taiwan Institute for Sustainable Energy)	Growth through Innovation Award – Taishin FHC
◆ 2021.11	TAISE(Taiwan Institute for Sustainable Energy)	Creativity in Communication Awards – Taishin FHC
◆ 2021.11	The Digital Banker	Winner : Best Lifestyle App – Taishin Bank
◆ 2021.11	The Digital Banker	Winner : Outstanding Digital Innovation in SME Banking – Taishin Bank
◆ 2021.11	The Digital Banker	Winner : Outstanding Merchant Payment Solution – Taishin Bank
◆ 2021.11	The Digital Banker	Highly Acclaimed: Best Open Banking Initiative – Taishin Bank
◆ 2021.11	Global Views	Best Bank in Digital Financial Services – Excellent Awards – Taishin Bank
◆ 2021.11	Global Views	Ranked No.1 User Interface of Digital Bank – Taishin Bank
◆ 2021.11	Global Views	Ranked No.1 Best Digital Account Bank – Taishin Bank
◆ 2021.11	Global Views	Ranked No.1 Transfer function – Taishin Bank
◆ 2021.11	Global Views	Ranked No.2 Securities-Best Robo-Advisor – Taishin Bank

Date	Issuing Organization	Awards / Rankings
◆ 2021.11	Global Views	Ranked No.2 The Most Popular Brands – Taishin Bank
◆ 2021.11	Global Views	Ranked No.3 Best FinTech Brands – Taishin Bank
◆ 2021.11	Global Views	Ranked No.3 Best Social Media Marketing – Taishin Bank
◆ 2021.11	Global Views	Ranked No.4 Best Customer Service Innovation – Taishin Bank
◆ 2021.11	Global Views	Highly Commended for User Experience – Taishin Bank
◆ 2021.11	Taiwan Affairs Office of the State Council and Jiangsu Provincial People's Government	The Third Jiangsu Zifeng Award for Modern Service Leaders – Taishin Financial Leasing (China)
◆ 2021.11	Jiangsu Financial Leasing Industry Association	Jiangsu Outstanding Financing Leasing Company of the Year 2021 – Taishin Financial Leasing (China)
◆ 2021.11	Financial Supervisory Commission R.O.C. (Taiwan)	Principle for Financial Service Industries to Treat Clients Fairly Top 20% – Taishin Life
◆ 2021.12	RFPI and TRFP	Best Value Award – Wealth Management – Taishin Bank
◆ 2021.12	GCCA (Greater China Contact Centre Alliance)	Best Innovation Company in Customer Service in Greater China – Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Innovation Company in Customer Service – Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Experience – Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Team – Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Onsite Supervisor – Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Marketing Supervisor – Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Marketing Representative – Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Representative – Taishin Bank
◆ 2021.12	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Onsite Representative – Taishin Bank
◆ 2021.12	Ministry of Economic Affairs, R.O.C.	Buying Power – Social Inclusion Special Award in Social Innovation Products and Services Procurement-Taishin Bank
◆ 2021.12	Financial Supervisory Commission R.O.C. (Taiwan)	Ranked top 10 in the property trust business for the elderly and disadvantaged groups – Taishin Bank
◆ 2021.12	Commercial Times	Securities Trust Innovation Gold Prize – Taishin Bank
◆ 2021.12	Nanjing Enterprise Confederation and Nanjing Entrepreneurs Association	Top 50 Growth Enterprises of Nanjing in 2021 – Taishin Financial Leasing (China)
◆ 2021.12	China Association of Enterprises with Foreign Investment (CAEFI)	The Achievement Award of 2021 China Financial Leasing Industry Best Performers – Taishin Financial Leasing (China)



03

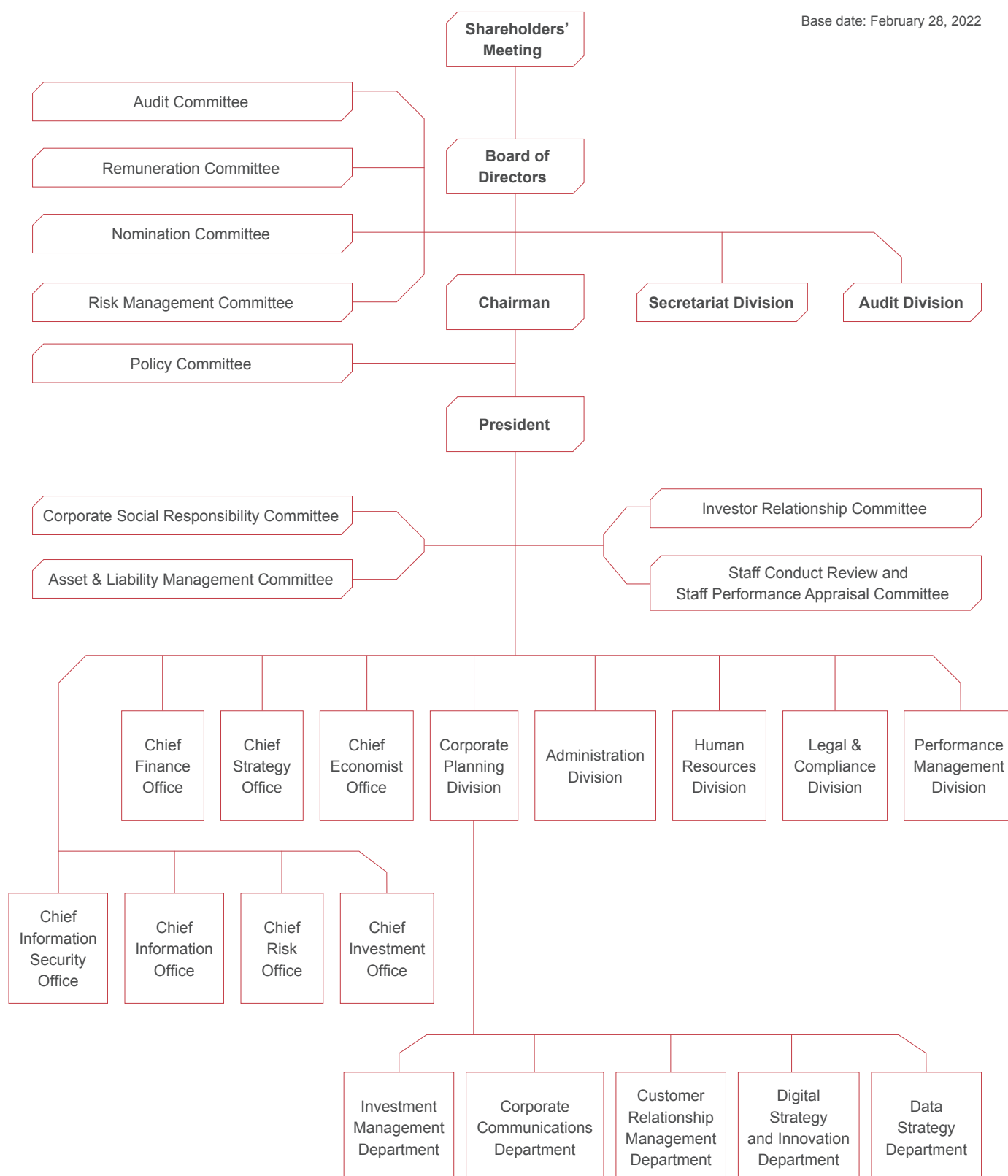
Corporate Governance Report

III. Corporate Governance Report

A. Organization system

a. Organization chart

Base date: February 28, 2022



1. Responsibilities of major units

(1) Chief Economist Office

- ◆ Provide analytical information on regional economies, industrial trend, as well as prospects of general global economy, exchange rate, interest rate, and the world's major stock markets and industries to Taishin Financial Holding Group, including the company and its subsidiaries.
- ◆ In response to the need of the board of directors and managerial units of the company and subsidiaries for decision making and business need, provide expert analysis, evaluation, and opinions, to assist with risk assessment and business promotion, in addition tracking the status and prospects of companies with public share offering in Taiwan and proposing industrial assessment and analytical report.

(2) Chief Strategy Office

- ◆ In charge of formulating medium- and long-term development strategies for the financial holding company and subsidiaries.
- ◆ Track the execution of the existing strategies of the company and subsidiaries and analyze, assess, and evaluate its performance.

(3) Chief Finance Office

- ◆ Managing the liquidity risk and the exchange rate and interest rate risks.
- ◆ Managing the asset and liability structure and fund utilization.
- ◆ Providing assistance for subsidiaries in evaluating, analyzing, and overseeing operations, performance, and risks of wealth management products, in formulating business decisions regarding wealth management products, and in studies of regulations.

(4) Chief Risk Office

- ◆ Planning and management of the management mechanism for credit risk, market risk, and operating risk.
- ◆ Disclosure of the risk-management execution and risk-exposure position.
- ◆ Planning and establishment of integrated risk-management platform.
- ◆ Overseeing planning of and managing and supervising execution of review, process management, and risk management for wealth management products by the Company and subsidiaries.

(5) Chief Information Office

- ◆ Formulation of information policy.
- ◆ Application, integration, and proposal of new information technologies.
- ◆ Evaluation of major information investments.

(6) Chief Investment Office

- ◆ Planning, implementing, and managing the liquidity risk and the exchange rate and interest rate risks and overseeing and evaluating practices of the subsidiaries.
- ◆ Planning, implementing, and managing the asset and liability structure and fund utilization and overseeing and evaluating practices of the subsidiaries.
- ◆ Planning, implementing, and managing the asset securitization services and overseeing and evaluating practices of the subsidiaries.
- ◆ Providing assistance for subsidiaries in planning, implementing, and managing short term securities, bonds, bills, funds and other investments and overseeing and evaluating practices of the subsidiaries.

(7) Chief Information Security Office

- ◆ Planning and implementation of information security policies for the Company and subsidiaries.
- ◆ Planning and implementation of information security education and training for the Company, as well as relevant assistance for subsidiaries.

(8) Human Resources Division

- ◆ Formulation, revision, organizational planning, and publication of the financial holding company's human-resources regulations and policy.
- ◆ Management of personnel recruitment, appointment, and performance evaluation.
- ◆ Employee compensations and welfare; the design, execution, and management of the communications channel with employees.
- ◆ Research, planning, revision, compilation, and execution of staff-training courses and materials.
- ◆ Formulation, execution, and management of human resources-related contracts and documents of the company and subsidiaries.

(9) Administration Division

- ◆ Drafting, formulation, and execution of the regulations and system of the company's administrative and general affairs.
- ◆ Acceptance and sending of official documents.
- ◆ Evaluation and execution of the company's major general affairs, construction / improvement and procurement.
- ◆ Formulation, execution, and management of external contracts and documents of the company's administrative affairs.
- ◆ Assistance for subsidiaries in the planning and management of administrative services.

(10) Legal & Compliance Division

- ◆ Legal affairs:
 - Assist the company and its subsidiaries in devising, formulating and implementing policies in line with laws.
 - Offer consultation on legal affairs concerning the company and its subsidiaries.
 - Assist in reviewing and supervising various contracts and correspondences used by the company and its subsidiaries.
- ◆ Compliance affairs:
 - Drafting, formulation, and execution of regulations and policy for compliance for the company and subsidiaries.
 - Study, transmission, inquiry, coordination, and communications for compliance affairs for the company and its subsidiaries.
 - Execution, supervision, and evaluation of compliance affairs for the company and subsidiaries.
- ◆ Anti-money laundering and counter terrorism affairs:
 - Formulating the anti-money laundering and counter terrorism financing system and policy, implement supervision, and assist its subsidiaries with such matters.

(11) Corporate Planning Division

- ◆ Planning and execution of major strategic projects.
- ◆ Analysis and management of capital planning and BIS (Bank of International Settlement) ratio.
- ◆ Planning and management of long-term investments, and oversight and evaluation of subsidiaries.
- ◆ Coordination and communications with the competent authority.
- ◆ Business-related communications and coordination among various business groups and subsidiaries of the financial holding company.
- ◆ Formulation, execution, and management of general planning-related external contracts and documents for the company and subsidiaries.
- ◆ Planning, establishment, execution, and management of the organizations of the company and subsidiaries.
- ◆ Coordinating and supervising corporate governance practices across the Company and subsidiaries.
- ◆ Coordinating and supervising planning, execution, and management of corporate branding and public relations across the Company and subsidiaries.
- ◆ Handling the credit rating procedures and providing assistance for subsidiaries in completing the credit rating procedures.
- ◆ Handling investor relationship management and communications and building long term partnerships.
- ◆ Establishment of policies and provisions for cross selling across the Company and subsidiaries and related process planning and management.
- ◆ Planning and implementation of customer database for the Company and providing data analysis support and recommendations for subsidiaries.

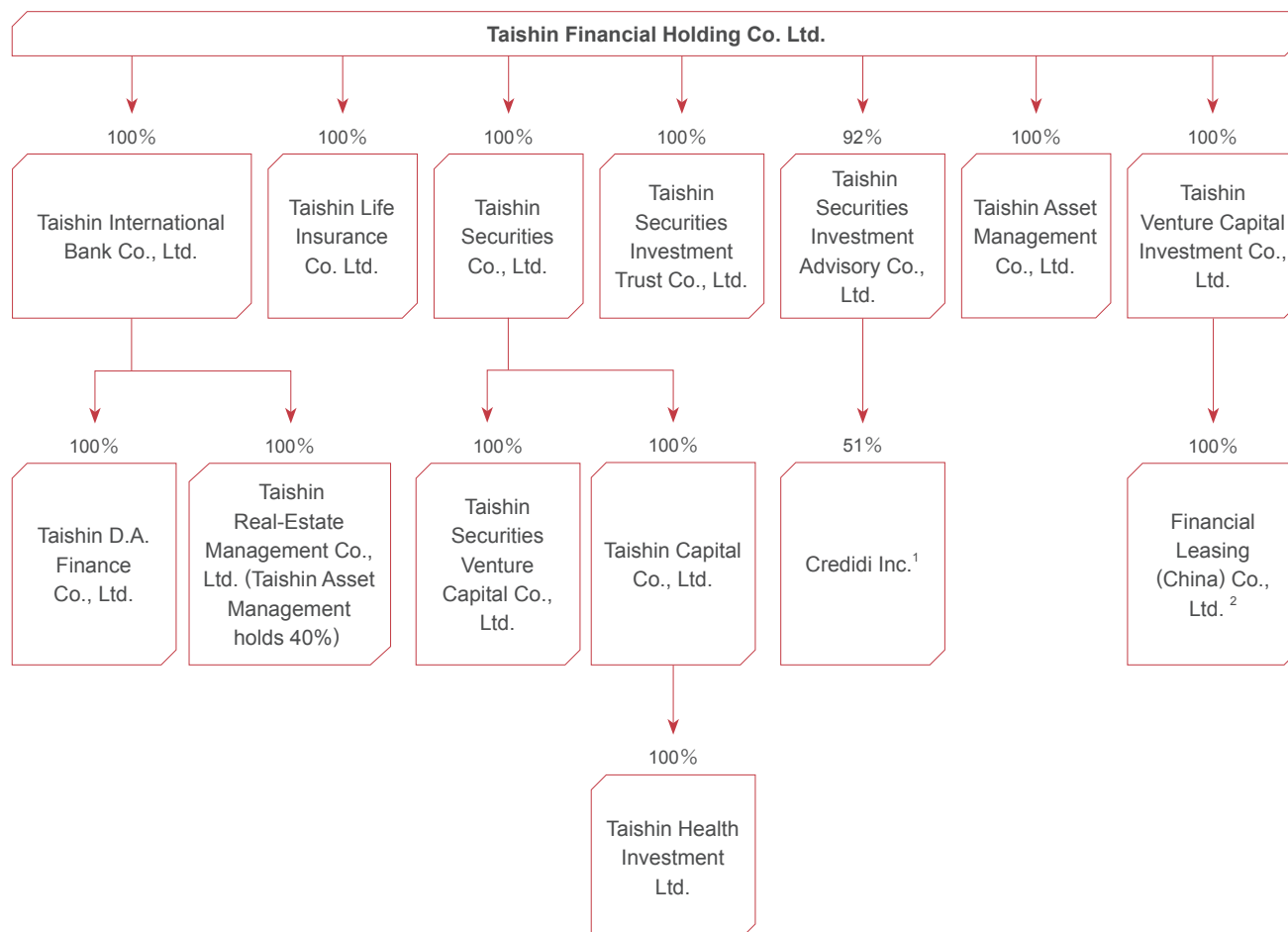
(12) Performance Management Division

- ◆ Performance management:
 - Responsible for consolidating annual budgets for the Company and subsidiaries and setting and managing business goals every year.
 - Analyzing progresses on budgets and goal completion by the Company and subsidiaries.
 - Evaluating marketing proposals and reward programs for the Company and subsidiaries.
 - Planning and managing the performance management information system (MIS) and the activity based costing/management system (ABC/M) for the Company and subsidiaries and report preparation.
 - Designing and evaluating internal pricing rules based on the MIS system and the ABC/M system for the Company and subsidiaries.
- ◆ Accounting management:
 - Responsible for devising and managing accounting policies for the Company and subsidiaries.
 - Studying and advising on accounting and fiscal issues.
 - Compiling, analyzing and reporting financial information for the Company and subsidiaries.
 - Handling accounting and tax related procedures and overseeing and evaluating practices of the subsidiaries.
- ◆ Using balanced scorecards to track progress of strategy implementation at Taishin and its subsidiaries.

2. Affiliated Companies

Affiliated Companies of Taishin Financial Holding Co., Ltd.

Base date: Dec. 31, 2021



Note 1: Taishin Venture Capital Investment Co., Ltd. holds 20% and Taishin Securities Venture Capital Co., Ltd holds 25%

2: Taishin Securities Investment Advisory Co. takes over half of the seats in the board of directors of Crediti Inc., and is therefore accounted as its parent company.

Note 2: Taishin Financial Leasing (China) and Taishin Financial Leasing (Tianjin) merged on Mar 31, 2021, with the former one being surviving company and the latter dissolved company

B. Profiles of directors, president, vice presidents, assistant vice presidents, heads of departments and branches, and advisors

a. Information on board directors (I)

Title	Nationality	Name	Gender / Age	Date of getting elected	Term	Date of first getting elected	Shareholding upon election				Current shareholding				
							Commom shares		Preferred shares		Commom shares		Preferred shares		
							Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	
Chairman	R.O.C.	Chia Hao Co., Ltd. Representative: Wu, Tong-Liang	Male Over 71	2021.07.23 (2021.07.23)	Three years	2015.06.12	20,744,846	0.19	976,284	0.12	21,687,209	0.19	976,284	0.12	
Director	R.O.C.	TASCO Chemical Co., Ltd. Representative: Wu, Cheng-Ching	Male Over 71	2021.07.23 (2021.07.23)	Three years	2018.06.08	425,462,696	3.73	9,371,667	1.17	444,789,921	3.90	9,371,667	1.17	
Director	R.O.C.	Hsiang-Chao Co., Ltd. Representative: Kuo, Jui-Sung	Male Over 71	2021.07.23 (2021.07.23)	Three years	2007.06.15	10,322,227	0.09	498,864	0.06	10,791,128	0.09	498,864	0.06	

Base date: Feb. 28, 2022 unit: %; share

	Stake of single, spouse and offspring before age of majority				Shareholding in the name of others				Education and Principal experience	Current jobs with the other companies	Spouse or with in second degree kinship who serve managerial posts or board directors/supervisors of the company			Note
	Commom shares		Preferred shares		Commom shares		Preferred shares				Title	Name	Relationship	
	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake						
	19,501,610	0.17	724,567	0.09	0	0.00	0	0.00	<div>•Chairman of Taishin Holdings and Taishin Bank</div> <div>•Chairman of Taishin Charity Foundation</div> <div>•Chairman and Director of Taishin Venture Capital Investment</div> <div>•Chairman and President of Shinkong Synthetic Fibers</div> <div>•Vice Chairman of Teco Electric and Machinery</div> <div>•Director, Managing Director and Supervisor of First Commercial Bank, Taipei Business Bank and Hua Nan Bank</div> <div>•Managing Director of Shinkong Insurance and Shin Kong Life Insurance</div> <div>MBA, University of California, Los Angeles (UCLA)</div> <div>CA, US</div>	Note 1	Director	Kuo, Jul-Sung	Brother in law	None
	7,138,347	0.06	227,823	0.03	0	0.00	0	0.00	<div>•Director of Taishin Holdings, Director and Supervisor of Taishin Bank</div> <div>•Chairman and President of TASCO Chemical</div> <div>•Managing Director and Director of Chang Hwa Bank</div> <div>•Managing Director of Petrochemical Industry Association of Taiwan</div> <div>•Chairman of Taiwan Chemical Industry Association</div> <div>•Director of Pacific Cultural Foundation</div> <div>•Member of Steering Committee, China Youth Corps.</div> <div>•Director of Teacher Chang Foundation</div> <div>•Professor of Department of Chemical Engineering, National Taiwan University</div> <div>Ph.D., Engineering, Tokyo University, Tokyo, Japan</div>	Note 2	None	None	None	None
	2,215,053	0.02	0	0.00	0	0.00	0	0.00	<div>•Director of Taishin Holdings and Taishin Bank</div> <div>•Professor of Department of Information Science, Business School, Soochow University</div> <div>•Professor of Department of Electrical Engineering, National Taiwan University</div> <div>•Chairman of TECO Technology Foundation</div> <div>•Director of TECO Image Systems</div> <div>•Supervisor of Sercomm</div> <div>•Director of International Bank of Taipei</div> <div>Ph.D., Physics, New Hampshire University</div> <div>NH, USA</div>	Note 3	Chairman	Wu, Tong-Liang	Brother in law	None

Title	Nationality	Name	Gender / Age	Date of getting elected	Term	Date of first getting elected	Shareholding upon election				Current shareholding				
							Commom shares		Preferred shares		Commom shares		Preferred shares		
							Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	
Director	R.O.C.	Santo Arden Co., Ltd. Representative: Wang, Chu-Chan	Male 61~70	2021.07.23 (2021.07.23)	Three years	2013.06.21	6,130,796	0.05	304,820	0.04	6,409,295	0.06	304,820	0.04	
Independent Director	R.O.C.	Lin, Yi-Fu	Male Over 71	2021.07.23 (2021.07.23)	Three years	2015.06.12	0	0.00	0	0.00	0	0.00	0	0.00	
Independent Director	R.O.C.	Chang, Min-Yu	Female 51~60	2021.07.23 (2021.07.23)	Three years	2018.06.08	0	0.00	0	0.00	0	0.00	0	0.00	
Independent Director	R.O.C.	Kuan, Kuo-Lin	Male 51~60	2021.07.23 (2021.07.23)	Three years	2018.06.08	0	0.00	0	0.00	0	0.00	0	0.00	

Note 1: Representative Wu, Tong-Liang is concurrently acting as Chairman of Taishin Bank, Chairman of Taishin Charity Foundation, Director of Taishin Real Estate Management, Director of Taishin Asset Management, Director of An-sin Real Estate Management, Director of Shin Kong Mitsukoshi Department Store, Director of Shin Kong Lohas, Director of Shin Kong Construction and Development, Director of Shin-Yun Enterprise, Director of Jui-Siang Investment, Director of Kuei-Yuan Investment, Director of T-Ham& Dachan Food, Supervisor of Shin Kong Agriculture & Animal husbandry, Supervisor of Shin Kong Ocean Enterprise, Supervisor of Chin-Shan Investment.

Note 2: Representative Wu, Cheng-Ching is concurrently acting as Chairman of TASCO Chemical, Chairman of EXCEL Chemical, Chairman of Ming-Xing Chemical, Chairman of Tuntex Petrochemical, Chairman of SAFEWAY Gas, Chairman of Ho-Shin, Chairman of Chang-Feng Logistics, Chairman of TNS Logistics International, Chairman of Shun Li Tung Logistics, Director of China Investment and Development, Director of CIDC Consultants INC.

Note 3: Representative Kuo, Jui-Sung is concurrently acting as Chairman of Jui-Fang Co., Chairman of TECO Technology Foundation, Director of Taishin Bank, Director of An-Long Enterprise, Director of Century Development, Director of Shin-Hai Gas(TWSE/TPEx listed companies), Director of Xing An Enterprise, Director of Zhao Feng Solar Power.

	Stake of single, spouse and offspring before age of majority				Shareholding in the name of others				Education and Principal experience	Current jobs with the other companies	Spouse or with in second degree kinship who serve managerial posts or board directors/supervisors of the company			Note
	Commom shares		Preferred shares		Commom shares		Preferred shares				Title	Name	Relationship	
	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake						
	17,392,690	0.15	0	0.00	0	0.00	0	0.00	•Director and Standing Supervisor of Taishin Holdings and Taishin Bank •Director of TITAN II Venture Capital, Shinkong Investment Trust, Shin Kong Security and Taishin Bills Finance •Director of The China-Europe Creativity Cultural and Educational Foundation •Director and Supervisor of The Great Taipei Gas BA, Pharmaceutical, Kaohsiung Medical College Kaohsiung, TW	Note 4	None	None	None	None
	0	0.00	0	0.00	0	0.00	0	0.00	•Independent Director of Taishin Holdings and Taishin Bank •Independent Director of Nanya Technology •Minister of Economic Affairs •Minister without Portfolio of Executive Yuan •Ambassador, Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu to the World Trade Organization •Consultant, Chinese National Association of Industry and Commerce, Taiwan BA, Accounting and Statistics, National Chengchi University Taipei, TW	Note 5	None	None	None	None
	0	0.00	0	0.00	0	0.00	0	0.00	•Independent Director of Taishin Holdings and Taishin Bank •Executive CPA of Zhongxin United CPA Firm •Supervisor of Leo Systems •Director of Chang Hwa Bank •Reorganizer of First International Telecom Inc. •Director of Chi-Tun Consulting BA, Accounting, Tamkang University Taipei, TW	Note 6	None	None	None	None
	0	0.00	0	0.00	0	0.00	0	0.00	•Independent Director of Taishin Holdings •Independent Director of Taishin Life Insurance •Senior Consultant of McKinsey •Chairman and President of Citibank Taiwan Ltd. •Country Business Manager, Consumer Banking, Citibank N.A. Taiwan •Director of Citi Insurance Agency and Citi Property Insurance Agency MBA, University of Southern California CA, USA	Note 7	None	None	None	None

Note 4: Representative Wang, Chu-Chan is concurrently acting as Chairman of Santo Arden Co., Chairman of Pan City Co., Chairman of Hsien-Shun Enterprise, Director of The Great Taipei Gas (TWSE/TPEX listed companies), Director of Shin Kong Jasper Fitness Co., Director of Mega Green Energy, Supervisor of Tai-Wa Co.

Note 5: Lin, Yi-Fu is concurrently acting as Independent Director of Taishin Bank, Independent Director of S&S Healthcare Holding(TWSE/TPEX listed companies), Independent Director of Nan Ya Plastics(TWSE/TPEX listed companies), Independent Director of Pan German Universal Motors(TWSE/TPEX listed companies).

Note 6: Chang, Min-Yu is concurrently acting as Independent Director of Taishin Bank, Supervisor of Multilite International.

Note 7: Kuan, Kuo-Lin is concurrently acting as Independent Director of Taishin Life Insurance.

Major shareholders of institutional shareholders

Base date: Feb. 28, 2022

Names of Institutional shareholders	Major shareholders of institutional shareholders
Chia Hao Co., Ltd.	Wu,Tong-Liang 99.177%, Peng,Hsueh-Fen 0.823%
TASCO Chemical Co., Ltd.	Tai-Ho Investment Co., Ltd. 58.20%, He-Cheng Invest Co.,Ltd. 19.55%, Fong-He Development Co.,Ltd. 9.84%, Da-Jan Development Invest Co.,Ltd. 1.72%, He-Fong Invest Co.,Ltd 1.16%, Fong-He Invest Co.,Ltd. 1.01%, Wu, Cheng-Ching 0.99%, Wu, Shang-Pin 0.99%, Wu ,Pei-Jyuan 0.95%, Wu ,Pei-Rong 0.97%
Hsiang-Chao Co., Ltd.	Wu,Tong-Liang 81.00%, Bo-Rui Co.,Ltd.19.00%
Santo Arden Co., Ltd.	Wang, Chu-Chan 31.39%, Chang,Li-Wan 22.87%, Wei-Ren Wang 22.87%, Wei-Hao Wang 22.87%

Major shareholders of major institutional shareholders

Base date: Feb. 28, 2022

Names of major Institutional Shareholders	Major shareholders of major institutional shareholders
Tai-Ho Investment Co., Ltd.	Wu, Shang-Pin 26.09%, Fong-He Development Co.,Ltd. 19.96%, He-Cheng Investment Co.,Ltd. 18.15%, Da-Jan Development Invest Co.,Ltd. 18.00%, Yang ,Su-Yue 7.02%, Wu,Pei-Jyuan 5.07%, Fong-He Investment Co., Ltd. 2.50%, He-Fong Investment Co., Ltd. 2.50%, Wu ,Pei-Rong 0.72%
He-Cheng Investment Co., Ltd.	Yang ,Su-Yue 30.19%, Wu, Shang-Pin 30.19%, Wu,Pei-Jyuan 18.87%, Wu ,Pei-Rong 18.87%, Fong-He Development Co., Ltd.1.89%
Fong-He Development Co., Ltd.	Yang ,Su-Yue 21.15%, Tai-Ho Investment Co., Ltd. 19.86%, He-Cheng Investment Co., Ltd.19.72%, Wu, Shang-Pin 17.31%, Wu,Pei-Jyuan 17.31%, Wu ,Pei-Rong 4.65%
Da-Jan Development Invest Co.,Ltd.	He-Cheng Investment Co., Ltd. 32.85%, Fong-He Development Co., Ltd. 19.64%, Fong-He Investment Co., Ltd. 19.41%, He-Fong Investment Co., Ltd. 19.41%, Yang ,Su-Yue 7.72%, Wu, Shang-Pin 0.46%, Wu ,Pei-Rong 0.26%, Wu,Pei-Jyuan 0.25%
He-Fong Investment Co., Ltd.	(BVI) PRECISION MASTER Co. LTD 99.01%, Wu ,Pei-Rong 0.99%
Fong-He Investment Co., Ltd.	(BVI) ALL BEST CO LTD 99.01%, Wu,Pei-Jyuan 0.99%
Bo-Rui Co.,Ltd.	Ching-Wei Co., Ltd.51.92%, Wu, Shin-Wei 24.04%, Hu, I-Lien trust account 24.04%

Information on board directors (II)

Disclosure of Director Qualifications and Independence of Independent Directors:

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an In-dependent Director in other public companies
Wu, Tong-Liang (Chairman)	<u>Industry experience/Professional training:</u> banking, insurance, asset management, risk management <u>Principal Experience:</u> <ul style="list-style-type: none"> Chairman of Taishin FHC and Chairman of Taishin Bank Chairman of Taishin Charity Foundation Chairman and Director of Taishin Venture Capital Investment Chairman and President of Shin Kong Synthetic Fibers Corp. Vice Chairman of Teco Electric & Machinery Co., Ltd. Director, Managing Director and Supervisor of First Bank, Taiwan Business Bank Taipei District, and Hua Nan Bank. Managing Director of Shin Kong Insurance and Shin Kong Life Insurance <u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None	During the two years before being elected or during the term of office, the director have been or be any of the following: (1) Not an employee of the company or any of its affiliates. (2) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (3) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (4) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. (5) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.	0

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an In-dependent Director in other public companies
Wu, Cheng-Ching (Director)	<p>Industry experience/Professional training: banking, industry, and risk management</p> <p>Principal Experience:</p> <ul style="list-style-type: none"> · Director of Taishin FHC, Managing Director and Supervisor of Taishin Bank · Chairman and CEO of TASCO Chemical Corporation · Managing Director and Director of Chang Hwa Bank · Managing Director of Petrochemical Industry Association of Taiwan · Chairman of Taiwan Chemical Industry Association · Director of Pacific Cultural Foundation · Advisor of China Youth Corps · Director of Teacher Chang Foundation · Professor of National Taiwan University Department of Chemical Engineering <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(3) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</p> <p>(4) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution.</p> <p>(5) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</p> <p>(6) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p>	0

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an In-dependent Director in other public companies
Kuo, Jui-Sung (Director)	<p><u>Industry experience/Professional training:</u> banking, information technology, risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> · Director of Taishin FHC and Taishin Bank · Professor of Computer Science and Information Management, School of Business, Soochow University · Professor of National Taiwan University Department of Electrical Engineering · Chairman of TECO Technology Foundation · Director of Teco Image Systems · Supervisor of Sercomm Corporation · Director of International Bank of Taipei <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(3) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act.</p> <p>(4) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</p> <p>(5) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</p> <p>(6) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p>	0

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an In-dependent Director in other public companies
Wang, Chu-Chan (Director)	<p>Industry experience/Professional training: banking, securities, risk management</p> <p>Principal Experience:</p> <ul style="list-style-type: none"> · Director of Taishin FHC and Taishin Bank and Standing Supervisor of Taishin Bank · Director of Jubang Ven-ture Capital, Shin Kong Investment Trust, Taiwan Shin Kong Security, and Taishin Bills Finance · Director of Sino-Europe Foundation for Culture and Education · Director and Supervisor of The Great Taipei Gas Corporation <p>Does any of the conditions stated in Article 30 of The Company Act apply: None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below:</p> <ul style="list-style-type: none"> a) a managerial officer of the Company or any of its affiliates. b) a director or supervisor of the Company or any of its affiliates. c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. <p>(3) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</p> <p>(4) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (If the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, it does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(5) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p>	0

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an In-dependent Director in other public companies
Lin, Yi-Fu (Independent Director)	<p><u>Industry experience/Professional training:</u> banking, accounting, risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> Independent Director of Taishin FHC and Taishin Bank Independent Director of Nanya Technology Corporation Minister of Ministry of Economic Affairs Minister without Portfolio of the Executive Yuan Republic of China Ambassador of Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Mastu to the WTO Consultant of Chinese National Association of Industry and Commerce, Taiwan (CNAIC) <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below:</p> <ul style="list-style-type: none"> a) a managerial officer of the Company or any of its affiliates. b) a director or supervisor of the Company or any of its affiliates. c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. <p>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</p> <p>(7) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (If the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, it does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p>	3

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an In-dependent Director in other public companies
Chang, Min-Yu (Independent Director)	<p><u>Industry experience/Professional training:</u> banking, accounting, information technology, risk management</p> <p><u>Principal Experience:</u></p> <ul style="list-style-type: none"> Independent Director of Taishin FHC and Taishin Bank Certified Accountant of Deloitte Supervisor of LEO Systems Director of Chang Hwa Bank Reorganizer of First International Telecom Director and Chi-tun Consulting <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>During the two years before being elected or during the term of office, the director have been or be any of the following:</p> <p>(1) Not an employee of the Company or any of its affiliates.</p> <p>(2) Not a director or supervisor of the Company or any of its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.</p> <p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below:</p> <ul style="list-style-type: none"> a) a managerial officer of the Company or any of its affiliates. b) a director or supervisor of the Company or any of its affiliates. c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. <p>(5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company.</p> <p>(7) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (If the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, it does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p>	0

Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as an In-dependent Director in other public companies
Kuan, Kuo-Lin (Independent Director)	<u>Industry experience/Professional training:</u> banking, insurance, risk management <u>Principal Experience:</u> <ul style="list-style-type: none"> Independent Director of Taishin FHC Independent Director of Taishin Life Insurance Senior Consultant of McKinsey Chairman and CEO of Citibank Taiwan Head of Retail Banking of Citibank Taiwan Director of Citibank Insurance Brokerage and Citibank Property Insurance Brokerage <u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None	During the two years before being elected or during the term of office, the director have been or be any of the following: (1) Not an employee of the Company or any of its affiliates. (2) Not a director or supervisor of the Company or any of its affiliates. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship of the persons listed below: a) a managerial officer of the Company or any of its affiliates. b) a director or supervisor of the Company or any of its affiliates. c) a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (6) If a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. (7) If the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. (Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (8) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. (If the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the Company, it does not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, the Company and its parent or subsidiary or a subsidiary of the same parent.) (9) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the Company or any affiliate of the Company, or that provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.	0

Board membership diversification and independence

1. Board of Directors Diversification:

The selection criteria of Company's board members has taken diversity into consideration, including gender, age, race, or nationality. According to Article 22 of the Corporate Governance Code of Conduct, the organization of the Company's board of directors shall be commensurate with the size and shareholding structure and be based on business needs. The appropriate number of directors shall be as determined by the law and the Articles of Incorporation.

The 7th board of directors consists of 7 members, including 3 independent directors (1 being female and qualified accountant). The members were selected with an emphasis on diversity. The membership consists of elite talents from banking, industries and the academia, including 2 Ph.D. degree holders and 2 Masters degree holders. The members have an extensive range of expertise from business administration, physics, engineering, accounting, to pharmaceuticals.

The selection criteria of Company's board members should take diversity into consideration, including gender, age, race, or nationality. In addition, the Company devotes attention to gender equality in the composition of the board of directors and remains committed to the goal of having at least one female director. This goal was achieved for the 7th board of directors in 2018. To achieve an ideal level of corporate governance, the board of directors is equipped with the following abilities:

- (1) Ability to make sound business judgments
- (2) Ability to conduct accounting and financial analysis
- (3) Ability to manage a business
- (4) Ability to respond to a crisis
- (5) Industry knowledge
- (6) An understanding of international markets
- (7) Leadership ability
- (8) Decision making abilities
- (9) Risk management knowledge and skills

2. Board of Directors Independence:

Taishin FHC elects its board members according to the "Taishin FHC Director Election Rules." Diversity is also one of the factors. The member criteria are not confined to gender, age, ethnicity or nationality. Professional knowledge and skills of each candidate are also considered. Board members serve a term of three years. The seven members of the 8th board of directors were elected on July 23, 2021. There are three independent directors, and one is female and a CPA. The independent directors make up 42.85% of the directors. Matters specified in Paragraph 3 and Paragraph 4, Article 26-3 of the Securities and Exchange Act do not apply to the board of directors this term (refer to Director Information on board directors (I) for details).

b. President, senior vice-presidents and department heads

Title	Nationality	Gender	Name	Date of getting elected	Current shareholding				Stake of single, spouse and offspring before age of majority				
					Common shares	Share of stake (%)	Preferred shares	Share of stake (%)	Common shares	Share of stake (%)	Preferred shares	Share of stake (%)	
President	R.O.C	Male	Welch Lin	2018.01.01	5,459,411	0.05	0	0.00	0	0.00	0	0.00	
Chief Auditor	R.O.C	Male	Daniel Tsai	2018.04.10	0	0.00	70,412	0.01	2,230	0.00	0	0.00	
Chief Financial Officer	R.O.C	Female	Carol Lai	2018.01.01	1,573,587	0.01	0	0.00	0	0.00	0	0.00	
Chief Investment Officer	R.O.C	Male	Eric Chien	2018.03.30	0	0.00	0	0.00	0	0.00	0	0.00	
Chief Information Officer / Chief Information Security Officer	R.O.C	Male	Steve Sun	2017.03.01	108,000	0.00	0	0.00	0	0.00	0	0.00	
Chief Risk Officer	R.O.C	Male	Jey Chen	2012.03.23	0	0.00	0	0.00	0	0.00	0	0.00	
Senior Vice President	R.O.C	Male	David Chang	2012.08.17	1,157,290	0.01	0	0.00	0	0.00	0	0.00	
Senior Vice President	R.O.C	Male	Frank Lin	2011.02.03	731,945	0.01	176,567	0.02	69,583	0	47,541	0.01	
Senior Vice President	R.O.C	Male	Andy Chang	2018.02.12	954,510	0.01	0	0.00	0	0.00	0	0.00	
Senior Vice President	R.O.C	Male	Vincent Tsai	2018.10.01	520	0.00	36,000	0.00	0	0.00	0	0.00	
Senior Vice President	R.O.C	Female	Adeline Jai	2021.06.16	338,424	0.00	46,142	0.00	0	0.00	0	0.00	
Senior Vice President	R.O.C	Female	Tingning Yu	2019.09.01	432,589	0.00	25,000	0.00	0	0.00	20,000	0.00	
Senior Vice President	R.O.C	Female	Avon Fan	2020.03.27	0	0.00	0	0.00	0	0.00	0	0.00	
Senior Vice President	R.O.C	Male	Jerry Lin	2021.10.12	0	0.00	0	0.00	0	0.00	0	0.00	

	Shareholding in the name of others				Education and principal experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
	Common share	Share of stake (%)	Preferred shares	Share of stake (%)			Title	Name	Relationship	
	0	0.00	0	0.00	Chief Financial Officer of Taishin Financial Holding Co., Ltd.; President, ABN AMRO Asia Limited, Taipei Branch.; University of California, Los Angeles (UCLA), Master of Business Administration.; George Washington University Master of Science.	Vice Chairman of Taishin Insurance Co., Ltd Director of Taishin Securities Co., Ltd.; Director of Taishin Venture Capital Investment Co., Ltd.; Supervisor of Taishin Asset Management Co., Ltd.; Supervisor of Taishin Real-Estate Management Co., Ltd.; Director of Taishin D. A. Finance Co., Ltd.; Director of Taishin Financial Leasing(Nanjing) Co., Ltd.; Supervisor of Tehlin Co., Ltd.; Supervisor of Tehlin Investment Co., Ltd.; Supervisor of An-Chieh Investment Co., Ltd.	None	None	None	None
	0	0.00	0	0.00	President of Taishin Bank.; EMBA, National Chiao Tung University.	-	None	None	None	None
	0	0.00	0	0.00	Chief Investment Officer of Taishin Financial Holding Co., Ltd.; Senior Vice president of Chang Hwa Commercial Bank.; Chief Financial Officer of Taishin Financial Holding Co., Ltd.; Department of Accounting National Taiwan University.	Senior Executive Vice President of Taishin Bank. Supervisor of Taishin Securities Co., Ltd.; Director of Cosmos Foreign Exchange Intl. Co., Ltd. Director of Chieh-Bon Co., Ltd	None	None	None	None
	0	0.00	0	0.00	Chief Executive Officer of Finance and Financial Market Group of Taishin Bank.; President of the Global Financial Markets Division, Crédit Agricole CIB.; University of Exeter, Master of Finance and Investments.	Chief Executive Officer of Finance and Financial Market Group of Taishin Bank.; Vice Chairman of Taishin Venture Capital Investment Co., Ltd.; Director of Taishin Securities Investment Trust Co., Ltd. Director of Taishin Insurance Co. Ltd. Director of St. John University	None	None	None	None
	0	0.00	0	0.00	Senior Vice president of IBM china.; National Chengchi University, Executive Master Business Administration Advanced Management.	Senior Vice President of Taishin Bank.	None	None	None	None
	0	0.00	0	0.00	Vice President of the Asia Pacific Risk Management Division, KGI Securities.; The University of Texas At Austin, Doctor of Philosophy in Mathematics.	Senior Vice President of Taishin Bank.	None	None	None	None
	0	0.00	0	0.00	Senior Vice President of Taishin Bank.; National Chung Hsing University, Master of Business Management.	Senior Vice President of Taishin Bank.; Supervisor of Hsiang Chao Investment Co., Ltd.; Supervisor of Weifeng Co., Ltd.; Supervisor of Chiahao Co., Ltd.; Supervisor of Yiheng Co., Ltd.; Supervisor of Chingwei Co., Ltd.; Supervisor of Protrade Co., Ltd.	None	None	None	None
	0	0.00	0	0.00	Senior Vice President of Taishin Financial Holding co., Ltd.; University of Southern California, USA, Master of Public Administration.	Senior Vice President of Taishin Bank.	None	None	None	None
	0	0.00	0	0.00	Assistant to the Chairman of the Guangdong Nanyue Bank (Bank Vice President Level).; President of The Second Credit Cooperative of Keelung.; Senior Vice President of Taishin Bank.; Manager of Citibank; Department of Accounting, Soochow University.	Senior Vice President of Taishin Bank.	None	None	None	None
	0	0.00	0	0.00	Senior Vice President of Taishin Bank.; Department of Accounting, National Taiwan University.	Senior Vice President of Taishin Bank.; Supervisor of Taishin Securities Investment Trust Co., Ltd. Supervisor of Credidi Inc.	None	None	None	None
	0	0.00	0	0.00	Senior Vice President of Taishin Financial Holdings; Legal Science, Department of Law, National Taiwan University.	-	None	None	None	None
	0	0.00	0	0.00	Senior Vice President of Taishin Financial Holding co., Ltd.; Fu Jen Catholic University, Department of Law.	-	None	None	None	None
	0	0.00	0	0.00	Chief Financial Officer of Nan San Life Insurance Co. Ltd.; George Washington University, Master of Business Administration	-	None	None	None	None
	0	0.00	0	0.00	Senior Vice President, Compliance and Legal Division, Jih Sun Financial Holding co., Ltd.; Master of Laws, Institute of the Law of the Sea, National Ocean University.	-	None	None	None	None

c. Consultants who are retired chairmen and presidents of the company or affiliates

Consultants who are retired chairmen and presidents

Title	Nationality	Name	Gender	Previous position		Date of appointment	Purpose	Roles and responsibilities
				Company and title	Date of retirement			
None								

d. Compensation for directors, president, vice presidents, and consultants for last year

1. Latest year compensations for directors (including independent directors)

Title	Name	Compensations for directors							
		Compensations (A)		Job-leaving and retirement payment (B)		Compensations from distribution of earnings (C)		Expense for business execution (D)	
		The company	All companies in the financial statement.	The company	All companies in the financial statement	The company	All companies in the financial statement	The company	All companies in the financial statement
Chairman	Chia Hao Co., Ltd.	51,825	76,350	-	-	120,184	120,184	5,176	7,212
	Representative: Wu, Tong-Liang								
Director	Hsiang-Chao Co., Ltd.								
	Representative: Kuo, Jui-Sung								
Director	TASCO Chemical Co., Ltd.								
	Representative: Wu, Cheng-Ching								
Director	Santo Arden Co., Ltd.								
	Representative: Wang, Chu-Chan								
Independent Director	Lin, Yi-Fu	14,400	16,001	-	-	30,904	30,904	925	2,235
Independent Director	Kuan, Kuo-Lin								
Independent Director	Chang, Min-Yu								

Note 1: Compensations of the driver is NT 1,920,000.

Note 2: All recipients of director remuneration, except for independent directors, are institutional directors. The actual amount of remuneration in 2021 was as decided by the board of directors.

Note 3: Please specify the policy, system, standard, and structure of independent director remuneration, and describe the factors, including responsibilities, risks, and time invested, and their links to amounts of remuneration: Taishin has a director (including independent director) remuneration policy and guidelines for director compensation in place. Payments of individual items will be based on a director's participation in and contribution to the company's business, industry average, and management remuneration. The scope of evaluation of director performance includes the company's overall performance, board performance, personal performance, and contribution. Director remuneration is reviewed by the Remuneration Committee and paid with board approval. In addition, in the interest of creating links with future business risks, Taishin will make separate plans for reservation and deferral mechanisms for director remuneration.

Note 4: Neither the Company or any of the companies reported in the financial statements paid any pension benefits or contributed to the pension plan.

Note 5: Except as disclosed above, remuneration received by directors in the latest year for services rendered to any company in the financial statement(e.g. acting as a non-employee consultant for the parent company/any company in the financial statement/investees): None

Base date: Dec. 31, 2022 Unit: NT\$1,000

	Combination of A,B,C and D and share in after-tax net profit		Remuneration as an employee								Combination of A.B.C.D. E.F and G and share in after-tax net profit		Compensations from investees other than subsidiaries or from parent company
			Salary, bonus, and special allowance (E)		Job-leaving and retirement payment (F)		Employee dividend-sharing (G)						
	The company	All companies in the financial statement	The company	All companies in the financial statement	The company	All companies in the financial statement	The company		All companies in the financial statement		The company	All companies in the financial statement	
							Cash dividend	Stock dividend	Cash dividend	Stock dividend			
	177,185 (0.87%)	203,746 (1.00%)	-	-	-	-	-	-	-	-	177,185 (0.87%)	203,746 (1.00%)	
	46,229 (0.23%)	49,140 (0.24%)	-	-	-	-	-	-	-	-	46,229 (0.23%)	49,140 (0.24%)	-

Compensation brackets of directors

Compensation brackets of board directors	Names of directors			
	The combined compensation of (A+B+C+D)		The combined compensation of (A+B+C+D+E+F+G)	
	The company	All companies in the consolidated financial statement	The company	The parent company and all invested companies
Lower than NT\$1 M.	Wu, Cheng-Ching	Wu, Cheng-Ching	Wu, Cheng-Ching	Wu, Cheng-Ching
NT\$1 M. (inclusive) - NT\$2 M. (exclusive)				
NT\$2 M. (inclusive) - NT\$3.5 M. (exclusive)				
NT\$3.5 M. (inclusive) - NT\$5 M. (exclusive)	Wang, Chu-Chan / Kuo, Jui-Sung	Wang, Chu-Chan	Wang, Chu-Chan / Kuo, Jui-Sung	Wang, Chu-Chan
NT\$5 M. (inclusive) - NT\$10 M. (exclusive)		Kuo, Jui-Sung		Kuo, Jui-Sung
NT\$10 M. (inclusive) - NT\$15 M. (exclusive)				
NT\$15 M. (inclusive) - NT\$30 M. (exclusive)	Hsiang-Chao Co., Ltd. / Santo Arden Co., Ltd. / TASCO Chemical Co., Ltd. / Lin, Yi-Fu / Chang, Min-Yu / Kuan, Kuo-Lin	Hsiang-Chao Co., Ltd. / Santo Arden Co., Ltd. / TASCO Chemical Co., Ltd. / Lin, Yi-Fu / Chang, Min-Yu / Kuan, Kuo-Lin	Hsiang-Chao Co., Ltd. / Santo Arden Co., Ltd. / TASCO Chemical Co., Ltd. / Lin, Yi-Fu / Chang, Min-Yu / Kuan, Kuo-Lin	Hsiang-Chao Co., Ltd. / Santo Arden Co., Ltd. / TASCO Chemical Co., Ltd. / Lin, Yi-Fu / Chang, Min-Yu / Kuan, Kuo-Lin
NT\$30 M. (inclusive) - NT\$50 M. (exclusive)	Wu, Tong-Liang		Wu, Tong-Liang	
NT\$50 M. (inclusive) - NT\$100 M. (exclusive)	Chia Hao Co., Ltd.	Wu, Tong-Liang / Chia Hao Co., Ltd.	Chia Hao Co., Ltd.	Wu, Tong-Liang / Chia Hao Co., Ltd.
Over NT\$100 M.				
Total	11	11	11	11

Note: Compensations in the table are different from incomes for income tax law. Therefore, figures in the table are mainly for information disclosure and cannot be used as the basis for taxation.

2. Compensations for president and vice presidents

Base date: Dec.31, 2021 Unit: NT\$1,000

Title	Name	Salary (A)		Job-leaving or retirement payment (B)		Bonus and special allowance (C)		Employee dividend-sharing (D)				Combination of A,B,C and D and share in after-tax net profit		Compensations from investees other than subsidiaries or from parent company
		The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company	All companies in the financial statement	The Company		All companies in the financial statement		The Company	All companies in the financial statement	
								Cash dividend	Stock dividend	Cash dividend	Stock dividend			
President	Welch Lin	24,352	61,002	324	972	53,430	106,479	-	-	-	-	78,106 (0.38%)	168,453 (0.83%)	18
Chief Auditor	Daniel Tsai													
Chief Risk Officer	Jey Chen													
Chief Financial Officer	Carol Lai													
Chief Information Officer	Steve Sun													
Chief Investment Officer	Eric Chien													
Senior Vice President	David Chang													
Senior Vice President	Frank Lin													
Senior Vice President	Andy Chang													
Senior Vice President	Tingning Yu													
Senior Vice President	Vincent Tsai													

Note 1: Compensations of the driver is NT\$2,681,000.

Note 2: The company has paid NT\$0 in pension benefits and contributed NT\$324,000 to the defined benefit plan. All companies reported in the financial statements paid NT\$0 in pension benefits in total, and contributed a total of NT\$972,000 to the defined benefit plan.

Compensation brackets for the company's president and senior vice presidents

Compensation brackets for the company's president and vice presidents	Names of president and vice presidents	
	The Company	The parent company and all invested companies
Under NT\$1 M.	Jey Chen / Steve Sun / David Chang / Frank Lin / Vincent Tsai	
NT\$1 M. (inclusive)-NT\$2 M. (exclusive)	Andy Chang	
NT\$2 M. (inclusive)-NT\$3.5 M. (exclusive)		
NT\$3.5 M. (inclusive)-NT\$5 M. (exclusive)		
NT\$5 M. (inclusive)-NT\$10 M. (exclusive)	Daniel Tsai / Tingning Yu / Eric Chien	Daniel Tsai / Steve Sun / Tingning Yu / Vincent Tasi
NT\$10 M. (inclusive)-NT\$15 M. (exclusive)		Jey Chen / David Chang / Frank Lin / Andy Chang
NT\$15 M. (inclusive)-NT\$30 M. (exclusive)	Carol Lai	Carol Lai
NT\$30 M. (inclusive)-NT\$50 M. (exclusive)	Welch Lin	Welch Lin / Eric Chien
NT\$50 M. (inclusive)-NT\$100 M. (exclusive)		
Over NT\$100 M.		
Total	11	11

Note: Compensations in the table are different from incomes for income tax law and the figures are mainly for information disclosure and cannot be used as the basis for taxation.

3. Compensation for consultants who are retired chairmen and presidents: None.

4. Manager's name and the distribution of employee bonus payout: None.

e. Analytical comparisons of the shares of company's compensations for board directors, supervisors, president, and vice presidents in the after-tax net profits in the recent two years, as listed in the company's financial statement and the consolidated financial statement, and explanation of the compensation policy, standards, and makeup, the procedure for setting compensations, and their association with business performance and risk of future follow.

- In 2021, total compensations for directors, president, and vice presidents accounted for 1.48% of the after-tax net profit and the percentage in the consolidated financial statements was 2.07%. In 2020, total compensations for directors, supervisors, president, and vice presidents accounted for 1.54% of the after-tax net profit and the percentage in the consolidated financial statements was 2.22%.
- The company's remuneration policy and reasonableness of pay are reviewed by the remuneration committee and the board of directors. In addition, the remuneration system is reviewed with respect to the company's business performance and relevant laws and regulations in order to maintain a balance between sustainable development for the company and risk management.

Position Item	Directors	The managers
Compensation policy	To provide a basis for the director remuneration policy, the Company has, pursuant to the Articles of Incorporation, established the Guidelines for Director Compensation and the Guidelines for Director Remuneration after they have been reviewed by the Remuneration Committee and passed by the board of directors. The level of director remuneration shall be based on the Company's business performance, competition, experience of representative of institutional director, and involvement in management of the Company and contribution to business results as well as the Company's risk appetite and potential risks to be expected in the future in order to have directors and the Company share future business risks. The company has established the Board Performance Appraisal Guidelines to ensure effective corporate governance and improve performance of the board of directors. The scope of appraisal includes evaluation of the performance of directors and that of the board.	<ol style="list-style-type: none"> The company has established the Performance Evaluation and Bonus Guidelines to ensure a fair performance evaluation process. When setting performance targets, managers, in addition to financial and relative financial benchmarks, will include nonfinancial benchmarks, such as improvement of corporate image, maintenance of corporate reputation and other social benchmarks, for the purpose of creating an all-win situation for the company, its employees and shareholders. The remuneration of managers is mainly based on responsibilities, business performance of the company, and personal performance, and takes into account industry averages and links to future risks in order to offer competitive remuneration to attract and retain talent.
Standard for actual allowances	<p>According to Article 25 and Article 40 of the Articles of Incorporation,</p> <ol style="list-style-type: none"> Remuneration: to be received for performing the duties of a director or supervisor of the company. Business expenses: to be received to compensate for expenses incurred during business activities, including travel expenses for personally attending or be present at board meetings. Bonus: to be received when the company makes a profit in the current year and the board of directors decides to pay no more than 1% of the profit to the directors as a bonus, which will be allocated by the degree of involvement and responsibility of each director. 	<p>Remuneration for managers is described as follows:</p> <ol style="list-style-type: none"> Remuneration: to be determined by roles and responsibilities and subject to market environment. Bonuses: to be divided into a Chinese New Year bonus and a yearend bonus. The size of a bonus depends mainly on the company's results, the corresponding division's results, and the individual's performance evaluation. Employee benefits: include the pension plan, the employee shareholding trust program, physical examinations and allowances. Long term incentive plan: To avoid putting too much emphasis on short term performance and to encourage employees to develop long term relationships with the company and enjoy long term growth together, the company has designed a long term incentive plan that offers "employee stock options" and the "Taishin Appreciation Rights Plan" as a means of employee retention.

C. Status of corporate governance

a. Information on the operation of the board of directors

1. In the recent fiscal year (2021), the board of directors convened 16 times and status of attendance by directors follows:

Title	Name	Attendance in Person	Attendance by proxy	Actual attendance rate (%)	Note
Chairman	Chia Hao Co., Ltd. Representative: Wu, Tong-Liang	16	0	100.00	Re-election (re-election on July 23, 2021)
Director	TASCO Chemical Co., Ltd. Representative: Wu, Cheng-Ching	16	0	100.00	Re-election (re-election on July 23, 2021)
Director	Hsiang-Chao Co., Ltd. Representative: Kuo, Jui-Sung	16	0	100.00	Re-election (re-election on July 23, 2021)
Director	Santo Arden Co., Ltd. Representative: Wang, Chu-Chan	11	5	68.75	Re-election (re-election on July 23, 2021)
Independent Director	Lin, Yi-Fu	16	0	100.00	Re-election (re-election on July 23, 2021)
Independent Director	Chang, Min-Yu	16	0	100.00	Re-election (re-election on July 23, 2021)
Independent Director	Kuan, Kuo-Lin	16	0	100.00	Re-election (re-election on July 23, 2021)

Note 1: The attendance rate (%) of a director/supervisor is calculated by his/ her actual number of attendance and the number of meetings of the board of directors during his/her term.

Note 2: The company called 16 board meetings in 2021. Independent directors Lin, Yi-Fu, Chang, Min-Yu and Kuan, Kuo-Lin were present in person in all meetings.

Other items of mandatory registration:

(1) In the event of any of the circumstances occurring while the Board of Directors conducts its activities, details including the date, session, and agenda of the board meeting, all opinions of the independent directors, and the Company's responses to the independent directors' opinions should be provided.

A. Matters listed in Article 14-3 of the Securities and Exchange Act: Not applicable as the Company has established an audit committee.

B. In addition to matters above, other objections or qualified opinions from the independent directors to resolutions made by the Board of Directors on-record or in writing: None.

2.Details, including names of directors, resolutions, reasons for conflict of interest, and voting results, of circumstances where directors absented themselves due to conflict of interest:

Details of directors absenting themselves due to conflict of interest in 2021				
Date	Agenda	Director names	Reason for conflict of interest	Voting results
2021/01/21	Approval for the number of months paid to directors in 2020	Tong-Liang Wu, Cheng-Ching Wu, Jui-Sung Kuo, Chu-Chan Wang, Yi-Fu Lin, Min-Yu Chang, and Kuo-Lin Kuan	Where there exists a conflict of interest between the agenda and a director, Article 206 of the Company Act shall apply and the director shall recuse him/herself from the meeting in accordance with Article 178 of the same act.	Recusal during discussions and voting
2021/01/21	Evaluation of executive consultant performance in 2020	Jui-Sung Kuo		Recusal during discussions and voting
2021/03/25	Adjustment of monthly remuneration for the chairman	Tong-Liang Wu		Recusal during discussions and voting
2021/04/29	Candidates for the 8th board of directors (and independent directors)	Tong-Liang Wu, Cheng-Ching Wu, Jui-Sung Kuo, Chu-Chan Wang, Yi-Fu Lin, Min-Yu Chang, and Kuo-Lin Kuan		Recusal during discussions and voting
2021/04/29	Removal of involvement in competing businesses for the 8th board of directors	Tong-Liang Wu, Cheng-Ching Wu, and Yi-Fu Lin		Recusal during discussions and voting
2021/06/24	Appointment of institutional directors to the 9th board of directors of the insurance subsidiary	Tong-Liang Wu and Kuo-Lin Kuan		Recusal during discussions and voting
2021/07/23	Appointment of members to the 12th board of directors of Taishin International Bank	Tong-Liang Wu, Cheng-Ching Wu, Jui-Sung Kuo, Yi-Fu Lin, and Min-Yu Chang		Recusal during discussions and voting
2021/07/23	Appointment of members to the 5th Remuneration Committee	Yi-Fu Lin, Min-Yu Chang, and Kuo-Lin Kuan		Recusal during discussions and voting
2021/07/23	Appointment of members to the second Nomination Committee	Jui-Sung Kuo, Yi-Fu Lin, and Min-Yu Chang		Recusal during discussions and voting

3. Board evaluation status

Frequency	Period	Scope	Method	Description
Triennially	2020.01.01 ~ 2020.12.31	Board of directors	Hired external professional institutions (EY Advisory Services)	<p>Evaluation Aspects and Content: The three aspects are "Structure", "People", and "Process and Information"; and the scope covers eight items, which are board structure and process, board composition, institutional and organizational structure, roles and responsibilities, culture and conduct, director training and development, risk management oversight, and filing, disclosure, and performance monitoring.</p> <p>Evaluation methods: document review, director self-assessment questionnaire, and onsite interview. Onsite interviews were conducted by 4 experts from EY Advisory Services.</p>
Annually	2020.07.01 ~ 2021.07.22	Board of directors and functional committees	Internal board self assessment, director self assessment, and functional committee member self assessment (including the Audit Committee, the Remuneration Committee, and the Risk Management Committee)	<p>Board of directors: Items on the director self-assessment checklist include A. Understanding of company goals and missions; B. Understanding of director duties and functions; C. Involvement in the company's business activities; D. Internal relations management and communication; E. Director expertise and continuing education; F. Internal control.</p> <p>Items in the performance assessment include the following: A. Involvement in the company's business activities; B. Improving quality of the board's decisions; C. Composition and structure of the board of directors; D. Election and continuing education of the directors; E. Internal control.</p> <p>Functional committees: Items on the member self assessment checklist include A. Involvement in the company's business activities; B. Understanding of a functional committee's role; C. Improvement of decision quality for functional committees; D. Functional committee composition and appointment of members; E. Internal control.</p>

4. Evaluation of targets to enhance the role of the board and performance in the current year and last year:

- (1) Board of Directors Meeting Policy have been established for the purpose of strengthening board governance. For better transparency on the board of directors, important resolutions of the board of directors will be published in the annual reports and on the corporate website. In addition, board meeting attendance will be disclosed on the Market Observation Post System.
- (2) In 2007, Taishin started appointing two independent directors; and in late 2007, the company started purchasing directors and key persons liability insurance policies to cover such persons in the process of performing their duties during the terms of their offices. The Remuneration Committee was established in 2011. Three independent directors were elected and the Audit Committee established by the 2015 annual general meeting to replace the supervisors. Audit Committee Charter were established in the same year. For more effective risk management, the Risk Management Committee was created on December 28, 2017. More than 50% of the independent directors are members of the Risk Management Committee. On September 24, 2020, the Nomination Committee was created with participation of more than half of the independent directors.

- (3) Regulation of the Board Performance Evaluation were established on December 22, 2016, and requires a board performance evaluation be completed internally at least once a year and by a team of external experts at least once every three years. Regulation of the Board Performance Evaluation and the results are disclosed on the corporate website. Furthermore, the board of directors approved the addendums to the performance appraisal mechanisms for functional committees (including the Audit Committee, the Remuneration Committee, the Risk Management Committee, and the Nomination Committee since 2021) on November 28, 2019.

A. Internal evaluation:

- ◆ Should be conducted at least once a year.
- ◆ Internal assessments of the board of directors and functional committees are conducted by having respective member complete self-assessment forms. Then the responsible unit will collect and summarize the results and submit them to the chairman for approval. Those who receive an average score of 90% or higher will be rated “target exceeded”, those between 80% and 90% “target met”, and those below 80% “need improvement”.
- ◆ The internal evaluation of the board of directors and functional committees has been completed for 2021 (for the period between July 1, 2020 and July 22, 2021). All results were rated “target exceeded”. The results above have been submitted to the 4th meeting of the 8th board of directors on October 28, 2021 and disclosed in the annual report and on the corporate website under “Corporate Governance”. The objective assessment system is in place to improve director performance.

B. External evaluation:

- ◆ Should be performed by an outside expert team at least once every three years
- ◆ The 2021 evaluation (for the period between July 1, 2020 and December 31, 2020) was completed by EY Advisory Services (hereinafter referred to as “external expert”, with Andrew Fuh as the chairman). The external expert is independent and not a related party to the company.
- ◆ The external expert’s conclusions are shown below, and have been submitted to the 4th meeting of the 8th board of directors on October 28, 2021. Result: the overall performance was rated “advanced” in “Structure” and “Process and Information” and “benchmark” in “People”. The external expert made recommendations regarding “People” and “Process and Information”, including providing more diversified training courses for directors, promoting green operation, and assessing the impact of emerging risks on the Company. The company will follow the conclusions and strengthen the roles and responsibilities of the board of directors on an ongoing basis.

Note: The external evaluation rates results as “basic” (compliance with the regulator’s requirements and other regulations), “advanced” (compliance with the regulator’s requirements and other regulations and following a set of established and effective practices or making active effort to improve performance in the aspect), and “benchmark” (practices that rise above the basic standards required by regulators and other regulations and sets a benchmark for others).

b. Operation of the audit committee or the participation of supervisors in the operation of board of directors

1. Information on the operation of audit committee:

(1) The authorities and responsibilities of the audit committee are as follows:

The Audit Committee consists of 3 independent directors. The mission of the Audit Committee is to assist the board of directors in performing its duty to oversee the accounting, audit, and financial reporting processes in Taishin FHC and the quality and integrity of financial management.

The Audit Committee met 13 times in 2021. Matters reviewed include:

- A. The adoption of or amendments 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. The adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of the procedures for handling financial or business activities of a material nature, such as acquisition or disposal of assets, derivatives trading, loaning of funds to others, and endorsements or guarantees for others.
- D. Matters in which a director is an interested party.
- E. Asset transactions or derivatives trading of a material nature.
- F. The offering, issuance, or private placement of equity-type securities.
- G. The hiring or dismissal of a certified public accountant, or their compensation.
- H. The appointment or discharge of a financial, accounting, or internal audit officer.
- I. Annual and semi-annual financial reports.
- J. Other material matters as may be required by the Company or by the competent authority.

2. In the recent fiscal year (2021) audit committee convened 12 times and status of attendance:

Title	Name	Actual number of attendance	Attendance by Proxy	Attendance rate (%)	Note
Independent Director	Chang, Min-Yu	13	0	100.00	Re-appointed (re-election on July 23, 2021)
Independent Director	Lin, Yi-Fu	13	0	100.00	Re-appointed (re-election on July 23, 2021)
Independent Director	Kuan, Kuo-Lin	13	0	100.00	Re-appointed (re-election on July 23, 2021)

Note 1: The Audit Committee is made up of all independent directors.

Note 2: The attendance rate(%) of a director is calculated by his/her actual number of attendance and the number of meetings of the board of directors during his/her term.

• Financial statement review

The board of directors has prepared the 2020 business report, financial statements and earnings distribution proposal for Taishin FHC. The financial statements have been audited and certified by CPA Ching-Cheng Yang and CPA Han-Ni Fang of Deloitte Taiwan, who have also issued an opinion. The reports above have been reviewed by the Audit Committee as correctly portraying the company's business activities.

• Appointment of certifying CPA

To ensure independence of the CPA firm, the Company has followed Article 47 of the Certified Public Accountant Act and the rules regarding integrity, impartiality, and independence in No. 10 Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China and devised an independence evaluation form. The form is intended to assess the independence, professional training, and competence of CPAs and whether they are related parties to or share business or financial interest with Taishin FHC. On December 23, 2021, it was reviewed and passed in the 5th meeting of the 3rd Audit Committee and the 6th meeting of the 8th board of directors that CPA Han-Ni Fang and CPA Ching-Cheng Yang of Deloitte Taiwan met the independence criteria and were sufficiently qualified to perform financial and tax accounting certification for Taishin FHC.

3. Other items which should be disclosed:

- (1) In the event of any of the circumstances occurring while the Audit Committee conducts its activities: details of the date, session, agenda, the independent directors' objections, reservations or major recommendations and all resolutions of the Audit Committee, and the Company's responses to the Audit Committee's opinions:

A. Matters listed in Article 14-5 of the Securities and Exchange Act

Audit Committee Date and Session	Audit Committee Agenda	Audit Committee Resolutions	Contents of the objections / considerations / major suggestions of the independent directors	The Company's response to Audit Committee's opinions
2021.01.21 30th meeting of the 2nd Audit Committee	Evaluation of executive consultant performance in 2020	Approved	None	N/A
2021.02.25 31st meeting of the 2nd Audit Committee	2020 consolidated financial statements	Approved	None	N/A
2021.03.25 32nd meeting of the 2nd Audit Committee	2020 audited financial statements	Approved	None	N/A
	2020 Statement on the Internal Control System	Approved	None	N/A
2021.04.29 33rd meeting of the 2nd Audit Committee	2020 Business Report	Amendment approved	None	N/A
	2020 earnings distribution proposal	Approved	None	N/A
	Proposal to issue shares against capitalized earnings	Approved	None	N/A
	Removal of involvement in competing businesses for the 8th board of directors	Approved	None	N/A
2021.06.01 35th meeting of the 2nd Audit Committee	Letters of commitment issued for application for investment in a 100% stake in Prudential Life Insurance	Approved	None	N/A
	Start of disposal of shares in Chang Hwa Bank	Approved	None	N/A
2021.06.24 36th meeting of the 2nd Audit Committee	Appointment of institutional directors and independent directors to the 9th board of directors of the insurance subsidiary	Approved	None	N/A
2021.07.22 37th session of the 2nd Audit Committee	2021 audit plan	Approved	None	N/A
2021.07.23 1st meeting of the 3rd Audit Committee	Appointment of institutional directors and independent directors to the 12th board of directors of Taishin International Bank	Approved	None	N/A
	Appointment of members to the 5th Remuneration Committee	Approved	None	N/A
	Appointment of members to the second Nomination Committee	Approved	None	N/A
2021.08.19 2nd meeting of the 3rd Audit Committee	2021 H1 consolidated financial statements	Approved	None	N/A
2021.12.23 5th meeting of the 3rd Audit Committee	Application for issuance of the first unsecured exchangeable corporate bond in the country	Approved	None	N/A
	Cash issue of Class F registered exchangeable preferred shares	Amendment approved	None	N/A
	Appointment and remuneration of CPAs for the 2022 financial statements	Approved	None	N/A
	Evaluation of executive consultant performance in 2021	Approved	None	N/A
	2022 audit plan	Amendment approved	None	N/A

- B. In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: None.

- (2) With respect to execution of cases in which the Independent Directors abstain themselves on the ground of conflict of interest, the name of the independent Directors, contents of motion, reasons for abstention and participation in voting should be clearly stated:

Implementation status of independent directors' abstention of motions in conflict of interest in 2021				
Date	Agenda	Director names	Reason for conflict of interest	Voting results
2021.04.29	Removal of involvement in competing businesses for the 8th board of directors	Yi-Fu Lin	Where there exists a conflict of interest between the agenda and a director, Article 206 of the Company Act shall apply and the director shall recuse him/herself from the meeting in accordance with Article 178 of the same act	Recusal during discussions and voting
2021.06.24	Appointment of institutional directors to the 9th board of directors of the insurance subsidiary	Kuo-Lin Kuan		Recusal during discussions and voting
2021.07.23	Appointment of institutional directors and independent directors to the 12th board of directors of Taishin International Bank	Yi-Fu Lin Min-Yu Chang		Recusal during discussions and voting
	Appointment of members to the 5th Remuneration Committee	Yi-Fu Lin Min-Yu Chang Kuo-Lin Kuan		Recusal during discussions and voting
	Appointment of members to the second Nomination Committee	Yi-Fu Lin Min-Yu Chang		Recusal during discussions and voting

- (3) Between independent directors and internal auditors and CPAs

A. Between independent directors and internal auditors in 2021

- The committee consists of all independent directors, who have regular meetings with the chief auditor. Instructions made in such meetings will be implemented by the audit office. Minutes of the meetings will be submitted to the board of directors for review.
- The board of directors and chief auditor will attend the meetings. Independent directors and the chief auditor will exchange views on the agenda during board meetings or prior to their own meetings.
- The audit report of the company and its subsidiaries will be presented to the independent directors.
- The audit office will present regular audit reports to the board of directors and the audit committee every quarter. The reports will contain information such as a summary of audit practices at the subsidiaries and key items in internal and external audits.
- Each independent director will discuss the aforementioned item with chief auditor if necessary.

Communications between the Independent Directors and the internal audit supervisors are as follows:

Date	Communication Mechanisms	Issues to communicate	Result
2021.02.25	The Chief Auditor communication conference with Independent Directors.	Penalties imposed by the competent authorities on the company and its subsidiaries, major extraordinary events, primary examination findings of financial institutions disclosed by FSC, and material findings in internal audit reports during 2020 Q3 and Q4.	Without further recommendations.
	The Audit Division presents regular report to the Audit Committee.	Submission of the results of audit work for 2020 Q4.	Duly noted. Proceeded as recommended.
2021.05.20	The Audit Division presents regular report to the Audit Committee.	Submission of the results of audit work for 2021 Q1.	Duly noted. Proceeded as recommended.
2021.08.18	The Chief Auditor communication conference with Independent Directors.	Penalties imposed by the competent authorities on the company and its subsidiaries, major extraordinary events, primary examination findings of financial institutions disclosed by FSC, and material findings in internal audit reports during 2021 Q1 and Q2.	Without further recommendations.
2021.08.19	The Audit Division presents regular report to the Audit Committee.	Submission of the results of audit work for 2021 Q2.	Duly noted. Proceeded as recommended.
2021.11.18	The Audit Division presents regular report to the Audit Committee.	Submission of the results of audit work for 2021 Q3.	Duly noted. Proceeded as recommended.

Note: Other proposals that should be submitted for review by the Audit Committee are handled in accordance with Article 14-5 of the Securities and Exchange Act.

B. Between independent directors and CPAs

The company's CPAs report audit plans, findings and results to the audit committee and discuss the company's financial and general business conditions by meetings.

Summarized discussion results between independent directors and CPAs as follows:

Date	Communication method	Audience	Content	Recommendations and actions
2021.02.25	Forum	Auditors	1. Presented results of the 2020 financial statement audit. 2. Reported on key audit items. 3. Reported on recent amendments of regulations and other important issues.	No objection
2021.06.17	Forum	Auditors	1. Reported of the key audit items of the H1 2021 financial statement. 2. Reported on other important issues.	No objection
2021.08.18	Forum	Auditors	1. Presented results of the H1 2021 financial statement audit. 2. Reported on key audit items. 3. Reported on other important issues.	No objection
2021.12.30	Forum	Auditors	1. Reported of the key audit items of the 2021 financial statement. 2. Reported on other important issues.	No objection
2022.02.24	Forum	Auditors	1. Presented results of the 2021 financial statement audit. 2. Reported on key audit items. 3. Reported on other important issues.	No objection

c. Disclosure information in accordance with the guidelines of the practical corporate governance of the holding industry Please refer to the company's website at: <https://www.taishinholdings.com.tw/tsh/>.

d. Status of the Holding's corporate governance and its deviation from the guidelines for the practical corporate governance of the holdings industry and reasons

Item	Yes	No	Operating Status	Deviation from the guidelines of the practical corporate governance
			Summary Descriptions	
1. Shareholding structure and shareholders' rights within the financial holding company				
(1) Has the financial holding company established and implemented a set of internal procedures to process shareholders' suggestions, queries, disputes and litigations?		✓	Taishin Holdings has set a "Contact us" platform on the Taishin Holdings website and discloses the "IR Contact" to facilitate processing of suggestions, queries, disputes, or litigations by shareholders.	Internal procedures have not been formulated, but a contact method has been provided in the Taishin Holdings website for shareholders to raise suggestions, queries, and disputes.
(2) Is the financial holding company constantly informed of the identities of its major shareholders and their ultimate controllers?	✓		The shareholder services department is responsible for gathering information on Taishin's major shareholders. This information is also disclosed in Taishin's annual reports.	No deviation
(3) Has the financial holding company established and implemented risk management and firewalls in affiliated companies?	✓		Risk management practices and firewalls that Taishin has established and implemented in affiliated companies: Taishin Holdings has established a Related Party Transaction Policy and rules of implementation to regulate transactions with stakeholders. Taishin Holdings and its main subsidiaries (including Taishin Bank, Taishin Life Insurance and Taishin Securities) have implemented security policies to protect their information systems. Access to sensitive information is protected by firewalls and is permitted only for risk management purposes and when instructed by the competent authority.	No deviation

Item	Yes	No	Operating Status	Deviation from the guidelines of the practical corporate governance																		
			Summary Descriptions																			
2. Composition and duties of the board of directors																						
(1) Does the board of directors has a diversification policy and specific management goals?	✓		Criteria of board member selection are not subject to gender, age, race or nationality. According to Article 22 of the Corporate Governance Principles of the Company, the organization of the Company's board of directors shall be commensurate with the Company's size and shareholding structure and be based on business needs. The appropriate number of directors shall be as determined by the law and the Articles of Incorporation. The 8th board of directors consists of 7 members, including 3 independent directors (1 being female and qualified accountant). The members were selected with an emphasis on diversity. The membership consists of elite talents from banking, industries and the academia, including 2 Ph.D. degree holders and 2 Masters degree holders. The members have an extensive range of expertise from business administration, physics, engineering, accounting, to pharmaceuticals. They possess the general knowledge, skills and competencies required to perform incumbent duties. In addition, the Company devotes attention to gender equality in the composition of the board of directors and remains committed to the goal of having at least one female director. This goal was achieved since the 7th board of directors in 2018.	No deviation																		
(2) Apart from the Remuneration Committee and Audit Committee, has the financial holding company assembled other functional committees at its own discretion?			In addition to the Remuneration Committee and the Audit Committee, which have been set up according to law, Taishin Holdings established the Risk Management Committee on December 28, 2017, which is made up of two Independent Directors and one Director. The current term of committee members spans from July 23, 2021 to July 22, 2024; as of December 31, 2021, 3 committee meetings have been held. Moreover, Taishin Holdings established the Nomination Committee on September 24, 2020, which is made up of two Independent Directors and one Director. The current term of committee members spans from July 23, 2021 to July 22, 2024; as of December 31, 2021, 2 committee meetings have been held. Furthermore, Taishin Holdings has established administrative committees, including the Policy Committee, Sustainable Development Committee, Asset and Liability Management Committee, Investor Relationship Committee, and Staff Conduct Review and Staff Performance Appraisal Committee, to review and oversee our business operations and strengthen corporate governance.																			
(3) Does the TWSE/TPEX-listed financial holding company have board of directors performance evaluation guidelines and evaluation methods in place, perform the evaluations periodically on a yearly basis, report the evaluation result to the board of directors, and use such result as a reference for the determination of remuneration for each director and the nomination and appointment of directors? (Note 2)			In order to implement corporate governance, the Board of Directors of Taishin Holdings approved the enactment of the Board Performance Appraisal Guidelines on December 22, 2016, and thereafter approved the amendment to the Board Performance Appraisal Guidelines on November 28, 2019, where performance appraisal mechanisms for functional committees (including the Audit Committee, Remuneration Committee, and Risk Management Committee) were added. Such performance appraisal methods are categorized into two types, i.e., internal evaluation and external evaluation. Internal evaluation is performed at least once a year, while external evaluation is performed at least once every three years by outside experts. Results of the most recent evaluations were reported to the Board of Directors on October 28, 2021, and shall serve as a reference basis to decide whether improvement measures should be taken for meetings, as well as for the selection and nomination of Directors in the future, and for the determination of remuneration for each Director.																			
(4) Does the financial holding company conduct regular assessments on the independence of its CPAs?			Pursuant to Taishin Holdings's Corporate Governance Principles and Guidelines for Assessing Independence and Suitability of CPAs, Taishin Holdings conducts annual assessments of the independence of its CPAs. The results were submitted to the 5th meeting of the 3rd Audit Committee and the 6th meeting of the 8th Board of Directors on December 23, 2021, and underwent deliberation during the 5th meeting of the 3rd Audit Committee and the 6th meeting of the 8th Board of Directors on December 23, 2021. Having completed an assessment and obtained declarations of impartiality and independence from the CPAs, Taishin Holdings deems that CPA Han-Ni Fang and Ching-Cheng Yang of Deloitte Taiwan meet Taishin Holdings' independence requirements (Note) and are sufficiently qualified to be Taishin Holdings' CPAs. Note: <table><tr><th>Assessment area</th><th>Assessment result</th><th>Compliance with independence</th></tr><tr><td>Not a stakeholder under Articles 44 or 45 of the Financial Holding Company Act.</td><td>Yes</td><td>Yes</td></tr><tr><td>Does not have significant financial interest in the Company or any family member with significant financial interest in the Company that may affect independence.</td><td>Yes</td><td>Yes</td></tr><tr><td>Has not served as a Director or Supervisor of the Company or held any other key positions at the Company that may have affected the audit services in the last two years.</td><td>Yes</td><td>Yes</td></tr><tr><td>Does not concurrently conduct routine work for the Company while receiving a regular salary.</td><td>Yes</td><td>Yes</td></tr><tr><td>Does not receive any business-related commissions.</td><td>Yes</td><td>Yes</td></tr><tr><td>Has not served a term of more than seven consecutive years as the Company's CPA and has not returned to same position in two years after rotation or resignation.</td><td>Yes</td><td>Yes</td></tr></table>		Assessment area	Assessment result	Compliance with independence	Not a stakeholder under Articles 44 or 45 of the Financial Holding Company Act.	Yes	Yes	Does not have significant financial interest in the Company or any family member with significant financial interest in the Company that may affect independence.	Yes	Yes	Has not served as a Director or Supervisor of the Company or held any other key positions at the Company that may have affected the audit services in the last two years.	Yes	Yes	Does not concurrently conduct routine work for the Company while receiving a regular salary.	Yes	Yes	Does not receive any business-related commissions.	Yes	Yes
Assessment area	Assessment result	Compliance with independence																				
Not a stakeholder under Articles 44 or 45 of the Financial Holding Company Act.	Yes	Yes																				
Does not have significant financial interest in the Company or any family member with significant financial interest in the Company that may affect independence.	Yes	Yes																				
Has not served as a Director or Supervisor of the Company or held any other key positions at the Company that may have affected the audit services in the last two years.	Yes	Yes																				
Does not concurrently conduct routine work for the Company while receiving a regular salary.	Yes	Yes																				
Does not receive any business-related commissions.	Yes	Yes																				
Has not served a term of more than seven consecutive years as the Company's CPA and has not returned to same position in two years after rotation or resignation.	Yes	Yes																				

Item	Yes	No	Operating Status	Deviation from the guidelines of the practical corporate governance																				
			Summary Descriptions																					
3. Does the financial holding company appoint competent corporate governance personnel in an adequate number, and appoint a Chief Corporate Governance Officer to be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings)?	✓		<p>Taishin Holdings appoints competent corporate governance personnel in an adequate number. On March 28, 2019, the Board of Directors approved the appointment of Senior Vice President Frank Lin, head of the Secretariat Division, as the Chief Corporate Governance Officer to be mainly responsible for corporate governance practices (including but not limited to providing information necessary for Directors to perform their duties, assisting Directors in taking office and pursuing continuing education, aiding Directors in complying with the laws, compiling minutes of Board meetings and annual general meetings, and organizing Board meetings and annual general meetings as required by law), so as to safeguard stockholders' rights and interests, and strengthen functions of the Board of Directors. Senior VP Lin has work experience related to management of public companies' meeting procedures for over five years.</p> <p>Task includes (but is not limited to) the following:</p> <ol style="list-style-type: none">1. Assist Independent Directors and other Directors in performing their duties; provide the necessary information; and offer assistance for Directors in taking office and pursuing continuing education.<ol style="list-style-type: none">(1) Work with relevant units to keep members of the Board of Directors informed regularly of the latest amendments and developments of laws and regulations regarding corporate governance and business management.(2) Review confidentiality levels of relevant information; provide Directors with necessary company information; and keep an open, smooth communication channel between the Directors and all business managers.(3) Arrange meetings accordingly when Independent Directors, following the Corporate Governance Best Practice Principles, find it necessary to meet individually with internal audit officers or CPAs to get a better understanding of the Company's financial needs.(4) Assist Independent Directors and other Directors in creating annual study plans or enrolling in courses based on the characteristics of the Company's business activities and the education and experience of respective Directors.2. Facilitate meeting procedures of Board meetings and annual general meetings, and assist in compliance-related matters for subsequent resolutions.3. Notify Directors about the drafted Board meeting agenda at least seven days prior to the meeting; convene meetings and provide meeting information; send reminders where conflict of interest may require recusal; and complete Board meeting minutes within twenty days after respective meetings.4. Register annual general meetings in advance as required by law; complete notices of meetings, agendas, and minutes by the statutory deadline; and complete changes of registration in the event of an amendment of the Articles of Incorporation or an election of Directors.5. Handle business registration and any change of registration.6. Other duties pursuant to the Articles of Incorporation or other contracts. <p>2020 continuing education status is as follows:</p> <table><tr><th>Date</th><th>Organizer</th><th>Course name</th><th>Training hours</th></tr><tr><td>11/11</td><td>Independent Director Association Taiwan</td><td>Financial Security Governance Strategies Against Ransomware Threats</td><td>3</td></tr><tr><td>10/14</td><td>Independent Director Association Taiwan</td><td>The latest development and practice of AML/CFT</td><td>3</td></tr><tr><td>09/09</td><td>Taiwan Academy of Banking and Finance</td><td>The management of fair customer treatment from the perspective of corporate governance</td><td>3</td></tr><tr><td>09/01</td><td>Financial Supervisory Commission</td><td>『The 13th Taipei Corporate Governance Forum』 Morning session</td><td>3</td></tr></table>	Date	Organizer	Course name	Training hours	11/11	Independent Director Association Taiwan	Financial Security Governance Strategies Against Ransomware Threats	3	10/14	Independent Director Association Taiwan	The latest development and practice of AML/CFT	3	09/09	Taiwan Academy of Banking and Finance	The management of fair customer treatment from the perspective of corporate governance	3	09/01	Financial Supervisory Commission	『The 13th Taipei Corporate Governance Forum』 Morning session	3	No deviation
Date	Organizer	Course name	Training hours																					
11/11	Independent Director Association Taiwan	Financial Security Governance Strategies Against Ransomware Threats	3																					
10/14	Independent Director Association Taiwan	The latest development and practice of AML/CFT	3																					
09/09	Taiwan Academy of Banking and Finance	The management of fair customer treatment from the perspective of corporate governance	3																					
09/01	Financial Supervisory Commission	『The 13th Taipei Corporate Governance Forum』 Morning session	3																					
4. Has the financial holding company established a communication channel and set a designated section on its website for stakeholders (including but not limited to shareholders, employees, and customers), and does it properly respond to Sustainable Development issues of concern to stakeholders?	✓		<ol style="list-style-type: none">1. Taishin Holdings complies with laws in the disclosure of financial, business and material information in the Market Observation Post System. This information is made publicly available simultaneously on our website. Taishin Holdings also has a designated spokesperson and investor relations mailbox available to serve as communication channels with stakeholders.2. Taishin Holdings created a Stakeholders section on its website in 2015 as a means to communicate and compile queries and opinions from stakeholders (e.g., employees, suppliers, consumers, investors or customers), so that we can gain a better understanding of stakeholders' expectations, concerns, and needs. We have several teams responsible for communicating with stakeholders of different kinds and actively responding to topics that are of concern to them, and present the engagement results with stakeholders to the board of directors since 2018.	No deviation																				

Item	Yes	No	Operating Status	Deviation from the guidelines of the practical corporate governance
			Summary Descriptions	
5. Disclosure of information				
(1) Has the financial holding company established a website that discloses financial, business, and corporate governance-related information?	✓		Taishin Holdings discloses financial, business and other information relevant to corporate governance on its website. This information is also reported online according to related regulations on material disclosure and public information.	No deviation
(2) Has the financial holding company adopted other means to disclose information (e.g., English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website, etc.)?			Taishin Holdings has established an English website and assigned various departments to gather and disclose information on a regular basis. In addition, a public information reporting system has also been created with personnel assigned to gather and disclose information via the system. Taishin Holdings has a spokesperson mechanism in place to facilitate external communications. All material information relevant to investors' interests are announced using the Market Observation Post System and press releases. The spokesperson provides further elaboration where deemed necessary. Taishin Holdings prepares its Sustainability Report in both Chinese and English. This report is made accessible at our website and on the Market Observation Post System (MOPS). Taishin Holdings holds quarterly investor conferences in principle; conference proceedings are recorded and uploaded onto our website and the MOPS on the same day.	
(3) Does the financial holding company make public and file the annual financial statements after the end of the fiscal year and before the deadline set out in the Financial Holding Company Act and Securities and Exchange Act, and make public and file its financial statements for Q1, Q2, and Q3, as well as monthly operating status before the deadline?			1. Taishin Holdings made public and filed its 2021 annual financial statements early, within two months after the end of the fiscal year. 2. Taishin Holdings made public and filed its financial statements for Q1, Q2, and Q3 of 2021 before the deadline, and made public and filed monthly operating status before the deadline. In 2022, we intend to make public and file our financial statements for Q1, Q2, and Q3, as well as monthly operating status before the deadline.	
6. Does the financial holding company have other material information that enables a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee care, investor relations, stakeholders' rights, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, liability insurance coverage of company directors and supervisors, and donation to political parties, stakeholders, and charity organizations)?	✓		<p>1. Employee rights and care for employees: Taishin Holdings places emphasis on the rights and interests of employees and on harmonious employer-employee relationships. For this reason, an employee relations unit has been created to instantly respond to employee queries. Taishin Holdings believes that satisfied employees are the key to satisfied customers. The Chairman and the management have long dedicated themselves to building a work environment characterized by respect, care, support and self-motivated growth. By organizing various events and providing communication channels and learning resources, employees are given the chance to work in a humane, respectful and progressive environment, and to grow simultaneously with Taishin Holdings free from any unnecessary worries.</p> <p>(1) Offering of competitive remuneration and welfare packages</p> <p>A. Remuneration: Taishin Holdings offers competitive salary levels in order to recruit and retain top talents.</p> <p>B. Employee assistance program: Taishin Holdings engages specialists from Teacher Chang Foundation to help employees resolve their problems outside of work.</p> <p>C. Employee Welfare Committee: The Committee organizes a variety of events such as birthday celebrations, trips, hiking events, and ball games and competitions to enrich employees' lifestyles and enhance teamwork.</p> <p>D. Taishin Stress Relief Workshop: Taishin Holdings hires blind masseurs and masseuses to help employees relieve work stress, creating a happy and healthy work environment while contributing towards charity.</p> <p>(2) Taishin Holdings respects the opinions of its employees and has smooth communication channels in place.</p> <p>A. Group-wide surveys: All employees are invited to participate in online surveys as a means of formal employer-employee communication. The survey also helps to raise the level of employee engagement within Taishin Holdings.</p> <p>B. Regular morning meetings: These meetings are organized to discuss business process re-engineering, key projects, and to recognize employees who have displayed the values of Taishin in their work. Through the use of two-way communication, employees are able to align themselves with the corporate culture and values.</p> <p>2. Investor relations: In addition to organizing quarterly corporate investors' conferences and participating in domestic and overseas investor forums and road shows from time to time, through its Investor Relations Department, Taishin Holdings also communicates with investors regarding relevant issues via various channels including e-mail, telephone, or face-to-face meetings. Moreover, information disclosure is made through Taishin's website.</p>	No deviation

Item	Yes	No	Operating Status	Deviation from the guidelines of the practical corporate governance
			Summary Descriptions	
	✓		<p>3. Protection of consumers' interests/Customer policy: Taishin Holdings and all its subsidiaries adopt stringent measures to protect customer information. The group has adopted personal information management policies, information security policies, firewalls, and customer information confidentiality measures in accordance with the Financial Holding Company Act, Guidelines for Cross Marketing Among Subsidiaries of Financial Holding Companies, Personal Data Protection Act and other relevant regulations stipulated by the competent authority, so as to fulfill our duties of keeping customer information confidential and safeguarding customer information security.</p> <p>4. Risk management policy and risk assessment standards: Taishin Holdings and each of its main subsidiaries have independent risk management units. We have also committed substantial resources to the development of risk management systems, and implement our risk management policy to control the overall credit, market and operational risks of through qualitative and quantitative methods. Such methods include, but not limited to, the continuous strengthening of the subsidiary's detection and operation risk mechanism, pre-investment/post-investment management mechanism, and a risk management empowerment mechanism for the first line of defense,</p> <p>5. Status of Directors' continuing education: Taishin Holdings' Directors have all completed the required training hours; the progress of their training has been updated onto the Market Observation Post System according to regulations.</p> <p>6. Taishin Holdings has purchased liability insurance for Directors. These insurance policies are reviewed on a yearly basis to ensure adequate coverage.</p>	No deviation
7. Please describe improvements, priority for improvement, and measures based on the most recent Corporate Governance Evaluation results published by the Corporate Governance Center of Taiwan Stock Exchange. (Optional for companies not included in the evaluation.)	✓		<p>1. Taishin Holdings performed splendidly in Taiwan Stock Exchange's 7th Corporate Governance Evaluation in April 2021, and has been chosen as one of the constituent stocks of the TWSE CG100 Index since June 2015.</p> <p>2. Taishin Holdings maintained its commitment toward enhanced corporate governance and spared no efforts in pushing relevant improvement measures, including:</p> <p>(1) Established the Nomination Committee: Since September 24, 2020, Taishin Holdings set up the Nomination Committee, which is responsible for offering recommendations on the Board nominee roster submitted by the Board of Directors; proposing and reviewing study plans for Directors; auditing guidelines for performance appraisal of the Board of Directors and functional committees, as well as examining their implementation results; and auditing business integrity policies, as well as examining their implementation results. The Committee held 2 meetings in 2021 and the attendance rate of all members is 100%.</p> <p>(2) Formulated the Intellectual Property Management Plan: Since 2016, Taishin Holdings actively encourages its employees to file patent applications in order to interconnect Taishin Holdings' operations and strategies, as well as obtain patent protection for its self-developed products. Since 2020, the implementation results regarding these patents are reported to the Board of Directors. As of the end of 2021, Taishin Holdings possesses a total of 71 active patents. Its quantity of financial patents ranks in the top 10 among financial institutions. Taishin Holdings will actively evaluate to obtain Taiwan Intellectual Property Management System (TIPS) or similar intellectual property management system verification.</p> <p>(3) Implemented Board performance assessment: In order to facilitate Board operations, the Board of Directors of Taishin Holdings approved the amendment to the Board Performance Appraisal Guidelines on November 28, 2019, where performance appraisal mechanisms for functional committees and regular implementation of performance appraisal on the Board of Directors and committees were added. Appraisal results are disclosed on the Taishin Holdings website. In 2021, the second external expert evaluation was carried out, and the evaluation results were reported to the board of directors on October 28, 2021.</p>	No deviation

Note 1: Provide details in the comments regardless of the answer.

Note 2: Describe deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons.

e. Status of structure, responsibilities and operations of the Remuneration Committee

1. Members of the Remuneration Committee

Position	Qualifications Name	Professional Qualification and Experiences	Independence Criteria	Number of positions as Remuneration Committee member in other public companies
Independent Director (Convener)	Lin, Yi-Fu	<p><u>Industry experience/ Professional training:</u> banking, accounting, risk management</p> <p><u>Job Experience:</u></p> <ul style="list-style-type: none"> Independent Director of Taishin FHC and Taishin Bank Independent Director of Nanya Technology Corporation Minister of Ministry of Economic Affairs Minister without Portfolio of the Executive Yuan Republic of China Ambassador of Permanent Mission of the Separate Customs Territory of Taiwan, Penghu, Kinmen and Mastu to the WTO Consultant of Chinese National Association of Industry and Commerce, Taiwan (CNAIC) <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>In the two years prior to the appointment and during the term of office, the candidate is:</p> <ol style="list-style-type: none"> (1) not an employee of the company or any of its affiliates. (2) not a director or supervisor of the company or any of its affiliates (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (3) not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate number of 1% or more of the shares of the company or ranks as one of its top ten shareholders. (4) was not a spouse, second degree relative or closer, or a direct blood relative of third degree or closer to any-one listed below. <ol style="list-style-type: none"> a) A manager of the company or any of its affiliates. b) A director or supervisor of the Company or its affiliates. c) a natural-person shareholder who, combined with his/her spouse and underage children or in the name of another person, held 1% or more of the outstanding shares of Taishin Bank, nor one of Taishin Bank's top ten shareholders. (5) not a director, supervisor or employee who directly held 5% or more of the company's shares, was not one of the top five shareholders of Taishin Bank, or was not a representative of a judicial shareholder appointed as the director or supervisor of a company pursuant to Paragraph 1 or Paragraph 2, Article 27 of the Company Act (except where the person concurrently served as an independent director of the company and its parent company, its subsidiary, or another subsidiary that shares the same parent company with the company appointed pursuant to the Securities and Exchange Act or local regulations). (6) not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (7) not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (8) not a director, supervisor, manager or shareholder holding 5% or more of the company's shares of certain company or institution the company has a financial or business relationship with the company (except where the certain company or institution holds 20% or more but no more than 50% of the company's shares and is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (9) not a professional who provides audit or receives more than NT\$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor is an owner, partner, director (supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, exception applies to members of a remuneration committee, a take-over bid review committee, or a special committee for merger and acquisition exercising their authority pursuant to provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. 	3

Position	Qualifications		Independence Criteria	Number of positions as Remuneration Committee member in other public companies
	Name	Professional Qualification and Experiences		
Independent Director	Chang, Min-Yu	<p><u>Industry experience/</u> <u>Professional training:</u> banking, accounting, information technology, risk management <u>Job Experience:</u></p> <ul style="list-style-type: none"> Independent Director of Taishin FHC and Taishin Bank Certified Accountant of Deloitte Supervisor of LEO Systems Director of Chang Hwa Bank Reorganizer of First International Telecom Director and Chi-tun Consulting <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>In the two years prior to the appointment and during the term of office, the candidate is:</p> <ol style="list-style-type: none"> (1) not an employee of the company or any of its affiliates. (2) not a director or supervisor of the company or any of its affiliates (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (3) not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate number of 1% or more of the shares of the company or ranks as one of its top ten shareholders. (4) was not a spouse, second degree relative or closer, or a direct blood relative of third degree or closer to any-one listed below. <ol style="list-style-type: none"> a) A manager of the company or any of its affiliates. b) A director or supervisor of the Company or its affiliates. c) a natural-person shareholder who, combined with his/her spouse and underage children or in the name of another person, held 1% or more of the outstanding shares of Taishin Bank, nor one of Taishin Bank's top ten shareholders. (5) not a director, supervisor or employee who directly held 5% or more of the company's shares, was not one of the top five shareholders of Taishin Bank, or was not a representative of a judicial shareholder appointed as the director or supervisor of a company pursuant to Paragraph 1 or Paragraph 2, Article 27 of the Company Act (except where the person concurrently served as an independent director of the company and its parent company, its subsidiary, or another subsidiary that shares the same parent company with the company appointed pursuant to the Securities and Exchange Act or local regulations). (6) not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (7) not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (8) not a director, supervisor, manager or shareholder holding 5% or more of the company's shares of certain company or institution the company has a financial or business relationship with the company (except where the certain company or institution holds 20% or more but no more than 50% of the company's shares and is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (9) not a professional who provides audit or receives more than NT\$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor is an owner, partner, director (supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, exception applies to members of a remuneration committee, a take-over bid review committee, or a special committee for merger and acquisition exercising their authority pursuant to provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. 	0

Position	Qualifications		Independence Criteria	Number of positions as Remuneration Committee member in other public companies
	Name	Professional Qualification and Experiences		
Independent Director	Kuan, Kuo-Lin	<p><u>Industry experience/ Professional training:</u> banking, insurance, risk management</p> <p><u>Job Experience:</u></p> <ul style="list-style-type: none"> Independent Director of Taishin FHC Independent Director of Taishin Life Insurance Senior Consultant of McKinsey Chairman and CEO of Citibank Taiwan Head of Retail Banking of Citibank Taiwan Director of Citibank Insurance Brokerage and Citibank Property Insurance Brokerage <p><u>Does any of the conditions stated in Article 30 of The Company Act apply:</u> None</p>	<p>In the two years prior to the appointment and during the term of office, the candidate is:</p> <ol style="list-style-type: none"> (1) not an employee of the company or any of its affiliates. (2) not a director or supervisor of the company or any of its affiliates (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (3) not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate number of 1% or more of the shares of the company or ranks as one of its top ten shareholders. (4) was not a spouse, second degree relative or closer, or a direct blood relative of third degree or closer to any-one listed below. <ol style="list-style-type: none"> a) A manager of the company or any of its affiliates. b) A director or supervisor of the Company or its affiliates. c) a natural-person shareholder who, combined with his/her spouse and underage children or in the name of another person, held 1% or more of the outstanding shares of Taishin Bank, nor one of Taishin Bank's top ten shareholders. (5) not a director, supervisor or employee who directly held 5% or more of the company's shares, was not one of the top five shareholders of Taishin Bank, or was not a representative of a judicial shareholder appointed as the director or supervisor of a company pursuant to Paragraph 1 or Paragraph 2, Article 27 of the Company Act (except where the person concurrently served as an independent director of the company and its parent company, its subsidiary, or another subsidiary that shares the same parent company with the company appointed pursuant to the Securities and Exchange Act or local regulations). (6) not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (7) not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (8) not a director, supervisor, manager or shareholder holding 5% or more of the company's shares of certain company or institution the company has a financial or business relationship with the company (except where the certain company or institution holds 20% or more but no more than 50% of the company's shares and is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations) (9) not a professional who provides audit or receives more than NT\$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor is an owner, partner, director (supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, exception applies to members of a remuneration committee, a take-over bid review committee, or a special committee for merger and acquisition exercising their authority pursuant to provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act. 	0

2. Status of Operations of the Remuneration Committee

- (1) The company's remuneration committee consists of three members.
- (2) Term of service: From July 23, 2021 until July 22, 2024. The remuneration committee had held 3 meetings (A) in 2021, details of members' attendance are as follows:

Title	Name	Actual Attendance (B)	Proxy Attendance	Actual attendance rate (%) (B/A)	Remarks
Convener	Lin, Yi-Fu	3	0	100	
Member	Chang, Min-Yu	3	0	100	
Member	Kuan, Kuo-Lin	3	0	100	

The duties of the Committee are as follows, and its recommendations will be presented to the board of directors for discussion.

- Stipulate and review regularly the compensation policies, systems, standards and structures, and performance of directors and managers.
- Regularly review and adjust director and manager remuneration.

Remuneration Committee	Agenda and follow-up	Resolutions	Company reaction base on the opinion of Remuneration Committee
14th meeting of 4th-term committee on January 11, 2021	1. Proposal of Taishin FHC directors' and employees' Compensation from distribution of earnings in 2020. 2. Proposal for implementation of the 2020 Taishin Stock Appreciation Rights Program. 3. Proposal for discussion of number of months paid to Taishin FHC directors and Taishin Bank directors and supervisors for 2020. 4. Proposal to pay the compensation of Taishin FHC and Taishin Bank directors and supervisors reserved and deferred in 2019. 5. Proposal for distribution of Taishin FHC director and employee remuneration for 2020.	Passed by a unanimous vote	Submitted to the board of directors and passed by a unanimous vote
15th meeting of 4th-term committee on March 15, 2021	2020 performance appraisal results for the persons assigned by Taishin FHC to perform specific duty in subsidiaries. 1. Proposal for review of Taishin FHC's director remuneration. 2. Proposal for review of Taishin FHC's executives' remuneration policy. 3. Proposal for 2021 salary adjustment of Taishin FHC's Executives. 4. Proposal for adjustment of monthly remuneration for the chairperson of Taishin FHC and Taishin Bank.	Noted Passed by a unanimous vote	Submitted to the board of directors and passed by a unanimous vote.
1st meeting of 5th-term committee on July 23, 2021	Proposal for nominations of convener and chairman of the Taishin FHC Remuneration Committee..	The proposal was passed by a unanimous vote from the attending committee members to name from among themselves Independent Director Yi-Fu Lin as convener and chairman of the 5th Remuneration Committee.	

Other remarks:

1. In the event where a Remuneration Committee proposal is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, details of the agenda, the board's resolution, and the way the company processed the Remuneration Committee's proposals (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): None.
2. Should any member object or express qualified opinions to a resolution made by the Remuneration Committee, whether on-record or in writing, please describe the date and session of the meeting, details of the agenda, the entire members' opinions, and how their opinions were addressed: None.

f. Member Information and Operations of the Nomination Committee

1. Describe the eligibility requirements and responsibilities of members of the Nomination Committee.

The Company appoints at least three directors to serve on the Nomination Committee, among whom at least half should be independent directors.

The role and responsibilities of the Committee are as follows:

- (1) To recommend a list of director candidates for nomination to the Board.
- (2) To establish and to review the continuing education programs for directors.
- (3) To examine the Regulation of the Board Performance Evaluation and to evaluate the Regulation of the Board Performance Evaluation's implementation results.
- (4) To examine the Company's Ethical Corporate Management Best Practice Principles and to evaluate the Ethical Corporate Management Best Practice Principles' implementation results.

2. Professional Qualifications and Experiences and Operations of the Nomination Committee

- (1) The Nomination Committee consists of 3 members.
- (2) Current (2nd committee) term of office: From July 23, 2021 to July 22, 2024. The Nomination Committee met 5 times in the last year (2021). The professional qualifications and experiences, attendance, agenda items are as follows:

Title	Name	Professional qualifications and experiences	Actual Attendance	Attendances by proxy	Attendance rate (%)	Notes
Convener (2nd committee)	Jui-Sung Kuo	banking, in-formation technology, risk management	2	0	100.00	Newly-elected (re-election on July 23, 2021)
Convener (1st committee)	Chu-Chan Wang	banking, securities, risk management	2	1	66.67	Previously elected (re-election on July 23, 2021)
Committee Members	Yi-Fu Lin	banking, accounting, risk management	5	0	100.00	Re-elected (re-election on July 23, 2021)
Committee Members	Min-Yu Chang	banking, accounting, information technology, risk management	5	0	100.00	Re-elected (re-election on July 23, 2021)

Note 1: The actual attendance rate (%) is calculated by the number of Nomination Committee meetings and the number of times the members actually attended the meetings during a term.

Note 2: Please refer to Director Information 2 for details on the members' experiences.

Other items of mandatory registration:

Describe the date, session, and agenda of the meeting involving major agenda, members' suggestions or objections, resolutions of the Nomination Committee, and the company's responses to the Nomination Committee's opinions:

Nomination Committee Date and Session	Nomination Committee Major agenda items	Nomination Committee Resolutions	Nomination Committee members' suggestions or objections	The company's responses to the Nomination Committee's opinions
2021/03/25 3rd meeting of the 1st Nomination Committee	Status of ethical corporate management in 2020	Amendment approved	None	N/A
2021/04/29 4th meeting of the 1st Nomination Committee	The proposed list of candidates for the 8th board of directors (including independent directors) to be nominated by the board of directors	Approved	None	N/A
2021/06/24 5th meeting of the 1st Nomination Committee	Amendment of the Board Performance Appraisal Guidelines	Approved	None	N/A
2021/10/28 2nd meeting of the 2nd Nomination Committee	Performance evaluation reports on the board of directors and functional committees	Approved	None	N/A
	2022 continuing education plan for directors	Approved	None	N/A

g. Fulfillment of social responsibilities

Assessment area	Practices (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons (Note 3)												
	Yes	No	Summary (Note 2)													
1. Does the company have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and does it report its progress to the board of directors?	✓		Taishin established the Guidelines for Establishment of the Corporate Social Responsibility Committee, as well as the Corporate Sustainability Committee in 2014. Currently, the committee is convened and chaired by the President of Taishin FHC; the Chief Financial Officer of Taishin Holdings and the President of Taishin Bank serve as vice chairpersons; and CEOs from all divisions, subsidiary representatives, and foundation representatives act as executive members. The committee is responsible for formulating corporate social responsibility policies and overall goals, reviewing annual corporate sustainability plans and reports, and evaluating the progress and results of corporate sustainability projects. In addition, Taishin established the Corporate Governance Best Practice Principles and Ethical Corporate Management Best Practice Principles in 2014 to guide its corporate governance practices. Moreover, in late 2016, approval was obtained to create six functional teams under the leadership of executive committee members, including: the Corporate Sustainability Team, the Customer Relations Team, the Responsible Products Team, the Employee Care Team, the Green Operations Team, and the Social Inclusion Team. Taishin FHC and its subsidiaries and foundations are all participants in the teams, and follow the policies and goals resolved upon by the Corporate Sustainability Committee to report and implement corporate sustainability related projects. The Corporate Social Responsibility Committee convened 2 meetings in 2021. It started making annual presentations of corporate sustainability results and plans to the Board of Directors since 2018. The chairman presents business strategy reports to the Board of Directors every year. Executive members are also regular attendees of board meetings, where they may engage the Board of Directors in corporate sustainability related discussions as needed.													
2. Does the company follow the materiality principle when conducting the risk assessment of environmental, social and corporate governance topics relevant to its business activities and devise risk management policies and strategies accordingly? (Note4)	✓		<p>Taishin FHC established the Corporate Social Responsibility Committee, which is responsible for formulating and promoting corporate social responsibility strategies and overall goals. Taishin FHC identified sustainability topics through the topics collection and benchmark analysis. Sustainability topics relevant to the company were assessed by the level of stakeholder concern and the impact on the environment, economy, and society. Taishin FHC followed the materiality principle and assessed risks associated with key topics, and devised risk management policies, strategies, and responses accordingly.</p> <table><tr><th>Topics</th><th>Risk assessment items</th><th>Risk Policy / Strategies / Response methods / Opportunities</th></tr><tr><td>Environment</td><td>Green Operation</td><td><ul style="list-style-type: none">◆ To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.◆ Adopt ISO 14001, ISO 14064-1:2018 and ISO 50001 standards and expand the scope of inventories each year.</td></tr><tr><td>Society</td><td>Talent Development</td><td><ul style="list-style-type: none">◆ Establishment of the "Employee Training Guidelines", "Employee Self-development Subsidy Guidelines", and "Employee OJT Subsidy Guidelines", and the use of the Kirkpatrick Model for assessing training outcome.◆ Direct attention towards diversity, fairness and employees' rights, and provide abundant and diverse learning channels. Recruit the most suitable and talented employees through diversified channels.◆ Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Ensure zero difference in recruitment and promotion based on gender to implement Taishin's policy of diversity and non-discrimination.</td></tr><tr><td>Corporate governance</td><td>Corporate Governance and Business Integrity</td><td><ul style="list-style-type: none">◆ Establishment of "Corporate Governance Principles", "Ethical Corporate Management Best Practice Principles", "Employee Code of Conduct", and "Corporate Social Responsibility Best Practice Principles".◆ Implement a robust corporate governance framework, enhance functionality of the Board of Directors and functional committees, protect shareholders' interests and fulfill corporate responsibilities. "Integrity" has been included as part of the board's regular performance. To hold employees to the highest integrity value and measure their performance accordingly. Through implementation of well-designed systems, awareness programs and training, we hope to establish integrity deep within our corporate culture.◆ Participate in corporate governance evaluation and execute board performance assessment, and regularly review the remuneration policy and systems. To prevent dishonest behaviors through enhanced training, propaganda and supervision. Establishment of "Personnel Review Committee" and diverse communication channels to encourage and protect whistleblowers.</td></tr></table>	Topics	Risk assessment items	Risk Policy / Strategies / Response methods / Opportunities	Environment	Green Operation	<ul style="list-style-type: none">◆ To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.◆ Adopt ISO 14001, ISO 14064-1:2018 and ISO 50001 standards and expand the scope of inventories each year.	Society	Talent Development	<ul style="list-style-type: none">◆ Establishment of the "Employee Training Guidelines", "Employee Self-development Subsidy Guidelines", and "Employee OJT Subsidy Guidelines", and the use of the Kirkpatrick Model for assessing training outcome.◆ Direct attention towards diversity, fairness and employees' rights, and provide abundant and diverse learning channels. Recruit the most suitable and talented employees through diversified channels.◆ Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Ensure zero difference in recruitment and promotion based on gender to implement Taishin's policy of diversity and non-discrimination.	Corporate governance	Corporate Governance and Business Integrity	<ul style="list-style-type: none">◆ Establishment of "Corporate Governance Principles", "Ethical Corporate Management Best Practice Principles", "Employee Code of Conduct", and "Corporate Social Responsibility Best Practice Principles".◆ Implement a robust corporate governance framework, enhance functionality of the Board of Directors and functional committees, protect shareholders' interests and fulfill corporate responsibilities. "Integrity" has been included as part of the board's regular performance. To hold employees to the highest integrity value and measure their performance accordingly. Through implementation of well-designed systems, awareness programs and training, we hope to establish integrity deep within our corporate culture.◆ Participate in corporate governance evaluation and execute board performance assessment, and regularly review the remuneration policy and systems. To prevent dishonest behaviors through enhanced training, propaganda and supervision. Establishment of "Personnel Review Committee" and diverse communication channels to encourage and protect whistleblowers.	
Topics	Risk assessment items	Risk Policy / Strategies / Response methods / Opportunities														
Environment	Green Operation	<ul style="list-style-type: none">◆ To ensure that all energy conservation and environment-related activities are compliant with laws, and to mobilize employees into pollution prevention, energy conservation, and carbon reduction activities.◆ Adopt ISO 14001, ISO 14064-1:2018 and ISO 50001 standards and expand the scope of inventories each year.														
Society	Talent Development	<ul style="list-style-type: none">◆ Establishment of the "Employee Training Guidelines", "Employee Self-development Subsidy Guidelines", and "Employee OJT Subsidy Guidelines", and the use of the Kirkpatrick Model for assessing training outcome.◆ Direct attention towards diversity, fairness and employees' rights, and provide abundant and diverse learning channels. Recruit the most suitable and talented employees through diversified channels.◆ Design learning programs for different stages of career development, and introduce diverse learning solutions that conform with changes in the financial environment. Ensure zero difference in recruitment and promotion based on gender to implement Taishin's policy of diversity and non-discrimination.														
Corporate governance	Corporate Governance and Business Integrity	<ul style="list-style-type: none">◆ Establishment of "Corporate Governance Principles", "Ethical Corporate Management Best Practice Principles", "Employee Code of Conduct", and "Corporate Social Responsibility Best Practice Principles".◆ Implement a robust corporate governance framework, enhance functionality of the Board of Directors and functional committees, protect shareholders' interests and fulfill corporate responsibilities. "Integrity" has been included as part of the board's regular performance. To hold employees to the highest integrity value and measure their performance accordingly. Through implementation of well-designed systems, awareness programs and training, we hope to establish integrity deep within our corporate culture.◆ Participate in corporate governance evaluation and execute board performance assessment, and regularly review the remuneration policy and systems. To prevent dishonest behaviors through enhanced training, propaganda and supervision. Establishment of "Personnel Review Committee" and diverse communication channels to encourage and protect whistleblowers.														

Assessment area			Practices (Note 1)	Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons (Note 3)
	Yes	No	Summary (Note 2)	
3. Environmental issues				
(1) Does the company have in place a suitable environmental management system based on the characteristics of the industry?	✓		<p>1. The company has a Workplace Safety and Health Group that follows the rule of “starting with intrinsic safety of environmental design and putting prevention first”, and guarantees a healthy and safe workplace. For example, its responsibilities include setting up the epidemic prevention zone in response to Covid-19 and conducting semiannual workplace inspections to effectively maintain a quality environment and fulfill Taishin’s responsibility in environmental management.</p> <p>(Note: The company’s security measures include installing access control and security systems, as well as employing security guards in business premises. Workplace inspection measures carbon dioxide gas concentration and lighting in a workplace.)</p> <p>2. Strategy for climate change</p> <p>"Environmental Protection through Energy Saving." This is a long term commitment we made in 2009. By implementing the Environmental Sustainability Policy, we continue to promote energy saving and carbon reduction operations and energy efficiency improvement in the future. In doing so, we will be able to prevent adverse effects of business activities on the natural environment and find ways coexist with nature in peace.</p> <p>In 2021, we actively implemented green transition and good practice in various ways. Taishin Tower, Neihu Building and Jianbei Building participated in the Earth Hour initiative in March and turned off marquee and neon signs and other energy consuming light fixtures to save energy, reduce carbon and raise awareness of the conservation effort. For the purpose of reducing commuting emissions, three EV charging stations were installed at Taishin Tower in September and made available to employees and clients. Furthermore, Taishin joined the Taiwan Alliance for Net Zero Emission as one of the founding members in October, and finished replacing 10-year-old or older air conditioning units for 33 branches in November. Regarding the campaign for renewable energies, two new solar power generation systems were installed in Jianbei Building and Bade Building. In addition, Kanto Bridge Building became officially a certified green building. Taishin also took real action to support renewable energies by starting to purchase renewable energies in 2022.</p> <p>3. Introduction of environment-related systems</p> <p>We continue to adopt ISO 50001 Energy Management Systems and ISO 14064-1:2018 Greenhouse Gas Inventory standards. It is expected that ISO 14001 environmental management systems certification will be implemented for the entire company by 2023 in order to effectively monitor and track GHG emissions. Following inventory standard updates, Taishin started adopting ISO 14064-1:2018 inventory standards in 2020. In terms of GHG inventory categories, the focus is on direct emissions and organization related indirect emissions. The types of GHG include CO2, N2O, CH4, SF6, HFCs, and PFCs in the 2006 version. NF3 is added for more complete GHG quantification and better indication.</p>	No deviation
(2) Does the company work to improve resource utilization efficiency and use recycled materials that have a low impact on the environment?			<p>1. The company is committed to creating a paperless workplace with the use of electronic systems as well as environmentally friendly printer cartridges and other office supplies. Recycling bins for office supplies are placed in all departments for more efficient use of resources. The campaign "Powered by Love" urges participants to ride bikes and take public transport instead of driving to reduce carbon emissions while adopting a healthier and more environmentally-friendly lifestyle. The company calls on its employees and clients and their families to join the effort to “turn love into the energy source to save the planet”. Since 2016, The company has been awarded the Outstanding Performance Medal by the Department of Environmental Protection of the Taipei City Government for five consecutive years. The total amount of green procurement in 2021 was NT\$73,045,413, an increase of 6.19% over the previous year (2020). The listed green procurement items totaled 21 items, including notebook computers with Green Mark, video output devices, hybrid vehicles, eco- friendly toner cartridges, paper towels using recycled paper, energy-saving lamps (T5 and LED), and toilet equipment with water-saving labels as well as products such as gypsum board and mineral fiber ceilings with the green building materials label.</p> <p>2. Regarding green operations, in 2021, two new solar-power equipment were built in the Jianbei Building and Bade Building and there were 4 solar- powered places in total by the end of 2021. In addition to self-generated, self-consumption renewable energy power, the Company also reduces carbon emissions in its operations by purchasing renewable energy certificates every year, certifying green buildings, and replacing outdated air conditioners.</p> <p>3. With waste management, waste is sorted, and bottles, paper, and equipment that can be recycled or reused are recycled and processed as appropriate by professional, qualified cleaning service providers.</p> <p>4. In terms of products and services, Taishin embraces the rise of green finance, and promotes multiple fintech products and services in order to reduce paper and energy consumption. Examples of its efforts include issuing virtual credit cards and encouraging customers to switch to mobile statements. Taishin also invites customers to use mobile banking services and online applications in order to make environmental conservation a part of business development, and to work with customers to achieve environmental friendliness.</p>	

Assessment area	Practices (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons (Note 3)																																										
	Yes	No	Summary (Note 2)																																											
(2) Does the company work to improve resource utilization efficiency and use recycled materials that have a low impact on the environment?	✓		5. Resource utilization: In order to reduce the impact on the environment and the amount of waste, Taishin organizes environmental/educational campaigns and promotes environmental conservation measures. All employees are encouraged to get involved, ensuring that waste is sorted and resources are recycled and reused. Thus, the entire workforce develops good habits at home and at work, and strives to ensure environmental sustainability. 6. In terms of products and services, Taishin embraces the rise of green finance, and promotes multiple fintech products and services in order to reduce paper and energy consumption. Examples of its efforts include issuing virtual credit cards and encouraging customers to switch to mobile statements. Taishin also invites customers to use mobile banking services and online applications in order to make environmental conservation a part of business development, and to work with customers to achieve environmental friendliness.	No deviation																																										
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?			The company responds to climate change issues and the fight against global warming by actively implementing energy efficiency and carbon reduction measures inside the organization. In addition to reviewing regularly the electricity contract capacity of each building, Taishin has been replacing old and energy consuming equipment in branches across Taiwan in order to reduce energy use. Given the effects of climate risks on its clients, Taishin takes exposure, transformation, and physical risks, and applies a weighted scoring system to rank investment/financing customers in terms of climate sensitivity. The company is thereby able to identify highly climate sensitive customers and to calculate the volume of indirect GHG emissions from the investment/financing activities (Scope 3). To help value chain partners strengthen risk management, Taishin analyzes climate risks to which its major suppliers are exposed. The company also assesses the levels of disaster potential at these suppliers' geographic locations as well as the impact of cost pass-through induced by low carbon adoption regulations.																																											
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on greenhouse gas reduction, water reduction, or waste management?			The company has included its environmental protection measures and statistics, as well as its quantitative management targets for the coming years in the Taishin FHC CSR Report in accordance with Article 16 and Article 17 of the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies. The report is made available on the Taishin FHC website (Taishin Holdings/CSR/). Please visit https://www.taishinholdings.com.tw/human/human_07.jsp . Energy consumption at Taishin																																											
<table><tr><th>Type of energy</th><th>Unit of consumption</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th></tr><tr><td>Purchased electricity</td><td>kWh</td><td>42,336,996</td><td>44,864,147</td><td>35,495,288</td><td>37,757,066</td><td>37,554,325</td></tr><tr><td>Energy intensity</td><td>kWh/person</td><td>4,521.25</td><td>4,640.00</td><td>3,839.82</td><td>3,760.28</td><td>3,375.67</td></tr><tr><td>Gasoline</td><td>Liter</td><td>178,711</td><td>181,164</td><td>166,530</td><td>134,332</td><td>113,631</td></tr><tr><td>Diesel fuel</td><td>Liter</td><td>1,620</td><td>1,642</td><td>4,856</td><td>5,002</td><td>8,948</td></tr><tr><td>Natural gas</td><td>Liter</td><td colspan="5">No demand for natural gas</td></tr></table>					Type of energy	Unit of consumption	2017	2018	2019	2020	2021	Purchased electricity	kWh	42,336,996	44,864,147	35,495,288	37,757,066	37,554,325	Energy intensity	kWh/person	4,521.25	4,640.00	3,839.82	3,760.28	3,375.67	Gasoline	Liter	178,711	181,164	166,530	134,332	113,631	Diesel fuel	Liter	1,620	1,642	4,856	5,002	8,948	Natural gas	Liter	No demand for natural gas				
Type of energy	Unit of consumption	2017	2018	2019	2020	2021																																								
Purchased electricity	kWh	42,336,996	44,864,147	35,495,288	37,757,066	37,554,325																																								
Energy intensity	kWh/person	4,521.25	4,640.00	3,839.82	3,760.28	3,375.67																																								
Gasoline	Liter	178,711	181,164	166,530	134,332	113,631																																								
Diesel fuel	Liter	1,620	1,642	4,856	5,002	8,948																																								
Natural gas	Liter	No demand for natural gas																																												
<p>Note 1: Heat content conversion is based on the table Heat Content of Energy Products published by the Bureau of Energy, Ministry of Economic Affairs. Electricity (consumption) is converted at 860 kcal/kWh, motor gasoline at 7,800 kcal/L, and diesel fuel at 8,400 kcal/L. Using the conversion factor from joule to calorie (4.186 kJ/kcal), power consumption from self-produced solar power is 25,510.8kWh in 2021.</p> <p>Note 2: The data from 2017 to 2018 are based on existing statistics and extrapolated to Taishin FHC as a whole, and the data since 2019 are actual values. In 2021, apart from continuing the existing energy-saving measures, Taishin reduced energy consumption by replacing outdated air conditioning units, changing the control and adjusting the ice water temperature in the main air conditioning units in 33 branches. In 2021, the percentage of energy saving is 1.73% at Taishin Tower and 1.09% at Neihu Building. Both buildings meet the 1% reduction target set by the Bureau of Energy, Ministry of Economic Affairs.</p> <p>Note 3: Taishin Life Insurance joined Taishin Holdings in July 2021, its data is not included this time since the verification period is less than a year.</p> <p>Greenhouse gas emission at Taishin</p> <table><tr><th>Emission (tCO₂e) \ Year</th><th>2017</th><th>2018</th><th>2019</th><th>2020</th><th>2021</th></tr><tr><td>Scope1 emission</td><td>1,559</td><td>1,271</td><td>1,052</td><td>1,033</td><td>1,136</td></tr><tr><td>Scope2 emission</td><td>21,366</td><td>23,759</td><td>19,186</td><td>19,168</td><td>18,753</td></tr><tr><td>Scope1 and Scope2 emissions</td><td>22,925</td><td>25,030</td><td>20,238</td><td>20,201</td><td>19,889</td></tr></table> <p>Note 1: The data from 2017 to 2019 are based on The ISO 14064-1 standard, and is based on the new ISO 14064-1:2018 standard since 2020.</p> <p>Note 2: The disclosure of Scope 2 greenhouse gas emissions from 2017 to 2019 are location-based, and are marketing-based since 2020. The emission factor for electricity generation is based on the latest factor released by the Bureau of Energy of the Ministry of Economic Affairs prior to publication of the report.</p> <p>Note 3: Taishin's greenhouse gas emissions in 2017 have been verified by a third party for only Taishin Tower and Neihu Building. The results in 2018, except for those for the subsidiaries and overseas bank branches, have all been verified by a third party. The results since 2019 have been verified by a third party for all units under Taishin FHC.</p> <p>Note 4: Taishin Life Insurance joined Taishin Holdings in July 2021, its data is not included this time since the verification period is less than a year.</p>					Emission (tCO ₂ e) \ Year	2017	2018	2019	2020	2021	Scope1 emission	1,559	1,271	1,052	1,033	1,136	Scope2 emission	21,366	23,759	19,186	19,168	18,753	Scope1 and Scope2 emissions	22,925	25,030	20,238	20,201	19,889																		
Emission (tCO ₂ e) \ Year	2017	2018	2019	2020	2021																																									
Scope1 emission	1,559	1,271	1,052	1,033	1,136																																									
Scope2 emission	21,366	23,759	19,186	19,168	18,753																																									
Scope1 and Scope2 emissions	22,925	25,030	20,238	20,201	19,889																																									

Assessment area	Practices (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons (Note 3)
	Yes	No	Summary (Note 2)	
4. Social issues				
(1) Does the company have adequate management policies and procedures in place pursuant to the applicable regulations and the International Bill of Human Rights?	✓		<p>Taishin is committed to protection of human rights and values; compliance with the Universal Declaration of Human Rights, the International Labor Organization, the UN Guiding Principles on Business & Human Rights, and the Equator Principles; and adherence to the laws of the Republic of China as well as local laws and regulations applicable to different offices.</p> <p>In addition to complying with the conventions and recommendations of the International Labor Organization (ILO) on prohibition of forced or compulsory labor, minimum age of admission to employment, regulation of working time, and weekly rest periods, Taishin devises reasonable work rules and employment guidelines in accordance with the Labor Standards Act, the Act of Gender Equality in Employment, the Employment Service Act, and other labor laws promulgated by the competent authorities, and discloses the above rules after they are filed with the competent authorities in order to protect the rights of its employees. Taishin also takes steps to ensure that all overseas locations (including branches, offices and preparatory offices) are able to comply with local labor regulations and set reasonable work terms to protect the interests of local employees. Furthermore, Taishin not only ensures equality in pay, employment policy, training, and promotion opportunities, but also implements measures to protect female employees and creates a friendly workplace of equality. In addition, Taishin takes action to support international human rights regulations by releasing employment and human right protection statements on its private and public websites, and providing real or virtual training courses. We aim to raise awareness of human rights and gender equality in the workplace.</p>	No deviation
(2) Does the company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?			<p>Taishin participates in market-wide salary surveys annually, and designs a fair and incentive compensation system. Each year, Taishin plans year-end bonuses based on company performance and individual performance to reward employees for their effort and contributions. In addition, to avoid putting too much emphasis on short-term performance, and to encourage employees to develop long-term collaboration and enjoy long-term growth together, Taishin utilizes long-term incentive plans - Employee Share Ownership Program and Taishin Stock Appreciation Rights Program - as a means of employee retention. Meanwhile, Taishin provides benefits above the requirements of the Labor Standards Act. These benefits include an employee stock ownership trust, physical examinations, and rank-based holidays superior to statutory requirements. The company has rewarded its employees with competitive compensation and welfare packages since 2014.</p>	
(3) Does the company provide a safe and healthy work environment and organize regular health and safety training for employees?			<p>Taishin has a safety and health policy in place that complies with relevant laws and passed ISO 45001 certification in 2020. In terms of environmental safety, safety of the work place is inspected twice a year, fire equipment and exits are serviced yearly, and public safety is inspected once every two years. Qualified standard first aiders and health and safety supervisors are assigned, and first-aid kits and AEDs are deployed throughout the business premises. Taishin has also certified with AED Safty Location. With regards to regular health checks, the company offers benefits that exceed legal requirement standards, and subsidizes health checkups once every two years for general staff and once per year for managerial staff. In terms of training, all new recruits are required to undergo workplace safety and health orientation upon arrival, and existing employees need to be re-trained once every year to ensure a well-designed, safe, and healthy work environment.</p> <p>For effective workplace inspection, indoor carbon dioxide concentration and illumination are checked every six months to ensure those working on the premises are not exposed to hazards over the limits. The company also continues to campaign for a smoke-free workplace by prohibiting all employees and business partners from smoking on all premises across Taiwan. The occupational health and safety courses also serve to raise awareness of the Tobacco Hazards Prevention Act and the company's no-smoking policy.</p>	
(4) Does the company have in place effective tools to help employees with career planning and development?			<p>In addition to planning a complete orientation for new recruits, and conducting annual training needs inventory and course arrangement for each division, the Bank also uses the individual development plan (IDP) and the ten-thousand-point training credit system to meet the needs of employees' self-learning and career development.</p>	

Assessment area	Practices (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and reasons (Note 3)
	Yes	No	Summary (Note 2)	
(5) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?	✓		<p>To protect the rights of financial consumers and create a corporate culture that pays attention to financial consumer protection, The subsidiary of the Company, Taishin Bank, has established the Fair Customer Treatment Policy and the Fair Customer Treatment Strategy in accordance with the Fair Customer Treatment Principles for Financial Institutions released by the Financial Supervisory Commission. In addition to complying with the principles and rules of "fairness and integrity in contracts", "authenticity in advertising", "product or service suitability", and "informed consent and disclosure" when providing financial products or services, all employees of Taishin Bank are required to follow the principle of client protection in grievance. In other words, a consumer dispute resolution system, including the scope of consumer dispute, acceptance method, processing procedure and time, status inquiry, and regular review, is implemented to ensure the fair customer treatment principle is upheld.</p> <p>To ensure legitimate collection, processing and use of customers' personal data and to keep personal data safe, Taishin Bank has implemented a personal information protection policy in accordance with the Financial Supervisory Commission Personal Information File Security Regulations for Designated Non-Governmental Institutions. This policy is constantly reviewed and revised in line with changes in regulation. In addition to conducting regular inspections on the security of personal information, Taishin also assesses possible personal information risks and uses the findings to establish proper management practices, responses, reporting channels and preventions for incidents such as theft, alteration, destruction, loss or leakage of personal information, and thereby enforce the personal information protection system of the organization.</p> <p>Taishin Bank, a subsidiary of the Company, has a full-time unit dedicated to handling customer complaints and resolving internal/external appeals. The staff responsible for handling customer complaints will call the customer to identify and clarify matters regarding his/her complaint within one day after a case is accepted. They will then ask the relevant departments to provide explanation on the customer's complaint. The staff will also try to clarify the facts by accessing related documents and recordings simultaneously. The aim is to respond to customers in a timely manner, and resolve customers' complaints to their satisfaction by mutual agreement. In case financial consumers have doubts regarding the products or services provided by Taishin Bank, there are a number of feedback channels in place. They include the customer feedback form in branches, the customer feedback hotline and feedback email at the head office, the 24/7 customer service hotline, and the "Contact me" message board on the corporate website.</p> <p>Taishin Bank always responds to customer feedback or suggestions in a timely manner.</p> <p>Following the principle of grievance redress to ensure fair treatment of customers, the Board of Directors approved the Taishin Bank Fair Customer Treatment Policy in 2016 to regulate processing of customer complaints. The policy establishes the consumer dispute resolution system (including SOPs) under Subparagraph 2, Article 9. In addition, Taishin Bank formulated the Taishin Bank Consumer Dispute Resolution and Taishin Bank Instructions on Customer Complaint Processing Operations to stipulate the procedures and timing of complaint processing (3-15 working days depending on source of complaint, which is better than the 30-day requirement in the Financial Consumer Protection Act). Taishin Bank tries to resolve customer complaints at first contact and improve the quality of complaint resolution. Taishin Bank is equipped with complaint prevention, interim alert, and subsequent improvement mechanisms to manage complaints. Complaint prevention aims to improve customer satisfaction and reduce the occurrence of complaints, followed by instant improvement and reporting to be made by the department as soon as a complaint is filed. The approach enables the departments and executive officers to effectively monitor customer opinions and take action. It also contributes to a corporate culture that upholds fair treatment of customers.</p>	No deviation
(6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.			<p>Taishin's supplier selection and tender process are governed by the Supplier Maintenance and Management Guidelines to ensure products and quality consistently meet requirements. Priority in supplier selection and procurement decision making is required to be given to products that are certified for environmental friendliness, water efficiency, energy efficiency and green building label or products with features such as renewable materials, recyclability, or low pollution. Suppliers and products are assessed on their impact on society and the environment, and suppliers' ethical guidelines and risk management policies are also considered in the selection process. Suppliers that conform with the requirements will be required to sign the Supplier's Declaration to ensure the suppliers comply with the Labor Standards Act, particularly with regards to child labor, forced labor, human trafficking, forced labor, work hours, compensation, equality (no discrimination or harassment), freedom of association, and collective bargaining. Health and safety have also been included as part of the assessment criteria. Meanwhile, monthly satisfaction surveys and supplier self-assessment questionnaires and human rights questionnaires are in place for supplier evaluation. In addition, the yearend supplier conference provides a venue for sharing knowledge of sustainability and working together to create more sustainable competitive advantages for everyone.</p>	

Assessment area	Practices (Note 1)		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reasons (Note 3)
	Yes	No	
5. Does the company prepare sustainable development reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third-party assurance or qualified opinion for the reports above?	✓		<p>The most recent Corporate Sustainability Report of Taishin FHC was prepared in accordance with core options of Global Reporting Initiative's sustainability reporting standards (GRI Standards), the Financial Services Sector Supplement, Sustainability Accounting Standards Board (SASB), the IR framework stipulated by the International Integrated Reporting Council (IIRC), Task Force on Climate-related Financial Disclosures (TCFD), "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies," and policies or guidelines of relevant authorities.</p> <p>The 2021 Sustainability Report was received AA1000 Type 2 Accountability Principles (2018) and Performance Information certification, issued by a professional certification agency, BSI, and the Statement of Assurance Engagements Standards No.1, "Assurance Engagements other than Audits or Reviews of Historical Financial Information" with limited assurance report, issued by Pricewaterhouse Coopers, Taiwan. Certification by a certification agency contributes to the credibility and transparency of sustainability information. The independent assurance statement is disclosed in the Taishin FHC Sustainability Report 2021.</p>
6. Describe the difference, if any, between actual practice and the sustainable development principles, if the company has implemented such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies: No deviation.			
<p>7. Other useful information for explaining the status of corporate social responsibility practices:</p> <p>For more corporate sustainability projects and results, please refer to :</p> <p>Taishin FHC Sustainability Report: https://www.taishinholdings.com.tw/tsh/responsibility/report/</p> <p>Taishin website: https://www.taishinholdings.com.tw/tsh/responsibility/overview/</p>			

Note 1: If "Yes" is checked under implementation, please describe the key policies, strategies, and measures and results adopted. If "No" is checked under implementation, please give reasons and describe relevant strategies and measures to be adopted in the future.

Note 2: Where the company has prepared a corporate social responsibility (CSR) report, implementation may be replaced by referral to the CSR report and the respective page numbers.

Note 3: Non-TWSE/TPEX-listed financial holding companies are not required to complete the column "Deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation".

Note 4: The materiality principle refers to environmental, social, or corporate governance issues that have a material impact on the investors or other stakeholders of the company.

h. Status of the company in fulfilling management of integrity and measures

Item	Operating status (Note 1)		Deviations from "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies" and reason (Note 2)
	Yes	No	
Summary description			
1. Establishment of ethical corporate management policy and plans			
(1) Has the company implemented a board-approved business integrity policy and stated in its regulations and external correspondence the business integrity policy and practices, as well as the active commitment of the board of directors and management towards enforcement of such policy?			No deviation
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?	✓		
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?			

For the purpose of developing a culture of integrity and sound business practices, Taishin FHC has established the Ethical Corporate Management Best Practice Principles with board approval as part of the implementation of its core values, "Integrity, Commitment, Innovation and Cooperation". The code demonstrates Taishin FHC's business integrity policy and practices, as well as the active statement and commitment of Taishin's board of directors and management towards enforcement of such policy.

To ensure full implementation of business integrity, Taishin has implemented an unethical conduct risk assessment mechanism and established the Ethical Corporate Management Best Practice Principles, as well as relevant codes of conduct and prevention measures for business activities that are more likely to involve unethical conduct, such as those listed under Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies involving offering or taking of bribes; making illegal political donations, inadequate sponsorship or charity donations; and providing or receiving improper gifts, treatments, or other unjustified benefits.

To ensure full implementation of its business integrity policy, Taishin has established the Ethical Corporate Management Best Practice Principles based on its core values of "Integrity, Commitment, Innovation and collaboration". The company has provided therein clear guidelines on the procedures for preventing unethical conduct, as well as the obligations and responsibilities of reporting. The Personnel Review Committee is responsible for executing disciplinary actions and handling appeals., as well as evaluating ethical risks.

Taishin has the Employee Code of Conduct in place to regulate grievance procedures on illegal and unethical conduct. The code of conduct can be found on the company website under: Homepage/Investor Relations/Corporate Governance/Internal Policies and Procedures.

The URL is as follows: :<https://www.taishinholdings.com.tw/tsh/governance/regulations/>

Item	Operating status (Note 1)			Deviations from "Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies" and reason (Note 2)
	Yes	No	Summary description	
2. Enforcement of ethical corporate management				
(1) Does the company assess business partners' records of integrity, and include a moral clause in the contracts with its business partners?			Supplier selection and the tender process of Taishin are governed by the Supplier Maintenance and Management Guidelines to ensure products and quality consistently meet requirements. When selecting suppliers, the ethical standards of suppliers will be considered, including but not limited to ethical management, fair trade, disclosure of information, avoidance of illegitimate gains and false advertisements, and compliance with relevant regulations on intellectual property rights, etc. Suppliers who meet the above requirements can evaluate and register as the Company's qualified manufacturers and provide services or products to the Company. If the supplier is found to have poor performance after relevant evaluation, it will be rejected or eliminated according to the Supplier Maintenance and Management Guidelines.	No deviation
(2) Does the company have a unit responsible for business integrity on a full-time basis under the board of directors which reports the business integrity policy and programs against unethical conduct regularly (at least once a year) to the board of directors while overseeing such operations?	✓		<p>1. In 2020, Taishin established the Nomination Committee under the Board of Directors, which is responsible for auditing business integrity policies, as well as examining their implementation results. Furthermore, the Compliance Division is the unit responsible for implementing business integrity matters, including the planning, management, and execution of such. The Compliance Division reports on the implementation status of business integrity to the Nomination Committee and Board of Directors at the end of each year.</p> <p>2. Taishin ensures effective implementation of the business integrity policy. Details of implementation in 2021, which has been reviewed by the Nomination Committee and presented to the board of directors on March 24, 2022, are as follow:</p> <p>(1) Training and education</p> <p>In 2021, we stepped up the implementation of group-wide business integrity. In addition to online courses on fair treatment of customers, business integrity principles, and whistleblowing policies, our banking subsidiary held multiple fair customer treatment physical courses each quarter, with a total of 27,042 attendees throughout the year.</p> <p>Furthermore, new hire training incorporates important information to prevent unethical business practices, such as "forbidden concurrent employment and avoidance of conflicting interests", "gifts and entertainment policy", and "protection of intellectual property rights".</p> <p>(2) Compliance campaign</p> <p>Dedicated units raise awareness from time to time through compliance case studies of penalties imposed by the competent authorities. The contents include violations of the law due to unethical conduct by financial institution employees, and recommendations for future internal audit and control practices. Details of the campaigns are mailed to all units of the company to reiterate important rules to observe in business activities.</p> <p>(3) Communication channels</p> <p>Employees are able to give feedback to management and other departments through a wide range of open channels. Taishin actively discloses its business integrity policy and implementation on the company website, and in the annual reports and other public documents.</p> <p>(4) Regular review</p> <p>Unethical conduct is prevented from happening through evaluation of ethical risks, and the audit unit performs independent audits to ensure uninterrupted operation of the organization as a whole. The units work together to manage and prevent unethical conduct.</p> <p>(5) Reporting procedures and whistleblower protection</p> <p>Taishin has established the Taishin FHC Whistleblowing System to make clear the whistleblowing channels and procedures. All reports are handled and investigated by dedicated units. Any person from within or outside the company who discovers criminal, fraud, or violation is entitled to report misconduct according to the system. Taishin's Whistleblowing System states explicitly that the following measures should be taken to protect whistleblowers:</p> <p>A. The identity of the whistleblower shall be kept confidential. Information sufficient to identify a person shall not be disclosed.</p> <p>B. Taishin shall not take any report made by a whistleblower and use it against the said whistleblower as cause for dismissal, discharge, demotion, pay reduction, damage to the rights to which said whistleblower is entitled by law, contract, or convention, or any other detrimental treatment.</p>	

Item	Operating status (Note 1)		Deviations from “Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies” and reason (Note 2)
	Yes	No	
(3) Does the company have a conflict of interest management policy in place, provide adequate reporting channels, and enforce the rules accordingly?	✓		No deviation
(4) Does the company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits?		Taishin FHC has established guidelines for avoiding conflict of interest under the Board of Directors Meeting Policy and Employee Code of Conduct, and has reporting channels in place to accept verbal, written, or electronic reports of violations of such regulations.	
		Accounting and internal control systems 1. Accounting system: The company’s accounting policies are formulated in accordance with the Securities and Exchange Act, the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Business Entity Accounting Act, and the Generally Accepted Accounting Principles (GAAP). These accounting policies have been designed to faithfully and thoroughly record the company’s business activities, and to present the company’s financial and business performance in ways that are consistent with laws and the GAAP, thereby achieving effective internal supervision and reflecting financial status and operational results so as to serve as reference in strategic decision-making. 2. Internal control system The company’s internal control system has been created in accordance with Article 51 of the Financial Holding Company Act and Article 3 of the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries. The system embodies five major principles: (1) To enable a corporate culture of management supervision and control. (2) To facilitate risk identification and assessment. (3) To control activities and segregate duties. (4) To facilitate information sharing and communication. (5) To monitor and improve activities. The company has appropriate policies and operating procedures in place to guide its operations. Its rules of organization, management principles, business guidelines, and manuals are amended whenever deemed necessary. Individual units of the Company conduct regular self-assessments and are audited by the internal audit unit periodically. Taishin Securities Co., Ltd. has established an accounting system and formulated an internal control system in accordance with Article 2 of the "Regulations Governing Securities Firms" and Article 2 of the " Regulations Governing Futures Commission Merchants". The Audit Division formulates an annual audit plan based on the risk assessment results, and implements and inspects the company's internal control system accordingly. 3. In accordance with Taishin FHC's Ethical Corporate Management Best Practice Principles, the Audit Division examined the compliance with such regulation based on ethical risks and did not find any major deficiencies. "Review compliance with the Ethical Corporate Management Best Practice Principles based on ethical risk assessment results" has been added as a major audit task on the 2022 audit plan.	
(5) Does the company organize internal or external training on a regular basis to maintain business integrity?		The company arranges for its directors, supervisors, and accounting, finance and audit personnel to attend corporate governance and ethical corporate management courses both on a regular and ad hoc basis. Courses on corporate ethics, financial regulations, and code of conduct are mandatory for attendance by all new recruits. In 2021, 100% of the workforce attended courses on ethical corporate management or related topics. In total, 27,042 people finished their training in 43,164 hours.	
3. Whistleblowing system			
(1) Does the company have a well established whistleblowing and reward system and an accessible reporting channel in place, and appoint suitable representatives for approaching accused individuals?	✓	Taishin has established the Taishin FHC Whistleblowing System to make clear the whistleblowing channels and procedures. All reports are handled and investigated by dedicated units. Any individual inside or outside the company who discovers any potentially criminal, corrupt, or illegal conduct may report the case by following the whistleblowing procedures. A report may be filed by any of the following means: 1. By Mail: Whistleblowing Mailbox, No. 118, Sec. 4, Ren'ai Rd., Da'an Dist., Taipei City 106, Taiwan (R.O.C.) 2. By E-mail: whistling@taishinholdings.com.tw 3. By Telephone: (02) 2325-6076	No deviation

Item	Operating status (Note 1)			Deviations from “Sustainable Development Best Practice Principles for TWSE/ TPEX Listed Companies” and reason (Note 2)
	Yes	No	Summary description	
(2) Does the company have in place standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?	✓		All reports that Taishin receives should be investigated by the appropriate units as stated in the investigation procedures. The identity of the whistleblower should be kept strictly confidential. No information sufficient to identify the whistleblower may be released.	No deviation
(3) Has the company provided proper whistleblower protection?			Taishin’s Whistleblowing System states explicitly that the following measures should be taken to protect whistleblowers: 1. The identity of the whistleblower shall be kept confidential. Information sufficient to identify a person shall not be disclosed. 2. Taishin shall not take any report made by a whistleblower and use it against the said whistleblower as cause for dismissal, discharge, demotion, pay reduction, damage to the rights to which said whistleblower is entitled by law, contract, or convention, or any other detrimental treatment.	
4. Enhancing information disclosure				
Does the company disclose the ethical corporate management best practice principles and its results on the company website and the Market Observation Post System?	✓		Taishin is a publicly listed company (TWSE stock code: 2887), and discloses its Ethical Corporate Management Best Practice Principles on the TWSE’s Market Observation Post System. The company has the Taishin FHC Ethical Corporate Management Best Practice Principles in place, and discloses its measures and implementation of business integrity on the company website: Homepage/Investor Relations/Corporate Governance/Corporate Governance Practices. The URL is as follows: https://mops.twse.com.tw/nas/STR/288720210203PN001.pdf	No deviation
5. Describe the deviations, if any, between actual practice and the ethical corporate management principles, if the company has implemented such principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies: No deviation.				
6. Other useful information for explaining the status of ethical corporate management practices: Useful information (e.g., the company’s review or revision of its ethical corporate management guidelines):Nil.				

Note 1: Provide details in the comments regardless of the answer.

Note 2: Non-TWSE/TPEX-listed financial holding companies are not required to complete the column "Deviation from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons for deviation".

i. The company with corporate-governance guidelines and related regulations must disclose their methods for inquiry

Please refer to the company's website at <https://www.taishinholdings.com.tw/tsh/> or Taiwan Stock Exchange at <https://mops.twse.com.tw>.

j. Other important information conducive to the understanding of the corporate governance of the company

Please refer to the explanation of item d "Status of the Holding's corporate governance and its deviation from the guidelines for the practical corporate governance of the holdings industry and reasons."

k. Items concerning the implementation of Internal Control System which should be disclosed

1. Internal Control Statement

Taishin Financial Holding Co., Ltd. Statement of Internal Control System

March 24, 2022

Financial Supervisory Commission,

On behalf of Taishin Financial Holding Co., Ltd.(the Company), we hereby declare that, for the fiscal year of 2021, the Company has established internal control policies and implemented risk management system in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". These policies and practices were also inspected by the independent Audit Division which reported regularly to the Company's Board of Directors and Audit Committee.

Following our diligent assessment, we concluded that the Company's internal control, legal and compliance practices for the fiscal year of 2021 were implemented effectively, the improvement items listed on the attachment are also being executed properly. This statement will constitute part of the company's annual report and prospectus and will be publicly disclosed.

We understand that we are legally bound to the "Securities and Exchange Act" Articles 20, 32, 171, and 174.

Sincerely yours,

Chairman:

吳東亮 

President:

林維俊 

Chief Auditor:

蔡孟峰 

Compliance Officer:

游婷甯 

Taishin Financial Holding Co., Ltd.

Improvement Plan of Internal Control System

Base Date: 2021.12.31

Items for Improvement	Improvement Measures	Scheduled Date of Completion
Taishin International Bank		
1. Accidental destruction of data in outsourced warehouse storage. (This case was disclosed in the 2020 Declaration of the Internal Control Policies)	Review and improvement on the operating procedures of "file retention period for warehouse deliveries" and "execution of data destruction procedures" were completed.	Rectification completed.
2. A former financial advisor at the Zhonghe Branch embezzled customer funds and had abnormal fund transactions with customers, and a former financial advisor at the Ximen Branch as well as a current financial advisor at the Beida Branch had inappropriate business conduct. (The Zhonghe case was disclosed in the 2020 Declaration of the Internal Control Policies)	(1) Policies on transaction monitoring, financial advisor management, and rewards & salaries were amended. (2) Audio surveillance equipment is being installed at all of the banks.	Amendments on relevant monitoring regulations and policies were completed. Regarding the installation of audio surveillance equipment, according to the certificate issued by the manufacturer, the task is estimated to be completed by the end of December 2022 due to the delivery of imported materials being affected by the COVID-19 pandemic.
3. There was room for improvement in the parameter settings for suspicious transactions in the AML trading system.	(1) The Bank may perform spot checks on the operating units that are suspected to be performing poorly in transaction monitoring. (2) The Bank will authorize an external professional organization to conduct a comprehensive review on the monitoring of automatic transactions and the integrity of the establishment of relevant parameters based on the characteristics of customers and the scale of business.	(1) Rectification completed. (2) This plan will be completed by the end of December 2022.
4. The insurance brokerage business violated the relevant regulations of the Insurance Act.	The Bank will discuss with the insurance company and adjust the contents of signed contracts and memorandums regarding telemarketing commissions and fees in addition to the discussion on the establishment of telemarketing related systems.	The adjustment of contracts and the establishment of telemarketing related systems will be completed by the end of December 2022.
5. Over-concentrated mortgage loan setting businesses led to management problems with land administrators and caught the attention of the media.	(1) The Bank will terminate the labor contracts with the supervisors related to the case. (2) Regarding the management problems with the land administrators, the Bank has established an operational manual on the management of relations with land administrators for the purpose of control.	Rectification completed.
6. Letters containing special offers for customers with bad debt were sent to the wrong addresses due to human error.	(1) The mail filtering operation has been changed from manual operation to execution by the system. (2) The review mechanisms were improved to make sure the name of the customer, address, amount, and collector's phone number match the customer information saved in the system before sending out special offer letters. The review records are kept for reference.	Rectification completed.
7. Information of another insured customer was erroneously put on the consolidated statement sent to ○○ Machinery Co., Ltd.	(1) The information was edited and the correct consolidated statement was sent to the customer. (2) The function of uploading the insured customer list to the system was added to replace manual operations. The system will automatically check and detect erroneous information in the system when information is uploaded.	Rectification completed.
8. The operating procedures for reimbursements for insurance broker business still requires improvement.	(1) Relevant handling procedures have been established to improve and implement the reimbursement and controlling procedures. (2) The remaining balance of the contract with the insurance company has been entered into the account book.	Rectification completed.

Items for Improvement	Improvement Measures	Scheduled Date of Completion
Taishin Insurance		
In review of transactions made after relationships were established with high-risk customers, the selection criteria were incomplete and failed to produce the complete list, and transactions a few high-risk customers were not assessed.	(1) The selection criteria for high-risk customer transactions were improved. (2) Transactions not assessed as described above were assessed, and there was no suspicious transactions.	Rectification completed.
Taishin Securities		
1. Implementation of Anti-Money Laundering and Counter Terrorism Financing (1) Enhanced measures to inquire about their source of wealth or funds were not adopted for high-risk customers. (2) Information on beneficial ownership was not requested from an international institution and information on beneficial ownership of a legal entity was not properly filed. (This case was disclosed in the 2020 Declaration of the Internal Control Policies)	(1) Enhanced due diligence and control measures have been adopted for high-risk customers. (2) Improvement has been made, and verifying identity of beneficial owner is an explicit step.	Rectification completed.
2. A brokerage trader was found to have accepted a customer's mandate, faked telephone call recording and mandate authorization letter, and advanced the settlement payments to the customer's account.	(1) Reiterating that a complete recording should be kept when a customer places an order. (2) Conduct care interviews. (3) Strengthen routine training and case studies.	Rectification completed.
3. A salesperson accepted securities orders from someone not authorized by the customer, and exceeded the day limit where the customer was with limited capacity and opened an account through an agent and had the agent conduct trading and settlement.	(1) Strengthen routine training and case studies. (2) The day limit for underage accounts has been added to the system for better control.	Rectification completed.
4. Multifactor authentication was not implemented for online trading, delays in reporting cybersecurity incidents, and failure to review constantly the internal control system and ensure effective execution.	(1) "Order certificate" was added to the online trading system, and OTP was added to authenticate customer requests for new or replacement certificates. (2) The process and time limit for reporting cybersecurity incidents was reiterated. Adequacy of the internal control system was reviewed regularly and implemented effectively.	Rectification completed.

2. Report of independent auditor appointed to conduct special audit on the company's internal control system: Nil.

I. Irregularities bringing penalties to the financial holding firm and its subsidiaries in the recent years and rectifications in recent two years and as of the date of the publication of the annual report.

1. Indictment of executives or staffers by prosecutors for job-related crimes:

- (1) Former Taishin Bank financial specialist XXX Yang was suspected of committing the offenses of breach of special trust under The Banking Act of the Republic of China, circulate forged private document and violating the Money Laundering Control Act. Yang was prosecuted on May 28, 2019. The Taiwan New Taipei District Court sentenced Yang to four years in prison on September 29, 2021. The prosecutor filed an appeal. The case is currently being tried by the Taiwan High Court.
- (2) Former Taishin Bank auto loan advisor XXX Feng was suspected of committing fraud with purpose of obtaining illegal proceeds, entering entries he knew to be false in documents prepared in the course of his occupation, forging private documents, and committing a special breach of trust under The Banking Act of the Republic of China. Feng was prosecuted on February 24, 2020. The case is being tried by the Taiwan Taipei District Court.
- (3) Former Taishin Bank mortgage business staff XXX Lin was suspected of making in a document or certificate prepared in the course of his occupation an entry which he knows to be false. Lin was prosecuted on February 9, 2021. The Taiwan Hsinchu District Court sentenced a four-month imprisonment with three-year probation and protective restraint during probation period on May 11, 2021. The dependent is required to serve 120 hours of community service for organizations or groups aligned with specific charitable causes. NT\$14,583 in proceeds of crime not seized in the case are to be confiscated. This is the final decision of the court.
- (4) Former Taishin Bank advisor Zhou was suspected of committing a special breach of trust and forgery under the Banking Act of the Republic of China, circulate forged private document and violating the Money Laundering Control Act. Zhou was prosecuted on March 9, 2021. The Taiwan Taipei District Court sentenced Zhou to ten years and six months in prison on September 30, 2021. The prosecutor filed an appeal. The case is currently being tried by the Taiwan High Court.

2. Violations of the law for which the FSC has imposed fines, errors for which the FSC has issued warnings or issued penalties according to Article 54, Paragraph 1 of the Act, or disciplinary actions taken by the company against internal personnel for violations of internal control regulations where the results may have a material impact on shareholders equity or securities prices should be listed with the punishment, error, and improvement described in detail:

Company	Cases and values	Status of improvement
Taishin International Bank	(1) Taishin Bank was fined NT\$8 million by the Financial Supervisory Commission, through Letter No. Financial-Supervisory-Banking-Holding-10802223742 dated May 19, 2020, for the fault caused by allowing a customer to purchase an investment-linked policy with funds from a loan against a policy and mortgage lien.	1. If a customer has taken out a loan with Taishin Bank prior to purchasing an insurance product, customer services must use audio recordings to verify the source of the paid premiums with the customer before accepting the purchase. 2. The information of a customer who has taken out a loan before subscribing to insurance products must be reviewed by a supervisor. 3. Strengthen declaration on the purpose for funds.
	(2) Taishin Bank was corrected by the Financial Supervisory Commission, through Letter No. Financial-Supervisory-Banking-Holding-10902066581 dated February 1, 2021, for the fault caused by erroneous destruction of data under outsourced storage.	The Bank has reviewed and improved the operating procedures of "file retention period for storage deliveries" and "execution of data destruction procedures".

Company	Cases and values	Status of improvement
	(3) For the appropriation of customer funds and abnormal fund transfers by the former financial advisor in Zhonghe Branch, and the improper business actions of the former financial advisors of the Ximen Branch and Beida Branch, Taishin Bank was fined NT\$30 million and reprimanded, through Letter No. Financial-Supervisory-Banking-Holding-10901501692 dated July 22, 2021. The Retail Banking Group Deputy CEO Lin OO was suspended for 3 months and the insurance brokerage services for new customers of the Ximen Branch and Beida Branch was also suspended for 3 months, as per the orders of the FSC. The matters may be resumed after the improvements are approved by the FSC.	1. Policies on transaction monitoring, the financial advisor management, and rewards & salaries were amended. 2. The installation of audio surveillance equipment bank-wide, according to the certificate issued by the manufacturer, is estimated to be completed by the end of December 2022 due to the delivery of imported materials being affected by the COVID-19 pandemic.
	(4) The reported case of suspected fraudulent transaction involving transfers with customer accounts of the Bank was reprimanded by the FSC, through Letter No. Financial-Supervisory-Banking-Holding-11001454221 dated December 28, 2021.	1. The Bank will consider performing spot checks on the business units that are suspected to execute poor transaction monitoring. 2. The Bank will authorize an external professional organization to conduct a comprehensive review on the monitoring of automatic transactions and the integrity of the establishment of relevant parameters based on the characteristics of customers and the scale of business. It is expected to be completed by December 2022.
	(5) For the handling of Insurance Act violations by insurance brokerage services, Taishin was given a 1-month notice for improvement and fined NT\$3 million by the FSC, through Letter No. Financial-Supervisory-Insurance-Life-1100495291E dated December 30, 2021.	The Bank will discuss with the insurance company and adjust the contents of signed contracts and memorandums regarding telemarketing commissions and fees, in addition to formulating plans for the establishment of telemarketing related systems. It is expected to be completed by December 2022.
Taishin Insurance	(1) Taishin Life Insurance was rectified by the FSC on April 20, 2020 through Letter No. Financial-Supervisory Life Insurance 10904913482, due to two deficiencies found in the general business inspection by the Financial Examination Bureau and was ordered to rectify the deficiencies in accordance with the Personal Data Protection Law within 10 days from the day following the delivery of the Letter.	1. The demo transcript of the sales process recording has been reworked on December 1, 2019 and be included in the checklists for reviewers. 2. An inspection mechanism for returning policyholders' claims documents has been established, and the inspection sampling of mailing operations by external mail delivery firms has been added.
	(2) Taishin Life Insurance was order to make 2 rectifications by the FSC on July 20, 2020 through Letter No. Financial-Supervisory Life Insurance 10901384172, due to two deficiencies found in the security investment inspection by the Financial Examination Bureau.	1. The interim foreign exchange risk analysis report has been adjusted to include the consideration of the actual exchange rate status during the period, and the current US dollar exchange rate and related analysis should be added to the report. 2. The internal policy has been revised on May 14, 2020 that the stress test results should be evaluated and discussed, and countermeasures should be put forward in accordance with the conclusion.
Taishin Securities	(1) Taishin Securities was corrected by the Financial Supervisory Commission, through Letter No. Financial-Supervisory-Securities-Futures-1090332457 dated March 23, 2020. The Sanmin branch concurrently operates futures brokerage services and offset the position on behalf on an account holder, for which the first market order was implemented at market price.	1. Starting from May 4, 2020, the computer system will assist in offsetting positions on behalf of customers. 2. Multiple drills and training courses on offsetting transactions were held company-wide in 2020, as to enhance employees' knowledge on offsetting transactions.
	(2) Taishin Securities was corrected by the Financial Supervisory Commission, through Letter No. Financial-Supervisory-Securities-Futures-1090375481 dated December 29, 2020. The Zhongli branch concurrently operates futures brokerage services and offset the position on behalf on an account holder, for which the first market order was implemented at market price.	1. Starting from May 4, 2020, the computer system will assist in offsetting positions on behalf of customers. 2. Multiple drills and training courses on offsetting transactions were held company-wide in 2020, as to enhance employees' knowledge on offsetting transactions.

Company	Cases and values	Status of improvement
	(3) Taishin Securities was corrected and fined with NT\$500,000 by the Financial Supervisory Commission, through Letter No. Financial-Supervisory-Securities-11003603691 dated February 1, 2021 and Fine Notification No. Financial-Supervisory-Securities-Fine-1100360369, for faults found in a general inspection by the Financial Examination Bureau, Financial Supervisory Commission.	<p>1. AML/CFT related faults:</p> <p>(1) Enhanced due diligence and control measures are adopted for high-risk customers and beneficial ownership scrutiny tasks for legal entities have been announced.</p> <p>(2) Relevant procedures have been documented and types of account inspection and supervision have been added to the system.</p> <p>2. Procedures related to risk-based supervision have been established. Risk taking units have reported to the Risk Management Committee losses on their investment portfolio and subsequent management measures.</p> <p>3. The Regulations Governing Risk Allocation for Customers Investing in Foreign Securities were amended and the fee schedule was supplemented to the Taiwan Securities Association.</p> <p>4. The securities account opening agreement has been modified and "coverage by deposit insurance, insurance guaranty fund, or other protection mechanisms" has been stated in a prominent typeface.</p> <p>5. The report program for public subscription and private contributions in underwriting projects has been amended to verify whether the name of others has been used or misused to entrust subscription of shares.</p>
	(4) Taishin Securities was rectified and fined with NT\$240,000 by the FSC through Letter No. Financial-Supervisory-Securities Penalty No 11003632621 and No. 11003632622 due to the that reason the entrusted trading clerk of Jian-Bei Branch accepted the discretionary entrustment of the customer, made false telephone recordings and authorization letters, advances the customer's delivery payment, and accepted the customer's entrustment to sell securities through the mobile phone.	<p>1. It is reiterated that the complete recording record of should be kept whenever customers place an order.</p> <p>2. Conduct customer caring interview.</p> <p>3. Strengthen daily education and training and case sharing.</p>
	(5) For the entrusted trading of securities business, there are those who accept telephone entrustment to buy and sell securities by those who do not have the authorization of the client, who have limited capacity for the client and are an agent to open an account, and at the same time entrust an agent to handle trading and delivery, evaluate the client's single-day If the trading quota exceeds NT\$ 20 million etc., Taishin Securities was rectified and fined with NT\$240,000 by the FSC through Letter No. Financial-Supervisory-Securities 11003647111 and Letter No. Financial-Supervisory Penalty 1100364711.	<p>1. The daily trading quota limits for minor accounts has been incorporated into the computer system.</p> <p>2. Strengthen daily education and training.</p>

3. For individual or combined loss exceeding NT\$50 million in value which results of personnel corruption, major incidents (fraud, burglary, embezzlement and stealth of assets, fraudulent transaction, forged certificates and securities, collection of feedback, damage of natural disaster, damage of external force, hacker attack and stealth of information, and leakage of confidential business and customer information) or security incidents resulting from failing to abide by guidelines for security maintenance of financial institutions, disclose its nature and loss amount: None.

4. Other items mandated by the FSC for disclosure: None.

m. Major resolutions of the shareholder's meeting and the board of directors in the recent year and as of the date of the publication of the annual report.

1. Key resolutions of the 2021 annual general meeting (2021.07.23) and execution progress:

Agenda	Result	Implementation status
1. Acknowledgment of the 2020 business report and financial statements.	Acknowledged as proposed by voting.	The documents and reports have been disclosed and filed with the competent authority in accordance with the Company Act and the Securities and Exchange Act.
2. Acknowledgment of the 2020 earnings appropriation.	Acknowledged as proposed by voting.	The record date was set at September 13, 2021 and the payment date (NT\$0.55 per share in cash) at October 5, 2021.
3. Capitalization of the company's earnings.	Approved as proposed by voting.	The record date was set at September 13, 2021 and the payment date (NT\$0.45 per share in shares) at October 5, 2021.
4. Amendment to the "Articles of Incorporation".	Approved as proposed by voting.	The amendment has been approved by the Minister of Economic Affairs on August 24, 2021, and published on the company's website on August 24, 2021.
5. Amendments to the Shareholders' Meeting Rules.	Approved as proposed by voting.	Currently operating under the amended Shareholders' Meeting Rules.
6. Election of 8th board of directors	List of elected directors: <u>Tong-Liang Wu</u> (Representative of Chia Hao Co., Ltd.) <u>Cheng-Ching Wu</u> (Representative of TASCO Chemical Co., Ltd.) <u>Jui-Sung Kuo</u> (Representative of Hsiang Chao Co., Ltd.) <u>Chu-Chan Wang</u> (Representative of Santo Arden Co., Ltd.) List of elected independent directors: <u>Yi-Fu Lin</u> , <u>Min-Yu Chang</u> , and <u>Kuo-Lin Kuan</u>	Registration approved by the Ministry of Economic Affairs on August 24, 2021.
7. Proposal to remove involvement in competing businesses for the 8th board of directors	Approved as proposed by voting.	None.

2. Major resolutions of the board of directors in 2021 and up to the date of the publication of the annual report:

- 2021.02.25 Passed the 2020 consolidated financial statements.
- 2021.02.25 Passed the proposed calling of 2021 general shareholders' meeting on June 11, 2021.
- 2021.03.03 Passed changes to the funding plan for the investment in a 100% stake in Prudential Life Insurance.
- 2021.04.29 Passed the 2020 business report, earnings distribution proposal, and share issue against capitalized earnings.
- 2021.04.29 Passed the amendments to the "Articles of Incorporation" and the "Shareholders' Meeting Rules".
- 2021.04.29 Passed nominations for election of the 8th board of directors (and independent directors).
- 2021.04.29 Passed the proposals for the shareholders meeting to elect the 8th board of directors and to remove involvement in competing businesses for the 8th board of directors.
- 2021.06.01 Passed the letters of commitment issued for application for investment in a 100% stake in Prudential Life Insurance.
- 2021.06.01 Passed the appointment of Bank of Taiwan as the custodian of all shares in Chang Hwa Bank to handle authorization.
- 2021.06.01 Pass the start of disposal of shares in Chang Hwa Bank.
- 2021.06.24 Passed the appointment of Barry Tsai, Welch Lin, Shin-Hau Wu, Eric Chien, Ji-Hua Dong, Lai-Ping Chi, Kuo-Lin Kuan and Steve K., Chen to institutional directors of the 9th board of directors of the insurance subsidiary.

- 2021.06.24 Passed the appointment of Shou-Fu Hsieh, Eric Chien, Welch Lin, and Tong-Shung Wu to institutional directors and institutional supervisors of the 7th board of directors of Taishin Venture Capital.
- 2021.06.24 Passed the appointment of Steve Sun as the Chief Information Officer.
- 2021.06.24 Passed the date change for the 2021 annual general meeting to July 23, 2021 and the change of term start date for the directors of the 8th board to from July 23, 2021 to July 22, 2024.
- 2021.07.23 Elected Mr. Tong-Liang Wu as the chairman of the 8th board of directors.
- 2021.07.23 Passed the appointment of Tong-Liang Wu, Jui-Sung Kuo, Tong-Shung Wu, Long-Su Lin, Chih-Shang Kao, Teh-Nan Hsu, Shang-Pin Wu, Shin-Hau Wu, Yi-Fu Lin, Min-Yu Chang, and Shyan-Yuan Lee to institutional directors and independent directors of the 12th board of directors of Taishin Bank.
- 2021.07.23 Passed the appointment of Yi-Fu Lin, Min-Yu Chang, and Kuo-Lin Kuan to the 5th Remuneration Committee.
- 2021.07.23 Passed the appointment of Jui-Sung Kuo, Yi-Fu Lin, and Min-Yu Chang to the 2nd Nomination Committee.
- 2021.10.28 Passed the replacement of Eric Chien by Sung-Shou Kuo as institutional director to the 11th board of directors of Taishin Securities Investment Advisory and the replacement of Chi-Ying Sheng by Chih Yuan Liu and the addition of Eric Chien to institutional directors of the 8th board of directors of Taishin Securities Investment Trust.
- 2021.12.23 Passed the application for issuance of the first unsecured exchangeable corporate bond in the country.
- 2021.12.23 Passed a cash issue of Class F registered exchangeable preferred shares.
- 2022.02.24 Passed the 2021 consolidated financial statements.

n. Different opinions of directors or supervisors on record or in written statement on major resolutions passed by the board of directors in the recent year and as of the date of the publication of the annual report: None.

o. Resignation and dismissal of managerial officers related to the financial report including chairman, president, chief accounting officer, chief internal auditor, and chief governance officer, in the past year and up to the date of report:

Title	Name	Employment Start Date	Employment End Date	Reason for Resignation or Dismissal
None.	None.	None.	None.	None.

D. Information on CPA's fee

Base Date: Dec. 31, 2021 Unit: NT1,000

Name of accounting firm	Name of CPA	Auditing Period	Auditing fee	Non-Auditing fee	Total	Note
Deloitte & Touche	Han- Ni Fang	2021.01.01 ~ 2021.12.31	5,300	7,209	12,509	Non-audit remuneration -Others" consists mainly of tax compliance audit, acquisition and merger consulting, BEPS action plan consulting, capitalization of earnings application, Taishin FHC annual report review, and issuance of preferred shares
	Ching- Cheng Yang					

Please describe in detail services covered by non-audit remuneration: (e.g. tax compliance audit, assurance or other financial consulting services)

Note: Note: If there is any change of CPA or CPA firm during the year, please specify the duration of their services separately and state the reason for making the change in the remarks field. Any audit and non-audit remuneration paid to CPAs should also be disclosed separately. Please provide details of the services for which non-audit remuneration is paid

- a. Replacement of accounting firm and the auditing fee for the replacement year decreases from the previous year which requires mandatory disclosure of the auditing fees of the two years and pro-vision of reasons: Not applicable.
- b. Auditing fee decrease over 10% from the previous year which requires mandatory disclosure of the reduction amount, percentage, and reason: Not applicable.

E. Replacement of CPA:

a. Concerning former CPA

Replacement date	Not applicable		
Reason for replacement and explanation	Not applicable		
Explain consigner or termination or refusal of consignment by CPA	Status of related parties	CPA	Consigner
	Active terminate consignment	Not applicable	Not applicable
	Refusal to accept (continue) consignment	Not applicable	Not applicable
Certification auditing report other than report without reserved opinions in the recent two years and reason	Not applicable		
Existence of different opinions with the bank	Yes	Not applicable	Accounting principle or practical affairs
		Not applicable	Disclosure of financial report
		Not applicable	Auditing scope or procedure
		Not applicable	Others
	No	Not applicable	
	Explanation: Not applicable		
Other disclosed items (Items which should be disclosed according to item 5-1-4, article 10 of the criteria)	Not applicable		

b. Concerning succeeding CPA: Not applicable.

c. Reply of former CPA to item 5-1 and item 5-2-3, article 10 of the criteria: Not applicable.

F. Chairman, presidents, and financial or accountant managers who served at the accounting firm of the CPAs or its affiliates within the recent year: None.

G.Changes in shareholding transfer or shareholding pledge by directors, supervisors, or managers, and all parties that are subject to reporting under article 11 of regulations governing the ownership of the holding by single individuals or stakeholders, in the recent year and as of the date of the publication of the annual report.

a. Changes in shareholdings

Unit: share

Title	Name	2021				As of Feb. 28, 2022			
		Common Shares		Preferred Shares		Common Shares		Preferred Shares	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Director	Chia Hao Co., Ltd	942,363	0	0	0	0	0	0	0
Representative (Chairman)	Wu, Tong-Liang	502,163	0	0	0	0	0	0	0
Director (Major shareholder) (Note1)	TASCO Chemical Co., Ltd.	19,327,225	0	0	0	0	0	0	0
Representative	Wu, Cheng-Ching	0	0	0	0	0	0	0	0
Director	Hsiang-Chao Co., Ltd.	468,901	0	0	0	0	0	0	0
Representative	Kuo, Jui-Sung	28,851	0	0	0	0	0	0	0
Director	Santo Arden Co., Ltd.	278,499	0	0	0	0	0	0	0
Representative	Wang, Chu-Chan	520,864	0	0	0	0	(2,400,000)	0	0
Independent Director	Lin, Yi-Fu	0	0	0	0	0	0	0	0
Independent Director	Chang, Min-Yu	0	0	0	0	0	0	0	0
Independent Director	Kuan, Kuo-Lin	0	0	0	0	0	0	0	0
President	Welch Lin	449,856	0	0	0	0	0	0	0
Chief Auditor	Daniel Tsai	0	0	0	0	0	0	0	0
Chief Financial Officer	Carol Lai	68,376	0	0	0	0	0	0	0
Chief Investment Officer	Eric Chien	0	0	0	0	0	0	0	0
Chief Information Officer/Chief Information Security Officer	Steve Sun	8,000	0	0	0	0	0	0	0
Chief Risk Officer	Jey Chen	0	0	0	0	0	0	0	0
Senior Vice President	David Chang	(37,106)	0	0	0	(20,000)	0	0	0
Senior Vice President	Frank Lin	31,804	0	0	0	0	0	0	0
Senior Vice President	Andy Chang	41,475	0	0	0	0	0	0	0
Senior Vice President	Adeline Jai	14,705	0	0	0	0	0	0	0
Senior Vice President	Vincent Tsai	22	0	0	0	0	0	0	0
Senior Vice President	Tingning Yu	19,650	0	0	0	0	0	0	0
Senior Vice President	Avon Fan	0	0	0	0	0	0	0	0
Senior Vice President	Jerry Lin	0	0	0	0	0	0	0	0
Senior Vice President	Vanessa Chen	0	0	0	0	0	0	0	0
Vice President	Linda Chen	4,938	0	0	0	0	0	0	0
Assistant Vice President	Harley Ho	0	0	0	0	0	0	0	0

Title	Name	2021				As of Feb. 28, 2022			
		Common Shares		Preferred Shares		Common Shares		Preferred Shares	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Same person or same related person	Yunteh Company Limited	27,482,412	0	Not applicable (Note 3)		0	0	Not applicable (Note 3)	
Same person or same related person	Wangtien Woolen Textile Co., Ltd.	21,456,882	0			0	0		
Same person or same related person	Shi Hong Investment Co., Ltd.	180,577	0			0	0		
Same person or same related person	Taishin Leasing & Financing Co., Ltd.	40,512,179	0			0	0		
Same person or same related person	Taishin International Investment and Development Co., Ltd.	6,717,925	0			0	0		
Same person or same related person	Zhao Heng Company Limited	6,083,928	0			0	0		
Same person or same related person	An-Long Enterprise Co., Ltd.	418,192	0			0	0		
Same person or same related person	Ju-Yueh Wu	67,398	0			0	0		
Same person or same related person	Ju-Ying Wu	144,961	0			0	0		
Same person or same related person	Wu, Shin-Wei	5,384	0			0	0		
Same person or same related person	Wu, Shin-Hau	0	0			0	0		
Same person or same related person	Eric Wu	14,425	0			0	0		
Same person or same related person	Wu, Tong-Liang	502,163	0			0	0		
Same person or same related person	Wu, Chao-Tong	5,450	0			0	0		
Same person or same related person	Wu, Chao-Yi	5,450	0			0	0		
Same person or same related person	Hong Tai Investment Co., Ltd.	2,875	0			0	0		
Same person or same related person	Tong Shian Investment Co., Ltd.	6,202,548	0			0	0		

Title	Name	2021				As of Feb. 28, 2022			
		Common Shares		Preferred Shares		Common Shares		Preferred Shares	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Same person or same related person	Yi Huan Co., Ltd.	2,147,996	0	Not applicable (Note 3)		0	0	Not applicable (Note 3)	
Same Person or same related person	Chaang Her Co., Ltd.	28,505,821	0			0	0		
Same person or same related person	Shin Kong Wu Ho-Su Rescue Foundation	1,507	0			0	0		
Same person or same related person	Taishin Charity Foundation	29,500	0			0	0		
Same person or same related person	Shin Kong Wu Ho-Su Culture and Education Foundation	6,690	0			0	0		
Same person or same related person	Bo Si Company Limited	541,364	0			0	0		
Same person or same related person	Bo-Rui Co., Ltd.	4,465,217	0			0	0		
Same person or same related person	Peng, Hsueh-Fen	1,416,985	0			0	0		
Same person or same related person	Hsiang-Chao Co., Ltd.	468,901	0			0	0		
Same person or same related person Large shareholder (Note 1)	Shinkong Synthetic Fibers Corp.	(6,826,707)	0			0	0		
Same person or same related person	Shinkong Entertainment Co. Ltd.	3,439,277	0			0	0		
Same person or same related person	Ruey-Shin Enterprise Co., Ltd.	167,851	0			0	0		
Same person or same related person	Chia Hao Co., Ltd.	942,363	0			0	0		
Same person or same related person	Shinkong Company Ltd.	10,000,000	0			0	0		
Same person or same related person	Xing An Enterprise,.	106,688	0			0	0		
Same person or same related person	Ching-Wei Co., Ltd.	517,238	0			0	0		

Note 1: An entity that holds more than one percent of the shares in the Company.

Note 2: The changes in shareholding of people listed above is based on the information submitted during their term of service.

Note 3: Preferred shares issued by Taishin do not come with voting rights, and therefore Article 16 of the Financial Holding Company Act does not apply.

Note 4: As of February 28, 2022, the shareholding percentage of the issued shares with voting rights of the Company under Mr. Tong-Liang Wu and related parties is 11.92%. Please refer to MOPS(<https://mops.twse.com.tw/mops/web/t142sb01>) for detailed shareholding information.

b. Information of shareholding transfer: None.

c. Information of shareholding pledge: None.

H. Information regarding top ten shareholders who are related parties, spouses or blood relatives of second degree or closer

Information on the Relationship between the 10 largest Shareholders

Base date: April 19, 2022 unit: share; %

Number	Name	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Titles, names and relationships between top 10 shareholders who are related parties, spouses, or second-degree relatives to each other		Note
		Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Name	Relationship	
1	TASCO Chemical Co., Ltd. Representative: Wu, Cheng-Ching	454,161,588	3.72	0	0.00	0	0.00	None	None	
2	Taishin Leasing & Financing Co., Ltd. Representative: Zhong, Yong-Hong	386,601,367	3.17	0	0.00	0	0.00	None	None	
3	Norges Bank	158,031,839	1.29	0	0.00	0	0.00	None	None	
4	Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	154,624,135	1.27	0	0.00	0	0.00	None	None	
5	Tong Shan Investment Co., Ltd. Representative: Wu, Guei-Lan (Note)	144,343,264	1.18	0	0.00	0	0.00	No.9	Representative's relative within 2 tiers	
6	JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds	139,959,792	1.15	0	0.00	0	0.00	None	None	
7	TransGlobe Life Insurance Inc., Representative: Stiven Peng	133,581,000	1.09	0	0.00	0	0.00	None	None	
8	Farglory Life Insurance Co., Ltd. Representative: Meng, Chia-Jen	129,291,045	1.06	0	0.00	0	0.00	None	None	
9	Shinkong Synthetic Fibers Corporation Representative: Wu, Tung-Sheng	129,213,840	1.06	0	0.00	0	0.00	No.5	Representative's relative within 2 tiers	
10	Chaang Her Co., Ltd. Representative: Kao, Kuei-Mei	128,125,565	1.05	0	0.00	0	0.00	None	None	

Note: Wu, Guei-Lan passed away on March 30, 2016

I. The Number of shares and total share of stake in the same invested company owned by the company directly or indirectly controlled by the company and the company's directors, supervisors, president, vice presidents and branch chiefs

Base date: Dec. 31, 2021 unit: share; %

Equity investment (No te1)	Investment by the holding company (Note2)		Investment by the company directly or indirectly controlled by the holding company and the holding's directors, supervisors, president, vice presidents and branch chiefs		General investment	
	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake
Taishin International Bank Co., Ltd.	8,885,711,853	100.00	0	0.00	8,885,711,853	100.00
Taishin Securities Co., Ltd.	692,412,444	100.00	0	0.00	692,412,444	100.00
Taishin Securities Investment Trust Co., Ltd.	83,134,964	100.00	0	0.00	83,134,964	100.00
Taishin Life Insurance Co., Ltd.	496,058,267	100.00	0	100.00	496,058,267	100.00%
Taishin Securities Investment Advisory Co., Ltd.	27,599,513	92.00	0	0.00	27,599,513	92.00
Taishin Asset Management Co., Ltd.	67,100,000	100.00	0	0.00	67,100,000	100.00
Taishin Venture Capital Investment Co., Ltd.	494,439,677	100.00	0	0.00	494,439,677	100.00
Chang Hwa Commercial Bank, Co., Ltd.	2,162,772,826	20.62	28,018,362	0.27	2,190,791,188	20.89
Chieh-Bon Co., Ltd.	220,000	4.40	300,000	6.00	520,000	10.40

Note 1: Subsidiaries of Taishin Holdings.

Note 2: Investments under Articles 36 and 37



04

Capital Overview

IV. Capital Overview

A. Capital and shares

Sources of capital

Reference date: February 28, 2022 Unit: thousand shares.
Except for the issue price that is shown in NT\$1, the remaining is shown in NT\$1,000.

Times	Issuing Prices	Authorized Capital		Paid-in Capital		Remarks	
		Number of Shares	Value	Number of Shares	Value	Sources of Capital	Others
Feb. 2021	10	20,000,000	200,000,000	Common share 10,913,310 Preferred share E 800,000	Common share 109,133,101 Preferred share E 8,000,000	Issuance of new shares for exercise of options by employees	MOEA, No. 11001016210 Jan. 22, 2021 (Note 1)
May 2021	10	20,000,000	200,000,000	Common share 10,913,617 Preferred share E 800,000	Common share 109,136,171 Preferred share E 8,000,000	Issuance of new shares for exercise of options by employees	MOEA, No.11001078910 May.12.2021 (Note 2)
Sep 2021	10	20,000,000	200,000,000	Common share 11,409,383 Preferred share E 800,000	Common share 114,093,831 Preferred share E 8,000,000	Proposal to issue shares against capitalized earnings	MOEA, No.11001173780 Sep. 22. 2021 (Note 3)

Note 1: Exercise of options by employees for issuance of 1,744,000 common shares.

Note 2: Exercise of options by employees for issuance of 307,000 common shares.

Note 3: The Company issued 495,766,000 common shares from earnings.

Base date: Feb. 28, 2022 Unit: share

Share Categories	Authorized Capital			Note
	Shares in circulation	Shares without issuance	Total shares	
Common Shares	11,409,383,170	7,790,616,830	20,000,000,000	Listed shares
Preferred Shares E	800,000,000			Listed shares

B. Structure of shareholders

Structure of Shareholders (Common shares)

Base date: April 19, 2022 Unit: share; %

Structure of Shareholders Quantity	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Number of Shareholders	12	108	889	416,246	1,313	418,568
Number of shares	127,121,573	847,215,089	2,536,338,708	4,660,743,543	3,237,964,257	11,409,383,170
Share of stake	1.11	7.43	22.23	40.85	28.38	100.00

Structure of Shareholders (Preferred shares E)

Base date: April 19, 2022 Unit: share, %

Structure of Shareholders Quantity	Government Institutions	Financial Institutions	Other Institutional Shareholders	Personal Shareholders	Foreign Institutions and Personal Shareholders	Total
Number of Shareholders	0	37	190	24,398	35	24,660
Number of shares	0	535,685,631	185,597,824	78,502,655	213,890	800,000,000
Share of stake	0.00	66.96	23.20	9.81	0.03	100.00

C. Distribution of shareholding

Distribution of Shareholding (Common shares) (Par Value of NT\$10 per share)

Base date: April 19, 2022 unit: share; %

Classification of Shareholding	Number of Shareholders	Number of shares	Share of stake
1 ~ 999	114,240	27,832,548	0.24
1,000 ~ 5,000	175,164	382,527,731	3.35
5,001 ~ 10,000	48,278	344,391,297	3.02
10,001 ~ 15,000	25,121	303,195,462	2.66
15,001 ~ 20,000	12,979	227,926,251	2.00
20,001 ~ 30,000	14,043	340,642,402	2.99
30,001 ~ 40,000	8,141	279,515,992	2.45
40,001 ~ 50,000	4,111	184,237,676	1.61
50,001 ~ 100,000	8,566	588,215,579	5.16
100,001 ~ 200,000	4,368	588,611,743	5.16
200,001 ~ 400,000	1,860	512,606,700	4.49
400,001 ~ 600,000	547	265,541,587	2.33
600,001 ~ 800,000	254	175,488,167	1.54
800,001 ~ 1,000,000	136	121,221,596	1.06
1,000,001 ~	760	7,067,428,439	61.94
Total	418,568	11,409,383,170	100.00

Distribution of Shareholding (Preferred shares E)
(Par Value of NT\$10 per share)

Base date: April 19, 2022 unit: share; %

Classification of Shareholding	Number of Shareholders	Number of shares	Share of stake
1 ~ 999	16,131	2,873,004	0.36
1,000 ~ 5,000	5,972	13,430,606	1.68
5,001 ~ 10,000	1,122	8,489,762	1.06
10,001 ~ 15,000	331	4,191,500	0.52
15,001 ~ 20,000	290	5,309,213	0.66
20,001 ~ 30,000	222	5,478,308	0.68
30,001 ~ 40,000	134	4,892,725	0.61
40,001 ~ 50,000	87	3,913,946	0.49
50,001 ~ 100,000	167	11,919,367	1.49
100,001 ~ 200,000	72	10,522,716	1.32
200,001 ~ 400,000	44	12,461,929	1.56
400,001 ~ 600,000	12	6,044,961	0.76
600,001 ~ 800,000	8	5,554,144	0.69
800,001 ~ 1,000,000	9	8,590,284	1.07
1,000,001 ~	59	696,327,535	87.04
Total	24,660	800,000,000	100.00

D. Major shareholders

Base date: April 19, 2022 unit: share; %

Names of Shareholding	Number of Shares	Share of Stake
TASCO Chemical Co., Ltd.	454,161,588	3.72
Taishin Leasing & Financing Co., Ltd.	386,601,367	3.17
Norges Bank	158,031,839	1.29
Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds	154,624,135	1.27
Tong Shan Investment Co., Ltd.	144,343,264	1.18
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, A Series of Vanguard Star Funds	139,959,792	1.15
TransGlobe Life Insurance Inc.	133,581,000	1.09
Farglory Life Insurance Co., Ltd.	129,291,045	1.06
Shinkong Synthetic Fibers Corporation	129,213,840	1.06
Chaang Her Co., Ltd.	128,125,565	1.05

Note: The list above discloses the top 10 shareholders, preferred shares included.

E. Market price, net worth, earnings and dividends per share

Unit: NT\$1

Items			Year	2020	2021	As of Feb. 28, 2022 (Note 6)
Market Price Per Share	Highest			14.80	19.70	20.90
	Lowest			10.10	12.50	18.70
	Average			13.02	16.25	19.93
Net Worth Per Share	Before distribution (coverage of loss)			13.22	13.70	13.74
	After distribution (coverage of loss)			12.80	(Note 1)	NA
Earnings Per Share	Weighted Average Outstanding shares (thousand share)	Before Adjustment		10,908,623	11,409,326	11,409,383
		After Adjustment		11,404,162	11,409,326	NA
	Earnings per share	Before Adjustment		1.17	1.63	0.09
		After Adjustment		1.12	1.63	NA
Dividends Per Share	Cash Dividend			0.5552	(Note 1)	NA
	Stock Dividend	Dividends from Retained Earnings		0.4543	(Note 1)	NA
		Dividends from Capital Surplus		0	(Note 1)	NA
	Accumulated Undistributed Dividends (NT\$ thousand) (Note 2)			0	0	NA
Analysis for Return on Investment	Price to Earnings Ratio (Note 3)			11.24	9.79	NA
	Price to Dividends Ratio (Note 4)			23.70	(Note 1)	NA
	Cash Dividends Yield (Note 5)			4.22%	(Note 1)	NA

Note 1: The Earning distribution for year 2021 hasn't been approved by the General Shareholders' Meeting.

Note 2: Refer to accumulated dividend payable for preferred shares.

Note 3: Price to earnings ratio=Average closing price of the said year/Earning per share.

Note 4: Price to dividends ratio=Average closing price of the said year/Cash dividends per share.

Note 5: Cash dividends yield=Cash dividends per share/Average closing price of the said year.

Note 6: Data exposed as of the date for the publication of the 2021 annual report.

F. Dividends policy and execution

a. Dividend Policy

Any earnings concluded in a financial year shall first make up for loss of previous years, right after statutory taxation and accounting adjustments. Any surplus is subject to provision of a 10% legal reserve and special reserve according to law. The remaining balance, if any, will be combined with special reserve reversal and initial cumulative undistributed earnings available for dividend distribution into the amount available for distribution on ordinary shares and preferred shares. In particular, cash dividends may not be lower than 10% of the total amount of dividend distribution in the same year. Earnings distribution proposals will be devised by the board of directors and submitted to the annual general meeting for acknowledgement. The rights and obligations and the priority, amount and method of distribution associated with preferred shares shall be governed by the preferred shares provisions in the Articles of Incorporation.

Shareholders shall be entitled to profit distributions. To protect stockholders' investment interests, Taishin Holdings allocates 50% or more of the period profits available for distribution to shareholder dividends(after deducting the beginning undistributed earning adjustments). 80% or more of the period profits available for distribution were distributed as shareholder dividends in the latest three years.

For the purposes of continuing expansion and increasing profitability while considering overall cash flow requirements and keeping the capital adequacy ratio at level that meets the regulatory requirements and is internationally accepted, the company adopts a residual dividend policy to accommodate the dilution by share dividends for common shares .

With respect to dividend distribution, the company focuses on the requirements of business operations, capital planning, cash flow requirements for subsidiary investments and mergers and acquisitions, and material regulatory changes, and chooses to distribute stock dividends to retain the needed cash as a principle and any balance can be distributed as cash dividends.

b. Items on the agenda of the shareholders' meeting

1. Distribution of earnings in accordance with Article 40-1 of the Company's Articles of Incorporation.
2. Taishin Holdings' 2021 audited after-tax profit amounted to NT\$20,311,808,352. After considering the initial undistributed earnings and undistributed earning adjustments, allocating NT\$2,047,299,512 for the 10% legal reserve as stipulated by Article 237 of the Company Act and Article 40-1 of our Articles of Incorporation, and allocating NT\$8,304,401,760 to the special reserve pursuant to Article 41, Paragraph 1 of the Securities and Exchange Act and the FSC Order Jin-Guan-Yin-Fa No. 10310006310, the distributable earnings for this year were NT\$14,758,815,055. The following surplus allocation and dividend distribution have been proposed according to the Articles of Incorporation:
 - (1) First, NT\$1,757,500,000 of cash dividends will be allocated to Class E preferred shareholders;
 - (2) Next, NT\$12,550,321,488 of dividends will be allocated to common shareholders (approximately NT\$1.100 per share). This amount consists of NT\$6,902,676,818 of cash dividends (approximately NT\$0.605 per share) and NT\$5,647,644,670 of stock dividends (approximately NT\$0.495 per share). The NT\$5,647,644,670 of stock dividends shall be paid with a new offering of 564,764,467 common shares with a par value of NT\$10 per share. The rights and obligations of the new shares to be issued will be the same as the existing common shares. The aforementioned issuance of new common shares as stock dividends shall be discussed in a separate agenda item.
3. The amount of dividends distributed to each common share is based on 11,409,383,170 shares outstanding as at April 13, 2022. The amount per share actually distributed will vary due to share buyback, sell-down, conversion, or de-registration, capital increase or any other reason that occurs before the ex-dividend/ex-right date. Adjustments will be made according to the actual number of outstanding common shares on the ex-dividend date, however, the total amount distributed will remain unchanged.
4. The Board of Directors has authorized the Chairman to set the ex-dividend date and the payment date of cash dividends for Class E preferred shares. Otherwise, the ex-dividend/ex-right date and the payment date of the dividends for common shares will be determined by the Board of Directors.

G. Effect of resolution of the shareholders' meeting to issue stock dividend on business performance and earnings per share

Pursuant to Letter No. Taiwan-Finance-Securities-I-00371 dated February 1, 2000; the company is not required to disclose this information because it does not publish financial forecasts.

H. Employee bonus and compensations for directors and supervisors

a. Percentages and scope of employee bonus and compensations for directors and supervisors in accordance with articles of incorporation

0.01% of any profit made by the company in the current year shall be allocated as employee bonus, and the board of directors shall decide to distribute the bonus as shares or cash, which can also be distributed to employees of affiliated companies that meet the criteria specified in the Company Act. The company may have the board of directors allocated no more than 1% of the aforesaid profit to director remuneration.

A sum shall be set aside in advance to pay down any outstanding cumulative losses before employee bonus and director remuneration can be allocated according to the above percentage.

Employee bonus and director remuneration proposals shall be presented to the shareholders meeting.

b. Accounting treatment for the difference between accrual and actual payment for employee bonus and compensation for directors and supervisors

Employees' bonuses for the current period have been estimated based on the criteria laid out in the Articles of Incorporation. Should the actual amount differ from the amount estimated, the difference will be treated as changes in accounting estimates.

c. Information on proposal of the board of directors to issue employee bonus

1. Payout of cash bonus for employees, stock dividend, and compensations for board directors and supervisors. If there is a difference between accrual and actual payment, please disclose the difference amount, the reason and the treatment.

- (1) Compensation to employees and directors amounted to NT\$ 2,015 thousand and NT\$151,088 thousand respectively.
- (2) The estimated amount of remuneration of employees and directors for the current period deviated from the actual amount decided by the Board of Directors by NT\$ 47,971 thousand. The deviation was caused by changes in accounting estimates, and will be recognized in the 2022 profit and loss.

2. Amount of employees' bonus to be paid in stock, and as a percentage to net profit after tax plus employees' total bonus for the current period: Nil.

d. Remuneration report and results at the general shareholders meeting: Expected to be reported to the general shareholders meeting on June 17, 2022.

e. Any discrepancy between actual distribution of remuneration of employees, directors and supervisors in previous year (including the number of shares, amount and stock price) and the recognized actual dividends for employee bonus and compensations for board directors and supervisors of previous year.

The actual amount of employee remuneration paid in the previous year was NT\$ 1,445 thousand and the director remuneration NT\$ 108,427 thousand. The actual amounts deviated from the recognized employee remuneration and director remuneration by NT\$36,291 thousand, which was attributed to changes in accounting estimates, and recognized in the 2021 profit and loss.

I. Buyback of the company's treasury stock: Nil.

J. Issuance of corporate bonds

a. Issuance of Corporate Bonds

Issuance of Corporate Bonds - 1

Base date: Feb. 28, 2022

Type of Corporate Bonds		2017 Domestic 1st Unsecured Subordinated Corporate Bond
Date of issuance		Oct. 26, 2017
Par value		NT\$1,000,000
Issue & trade place		Republic of China
Issue price		According to the denomination of bonds full issue
Issue amount		NT\$8.0 Billion
Coupon rate		1.9% per annum
Tenor		10 years (Oct. 26, 2027)
Subordinate / Senior Ranking		Subordinated
Guarantor		None
Trustee		Taipei Fubon Bank
Underwriting institution		Taishin Securities
Certified lawyer		True Honesty International Law office's lawyer: Hueiji Guo
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Peter Tsai & Qinzhen Yang
Repayment method		Repayment at maturity
Outstanding principle		NT\$8.0 Billion
The terms and conditions for redemption or early repayment		None
Restrictive clause		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Whether included as eligible capital		Yes
Credit rating agency, rating date and rating		None
Other rights	As of the printing date of this annual report, converted amount of (exchange or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of corporate bonds, or due to exchange, subscription or issuance terms		None
Custodian		None

Issuance of Corporate Bonds - 2

Base date: Feb. 28, 2022

Type of Corporate Bonds		2018 Domestic 1st Unsecured Subordinated Corporate Bond
Date of issuance		Jul. 10, 2018
Par value		NT\$1,000,000
Issue & trade place		Republic of China
Issue price		According to the denomination of bonds full issue
Issue amount		NT\$7.0 Billion
Coupon rate		1.92% per annum
Tenor		15 years (Jul. 10, 2033)
Subordinate / Senior Ranking		Subordinated
Guarantor		None
Trustee		Taipei Fubon Bank
Underwriting institution		Taishin Securities
Certified lawyer		True Honesty International Law office's lawyer: Hueiji Guo
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Tza-Li Gung & Kwan-Chung Lai
Repayment method		Repayment at maturity
Outstanding principle		NT\$7.0 Billion
The terms and conditions for redemption or early repayment		None
Restrictive clause		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Whether included as eligible capital		Yes
Credit rating agency, rating date and rating		None
Other rights	As of the printing date of this annual report, converted amount of (exchange or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None
Custodian		None

Issuance of Corporate Bonds - 3

Base date: Feb. 28, 2022

Type of Corporate Bonds		2019 Domestic 1st Unsecured Subordinated Corporate Bond
Date of issuance		Apr. 30, 2019
Par value		NT\$1,000,000
Issue & trade place		Republic of China
Issue price		According to the denomination of bonds full issue
Issue amount		NT\$7.0 Billion
Coupon rate		1.60% per annum
Tenor		15 years (Apr. 30, 2034)
Subordinate / Senior Ranking		Subordinated
Guarantor		None
Trustee		Taipei Fubon Bank
Underwriting institution		Taishin Securities
Certified lawyer		True Honesty International Law office's lawyer: Hueiji Guo
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Tza-Li Gung & Kwan-Chung Lai
Repayment method		Repayment at maturity
Outstanding principle		NT\$7.0 Billion
The terms and conditions for redemption or early repayment		None
Restrictive clause		Interest and principle payments will be suspended if interest payments or return of principle on the company's debt cause the company's consolidated capital adequacy ratio to fall below the minimum requirement of the competent authority. Principle or interest (interests may be accumulated, interests on interests and principle rollovers to be calculated at coupon rates) may be paid only when the aforementioned ratio meets the competent authority's requirement.
Whether included as eligible capital		Yes
Credit rating agency, rating date and rating		None
Other rights	As of the printing date of this annual report, converted amount of (exchange or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None
Custodian		None

Issuance of Corporate Bonds - 4

Base date: Feb. 28, 2022

Type of Corporate Bonds		1st Issuance of Unsecured Corporate Bonds of Taishin FHC of Year 2020
Date of issuance		May 20, 2020
Par value		NT\$1,000,000
Issue & trade place		Republic of China
Issue price		According to the denomination of bonds full issue
Issue amount		NT\$10 Billion
Coupon rate		Tranche A: 0.75% per annum Tranche B: 0.80% per annum Tranche C: 0.95% per annum
Tenor		Tranche A: 5 years Maturity: May 20,2025 Tranche B: 7 years Maturity: May 20,2027 Tranche C: 15 years Maturity: May 20,2035
Subordinate / Senior Ranking		Senior
Guarantor		None
Trustee		Taipei Fubon Bank
Underwriting institution		Taishin International Bank
Certified lawyer		Far East Law office's lawyer: Ya-Wen Chiu
CPA-auditor of the financial report		Deloitte & Touche's CPAs: Tza-Li Gung & Kwan-Chung Lai
Repayment method		Repayment at maturity
Outstanding principle		NT\$10 Billion
The terms and conditions for redemption or early repayment		None
Restrictive clause		None
Whether included as eligible capital		Not Applicable
Credit rating agency, rating date and rating		None
Other rights	As of the printing date of this annual report, converted amount of (exchange or subscribed) ordinary shares, GDRs or other securities	None
	Issuance and conversion (exchange or subscription) method	None
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None
Custodian		None

b. Convertible bonds: Nil.

c. Exchangeable corporate bonds: Nil.

d. A shelf registration to issue corporate bonds: Nil.

e. Bonds with warrant: Nil.

K. Issuance of preferred shares

a. Issuance of Preferred Shares

Issuance of Preferred Shares - 1

Base date: Feb. 28, 2022

Item		Issuing Date	Dec. 28, 2016 Class E preferred shares
Face value		NT\$10	
Issue Price		NT\$50 per share	
Number of shares issued		500,000,000 shares	
Total monetary amount of the issue		NT\$25,000,000,000	
Obligation & rights	Dividend Yield and Payment	<p>Dividend Yield: An annual dividend yield is set at 4.75%$[1.2175\%+3.5325\%]$ "7-year IRS+ The fixed rate" per annum of the issue price at the pricing day. "The fixed rate" will be determined by the chairman, who was authorized by the board, of 7-year IRS will be reset on the next business day after each seventh 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 7-year IRS rate is the arithmetic mean of 7-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 company will determine the rate based on reasonable market price with good faith.</p> <p>Dividend Payment: The company has sole discretion on the distribution of Class E preferred share dividends. Earnings distribution proposals will be devised by the board of directors in accordance with Article 40-1 of the Articles of Incorporation and then submitted to the annual general meeting of shareholders for acknowledgment. Earnings available for distribution to preferred shares and ordinary shares under an acknowledged earnings distribution proposal will be distributed firstly to Class D preferred shares and then to Class E preferred shares, if any. Any remaining balance shall be distributed according to the Articles of Incorporation. In years when the company concludes insufficient or no surplus to fully pay off dividends for Class E preferred shareholders, the unpaid dividend will not be carried forward to years with earnings.</p> <p>Dividends on Class E preferred shares will be paid in cash. Once the company's financial statements have been acknowledged and earnings distribution approved during the annual general meeting, the board of directors shall be authorized to set the baseline date for the distribution of the Class E preferred share dividend. Distribution of dividends in the issuance year shall be calculated from the corresponding issuance date (record date) proportionally at the ratio of actual number of days after issuance to the total number of days in the year. Recovery of annual dividends shall be calculated proportionally at the ratio of actual number of days until the recovery and cancellation deadline to the total number of days in the year.</p>	
		<p>Allotment of remaining properties</p> <p>Class E preferred shareholders shall be given priority to claim on the company's remaining properties over ordinary shareholders, but subordinate to Class D preferred shareholders, and no more than issuance amount of outstanding Class E preferred shares.</p>	
		<p>Voting or election rights</p> <p>Class E preferred shareholders are not entitled to any voting rights or election rights in shareholders' meeting. However, they may vote in Class E preferred shareholder meetings and in general shareholder meetings with regard to agenda items concerning rights and obligations of Class E preferred shareholders.</p>	
		<p>Other rights</p> <p>When the Company issues new shares for capital raising, Class E preferred shareholders shall be entitled equivalent preemptive rights on the new shares to ordinary shareholders and Class D preferred shareholders.</p>	
Preferred shares outstanding	Total amount of redemption or conversion	None	
	Total amount to be redeemed or converted	NT\$25,000,000,000	
Market Price	2019	Highest	56.3
		Lowest	53.3
		Average	55.3
	2020	Highest	56.6
		Lowest	50.1
		Average	53.9
	2021	Highest	54.4
		Lowest	51.0
		Average	52.7
	As of 2022.02.28	Highest	53.4
		Lowest	53.0
		Average	53.2
Other rights	Total amount of conversion or subscription up to the published day	0	
	Issuance and conversion (exchange or subscription) method	Refer to the Articles of Incorporation	
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None	

Issuance of Preferred Shares - 2

Base date: Feb. 28, 2022

Item		Issuing Date	Nov. 30, 2018 Class E preferred shares
Face value		NT\$10	
Issue Price		NT\$50 per share	
Number of shares issued		300,000,000 shares	
Total monetary amount of the issue		NT\$15,000,000,000	
Obligation & rights	Dividend Yield and Payment	<p>Dividend Yield: An annual dividend yield is set at 3.8%[1.1%+2.7%] "7-year IRS+ The fixed rate" per annum of the issue price at the pricing day. "The fixed rate" will be determined by the chairman, who was authorized by the board, of 7-year IRS will be reset on the next business day after each seventh 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 7-year IRS rate is the arithmetic mean of 7-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 company will determine the rate based on reasonable market price with good faith.</p> <p>Dividend Payment: The company has sole discretion on the distribution of Class E preferred share dividends. Earnings distribution proposals will be devised by the board of directors in accordance with Article 40-1 of the Articles of Incorporation and then submitted to the annual general meeting of shareholders for acknowledgment. Earnings available for distribution to preferred shares and ordinary shares under an acknowledged earnings distribution proposal will be distributed firstly to Class D preferred shares and then to Class E preferred shares, if any. Any remaining balance shall be distributed according to the Articles of Incorporation. In years when the company concludes insufficient or no surplus to fully pay off dividends for Class E preferred shareholders, the unpaid dividend will not be carried forward to years with earnings.</p> <p>Dividends on Class E preferred shares will be paid in cash. Once the company's financial statements have been acknowledged and earnings distribution approved during the annual general meeting, the board of directors shall be authorized to set the baseline date for the distribution of the Class E preferred share dividend. Distribution of dividends in the issuance year shall be calculated from the corresponding issuance date (record date) proportionally at the ratio of actual number of days after issuance to the total number of days in the year. Recovery of annual dividends shall be calculated proportionally at the ratio of actual number of days until the recovery and cancelation deadline to the total number of days in the year.</p>	
		Allotment of remaining properties	
		Voting or election rights	
		Other rights	
Preferred shares outstanding	Total amount of redemption or conversion	None	
	Total amount to be redeemed or converted	NT\$15,000,000,000	
Market Price (Note)	2019	Highest	55.1
		Lowest	50.3
		Average	52.6
	2020	Highest	55.1
		Lowest	49.5
		Average	52.3
	2021	Highest	52.9
		Lowest	50.3
		Average	51.6
	As of 2022.02.28	Highest	51.9
		Lowest	51.6
		Average	51.7
Other rights	Total amount of conversion or subscription up to the published day	0	
	Issuance and conversion (exchange or subscription) method	Refer to the Articles of Incorporation	
Possible dilution of equity and impact on equity of existing shareholders due to issuance or conversion of Corporate bonds, or due to exchange, subscription or issuance terms		None	

Note: Class E preferred shares were listed on Jan. 8, 2019. The prices in 2016 are unavailable. The highest, lowest, and average market prices per share in 2019 are based on daily closing prices between the listing date and December 31. (source: TWSE website).

b. Data on preferred shares with stock right: Nil.

L. The issuance of global depositary receipts: Nil.

M. The issuance of employees' stock option

a. The status of utilization of outstanding employees' stock option

Base date: Feb. 28, 2022

Type of Employees' Stock option	99-2nd Employees' Stock option
Date approved by authority	Sep. 1, 2010
Issue date	Aug. 31, 2011
Number of shares issued	1,610,000 shares
The Number of shares for warrants as a percentage of total amount of issued shares (%)	0.01%
Duration for stock options	Aug. 31, 2011 ~ Aug. 30, 2021
Converted from	New Common shares
Duration and percentage (%) for stock options	Aug. 31, 2013 ~ Aug. 30, 2021 First to fifth issuance: 15-40% each
Number of shares obtained via execution of warrants	1,507,000
Value of shares obtained via execution of warrants (NT\$)	11,736,200
Number of shares for warrants yet to be executed	0
Share price for warrants yet to be executed (NT\$/ per share)	0
Percentage of the Number of shares for warrants yet to be executed in the total amount of issued shares (%)	0.00%
Impact on shareholders'equities	The diluting effect on the interest of original shareholders is limited since stock options can be executed only two years after their issuance and within set period, thereby spreading the diluting effect.

b. Managers who have acquired employee stock options and the top ten employees with the highest number of convertible rights

Base date: Feb. 28, 2022

Item	Position	Name	Convertible rights acquired (1,000 Shares)	Convertible rights as a percentage of total outstanding shares	Exercised				Not exercised			
					Number of rights (1,000 Shares)	Price of rights (NT\$/Per Share)	Value of rights (NT\$ 1,000)	Rights as a percentage of total outstanding shares	Number of rights (1,000 Shares)	Price of rights (NT\$/Per Share)	Value of rights (NT\$ 1,000)	Rights as a percentage of total outstanding shares
Managers	President	Welch Lin										
	Chief Auditor	Daniel Tsai										
	Chief Financial Officer	Carol Lai										
	Chief Investment Officer	Eric Chien										
	Chief Information Officer	Steve Sun	99 option	99 option	99 option	99 option	99 option	99 option	99 option	99 option	99 option	99 option
	Chief Risk Officer	Jey Chen	2nd	2nd	2nd	2nd	2nd	2nd	2nd	2nd	2nd	2nd
	Senior Vice President	David Chang	104	0.001%	104	6.6	686.4	0.001%	0	0	0	0.00%
	Senior Vice President	Frank Lin										
	Senior Vice President	Andy Chang										
	Senior Vice President	Vincent Tsai										
	Senior Vice President	Tingning Yu										

c. Issuance of restricted right shares for employees: Nil.

N. Mergers and acquisitions or transfer of other financial institutions

Taishin Financial Holding Co., Ltd.

1. Any opinions by accountants that should be disclosed regarding the reasonable share swap ratio for mergers acquisitions or sale of financial institutions over the past year: Nil.

2. State of mergers & acquisitions or sale of financial institutions over the past five years.

Taishin Securities Co., Ltd., a subsidiary of Taishin Holdings, acquired Ta Chong Securities Co., Ltd. through a cash transaction on August 28, 2017.

Taishin FHC's subsidiary, Taishin International Bank, assumed the existing insurance brokerage business of its subsidiary, Xiang-An Life Insurance Agency Co., Ltd., by transfer of business on November 2, 2019.

On August 11, 2020, Taishin Holdings submitted a proposal to invest in Prudential Life Insurance Company of Taiwan Inc to the Board of Directors. As of the publication date of the annual report, it is undergoing review by the Financial Supervisory Commission (the competent authority).

On June 30, 2021, Taishin Holdings acquired 100% of 496,058,267 shares of Prudential Life Insurance Company of Taiwan Inc via cash transaction and renamed it to Taishin Life Insurance Co., Ltd.

The stock agent business under Taishin International Bank was spun off to Taishin Securities Co., Ltd. on November 8, 2021.

Methods of issuing new shares in such M&A or sale, and opinions issued by the leading underwriter: Not applicable.

3. In the most recent financial year and up to the printing of this annual report, disclosure of the basic data of mergers & acquisitions or sale of other financial institutions in which the Board of Directors has approved such M&A or sale that involves the issuance of new shares: The Board of Directors passed no resolution to issue new shares for merging or share transfer from other financial institutions in the past year and up to the publication date of this report.

O. The execution of fund utilization plan

As of the quarter preceding the publication date of the annual report, all fund utilization plans of previous offerings or private placements of securities and corporate bonds have been completed, and there is not a fund utilization plan in the last three years that has been completed without realizing the expected benefits.

a. Plan

Analysis of previous offerings or private placements of securities and corporate bonds that have not been completed, and the not-yet-realized expected benefits of fund utilization plans completed in the last three years: None.

b. Current progress

As of the quarter preceding the publication date of the annual report, reasons for the fund utilization plans of previous offerings or private placements of securities and corporate bonds not having been completed, one or more fund utilization plans in the last three years having been completed without realizing the expected benefits, or the progress or benefits falling short of expectations: None.



05

Operating Status

V. Operating Status

A. Business contents

Taishin Financial Holding Co., Ltd.

a. Business scope

1. Scope of business

According to Article 36 of the Financial Holding Company Act, the business of the Company is limited to investment in, and management of, its invested enterprises.

The Company may apply to the competent authority for approval to invest in the following.

- (1) Financial holding companies.
- (2) Banking enterprises.
- (3) Bills finance enterprises.
- (4) Credit card businesses.
- (5) Trust enterprises.
- (6) Insurance enterprises.
- (7) Securities enterprises.
- (8) Futures enterprises.
- (9) Venture capital enterprises.
- (10) Foreign financial institutions which have been approved for investment by the competent authority.
- (11) Other enterprises for which the competent authority determines to be finance-related.

2. Revenue breakdown

Unit: NT\$1,000

Item	Amount	%
Investment income under equity method	16,174,465	61.78
Other net income	10,006,738	38.22
Total	26,181,203	100.00

b. Business Operating plan

1. Continuously increase Bank, Insurance and Security Subsidiaries' scale and profit.
2. Deepen subsidiaries' cooperation to drive more business synergy.
3. Develop and implement digital strategy and roadmap.
4. Enhance ESG culture to increase business competitiveness.
5. Rooted integrity and compliance culture, and strengthen operation risk management.
6. Optimize capital management.
7. Implement information security networks.
8. Agile, Innovative and stable information technology to lead digital development.
9. Strengthen brand image to recruit top talent.

c. Industry status

1. Market status

The coronavirus dealt a devastating blow to the global economy in 2020. Major economies, such as the United States, China, the euro area, and Japan, all reported the biggest quarterly plunges in history in the first half of the year. China, being the first to face an outbreak and also the first to initiate a national lockdown, saw an economic drop of 6.8% in the first quarter. Other countries that followed with lockdown measures of their own in second quarter also ended up with huge economic drops. In particular, the United States fell by 9.0% in the second quarter, the euro area by 14.9%, and Japan by 10.2%. However, with more countries implementing large-scale fiscal and monetary stimulus packages and trying their best to mitigate disease control policy interference in the economies, major economies had reached the bottom and started rebounding in mid-2020. Many economic declines were clearly narrowing, and China resumed a positive growth. While the coronavirus continued to spread in the second half of 2020 and the number of confirmed cases rose sharply as winter approached, forcing many countries to re-impose restrictions on certain economic activities, the economic impact of the pandemic is waning with clinical successes of several vaccines in other countries and large-scale vaccination.

Taiwan's economic outlook in the first half of 2020 sustained a hit from domestic and overseas coronavirus outbreaks. Private spending and traditional exports came to an abrupt halt, and the central bank decided to lower interest rates by 0.25 percentage points in a board meeting in March. As the world adjust to new ways of living and working, such as work-from-home, remote learning, and online shopping, the demand for electronic products skyrocketed. Taiwan's exports of semiconductors and other electronic components reached historic high in 2020, and generated upward momentum for the economy. TAIEX started low in 2020, and surged to a 30-year high at 14,733. TAIEX rose by 2,735, or 22.80%, compared to the end of 2019; and TPEx rose by 34.74, or 23.90%, compared to the end of 2019.

Taiwan's financial sector benefited from strong stock market performance, leading to profit growth for insurers and securities firms. Overall earnings before tax for the financial sector amounted to NT\$675.66 billion in 2020, a 6.5% increase compared to 2019. Meanwhile, banks saw lower interest income due to lower interest rates and volatile exchange rates. Earnings before tax fell by 8.9% compared to 2019 to NT\$370.82 billion. Looking forward to 2021, the waning effect of the pandemic on the global economy is allowing the world to slowly resume normal economic activities. Recovering demand in traditional industries will fuel continuing momentum in Taiwan's economy in 2021. However, given it will take the global economy a few years to return to the pre-pandemic level, the central bank is expected to maintain a relatively eased monetary environment for continued stability in financial markets in 2021.

2. Trends in financial products

For the last few years, the government has been urging businesses to return to invest in Taiwan in order to invigorate Taiwan's financial markets. It is hoped that while strengthening financial resilience, they will also provide room for innovation and creativity. Provided the target of balancing "financial stability" and "financial progress" is met, the policies proposed in 2020 will be implemented in an effective and orderly fashion. With the hope to find growth opportunities on the basis of stability, the government tries to elevate Taiwan to a hub for fund transfer and high net worth wealth management services for Asian businesses, help startups in key industries obtain funding, and promote adoption of international standards in the banking system.

d. Research and development

1. R&D results in last two years

According to Article 36 of the Financial Holding Company Act, the business of a financial holding company shall be limited to investment in, and management of, its invested enterprises. Related R&D expenses shall be as specified in the R&D projects by Taishin Bank's subsidiaries.

Taishin Bank's R&D expenses in the last two years are NT\$29,906,000 in 2020 and NT\$17,040,000 in 2021. (Related information please refer to P.111~113)

2. Future R&D plan

- (1) Taishin created a digital strategy team under Taishin FHC. It optimizes O2O integration through continuing use of advanced FinTech applications so to enable digital services to offer easier-to-use and more friendly and wide-ranging features and products.
- (2) Taishin provides financing in support of major government policies, such as the "five plus two" innovative industries plan and the Action Plan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan.
- (3) Taishin Holdings provides a variety of investment vehicles for corporations and individuals, and endeavors to satisfy the investment needs of local and international customers as deregulation continues.
- (4) Taishin Holdings will continue working closely with various distributors to provide more comprehensive services to individual and corporate customers. Taishin Holdings is also committed to keep refining the ease and convenience of its electronic platforms, in order to satisfy customer demand for easier and quicker e-trades.

e. Long- and short-term business development plans

In the end of 2021, company's core business consistent profit growth with net profit NT\$20.3 billion, contribute to EPS NT\$1.63; ROE 12.34%; and net value NT\$15.96 per share. Company's capital adequacy ratio 123.4% and double leverage ratio 119.6% reveals strong capital structure still.

1. Short-term business development plan

- (1) Increase subsidiaries' business scale, expand overseas offices, and increase profit.
- (2) Implement customer centric integrated marketing, which to fulfill customer's needs with subsidiaries' synergy.
- (3) Develop and implement digital strategy and roadmap.
- (4) Enhance ESG culture to increase business competitiveness.
- (5) Rooted integrity and compliance culture, and strengthen operation risk management.
- (6) Optimize capital management.
- (7) Implement information security networks.
- (8) Agile, Innovative and stable information technology to lead digital development.
- (9) Strengthen brand image to recruit talent.

2. Long-term business development plan

- (1) Increase subsidiaries' scale to strengthen banking, insurance and security business, which improve international competitiveness.
- (2) Continuously expand overseas operations through more comprehensive high-quality financial services for Chinese community worldwide.
- (3) Continuously develop and implement strategic digital transformation, develop innovative products and services for customers.
- (4) Strengthen the brand as an employer to attract top talent in all fields.
- (5) Continuously enhance ESG.

Taishin International Bank Co.,Ltd.

a. Business contents

1. Growth by business area and changes

- (1) Wealth Management

The bank's wealth management operation offers a variety of services for different customer segments such as individuals, households, and business owners. Tailored financial planning and consulting services are available as a combination of TWD and foreign currency deposits, investment products, short- and medium-term insurance policies, and consumer loans and one-stop tax and asset allocation advisory services, all of which are aimed at building stronger customer relationships. With the three major advantages of "a team of professional specialists, a diverse range of products, and member-exclusive privileges", Taishin Bank has brought stable growth in the number of wealth management customers and has won multiple domestic and international awards such as the PWM/The Banker Private Banking Awards for "Best Private Banking in Taiwan", the Digital Banker Awards for "Excellence in Mass Affluent Banking", PBI Global Wealth Awards for "Customer Experience - Wealth Management", and the "Best Wealth Management Awards" from Business Today and Wealth Magazine.

(2) Retail Banking

Taishin Bank's retail banking operations cover consumer loans (mortgage, auto loan, unsecured loan, and subordinated mortgage), micro corporate loans, and credit card for individual customers and payment processing services for merchants. The development of financial products follows market differentiation and the needs of various customer groups. The number of credit cards in circulation increased by 5.7%; 4th place in market share; 5.7% increase in total card accepting merchants, and 1st place in market share; 4th place in market share by credit card spending and an excellent performance with 49% increase in food and drink and 29% increase in online/TV shopping.

(3) Digital Banking

Due to the unstoppable trend towards digital banking, the emergence of exclusively online banks, and the effects of the post-pandemic era, digital banking in Taiwan continues to thrive. Taishin has been continuously actively developing digital banking, and not only has the market share of our digital banking remained at number one in the market, we have also focused on providing the best customer experience. Building on a foundation of our core financial services, we link industries and non-financial services to build an ecosystem that blends everyday life and the financial industry, thereby satisfying the comprehensive needs of customers and becoming the leading brand in the market. Relevant details of the priority businesses of financial services are as follows:

A. Richart - the digital banking brand

As a response to the trend of digital banking, Taishin Bank launched the digital banking brand Richart in 2016. According to the statistics of the Financial Supervisory Commission (FSC) on digital saving accounts, over 2.7 million digital saving accounts have been opened at Taishin Bank, placing the bank at number one in the market share of Taiwanese digital banking. Taishin Bank has ensured that the Richart digital banking is 100% built to improve the user experience and has won more than 70 domestic and international awards for it.

B. Mobile banking

Taishin Bank has been continuously following market trends and listening to customer feedback. In 2021, our mobile banking was overhauled to focus on four major areas: enhancing product features, optimizing operational processes, increasing scenario-based applications, and improving product recommendations. Five main themes were also featured (homepage, foreign currencies, investments, life, and mine) to considerably divert customer needs into groups. Taishin Bank won 7 major domestic and international awards this year.

C. New Payment & Collection Services

In terms of mobile payment services, Taishin Bank was not only the first bank in Taiwan to support the four major contactless mobile payment services (Apple Pay, Samsung Pay, Google Pay, and Taiwan Pay) but also has built the Taishin Bank exclusive digital wallet "Taishin Pay", the only mobile payment service in Taiwan that can be used at the four major convenience store chains and the major department store Shinkong Mitsukoshi. In terms of new payment and collection services, Taishin Bank is the first in Taiwan to concurrently support Alipay, WeChat Pay from China and payment tools used by the KEB Hana Bank. Thanks to the joint efforts of the bank and its partners,

Taishin Bank has over 100,000 points of service in duty-free stores, department stores, major shopping districts, and night markets. Furthermore, the bank continues to promote this service to more stores, building an ecosphere that focuses more on life and less on payments.

In terms of building the everyday life and finance ecosystem, the Richart Life app is regarded as the key channel for Taishin Bank to run the everyday life and finance ecosystem. The details of the bank's priority businesses are as follows:

D. Richart Life

Taishin Bank launched the "Richart Life" app in August 2020, and it is key service to link and run the everyday life and finance ecosystem. The bank has collaborated with strategic partners to create a new platform that combined payments, points, everyday offers, and financial services. Richart Life has served Taishin Bank's close to 7.5 million customers. As more customers are guided by discount offers to shop in scenarios involving different strategic partners, all strategic partners can be brought into one app to work with Taishin Bank and provide services for its customers partners, and further extend their services to the entire country through membership.

In order to combine payment and points to link to the everyday life and finance ecosystem, transactions can be made through "Taishin Pay" in Richart Life at the four major convenience store chains, Shinkong Mitsukoshi department stores, and over 100,000 points of service in Taiwan. Users can even get discounts or redeem gifts and services by using "Taishin Point" at 7-11 and Familymart. The "everyday life and finance ecosystem" concept was also implemented in the National Games New Taipei City 2021. By issuing 20,000 exclusive and limited edition National Games Richart Debit ATM Cards as well as gathering exclusive privileges offered by thousands of stores, customers were able to make purchases and deduct points with Richart Life, embodying the concept of the everyday life and finance ecosystem.

(4) Wholesale Banking Services

The Wholesale Banking Division provides a diverse range of banking products and professional services for institutional clients that include multinationals, corporations, small and medium sized enterprises, government agencies and financial institutions. The scope of business includes commercial banking and investment banking services such as deposit, short/long-term loan, guarantee, trade financing, syndicated lending, bond trading, bill financing, factoring, cash management, corporate Internet banking, foreign currency and interest rate derivative trading, underwriting, shareholder services, financial advisory services, merger and acquisition consultancy, asset securitization, and discretionary asset management.

(5) Financial Market Services

The integrated banking platform offers a diverse range of professionally delivered banking products that are tailored to suit the needs of individual customers and meet different onshore and offshore demands. Financial market services offer primarily exchange rate, interest rate, equity, commodity derivatives and structured products. For wholesale banking and retail banking customers looking for investment options, Taishin Bank offers a wide range of banking products, including exchange rate, interest rate, stock, bond, commodity, and gold account. The Bank also provides funding, underwriting, and bond management services for onshore/offshore bond issuers. Furthermore, market updates and advisory services are provided as needed to increase variety in the available banking products and help investors achieve optimal portfolio allocation. Regarding position management, Taishin Bank follows the risk management policy for financial markets. It aims for financial security, sound business practices, and steady profit growth that create a win-win situation for customers and the Bank.

(6) Trust Services

A. Taishin's trust planning service offers Taishin's trust customers a complete range of financial planning products, including funds, collective investment accounts, foreign bonds, offshore structured products, foreign ETFs, foreign stocks, other foreign securities, structured trust services, and custody services. The service is also constantly

working on customer segmentation into high net worth, wealth management, and digital segments in order to provide personalized asset allocation recommendations. Regarding digital transactions, Taishin Bank tries to add more transactions to Internet and mobile banking services. The aim is to provide a digital banking service and investing experience that is more innovative and friendly and in real-time.

- B. Regarding funds and collective accounts, Taishin Bank sets itself to utilize a line of funds with both depth and width and helps customers construct core and opportunity assets in order to achieve optimal portfolios and create more flexibility and better protection in asset allocation. The Bank continues to build a comprehensive product line. In response to increasingly volatile financial markets, Taishin Bank increases product diversification to give stability to customers' investment portfolios. The Bank is first to introduce new and innovative funds with specific focuses. Customers will have more options when markets are volatile. For high net worth customers, Taishin Bank takes an active approach to making products more unique. It works with domestic and international securities investment trust enterprises and asset management firms to launch private equity funds available exclusively through Taishin Bank and meet the financial needs of high net worth customers. Taishin Bank also promotes regular savings plans to help customers accumulate wealth at a steady pace in a fast-changing market. Furthermore, Taishin Bank works hard to expand NTD and foreign currency denominated collective investment services. The Bank also works with international investment firms to achieve better returns. The effort not only brings quality services for customers, but also strengthens the investment teams. In terms of digital investments, other than featuring new functions in Internet banking and mobile banking, Taishin Bank has also been constantly updating "Richart" and "Roboking", providing more convenient services and more varieties of fund products on our digital platforms and smart investment platforms, thereby helping our customers with investment planning and personal investment management as well as satisfying the investment needs of various customer groups.
- C. Regarding fixed income products, foreign bonds continue to offer a wide range of international premium bank debentures, corporate bonds, and government bonds to provide more asset allocation choices for customers who prefer to hold fixed income in their portfolios. Regarding offshore structured products available only to accredited investors investing on behalf of their clients, principal protected products achieve risk diversification through variety in the underlying instruments. Equity linked products without principal protection are offered alongside market opinions, and underlying securities are selected to track opportunities in the market. The real-time trading system for foreign ETFs, foreign stocks, and other foreign securities gives customers an easier-to-use trading platform that is more instant and responsive. The foreign securities investment advisory service also helps customers stay updated on their investments.
- D. Regarding structured trust services, Taishin Bank starts by identifying customer needs. In addition to designing standard contracts to satisfy the needs of mainstream clients, Taishin Bank provides personalized contracts and one-stop trust services for high end clients who may have different needs. Furthermore, to meet institutional clients' many different demands for trust services, Taishin Bank provides the custody services for foreign investors that enable foreign individuals and institutions to gain access to growth opportunities in Taiwan's stock market. Taishin Bank also provides the custody services for foreign/Chinese employee investment accounts for domestic TWSE/TPEX listed companies and primary listed companies in Taiwan. In addition, Taishin Bank works actively to gain a larger share in employee welfare trusts and help companies provide incentives and retain top talents.

(7) Insurance Broker Services

Taishin Bank is committed to operating its insurance brokerage business as an open platform dedicated to provide the best insurance brokerage services for its customers. As of the end of 2021, Taishin Bank has agreements with 28 insurance companies, including 18 life insurers and 10 property insurers, to provide service and satisfy different insurance needs of its customers.

Taishin Bank works with life insurance companies including Nan Shan Life Insurance, Shin Kong Life Insurance, Cathay Life Insurance, China Life Insurance, Cardif Assurance Vie (Taiwan Branch), Chubb Tempest Life

Reinsurance, Taiwan Life Insurance, Fubon Life Insurance, Yuanta Life Insurance, AIA Taiwan Group Insurance, TransGlobe Life Insurance, Mercuries Life Insurance, Taishin Life Insurance, Farglory Life Insurance, Cigna Taiwan Life Insurance, Allianz Taiwan Life Insurance, and First Life Insurance, First Life Insurance, and PCA Life Insurance.

Taishin Bank works with property insurance companies including Shinkong Insurance, Chubb Insurance, Union Insurance, Hotai Insurance, Taian Insurance, Tokio Marine Nawa Insurance, Fubon Insurance, Chung Kuo Insurance, First Insurance, and Mingtai insurance.

As the market and insurance laws change, Taishin Bank continues to introduce more protection products, including life insurance, accident insurance, and health insurance, through the insurance brokerage operation. At the same time, Taishin Bank has joined the effort to raise awareness of retirement planning in response to Taiwan's aging population, low birth rates and other social issues. The bank utilizes easy retirement insurance products to help customers start planning early, and endeavors to make Taishin a more competitive brand in the insurance market. Since July 2021, we have added the Taishin Life Insurance product strategies, prioritizing the development of USD short-term savings insurance. Since September 2021, we have added USD insurances and mortgage life insurance as a response to the competent authority favoring life insurances as well as providing tax planning and asset allocation to high-end customers. Through short-term mortgage life insurance, six-year mortgage life insurance etc. we have added new options for our customers in the management of life insurance. Meanwhile, following the competent authority's policy, Taishin Bank is devoting more resources to provide professional training in protection and aging population related products for our salespersons. By having employees become better trained in tax and estate planning and in exploring customers' protection and other needs, Taishin Bank expects to achieve better matches between customers and products.

Furthermore, since 2020, the COVID-19 pandemic has continued to impact the global economy, and with lockdowns gradually easing in 2021, inflation was also spurred, so it is estimated that central banks or federal banks in major countries like the US may step in and gradually tighten their monetary policy, causing great impacts to the finance market and creating instability in the investment market. In order to satisfy our customers' investment and insurance needs, Taishin Bank shall endeavor to provide a variety of stable investment-linked insurance products to help our customers secure their assets through life insurances while also helping them make investments and accumulate wealth under the protection of insurance. We will also present various customized pseudo discretionary insurance policies while following the trend of the investment environment such as including ESG issues, which have become a major area of concern, in investment strategies.

As digital transformation in banking continues to gain momentum, Taishin Bank is also investing heavily in the digital transformation of our insurance brokerage business. The Taishin Bank online insurance enrollment platform, e-Insure, has more than 17,000 members as of the end of 2021. The platform offers property and casualty insurance (e.g. motorcycle/auto insurance \ Mobile Device Insurance) and life insurance (e.g. travel insurance and variable annuity). There are plans to introduce new forms of insurance products exclusively for the online platform in order to enable customers to purchase coverage anytime, anywhere.

Taishin Bank's insurance brokerage service is widely praised by the customers. The bank invests a lot of resources in training to help employees enhance their professional knowledge and skills. The mission is to give customers the most up-to-date and market leading insurance services. Meanwhile, Taishin Bank ranked second place in the agency and brokerage category of the Micro Insurance Competition organized by the Financial Supervisory Commission and the Insurance Agency Association of the Republic of China in 2020 and 2021.

Furthermore, since 2020 the pandemic has caused many inconveniences and placed restrictions on the general population's daily routines. Joining the public in the fight against COVID-19, Taishin Bank launched COVID-19 health insurance products and insurance policies that cover vaccine adverse effects to provide better protection and more peace of mind for customers during a pandemic.

2. The net profit percentages for key activities of the Bank and the growths and changes are listed as follows:

Net profit percentage	2020	2021
Retail Banking	62%	57%
Wealth Management	33%	29%
Consumer Finance	21%	20%
Credit Card	8%	8%
Wholesale Banking	25%	25%
Financial Market	13%	18%
Total	100%	100%

Note: The cash card business is merged into retail banking services.

b. Business plan for the current year

1. Wealth Management

- (1) The Taishin Bank brand is built on “Expert-driven Decisions” and “Dedication”. The Bank offers a diverse range of localized and personalized customer services. Taishin Bank is constantly in pursuit of innovation and stronger customer relationships, aided by its outstanding digital services that establish the Bank as an Intelligent Partner of its customers.
- (2) As part of its commitment to sustainable development and customer-centric values, Taishin Bank offers appropriate asset allocation, regular investment checkups, and after-sales services in risk management and market analysis reports, all of which are designed to help customers achieve consistent returns and asset growth in the markets.
- (3) Continue to enhance member services for wealth management customers. Teams of experts are on hand to provide personalized services for individual, household, and YBO members as well as cloud members. Such services include retirement planning, estate planning, children’s education funding, and asset and health preservation.

2. Retail Banking

- (1) In terms of customer base management, we have used big data to analyze customer behavior and established multiple review parameters (such as behavioral preferences in the bank, payment capacity, and social relationship) to innovate customer base management models. We have also continued to optimize our efforts in media, combining digitized marketing with lively marketing strategies to attract the attention of younger generations.
- (2) In terms of product design, we have assisted merchants with digital transformation and the co-operation of the ecosystem via new payment technologies and the optimization of processes. We aim not only to enhance the stickiness between merchants and Taishin Bank but also plan to expand our co-op with merchants, combining life scenarios and financial services (such as using API linking) and directly insert digital financial products in third-party platforms to create B2B2C service processes, thus providing seamless experiences to customers.
- (3) In terms of channel management, we have integrated sales teams to create marketing synergy, and utilize cross selling among the departments to provide a one-stop service, enhancing sales of consumer banking products and the number of products held by each customer.
- (4) In terms of micro-enterprise services, we have expanded the “e enterprise loan” function on the micro enterprise digital financing platform by connecting to the “SME financing platform information” gathered by the Joint Credit Information Center to create the best service application experience. We have also established standard review processes to quickly assist enterprises in using the new payment technologies or acquiring working capital, thus realizing inclusive finance.
- (5) In terms of digital innovation, we have combined payment, privileges, points, and data platforms, accompanied by the Taishin Richart Life app to create a variety of scenario-based finances. We have also continued to expand

our online customer acquisition mechanisms, including importing new technologies as per deregulations (using MyData and connecting to the Joint Credit Information Center to acquire personal information) and establishing loan matching platforms via AI prediction models and big data analytics, in order to shorten the online application time of customers and create new customer experiences.

3. Digital Banking

In order to improve the Taishin everyday life and finance ecosystem, Taishin will continue on the layout of finance and life scenarios to expand customer contact channels. First, we will continue to optimize customer experience in financial services and digital platforms, enhancing personalized experiences and implementing online to offline (O2O), building a service to sales social commerce model for financial products. Relevant details of priority businesses of financial services and digital platforms are as follows:

(1) Richart - the digital banking brand

- A. The first financial institution to adopt agile development, the first digital banking brand that is 100% customer experience oriented and mobile app oriented, providing customers with the latest financial service experience by quickly responding to the market.
- B. First in the market to offer integrated products and services that combine "savings, payment, financial planning, foreign currency, insurance, loan, and time deposit" to deliver simple, convenient, transparent and intuitive service, to make investments more affordable to young generations and to bring financial services easily within reach of younger generations.
- C. Through user interviews combined with big data analysis, Richart will continue to create better, smoother service and user experience.
- D. Providing gamified and highly interactive service experiences to customers and enhancing the brand awareness and brand favorability of Richart by combining the creative operations of social platforms (Facebook fanpage, LINE official account, Instagram official account) and the official LINE personalized service experience.
- E. Winning the Global Finance World's Best Digital Bank Awards for three years in a row in 2019, 2020, and 2021.

(2) Internet or mobile banking

A. Continuing to explore different innovative financial services:

- ◆ Reinforcing user security: The new version of Taishin's mobile banking has added FIDO to reinforce the saving of passwords, enhancing the security of users when they are verifying during login on the mobile banking app. By working with financial service companies commissioned by the Ministry of Finance on tax payment service APIs, four types of taxes can be paid online by either scanning the QRCode of tax bills or entering tax bill information. These four tax types are individual income tax, vehicle license tax, house tax, and land value tax.
- ◆ More convenient investment and wealth management services: The all-new "Easy GO" service announced for Internet banking and mobile banking allows financial advisors to remotely provide financial planning services and suggestions for the allocation of funds, and customers may complete the transaction of funds after agreeing to the service agreement via mobile banking/online banking. Not only do transactions became easier, it is also no longer necessary to go out and come into contact with people, therefore customers may make investments while preventing COVID-19.

B. Developing engagement marketing for digital banking:

We are working with multiple strategic partners to build a banking innovation laboratory. The lab covers 10 major industries, and works on more than 20 innovative business partnerships. We were the first to simulate common everyday life scenarios through various techniques and business process redesign. We demonstrate innovative banking and future business applications to showcase a one-stop service covering hardware/software, payment

system, and platform to merchants and affiliated partners. The service covers 80% of the everyday needs of the average consumer. Innovations and fintech applications from the banking innovation lab won a best innovative initiative award from the Global Retail Banking Innovation Awards, and they also won a World's Best Financial Innovation Labs award from the Global Finance Awards.

(3) New payment & collection services

- A. Supporting government policies to increase the percentage of electronic payment as a payment mode; and implementing a multi-payment service model to help traditional markets or merchants adopt digital services.
- B. Providing Taishin Pay to enable Taishin Bank cardholders to make digital payments with ease. Adding Taishin Points to the service to let customers pay with points.
- C. Expanding acquiring services for affiliated merchants to create Taishin Omni Payment System (TOPS) that supports various electronic wallets and makes it easier for merchants to handle different payment modes.
- D. Providing the Taishin Payment App (for merchants to collect payments) to affiliated merchants of Taishin Bank for easier barcode payment collection.
- E. Continuing to work with offshore third-party payment service providers and seeking potential partnerships in Hong Kong, Japan, South Korea, Singapore, and Southeast Asia.
- F. Develop electronic voucher and gift certificate modules with trust or performance guarantee to help merchants affiliated with Taishin Bank develop stored value wallets or e-gift certificates. The goal is to use new modules to achieve all-win among the bank, merchants, and members of the merchants.

We have optimized the existing financial services to provide the best user experience, have built the Richart Life app and ATM, and have expanded service locations both online and offline. The relevant details of Richart Life services and ATM are as follows:

(4) Richart Life

- A. Richart Life integrates reward points, payments, offers and discounts, and financial services to guide customers to shop at scenarios of each strategic partner, eliminating the boundary separating everyday life and finance via a one-stop app.
- B. The services of Taishin Points include the exchange of points with cross-industry businesses, the deduction of credit card outstanding payments, deduction of digital payments, and the redemption of various coupons, thereby allowing customers to use points on things that are closer to their daily lives through a variety of daily applications.

(5) ATM services:

- A. Providing diverse and friendly ATM Services: Taishin Bank ATM services combine new businesses to create an international remittance collection service, thus helping the government to build the friendliest financial environment. Furthermore, in accordance with the government's COVID-19 economic relief policy, the transfer fee for physical ATMs was reduced, and people may also collect the "Subsidy for Children" and the "Subsidy for Partial Work Hours" directly from Taishin Bank ATMs. This helps to reduce the economic impact of COVID-19. In order to build a friendly financial environment, Taishin Bank has added multiple languages (including Japanese, Korean, Thai, Vietnamese, and Indonesian in addition to the existing Mandarin Chinese and English) to the interfaces of ATM transactions since 2020 such as withdrawal, transfer, deposit, balance Inquiry, change of password, and Visa Money Transfer which are often used by foreign workers, immigrants, and tourists. Furthermore, the IC ATM Card Activation function was further added in 2021, which improves the inclusivity of finance.
- B. Expand new types of ATM points of service: Apart from continuing collaboration with three major chains of convenience stores to maintain ATM points of service, this bank is also expanding collaborations with different

industries to develop new types of points of service (such as hospitals, traditional markets, pharmacy chains, wholesale store chains, and public transport hubs). The expansion brings the bank into the everyday life of its customers to meet the demand for cash in different customer groups.

4. Wholesale Banking Services

- (1) Building on strengths in product innovation and service development to provide one-stop financial services and increase customer loyalty.
- (2) Introducing integrated NTD and foreign currency cash management; promoting cash services (collection and payment) as means of soliciting current deposits; anchoring customer relationship and minimizing credit risks.
- (3) Taking advantage of local branches to develop close ties with local customers; trying to expand the customer based in small and medium-sized enterprises; and targeting high net worth customers in Asia Pacific.
- (4) Focusing more on niche export businesses and high net worth enterprises with an emphasis on asset products and financial planning services in order to build an image of a regional bank.
- (5) Taishin Bank is actively deploying its plans for the China and Asia-Pacific markets. Currently, it owns branches in Hong Kong, Singapore, Tokyo in Japan, Brisbane in Australia, Labuan in Malaysia, and a Marketing Service Office in Kuala Lumpur, Malaysia. It also has representative offices in Ho Chi Minh City in Vietnam, Yangon in Myanmar, Shanghai in China, and Bangkok in Thailand. The Bangkok Representative Office were opened for business in June 2021, and the Labuan Branch and Kuala Lumpur Marketing Service Office were both opened in November 2021. We will continue to expand our market in the future and increase profits from overseas.
- (6) Improving the lending process and strengthening risk management in order to maintain sound asset quality.
- (7) Investing more in training and job rotation mechanisms in response to the growing momentum in overseas operations, and building an overseas talent database.

5. Financial Market Services

- (1) The Bond Market Department provides planning and management of underlying onshore and offshore bonds in underwriting cases. The department is an active participant in bond issuance and financing planning for onshore and offshore companies, and brings in diverse cases with overseas issuers and provides Taiwanese investors with diverse options.
- (2) Develop new products and platforms to increase product range, to provide customers with diverse financial products and increase adhesion of customers.

6. Trust Services

Respond quickly to changes in market conditions by expanding the range of products, and strengthen post-investment management mechanisms on an ongoing basis to support a complete range of financial planning services. The focus of product development is as follows:

- (1) Fund and collective investment management:
 - A. Extending the line of onshore/offshore funds to better reflect changes in market dynamics. Introducing new type products and promoting different thematic funds to meet asset allocation needs of different customer segments with different attributes.
 - B. We will continue to incorporate market and product information services into the online and mobile trading platforms, establishing the “Awesome Finance” to create financial planning services that are more convenient and more instant. We will add more fund features to the digital banking app, and launch funds in time with current affairs and lowering the thresholds in order to offer more investment choices for digital banking customers.
 - C. Introducing by private placement funds not yet filed with the competent authority in the country or flagship products offered by foreign private banks in order to use products to develop stronger relationships with high net worth customers.

- D. Promoting regular savings plans, and making investing readily accessible through various digital channels to help all customers make long term investment.
- E. Attracting more customers of custody services and securing assets under management (AUM) for funds while generating more stable income from the AUM base.

(2) Foreign securities

- A. The real-time trading system for foreign ETFs, foreign stocks, and other foreign securities gives customers an easier-to-use trading platform that is more instant and responsive. The foreign securities investment advisory service also helps customers stay updated on their investments.
- B. Provide various types of bonds, including overseas bank debentures, corporate bonds, and government bonds of good ratings; and develop online and mobile banking services to give customers an easier-to-use online investment channel.
- C. Regarding offshore structured products available only to accredited investors investing on behalf of their clients, principal protected products are available in multiple time periods, and variety in the underlying instruments allows risk diversification. Equity linked products without principal protection are offered alongside market approach, simplified transaction processes and underlying securities selected to assist customers to track opportunities in market volatility.

(3) Planning trusts and custody services

As a response to the Trust 2.0 Project of the Financial Supervisory Commission, we have customized trust contracts based on customer needs and continued to promote trust services such as "retirement trust", "family trust" and "employee welfare trust" for the purpose of providing more options of trust services to customers. Meanwhile, as Taiwanese businesses find prosperity around the world, Taishin is providing the "foreign/Chinese employee investment accounts" service to satisfy the needs of businesses to retain talent and implement their plans for rewarding and compensating employees.

7. Insurance Broker Services

- (1) In coordination with the policies of the competent authorities, we have continued to promote the transformation of insurance products and promoted protection-oriented products that match customer needs. We have introduced life insurance products that fulfill customers' needs and developed competitive products for the market through our life insurance subsidiary, and maintain a diversified product portfolio by including death, health, and accident benefits to cover medical, long term care, and disability needs. The bank builds on the channel strengths of the existing branches, and try to increase the percentage of customers holding insurance in their portfolios.
- (2) Meanwhile, to satisfy the demand for financial planning and protection focused products, investment-linked insurance policies that combine investment returns and protection are offered to provide protection with the life insurance element while allowing more flexible asset allocation with international standard compliant and innovative structures or guarantees introduced on an ongoing basis. Other than providing security to our customers with life insurance, we will also continue to introduce innovative structures that meet international standards and add to the product strategy of Taishin Life Insurance. We will also prioritize the development of pseudo discretionary products that are operated by a team of experts.
- (3) Develop digital channels for insurance distribution. To be closer to digital natives, the Taishin Bank online policy application service offers simple auto insurance and travel insurance, and taking advantage of its relationship with and understanding of digital users, Taishin Bank has launched variable annuity insurance online that requires little money and mobile device insurance that also covers secondhand mobile phones. Resources within the bank itself and those from partner insurers will be combined to identify new customers and enable more effective differentiation marketing.

c. Industry status

Same as described under "c. Industry status" of Taishin Financial Holding Co., Ltd.

d. R&D and business development

1. Major financial products and scale of retail banking in recent two years

(1) Loan:

- A. The outstanding balance of mortgage loans reaches NT\$589.2 billion and is growing at 6.0% per year.
- B. The outstanding balance of auto loans reaches NT\$52.4 billion and is growing at 3.5% per year.
- C. The outstanding balance of personal loans reaches NT\$81.0 billion and is growing at 8.5% per year.
- D. The outstanding balance of micro corporate loans reaches NT\$9.0 billion and is growing at 22% per year.

(2) Credit cards:

- A. 6.06 million credit cards outstanding, ranking fourth with a 11.5% market share.
- B. 4.07 million active credit cards, ranking fourth with a 12.0% market share.
- C. NT\$49.1 billion in annual card purchases, ranking fourth with an 11.2% market share.
- D. 163,000 card accepting merchants in total, ranking first with a market share of 22.0%.

2. Major financial products and scale of digital finance in recent two years

(1) Richart - the digital banking brand

Customers of Richart are primarily 20 to 40 years old. The average age of consumers with digital banking needs has been falling in recent years. Richart was first to launch an online account application service for minors in April 2020. Consumers aged 7 or above but under 20 will be able to apply to open a Richart account entirely over the internet. "Subaccount" was introduced in August 2020. The feature satisfies various fund management needs, and help customers reach their savings goals. In September 2021, the "The Rainy Day Fund" product was introduced to satisfy the customer need for temporary funds, and help customers to use their funds with greater financial flexibility. In November 2021, the "KKBox Music Time Deposit" product was introduced to assist customers with converting their time deposit interest into music serial numbers of KKBOX, providing more varieties of financial products to satisfy different financial needs. In December 2021, "friends of Richart" was introduced to guide customers to use Richart financial service through games, thus encouraging customers to make plans for their finances.

(2) Internet or mobile banking

Responding to the financial needs of customers, Taishin Bank has been continuously optimizing Internet banking and mobile banking. In 2021, our mobile banking was overhauled to focus on four major areas: enhancing product features, optimizing operational processes, increasing scenario-based applications, and improving product recommendations. Five main homepages were also featured to considerably divert customer needs into groups and helped Taishin Bank win 7 major domestic and international awards within a year. By working with financial service companies commissioned by the Ministry of Finance on tax payment service APIs as a response to the trend created by the worsened pandemic, individual income tax, vehicle license tax, house tax, and land value tax can be paid online by either scanning the QRCode of tax bills or entering tax bill information. Payment statuses can also be checked immediately after payments are sent, providing a tax payment service that is convenient, secure, and has no time restrictions to customers.

(3) New Payment & Collection Services

A. Promoting New Payment Tools:

"Taishin Pay", the exclusive wallet of Taishin Bank, was introduced to 7-11 and Shinkong Mitsukoshi in 2021, leading to a growth of over 330% in the annual transaction amount compared to the previous year.

In cooperation with the government policy of increasing the domestic market share of electronic payment, we are currently offering the electronic payment service providers account link, and its overall transaction volume has increased by 101% compared to the previous year.

B. Developing New Payment Tools Accepting Merchants:

Versatile payment/collection integrated solutions were developed by combining payment and collection needs. Taishin Bank works hard to help merchants build an optimal mobile payment environment. Taishin Omni Payment System (TOPS) Platform helps various merchants accept mobile payments. The number of payments accepting points at affiliated merchants exceeded 100,000. We have helped store apps to transform into digital payment by using the pay+ payment module. In 2021, we had over 10 cooperating brands with an increase of 72% in transaction volume.

(4) Richart Life

Acquiring new customers to increase the number of members and points liquidity of Richart Life has always been our top goal since its establishment in September 2020, and as of December 2021, we have acquired over a million members. Our secondary mission is to increase revenue via scenario-based applications and relevant financial services. Through data analysis, API system connection, and business cooperation with merchants, we have broken the restrictions of single fields and created a scenario-based finance to increase shopping guidance, points exchange, and the establishment of data models among cross-field members, which is beneficial for business partners on making business decisions and analyses.

(5) ATM services:

Other than developing digital platforms, we have also been developing offline businesses. We have established foreign currency ATMs at service points in 101 branches of Taishin Bank in Taiwan, FamilyMarts, and Funcom Supermarkets, thereby providing customers of all domestic banks (or Chunghwa Post) to withdraw USD, JPY, and RMB via ATM cards. In August 2021, we have introduced the ATM EUR withdrawal and foreign currency deposit services, becoming the first bank in Taiwan that provides the deposit and withdrawal services of foreign currency cash ATM for USD, JPY, RMB, and EUR.

(6) New payment tools

Versatile payment/collection integrated solutions were developed by combining payment and collection needs. Taishin Bank works hard to help merchants build an optimal mobile payment environment. Taishin Omni Payment System (TOPS) Platform helps various merchants accept mobile payments. The number of payments accepting points at affiliated merchants exceeded 100,000. We have helped store apps to transform into digital payment by using the pay+ payment module. In 2021, we had 9 new cooperating brands with an increase of 72% in transaction volume. "Taishin Pay" was introduced to 7-11 and Shinkong Mitsukoshi in 2021, leading to a growth of over 330% in annual transaction amount compared to the previous year. In cooperation with the government policy of increasing domestic market share of electronic payment, we are currently offering the electronic payment service providers account link, and its overall transaction volume has increased by 101% compared to the previous year.

(7) Richart Life

Acquiring new customers to increase the number of members and points liquidity of Richart Life has always been our top goal since its establishment in September 2020, and as of December 2021, we have acquired approximately 1.5 million members. Our secondary mission is to increase revenue via scenario-based applications and relevant financial services. Through data analysis, API system connection with over 50 merchants, and 14 or more items of business cooperation with merchants, we have broken the restrictions of single fields and created a scenario-based finance to increase shopping guidance, points exchange, and the establishment of data models among cross-field members, which is beneficial for business partners on making business decisions and analyses.

3. Major financial products and scale of wholesale banking in recent two years

(1) Outstanding balance of loans extended by domestic branches to state and private enterprises.

With equal emphasis on risk management and business development, the bank's outstanding of loans for state and private enterprises reached NT\$368.7 billion at the end of 2021, ranking 13th place among 36 domestic financial institutions and represented a 11% growth over the previous year, compared to the peer average growth of 8.7%.

(2) Outstanding balance of loans for small and medium enterprises

Owing to its support of the government's credit extension policy for small and medium enterprises and success in developing its own customer base, Taishin Bank reported an outstanding balance of SME loans up to NT\$237.7 billion at the end of 2021, which was a 26% YOY growth.

(3) L/C and export negotiation

The undertaken volume of export bills of exchange in 2021 was US\$1.6 billion, a massive increase of 79% compared to 2020. Other than developing businesses (including secondary forfaiting), Taishin Bank has continued to cultivate quality customers, defeating our competitors in performance.

(4) Factoring business

For factoring, Taishin Bank took a balanced approach in customer relationship management, and market price while considering credit risk. In 2021, Taishin Bank undertook NT\$201.3 billion in factoring, up by 9.4% from the previous year, taking the lead in the market.

4. Major financial products and scale of financial market services in recent two years

(1) June 2020 - 2019 CBC Government Bond Dealer Evaluation, 5th place.

(2) July 2020 - 2020 Taipei Exchange, Excellent Market Maker of Central Government Bonds in H1 2020.

(3) August 2020 - 6th TAIEX Futures Diamond Awards - Trading Volume Diamond Award for Banks, 1st place.

(4) January 2021-Taishin was awarded first place in the team competition of the 2020 "Trading Competition of the New Taiwan Dollar Interest Rate Exchange Trading System".

(5) September 2021 - 7th TAIEX Futures Diamond Awards - Trading Volume Diamond Award for Banks, 1st place.

(6) January 2022, Taishin was awarded first place in the team competition of the 2021 "Trading Competition of the New Taiwan Dollar Interest Rate Exchange Trading System".

5. Major financial products and scale of trust financial business in recent two years

Unit:NT\$million

Year	2020	2021
Special-purpose money trusts investing in domestic/foreign securities	178,598	184,194
Custody services of Securities investment trust funds	158,970	181,993
Other money trusts	49,001	64,635
Employee welfare trust	2,179	4,834
Securities trust	33,350	34,827
Collective investment trust account	563	438
Real estate trust	45,142	60,375
money and securities trusts	697	686

6. Future R&D plan

(1) Wealth Management

A. Combine resources in the financial holding company and a variety of product platforms to meet the financial services needs of customers in different stages of their lives. Increase customer satisfaction with the wealth management service in the process.

B. Continue to strengthen the development of big data and AI technology. Optimize digital banking services and learn about customers' needs through big data analytics and contact via virtual channels. Provide a constantly expanding range of services for better operating performance.

(2) Retail Banking Business

- A. Work with open banking and create ecosystem business models to reach consumers via merchant platforms and enable instant activation of personalized products.
- B. Utilize the innovation approval mechanism and create a variety of review parameters (e.g. in-branch behaviors and preferences, ability to pay, and social network) and instant approval lists for a more efficient approval process.
- C. Install different digital application channels to make the service more accessible.
- D. Combine customer segmentation analysis and footprint tags to find marketing potential in existing customers.
- E. Connect fintech firms and third party payment service providers and work together with card accepting merchants' new technology plans to create digital payment venues.

(3) Digital Finance Business

- A. Invest in expanding the line of digital banking services and continue to optimize platforms and implement innovations to facilitate more effective O2O integration.
- B. Work with various industry/government/academia partners and apply AI technologies, new payment tools, and big data to revolutionize banking and payment services and start a brand new digital age.

(4) Wholesale Banking

- A. Expand pluralized treasury product lineup via combination of interest rate, exchange rate, bond, bulk commodities, and equity.
- B. Establish new financial trading system to accommodate the rollout of new diversified products in the future, and improve trading flow and enhance trading capability.
- C. Focus on launching RMB business in light of current round of deregulations.
- D. Expand offshore financing and the number of overseas branches, strengthen the function of e-network trading platform, so as to satisfy customers' need for cross-border fund maneuvering.

(5) Financial Market

- A. Assemble interest rate, exchange rate, bond, commodity, and equity products to increase product variety.
- B. Implement well-organized or electronic trading systems that respond to market trends and improve trading processes and capabilities.

(6) Trust Services

- A. Continue to introduce or develop new types of products to expand the product lines.
- B. Refine customer segmentation to provide investment products that meet customer needs.
- C. Follow the trends in digital and smart technologies and enhance trading platforms and processes to create a better user experience.

(7) Insurance broker services

- A. We continued to introduce first-of-its-kind or exclusive insurance products while coordinating with the Taishin Life Insurance strategies to expand product lines to satisfy different needs of customers in different life stages
- B. Strengthen relationships with existing wealth management customers, identify and provide insurance products that meet customer needs, and increase the percentage of customers holding insurance products and raise awareness of sufficient coverage among customers.

- C. Following the rise of fintech, Taishin invests in development and management of digital channels, and provides a wide range of insurance products and enrollment channels for customers.
- D. Offer different insurance products to different customer groups, and generate income through asset allocation in order to meet the demand for steady cash flows after retirement.

e. Short-and long-term business development plans

1. Wealth Management

(1) Short-term business development plan

- A. We applied precision data analysis and integrated the resources of Taishin FHC to enable customized marketing and maximize cost effectiveness. We also provided customers with tailor-made finance and debt solutions which in turn result in greater satisfaction and higher AUM.
- B. We constructed an O2O financial network consistent with customers' individual and household needs for a complete range of wealth management services.
- C. Build customer relationships as a local business and assign customers to nearby branches by work address. Observe customers' transactions on a regular basis and change home branches accordingly.
- D. The rise of a new generation makes it necessary to follow changes in younger customers' behavior, revamp financial services and create a new customer service experience in order to effectively attract younger generations.
- E. We combined big data analytics, digital footprint, and real time personalized marketing platform to track the customer needs of wealth management and provide integrated financial planning services.

(2) Long-term business development plan

- A. A well established digital banking system is constructed by collecting external data from various sources, improving CRM modeling techniques, and achieving more precise segmentation with an integrated real and virtual platform.
- B. Complete O2O integration, including Internet banking, mobile banking, Richart, Richart Life, the corporate website, customer service, automated service facilities, branches, and affiliated merchants, in order to provide better financial services for customers.
- C. Continue to build a stronger team and a wider range of products and instant services; and incorporate premium wealth management membership benefits to create one-stop wealth management services for customers.

2. Retail Banking

(1) Short-term business development plan

- A. We took a customer-oriented approach to optimize the online loan application process and card functions.
- B. We provided timely loan application services through precise analysis of the data of customers' behavior in handling their accounts and the bank via AI technology combined with online and offline consumption fields.
- C. In credit loans, we used modeling technology, focused operations, and improved digital loan application processes to increase the turnover rate and give our customers a better loan application experience.
- D. By combining the resources of Taishin FHC and Taishin Securities, we expanded our customer services to increase our customers' product holding rates.
- E. We reached consumers via merchant platforms and enable instant activation of personalized products.
- F. In micro-enterprises, we combined credit guarantee funds to expand the number of subcontracting industries. We increased the number of customers acquired through digital channels through precision marketing in media.

- G. By taking the advantage of the numerous cross industry suppliers of the Richart Life app, we expanded the credit card application platform to multiple scenarios of different industries to discuss partnerships with suppliers in the ecosystem on card solicitation.
- H. We used customer data analysis/tags/prediction models to find out the preferred consumption scenario of high profiting potential customers to effectively acquire customers and increase product holding rates.
- I. We developed the online application and instant card-linking function to give our customers a better shopping experience.
- J. Responding to Merchants' needs to go digital, we offered new digital technology products to develop closer partnerships in financial products.

(2) Long-term business development plan

- A. Explore potential opportunities in micro businesses or individual sellers, expand the industry network, and introduce different financial products to increase merchant value.
- B. Develop big data and ecosystems. Utilize big data analytics to help merchants manage member relationships and attract customers. Increase stickiness between Taishin Bank and merchants, and create the needs for financial products.

3. Digital Banking

(1) Short-term business development plan

- A. In addition to continuously developing Richart comprehensive digital financial products such as utility model insurance, utility model investments, and utility model loans, we also continued to develop financial scenario applications such as electronic payment and e-commerce.
- B. We launched new payment modules and services, including optimized Pay + payment module, Taishin Omni Payment System (TOPS) Platform and apps for merchant collection, and we also developed e-gift card platforms to provide faster and easier-to-use integrated payment plans.
- C. We developed the Richart Life Member API Anti-linking Mechanism (the financial service that provides better bilateral user experience by establishing a single Richart Life member log in interface with channels of collaborating merchants in the ecosystem) and continued to link cross industry members to increase the application of points and make digital wallet payment more convenient.
- D. Create one points account and an instant cash redemption feature that combines all points and allow instant redemption of points for cash for a better customer experience.
- E. We developed the Richart Life "transportation code" function, allowing customers to pay for public transportation fees with mobile payment.
- F. We are the first in the industry to introduce the ATM that offers deposit/withdrawal of four major foreign currency cash, and we are the first in the industry to provide international remittance services, thus offering the most convenient foreign currency services through the integration of online and offline functions.

(2) Long-term business development plan

- A. Through cross industry collaboration, we applied our products to multiple financial scenarios..
- B. Introduce new technologies, and develop new digital tools and models.
- C. Utilize a combination of new AR/VR technologies/new scenarios to provide integrated O2O smart financial services.
- D. Build an open ATM platform to encourage businesses to transform themselves and explore cross industry partnership opportunities.
- E. We built the points integrated service platform to provide various plans of payment and points integration to merchants.

4. Wholesale Banking

(1) Short-term business development plan

- A. Implement customer relationship management by segmentation, improve product dimensions, and strengthen relationships with customers.
- B. Enforce group-wide exposure limit control to ensure optimal allocation of credit risk among subsidiaries.
- C. Expand relationships with securities customers through cash flow services and demand deposit privileges; increase the percentage of customers' demand deposits for lower funding costs.
- D. Combine channel resources within the bank; cater to local customers and expand the SME customer base; and focus equally on profitability and quality.
- E. Increase the number of branches in China and Asia and build an integrated cross border platform that embodies the policy to serve Taiwanese businesses worldwide and position the bank as a global business.
- F. Build the bank's overseas talent pool through regular job rotation, in order to accommodate growing businesses.
- G. Support the government's lending policy for SMEs and startups which includes the Asian Silicon Valley project, intelligent machinery, biomedicine, green energy technology, national defense and aerospace, a circular economy, and a new agricultural paradigm, and provide financing for potential businesses, while in the meantime paying close attention to risk control.
- H. While the Southeast Asian economies continue to grow, the need for financing infrastructure in the region grows. The government's New Southbound Policy offers benefits for investment and therefore benefits for the bank's operations in Southeast Asia.
- I. Offer "Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" in line with the government's policy to assist returning businesses to obtain funds for construction of plants and relevant facilities, purchase of equipment and provide working capital via loans.
- J. In support of the government's policy to encourage the return of overseas Taiwanese businesses and stimulate economic growth in Taiwan, Taishin Bank offers "Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan".
- K. Work with relief programs from government departments (MOEA, MOTC, MOC, MOHW, and CBC) and provide relief plans for customers, including extension of existing accounts, operating funds, and revival funding.
- L. We promoted green finance, financial sustainability, and responded to international advocacies of implementing corporate sustainability and all facets of ESG.

(2) Long-term business development plan

- A. Enhance service capabilities and product innovation; anchor customer relationship and aim to raise customers' satisfaction and contribution.
- B. Allocate group resources with greater efficiency; deliver all-round financial services through synergistic use of existing product lines.
- C. Actively explore overseas markets; increase profit contributions from overseas and broaden the bank's presence in China and the Asia Pacific region.
- D. Continue recruitment and cultivation of overseas talents to support the medium and long-term development of overseas business.

5. Financial Market

(1) Short-term business development plan

- A. Continue to improve the financial structure, reduce the cost of funds, increase investment returns and transaction margin, and create more sources of regular income.

- B. Continue to explore new customer bases while strengthening existing customer relationships; and seek opportunities for wholesale banking, institutional investment, wealth management, and private banking services in domestic and international markets in order to generate more domestic and foreign income.
- C. Enforce self audit, develop better internal control systems, and adhere strictly to the high standards and code of conduct in the financial markets.
- D. Recruit and retain talent, build up human capital, provide training, choose suitable positions and create a stronger talent pool.

(2) Long-term business development plan

- A. Continue to develop innovative financial products and services in order to optimize sale process and platforms and satisfy customers' needs for investment and wealth management to create mutual benefit for the bank and the customer.
- B. Implement and promote the use of electronic platforms, and improve the quality and efficiency of products and services.
- C. Strengthen market and operational risk management to monitor risks with more precision.

6. Trust Services

(1) Short-term business development plan

- A. Help seniors and disabled customers build suitable retirement trusts, and expand the employee welfare trust service. In addition, promote foreign/Chinese employee investment accounts to domestic TWSE/TPEX listed companies and primary listed companies in Taiwan in order to provide a complete range of domestic and international employee reward plans for institutional customers.
- B. Develop a smart digital banking environment with more convenient services such as electronic account opening, smart trading, and financial planning services.
- C. Introduce an adequate understanding of asset allocation, and provide regularly investment performance reviews and post-investment services such as risk management and market trend analysis in order to help customers achieve stable returns and in turn increase product sales and total assets under management.
- D. The real-time trading system for foreign ETFs, foreign stocks, and other foreign securities gives customers an easier-to-use trading platform that is more instant and responsive. The foreign securities investment advisory service also helps customers stay updated on their investments.
- E. Provide various types of bonds, including overseas bank debentures, corporate bonds, and government bonds of good ratings; and develop online and mobile banking services to give customers an easier-to-use online investment channel.
- F. Regarding offshore structured products available only to accredited investors investing on behalf of their clients, principal protected products are available in multiple time periods, and variety in the underlying instruments allows risk diversification. Equity linked products without principal protection are offered alongside a market approach, simplified transaction processes and underlying securities selected to assist customers to track opportunities in market volatility.
- G. Potential customer bases are explored and offered financial publication and information. Investment seminars and promotional events are organized to increase AUM.
- H. The Bank, by careful screening, is the first to introduce new funds with specific focuses, and expands the range of private equity funds to suit different financial planning and asset allocation needs.
- I. A rich variety of online financial information is available for one-stop online financial planning services.

- J. The idea of regular fixed-amount fund investment is matched to investment objectives of customers at various stages of their lives to encourage customers to accumulate wealth, thereby increasing AUM for Taishin Bank.

(2) Long-term business development plan:

- A. We developed a wide range of trust services, and continued to work with the wholesale banking division, the payroll division, and Taishin Securities to design employee welfare trusts, providing enterprises a full range of employee reward and salary consulting service and planning advice.
- B. In promoting financial product, it is necessary to periodically review new or revised announced by the government.
- C. Continue introducing a diverse range of new products and services intended to deliver consistent returns for investors in bearish markets.
- D. Promote asset allocation and regular fixed investment, and aim to increase product sales and total AUM.
- E. Track product performance regularly and continue to improve risk indicators to monitor product performance and risks for customers.
- F. Continue introducing a variety of new funds or flagship products offered in other countries for high net worth customers; and innovative means of investment to meet the demand for financial planning and investment efficiency.

7. Insurance Broker Services

(1) Short-term business development plan

- A. We continued to provide suitable protection-oriented products for customers, and introduced a wide range of life insurance products (such as participating policy and spillover policy) to increase the penetration rate of insurance products.
- B. We continued to introduce innovative structures in addition to adding Taishin Life Insurance investment-linked insurance products to meet different needs for financial planning and protection.
- C. Expand the range of insurance products available over the internet. Considering the characteristics of online shoppers, introduce fragmented and scenario based insurance products that are relevant to current affairs for more effective differentiation marketing
- D. Continue to cooperate with insurance companies to develop mobile insurance functions to provide customers with a digital experience and achieve paperless effects.

(2) Long-term business development plan

- A. Check regularly changes in the competent authority's policies and regulations, and respond promptly to the latest guidelines while promoting new type insurance products and services.
- B. We continued to introduce different insurance products and combined the Taishin Life Insurance strategies to enable a one-stop insurance shopping for customers.
- C. In response to increased awareness of consumer rights and the need to ensure suitability of financial products and services, the insurance brokerage service at Taishin Bank treats customers equally, and works constantly to optimize the process before, during, and after a sale and review the services. Meanwhile, Taishin Bank continues to provide professional and compliance training for salespersons on a regular/ad hoc basis. Furthermore, as part of its commitment to corporate social responsibility, sustainability, and ESG compliant services, Taishin Bank reviews the service and financial data of its affiliated insurers against strict standards in order to provide suitable and secure insurance planning and after-sales service.

Taishin Securities Co., Ltd.

a. Business scope and business mix

1. Business scope

- (1) Securities Brokers
- (2) Securities Dealer
- (3) Securities Underwriter
- (4) Futures Commission Merchant
- (5) Securities transfer agency services
- (6) Other financial businesses acknowledged by the competent authority

2. Business mix in terms of revenues

Unit: NT\$1,000

Item \ Year	2020		2021	
	Amount	%	Amount	%
Brokerage	1,985,032	64	3,576,821	68
Dealing	880,335	29	975,103	19
Underwriting	218,001	7	685,769	13
Total	3,083,368	100	5,237,693	100

3. Various existing products and services

Items	Major contents
Brokerage	<ol style="list-style-type: none"> 1. Provide entrusted transaction service for shares listed on the centralized market, over-the-counter market, and emerging market, including e-trading, and undertake securities delivery for investors. 2. Provide investors the service of margin trading and short sales for securities transaction. 3. Operate concurrently futures brokerage and sub-brokerage services. 4. Non-restricted purpose loans will be made available. 5. Provide consigned trading for foreign securities. 6. Conduct design and execution of strategic trading. 7. Other services approved by the competent authority.
Dealing	<ol style="list-style-type: none"> 1. Buy/Sell stocks, bonds and other securities and perform hedging in the secondary and OTC markets in Taiwan. 2. Subscribe to onshore and offshore call (put) options. 3. Make outright purchases/sales and those with repurchase/resale agreements of domestic and foreign bonds, bills, beneficiary securities and other fixed income products; and perform trading and hedging of interest rate derivative products. 4. Conduct trading of domestic and foreign futures and options approved by the competent authority. 5. Design, issue, trade, and perform hedging of structured products, equity derivatives and other derivatives approved by the competent authority.
Underwriting	<ol style="list-style-type: none"> 1. Assist companies in applying for TWSE/TPEX listing, and help customers complete business diagnosis and improve management processes. 2. Help companies raise funds in capital markets around the world. 3. Provide financial consulting services for companies making private placements, international investments, or strategic equity trading and other consulting services in merger or restructuring projects.
Merchant services	Provide corporate and asset restructuring and reorganization, mergers, financial planning, private placement investment and other consulting services for individuals, corporate entities, government agencies and financial institutions in and outside the Republic of China.

4. New products and services under plan

- (1) Continue to optimize functions of existing e-platforms, and work with Taishin Holdings in developing FinTech enabled services to provide easy access for customers.
- (2) Provide securities lending services.
- (3) Arbitrage and trading of foreign futures and securities, international preferred shares, trading of foreign bonds and interest rate products, and conversion to electronic trading for derivatives on TAIFEX.
- (4) Provide foreign securities underwriting services via OSU and custody service of OSU foreign currency account.
- (5) Research and develop the margin trading service of sub-brokerage according to the regulation of competent authority.

- (6) Continue to improve the digital platform of global trading and cooperate with the international financing institution to develop equity Regular Saving Plan investing service.
- (7) Launch new services as the competent authority removes restrictions, and continue to develop new types of financial planning products. In addition to the above-mentioned services, Taishin securities will also closely track the opening of the competent authority for new products or related laws and regulations, so as to maintain a high level of vigilance and provide the fastest and most convenient service for the investment public while the products are being introduced.

b. Business plan of the current year

1. Brokerage

Work closely with banking distribution channels and raise employees' service standards. Enhance customer loyalty and adhesiveness by upgrading the e-platform and improve time to market by actively stepping up digitization of the brokerage business. Moreover, place emphasis on concurrent futures services and expand sub-brokerage services on all sales channels.

2. Dealing

With regard to financial services and trading, achieve risk dispersion by continuing to pursue diversified trading strategies and establish a highly-efficient investment portfolio to maintain steady profits, while further leveraging the bonds business to reduce overall fund utilization. With regard to customer service, design a wide variety of structured instruments to satisfy investor demand for diversified wealth management.

3. Underwriting

Continue to focus on offering underwriting services to well managed companies, and seek opportunities and increase market share in funding projects applying for first time TWSE/TPEX listing (includes TIB and PSB) in Taiwan. Offer customers personalized financial planning services and equity trading strategies, and explore opportunities in inviting foreign companies to apply for TWSE/TPEX listing in order to increase fee income.

4. Merchant banking

Provide corporate restructuring and reorganization, mergers, financial planning and other consulting services for individuals, corporate entities, government institutions and financial institutions in and outside the Republic of China.

c. Industrial status

1. Market status

Unit: NT\$ billion

Total transactions of the securities market in the recent three years			
	2019	2020	2021
TSE Market	29,056	49,182	95,517
OTC Market	53,284	53,263	49,874
Total	82,340	102,445	145,391
Weighted stock price index (year end)	11,997	14,733	18,219

Source: 1. Key indicators of securities and futures markets for December, 2021.
2. TAIEX Total Index Historical Data

Operating Status of Domestic securities			
Year	2019	2020	2021
EPS (NT\$)	1.22	1.77	3.18
ROA	2.20%	2.61%	3.98%
ROE	7.84%	9.79%	15.93%

Source: Source: Securities Firms Monthly Statistics by TWSE-financial data of securities firms.

2. Taiwan's stock market

Although the impacts of the pandemic have been felt across the world over the last two years, with high demand for 5G, automotive electronics, high performance computing, and other innovative applications, Taiwan Capitalization Weighted Stock Index surpassed 18,000 points last year (2021), with the closing index on the final business day at 18,219, an increase of 23.66% over 2020. In fact, the last three years have all seen an annual growth of above 20%; With trading value reaching NT\$95.5 trillion and average daily trading value nearing NT\$400 billion. The TWSE posted new highs in share prices and trading volume.

d. Research and development

With more and more customers using their mobile phones to access the Internet, Taishin launched the mobile version of the online account opening page from 2020. In order to allow younger investors to more fully participate in the stock market, engage in long-term saving and investment, and thereby accumulate their wealth. Taishin has also launched fixed-term fixed-amount investment trading. To owners of a Taishin Bank internet banking account or a Type I and Type II Richart account, it advertises on being able to open a securities account over the internet without any app in the time it takes to make instant noodles. Taishin tries to provide easy-to-use securities services that are best aligned with user behavior. As fintech turns into a fast growing sector, Taishin continues to optimize and upgrade the existing e-services platform. Resources are also brought in from the parent company to create a better digital experience for investors. Taishin invests a lot of resources in attracting new digital customers. With electronic orders already accounting over 90%, Taishin is committed to providing a convenient and secure trading environment for all investors. We have been building up information resources, undertake digital transformation, improve overall information security for the securities market, and establish a risk management system.

Securities is a licensed business. All securities firms require the approval of the competent authority for services and products offered before commencing business. As a result, the company will follow the direction of future deregulation to design products and services that best accommodate customers' needs.

e. Short- and long-term business development plan

1. Short-term business development plan

- (1) Actively capitalize on the financial holding's resources via cooperation with other units (such as wholesale banking unit or branches.) to enhance business synergy.
- (2) Continue to strengthen electronic trading platforms and online services, make online interface more friendly and function more effectively, and set a target to achieve consistent growth in the percentage of electronic transactions. And build an OTP verification code authentication mechanism to enhance the e-trading platform security mechanism and customers' data protection.
- (3) Invest in expanding sub-brokerage services while providing futures services and non-restricted purpose loans.
- (4) Investment risks were placed under strict control to avoid losses.
- (5) Take an active approach toward playing a lead role in SPO projects, including customer relationship management plans for sales departments. Take the initiative to analyze customer reports and provide preliminary plans to create more business opportunities.
- (6) Work closely with all units of the financial holding to discuss potential cooperation projects; and hold monthly meetings on a regular basis and management meetings as needed to follow up on the progress.
- (7) Implement more risk management mechanisms and enhance case quality control to reduce application risk.
- (8) Improve accessibility to quantitative services and develop trading strategies based on easier, faster access to data.
- (9) Optimize quantification capability and trading and operating systems; and continue to improve overall performance and quality.

- (10) Provide one-stop services that combine an investment bank and a commercial bank in order to achieve One Taishin View.
- (11) Continue to develop and establish quantitative trading strategies to yield consistent profits.
- (12) Respond to drastic changes in the market by reinforcing the risk management policy and by developing an early warning system to optimize asset allocation.
- (13) Seek opportunities in ETFs in order to stay a leading market maker.
- (14) Expand services related to structured products, design a wide range of equity linked and niche products, and provide diversified investment channels to satisfy investor demand for financial products and services.
- (15) Place emphasis on large enterprises and private equity networks to make more connections in the market and multiply potential sources of funds.
- (16) Fine-tune AML and CFT tasks.

2. Long-term investment plan

- (1) In view of the growing important of institutional investors in the market, especially qualified domestic institutional investors, the company will combine the R&D resources and e-trading system of investment consulting, to develop institutional client business with integrated services.
- (2) Arrange various training courses for employees according to their nature and types, to enhance their capability and upgrade the company's overall competitiveness.
- (3) Continue cultivating enterprises with growth potential and execute customer deep-cultivation plan, to facilitate long-term development of underwriting business.
- (4) Create more sales channels and improve caseload capacity.
- (5) Continue to expand the team of statistics and data analysis professionals, and try to achieve more consistent profits from a wider range of sources.
- (6) Expand the lines of financial products and develop a full range of securities trading services.
- (7) Continue to expand and optimize channel services, and build stronger customer relationships in order to maintain growth momentum in the business.
- (8) Pay regular visits to onshore/offshore private equity funds, and seek opportunities to serve as financial consultant for international mergers and financing and as long-term consultant for acquired subsidiaries.
- (9) Continue to build a culture that places importance on AML/CFT to eliminate any gaps in these matters.
- (10) Implement robotic process automation (RPA), and install more electronic and/or automated internal processes in order to make the company more competitive.

Taishin Securities Investment Trust Co., Ltd.

a. Business scope

1. Major business contents

The company's client base consists mainly of domestic and foreign institutions and retail investors. The Company has three offices in Taiwan, and has specified money trust and sales agreements in place with banks, including Taishin Bank, Hua Nan Bank, Taiwan Cooperative Bank, Bank of Taiwan, Mega International Commercial Bank, E.SUN Bank, Taiwan Business Bank, Shanghai Commercial & Savings Bank, Jih Sun International Bank, Far Eastern International Bank, Entie Commercial Bank and Taichung Commercial Bank, and securities dealers, including KGI Securities, Yuanta Securities, Capital Securities and Mega Securities. Combined with agreements to be entered into with many more strong fund distributors in the future, the Company's network will have more than a thousand points of sale across the island.

2. Business shares

At the end of December 2021, Taishin Securities Investment Trust managed NT\$123.7 billion of public funds; 26.1% of which were non-money market funds while money market funds accounted for approximately 73.9%. Recently operating income for three years listed as shown in the table below.

Unit: NT\$ thousand

Items \ Year	2019		2020		2021	
	Amount	%	Amount	%	Amount	%
Management fee income	385,360	96.53%	430,613	95.91%	846,303	93.44%
Sales fee income	3,815	0.96%	12,559	2.80%	52,964	5.85%
Service fee income	10,030	2.51%	5,776	1.29%	6,487	0.71%
Total	399,205	100.00%	448,948	100.00%	905,754	100.00%

3. Various existing products (services)

Service items	Major contents
Public-placement funds	Offering and issuance of mutual funds and ETF beneficiary certificates collect pools of money through investor subscriptions. Such funds are managed by the professional investment research and management team of Taishin Securities Investment Trust. Investors share the returns on investment as well as the risks. All gains and losses are borne by investors. Provide the investment method of Regular Saving Plan, allowing automated deduction of fixed/variable amount of deposits from investors' accounts at specific time every month for regularly subscription to the mutual funds.
Discretionary account investment	For investment assets entrusted by customers or transferred from trust accounts, invest or transact on behalf of customers in securities, related products or other regulator-approved items according to the analysis and judgment by the company.
Private-equity fund	Raise mutual funds from specific parties in private, which are then utilized Taishin Investment Trust's professional team for investment in securities and related products.
Offshore fund sales	Distributing offshore funds that have been approved by the authority to offer in Taiwan.

4. New products (service) under plan

Taishin SITC will continue to broaden its domestic and overseas product line, introduce quality offshore funds, and enhance electronic trading services particularly with regards to efficiency and security. Based on the blueprint of "take root on new China and deep-cultivate new economy," the company will dedicate to "the discovery of new value and creation of new fortune" for clients, with the goal of tapping the markets of greater China, asset allocation, and pension funds, so as to create a quality brand, worthy of the trust of investors and the support of business partners.

b. Business plan of the current year

1. Offer premium fund selections and increase AUM

Enrich the existing portfolio of Taiwan equity funds and Greater China series, while in the meantime develop product lines in other overseas markets. Combine research resources to deliver consistent long-term returns. Focus on increasing the AUM of non-monetary funds and improving the company's business performance.

2. Enhance customer management and reinforce business partnerships

Promote product awareness through the use of marketing and advertising campaigns. Apply effective relationship management and provide customers with better financial services, and in the meantime strengthen collaborative relationships with banks, securities firms and other business partners.

c. Industrial status

There are 39 securities investment trust firms in Taiwan. As of the end of December 2021, there were 995 mutual funds, and the total investment was NT\$ 4,955.2 billion. There were 606 discretionary investment services contracts investing a total of NT\$ 2,102.4 billion. There were 75 private equity funds investing a total of NT\$53.9 billion.

d. Research and development

Taishin Securities Investment Trust launched the Taishin ESG Emerging Markets Bond Fund in Jan 2021 and the Taishin ESG Global Environmental Growth Equity Fund in Aug 2021 and the Taishin China Policy Trends Equity Fund in Sep 2021.

The existing research management team oversees the domestic equity division, the Asia Pacific equity investment division, the financial product division, the fixed income division, and the discretionary management division. The research management team and the fund managers have extensive experience in research, including global economic conditions, investment strategies, and domestic/foreign equity and bond markets.

e. Short and long-term development plan

Taishin SITC focuses on customers, talents, products, performance, and brand in its management, with the goal of becoming a quality brand with the trust of investors, the support of business partners, loyalty of employees and shareholders, and the compliment of social public.

1. Short-term development plan

Maintain the stable performance of mutual funds, continue to expand the scale of mutual funds, so as to obtain the qualification for undertaking the outsourced operation for government funds and increase the number of customers.

2. Long-term development plan

Work actively to increase market share and assets under management; issue new funds with growth potential to strengthen asset allocation capability and continue to extend brand reach and increase recognition.

Taishin Securities Investment Advisory Co., Ltd.

a. Business Scope

1. Business contents

Provide R&D resources to the financial holding company and subsidiaries.

2. Business Segment

In 2021, consulting fee of the Research Department accounts for 97% of the company's total revenue, while the other incomes generate the remaining 3%.

b. Business plan of the current year

Given Taishin Holdings and its subsidiaries rely on research insights when formulating business strategy, the research department will follow the long term objectives of Taishin Holdings as a whole and start adjusting and expanding its organization as well as its scope of business.

c. Industrial Outlook

Securities investment advisories are usually subsidiaries of securities companies and offer a line of services limited to securities research. Tradition securities investment advisories are seeking falling sales. Taishin Investment Advisory has transformed itself into a think tank for Taishin Holdings. Its clients now include the entire financial holding company and its subsidiaries. It provides a wider range of services and has a greater potential and flexibility for future growth.

d. Research and development

In accordance with the overall business expansion of Taishin Holdings and its subsidiaries, the company actively research and develop related services to fulfill the various business solutions and requirements.

e. Short- and long-term business development plans

1. Short-term development plan

Support short term business needs of Taishin Holdings and its subsidiaries, supply relevant research reports and information in a timely manner, and increase or adjust the size of research teams as needed.

2. Long-term development plan

Given Taishin Holdings and its subsidiaries rely on research insights when formulating business strategy, the research department will follow the long term objectives of Taishin Holdings as a whole and start adjusting and expanding its organization as well as its scope of business.

Taishin Asset Management Co., Ltd.

a. Business scope

1. Business contents

The company's major business items include the purchase of money-debt claims from financial institutions, the appraisal and auctioning of money-debt claims of financial institutions, and the management of money-debt claims and overdue accounts receivables for financial institutions.

2. Business mix

The company focuses on the purchase and disposal of money-debt claims from financial institutions.

b. Business plan of the current year

1. Bid for whole-package bad-debt claims of financial institutions.
2. Negotiate with peers on a case-by-case basis for the purchase of bad-debt claims.
3. The company will be eyeing to buy foreclosed properties in Taipei City and New Taipei City at discounted prices, and invest small sums to improve property conditions before selling at a profit.
4. Following the amendment of the Regulations Governing Sales of Non-performing Loans by Financial Institutions by the FSC in August 2015, the Company lifted the 3% limit on the average nonperforming loan ratio for sales of debts from default of construction work-in-process, and started assessing appropriate investment options.
5. Following the correction of business principles under the FSC letter issued in December 2017, the Company made better use of existing real estate and sold a portion of the holding to realize profits.
6. Following the correction of business principles under the FSC letter issued in December 2017, the Company complied with the government's urban renewal policy, and injected cash into entities carrying out urban renewal projects and handled debt consolidation and advances in urban renewal projects or rebuilding of dangerous old buildings or so-called sea sand buildings.
7. Following the second amendment of the Operations Principles dated May 24, 2019 by the FSC, the interpretation of "government agencies" is loosened to include all government agencies, state owned enterprises, public enterprises, and state funded foundations. For AMC, besides the Urban Renewal Act, it is added that acceptable implementers or builders under the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings would be permitted to make capital injections and real estate purchases. Rules are loosened to allow purchases of land involving the need for property right consolidation and buildings and other rights on land if there are clear difficulties to make value added use of real property held by AMC.

c. Industry status

Asset quality improves in the domestic market for nonperforming loans as profits rise for banks. The NPL ratio remains low (at an average of 0.23% in November 2019) for domestic banks. Sales peaked at NT\$236.8 billion in the domestic

market for nonperforming loans in 2007. Sales dropped further to NT\$9.3 billion in 2013. Market conditions became even more challenging when in May 2013, the Financial Supervisory Commission issued a restriction that only financial institutions with an over 3% NPL ratio would be allowed to sell nonperforming loans. In August 2013, the FSC made another announcement that corporate debt were to be treated in the same manner as non-corporate debt and would not be allowed to be sold to third parties. The FSC also required asset management companies to renegotiate borrowing terms with debtors according to the Statute for Consumer Debt Reform. As a result, sales dropped sharply from NT\$900 million to NT\$600 million between 2014 and 2017. It is clear the domestic market for nonperforming loans has shrunk. Limited access to viable investments and lower returns on investment threatened the survival of the asset management companies (AMCs).

With adverse conditions such as a sharp decrease in nonperforming loans released by financial institutions and regulatory restrictions in recent years, competition among AMCs will grow ever more fierce and the business will be more difficult to manage. Nevertheless, since it introduced the Luxury Tax in July 2011, the Central Bank's limit on construction loans and interest rates, the Mansion Tax, the House Tax and the consolidated housing and land tax in 2015, the government has been able to deter speculation in the real estate market. Trade volume reaches historic lows while it is apparent that the interval between new projects lengthens, sales of existing property remain stagnant, and construction companies start lowering profits. Property investors have left the real estate market, leaving more opportunities in court-auctioned properties. Meanwhile, anticipation of effects of interest rate hikes in the United States and deteriorating cross-strait relations will start rippling through Taiwan's economy. Housing prices going gradually but steadily down in the housing market may result in projects of small developers becoming nonperforming debts. Taishin Asset Management will follow up closely on market changes.

Given the Operations Principles in August 2015 still imposed quite a number of restrictions, AMCs under financial holding companies kept lobbying the FSC, and the FSC, as a result, amended said Operations Principles again in December 2017. The new Operations Principles allow investment in government property for sale in addition to real estate made available through court auctions. In addition, to facilitate completion of urban renewal projects in Taiwan, the government now allows AMCs to inject cash into entities carrying out urban renewal projects involving general real estate, instead of only into those involving real estate owned by the same group. Furthermore, AMCs are allowed to handle debt consolidation and advances in urban renewal projects or rebuilding of dangerous old buildings or so-called sea sand buildings.

The FSC amended the Operations Principles above again on May 24, 2019. The interpretation of "government agencies" in the original rule, which allows AMCs to invest in assets sourced from court auctions and public offerings by government agencies, is loosened to include all government agencies, state owned enterprises, public enterprises, and state funded foundations. For AMC, besides the Urban Renewal Act, it is added that acceptable implementers or builders under the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings would be permitted to make capital injections and real estate purchases. Rules are loosened to allow purchases of land involving the need for property right consolidation and buildings and other rights on land if there are clear difficulties to make value added use of real property held by AMC.

In 2022, the combination of the government's campaign to fully implement the Statute for Expediting Reconstruction of Urban Unsafe and Old Buildings, the prevailing presence of old apartments with no elevators, and a general desire for safe dwelling will fuel the reconstruction momentum. AMCs can expect profit growth in unsafe and old building reconstruction projects in the near future.

However, COVID-19 variants started appearing in other countries and the number of cases remained high in Taiwan. Meanwhile, the government raised the minimum mortgage down payment and the consolidated housing and land tax 2.0 came into effect on July 1, 2021. The tax extends the period for a higher tax rate between short term transactions so that a 45% tax rate will apply if a property is bought and sold within 2 years; a 35% tax rate will apply if a property is bought and sold after 2 years or more but under 5 years; and the tax rate will remain 20% or 15% if a property is

bought and sold after 5 years or more but under 10 years or after 10 years, respectively. With prices of construction materials having risen by 30% or more, case selection and cases involving urban regeneration or dangerous old buildings will require more caution and care.

d. Short- and long-term business development plans

1. Short-term development plan

(1) Bidding for bad-debt claims

- A. Continue handling bad-debt claims purchased from Taishin Bank (for both wholesale banking and retail banking bad-debt claims).
- B. Continue handling bad-debt claims purchased from Kuo Hua insurance (mainly for consumer banking and insurance debt claims)
- C. Continue handling of bad-debt claims purchased from Standard Chartered Bank (for both wholesale banking and retail banking bad-debt claims)
- D. Continue bidding for bad-debt claims with peers in public bidding (for both wholesale banking and retail banking bad-debt claims)
- E. Purchase bad-debt claims via negotiation and cooperate with private AMC firms for individual cases, an arrangement enabling the company to have easier grasp of the capital planning, risk assessment, and investment cases via participation in the selection of cases.
- F. Purchase claims to non-performing loans secured by plots of land in greater Taipei and expand land development business via arrangement of debt claims.
- G. Consulting services in debt consolidation and nonperforming loans for nonperforming syndicated loans or companies in financial distress.

(2) Bidding at foreclosure auctions

Bid at low prices for items at foreclosure auctions that are the result of bad debt from financial institutions in the Greater Taipei area and resell for profit after processing the ownership and the property.

(3) The Others

Regulations Governing Sales of Non-performing Loans by Financial Institutions by the FSC in August 2015, the Company lifted the 3% limit on the average nonperforming loan ratio for sales of debts from default of construction work-in-process, and started assessing appropriate investment options.

2. Long-term development plan

(1) Urban renewal and advance services:

Following the correction of business principles under the FSC letter issued in May 2019, the Company complied with the government's urban renewal policy, and injected cash into entities carrying out urban renewal projects and handled debt consolidation and advances in urban renewal projects or rebuilding of dangerous old buildings or so-called sea sand buildings.

(2) Corporate restructuring and consulting services:

Consulting services in restructuring, debt consolidation, and nonperforming loans for nonperforming syndicated loans or companies in financial distress.

Taishin Venture Capital Investment Co., Ltd.

a. Business scope

1. Business contents

Taishin Venture Capital Investment creates a diverse range of suitable investment portfolios that are consistent with the purpose of venture capital while keeping risks under control. It looks to provide venture capital for unlisted startups with potential for long term development and profit.. When looking for investments, Taishin Venture Capital Investment focuses on promising industries and technologies as follows:

- (1) Biotech and new pharmaceuticals and medical equipment industry.
- (2) Electronics and information industry.
- (3) Other niche investments, such as smart machinery, green energy, and cultural and creative industries.

2. New financial products and services to be developed in the future

Taishin Venture Capital will be seeking promising but undervalued companies with listed emerging or GISA stock, investing therein to create profits and integrated financial services. Venture capital plays a pioneering role in wholesale banking services. The benefits of integrated financial services become clear when venture capital firms identify promising startups, commercial banks provide funding, and securities underwriters provide TWSE/TPEX listing services.

b. Business development plan of the current year

The company was incorporated in late September 2003 with a capital of NT\$1 billion. To create a sound financial structure, the company underwent capital reduction in 2010 to make up for NT\$180 million in accumulated losses. It subsequently made cash issues for NT\$800 million, NT\$600 million, and NT\$1.11 billion in 2011, 2012, and 2014, respectively. To improve its financial structure, the company made cash issues for NT\$1.2719 billion and NT\$3.529 billion, and underwent capital reduction to make up for NT\$592 million in accumulated losses in 2018. The capital reduction recovered NT\$3.329 billion in share capital. In 2019 and 2020, capitalized earnings amounted to NT\$10 million and NT\$725 million, and by the end of 2021, paid-in capital amounted to NT\$4.944 billion.

The company reported an income of NT\$822,042,000 and after-tax profit of NT\$803,503,000 in 2021. The return is attributed mainly to gains on valuation of financial assets at fair value through profit and loss and investment profits recognized using the equity method from subsidiaries.

In 2021, we continued investing in Tanvex BioPharma, IIH Biomedical Venture Fund I, CT Ambi, Delos Capital Fund, Delos Capital Fund II, CDIB Capital Global Opportunities Fund, and Arm IoT Fund; and started investment in. Guoyu ,amounting to NT\$180,821,000. The investment projects generated a total cash inflow of NT\$68,004,000, which included NT\$12,354,000 for disposal or liquidation, NT\$24,152,000 in cash dividends, and NT\$31,497,000 in refunds from capital reduction.

As of the end of 2021, there are 36 companies in the investment portfolio on the books.

As the number of cases fell and the number of vaccinated people increased, economic activities started to resume. The gradual recovery combined with fiscal relief introduced by governments led to positive economic growth for major countries and regions in 2021 compared to 2020. According to IHS Markit, the global economic growth was about 5.54% in 2021. In particular, the US achieved a 5.44% growth, China 8.21%, and Taiwan 6.06%.

Looking forward to 2022, a higher baseline, governments withdrawing fiscal policies, the spread of the Omicron variant, and rising inflation that can lead to a tight monetary policy and rising interest rates are all variables to affect economic growth in 2022. OECD projects the US economic growth will reach 3.7% and China 5.1% in 2022. The downward adjustments in growth of both US and Chinese economies can have an adverse impact on Taiwan's 2022 outlook on

exports and economic growth. The Chung-Hua Institution for Economic Research projects Taiwan's economic growth to be 3.69%, inflation 1.77%, and unemployment rate 3.82% in 2022.

Given the many variables in the global economy in 2022, the business plan for 2022 will still need to balance risk and return in the pursuit of profits and focus on achieving stable returns over the long term.

1. Financial investment: In addition to selecting companies with promising potential, it is necessary to be sure about the exit strategy.
2. Strategic investment: The Chinese financial leasing companies in which Taishin invests will speed up development of new products and channels and maintain enhanced credit risk management at the same time.
3. Cash management: Cash management is improved by disposing TWSE/TPEX listed stocks as appropriate and allocating assets to fixed income investment.
4. Banking synergy: A startup can build up its financial operations by looking to a venture capitalist for investment first before approaching a commercial bank for financing and then finding a securities underwriter to provide assistance with TWSE/TPEX listing. Fully integrated financial services not only provide the solution to a startup's wide ranging needs, but also create stronger synergy for the financial holding company as a whole.

c. Industry Status

In terms of the international market, according to CB Insights, investments to startups reached historic highs in 2021. These records include: 1. a record number of unicorns, growing from 569 at the end of 2020 to 959 at the end of 2021 at a YOY growth of 69%; and 2. a new global funding record, growing from US\$294 billion at the end of 2020 to US\$621 billion at the end of 2021 at a YOY growth of 111%. It shows capital venture business did not suffer from the pandemic.

Meanwhile, regarding the venture capital market in Taiwan, a study by Taiwan Institute of Economic Research shows the total number of venture capital projects was 310 in 2020, down by 12.68% compared to 355 in 2019; meanwhile, the total size of investment reached US\$873 million, up by 25.04% compared to US\$698 million in 2019. It shows large projects have become the backbone of the market.

d. Research and development

TIER also made the observation that venture capital firms appeared to focus on healthcare, tech, and energy industries.

1. Healthcare industry: attracted the most investment in recent years (2015-2020) and received 289 projects and US\$917 million.
2. Tech industry: rooted in Taiwan's fully developed electronics supply chain and supported by AI and IoT trends. Received 150 projects and US\$363 million.
3. Energy industry: backed by government policies and growing into a noteworthy investment. Received 80 projects and US\$470 million. While the statistics may not be impressive, the number of investment projects did grow from only two in 2015 to 36 in 2020 and the amount from US\$1.6 million to US\$235 million. The potential for growth cannot be ignored.

e. Short- and long-term business development plan

Our short-term strategy will be to focus on startups that have had liquidity and shown strong growth potential in the last 2 to 3 years. Moreover, capital will be allocated to industries that can create profit on a fixed basis, to enhance value creation in the investment portfolio.

In terms of medium-term strategies, Taishin Venture Capital combines resources from different fields and explores joint investment opportunities by investing in venture capital funds.

Our long-term strategy will be to make proper use of the Taishin FHC brand to gather external resources and leverage the group's professional knowhow to find the best investment opportunities. Synergy within Taishin FHC can offer a one-stop solution to satisfy the diverse needs of investee companies, such as financing, payroll transfer, underwriting, stock administration, leasing, and financial consulting. Assistance is provided to help investee companies to set out on a path to success and profits.

Taishin Life Insurance Co., Ltd.

a. Business scope

1. Business contents

Taishinlife operates in life insurance and sells products including life, health, accident, and investment-linked coverage.

2. Revenue breakdown

Unit: NT\$ million

Item \ Year	2020		2021	
	Amount	Percentage %	Amount	Percentage %
Life insurance	10,947	69%	16,899	78%
Health insurance	4,389	28%	4,416	20%
Accident insurance	204	1%	200	1%
Annuity insurance	248	2%	63	1%
Total	15,788	100%	21,578	100%

3. Products and services

The direction of Taishinlife follows two growth drivers, bancassurance partners and life insurance advisors. Product development will be customer oriented. The product strategy for each channel is as follows:

- (1) Bancassurance partners - focusing on interest rate sensitive products, investment linked products, and mortgage life insurance products and meeting the needs of different customers.
- (2) Life insurance advisors - focusing on protection oriented products and need driven and life stage based sales pitches; and assessing potential household risks to be faced by customers in different stages and closing sales by providing a more personalized combination of products.

4. Plans for new products

In preparation for phased adoption of IFRS17, Taishin will be actively guiding modification of channel and product structures. Provided a balance is found between being competitive in the market and achieving the company's financial targets, new product strategies are developed as follows:

- (1) Avoid overconcentration in the product lineup, reduce the percentage of longer-term guaranteed products, and make plans to develop brand new investment-linked life insurance and annuity products. Work is expected to begin in 2022 to build a comprehensive platform for investment-linked insurance products. The platform will contain links to investment instruments that meet customers' needs and deliver consistent performance. The goal is to enable customers to participate in market growth trends while boosting the company's sales momentum.
- (2) Respond to market developments and regulatory changes as needed, expand the range of protection oriented products and optimize the product structure in order to manage risks while staying competitive in the market.
- (3) Provide a wider variety of health insurance products based on the effects of low birth rates and aging populations on society and the economy in order to meet the demands of different customers at various stages of their lives and to enhance the protection provided by life insurance.

b. Current business plan

1. Bancassurance partners

Apply Taishin Bank's experience in the insurance business to facilitate closer partnerships with financial institutions and increase the number of bank partners, to expand the bancassurance team, and to ensure the staff becomes better trained and provide better service.

2. Life insurance advisors

Accelerate growth of the team of life insurance advisors to expand the organization steadily and improve performance, make more services available through life insurance advisors, and extend the existing training systems and structures with a greater emphasis on improvement.

c. Industry overview

The total life insurance premium was NT\$2,971.1 billion in 2021, down by 6.1%, compared to last year. In particular, the first-year premium was NT\$1,048 billion, increased 6.7% from last year; and the renewal premium was NT\$1,923.1 billion, down by 14.5% from last year.

Among the NT\$1,048 billion of the first year premium, sales by each channel were: life insurance company agents with NT\$354.4 billion or 33.8%; bancassurance with NT\$602.3 billion or 57.5%; and traditional insurance agents/brokers with NT\$91.3 billion or 8.7%.

d. Research and development

Market conditions and product features have been constantly changing in recent years. The strategy will involve active research, customer analysis, and market segmentation that help the company provide innovative and differentiated products to meet specifically unmet demands. Personalized insurance products will be provided to suit different needs of different channels for different products. Key points of the research and development plan are as follows:

1. Information as a service: constructing strategic information projects and core services as services to support the requirements of new forms of information services.
2. Transfer of Prudential Life US systems: rebuilding related Taishin life systems and services.
3. Financial regulatory services system: compliance with financial regulatory services.
4. Digital transition of distribution channels: developing products consistent with both customers' needs and market trends and able to satisfy financial needs of different life stages and help customers live better lives.
5. Intelligent data: building or enhancing the company's data application platform to provide a better customer experience.

e. Short- and long-term business development plan

1. Short-term business development plan

Financial institutions and life insurance advisors are the two largest channels. Besides maintaining existing advantages, they will add to Taishin Bank's bancassurance experience in selling longer-term protection oriented insurance products. Resources will be deployed to increase business synergy. The short-term business development plan takes a customer centric approach to expanding these two major distribution channels.

2. Long-term development plan

The customer relationship management strategy of Taishin Bank wealth management services will be used to provide exclusive insurance products and services as well as promotional offers to increase sales. A wide selection of channels makes the buying process easier for customers. More financial institution partners will be added to facilitate long-term partnerships and mutual trust and contribute to fast expansion of the bancassurance business.

Suitable products will be developed and provided to be sold through banks. These partnerships will combine both parties' interests and create win-win strategies for both the bank and the insurer.

Life insurance advisors as a channel will be expanded at a steady pace with quality recruits and management trainees. The existing management training program and structure will remain in place while the management's role in recruitment and sales will be increased.

B. Cross-line and joint marketing efficacy

The list of Taishin Holdings subsidiaries contains Taishin Bank, Taishin Securities, Taishin Life Insurance, Taishin Securities Investment Trust, and Taishin Securities Investment Advisory.

Taishin Securities had set up and shared points of sale across 101 Taishin Bank branches since May 2010 and Taishin Life Insurance since Oct. 2021. These shared points of sale conduct cross selling in the branches and are permitted to conduct the following business activities:

a. Securities services:

1. Account opening for securities brokerage business.
2. Acceptance of securities related applications on behalf of third parties.

b. Futures services:

1. Account opening for futures brokerage services.
2. Acceptance of futures related applications on behalf of third parties.

Taishin Bank had set up shared points of sale across Taishin Life Insurance since Oct. 2021. This shared point of sale conduct cross selling in the branches and are permitted to conduct the following business activities

a. Credit card referrals and delivery of cards.

b. Acceptance of applications for banking services.

A business referral system is in place to provide one-stop financial services. The number of active securities accounts opened through the referral system continued to grow in 2020. The business strategy will continue to be customer oriented. Products and distribution channels will be made more aligned with each other in order to satisfy the need for personalization and improve the quality of financial services. The aim is to provide the most suitable products and services when they are needed and achieve optimal synergy in the financial holding group.

C. Market and business status

Taishin Financial Holding Co., Ltd.

a. Market analysis

Built as a cross industry operation, Taishin FHC expects to utilize the resources and integrated services in the group to achieve synergy. There are currently 16 financial holding companies in Taiwan. The market remains highly competitive in relation to its size. The rise of fintech creates challenges for traditional banks in their own business as well as in other industries. As a result, more and more banks are investing resources in the development and application of new technologies. The banks support digital transformation in order to provide financial services that can better meet market demand.

b. Competitive strategy

Taishin FHC's mission is to become a trustworthy, outstanding financial institution with stable growth that provides a full line of financial services for the global Chinese community. The strategy is executed by implementing the following measures:

1. Increase the group's profitability while paying equal attention to risk control: Continue developing strengths of the group, create a complete cross-industry network under Taishin FHC, actively combine resources within the group, and paying equal attention to risk management and business growth, expand the subsidiaries to create multiple profit drivers.
2. With regard to banking, perpetuate existing advantages, such as the number of digital accounts and the auto loan, credit card, syndicated loan, and securities underwriting businesses to maintain a leading position while trying to leap ahead. Create new strengths in the emerging area of FinTech through digital transformation of the group.
3. Implement IT infrastructures, optimize the group's IT resources, construct an IT system that supports business growth, and make full use of new technologies to create new business models and opportunities to secure leading positions in the market.
4. Develop a full range of risk management capabilities, and ensure the three lines of defense and employee training are effective. Improve risk management capabilities on an ongoing basis. Develop optimal infrastructures and human capital for different business areas through system upgrades, talent recruitment and retention, and process improvement.

c. Competitive niches

1. Integrated channel

Taishin Financial Holding co., Ltd. puts under its auspices various subsidiaries, including Taishin International Bank, Taishin Securities and Taishin Investment Trust / Investment Advisory boasting different kinds of sales channels, whose integration can cover different client groups and offer more service points for the provision of related financial consulting.

2. Provision of plural products

Customers have needs for different products in different life stages. It makes product differentiation one of the essential elements of competition. Customer centric has always been one of Taishin's requirements. The use of big data to identify customer needs, product diversification, and one-stop shopping save time for customers while satisfying the demand for service quality.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

- (1) The Taishin Bank wealth management brand delivers excellent performance that has received many local and international awards.
- (2) Taishin FHC supports innovation and takes a flexible approach to business development. The group stays constantly alert to market developments, and its business strengths are widely recognized.
- (3) The full line of banking and securities products is offered with service quality and efficiency.
- (4) Richart continues to lead the market in the number of customers. It is also able to provide a series of much needed digital banking services and innovations.

2. Unfavorable factors

- (1) There are 16 domestic financial holding companies, leading to acute competition, especially in view of their homogeneity in product development and packaging.

- (2) Increasing stringent financial regulations are driving up the costs of compliance with AML/CFT regulation.
- (3) The number of offices overseas is relatively small and in need of new additions as well as pioneering and leadership talent for overseas businesses.

Taishin International Bank Co.,Ltd.

a. Major products and services and location

The bank's major business items include deposit reception, loan extension, export/import foreign exchange, foreign-currency deposits, discount of negotiable instruments, currency conversion, guarantee, surrogate collection/payment, custody, trust, credit card, trading in derivatives, brokerage of short-term commercial paper, brokerage of short-term bills, securities trading, certification and underwriting, factoring, securities investment and underwriting, offshore banking, the issuance of financial bonds, wealth management and buy(or sell) gold or silver business.

Since its establishment, the bank has been constantly expanding business items and operating network, actively exercising the intermediary role for the supply and demand of funds in the society, so as to support economic prosperity. Regarding business network, the bank has set up branches in major cities in Taiwan, the bank boasts 101 domestic branches and has been actively establishing overseas units, in compliance with the trend of financial internationalization, including offshore banking unit, Hong-Kong branch, Singapore branch, Tokyo branch and Brisbane Branch, testifying to extensiveness of its service network.

b. Future supply and demand

The banking, insurance, and securities industries had profited due to the strong performance of the stock market and the industries' proactive efforts in obtaining capital gains on equity and debt. In 2021, the total net profit before tax for the banking, insurance and securities industries was NT\$936.6 billion, exceeding NT\$900 billion for the first time. This represented growth of NT\$261 billion compared to 2020, a positive growth rate of 38.7%. The net profit before tax for the insurance industry was NT\$411.1 billion, an annual growth rate of 84.3%; the net profit before tax for banking was NT\$385.6 billion, an annual growth rate of 4.0%; and the net profit before tax for the securities industry was NT\$139.9 billion, an annual growth rate of 72.0%. Looking towards 2022, as the pandemic is gradually losing its influence over the global economy, leading to the restoration of global economic activities, and also as inflation has continued to rise as oil prices continue to go up, the Central Bank of the Republic of China is expecting to follow the footsteps of the United States in raising interest rates in 2022.

c. Business goals

Looking forward, we will commit to achieving the goals of our existing business activities while pursuing environmental sustainability (E), social inclusion (S), and outstanding corporate governance (G), all in accordance with the principle of "rigorous risk management, integrous law abidance, and aggressive expansion", while supporting government policies and complying with applicable regulations. Our business strategies and plans include: Taking advantage of the resources of Taishin FHC and ensuring that both risk control and business growth are greatly accounted for, we perpetuate existing advantages—such as the number of digital accounts and the auto loan, credit card, syndicated loan, and securities underwriting businesses—to maintain a leading position while trying to leap ahead. We shall continue to improve our ability in risk management, implement the principles of risk management and fair customer treatment, and dedicate ourselves to balancing business development and risk management. We will also construct IT infrastructures that facilitate business growth, and create new strengths in the emerging area of FinTech through digital transformation and information transformation. We actively invest in digital banking, increase the market share of Richart, support green energy and sustainability through lending, and assist in the development of the low-carbon transportation, circular economy, and renewable energy industries, as well as continue to expand overseas and develop international operations with a focus on Asian countries and Chinese communities around the world.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

(1) Wealth Management

- A. A growing range of big data applications helps with monitoring market trends and understanding customers' needs.
- B. The pandemic has accelerated the digital transition. Technology is utilized to combine virtual channels and real branches, thereby enhancing the advantage in customer relationship management and make the processes more efficient.

(2) Retail Banking

- A. Through continuous and timely communication channels both online and offline, with the assistance of big data customer analysis, which is helpful for increasing marketing precision and penetration of consumer banking products, the existing customer base of this bank will continue its steady growth, as well as new group of digital customers will be developed.
- B. The government continues to promote finance digitalization (such as the Open Banking API, My Data, digital platforms connecting to the government's data, etc.), which enhances the efficiency of online loan applications and also facilitates public acceptance for online loan applications, online trial calculations, online verification, and other similar tools.
- C. In response to the development of digital banking, the bank actively utilizes new technology (such as block chain and big data), develops platforms of automated systems, and enhances information security measures in order to increase efficiency of service.
- D. Government agencies make active efforts to support development of the electronic payment market. More and more traditional cash businesses (e.g. medical institutions and night markets) have started accepting electronic payment tools.
- E. The ecosystem experience enables integration of Taishin FHC products and services and partnerships with leading brands in sectors with growth potential to create financial scenarios and explore new customer bases through cross-industry collaboration.
- F. Consumer shopping behaviors are responding to trends in digitization/ubiquity of online and mobile devices. Online/Mobile payments continue to grow.
- G. The coronavirus is accelerating digital transformation in different industries and creating new opportunities for offline businesses trying to implement online payments. Merchants work actively to launch membership apps with built-in payments in order to increase member loyalty. These apps also encourage consumers to make electronic payments.

(3) Digital Banking

- A. Implement effective agile development to enable the bank to launch new financial services ahead of competitors.
- B. Build on "customer experience" and have open platforms and cross industry partners bring in new products and services in a way that reduces costs and responds more quickly to market demand.
- C. Awarded multiple invention and utility model patents: money saving credit card, login preview, cardless withdrawal, Proximity Transfer, Easy Transfer, One-stop Fund Transfer, and ATM facial recognition and beauty filter, and loan application without proof of income. Patented technologies are applied in the daily lives of customers to establish everyday financial scenarios.

- D. Combine AI and biometric identification technologies to develop facial recognition for services such as opening an account, making a payment, withdrawal or transfer, identifying VIP in branch and making payments by facial recognition. Achieve the vision of complete digital banking.

(4) Wholesale Banking

- A. Given the ongoing liberalization and rapid economic growth of Asian emerging markets, there is going to be substantial growth in demand for overseas banking services.
- B. With an outstanding corporate Internet banking platform, we provide integrated cash flow collection & payment transfer to our customers.
- C. The government encourages financial institutions to adopt new technologies and expand overseas, both of which contribute to the scope of business.

(5) Financial Market Services

- A. As the revenue of Taiwan-invested enterprises grows, the need for hedging increases.
- B. Utilizing the resources of the head office to capture business opportunities overseas, build up a presence in overseas markets and develop closer relationships with local customers.

(6) Trust Service

- A. The competent authority is actively supporting the digital finance policy. The younger generations are having more influence and depending more on social media and digital devices, leading to the growth of automated channels and a higher frequency of self directed investing.
- B. In an increasingly diverse and aged society, the development of retirement trust is aided by the Trust Association's "Elderly and Handicapped Persons Property Trust Evaluation and Incentive Measures" campaign in support of government policies.
- C. To help companies retain talent, the government has amended the Company Act and related regulations to expand eligibility for employee benefits and encourage the demand for employee welfare trust.

(7) Insurance Broker Services

- A. Following the rise of fintech, Taishin Bank is investing in the development of fintech and online insurance enrollment services. Meanwhile, young people's internet and digital device dependence makes it easier for Taishin Bank to develop and manage digital channels.
- B. The aging population presents a massive opportunity in the retirement market and creates favorable conditions for protection oriented products and annuities (including traditional and investment-linked insurance products).

2. Unfavorable factors

(1) Wealth Management

- A. Competing banks and online banks compete on price, and any success of Taishin Bank can be easily copied.
- B. Competitors are investing more and more resources, such as technology, big data platform, and data mining experts, into the area, creating an increasingly competitive market.

(2) Retail Banking

- A. The physical bank/online-only bank price competition and the success of Taishin Bank can be easily replicated.
- B. The financial markets are gradually becoming saturated. Price competition and copying successful business models in the financial industry have made raising profits difficult.
- C. The continuous updates in FinTech and supervision-related regulations make it necessary to find a balance between convenience in the user experience and following regulations regarding information security.

- D. The direction of the pandemic being uncertain and borders remaining closed are having adverse effects on international business activities and travel spending.
- E. Following the progress in fintech, large chain stores and card issuing banks are creating links between money service systems to enable negotiations for lower fees. The approach will affect the income from payment services in the long term.

(3) Digital Banking

- A. The entry barrier to copying financial services is low and the sandbox policy for the banking sector is still in the early stage. There has not been much major development in the area.
- B. There are currently a large number of payment programs (e.g. NFC, barcode, bluetooth, voice recognition, and biometrics) and the product life cycle is getting shorter. It is not yet clear which will become mainstream in the future, and so more resources have to be invested in IT development and marketing.

(4) Wholesale Banking

- A. Over-banking status, homogeneous traditional financial products are difficult to create high profits.
- B. The bank still has only a few branches overseas; its global network remains sub-optimal.
- C. Financial supervision has become more stringent than ever. The implementation of Basel III accord will put further strains on the bank's capital and liquidity. All of which present added costs and risks.

(5) Financial Market

- A. Both stock and bond markets are peaking, which makes investing tricky and creates challenges in making profits on financial products.
- B. Financial supervision has become more stringent than ever. The amended regulations on derivative products and tightened rules on KYC and product suitability impose restrictions on product sales.

(6) Trust Service

- A. Products are highly similar with little differentiation. Competitors continue to open more overseas branches to gain larger market shares.
- B. The demand for financial professionals will continue to grow while the cost of training and employee turnover will be higher.
- C. The global economy is near the end of its growth and has started to slow down. Constant changes in the U.S.-China trade relationship and the geopolitical outlook for Europe and uncertainties over the monetary policies of major central banks both contribute to greater volatility in the international financial markets and challenges in investing.
- D. Structured trust and employee welfare trust services cannot be offered without an investment of trained professionals and systems, but generate limited fee income in the face of fierce competition.

(7) Insurance Broker Services

- A. In the interest of stable insurance operations and in anticipation of the adoption of IFRS 17, valuation interest rates are expected to stay low in the long term. Apart from potential premium hikes and lower customer interest, much less attractive endowment insurance products will make it harder to sell endowment insurance, which will push the bank to complete product transformation and make salespersons better professionally trained.
- B. For better consumer protection, insurance regulations are becoming increasingly rigorous. In addition to expanding the list of products requiring recording of the sale process and lowering the minimum age requiring recording for unit linked insurance products, a telephone interview on the source of funds is now also required. Such interviews create a complicated policy application process, and make customers less willing to include such products in their portfolios.

C. Digital technologies are advancing by leaps and bounds. To stay ahead in the digital insurance business, one needs a large-scale replacement or upgrade of existing systems.

Taishin Securities Co., Ltd.

a. Major products and services and location

The company's services target domestic and overseas institutional investors and general investing public. As of the end of 2020, the company has a total of 12 offices. Furthermore, the company has set up cross-selling in 101 Taishin Bank branches in Taiwan. In particular, there are cross-selling offices in 17 branches. These offices make it easier for customers to open or close securities accounts or change personal information.

b. Future supply and demand

1. Market overview

As of the end of 2021 there are 67 headquarters of securities dealers, 804 branches, and 35 securities dealers that have been approved for margin trading and short selling of securities by the Securities and Futures Bureau of the Financial Supervisory Commission of the Executive Yuan.

2. Market supply

Support the government's policy of allowing foreign companies to apply for listing and financing in Taiwan. Securities underwriting is expected to have large growth potential. Following deregulation of foreign securities trading, the government continues to promote expansion of the capital market. Introduction of a strings of new type financial products and strong growth in the ETF market are contributing to a heated new issue market. Meanwhile, fast growth in e-commerce coupled with trends such as fintech, smart financial planning, and blockchain are creating a wider variety in securities business development and financing options. Securities firms will be able to provide one-stop services for their customers. The securities market will work more efficiently, and its size will rise significantly.

3. Market demand

Both domestic and foreign companies will have a greater need for direct financing as the capital market becomes more efficient with a greater range of features. Financed interdisciplinary mergers will become more commonplace. Meanwhile, the public is paying more and more attention to investing as they travel on the information superhighway and become better educated with easier access to a wider range of investment vehicles. The combination of a recovery economy and the government's policies in favor of the stock market also encourages consumers to invest and invest more in foreign vehicles. The demand for securities trading services, foreign investment sub-brokerage, and financial consulting services for medium- and large-sized enterprises will continue to grow.

c. Business goals

As an integrated securities firm, Taishin Securities engages in such businesses as brokerage, dealership, underwriting, and investment banking, and provides a complete electronic trading platform with complete functions. It combines the resources of the financial holding company and utilizes near 100 banking channels, to provide investors allround and pluralized financial wealth-management service. It offers pluralized tailor-made financial products to meet the different needs of customers.

Regarding brokerage services, the offices will continue to provide better offline services, and strengthen the existing securities, futures, sub-brokerage, and non-restricted purpose loan services. Meanwhile, the range of services available at the cross-selling offices in Taishin Bank will continue to be expanded in order to create the best offline service. In addition, the in-house electronic trading platforms and online services will be optimized on an ongoing basis to make better omnichannel services.

With respect to the underwriting business, the operation brings together the resources under the financial holding company in an active effort to secure as many domestic underwriting cases as possible while exploring opportunities overseas by attracting more foreign companies to participate in the capital market in Taiwan. The aim is to develop Taishin Securities into a financial service platform that offers premium services, a diversified range of businesses, and high added value.

Regarding corporate mergers, life is slowly returning to normal as many countries work hard to vaccinate the population. Momentum is also slowly building in the markets. To gain strength quickly, companies not only engage in conventional horizontal and vertical mergers to expand their in-house technologies and produce lines, but also form interdisciplinary alliances to create new opportunities in innovation-driven transformation. Taishin connects private equity funds and medium- and large-sized enterprises and identify potential needs in order to provide working capital restructuring and organizational transformation, corporate merger, financial planning, and private equity fund investment consulting services.

In terms of derivative trading, Taishin will focus on risk management and build on the combination of an established financial holding company brand and professional financial engineering capabilities to create low-risk income from arbitrage, product launches, and market-making services. The company will follow a set of clearly stated and strictly-enforced market strategies and the quality of market making while adhering to the principles of good faith in offering consistent issue prices and reasonable spreads and quotes. Hedging strategies will include the use of big data analytics, financial engineering theories, and statistical tools to identify reliable market information and hedging benchmarks.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

- (1) Integrate the resources of the financial holding company to manifest brand value and upgrade overall competitiveness.
- (2) The growing electronic payment market makes the influence of mobile securities dealers more extensive.
- (3) The financial holding group now offers a vastly diverse range of products that can be cross-sold to provide customers the ultimate one-stop shopping experience.
- (4) The Taishin brand as an underwriter is well known in the market and sufficiently strong to turn negotiations in the brand's favor.
- (5) Positive relationships with important large enterprises facilitate access to customized, well-rounded investment banking services.
- (6) Government policies tend to adopt an open stance, and the regulators are leading the way to drive business growth.
- (7) With equal emphasis on all sectors, electronic, traditional manufacturing, and startup industries have come to grow at similar rates, which contribute to development of underwriting services in Taiwan.
- (8) As the market becomes increasingly competitive, companies are under extremely high pressure, and the number of mergers is on the rise.
- (9) Financial engineers more skilled than those employed by competitors can achieve greater speed and accuracy in backtesting and simulation of trading strategies.
- (10) There is a relatively high barrier to entry to sub-brokerage and therefore a smaller number of competitors. Resources from Taishin FHC will facilitate growth in the sub-brokerage business.

2. Unfavorable factors

- (1) The existence of cutting the price aggravates the competition and affect the space of securities firms for survival.
- (2) Merger clients are not easy to find, and competition for private equity projects is fierce.
- (3) Local enterprises lack awareness on the role of professional investment consultancy, making it difficult to market such services.

- (4) The market lacks investment banking talents, especially those with experience.
- (5) Large domestic enterprises appoint talents cultivated internally for domestic mergers, reducing business possibilities.
- (6) Most enterprises across all industries nation-wide are focused on developing their information technology(IT) infrastructure, increasing the demand for IT talent and making its recruitment difficult.

3. Response measures

- (1) Utilize the bank's extensive channel to transfer quality and high-net-worth clients, to extend the reach of business scope.
- (2) Creating a differentiated e-trading platform to provide more accurate, real time mobile transactions.
- (3) To expand brokerage operations, the company will continue to extend the cross-selling partnership with Taishin Bank from offices to points of sale, and explore opportunities in middle class investors.
- (4) Continue to build up the sub-brokerage trading system and the digital platform in order to give investors a stable and easy-to-use tool for investing overseas and to establish a strong presence in the sub-brokerage market.
- (5) With regards to underwriting services, the company will be working closely with wholesale banking, investing more in overseas wholesale banking offices and establishing OSUs, and collaborating with venture capital firms to expand the underwriting services in Taiwan and in other countries.
- (6) In response to market demand, special projects will require participation of all hands on board in order to increase fee income.
- (7) Broaden distribution channels local and abroad; increase the company's capacity to undertake cases.
- (8) Large enterprises and private equity networks are within the main scope of business, so it is necessary to actively make contact with popular domestic private equity funds to get the chance to serve as financial consultant for international mergers and funding, and long-term consultant for acquired subsidiaries, as to open up a new market space.
- (9) The Capital Market Department will engage the Research Department and Corporate Department in organizing forums and seminars for greater exposure.
- (10) The company will continue to keep updated on the competent authority's policies regarding deregulation, provide a complete line of products and develop new types of services in order to create a balanced portfolio of stable income sources.
- (11) The company will continue to expand favorable operations and exercise its advantage as a medium sized dealer in responding to market changes.
- (12) Cultivate professional knowhow in relation to major industries and invite experts to engage in exchanges about the current status; and organize regular meetings to increase the frequency of inter-industry discussions and gradually implement projects for cultivating industry experts.

Taishin Securities Investment Trust Co.,Ltd.

a. Major product and services and location

The company's client base consists mainly of domestic and foreign institutions and investors. The Company has three offices in Taiwan, and has specified money trust and sales agreements in place with banks, including Taishin Bank, Hua Nan Bank, Taiwan Cooperative Bank, Bank of Taiwan, Mega International Commercial Bank, E.SUN Bank, Taiwan Business Bank, Shanghai Commercial & Savings Bank, and Taichung Commercial Bank, and securities dealers, including KGI Securities, Yuanta Securities, and Mega Securities. Combined with agreements to be entered into with many more strong fund distributors in the future, the Company's network will have more than a thousand points of sale across the island.

b. Future supply and demand

Looking forward, Taishin sees plenty of growth opportunities for the asset management business under Taishin Securities Investment Trust thanks to the potential of bond funds and the pension market, and the demand for asset allocation and risk management.

c. Business goals

Taishin SITC's short-term goal includes maintenance of a stable performance, expand the size of non-money market funds to raise, new funds with market potential, and obtain the qualification for the outsourcing operation of government funds. In the medium and long-term, it will actively enhance market share and management scale, increase fund clients, strengthen capability for assets allocation, and continue expanding the reach and good image of the brand. Taishin Securities Investment Trust takes a cautious, responsible approach to managing assets of its customers.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

The competent authority keeps introducing policies to facilitate progress in the financial markets and loosen gradually regulations on product design and investment. The trend is beneficial to further development for domestic securities investment trust enterprises and fund products, and, when combined with expected deregulation of the pension market in the future, creates medium- and long-term opportunities.

2. Unfavorable factors

Intensive competition among local securities investment trust enterprises, causing larger firms to dominate the market. To compete with dominant channels and offshore fund issuers, Taishin SITC will respond by building a complete product line supported with disciplined practices and well-trained talents, and aim to increase the size of assets under management in order to achieve sustainability.

Taishin Securities Investment Advisory Co.,Ltd.

a. Major products and services and location

Provide research services to Taishin Financial Holding co., Ltd., Taishin Bank, Taishin Securities, Taishin Investment Trust, and Taishin Life Insurance.

b. Future supply and demand

Given Taishin Holdings and its subsidiaries rely on research insights when formulating business strategy, the research department will follow the long term objectives of Taishin Holdings as a whole and start adjusting and expanding its organization as well as its scope of business.

c. Business goals

Provide research insights to assist the financial holding company and its subsidiaries to form business strategic, launch products with good investment prospects and assist Taishin Financial Holding co., Ltd. and its subsidiaries to expand business.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

With the government's efforts in promoting financial digitalization and expanding the scope of financial institution, financial production innovation and financial talent cultivation is highly encouraged. We expect to see more favorable prospects with innovative technologies and product in the financial sector as deregulation continues.

2. Unfavorable factors

In response to the rapid changes in regulations and competition in the market, it is essential to enhance our own advantages and innovation capabilities in order to face the challenges and opportunities in the market.

Taishin Asset Management Co., Ltd.

a. Major products and services and location

The company's major business items include bidding for the bad-debt claims of financial institutions in Taiwan, subjecting them to management and restructuring, and disposing of them within reasonable time, so as to attain maximum returns.

b. Future supply and demand

With realty-mortgaged bad-debt claims having been mostly released, assets management companies have gradually switched their bidding targets from corporate-debt claims to consumer-debt claims. Due to the gradual shrinkage of the domestic market scale, quite a number of foreign peers have transformed their operations or exit the domestic market, with some peers having begun to sell the bad-debt claims they purchased. The trend has led to the emergence of secondary-market trading, facilitating the division or combination of single or small bad-debt claims, conducive to the disposal of bad-debt claims and enhancement of investment returns.

c. Short-/Long-term business

In addition to continuing purchase and disposal of nonperforming loans, Taishin will target NPLs secured by building sites in Greater Taipei, and expand the land development business through debt restructuring. Meanwhile, in response to market changes, Taishin will actively bid for consumer bad-debt claims and at courthouse foreclosure auctions in order to create sources of profit. Furthermore, Taishin tries to make progress in various areas by combining the banking and the securities platforms. The use of abundant funding and a large talent pool to play a role in corporate restructuring will be beneficial to banking and business reform in the country.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

The company's edge lies in the complete peripheral platforms and abundant resources of the financial holding company, enabling it to help affiliates dispose of their bad-debt claims and gradually develop other assets management businesses along with the business development of the financial holding company and other subsidiaries.

2. Unfavorable factors

Asset management companies in Taiwan compete against each other in a market with a limited supply of bad-debt claims. Apart from fiercely competitive bids, the regulators have been amending the regulatory restrictions in recent years, creating higher thresholds for financial institutions wanting to sell their claims and greater difficulty for investors wishing to acquire suitable targets. Moreover, relatively high market prices mean higher costs for buyers and an adverse impact on profits. Furthermore, since the pandemic is still ongoing and COVID-19 vaccine efficacy is uncertain, all decisions must be given careful consideration.

Taishin Venture Capital Investment Co., Ltd.

a. Major products and services and location

The venture capital fund is used for strategic investment, and, in terms of regions, focuses mainly on Taiwan and regions where Taiwanese businesses may find strategic partners and/or create economic benefits.

b. Future supply and demand

Given the highs already reached by the stock markets and the pressure of rate hikes, the capital market is relatively cautious and Taishin Venture Capital will select the number and size of investment projects with caution and care. Looking forward to 2021, with cautious optimism being the prevailing mood in the capital markets, investors hold a stronger hand in negotiation, and more investment opportunities are expected to appear soon. There may be higher returns awaiting venture capitalists focusing on medium and long-term investments if exit mechanisms are streamlined.

c. Business goals

In terms of the business life cycle, it is expected that no more than 40% of the capital will be invested in companies in the startup stage, and no more than 60% in companies in the growing stage. The investment industry will focus on medical, information, and manufacturing sectors, as well as startups in niche markets. In terms of region, investment will focus primarily on companies in Taiwan, but remain open to helping Taiwanese businesses return to Taiwan or introducing teams to develop and get listed in the U.S.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

The government is signaling more relaxed regulations on private placements while government venture capital is posed to start another round of financing. Under the de-regulation and market development, sustained growth can be expected for the venture capital industry.

2. Unfavorable factors

Given the persistent presence of economic uncertainties, the effects of the pandemic remain to be seen but the expectation of rising rates has already arrived. Hence, there are many variables to be considered in economic growth. If companies choose to be cautious and expand at a slower pace due to this outlook, this will create adverse conditions for technological innovation, and consequently have an impact on the development of startups.

Taishin Life Insurance Co., Ltd.

a. Major products and services and location

Taishinlife operates primarily in the life insurance business. Bancassurance partners and life insurance advisors are the two major distribution channels. They provide customers with innovative products that offer flexibility and high value. The channels also help customers identify suitable insurance products for different stages of their lives. Financial institution partners include Taishin Bank, CTBC, King's Town Bank and many others. Life insurance advisors are spread across 20 offices in Taipei, Taoyuan, Hsinchu, Taichung, Tainan, and Kaohsiung.

b. Future supply and demand

Bancassurance partners as a channel break from the conventional approach that emphasizes saving and instead advise on best products based on market conditions, global financial developments and customers' needs. The product lineup consists mainly of individual life insurance and investment-linked insurance products, whereas the lineup for life insurance advisors consists mainly of traditional long-term protection oriented products.

Supply and demand and growth potential:

1. Protection oriented insurance products
2. As the birth rate falls and the population ages at a faster pace in Taiwan, it is expected a long term care system will be introduced by the government to raise public awareness of long term care insurance and drive up demand. Therefore, the demand for long term care products will continue to rise.
3. SMEs with insurance needs. A shortened application process will satisfy the unique needs of SME owners and employees.
4. Interest rates are at a low, but the demand remains for popular life insurance products in recent years, such as investment-linked insurance and interest rate sensitive products.

c. Business goals

The four business goals of Taishinlife are

1. Expand bancassurance partners as a channel and increase the market share in bancassurance.
2. Improve sales performance of life insurance advisors.
3. Create an investment department to increase return on assets.
4. Make plans to develop a full range of insurance products that help customers live better lives.

d. Favorable and unfavorable factors for development outlook

1. Favorable factors

The design and features of protection products are always in demand, which makes them a core business. The competitive advantage in terms of sales comes from a good life insurance advisor's ability to help customers realize their needs. The life insurance advisors lead the industry in sales in protection products such as life insurance, retirement products, and health insurance.

2. Unfavorable factor

A limited product lineup is the bottleneck in distribution at present. There is a lack of insurance products tailored to specific jobs.

3. Response strategies:

- (1) Expand the product lineup with equal emphasis on all product types in order to give customers complete protection
- (2) Strengthen product innovation capabilities and create valuable services
- (3) Combine cross-selling customer lists across the subsidiaries and establish core competencies
- (4) Utilize the company's charity platform so to let insurance work for the public good

D. Employees of Taishin Financial Holding co., Ltd.

a. Employee information

Base date: Feb. 28, 2022

Year		2020	2021	As of Feb 28, 2022
Number of employees	Male	3,789	4,178	4,193
	Female	5,545	6,279	6,267
	Total	9,334	10,457	10,460
Average age		38.6	39.3	39.4
Average years of service		8.45	8.69	8.75
Academic qualification	Doctoral Degree	0.1%	0.1%	0.1%
	Masters Degree	20.4%	19.9%	20.1%
	Bachelors Degree	74.3%	75.5%	75.4%
	High school	5.2%	4.4%	4.4%
	Below high school	0.1%	0.1%	0.1%
Professional certificates held by employees	Trust-related certificates (including supervisors, managers, and sales)	4,327	4,116	4,153
	Basic internal control certification	4,266	4,216	4,242
	Certificate for property insurance representative	3,709	3,539	3,535
	Investment-linked policy representative	1,828	1,756	2,208
	Life insurance representative	3,883	4,172	4,115
	Futures specialist	864	795	806
	Securities investment analyst	45	44	45
	Senior securities specialist	986	963	1109
	Securities investment trust and consulting professional	726	665	713
	Securities investment trust and consulting laws(including professional ethics)	2,133	2,128	2,155

b. Employee training and development

Taishin Financial Holding co., Ltd. has committed resources into talent training to ensure sustainability and growth. In 2021, the company had completed more than 409,878 training sessions across the entire organization, averaging 60.3 training hours per person per year. The following talent training measures have been adopted to maintain the organization's competitiveness:

1. Taishin University

By integrating Taishin University with the CTMS, the company is able to incorporate managerial skill training with general education and other relevant courses, so that each employee may study on their own in a systematically structured course design. This combination achieves a number of advantages such as "learning transparency," "learning variety," and "integrated learning resources."

Furthermore, several digital transformation seminars were held and online courses related to agile project management courses were promoted in 2021 in support of the trends in FinTech and the company's overseas expansion strategies.

2. Talent Inventory Program

Choosing and recruiting different levels of colleagues by the 360 evaluation mechanism and the talent committee, and thereby identify prospective managers for various levels such as MA, AMA and TSP. The identified candidates are then assigned with job duties and goals that help build up skills to their intended positions.

3. Individual Development Program

By analyzing MBO and career goals, the company is able to identify skills that employees' lack. These gaps are then addressed through training, job rotation, mentoring, meeting participation, and project involvement with close guidance from managers. The company has implemented a training account system where each employee is given 10,000 training points to spend each year; furthermore, employees are subsidized for their efforts in gaining professional qualifications, secondary skills, language and computer skills etc, so that their personal goals are congruent with those of the company.

E. Corporate responsibility and ethical behaviors

Taishin FHC, as a financial institution, is devoted to fulfilling its corporate social responsibility. It coordinates and combines resources from its subsidiaries, and has for years been offering support in four areas, which are charity and welfare, arts and culture, sport sponsorship, and financial education. As a responsible corporate citizen, Taishin FHC tries to give back to the community and to support the disadvantaged.

a. Charity and Welfare

1. "Caring Taiwan" series

Taishin FHC teamed up with the well known shopping website, PayEasy.com by Systems & Technology Corp., and launched the "Caring Taiwan" Project in 2002. The project has reached into Xinyi Township, Zhongliao Township, Yuchi Township, and Guoxing Township and utilized corporate resources to help disaster victims develop local economies. The idea is to teach them to fish instead of giving them fish. Online campaigns advertise local specialties of disadvantaged regions and tourist attractions and call on the general public to purchase local produce and make credit card donations. The project has succeeded in helping to rebuild the disaster areas and establishing a model of corporate citizenship.

In 2008, the "Caring Taiwan" Project extended its reach into rice production in Taiwan. To ensure the continuity of Taiwan's agriculture and the population's access to 100% locally grown rice, Taishin Holdings and PayEasy.com created an innovative platform for the production and marketing of Taiwanese rice. The programs "My One Acre of Farm" for corporations and "My Family's One Acre of Farm" for households helped bring Taiwanese rice into households. They not only provided healthy choices for consumers, but generated income for rice farmers, which in turn created more jobs on rice farms in Taiwan. In total, Taishin Holdings purchased more than 178 units and funded close to 90 hectares of paddy field. More than 10,000 clients and employees consumed close to 311,500kg of premium Taiwanese rice. The total investment reached NT\$33.6 million, which benefited rice farmers and provided excellent advertising for Taiwanese rice.

2. Power of love

In 2010, Taishin Bank set up "Taishin Charity Foundation," mainly for engagement in public-service and charity events, including assistance for underprivileged groups to enhance their skills for livelihood and improve life, and sponsorship for the events of other public-service groups and seminars for society-related issues, and other social welfare-related charity events, with the goal of helping underprivileged groups achieve "independence in economy and daily life." After its establishment, the foundation rolled out "Power of Love" campaign, the first online public-service event in Taiwan. Under the event, small and medium social- welfare institutions were invited to put forth proposals online for voting by online social groups, in deciding the recipients of donations.

Taishin has been reaching into more areas and received overwhelming response every year. In addition to charity partners, the event also received donations from Taishin managers, employees, clients, and the general public. In 2021, The 12th "Power of Love" campaign contributed NT\$37.35 million and a total of 198 organizations benefited from the donations.

In addition to “Power of Love” campaign, the Taishin Charity Foundation uses its platform to combine and connect Taishin FHC’s resources and partners interested in offering resources to organize a string of similarly themed events. Long-term events, including Minority Project, Campus Charity, Charity Art, Power of Love Workshop, Group purchase of festive charity gift boxes, purchases of charity gift boxes, were created to invite charity groups, employees, clients and suppliers to join in expectation of expanding its social influence. “Power of Love” campaign was received a certification for social return on investments (SROI) of 5.33 from the Social Value International in the United Kingdom. It meant that every NT\$1 invested by Taishin Charity Foundation in the 10th “Power of Love” campaign generated NT\$5.33 of social value. In 2021, the SROI model is adopted continually in campaign management.

b. Arts and Culture Development

1. Contemporary art

Taishin Bank donated to establish “Taishin Bank Culture and Art Foundation” in 2001, with the theme of “promoting cultural life quality and strengthening artistic-development environment”. It supports arts as a nonprofit institution, intensifies exchanges between artistic innovation and private industry, and realizes the corporate social responsibility of payback to the society. The Taishin Arts Award was created by the foundation and rewards modern artistic creativity in various fields in Taiwan that demonstrates growth potential and reflects the society and local cultures. 64 winners have received the award and more than NT\$56 million in prize money over 19 years. The award not only commends Taiwanese artists for the professional creations, but also serves as a platform for connecting local creators with the rest of the world. The Foundation is also committed to promoting arts and extended works. We created the ARTalks website in 2013 which has accumulated more than 2.8 million visits to date. The content guides the audience to ponder the phenomenon of modern culture.

In addition, Taishin has been using the first floor lobby of Taishin Tower regularly as an exhibition space for contemporary art since 2006. Due to the COVID-19 epidemic in 2021, the Foundation still presented 3 exhibitions in the lobby, so that Taishin employees, customers, and the public have the opportunity to experience art.

2. Public art

The Lunchtime Concerts, which started in 2006, take place 23 to 24 times a year. Due to the COVID-19 epidemic in 2021, the lunch concerts were canceled from May to October and resumed every other week from November to December. A total of 359 concerts have taken place so far. Taishin has invested close to NT\$249 million in arts and cultural sponsorships in Taiwan since 2006. The events together attracted 6.13 million participants.

3. Employee arts courses

Employee arts courses have been introduced with themes ranging from art appreciation, theatrical performance, and parental activities, to human culture. In 2021, a total of 9 arts courses were organized, and had a total participant count of 392. These arts courses help Taishin employees develop cultural literacy and character, whereas exposure to contemporary arts and aesthetics also inspires creative thinking.

c. Sports sponsorship

Taishin is a long term supporter of sports. Taishin started supporting the Nantou County Youth Karate Team in 2005 (calling upon its customers through PayEasy to join the campaign and raising more than NT\$98.6 million in small donations and receipts). Its sponsorship for female professional golfers reached NT\$100 million in 2011. In addition, Taishin started hosting charity golf tournaments in 2011. The tournaments have welcomed 518 participants and raised more than NT\$20.32 million in total. Furthermore, Taishin started sponsoring a wider range of projects, including basketball, baseball, marathons, and e-sports, in 2017. To strengthen the support for basketball games, Taishin title-sponsored a professional basketball team, the “Formosa Taishin Dreamers” for the first time in 2020 and also

integrated basketball games into Taishin's unique ecosystem product -- Richart Life app -- to create a basketball life ecosystem.

d. Academic exchange

Taishin is always keen to get involved in major academic communities with the hope that through communications and exchanges between industry professionals, government officials, and academics sound development of Taiwan's financial sector and the financial market as a whole can be facilitated.

Regarding industry-academia cooperation, since 2011, Taishin has been cooperating with universities, technology institutions and vocational schools to design industry-academia cooperation programs that offer students internships and the opportunity to learn and gain practical experience outside school. In 2021, a total of 476 students were recruited into an internship program. Given the uprise of financial technologies, Taishin has even launched a number of postgraduate internship programs that aimed to explore potential talents in relevant fields such as digital banking, data mining, data analysis and FinTech development.

As part of its commitment to the community and talent development, Taishin offers scholarships and summer internships for National Taiwan University students from financially disadvantaged backgrounds. Furthermore, followed by the courses on "Financial Service Innovation" in National Taiwan University and "Financial Innovation Master Program" in National Sun Yat-sen University, Taishin started to co-op with Graduate Institute of Finance in Cheng Kung University on the "Industrial Master Program" in 2021, to nurture talents in school and fulfill talent pool in Taishin via the industry-academia collaboration.

e. Environmental protection

Taishin is a long term supporter of environmental protection and energy conservation. It supports the green campaign through policies for energy conservation, carpooling, and casual summer dress code. Since the launch of its campaign to practice "Environmental Protection through Energy Saving" in 2009, Taishin has been urging its employees to support environmental efforts. In addition to the purchase of renewable energy, Taishin also demonstrated its support for renewable energy by installing solar power panels on its offices. Meanwhile, Taishin is investing in green services, and has incorporated processes, such as teller transactions, online loan application, and card terminal application for merchants, into the Image Process Management System. Taishin is also devoted to the development of digital finance with the aim of reducing paper use and carbon footprint at the same time. In 2019, Taishin introduced ISO14064-1 to all of its offices under Taishin FHC, and continued to follow standards from ISO14001 Environmental Management System, ISO 50001 Energy Management System as the policy in ongoing environmental management and sustainable corporate governance.

F. The number of full-time, non-managerial staff, the average and median of salaries for full-time, non-managerial staff, and differences of the aforementioned figures from the previous year

Unit: NT\$1,000; people

Year	2020	2021
Number of People/Amount		
Number of Employees	7,476	7,482
Mean Salary	1,239	1,300
Median Salary	992	1,034

G. IT equipment

a. Key information technology systems

Item number	System name	Hardware	Software	Name of service
1	NT\$ core system (B@NCS)	◆ HP Superdome 2	◆ HP-UX ◆ Oracle	◆ B@NCS NT\$ application system ◆ B@NCS NT\$ reports system ◆ General ledger
2	ATM front end processor (FEP)	◆ IBM P750	◆ IBM AIX ◆ IBM MQ ◆ Oracle	◆ ATM front end processor system ◆ Clearing system
3	Integrated database system (ODS)	◆ HP BL870C ◆ HP BL890C	◆ HP-UX ◆ Oracle	◆ Operational database system(ODS) ◆ Data warehouse(DW/DM)
4	Sales force automation system (SFA)	◆ HP Flex ◆ MS Windows	◆ Linux ◆ Weblogic ◆ Oracle ◆ MS Windows ◆ MS SQL	◆ Sales force automation system(SFA) ◆ Financial planning system
5	Personal finance (Internet/mobile banking/)	◆ Oracle SUN T5-2 ◆ X86 Server ◆ IBM S822	◆ Solaris ◆ Weblogic ◆ Oracle ◆ IBM AIX	◆ Internet/mobile banking ◆ NT\$/foreign currency transaction inquiries, funds, trust services, credit cards, insurance, shares
6	Digital banking system	◆ IBM S822 ◆ IBM S814 ◆ X86 Server	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ Richart digital banking ◆ NTD/FCY transaction inquiry, funds, trust services, and credit cards
7	Corporate banking network (B2B)	◆ HP BL680C ◆ IBM P570	◆ MS Windows ◆ IBM AIX ◆ Websphere ◆ Oracle	◆ NTD/FCY deposit and remittance, collection and payment transfer, wholesale financing, corporate financial planning, broker service, Hong Kong deposit and remittance, and Hong Kong wholesale financing
8	Trust Investment Platform system (TIPS)	◆ HP BL620C	◆ MS Windows ◆ MS SQL	◆ A trading system for funds, ETF, offshore structured instruments, offshore bonds, ADR, and preferred shares
9	Credit card merchant acquiring system (NCPS)	◆ IBM S822	◆ IBM AIX ◆ Oracle	◆ Merchant acquisition of credit card transactions
10	Foreign currency system (WBS)	◆ IBM S922 ◆ IBM S814 ◆ IBM S822	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ Limit control, guarantor and collateral management ◆ Import/export/loans/Deposits/ Remittance ◆ Price negotiation/Media reporting/Accounting/Nostro
11	Image process management system (IPMS)	◆ HP RX2800 ◆ HP RP4440 ◆ Oracle T5-2 ◆ Oracle S7-2 ◆ Dell R740 ◆ HP BL620C	◆ Solaris ◆ HP/Unix ◆ Weblogic ◆ SOA ◆ UCM ◆ Linux ◆ Docker	◆ Management of imaged processes such as NTD services (account/remittance/applications/ account opening/negotiable instruments/ KYC/ CIF update/ official correspondence), merchant acquiring application, debt collection (attestation letters/ property ownership/ household transcript/ overdue documents), retail mortgage/unsecured credit/ auto loans, case submission app, corporate banking (debt entitlement certificates/ scorecards) etc
12	Factoring management system (OAEFB)	◆ IBM P710	◆ IBM AIX ◆ Oracle ◆ IBM Websphere	◆ Accounts receivable system
13	Trade finance system (Murex)	◆ Oracle SUN X3-2 ◆ Oracle SUN X5-2	◆ Solaris ◆ Murex ◆ Oracle	◆ Financial trading (FX and MM) system ◆ Trading risk control system
14	Structured product sales system (SDS)	◆ Dell R730 Server ◆ X86 Server	◆ MS Windows ◆ Oracle Forms and Reports	◆ DCI/ ELI/ GLI/ FCI transactions ◆ SI transactions ◆ Spot orders

Item number	System name	Hardware	Software	Name of service
15	Singapore wholesale banking system (SGWBS)	◆ IBM S922	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ CIF, limit control, guarantor and collateral management ◆ Funding/Spot/Forward/Swap
16	Mobile office	◆ HP BladeServer ◆ HP X86Server	◆ MS Windows ◆ VMware	◆ A mobile office based on cloud technology ◆ Software development tools based on cloud technology
17	Japan wholesale banking system (JPWBS)	◆ IBM S814	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ CIF, Limit control, guarantor and collateral management ◆ Import/Export/Loans/Deposits/Remittance ◆ Funding/Spot/Forward/Swap
18	Bankwide anti-money laundering control system (AML)	◆ HP DL380Server ◆ Dell R740 Server	◆ MS Windows ◆ MS SQL ◆ PATRIOT OFFICER	◆ Anti-money laundering control systems for head office and overseas branches
19	Brisbane wholesale banking system (AUWBS)	◆ IBMP720	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ CIF, Limit control, guarantor and collateral management ◆ Import/Export/Loans/Deposits/Remittance ◆ Funding/Spot/Forward/Swap
20	Hong Kong wholesale banking system (HKWBS)	◆ IBM S814	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ CIF, limit control, guarantor and collateral management ◆ Import/Export/Loans/Deposits/ Remittance
21	Global Digital Corporate Banking Network (gB2B)	◆ IBM S814 ◆ LENOVO x3650 ◆ LENOVO x86	◆ IBM AIX ◆ Weblogic ◆ Oracle ◆ MS Windows	◆ NTD/FCY deposit and remittance, collection and payment transfer, wholesale financing, corporate financial planning, broker service, Hong Kong deposit and remittance, and Hong Kong wholesale financing
22	Labuan Branch system (MYWBS)	◆ IBM S922	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ CIF, limit control, guarantor, and collateral management ◆ Loans/Deposits/Remittance
23	Credit Card Issuance Authorization System (CCIAS)	◆ HP DL580/ BL660C/ DL580G10 ◆ M3000	◆ MS Windows ◆ MS SQL	◆ The core system for processing of credit card businesses, including credit card issuance, transaction authorization, account settlement, bill payment, bad debt processing, cardholder management, card management, and other functions and services.
24	Payment Processing and Settlement System (APSS)	◆ HP DL580 Gen9	◆ MS Windows ◆ MS SQL	◆ Application and management of merchants for whom we act as acquirer bank, rates, installments, payment, settlement, and other tasks.
25	e-Merchant and Online Authorization Service System (TSPG)	◆ HP DL380 ◆ HP BL660C	◆ MS Windows ◆ MS SQL ◆ TomCat	◆ Cash services for e-stores support the 3DS2.0 authentication and payment page for PC, mobile phone, and app ◆ V/M/J Credit Card/Smart Pay/Union Pay/AE/FISC Bill & Tax Payment/DCC Transaction & Cancellation/Return Transaction & Payment Request/Settlement Service ◆ LinePay QR Code, Apple Pay, Google Pay, Samsung Pay, Link Pay, Batch Authorization, and FISC 1D Barcode Credit Card
26	Open Source Mobile Point of Sale (mPOS)+(APPOS)	◆ HP BL660C	◆ MS Windows ◆ MS SQL	◆ Payment: COF (Card On File) ◆ Payment Barcode: Token Payment, First 2-3 Code Merchant Identify Settings, Exclusive Rules, and Barcode Life Cycle ◆ Concatenate P/G Items: TSPG, Hitrust (installments and rewards of other banks), and NCCC (installments and rewards of other banks)
27	New Service Payment System (TSCB)	◆ HP BL660C	◆ MS Windows ◆ MS SQL	◆ Provides domestic/overseas payment instrument interfaces
28	(ACSOTP) Online OTP Verification System	◆ HP BL660C	◆ MS Windows ◆ MS SQL	◆ Credit Card 3D Online Transaction ◆ Add Credit Card to International Digital Wallet
29	Credit Card Issuance Authorization Direct Connection (CCAUTH)	◆ DELL R730	◆ MS Windows ◆ MS SQL	◆ Credit Card and VD Debit Card International Transaction ◆ Credit Card and VD Debit Card International Digital Wallet Transaction

b. Future development or procurement plans

1. Apply cloud technology to achieve resource integration; maximum use of IT resources to improve service quality.
2. Upgrade LDAP and replace existing equipment.
3. Assist with construction of IT systems for overseas branches – Singapore and Vietnam.
4. Proceed with the mobile banking app revamp, and continue to expand the application services for mobile devices.
5. The replacement program for the outbound calling system aims to increase the efficiency and service-ability of sales, collection, and other calling procedures.
6. Improve stability of the personal banking online system, and deploy microservice and docker architecture for the Internet banking and mobile banking systems.
7. Develop the latest generation of the IT environment monitoring system to enable instant alerts, shorten processing of anomalies, and improve system stability.
8. Install automatic application monitoring mechanisms to supervise system performance effectively.
9. Construct Private Banking Management System.
10. Expand the socket service in the Trust Investment Platform System (TIPS) to help branches optimize their sales process.
11. Upgrade and optimize the NTD media uploading system to strengthen information security management, and improve system stability and processing efficiency.
12. Implement a system to manage strategies and rules in order to be able to respond quickly to changes in the lending environment or in business rules.
13. Expand use of the personalized real-time computing platform and continue to launch digital channels, such as Richart Life and the official website, to give customers the best personalized experience across channels.
14. Develop an intelligent forms processing system to give customers access to premium fax transaction services and make Taishin Bank more competitive.
15. Create the Overseas Enterprise Finance App to help overseas branches provide better services and to enhance international wholesale mobile banking services.
16. Create more functions for the Richart Life app, study payment scenarios in everyday environments, and develop reward points.
17. Proceed to expand the EAI platform for financial information, and expand the capacity and efficiency for processing electronic messages.
18. Proceed with the digital banking (Richart) capacity expansion project, and maintain the growth momentum in the business and customer appeal.
19. Develop a new assets and liabilities system and complete Basel III integration.
20. Implement the Fundamental Review of the Trading Book (FRTB) Basel to take a standardized approach to the calculation of market risk capital.
21. Install overseas branches, add interest rate futures to the lineup, and replace the Financial Credit Outer System (FCOS)/Financial Credit Derivative System (FICDS).
22. Develop a mobile application for global digital corporate banking to offer more comprehensive and convenient services to enterprises.
23. Optimize the architecture for the office software to provide users with a faster, more convenient operating environment.
24. Add an acquiring service by e-payment service provider to the receipt and payment platform.

25. Install multiple payment gateways to consolidate and improve the electronic acquiring capacity for credit cards.
26. Build an application platform, where reusable service modules can be developed. Combine it with the data platform to turn services into data and data into services in order to quickly support marketing and innovation. Develop a bank-wide service platform to make the company more competitive and able to provide better service.
27. Make plans for expansion of the bank's IT servers over the next 10 years to improve stability of the IT equipment and operating environment.
28. Implement the container DMZ proxy and combine the requirements of the DMZ proxy to increase hardware/software resources and improve system utilization and usability.
29. Build an application platform and develop reusable shared service modules to create agility in the front office and accelerate requirements development while meeting high quality service standards.
30. Rebuild the credit card evaluation modules and rating modules to provide more accurate card risk assessment data.
31. Develop shared modules for the 6-in-1 consumer debt consolidation program in order to reduce the amount of maintenance needed.
32. BancsLink supports different browsers to allow the system to be more flexible and expandable and more aligned with the branches' digital transition.

c. Emergency backup and security

1. Implement standardized data management practices and systems in accordance with the Personal Information Protection Act for added protection.
2. Comply with ISO27001 ISMS standards. Ensure proper protection to data operations and information systems. Prevent incidents such as data corruption, theft, leakage, alteration, abuse, and infringement. Enhance the confidentiality, completeness and usability of stored information.
3. Deploy black-box and white-box testing tools to scan for weaknesses in external systems.
4. Develop an information security action plan, promote each implement plan.
5. Implement Mobile Device Management for enhanced security in accessing business-related information.
6. Build network access control (NAC) for better network access security.
7. Create an ATM white list management system for better ATM security.
8. Taishin Bank assesses computer system security by following the security guidelines on computer systems for financial Institutions in order to improve security of its computer system and website.
9. Improve off-site support to accommodate business requirements.
10. Install distributed denial-of-service (DDoS) attack prevention mechanisms so that all network traffic will be filtered through DDoS protection to ensure proper functioning of Taishin Bank's network.
11. Install double advanced persistent threat (APT) detection mechanisms that are capable of detecting unknown attacks and preventing hacker attacks on internal trading systems.
12. EDR(Endpoint Detection Response) Install endpoint protection to enable detection of and defense against irregularities as a result of hacker attacks on endpoints.
13. SOC (Security Operation Center) Create an information security management platform and integrate infosec data from across the bank to be analyzed by AI and big data analytics so to detect early potential hacker activities and take countermeasures.
14. Revise the information security disaster recovery plan to provide guidelines for the bank in the event of information security disasters in order to reduce the length and scope of impact. Information security disaster recovery exercises are conducted to test feasibility of the procedures.

15. Purchase information security insurance policies to reduce losses caused by information security incidents. (management by risk transfer)
16. Establish the environment and standards for digital forensics and teach the basics to provide an understanding of how to collect and preserve digital evidence, to improve integrity and admissibility of evidence, and to increase the capabilities of analyzing, processing, and providing evidence in incidents.
17. Implement two-factor authentication and connect with the production environment to improve information security by simultaneously deploying two authentication methods.
18. Take regular inventory of IoT equipment according to the “Regulations Governing Use of IoT Equipment by Financial Institutions”, and implement adequate control measures and access control to better manage the use of IoT equipment.
19. Plan and implement multiple simulated attacks on our cyber structure to better understand current weaknesses and discover threats, system allocation and setting errors, vulnerabilities of current defense mechanisms, etc., as to continue preparing, deploying, and strengthening Taishin Bank’s cyber capabilities.

H. Labor relations

a. Availability and execution of employee welfare and retirement policies. Elaborate on employer / employee agreements and protection of employee rights.

1. Employee insurance

- (1) Labor insurance: 70% of premium covered by the company while 20% is borne by the employee.
- (2) Health insurance: 60% of premium covered by the company while 30% is borne by the employee.
- (3) Group insurance: employees are covered by group life, accidental, healthcare, surgery, injury, cancer, and work hazard insurance; premiums are borne by the company.
- (4) Travel insurance: employees are covered by travel insurance when going on overseas business trips; premiums are borne by the company.

2. Employee welfare

- (1) The company has an “Employee Welfare Committee” in place to supervise the execution of welfare-related activities. The company also implements an “Employee Welfare Committee Subsidy Policy” that provides employees with subsidies for various occasions such as wedding, child birth, funeral, hospitalization, festivity, birthday, travel, private associations, and children’s education. In addition to the various subsidies offered by the Employee Welfare Committee, the company also subsidizes employees for employee stock ownership trust, health checkups, weddings, funerals, self- development (such as learning of foreign languages, computer classes, professional qualifications etc), and rewards them for long service.
- (2) With regards to employee assistance, the company is working with the Teacher Chang Foundation to provide “Employee Living Assistance,” and has an “Employee Mailbox” and “Employee Hotline” in place as a means of communication.
- (3) With regards to employee health management, the Company and its subsidiaries employ full-time workplace nurses to handle health information promotion, health education seminars, physical measurements, health management and other employee health promotion matters, and specially commissioned physicians are invited to perform regular on-site workplace Health consultation and workplace visits to the Company’s employees.

3. Retirement policy

Pursuant to the laws and regulations, the company, on July 1, 2005, started making monthly contributions at 6% of basic monthly salary into personal pension accounts for new employees and existing employees

who have opted for the new pension plan under the Labor Pension Act. Meanwhile, the company also allocates an adequate reserve for benefits under the old pension plan to the pension plan account at the Bank of Taiwan for existing employees who are covered by the old pension plan under the Labor Standards Act and for the years of service that existing employees, who have opted for the new pension plan, choose to keep under the old pension plan. The company will allow employees who are reassigned to affiliated enterprises to continue to accumulate their years of service in order to provide better protection and ensure the success of talent rotation. Overseas subsidiaries are covered by defined contribution plans. Monthly contributions to social security programs, such as old age pension and health care, are made in accordance with local regulations.

4. Leave of absence

The company offers employees leave days in accordance with the Labor Standards Act. The number of leave days are adjusted according to job grades, and exceed stipulated standards under the law.

5. Disciplinary actions taken by the authority against the company and its subsidiaries for results of labor inspections in last year up to the publication date of this annual report:

Company	Date	Case No.	Article number	Article content	Description
Taishin Securities Investment Advisory	2021.02.01	Bei-Shi-Lao-Dong-Zi No. 11060067101	Paragraph 6, Article 30 of the Labor Standards Act	An employee of the subsidiary Taishin Securities Investment Advisory failed to confirm the attendance record prepared by the company based on his leave and overtime during his employment and did not send it to his supervisor for review. Therefore, the Labor Affairs Bureau of Taipei City Government deemed that the company failed to record daily employee attendance down to the minute in accordance with regulations.	A fine of NT\$20,000 and release of name.
Taishin International Bank Co., Ltd.	2021.04.29	Bei-Shi-Lao-Dong-Zi No. 11060038371	Paragraph 6, Article 30 of the Labor Standards Act	Some of the working hours recorded on the system log were not confirmed by employees and sent to supervisors for review, so the competent authority sees this as a violation of the regulation of recording the working hours of employees every day to the minute.	A fine of NT\$20,000 and release of name.
Taishin International Bank Co., Ltd.	2021.10.25	Bei-Shi-Lao-Dong-Zi No. 11060256161	Paragraph 6, Article 30 of the Labor Standards Act	Some of the working hours recorded in the system log were not confirmed by employees and sent to supervisors for review, so the competent authority sees this as a failure to comply with the regulation of faithfully recording the actual working hours of employees due to carelessness.	A fine of NT\$100,000 and release of name.
Taishin International Bank Co., Ltd.	2022.01.13	Bei-Shi-Lao-Dong-Zi No. 11060864391	Paragraph 1, Article 32 of the Labor Standards Act	Taishin Securities Investment Advisory did not hold a labor management meeting to approve implementation of the overtime system. However, the Labor Inspection Office found that the attendance records showed some employees working after hours. Therefore, the Department of Labor of Taipei City Government deemed that the extended work hours were not approved by a labor management meeting.	A fine of NT\$50,000 and release of name.

b. Losses arising as a result of employment disputes in the recent year up until the publishing date of this annual report; please quantify the estimated losses and state any response actions, or state any reasons why losses cannot be reasonably estimated:

The company has maintained harmonious employer-employee relationships; therefore there have been no losses due to employment disputes in the most recent year.

I. Cyber security management

Taishin FHC established the "Cybersecurity Policy" and "Internet Security Management Guidelines" to provide continuous and effective guidance for information security protection. We also established the "Information Security Committee" with members composed of the Directors, President, and Chief Information Security Officer of Taishin FHC with IT/cybersecurity expertise as well as the President and level 1 supervisors of Taishin Bank. The Committee convenes quarterly meetings to discuss information security issues and improvement measures. In 2021, there had been no occurrence of information security related or extraordinary incident.

J. Important contract

Taishin Financial Holding Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Equity Transfer Agreement	Prudential International Insurance Holdings, Ltd	2020.08.11~settlement date	1. Acquired 100% equity interest in Prudential Life Insurance Company of Taiwan Inc. 2. The value of contingent consideration will be determined 2 years from signing the agreement	None

Taishin International Bank Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Procurement contract	Lian An Services Ltd.	2020.01.01~2022.12.31	ATM cash security services	None
	Anfeng Enterprise Ltd.			
Procurement contract	Taiwan Security Co., Ltd	2021.12.04~2026.12.04	Cash delivery service (CPC revenue)	None
Procurement contract	Taiwan Security Co., Ltd	2020.01.01~2022.12.31	Cash delivery service (Bank branch)	None
Procurement contract	Acer E-Enabling Service Business Inc.	2021.11.01~2023.12.31	Microsoft EA large account procurement	None
Procurement contract	Mercuries Data Systems Ltd	2021.11.10~2023.12.31	Automated service equipment	None
Real estate purchase agreement	Taishin Securities Co., Ltd.	2021.10.20~2021.11.08	Agreed to sell the real estate at 13F, B1F-1 and B1F-2 of No. 96, Section 1, Jianguo N. Rd., Zhongshan Dist., Taipei City, Taiwan	None

Taishin Securities Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Real estate purchase agreement	Taishin International Bank Co., Ltd.	2021.10.20~2021.11. 08	Agreed to buy the real estate at 13F, B1F-1 and B1F-2 of No. 96, Section 1, Jianguo N. Rd., Zhongshan Dist., Taipei City, Taiwan	None

Taishin Securities Investment Trust Co., Ltd.: None.

Taishin Securities Investment Advisory Co., Ltd.: None.

Taishin Asset Management Co., Ltd.: None.

Taishin Venture Capital Investment Co., Ltd.: None.

Taishin Life Insurance Co., Ltd.:

Contract title	Parties involved	Contract beginning and ending date	Main contents	Restrictive terms
Reinsurance contract	The Prudential Insurance Company of America	2007.04.01~2021.06.30	Reinsurance cession for life and accident insurance	None
Life reinsurance and retrocession contract	Central Reinsurance Corporation.	1996.01.01~no ending date	Reinsurance and Retrocession Contract	None
Insurance agent contract	Taishin International Bank Co., Ltd.	2010.04.24~2025.04.23	Engagement to sell insurance products	None
Equity transfer agreement	StarShining Energy	2021.12.15	Equity investment	None



06

Financial Information

VI. Financial Information

A. Brief balance sheet and income statement in the recent five years and the name and opinions of the certified public accountant

Brief Consolidated Balance Sheet of the Financial Holding Company and its Subsidiaries: IFRS

Unit: NT\$1,000

Item	Year	Financial data in the recent five years				
		2017	2018	2019	2020	2021
Cash and cash equivalents due from the Central Bank and call loans to banks		78,867,310	78,466,662	91,585,811	108,551,651	114,378,580
Financial assets at fair value through profit and or loss		106,153,738	115,782,595	144,041,593	127,442,056	150,375,077
Financial assets at fair value through other comprehensive income		0	336,400,248	273,426,137	191,029,900	176,881,749
Available-for-sale financial assets		307,885,507	0	0	0	0
Financial assets at amortized cost		0	3,081,240	131,888,616	270,634,022	461,273,302
Securities purchased under resell agreements		7,615,565	2,416,641	11,656,071	4,116,898	10,859,842
Receivables, net		135,089,033	144,763,489	156,087,584	163,895,050	180,655,171
Current tax assets		357,417	354,251	348,699	11,011	291,168
Loans, net		959,618,741	1,018,505,146	1,138,467,117	1,243,688,768	1,327,126,117
Reinsurance contract assets, net		0	0	0	0	503,918
Held-to-maturity financial assets		6,095	0	0	0	0
Investments accounted for using the equity method, net		38,521,283	40,100,981	41,406,600	42,059,844	351,147
Other financial assets, net		11,718,711	9,866,430	5,545,296	6,778,854	36,450,354
Property and equipment, net		19,143,108	19,158,975	19,051,458	19,208,595	22,469,854
Investment property, net		769,694	644,159	1,001,062	923,033	2,858,617
Right-of-use assets - net		0	0	2,761,324	2,879,350	2,573,461
Intangible assets, net		2,283,808	2,275,459	2,462,448	3,272,025	3,284,761
Deferred tax assets, net		2,480,967	3,360,316	2,695,099	3,213,221	8,325,121
Other assets		7,009,339	11,716,925	8,516,416	8,354,928	13,902,250
Total assets		1,677,520,316	1,786,893,517	2,030,941,331	2,196,059,206	2,512,560,489
Due to the Central Bank and banks		64,252,429	57,441,338	53,393,057	49,824,469	57,075,272
Funds borrowed from the Central Bank and banks		0	1,536,650	1,505,300	1,925,590	3,984,460
Financial liabilities at fair value through profit or loss		18,467,718	29,502,674	27,549,349	36,052,712	31,940,397
Securities sold under repurchase agreements		76,695,065	83,045,834	120,144,975	88,288,646	86,210,606
Commercial paper issued		15,298,649	12,215,597	22,856,765	15,432,869	22,963,111
Payables		29,096,110	28,783,190	39,382,641	47,272,379	34,536,010
Current tax liabilities		1,464,131	2,306,439	2,473,274	2,277,779	2,360,788
Deposits and remittances		1,194,493,789	1,259,675,424	1,434,084,934	1,607,978,455	1,681,331,592
Bonds payable		64,400,000	61,700,000	56,800,000	70,100,000	70,100,000
Other financial liabilities		51,703,941	70,628,831	83,587,147	78,922,552	105,291,234
Reserve for liabilities		1,485,384	1,721,335	1,761,125	1,910,042	200,846,734
Lease liabilities		0	0	2,822,108	2,978,858	2,653,717
Deferred tax liabilities		96,839	108,838	112,987	147,023	1,087,573
Other financial liabilities		4,744,152	3,709,414	5,449,932	6,838,450	14,077,667
Total liabilities	Pre-payout	1,522,198,207	1,612,375,564	1,851,923,594	2,009,949,824	2,314,459,161
	Post-payout	1,529,184,591	1,619,212,883	1,859,772,683	2,017,766,685	(Note 1)
Equity attributable to owners of parent		155,188,265	174,384,526	178,889,382	186,062,223	198,067,278
Capital stock	Pre-payout	107,757,589	114,541,477	114,578,121	117,126,998	122,093,832
	Post-payout	112,187,790	116,712,380	117,044,739	122,084,658	(Note 1)
Capital surplus	Pre-payout	26,453,556	37,805,713	35,955,405	35,928,795	35,921,647
	Post-payout	26,453,556	37,805,713	35,955,405	35,928,795	(Note 1)
Retained earnings	Pre-payout	21,103,712	22,108,378	27,302,739	31,180,784	38,701,004
	Post-payout	9,687,127	13,100,156	16,987,032	18,406,263	(Note 1)
Other equity		-126,592	-71,042	1,053,117	1,825,646	1,350,795
Non-controlling interest		133,844	133,427	128,355	47,159	34,050
Total equity	Pre-payout	155,322,109	174,517,953	179,017,737	186,109,382	198,101,328
	Post-payout	148,335,725	167,680,634	171,168,648	178,292,521	(Note 1)

Note 1: Proposal for the coverage of 2021 profit has yet to be passed by shareholders' meeting.

Note 2: Financial statements are in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations and related guidance translated by the ARDF and issued by the FSC. The 2017-2019 financial statement is certified by CPAs Tza Li Gung and Kwan-Chung Lai, who issued auditing report for their authenticity without reservation. The 2020-2021 financial statements are certified by CPAs Han-Ni Fang and Ching-Cheng Yang, who issued auditing report for their authenticity without reservation.

**Brief Consolidated Comprehensive Income Statement of
the Financial Holding Company and subsidiaries: IFRS**

Unit: NT\$1,000

Item \ Year	Financial data in the recent five years				
	2017	2018	2019	2020	2021
Interest income	30,621,256	34,485,001	37,209,805	33,902,150	32,637,405
Interest expenses	(11,886,687)	(14,893,700)	(17,620,508)	(12,243,036)	(8,277,015)
Net interest income	18,734,569	19,591,301	19,589,297	21,659,114	24,360,390
Net income other than net interest income	19,067,332	20,157,022	24,052,114	22,485,735	39,403,708
Net revenue and gains	37,801,901	39,748,323	43,641,411	44,144,849	63,764,098
Reversed allowance for bad debts expenses and guarantee liability provisions	(1,851,058)	(3,340,539)	(2,615,115)	(1,860,723)	(546,413)
Net changes in insurance liability reserve	0	0	0	0	(11,762,052)
Operating expenses	(21,141,214)	(22,171,401)	(24,752,722)	(25,852,998)	(28,300,132)
Income before income tax from continuing operations	14,809,629	14,236,383	16,273,574	16,431,128	23,155,501
Income tax (expense) benefit	(1,739,463)	(1,306,250)	(1,787,643)	(1,942,301)	(2,856,788)
Net income from continuing operations	13,070,166	12,930,133	14,485,931	14,488,827	20,298,713
Consolidated net income	13,070,166	12,930,133	14,485,931	14,488,827	20,298,713
Other comprehensive income, net of tax	(107,224)	(320,668)	1,019,947	472,964	(491,932)
Total comprehensive income	12,962,942	12,609,465	15,505,878	14,961,791	19,806,781
Net income attributable to owners of parent	13,060,662	12,930,583	14,488,021	14,493,422	20,311,808
Net income attributable to non-controlling interests	9,504	(450)	(2,090)	(4,595)	(13,095)
Total comprehensive income attributable to owners of parent	12,953,592	12,609,882	15,507,543	14,966,281	19,819,890
Total comprehensive income attributable to non-controlling interests	9,350	(417)	(1,665)	(4,490)	(13,109)
Earnings per common share	1.01	1.00	1.11	1.12	1.63

Note 1: Earnings per share for common shares is based on the unit of NT\$1 and the effect of capital increase by earning has been taken into account retroactively in the calculation of the figure.

Note 2: Financial statements are in accordance with the International Financial Reporting Standards, International Accounting Standards, Interpretations and related guidance translated by the ARDF and issued by the FSC. The 2017-2019 financial statement is certified by CPAs Tza Li Gung and Kwan-Chung Lai, who issued auditing report for their authenticity without reservation. The 2020-2021 financial statements are certified by CPAs Han-Ni Fang and Ching-Cheng Yang, who issued auditing report for their authenticity without reservation.

B. Financial analysis for the recent five years financial analysis

Financial Analysis: IFRS

Unit: NT\$1,000

Item \ Year		Financial Analysis in the recent five years					Financial data for current year as of Feb. 28, 2022
		2017	2018	2019	2020	2021	
Management capability	Turnover rate of total assets (times)	0.02	0.02	0.02	0.02	0.03	(Note 3)
	Deposit/loan ratio of Taishin Bank (%)	81.37	81.64	80.39	78.25	79.11	
	NPL ratio of Taishin Bank (%)	0.22	0.18	0.17	0.15	0.12	
	Revenue per employee	4,469	4,267	4,555	4,528	6,205	
	Profit per employee	1,545	1,388	1,512	1,486	1,975	
Profit-making capability	Return on assets (%)	0.80	0.75	0.76	0.69	0.86	
	Return on common shareholders' equity (%)	9.61	9.06	9.54	9.05	12.34	
	Net profit rate (%)	34.58	32.53	33.19	32.82	31.83	
	Earning per share (NT\$)	1.01	1.00	1.11	1.12	1.63	
Financial Structure	Liabilities/assets ratio (%)	90.74	90.23	91.19	91.53	92.12	
	Liabilities/book value ratio (%)	980.03	923.90	1034.49	1079.98	1168.32	
	Double leverage ratio of the financial holding company (%)	113	111	117	118	119	
	Financial ratio of the financial holding company according to article 41 of the law	None	None	None	None	None	
Leverage extent	Business leverage extent	2.55	2.79	2.68	2.69	2.75	
	Financial leverage extent of financial holding company	1.04	1.04	1.03	1.03	1.02	
Growth rate	Assets growth (%)	6.38	6.52	13.66	8.13	14.41	
	Profit growth (%)	14.19	(3.87)	14.31	0.97	40.92	
Cash flow	Cash flow ratio (%)	(8.27)	(8.82)	16.91	3.34	0.03	
	Propriety ratio of cash flow (%)	(141.42)	(107.39)	14.43	68.31	34.59	
	Cash-flow satisfaction ratio (%)	306.50	1559.94	(2314.49)	(311.53)	(2.73)	
Business scale	Market share of assets (%)	3.55	3.55	3.72	3.66	3.86	
	Market share of book value (%)	4.53	5.16	4.40	4.11	4.09	
	Market share of Taishin Bank's deposit (%)	3.07	3.15	3.39	3.47	3.38	
	Market share of Taishin Bank's loan extension (%)	3.37	3.39	3.64	3.77	3.74	
Capital Adequacy	Capital adequacy ratio	Taishin Bank	14.23	14.72	14.40	16.28%	
		Taishin Securities	418	341	326	366%	
		Taishin Security				317%	
		Taishin AMC	86.94	77.76	74.70	56.52%	
		Taishin Securities Investment Trust	90.04	89.55	83.99	84.80%	
		Taishin Securities Investment Advisory	93.58	92.88	90.66	83.06%	
		Taishin Venture Capital	89.21	99.94	99.88	99.94%	
	Eligible self-owned capital		174,779,716	189,189,087	202,934,686	213,144,821	231,614,117
	Group's eligible capital		186,506,222	208,792,612	220,591,614	228,990,181	238,395,420
	Subsidiary's statutory capital requirement		111,343,687	124,682,579	144,639,521	134,585,239	156,365,173
	Group's statutory capital requirement		149,361,020	164,287,267	185,514,699	176,092,446	193,182,014
	Group's capital adequacy ratio (%)		124.87	127.09	118.91	130.04%	123.40%

Item	Year	Financial Analysis in the recent five years					Financial data for current year as of Feb. 28, 2022
		2017	2018	2019	2020	2021	
Mandatory disclosure by the financial holding company of the total value of credit extension, endorsement, or other trading extended by its subsidiaries to the same person, related party, or affiliate according to article 46 of the law (NT\$1Million)		532,089 (Note 2)	612,989 (Note 2)	835,611 (Note 2)	893,900 (Note 2)	1,066,719 (Note 2)	(Note 3)
<p>Describe reasons for changes in various financial ratios in the recent two years (No need of analysis for change under 20%):</p> <ol style="list-style-type: none"> 1. Increase in total assets turnover as at 2021 over 2020 was mainly attributed to the increase in net profit in 2021. 2. Decrease in Taishin Bank's NPL ratio as at 2021 over 2020 was mainly attributed to the decrease in the amount of nonperforming loans in 2021. 3. Increase in revenue per employee as at 2021 over 2020 was mainly attributed to the increase in net profit in 2021. 4. Increase in profit per employee as at 2021 over 2020 was mainly attributed to the increase in net profit after tax growth in 2021. 5. Increase in return on assets as at 2021 over 2020 was mainly attributed to the increase in net profit after tax growth in 2021. 6. Increase in return on common shareholders' equity as at 2021 over 2020 was mainly attributed to the increase in net profit growth in 2021. 7. Increase in EPS as at 2021 over 2020 was mainly attributed to the increase in net profit growth in 2021. 8. Increase in the asset growth ratio as at 2021 over 2020 was mainly attributed to growth of financial investments and loans and the inclusion of Taishinlife in the financial holding company and its assets in the consolidated assets. 9. Increase in the profit growth ratio as at 2021 over 2020 was mainly attributed to the increase in net profit before tax growth in 2021. 10. Decrease in the cash flow ratio as at 2021 over 2020 was mainly attributed to the decrease in net cash inflows from operating activities in 2021. 11. Decrease in the cash flow adequacy ratio as at 2021 over 2020 was mainly attributed to the decrease in net cash inflows from operating activities over the last five years. 12. Increase in the cash flow coverage ratio as at 2021 over 2020 was mainly attributed to the decrease in net cash inflows from operating activities. 							

Note 1: All ratios have been prepared in accordance with FSC-approved International Financial Reporting Standards, International Accounting Standards, and any relevant interpretations and announcements thereof. All ratios have been based on consolidated figures, except as otherwise specified to be attributable to certain subsidiaries of the financial holding company.

Note 2: Please see financial reports of the respective years for more details.

Note 3: At the time this annual report was published, no audited financial data for 2022 were available.

Note 4: Calculation formulas as follow:

1. Management capability
 - (1) Turnover rate of total assets=Net revenue/average total assets.
 - (2) Deposit/loan ratio of subsidiary bank=Total loans of subsidiary bank/total deposit.
 - (3) NPL ratio of subsidiary bank=Total NPL of subsidiary bank/total loan.
 - (4) Revenue per employee=Net revenue/total number of employees.
 - (5) Profit per employee=After-tax profit/total number of employees.
2. Profit-making capability
 - (1) Return on assets=After-tax income/average value of total assets.
 - (2) Return on common shareholders' equity= (After-tax income—Preferred stock dividends) /Average net value of common shareholders' equity.
 - (3) Net profit rate=After-tax income/net revenue.
 - (4) Earning per share= (After-tax net profit-dividend for preferred shares)/weighted average amount of issued shares (Retroactive adjustment for earning per share has been made for those years with capital increment from retained earnings or capital increase by capital surplus).
3. Financial structure
 - (1) Liabilities/assets ratio=Total liabilities/total assets.
 - (2) Liabilities/book value ratio=Total liabilities/net shareholders' equity.
 - (3) Double leverage ratio of the financial holding company=Equity investment according to item 2, article 36 and 37 of the law/book value.
4. Leverage extent
 - (1) Business leverage extent= (Net revenue-variation in expense or loss)/pre-tax income).
 - (2) Financial leverage extent of financial holding company=(pre-tax income+interest outlay)/pre-tax income).
5. Growth rate
 - (1) Assets growth rate= (Total assets in current year-total assets in previous year)/total assets in previous year.
 - (2) Profit growth= (Pre-tax income in current year-pre-tax income in previous year)/pre-tax income in previous year).
6. Cash flow
 - (1) Cash flow ratio=Business-related net cash flow/(call loans and overdraft of bank and peers+commercial paper payable+financial liabilities deriving from variation in fair value included in the calculation of income+liabilities of repo bills and bonds+account payable due in one year).
 - (2) Propriety ratio of net cash flow=Business-related net cash flow in recent years/ (capital outlay+cash dividend) in recent five years.
 - (3) Cash flow coverage ratio=net cash flow from operating activities/net cash flow from investment activities.
7. Business scale
 - (1) Market share of assets=Total assets/total assets of financial holding companies(Calculation for 2021 is based on unaudited data.)
 - (2) Market share of book value=Book value/total book values of financial holding companies(Calculation for 2021 is based on unaudited data.)
 - (3) Market share of banking subsidiary's deposit=Total deposits/total deposits of financial institutions capable of undertaking deposit/ loan business.
 - (4) Market share of banking subsidiary's loan extension=Total loans /total deposits of financial institutions capable of undertaking deposit/ loan business.
8. BIS ratio (capital adequacy ratio)
 - (1) Qualified net capital of the group=financial holding company's qualified capital+ (shareholding ration of financial holding company x qualified capital of subsidiaries)-designated deductible items.
 - (2) Total required legal capital of the group=required legal capital of financial holding company+shareholding ratio of financial holding company x required legal capital of subsidiaries.
 - (3) BIS ratio of the group=Net qualified capital of the group/legal capital requirement of the group.

C. The audit committee report

Taishin Financial Holding Co., Ltd. Audit Committee Report

May 5, 2022

The board of directors has prepared the 2021 business report, financial statements and earnings distribution proposal for the Company. The financial statements have been audited and certified by CPA Han-Ni Fang and CPA Ching-Cheng Yang of Deloitte Taiwan, who have also expressed an opinion. The above reports and statements compiled by the board of directors have been examined by the Audit Committee and considered in compliance with relevant rules and regulations. Please kindly note that the report hereby presented has been prepared in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

2022 Annual General Shareholders' Meeting of Taishin Financial Holding Co., Ltd.

The Convener of Audit Committee
Chang, Min-Yu

Chang, Min-Yu

D. The latest consolidated financial statements of the company and its subsidiaries audited and certified by CPAs

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders

Taishin Financial Holding Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The following were the key audit matters in the audit of the consolidated financial statements of the Group for the year ended December 31, 2021:

Impairment of Loans

Commercial lending is the core business of the Group. Loans are mainly recorded in Taishin International Bank Co., Ltd. ("Taishin Bank"), a subsidiary of Taishin Financial Holding, and represent the Group's significant accounts, which reached around 53% of the Group's total assets as of December 31, 2021. The Group assesses the impairment of loans of Taishin Bank in accordance with IFRS 9 "Financial Instruments" and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the Financial Supervisory Commission (FSC) ("the Regulations"), and the impairment of loans is recognized at the higher of the amount based on IFRS 9 and the Regulations. See Notes 5 and 13 to the consolidated financial statements for the relevant and additional information. The Group management's judgment and the assumptions used have significant impact on the impairment assessments. Therefore, we consider the impairment of loans as a key audit matter. Refer to Note 6 to the consolidated financial statements for the relevant and additional information.

Our audit procedures on the impairment of loans included testing of the design and operating effectiveness of controls and procedures for identifying loans and advances exposed to impairment and for ensuring that provisions against those assets were made. We identified loans and checked from public information to see whether the borrowers were possibly problematic companies, or have already been included in the companies under evaluation for lifetime expected credit losses (ECLs). We evaluated whether main assumptions and parameters used in the Group's impairment assessment model of ECLs complied with IFRS 9 and recalculated the amount of the impairment of loans. In addition, we tested the classification of loan accounts in accordance with the Regulations and evaluated whether the amount of the impairment of loans complied with the Regulations.

Insurance Liability - Valuation of Reserve for Life Insurance Liability and Liability Adequacy Test

Taishin Life Insurance Co., Ltd. ("Taishin Life Insurance"), a subsidiary of Taishin Financial Holding, adopts actuarial models and several significant assumptions for estimating the reserve for life insurance liability and the reserve for liability adequacy. Judging the reserve for life insurance liability involves significant assumptions, which include the mortality rate, discount rate, lapse rate, morbidity rate, etc. The setup of assumptions is based on legislation, regulations, knowledge of the Group's actual experience and industry-specific experience. The tests performed in respect of the adequacy of the reserve for liability on insurance contracts are in accordance with regulations enacted by the Actuarial Institute of the Republic of China, and the setup of future test discount rates accounts for the Group's best estimate scenario as well as the rate of the portfolio return under the current information.

Refer to Notes 5, 6 and 28 to the accompanying consolidated financial statements for the details on the related information, accounting policies, accounting estimate and assumption uncertainty for the evaluation of the reserve for life insurance liability and the reserve for the liability adequacy test.

Since any changes in the actuarial models and important assumptions may lead to significant impacts on the results of the evaluation of the reserve for life insurance liability and for the test for liability adequacy, the reserves for life insurance liability and for liability adequacy test were identified as a key audit matter.

Corresponding audit procedures:

1. We understood the internal controls related to management's estimation of the reserves for life insurance liability and for the liability adequacy test as well as evaluated the operating effectiveness of these internal controls.
2. We obtained actuarial reports regarding management's estimations of the reserves for life insurance liability and for liability adequacy test as well as evaluated the Group's contracted actuarial specialist's professional ability and competence.
3. Our actuarial specialist performed the following procedures, and we compared the results with the actuarial report published by the Group's contracted actuary in order to evaluate the rationality of the actuarial models and significant assumptions regarding the recognition of the reserve for life insurance liability applied by management. The main audit procedures are described as follows:
 - a. Our actuarial specialist randomly sampled the insurance products of Taishin Life Insurance to examine whether the calculations of the reserve for life insurance liability were made in accordance with the regulations.
 - b. Our actuarial specialist focused on the actuarial models and important assumptions of selected insurance policies and verified the recognized amount of the reserve for life insurance liability.
 - c. Our actuarial specialist performed profiling tests focused on long term insurance policies to identify single insurance policies with any abnormal situations that recognized amounts of reserve for life insurance liability as of December 31, 2021.
 - d. Our actuarial specialist used the previously recognized amounts of the reserve for life insurance liability taking into consideration the business development for the year and performed a ratio analysis of the reasonableness of the reserve for life insurance liability to estimate the overall recognized amount of reserve for life insurance liability.
4. Our actuarial specialist performed the following procedures, and we compared the results with the actuarial report published by the Group's contracted actuary in order to evaluate the rationality of discount rate for future years regarding the recognition of the reserve for liability adequacy test applied by management. The main audit procedures are described as follows:
 - a. Our actuarial specialist focused on the tests of selected insurance policies provided by Taishin Life Insurance for our audit in order to examine whether the assumptions were consistent with regulations and the important built-in assumptions with the actuarial tools.
 - b. Our actuarial specialist focused on the tests of selected insurance policies in order to evaluate the discount rates for the future years applied by Taishin Life Insurance for the reserve for liability adequacy test, and we perform individual recalculations.
 - c. Our actuarial specialist performed a comparative analysis of the prior period's results taking into consideration the impact of the current business development in order to evaluate the rationality of the calculation in the reserve for liability adequacy test.

Business Combination

As mentioned in Note 43, in order to expand the scale of its securities business and effectively utilize resources, the Group acquired 100% equity interest of Prudential Life Insurance Company of Taiwan Inc. ("Prudential Life Insurance") by the cash consideration transferred in the amount of \$6,486,374 thousand on June 30, 2021. became a subsidiary of Taishin Financial Holding and changed the company name to Taishin Life Insurance Co., Ltd. ("Taishin Life Insurance") on August 10, 2021 with approval by the ROC Ministry of Economic Affairs. The gain from bargain purchase of the business combination was \$9,227,113 thousand. The related accounting policies, critical accounting estimates and judgment on the business combination are disclosed in Note 5 and Note 6 to the consolidated financial statements. We considered the acquisition transaction as a significant event of the Group this year. The gain from bargain purchase was measured based on the fair value assessment of acquired company's identifiable assets acquired and liabilities assumed as provided in the purchase price allocation report. Because the valuation methods and related assumptions used in the preparation of the purchase price allocation report ("PPAR") involved critical management judgments and accounting estimates, we considered the recognition of the business combination as a key audit matter.

We obtained the business combination agreement and checked the supporting documents of acquisition price, reviewed and tested accounting treatments of fair value recognition of assets and liabilities at acquisition date in accordance with IFRS 3 "Business Combination". We evaluated the qualification of the external experts engaged by the Group. We also reviewed the PPAR issued by the external experts and tested on a sample basis to assess the appropriateness of the valuation methods and relevant assumptions used for evaluating the fair value of identifiable assets acquired and liabilities assumed of Taishin Life Insurance in the PPAR. Moreover, we recalculated the amount of the gain from bargain purchase of the transaction.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Han-Ni Fang and Ching-Cheng Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 25, 2022

Notice to Readers

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

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021		2020	
	Amount	%	Amount	%
Cash and cash equivalents (Notes 5 and 7)	\$ 27,561,283	1	\$ 24,467,895	1
Due from the Central Bank and call loans to banks (Notes 5 and 8)	86,817,297	4	84,083,756	4
Financial assets at fair value through profit or loss (FVTPL) (Notes 5 and 9)	150,375,077	6	127,442,056	6
Financial assets at fair value through other comprehensive income (FVTOCI) (Notes 5 and 10)	176,881,749	7	191,029,900	9
Financial assets in debt instruments at amortized cost (Notes 5 and 11)	461,273,302	18	270,634,022	12
Securities purchased under resale agreements	10,859,842	-	4,116,898	-
Receivables, net (Notes 5, 12 and 13)	180,655,171	7	163,895,050	7
Current tax assets (Notes 5 and 41)	291,168	-	11,011	-
Loans, net (Notes 5, 6 and 13)	1,327,126,117	53	1,243,688,768	57
Reinsurance contract assets, net (Note 5)	503,918	-	-	-
Investments accounted for using the equity method, net (Notes 5 and 14)	351,147	-	42,059,844	2
Other financial assets, net (Notes 5, 13, 15 and 31)	36,450,354	2	6,778,854	1
Investment properties, net (Notes 5 and 16)	2,858,617	-	923,033	-
Property and equipment, net (Notes 5 and 17)	22,469,854	1	19,208,595	1
Right-of-use assets, net (Notes 5 and 18)	2,573,461	-	2,879,350	-
Intangible assets, net (Notes 5 and 19)	3,284,761	-	3,272,025	-
Deferred tax assets (Notes 5 and 41)	8,325,121	-	3,213,221	-
Other assets, net (Note 20)	13,902,250	1	8,354,928	-
TOTAL	<u>\$ 2,512,560,489</u>	<u>100</u>	<u>\$ 2,196,059,206</u>	<u>100</u>

(Continued)

	2021		2020	
LIABILITIES AND EQUITY	Amount	%	Amount	%
Due to the Central Bank and banks (Note 21)	\$ 57,075,272	2	\$ 49,824,469	2
Funds borrowed from the Central Bank and other banks	3,984,460	-	1,925,590	-
Financial liabilities at FVTPL (Notes 5 and 9)	31,940,397	1	36,052,712	2
Securities sold under repurchase agreements (Note 5)	86,210,606	3	88,288,646	4
Commercial papers issued, net (Note 22)	22,963,111	1	15,432,869	1
Payables (Note 23)	34,536,010	1	47,272,379	2
Current tax liabilities (Notes 5 and 41)	2,360,788	-	2,277,779	-
Deposits and remittances (Note 24)	1,681,331,592	67	1,607,978,455	73
Bonds payable (Note 25)	70,100,000	3	70,100,000	3
Other borrowings (Note 26)	12,867,620	1	11,180,264	1
Provisions (Notes 5, 27 and 28)	200,846,734	8	1,910,042	-
Other financial liabilities (Notes 5, 29 and 31)	92,423,614	4	67,742,288	3
Lease liabilities (Notes 5 and 18)	2,653,717	-	2,978,858	-
Deferred tax liabilities (Notes 5 and 41)	1,087,573	-	147,023	-
Other liabilities (Note 30)	14,077,667	1	6,838,450	-
Total liabilities	2,314,459,161	92	2,009,949,824	91
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 33)				
Capital stock				
Common stock	114,093,832	5	109,115,662	5
Preferred stock	8,000,000	-	8,000,000	-
Advance receipts for capital stock	-	-	11,336	-
Capital surplus	35,921,647	1	35,928,795	2
Retained earnings				
Legal reserve	13,196,771	1	11,777,396	1
Special reserve	393,716	-	571,970	-
Unappropriated earnings	25,110,517	1	18,831,418	1
Other equity	1,350,795	-	1,825,646	-
Equity attributable to owners of parent	198,067,278	8	186,062,223	9
NON-CONTROLLING INTERESTS	34,050	-	47,159	-
Total equity	198,101,328	8	186,109,382	9
TOTAL	\$ 2,512,560,489	100	\$ 2,196,059,206	100

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

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
INTEREST INCOME (Notes 5 and 34)	\$ 32,637,405	51	\$ 33,902,150	77
INTEREST EXPENSES (Note 34)	(8,277,015)	(13)	(12,243,036)	(28)
NET INTEREST INCOME (Note 34)	<u>24,360,390</u>	<u>38</u>	<u>21,659,114</u>	<u>49</u>
NET INCOME OTHER THAN NET INTEREST INCOME				
Net service fee and commission income (Notes 5 and 35)	15,433,664	24	13,994,914	32
Net income from insurance operations (Notes 5 and 36)	11,009,900	17	-	-
Gain on financial assets and liabilities at FVTPL (Notes 5 and 37)	5,187,742	8	4,023,731	9
Realized gain on financial assets at FVTOCI (Notes 5 and 38)	2,067,387	3	1,359,162	3
Gain on derecognition of financial assets in debt instruments at amortized cost	52,794	-	291	-
Foreign exchange gains (losses)	(185,493)	-	1,022,074	2
Impairment (loss) gain on assets (Notes 10, 11 and 20)	(40,573)	-	(12,008)	-
Share of profit (loss) of associates accounted for using equity method (Notes 5 and 14)	(3,546,984)	(5)	1,615,015	4
Gain (loss) on reclassification using the overlay approach (Note 9)	(340,905)	-	-	-
Net other non-interest income				
Gain from bargain purchase (Note 43)	\$ 9,227,113	14	\$ -	-
Net other miscellaneous income	<u>539,063</u>	<u>1</u>	<u>482,556</u>	<u>1</u>
Net income other than net interest income	<u>39,403,708</u>	<u>62</u>	<u>22,485,735</u>	<u>51</u>
NET REVENUE AND GAINS	<u>63,764,098</u>	<u>100</u>	<u>44,144,849</u>	<u>100</u>
PROVISIONS FOR ALLOWANCE FOR BAD DEBT EXPENSES, COMMITMENTS AND GUARANTEES LIABILITIES (Notes 5, 12, 13 and 27)	(546,413)	(1)	(1,860,723)	(4)
NET CHANGES IN INSURANCE LIABILITY RESERVE (Notes 5 and 28)	(11,762,052)	(19)	-	-
OPERATING EXPENSES				
Employee benefits expenses (Notes 5 and 39)	(16,202,294)	(25)	(14,467,600)	(33)
Depreciation and amortization expenses (Note 40)	(2,388,548)	(4)	(2,201,303)	(5)
Other general and administrative expenses	(9,709,290)	(15)	(9,184,095)	(20)
Total operating expenses	<u>(28,300,132)</u>	<u>(44)</u>	<u>(25,852,998)</u>	<u>(58)</u>
INCOME BEFORE INCOME TAX	23,155,501	36	16,431,128	38
INCOME TAX EXPENSE (Notes 5 and 41)	(2,856,788)	(4)	(1,942,301)	(5)
NET INCOME	<u>20,298,713</u>	<u>32</u>	<u>14,488,827</u>	<u>33</u>

(Continued)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Gain (loss) on remeasurements of defined benefit plans	\$(220,445)	-	\$(173,226)	-
Share of other comprehensive income of associates accounted for using the equity method	331,548	-	127,406	-
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	(19,801)	-	(38,589)	-
Unrealized gain (loss) on investments in equity instruments designated as at FVTOCI	488,339	1	53,087	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	44,038	-	35,723	-
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	13,494	-	3,373	-
Share of other comprehensive income (loss) of associate accounted for using the equity method	589,906	1	(176,331)	-
Unrealized gain (loss) on investment in debt instruments at FVTOCI	(2,216,978)	(4)	686,879	1
(Impairment loss) reversal of impairment on investment in debt instruments at FVTOCI	(2,628)	-	6,117	-
Other comprehensive income on reclassification using the overlay approach	340,905	1	-	-
Income tax relating to items that will be reclassified subsequently to profit or loss	159,690	-	(51,475)	-
Other comprehensive income (loss), net of tax	(491,932)	(1)	472,964	1
TOTAL COMPREHENSIVE INCOME	\$ 19,806,781	31	\$ 14,961,791	34
NET INCOME ATTRIBUTABLE TO:				
Owners of parent	\$ 20,311,808	32	\$ 14,493,422	33
Non-controlling interests	(13,095)	-	(4,595)	-
	<u>\$ 20,298,713</u>	<u>32</u>	<u>\$ 14,488,827</u>	<u>33</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of parent	\$ 19,819,890	31	\$ 14,966,281	34
Non-controlling interests	(13,109)	-	(4,490)	-
	<u>\$ 19,806,781</u>	<u>31</u>	<u>\$ 14,961,791</u>	<u>34</u>
EARNINGS PER SHARE (Note 42)				
Basic	<u>\$ 1.63</u>		<u>\$ 1.12</u>	
Diluted	<u>\$ 1.63</u>		<u>\$ 1.12</u>	

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

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of Parent						
	Capital Stock			Capital Surplus			
	Common Stock	Preferred Stock	Advanced Receipts for Capital Stock	Additional Paid-in Capital in Excess of Par	Treasury Stock Transactions	Stock-based Compensation	Other
BALANCE AT JANUARY 1, 2020	\$ 106,567,044	\$ 8,000,000	\$ 11,077	\$ 33,774,714	\$ 2,075,475	\$ 102,003	\$ 3,213
Appropriation of 2019 earnings							
Legal reserve	-	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-	-
Stock dividends on common stock	2,466,618	-	-	-	-	-	-
Reversal of the special reserve	-	-	-	-	-	-	-
Net income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2020, net of tax	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-
Share-based payments	82,000	-	259	21,094	-	(47,704)	-
Non-controlling interests	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2020	109,115,662	8,000,000	11,336	33,795,808	2,075,475	54,299	3,213
Appropriation of 2020 earnings							
Legal reserve	-	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-	-
Stock dividends on common stock	4,957,660	-	-	-	-	-	-
Net income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2021, net of tax	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-
Disposals of investments accounted for using the equity method	-	-	-	-	-	-	-
Share-based payments	20,510	-	(11,336)	(5,481)	-	(1,667)	-
Disposal of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2021	\$ 114,093,832	\$ 8,000,000	\$ -	\$ 33,790,327	\$ 2,075,475	\$ 52,632	\$ 3,213

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

Equity Attributable to Owners of Parent								
Retained Earnings			Other Equity					
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets FVTOCI	Changes in Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities at FVTPL	Comprehensive Income or Reclassification Using the Overlay Approach	Non-controlling Interests	Total Equity
\$ 10,357,137	\$ 572,115	\$ 16,373,487	\$ (675,950)	\$ 1,689,500	\$ 39,567	\$ -	\$ 128,355	\$ 179,017,737
1,420,259	-	(1,420,259)	-	-	-	-	-	-
-	-	(6,029,510)	-	-	-	-	-	(6,029,510)
-	-	(1,819,579)	-	-	-	-	-	(1,819,579)
-	-	(2,466,618)	-	-	-	-	-	-
-	(145)	145	-	-	-	-	-	-
-	-	14,493,422	-	-	-	-	(4,595)	14,488,827
-	-	(180,583)	(277,106)	969,137	(38,589)	-	105	472,964
-	-	14,312,839	(277,106)	969,137	(38,589)	-	(4,490)	14,961,791
-	-	-	-	-	-	-	-	55,649
-	-	-	-	-	-	-	(76,706)	(76,706)
-	-	(119,087)	-	119,087	-	-	-	-
11,777,396	571,970	18,831,418	(953,056)	2,777,724	978	-	47,159	186,109,382
1,419,375	-	(1,419,375)	-	-	-	-	-	-
-	-	(6,059,361)	-	-	-	-	-	(6,059,361)
-	-	(1,757,500)	-	-	-	-	-	(1,757,500)
-	-	(4,957,660)	-	-	-	-	-	-
-	-	20,311,808	-	-	-	-	(13,095)	20,298,713
-	-	(180,726)	770,274	(1,416,197)	(19,801)	354,532	(14)	(491,932)
-	-	20,131,082	770,274	(1,416,197)	(19,801)	354,532	(13,109)	19,806,781
-	(178,254)	894,746	-	(716,492)	-	-	-	-
-	-	-	-	-	-	-	-	2,026
-	-	(552,833)	-	552,833	-	-	-	-
\$ 13,196,771	\$ 393,716	\$ 25,110,517	\$ (182,782)	\$ 1,197,868	\$ (18,823)	\$ 354,532	\$ 34,050	\$ 198,101,328

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

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

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 23,155,501	\$ 16,431,128
Adjustments:		
Adjustments for reconciliation of profit or loss		
Depreciation expenses	1,946,858	1,815,407
Amortization expenses	441,690	385,896
Provisions for bad debts expenses, commitments and guarantee liabilities	546,413	1,860,723
Net loss (gain) on financial assets and liabilities at FVTPL	(5,187,742)	(4,023,731)
Net loss (gain) on financial assets and liabilities at FVTOCI	(2,067,387)	(1,359,162)
Interest expenses	8,277,015	12,243,036
Loss (gain) on derecognition of financial assets at amortized cost	(52,794)	(291)
Interest income	(32,637,405)	(33,902,150)
Net change in insurance liabilities	11,762,052	-
Net change in other provisions	(31,042)	-
Stock-based payments	203,526	13,608
Share of profit of associates accounted for using the equity method	(760,865)	(1,615,015)
(Gain) loss on reclassification using the overlay approach	340,905	-
(Gain) loss on disposal of associates accounted for using the equity method	4,307,849	-
Impairment loss on financial assets	40,573	11,899
Gain from bargain purchase	(9,227,113)	-
Other adjustments	(39,860)	(26,671)
Total adjustments	(22,137,327)	(24,596,451)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to banks	(427,988)	(10,928,944)
(Increase) decrease in financial assets at FVTPL	22,606,019	61,669,372
(Increase) decrease in financial assets at FVTOCI	62,755,632	83,824,172
(Increase) decrease in financial assets in debt instrument at amortized cost	(27,022,635)	(138,788,010)
(Increase) decrease in securities purchased under resale agreements	(377,532)	182,823
(Increase) decrease in receivables	(15,244,345)	(9,082,509)
(Increase) decrease in loans	(76,691,435)	(106,696,476)
(Increase) decrease in reinsurance assets	34,136	-
(Increase) decrease in other financial assets	(2,784,977)	(1,055,493)
(Increase) decrease in other assets	(4,556,191)	166,678
Increase (decrease) in due to the Central Bank and banks	(4,163,237)	162,704
Increase (decrease) in financial liabilities at FVTPL	(43,369,809)	(33,383,220)
Increase (decrease) in securities sold under repurchase agreements	(2,078,040)	(31,856,329)
Increase (decrease) in payables	(13,860,840)	8,594,218
Increase (decrease) in deposits and remittances	73,353,137	173,893,521
Increase (decrease) in provisions	(407,873)	(74,816)
Increase (decrease) in other financial liabilities	(2,036,439)	(4,650,775)
Increase (decrease) in other liabilities	7,021,358	1,238,719
Cash generated from (used in) operations	(26,232,885)	(14,949,688)
Interest received	34,940,727	35,894,579
Dividends received	1,971,156	1,506,307
Interest paid	(8,490,763)	(13,105,432)
Income taxes returned	188,573	190,348
Income taxes paid	(2,313,652)	(2,478,581)
Net cash generated from (used in) operating activities	63,156	7,057,533

	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at FVTOCI	\$ -	\$ 1,929
Proceeds from disposal of financial assets carried at cost	-	6,000
Acquisition of investments accounted for equity method	(264,197)	-
Proceeds from disposal of investment accounted for using the equity method	3,116,498	-
Acquisition of property and equipment	(1,036,271)	(1,309,057)
Proceeds from disposal of property and equipment	11,138	1,882
Acquisition of intangible assets	(439,046)	(1,150,896)
Cash outflows from business combination	(3,717,747)	(2,346)
Acquisition of investment properties	(130,527)	(931)
Proceeds from disposal of investment properties	148,430	188,002
Net cash generated from (used in) investing activities	(2,311,722)	(2,265,417)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and banks	13,472,910	-
Decrease in due to the Central Bank and banks	-	(3,311,002)
Increase in commercial paper payable	7,534,000	-
Decrease in commercial paper payable	-	(7,432,000)
Proceeds from issuing corporate bonds	-	13,300,000
Increase in other borrowings	1,617,430	-
Decrease in other borrowings	-	(28,252)
Repayment of the principal portion of lease liabilities	(795,994)	(733,513)
Cash dividends distributed	(7,816,861)	(7,849,089)
Exercise of employee stock options	2,026	55,649
Changes in non-controlling interests	-	(99,757)
Net cash generated from (used in) financing activities	14,013,511	(6,097,964)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(592)	(13,606)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,764,353	(1,319,454)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	53,680,777	55,000,231
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	\$ 65,445,130	\$ 53,680,777

Reconciliation of cash and cash equivalents:

	2021	2020
Cash and cash equivalents in consolidated balance sheets	\$ 27,561,283	\$ 24,467,895
Call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7	27,539,460	25,233,907
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7	10,344,387	3,978,975
Cash and cash equivalents at the end of the year	\$ 65,445,130	\$ 53,680,777

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

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Taishin Financial Holding Co., Ltd. ("Taishin Financial Holding" or the "Company") was established by Taishin International Bank Co., Ltd. ("Taishin Bank") and Dah An Commercial Bank Co., Ltd. ("Dah An Bank") pursuant to the Republic of China ("ROC") Financial Holding Company Act and related regulations through a stock swap on February 18, 2002. Taishin Financial Holding's main business activities are investing and managing its investments in financial institutions.

Taishin Bank and Dah An Bank established Taishin Financial Holding through a stock swap. In forming the holding company, Taishin Bank merged with Dah An Bank, with Taishin Bank as the surviving company. In addition, Taishin Securities Co., Ltd. ("Taishin Securities A") and Taishin Bills Finance Co., Ltd. ("Taishin Bills Finance") became wholly-owned subsidiaries of Taishin Financial Holding through a stock swap effective on December 31, 2002.

In order to better integrate the resources of the Company and its controlled affiliates, on December 19, 2009, the Company disposed of its wholly-owned subsidiary Taishin Securities A via a merger transaction of Taishin Securities A, as the dissolved company, and KGI Securities Co., Ltd. In addition, on January 22, 2011, Taishin Bank merged with Taishin Bills Finance. Hence, Taishin Bank acquired the whole assets and assumed all liabilities and operations of Taishin Bills Finance.

Taishin Bank started its business operations on March 23, 1992. Taishin Bank provides customers with general commercial banking services according to the Banking Act of the Republic of China.

Taishin Asset Management Co., Ltd. ("Taishin AMC") was established on August 14, 2002 in accordance with the Company Law and other related laws. Taishin AMC's operations include the acquisition, evaluation, auction, and management of delinquent loans.

Taishin Financial Holding acquired 100% equity interest of Franklin Insurance Brokers Co., Ltd. ("Franklin Insurance Brokers") by cash investments on April 27, 2011. Franklin Insurance Brokers became a subsidiary of Taishin Financial Holding and changed its company name to Taishin Holdings Insurance Brokers Co., Ltd. ("Taishin Holdings Insurance Brokers"). Taishin Holdings Insurance Brokers operations include property insurance broker service and life insurance broker service. In order to integrate the group resources and effectively utilize operational capital to advance operational performance, the Company conducted an internal group restructure. The Company intended to have Taishin Bank merged with Taishin Holdings Insurance Brokers. Therefore, on October 29, 2015, the board of Taishin Bank (acting as stockholders of Taishin Bank) resolved that the surviving company was Taishin Bank and the dissolved company was Taishin Holdings Insurance Brokers. On December 30, 2015, the merger was endorsed by the Financial Supervisory Commission ("FSC"). The merging base date was on April 24, 2016. The consideration of the Taishin Holding Insurance Brokers is its audited net value on the merging base date. Taishin Bank pays in cash and bears the overall assets, liabilities and operation of Taishin Holding Insurance Brokers.

Taishin Venture Capital Co., Ltd. ("Taishin Venture Capital") was approved for establishment on December 25, 2002. Its operations include engagement in investment start-ups.

Taishin Financial Holding acquired 100% equity interest of Taishin Securities Investment Trust Co., Ltd. ("Taishin Securities Investment Trust") and 92% equity interest of Taishin Securities Investment Advisory Co., Ltd. ("Taishin Securities Investment Advisory") by cash investments on July 26, 2010. Taishin Securities Investment Trust and Taishin Securities Investment Advisory became subsidiaries of Taishin Financial Holding.

Taishin Securities Investment Advisory was established in March 1989, and its operations include accepting mandates from customers, providing analytical opinions or recommendations on securities investment, acting as an agent for investment consultancy of offshore funds, issuing publications or holding lectures about securities investment and other relevant business permitted by the competent authority.

Taishin Securities Investment Trust approved by the Securities and Futures Bureau, was established on May 31, 2004. Its operations include offering securities investment trust funds, issuing beneficial interest certificate and investing in or trading securities, securities-related products or other items approved by the FSC. In addition, Taishin Securities Investment Trust was approved to operate a full fiduciary discretionary investment business in 2005.

Taishin Securities Co., Ltd. ("Taishin Securities B") (formerly known as Donshin Securities Co., Ltd.) was incorporated on January 15, 1990, and its operations include services dealing with futures, securities underwriting, brokerage, margin lending and security transfer services. Taishin Financial Holding acquired 100% equity interest of Taishin Securities B by cash investments on April 9, 2010. Taishin Securities B became a subsidiary of Taishin Financial Holding.

Taishin Securities B acquired 100% equity interest in Tachong Securities Co., Ltd. ("Tachong Securities") via cash acquisition and assumed the net assets and operations of Tachong Venture Capital Co., Ltd. ("Tachong Venture Capital"), which was originally the subsidiary of Tachong Securities on August 28, 2017. After completing the aforementioned cash acquisition, the surviving company was Taishin Securities B, and Tachong Securities was dissolved accordingly.

In order to integrate financial resources to expand business development, enhance competitiveness and other expected benefits, the Group conducted an internal organization restructuring. Hence, on the base date, November 8, 2021, Taishin Securities B generally assumed all the assets, liabilities and operations of the stock transfer agency department with the cash payment by Taishin Bank.

Taishin Financial Holding acquired 100% equity interest in Prudential Life Insurance Company of Taiwan Inc. ("Prudential Life Insurance") through cash investment on June 30, 2021. Prudential Life Insurance became a subsidiary of Taishin Financial Holding and changed the company name to Taishin Life Insurance Co., Ltd. ("Taishin Life Insurance") on August 10, 2021 with approval by the ROC Ministry of Economic Affairs. Taishin Life Insurance's operation is personal insurance and its underwriting items include life insurance, medical insurance, accident insurance and investment insurance.

Taishin Real-Estate Management Co., Ltd. ("Taishin Real-Estate") was established in August 1995, and its operations include audit and consultation of construction plans, contract verifications, assessments and trades of real estate, etc.

Xiang An Life Insurance Agency Co., Ltd. ("Xiang An Insurance Agency") was established in September 1996. It provides life insurance agency services. The record date of liquidation for Xiang An Insurance Agency was on July 17, 2020, and as of August 30, 2021 the liquidation procedures were completed.

Taishin D.A. Finance was established in October 1997. Its operations include the lease, wholesale and retail sale of machinery, precision machinery, motor vehicles, aircrafts and vessels and their components.

Tachong Venture Capital was established in February 2013 and changed its company name to Taishin Securities Venture Capital Co., Ltd. ("Taishin Securities Venture Capital") on October 2, 2017. It mainly engages in investments in start-up entities and consultancy services.

Taishin Capital Co., Ltd. ("Taishin Capital") was established in August 2019. It mainly engages in investments in start-up entities and in providing consultancy services.

Taishin Venture Capital, Taishin Securities Investment Advisory and Taishin Securities Venture Capital acquired 51% equity interest and controlling power of Credidi Inc. ("Credidi") by cash investment on November 3, 2020. Therefore, Credidi became a subsidiary of Taishin Financial Holding. It mainly engages in information software services.

Taishin Financial Leasing (China) Co., Ltd. (“Taishin Financial Leasing (China)”) was approved for establishment on July 12, 2011 to provide financial leasing services; Taishin Financial Leasing (Tianjin) Co., Ltd. (“Taishin Financial Leasing (Tianjin)”) was approved for establishment on March 1, 2012 to provide financial leasing services. In order to integrate the group resources and increase competitiveness in financial leasing services, the Company conducted an internal group restructuring. The Company intended to merge Taishin Financial Leasing (China) and Taishin Financial Leasing (Tianjin). On December 31, 2020, the board of directors resolved that the surviving company is Taishin Financial Leasing (China) and the dissolved company is Taishin Financial Leasing (Tianjin), and as of September 23, 2021, the liquidation procedures were completed. On March 29, 2021, the merger was endorsed by the Investment Commission, MOEA (“MOEAIC”). The merger base date was on March 31, 2021.

Taishin Health Investment Co., Ltd. (“Taishin Health Investment”) was approved for establishment on February 20, 2021 to provide investment services.

Within these consolidated financial statements, Taishin Financial Holding and its subsidiaries mentioned above are collectively referred to as the “Group”.

In the year ended December 31, 2005, Taishin Financial Holding acquired 1,400,000 thousand shares of preferred stock B issued by Chang Hwa Commercial Bank, Ltd. (“Chang Hwa Bank”) through private placements. The 22.55% ownership interest with voting rights allows Taishin Financial Holding to take over half of the seats in the board of directors of Chang Hwa Bank. Accordingly, Taishin Financial Holding had controlling power over Chang Hwa Bank. On October 3, 2008, this preferred stock B was converted into 1,400,000 thousand shares of common stock. Chang Hwa Bank held the election of its board of directors on December 8, 2014, whereby Taishin Financial Holding did not obtain more than half of the seats of Chang Hwa Bank’s board of directors. Therefore, Taishin Financial Holding lost its control over Chang Hwa Bank and afterwards did not account for Chang Hwa Bank as its subsidiary in accordance with the Financial Holding Company Act. In addition, Taishin Financial Holding disposed of 200 million shares of Chang Hwa Bank on June 10, 2021 and issued a letter of undertaking to the FSC, promising to complete the disposition of all shares held in 6 years from the time when the disposition of the shares of Chang Hwa Bank started; and since the beginning of the disposal of Chang Hwa Bank’s shares, the Group no longer exercised shareholder rights other than dividend distribution rights, including no longer nominating directors, recommending independent directors, or supporting specific candidates for Chang Hwa Bank, thereby losing significant influence. The ownership interest without voting rights in Chang Hwa Bank held by Taishin Financial Holding and subsidiaries was 20.89% as of December 31, 2021.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Statements by Financial Holding Companies, Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, Regulations Governing the Preparation of Financial Reports by Securities Issuers, Regulations Governing the Preparation of Financial Reports by Insurance Enterprises, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (“FSC”).

3. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements of Taishin Financial Holding and its subsidiaries were approved by the Company’s board of directors and authorized for issue on February 24, 2022.

4. 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 Financial Holding Companies, the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Securities Firms, the Regulations Governing the Preparation of Financial Reports by Futures Commission Merchants, the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC) and SIC Interpretations (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC.

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

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

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

Except for the above impact, the Group assessed that the application of other standards and interpretations would have no impact on the Group’s financial position and financial performance.

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

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

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

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

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

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

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

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 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 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 Group shall restate its comparative information when it initially applies the aforementioned amendments.

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

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 “Disclosure of Accounting Policies”	January 1, 2023 (Note 2)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 3)

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.

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

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 Group 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 Group 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 Group 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 Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group 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 Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

2) IFRS 17 “Insurance Contracts”

IFRS 17 establishes the principle for the accounting treatment of insurance contracts and supersedes IFRS 4 “Insurance Contracts”. The principle is as follows:

Level of aggregation

IFRS 17 requires the Group to identify portfolios of insurance contracts which comprises contracts that are subject to similar risks and managed together. Contracts within a product line would be expected to have similar risks and hence would be expected to be in the same portfolio if they are managed together. Each portfolio of insurance contracts issued shall be divided into a minimum of:

- a) A group of contracts that are onerous at initial recognition;
- b) A group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently, and
- c) A group of the remaining contracts in the portfolio.

The Group is not permitted to include contracts issued more than one year apart in the same group, and a group of contracts which are decided to be issued shall apply the recognition and measurement of IFRS 17.

Recognition

The Group shall recognize a group of insurance contracts issued from the earliest of the following:

- a) The beginning of the coverage period of the group of contracts;
- b) The date when the first payment from a policyholder becomes due; and
- c) For a group of onerous contracts, when the group becomes onerous.

Measurement on initial recognition

On initial recognition, the Group shall measure a group of contracts at the total of the amount of fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprises estimates of future cash flows, an adjustment to reflect the time value of money and the financial risks associated with the future cash flows and risk adjustment for non-financial risk. The contractual service margin represents the unearned profit that the Group will recognize as it provides services in the future. This is measured on initial recognition of a group of insurance contracts at an amount that, unless a group of contracts is onerous, results in no income or expenses arising from:

- a) The initial recognition of an amount for the fulfilment cash flows;
- b) The derecognition at that date of any asset or liability recognized for acquisition cash flows; and
- c) All cash flows arising from the contracts in the group at that date.

Subsequent measurement

On subsequent measurement, the carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows related to future services and the contractual service margin of the group at that date, and liabilities for incurred claims include fulfilment cash flows related to past services. On subsequent measurement, if a group of insurance contracts becomes onerous (or more onerous), that excess shall be recognized in profit or loss.

Onerous contracts

An insurance contract is onerous at the date of initial recognition if the fulfilment cash flows allocated to insurance contracts, all previously recognized acquisition cash flows and all cash flows arising from the contract at the date of initial recognition in total are a net outflow. The Group shall recognize a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows and the contractual service margin of the group being zero. The contractual service margin cannot increase and no revenue can be recognized, until the onerous amount previously recognized has been reversed in profit or loss as part of a service expense.

Premium Allocation Approach (PAA)

The Group may simplify the measurement of the liability for remaining coverage of a group of insurance contracts using the Premium Allocation Approach (PAA) on the condition that:

- a) The Group reasonably expects that this will be a reasonable approximation of the general model, or
- b) The coverage period of each contract in a group is one year or less.

At the inception, if the Group expects significant variances in the fulfilment cash flows during the year before a claim is incurred, such contracts are not eligible to apply the PAA.

Using the PAA, the liability for remaining coverage shall be the initially recognized premiums, if any, received at initial recognition, minus any insurance acquisition cash flows. This is subsequently adjusted for change in the composition of the group and amortization of acquisition cash flows and reduced over the coverage period with the reduction recorded as revenue, excluding any investment component paid or transferred to the liability for incurred claims.

Investment contracts with discretionary participation features

An investment contract with discretionary participation features is a financial instrument and it does not include a transfer of significant insurance risk. It is in the scope of IFRS 17 only if the issuer also issues insurance contracts.

Modification and derecognition

If the terms of an insurance contract are modified, the Group shall derecognize the original contract and recognize the modified contract as a new contract if there is a substantive modification, based on meeting any of the specified criteria.

The Group shall derecognize an insurance contract when it is extinguished or substantially modified.

Transition

The Group shall apply IFRS 17 retrospectively unless impracticable, in which case entities have the option of using either the modified retrospective approach or the fair value approach.

Under the modified retrospective approach, the Group shall utilize reasonable and supportable information and maximize the use of information that would have been used to apply a full retrospective approach, but only need to use information available without undue cost or effort. The Group shall apply fair value approach if reasonable and supportable information is unavailable.

Under the fair value approach, the Group determines the contractual service margin at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

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

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

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group 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 IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgments or assumptions in applying an accounting policy, and the Group 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.

4) 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 Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group 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.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

According to Order No. 1090364819, No. 1090364782 and No. 10902734581 and No. 10904947571 issued by the FSC, the Group applied IFRSs and the related amendments to the Regulations Governing the Preparation of Financial Reports by Financial Holding Companies, which were approved by the FSC for 2021.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, payable incurred by cash-settled share-based payment, and defined benefit plans which is recognized by present value of the defined benefit obligations subtracted fair value of plan assets (refer to the summary of accounting policies below). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The functional currency of Taishin Financial Holding is New Taiwan dollar. Thus, the consolidated financial statements are presented in New Taiwan dollars.

The Group categorized economic activities into operating, investing, and financing activities. The consolidated statements of cash flows reported the change of cash and cash equivalents in the current period based on operating, investing, and financing activities. Refer to Note 7 for the components of cash and cash equivalents.

The cash flow of operating activities was reported by using indirect method. Under the indirect method, profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid and interest and dividends received are classified as operating cash flows. Dividends paid are classified as financing cash flow because they are cost of obtaining financial resources.

When preparing the financial statements in accordance with the FSC-endorsed IFRSs, the Group has to make certain significant accounting assumptions and estimates based on professional judgments to determine its accounting policies. Change in assumptions may result in significant effects on financial report. The Group believes that the consolidated financial report was prepared based on appropriate assumptions. For items that required management's most difficult or complex judgments, or assumptions and estimates that significantly affect the financial statements, please refer to Note 6.

Classification of Current/Noncurrent Assets and Liabilities

Since the banking companies account for a substantial portion of the consolidated statements and because of banking business characteristics, classification of consolidated assets and liabilities according to the nature and the sequence of liquidity can provide more reliable and relevant information. Therefore, those assets and liabilities are not classified as current or noncurrent, but classified according to the nature and sequence of liquidity. In addition, maturity analysis of liabilities was disclosed in Note 48.

Basis of Consolidation

a. Principle of consolidation of financial statements

This consolidated financial report has included financial reports prepared by the Company and entities controlled by the Company.

The Company has control over its investees if it has all the following elements:

- 1) Power over the investee, voting or other rights.
- 2) Exposure, or rights, to variable returns from involvement with the investee;
- 3) The ability to use power over the investee to affect the amount of the investor's returns.

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

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

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

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

Attribution of total comprehensive income to non-controlling interests

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

Changes in the Group's ownership interests in existing subsidiaries

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

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities (i.e. reclassifies to profit or loss, or transfers directly to retained earnings if required in accordance with other IFRSs).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting.

b. Business combinations

Business combinations are accounted for in accordance with the requirements of IFRS 3 "Business Combinations" approved by the FSC. Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred. The transfer consideration for a business combination should be measured at fair value, and its calculation is based on the total amount of the assets transferred by the acquirer, the liabilities incurred or assumed, and the fair value of the equity instruments issued by the acquirer on the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

When the acquisition does not meet the definition of "Business Combinations", the merging company will allocate the acquisition costs to separately identifiable assets and liabilities. The acquired assets and liabilities are recorded on the basis of: (1) The fair value of financial assets and liabilities measured at the acquisition date based on IFRS 9 "Financial Instruments" recognized by the FSC. (2) The remaining amount after deducting the cost of financial assets and liabilities from the acquisition cost is allocated to other assets and liabilities based on the relative proportion of the fair value of other assets and liabilities on the acquisition date.

Investor	Subsidiary	Ownership Interest (%)	
		December 31	
		2021	2020
Taishin Financial Holding	Taishin Bank	100.00	100.00
Taishin Financial Holding	Taishin Securities B	100.00	100.00
Taishin Financial Holding	Taishin AMC	100.00	100.00
Taishin Financial Holding	Taishin Venture Capital	100.00	100.00
Taishin Financial Holding	Taishin Securities Investment Advisory	92.00	92.00
Taishin Financial Holding	Taishin Securities Investment Trust	100.00	100.00
Taishin Financial Holding	Taishin Life insurance (Note 1)	100.00	-
Taishin Bank	Taishin Real-Estate	60.00	60.00
Taishin Bank	Xiang An Insurance Agency (Note 2)	-	-
Taishin Bank	Taishin D.A. Finance	100.00	100.00
Taishin AMC	Taishin Real-Estate	40.00	40.00
Taishin Venture Capital	Taishin Financial Leasing (China)	100.00	100.00
Taishin Venture Capital	Taishin Financial Leasing (Tianjin)(Note 3)	-	100.00
Taishin Securities B	Taishin Securities Venture Capital Co.	100.00	100.00
Taishin Securities B	Taishin Capital	100.00	100.00
Taishin Venture Capital	Credidi (Note 4)	20.00	20.00
Taishin Securities Investment Advisory	Credidi (Note 4)	6.00	6.00
Taishin Securities Venture Capital	Credidi (Note 4)	25.00	25.00
Taishin Capital	Taishin Health Investment (Note 5)	100.00	-

Note 1: Taishin Financial Holding acquired ownership interest through cash investment on June 30, 2021, and included in the consolidated financial statements. Prudential Life Insurance changed its company name to Taishin Life Insurance on August 10, 2021 with approval by the ROC Ministry of Economic Affairs

Note 2: Xiang An Insurance Agency had started the liquidation procedures on July 17, 2020, and as of August 30, 2021 the liquidation procedures were completed.

Note 3: Taishin Financial Leasing (China) merged with Taishin Financial Leasing (Tianjin) on March 31, 2021, and as of September 23, 2021 the liquidation procedures were completed.

Note 4: Taishin Venture Capital, Taishin Securities Investment Advisory and Taishin Securities Venture Capital acquired ownership interest through cash investment on November 3, 2020, and included in the consolidated financial statements.

Note 5: Taishin Capital established Taishin Health Investment, and incorporated into the Group's financial statements as its subsidiary on February 20, 2021.

Foreign Currencies

In preparing the financial statements of each individual Group entity, the currency of the primary economic environment in which the entity operates (the "functional currency") is used. Transactions in currencies other than the entity's functional currency 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. When several exchange rates are available, the rate used is that at which the future cash flows, represented by the transaction amount or balance, could have been settled if those cash flows had occurred at the measurement date. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from settlement are recognized in profit or loss in the period in which they arise. Exchange differences on monetary items arising from translation are recognized in profit or loss in the period in which they arise except items that qualify as hedging instruments in a cash flow hedge are recognized initially in other comprehensive income to the extent that the hedge is effective.

Exchange differences arising on the retranslation of non-monetary assets (such as equity investment) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

The results and financial position of an entity whose functional currency is not the currency of a hyperinflationary economy but different from the presentation currency are translated into the presentation currency using the following procedures:

- a. Assets and liabilities are translated at the closing rate at the date of the consolidated balance sheets;
- b. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used; and
- c. All resulting exchange differences are recognized in other comprehensive income.

Exchange differences arising from the above procedures are recognized as “Exchange differences from translation of foreign operation” in equity. Exchange differences arising from net investments in foreign operation and hedge of a monetary item regarded as part of the net investments are recognized as other comprehensive income. When the foreign operation or part of the foreign operation is disposed of, exchange differences are recognized initially in other comprehensive income and reclassified from equity to profit or loss. Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation. Thus, they are expressed in the functional currency of the foreign operation and translated at the closing rate.

Cash and Cash Equivalents

Cash and cash equivalents are cash in vault, cash in banks, short-term time deposits and short-term financial instruments that must be readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statement of cash flows, cash and cash equivalents are cash and cash equivalents on the consolidated balance sheet, due from the Central Bank and call loans to banks and securities purchased under resell agreements that are in conformity with the definition of cash and cash equivalents in the IAS 7 endorsed by the FSC.

Investment in Associates

An associate is an entity over which the Group has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The Group uses the equity method to recognize the investment in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group’s share of the profit or loss and other comprehensive income of the associate. The Group also recognizes its share in the changes in the equity of associates.

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

When the Group’s share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form

part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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

The requirements of IAS 36 "Impairment of Assets" endorsed by the FSC are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) 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 in accordance with FSC-endorsed IAS 36 "Impairment of Assets" endorsed by the FSC to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

Property and Equipment

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

Land is not depreciated.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis in accordance with FSC-endorsed IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation and are not owned by other corporations in the Group. Investment properties include office buildings or land held for operating lease.

The investment properties comprise a portion that is self-used by the Group and another portion that is held to earn rentals or for capital appreciation. If a portion of a property owned by the Group can be sold separately, the Group

accounts for that portion separately. For self-used properties, the FSC-endorsed IAS 16 is adopted. Investment properties held to earn rentals or/and for capital appreciation are under the regulation of the FSC-endorsed IAS 40. If portions of a property cannot be sold separately, the property is investment property only if an insignificant portion is held as self-used asset.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the asset. Any gain or loss arising on derecognition of the property is calculated as the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the property is derecognized.

Goodwill

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

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is 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. 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 to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

Intangible Assets (Except Goodwill)

a. Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis which is in accordance with FSC-endorsed IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life.

b. Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortization and accumulated impairment loss.

c. Derecognition of intangible assets

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

Impairment of Non-financial Assets (Except Goodwill)

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

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. Impairment loss is recognized in profit or loss.

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

Bonds and Securities Purchased/Sold under Specific Agreements

Bonds and securities purchased under resale agreements are recorded at purchase price and are accounted for as financing transactions. Bonds and securities sold under repurchase agreements are recorded at sale price. Interest revenue and expenses recognized from the transactions mentioned above are recorded on accrual basis.

Financial Instruments

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

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

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL and at amortized cost and investments in debt instruments and equity instruments at FVTOCI. The categories are based on the contractual cash flows on the initial recognition of the financial assets and the Group's business model.

For the Group's debt instruments that have contractual cash flows that are solely for repayments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- 1) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets (including cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resale agreements, receivables, loans, debt instruments at amortized cost, other financial assets, other assets - refundable deposits, other assets - operating guarantee deposits and settlement funds) are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest income is recognized in profit or loss by using the effective interest method; and
- 2) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at FVTOCI and are assessed for impairment. Interest income is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Fair value is determined in the manner described in Note 48.

Except for the above, all other financial assets are measured at FVTPL. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss. Fair value is determined in the manner described in Note 48.

Overlay approach

The Group could apply the overlay approach to specific financial assets. The financial assets that are allowed to adopt the overlay approach were limited to financial assets measured at fair value through profit or loss under IFRS 9, but not under IAS39 and without any relationship to IFRS4 “Insurance Contracts”. The Group should designate the eligible financial assets precisely upon initial application of IFRS9 and designate the new assets acquired during initial recording. The changes in fair value of qualified financial assets should be divided into two parts, recorded as profit or loss under IAS39 and the difference between application of IFRS 9 and IAS 39 recorded as other comprehensive income.

Except for the above, on initial recognition, the Group may make an irrevocable election to designate investments in equity instruments at FVTOCI. Designation 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.

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 investments.

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, they will be transferred to retained earnings. Fair value is determined in the manner described in Note 48.

b. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses (ECLs) on financial assets other than investments in equity instruments that are measured at FVTOCI and financial assets at FVTPL.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the ECLs 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 Group 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 Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

For purchased or originated credit-impaired financial assets, the Group takes into account the ECLs on initial recognition in the credit-adjusted effective interest rate. Subsequently, any changes in ECLs are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss even if lifetime ECLs are lower than the ECLs on initial recognition.

Under the Regulations Governing the Procedures for Insurance Enterprises to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, the Group evaluates credit assets' fair value and its' collectability, based on the borrower's financial conditions and the delay for payment of principal and interests as well as the status of the loan collaterals and the length of time overdue.

The Group engages in the business of life insurance loans and premium loans. Both loans and interest receivables are one hundred percent guaranteed, and no provision for bad debts is made. However, policy loans secured by the account value of an investment-linked policy may result in losses due to significant drop in the account value of underlying investment and the account value is insufficient to cover the policy loans.

In addition, specific industries are mandatorily assessed such that the loss allowance for loans is measured at the higher of the amount calculated in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans.

The Group recognizes an impairment loss or a gain on the reversal of impairment 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 the respective financial asset.

c. Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Equity instruments

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

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial liabilities

a. Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

1) Financial liabilities at FVTPL

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

A financial liability is classified as held for trading if:

- a) It has been acquired principally for the purpose of repurchasing it in the near term; or
- b) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- c) It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading 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 whose performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on the financial liabilities.

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. However, in the case of avoiding an accounting mismatch or the amount of changes in fair value is due to loan commitment and financial guarantee contracts, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 48.

2) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the following and should be dealt with based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans:

- a) The amount of the loss allowance reflecting the ECLs; and
- b) The amount initially recognized less, where appropriate, the cumulative amount of revenue recognized in accordance with IFRS 15 as endorsed by FSC.

3) Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- a) The amount of the loss allowance reflecting the ECLs; and
- b) The amount initially recognized less, where appropriate, the cumulative amount of revenue recognized in accordance with IFRS 15 as endorsed by FSC.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date 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 hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts 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 within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Modification of Financial instruments

When a financial instrument is modified, the Group assesses whether the modification will result in derecognition. If modification of a financial instrument results in derecognition, it is accounted for as derecognition of financial assets or liabilities. If the modification does not result in derecognition, the Group recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liability based on the modified cash flows discounted at the original effective interest rate with any modification gain or loss recognized in profit or loss. The cost incurred is adjusted to the carrying amount of the modified financial asset or financial liability and amortized over the modified remaining period.

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

Financial assets and financial liabilities offsetting

Financial assets and financial liabilities are allowed to be offset and expressed in net amount in consolidated balance sheets when amounts to be offset are 1) objects of legally enforceable right to offset, and 2) objects of intended net settlement, i.e. liquidation of assets for discharge of liabilities.

Securities Trading Margin Purchase and Short Sale

Margin loans extended to customer by the Group conducting securities trading margin purchase and short sale business are recognized as securities margin loans receivable. Customers provide all the stocks purchased in trading margin operations as collaterals, which the Group records by using memorandum entries. Stocks are returned when customers pay back money.

Margins received from short selling customers by the Group conducting securities trading margin purchase and short sale business are recognized as short sale margins. In addition, short sale proceeds (less securities transaction taxes, handling fees for execution of customer orders and short sale handling fees) received as collateral from short selling customers by the Group conducting securities trading margin purchase and short sale business are recognized as payable for short sale collateral received.

The interest on the payable for short sale collateral received and short sale margins under the preceding paragraph is accrued and paid to customers. The stocks lent to customers are recorded by using memorandum entries. Short sale margins and payable for short sale collateral received are reimbursed when customers return stocks.

Classification and Measurement of Insurance Products

a. Classification

- 1) Insurance products should be classified according to IFRS 4.
- 2) Insurance contract refers to a contract under which one party (the insurer) accepts significant risk transferred from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder, including reinsurance contracts with transferrable significant risk held by the Group. Noninsurance contracts (also called investment contracts) are insurance contracts with a nature of financial instruments that are exposed to financial risks but without significant transferred insurance risks. The definition of significant transferred risks employed by the Group here refers to any event or incident that happens and leads to the Group's additional significant payment.
- 3) Insurance policies which meet the definition of insurance contracts on initial recognition shall be classified as insurance contracts before all rights and obligations expire or mature, even if the insurance risks have been reduced significantly during coverage period.
- 4) Insurance contracts and investment contracts will be further classified depending on the discretionary participation feature. The discretionary participation feature is a contractual right to receive additional benefit rather than guaranteed benefits, and this kind of right requires the meeting of the following criteria at the same time:
 - a) Additional benefits that are likely to be a significant portion of the total contractual benefits:
 - b) The amount or timing of additional benefits is contractually at the discretion of the Group; and
 - c) Additional benefits are contractually based on:
 - i. The performance of a specified pool of contracts or a specified type of contract;
 - ii. The investment return on a specified pool of assets held by the Group; or
 - iii. The profit or loss of the Group, funds, or other entity that issues the contract.

b. Measurement

- 1) Insurance contracts and financial instruments with discretionary participation features (investment contracts)

Premium income and commission expense are recognized when premiums are collected and the underwritings are approved for initial policies, and when premiums are collected for renewal policies. Claim and policy benefits are recognized under profit and loss accounts as accrued.

2) Non-insurance contracts (investment contracts)

For an insurance contract classified as an investment contract due to its lack of significant transferred insurance risks, except for 'financial instruments with discretionary participation features (investment contracts)', IFRS 9 should be applied to investment contracts when there are financial assets or financial liabilities arising from investment contracts. The consideration received or paid shall be accounted for using deposit accounting in practice and recognized as financial assets or financial liabilities instead of revenues or expenses. When there is no financial asset or financial liability arising from investment contracts, IFRS 15, 'Revenue from contracts with customers', shall be applied to investment contracts.

3) Reinsurance contract

- a) Reinsurance standards for inwards and outwards, reinsurance premiums, reinsurance premium ceded, reinsurance commissions, and claims payable and recoverable from reinsurers should be calculated and recognized in accordance with reinsurance contracts signed.
- b) The Group evaluates whether privileges of reinsured, including items under reinsurance contract assets such as reinsurance reserve assets, claims recoverable from reinsurers, and due from reinsurers and ceding companies, are impaired or unrecoverable on a regular basis. When objective evidence indicates that such privilege after the initial recognition will possibly lead to the Group being unable to collect all receivables on the contract, and the impact of the receivables from reinsured can be reliably measured with regard to the aforementioned event, the provision for impairment loss shall be recognized to the extent that the recoverable amounts are no greater than the reinsurance reserve asset of the aforementioned rights. Also, loss allowance should be appropriately made for the unrecoverable amounts of claims recoverable from reinsurers and due from reinsurers and ceding companies.

Non-discretionary Participation Feature Investment Contracts

- a. Except for investment-linked insurance products, the Group holds no insurance products which are classified as non-discretionary participation feature investment contracts.
- b. The service fees of investment-linked insurance products which are classified as non-discretionary participation feature investment contracts of the Group include: administration fees, management fee, surrender charge, and others. Service fee shall be recognized as income when received. And the remaining balance of insurance premiums received (less the aforementioned expenses or various management fees, etc.) shall all be recognized as liability of investment-linked insurance products on the statements of financial position.

Separate Accounts

The Group sells separate account insurance products. The insurance premiums according to agreed terms paid by proposers, net of the expenses incurred by the insurer, are invested in separate accounts at allocation agreed with or directed by the proposers. The separate account assets are measured at fair value on the valuation date and in compliance with the relevant regulations and Template of Accounting Systems for Life Insurance Enterprises.

In accordance with the Regulation Governing the Preparation of Financial Reports by Insurance Enterprises, the assets and liabilities of separate accounts, which are generated either from insurance contracts or from insurance contracts with features of financial instrument, are recorded in separate account insurance product assets and separate account

insurance product liabilities. The revenue and expenses of separate accounts, pursuant to IFRS 4, are recorded in separate account insurance product revenue and separate account insurance product expenses

Provisions, Contingent Liabilities and Contingent Assets

A provision shall be recognized when:

- a. An entity has a present obligation (legal or constructive) as a result of a past event;
- b. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. A reliable estimate can be made of the amount of the obligation.

The Group does not recognize provisions for future operating losses. Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognized.

Provisions are subsequently measured by the present value of the expected expenditures to settle the obligations. Discount rate is the pre-tax discount rate and is adjusted in time to reflect current market assessments of the time value of money and the risks specific to the liability.

The Group does not recognize a contingent liability but disclose it appropriately in accordance with related guidelines.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Group does not recognize a contingent asset. A contingent asset is disclosed appropriately in accordance with related guidelines, where an inflow of economic benefits is probable.

If contingent liabilities from business combination belongs to present obligation of past event and its fair value can be measured, fair value will be recognized as original cost on acquisition-date. After balance sheet date, contingent liabilities are measured by amortized amount. If it may pay present obligation amount after evaluation, it will be measured at higher of present obligation amount and amortized amount.

Insurance Contract Liabilities

The Group's reserves of insurance contracts and financial instruments with discretionary participation features are recognized based on "Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises" and relevant regulations issued by the competent authority. The following various reserves do not apply discount method other than reserve for policy benefit, premium deficiency reserve, and liability adequacy reserve. Provision basis of various reserves are as follows:

a. Unearned premium reserve

For effective contract with a coverage period under one year, unearned premium reserve is provided based on various risk calculation for effective contracts yet to mature or covered risks yet to terminate in the coverage period.

b. Claims reserve

Claims reserves based on claim experience and expenses of various insurance types and are calculated with actuarial principles. Besides, reserves are provided for "claims reported but not paid" and "claims incurred but not reported". For "claim reported but not paid", a reserve is provided on an individual claim basis for each type of insurance.

c. Reserve for policy benefit:

Long-term insurance contract reserves are recognized and calculated based on related regulation and the calculation manual approved by the authorities. Discount rate is provided by the estimated interest rate of reserve for policy benefit in the new insurance contract. In addition, pursuant to Jin-Guan-Pao-Tzai Letter No. 10102500530 dated January 19, 2012, the catastrophe reserve recovered by the Group was transferred to “life policy reserve - recovery of catastrophe reserve” and the unwritten-off allowance for doubtful debt of 3% decrease in business tax was also transferred from special reserve to “life policy reserve - unwritten-off allowance for doubtful debt of 3% decrease in business tax” in 2012.

d. Premium deficiency reserve

If the issued premiums of life insurance, health insurance, and annuity insurance contract with a coverage period over one year are less than the premiums of policy reserve in compliance with the regulation, the deficiency of subsequent periods should be recognized as premium deficiency reserve. In addition, potential claims and expenses are estimates for effective contracts yet to mature and injury insurance contracts with a coverage period over one year. If the assessed amount is more than the unearned premium reserve and expected premium income, the insufficient amount should be recognized as premium deficiency reserve by product types. Discount rate is provided by the estimated interest rate of reserve for policy benefit in the new insurance contract.

e. Liability adequacy reserve

Liability adequacy reserve refers to the required additional reserve according to the liability adequacy test result under IFRS 4. The Group adopts gross premium valuation method for the liability adequacy test based on the entire contracts of the Group, in accordance with “Actuarial Practice Guidelines” issued by the Actuarial Institute of the Republic of China. At the end of each reporting period, the test is performed by comparing the net carrying amount of insurance liabilities with the present estimates of insurance contract future cash flows. If the net carrying amount is insufficient, the deficiency is charged to current expense or loss.

Reserve for Policy with the Nature of Financial Instrument

Reserve for policy with the nature of financial instruments with no discretionary participation feature is recognized in accordance with “Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises” and deposit accounting. Discount rate is provided by the estimated interest rate of reserve for policy benefit in the new insurance contract.

Foreign Exchange Reserve

In accordance with the revised “Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises”, the Group sets aside foreign exchange reserve under liabilities with regard to the foreign investment assets held (excluding non-investment-linked life insurance product assets denominated in foreign currency) starting from 2012. Treatments for accumulation limit of related reserves, method for provision or writing-off, and other binding matters shall be in compliance with “Guidelines for Foreign Exchange Reserve by Life Insurance Enterprises” and relevant regulations.

Income Recognition

a. Interest income

Except for financial assets at FVTPL, interest income of all financial instruments is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognized in the consolidated statements of comprehensive income. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts and the accrual of interest income is stopped. Interest income will be recognized when the delinquent interest is collected. If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue and recognized as

income when collected. Interest income from securities trading margin purchase and short sale is accrued according to the terms stated in the financing and trading contract.

b. Service fees and commission income

Service fee revenue is recognized from providing loans and other services, such as real estate management service, etc. The Group identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. If the service fee revenue is for further loan service and of significant amount, it is recognized over the period of the service or included in the base of calculation of the effective interest rate of loans and receivables.

The Group's customer loyalty program provides customers with award credits, which gives customers material rights by providing discount to future consumption. The transaction price allocated to award credit is recognized as a liability, and the Group recognizes revenue when award credits are redeemed or forfeited.

Brokerage commission is recognized on the trading day. Purchasing commission is recognized when the commission is received; underwriting commission is recognized at the completion of the underwriting contracts.

Leasing

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

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately. However, for the lease of cars in which the Group is a lessee and driving service is provided by a lessor, the Group elects to account for the lease and non-lease components as a single lease component.

a. The Group 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.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, 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 Group'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 Group 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 Group. 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 Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease. The amount from other remeasurement of the lease liability adjusted to the right-of-use assets. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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

Employee Benefits

a. Retirement benefit costs

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

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Net defined benefit liability (asset) remeasurement comprises 1) actuarial gains and losses on the defined benefit obligation; 2) return on plan assets, excluding the net interest on the net defined benefit liability (asset); and 3) any changes in the effect of the limit involving surplus in a defined benefit plan, excluding the net interest on the net defined benefit liability (asset). Moreover, the net defined benefit liability (asset) remeasurements are recognized in other comprehensive income; these remeasurements should be transferred immediately to retained earnings, and will not be reclassified to profit or loss. Significant unrecognized past service cost is immediately recognized retrospectively in profit or loss. If the defined benefit retirement plan is curtailed or settled, the gain or loss on curtailment or settlement is recognized.

b. High-yield savings account for employee

The Group provides employees with high-yield savings account. The premium interest rate applies to a fixed amount of principal and the interest is paid to present employees (within employment and retirement) and retired employees. The difference between the premium rate and the market rate is classified as employee benefits.

Share-based Payment Arrangements

Equity-settled share-based payment

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

The grant date of employee share options, which are reserved when the Company issues new shares, is the date when the number of employee subscription is confirmed. The Company recognized an expense and capital surplus at the fair value of the share options determined at the grant date.

Cash-settled share-based payment

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

Taxation

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

a. Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according for 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 consolidated 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. Land revaluation increment tax accrued from the Group's land revaluation increment in accordance with related regulations is a taxable temporary difference and shall be recognized as a deferred tax liability. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward, research and development expenditures, and personnel training expenditures 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.

A deferred tax asset shall be recognized for the unused loss carry forward and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. 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 realized.

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

The Group does not offset deferred tax assets and deferred tax liabilities from different taxation authorities.

c. Current and deferred tax for the period

Current tax and deferred tax 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 tax and deferred tax 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.

- d. Taishin Financial Holding and its more than 90% owned subsidiaries adopt the linked-tax system for tax filings.** Differences between current and deferred income tax expenses on consolidated entity basis and those on nonconsolidated entity basis are adjusted in Taishin Financial Holding's income tax expenses. Related reimbursement and appropriation are recognized as receivables or payables. Taishin Life Insurance was included in the consolidated financial statements since June 30 2021. Under the Business Mergers and Acquisitions Act No 45. The Group should include Taishin Life Insurance in the linked tax system for the filing of year 2021 enterprise income tax in the year 2022.

6. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group's accounting policies, accounting assumptions and estimates have significant impact on the consolidated financial statements. Accordingly, the management exercised appropriate professional judgment in the preparation of the consolidated financial statements.

The assumptions and estimates involve significant risks that significant adjustments might result in changes in the carrying amounts of assets and liabilities in the next fiscal year. The assumptions and estimates made were the best estimates based on the FSC-endorsed IFRSs. The estimates and assumptions are based on historical experience and other factors, including future expectations and are continuously assessed. The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The accounting policies and management's judgment that could have significant impact on the consolidated financial statements were as follows:

Impairment of Loans

The measurement of ECLs is based on the present value of the difference of all contractual cash flows receivable from a contract and all cash flows that are expected to be received, discounted at the original or credit-adjusted effective interest rate, and the calculated weighted average of the probability of default.

In the calculation of required provision of allowance for possible losses, the Group also takes into consideration the classification of loans based on the status of the loan collaterals and the length of time the loans are overdue. The Group evaluates the impairment of loans based on the customer's financial conditions, whether the repayments of principal and interest are overdue and the status of the collateral, etc. If future actual cash flows are lesser than expected, material impairment losses may arise.

Refer to Note 13 for the carrying amounts of loans and allowance for loans as of December 31, 2021 and 2020.

Measurement of Policy Reserves and Liability Adequacy Test

Policy reserves for insurance contracts and investment contracts with discretionary participation features are based on

actuarial models and assumptions made as the insurance contracts were established, which include the mortality rate, discount rate, lapse rate, morbidity rate, etc. The assumptions are made based on the related laws and regulations.

All insurance contracts are subject to a liability adequacy test, which reflects the best current estimate of future cash flows. Best estimates of future investment income from the assets backing such contracts are based on current market returns, as well as expectations about future economic developments. Assumptions on future expenses are based on current expense levels, adjusted using the expected expense inflation, if appropriate. Surrender rates are based on the Group's historical experience.

The management of the Group examines these estimates regularly and makes adjustments when necessary, but actual results may differ from these estimates

The Measurement of the Gain from Bargain Purchase in Business Combinations

The assessment of the fair value of assets and liabilities and the determination of the amount of gain from bargain purchase on the acquisition date of Taishin Financial Holding's acquisition of Taishin Life Insurance were based on the expert's purchase price allocation report, which involved a number of financial model assumptions, parameter settings and related accounting estimates. Thus, it may have a significant impact on the recognized amount of gain from bargain purchase; refer to Note 43.

7. CASH AND CASH EQUIVALENTS

	December 31	
	2021	2020
Cash on hand	\$ 11,118,659	\$ 10,382,825
Checks for clearing	1,664,802	1,328,201
Due from banks	13,329,122	10,687,956
Others	1,448,700	2,068,913
	<u>\$ 27,561,283</u>	<u>\$ 24,467,895</u>

- Due from banks include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.
- The loss allowance was measured at an amount equal to 12-month ECLs based on historical experience and forward-looking information; however, there was no loss allowance on cash and cash equivalents as of December 31, 2021 and 2020.

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

	December 31	
	2021	2020
Deposits reserve for checking accounts	\$ 12,726,316	\$ 17,572,741
Deposits reserve for demand accounts	41,380,270	38,090,722
Deposits reserve for foreign deposits	116,132	110,152
Deposits transferred to the Central Bank	54,724	75,536
Call loans to other banks	27,539,460	25,233,907
Interbank clearing funds	5,000,395	3,000,698
	<u>\$ 86,817,297</u>	<u>\$ 84,083,756</u>

The loss allowance was measured at an amount equal to 12-month ECLs based on historical experience and forward-looking information; there was no allowance for loss on due from the Central Bank and call loans to banks as of December 31, 2021 and 2020.

9. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2021	2020
Financial assets mandatorily classified as at FVTPL		
Derivative instruments		
Futures	\$ 970,115	\$ 665,941
Forward exchange contracts	447,417	1,162,304
Currency swaps	6,058,949	13,158,463
Interest rate swaps	8,410,145	9,312,300
Cross-currency swaps	198,344	462,098
Foreign-exchange options	971,607	974,315
Equity-linked options	163,176	91,335
Commodity and futures options	577	1,981
Equity-linked swaps	7,213	254
Commodity price exchange	836	138
Non-derivative financial assets		
Investment in bills	54,264,117	58,787,535
Domestic and overseas stocks and beneficiary certificates	32,821,117	7,217,702
Government bonds	7,741,434	7,090,047
Corporate bonds, bank debentures and other bonds	16,265,269	9,465,893
Trading securities		
Dealing	13,225,172	13,164,798
Underwriting	748,462	582,941
Hedging	8,080,444	5,303,231
Others	683	780
Financial assets at FVTPL	<u>\$ 150,375,077</u>	<u>\$ 127,442,056</u>
Financial liabilities designated as at FVTPL		
Bank debentures (d)	\$ 3,023,578	\$ 3,203,055
Structured products (e)	3,021,174	3,417,670
Financial liabilities held for trading		
Derivative instruments		
Futures	20,185	11,211
Forward exchange contracts	494,381	909,271
Currency swaps	6,705,510	15,902,316
Interest rate swaps	7,946,542	8,910,740
Cross-currency swaps	330,429	610,803
Foreign-exchange options	1,046,368	1,035,098
Interest rate options	-	5
Commodity and futures options	155	1,252
Equity-linked options	2,887,403	1,162,550
Equity-linked swaps	7,213	254
Commodity price exchange	836	-
Liabilities for issuance of call (put) warrants, net (c)	15,682	176,333
Contingent consideration agreement (g)	1,789,122	-
Non-derivative financial liabilities		
Stock borrowing	<u>\$ 4,651,819</u>	<u>\$ 712,154</u>
Financial liabilities at FVTPL	<u>\$ 31,940,397</u>	<u>\$ 36,052,712</u>

- a. The Group engaged in various derivative instrument transactions in the years ended December 31, 2021 and 2020 to fulfill the needs of customers of Taishin Bank and Taishin Securities B as well as to manage Taishin Bank and Taishin life insurance's positions and risks of assets and liabilities.

b. The nominal principal amounts of outstanding derivative contracts were as follows:

	December 31	
	2021	2020
Futures	\$ 12,580,216	\$ 6,099,854
Forward exchange contracts	97,214,166	96,952,237
Currency swaps	1,712,047,462	1,196,085,611
Interest rate swaps	827,400,390	968,943,864
Cross-currency swaps	22,094,659	18,145,656
Foreign-exchange options	137,097,766	192,223,978
Interest rate options	951,000	2,690,000
Equity-linked options	9,496,826	5,939,100
Commodity and futures options	177,990	481,548
Equity-linked swaps	251,934	44,960
Guarantee products	2,620,000	3,390,000
Equity-linked produces	393,000	25,000
Commodity price swaps	52,009	61,820

c. Details of call (put) warrants and fair value of repurchased call (put) warrants were as follows:

	December 31	
	2021	2020
Call (put) warrants issued	\$ 719,100	\$ 1,209,561
Gain (loss) on change in fair value	11,590	163,734
	<u>730,690</u>	<u>1,373,295</u>
Repurchased call (put) warrants	676,352	919,791
Gain (loss) on change in fair value	38,656	277,171
	<u>715,008</u>	<u>1,196,962</u>
Net call (put) warrants issued	\$ <u>15,682</u>	\$ <u>176,333</u>

The call (put) warrants which were issued by Taishin Securities B, are exercisable within six to eight months from the date listed on market and will be settled in cash or in securities at Taishin Securities' discretions.

The fair value of call (put) warrants was calculated using the closing price of the last transaction day on the balance sheet date.

d. Taishin Bank's unsecured USD senior bank debentures were as follows:

First unsecured USD senior bank debentures of Taishin Bank of year 2018, 30 years, US\$80,000 thousand, 100% of the principal amount of the bonds, put redemption on the fifth anniversaries of the debentures issue, and repay the holders at principal value plus accrued interests, maturity: July 5, 2048.

Second unsecured USD senior bank debentures of Taishin Bank of year 2018, 30 years, US\$20,000 thousand, 100% of the principal amount of the bonds, put redemption on the fifth anniversaries of the debentures issue, and repay the holders at principal value plus accrued interests, maturity: July 5, 2048.

Taishin bank considered unsecured USD senior bank debentures as financial instruments designated at FVTPL to eliminate the recognition inconsistency.

e. Taishin Securities B issued structured notes, approved by the Taipei Exchange, including principal guaranteed notes, equity-linked notes, fund-linked notes and credit-linked products. According to the contracts of principal guaranteed notes, equity-linked notes and fund-linked notes, Taishin Securities B receives contract principal or agreed amount of proceeds from investors and will pay the settlement amount based on the contractual terms at maturity. The structured notes contain debt obligation and

embedded options components and Taishin will earn profit arising from credit spread or market spread. The credit-linked products contain credit spread of convertible corporate bonds, which are from dealing or asset-swap and combined with fixed-income products sold to investors; Taishin Securities B receives contract principal from investors and pays dividends in fixed cycle. The credit-linked products provide more options for convertible assets and decrease the risks of holding convertible bonds of investors.

Taishin Securities B engages in the structured note transactions in order to diversify its financial instruments, to increase the source of profits and to provide other hedge positions in assets and advance the income stability and to decrease the credit risk on asset holdings.

- f. The Group adopted the overlay approach of IFRS 4 for the presentation of profit and loss of designated financial assets.

The financial assets related to investment activities of issued insurance contracts that designated to adopt the overlay approach were as follows:

	December 31	
	2021	2020
<u>Financial assets at FVTPL</u>		
Domestic listed (OTC) stocks	\$ 13,960,790	\$ -
Domestic beneficiary certificates	6,622,795	-
Foreign beneficiary certificates	4,458,107	-
Foreign beneficiary bonds	226,229	-
	<u>\$ 25,267,921</u>	<u>\$ -</u>

Reclassifications from profit or loss to other comprehensive income of the financial assets designated by the Group to apply overlay approach by the Group were as follow:

	For the Year Ended December 31	
	2021	2020
Gain (loss) on application of IFRS 9	\$ 1,056,308	\$ -
Loss (gain) if applying IAS 39	(715,403)	-
Gain (loss) on reclassification using the overlay approach	<u>\$ 340,905</u>	<u>\$ -</u>

Due to application of overlay approach, the amount of gain (loss) on financial assets and liabilities at FVTPL for the year ended December 31, 2021 had been adjusted from \$5,187,742 thousand to \$4,846,837 thousand.

- g. Under the contingent consideration arrangement, within the expiration of two years from the signing date on August 11, 2020, the Group will pay the additional adjusted price if the price adjustment conditions are met while the limit is NT\$3 billion. In accordance with IFRS 3 "Business Combinations", the amount of \$917,855 thousand represents the estimated fair value of this obligation at the date of the acquisition. The recognized contingent consideration is used as part of the payment of the transferred consideration (refer to Note 43). The contingent consideration of the Group is measured at fair value and changes in fair value are recognized in profit or loss after the acquisition date; thus, loss on financial liabilities at FVTPL was recognized the amount of \$871,267 thousand for the year ended December 31, 2021.

10. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2021	2020
<u>Debt instrumen</u>		
Investment in bills	\$ -	\$ 30,227,206
Government bonds	42,007,136	38,591,566
Corporate bonds	43,589,651	40,916,737
Bank debentures	49,264,669	75,869,057
Beneficiary securities (Note 48)	1,453,655	510,978
	<u>136,315,111</u>	<u>186,115,544</u>
<u>Equity instrument</u>		
Domestic and overseas stocks	<u>40,566,638</u>	<u>4,914,356</u>
	<u>\$ 176,881,749</u>	<u>\$ 191,029,900</u>

a. Because some equity instruments are held by the Group for long-term purposes and not for trading, which is reasonably reflected in the operating performance, equity instruments are classified as at fair value through other comprehensive income.

b. The amount of the loss allowance for debt instruments was as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit-impaired	Stage 3 Lifetime ECLs - Credit-impaired	Total
December 31, 2021	\$ 36,391	\$ -	\$ -	\$ 36,391
December 31, 2020	\$ 38,348	\$ 671	\$ -	\$ 39,019

As the Group's debt instruments at FVTOCI were measured using the ECL model, the Group had recognized impairment loss on assets. Such reversal of impairment or impairment loss amounted to \$2,117 thousand and \$(7,312) thousand for the years ended December 31, 2021 and 2020, respectively.

c. The Group sold the domestic common stock for strategic purposes. The stock sold had a fair value of \$17,568,549 thousand and \$2,900,608 thousand, and the Group transferred \$549,815 thousand and \$121,393 thousand of losses from other equity to retained earnings for the years ended December 31, 2021 and 2020, respectively.

d. Refer to Note 48 for information relating to the management of credit risk and the impairment assessment on investments in debt instruments at FVTOCI.

e. Refer to Note 50 for information relating to debt instruments at FVTOCI pledged as collateral.

11. FINANCIAL ASSETS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2021	2020
Current		
Investment in bills	\$ 226,855,000	\$ 241,182,747
Bank debentures	40,340,263	21,887,046
Corporate bonds	68,314,144	4,489,514
Government bonds	115,797,696	3,083,840
Beneficiary securities (Note 48)	10,956,969	-
	462,264,072	270,643,147
Less: Allowance for impairment	(51,691)	(9,125)
Less: Security deposit	(939,079)	-
	<u>\$ 461,273,302</u>	<u>\$ 270,634,022</u>

a. The amount of the loss allowance for debt instruments was as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit-impaired	Stage 3 Lifetime ECLs - Credit-impaired	Total
December 31, 2021	\$ 51,691	\$ -	\$ -	\$ 51,691
December 31, 2020	9,125	-	-	9,125

As the Group's debt instruments at amortized cost were measured using the ECL model, the Group had recognized impairment loss on assets. Such loss amounted to \$42,690 thousand and \$4,587 thousand for the years ended December 31, 2021 and 2020, respectively.

- b. Refer to Note 48 for information relating to the management of credit risk and the impairment assessment on financial assets in debt instruments at amortized cost.
- c. Refer to Note 50 for information relating to financial assets in debt instruments at amortized cost pledged as collateral.

12. RECEIVABLES, NET

	December 31	
	2021	2020
Notes and accounts receivable	\$ 98,022,133	\$ 78,841,986
Credit cards receivable	61,040,754	61,447,848
Interest receivable	5,060,763	3,399,739
Securities margin loans receivable	12,356,972	8,392,828
Delivery accounts receivable	6,483,646	13,548,505
Other receivables	3,002,532	3,198,416
	185,966,800	168,829,322
Less: Adjustment for discounts	(3,236,674)	(3,041,786)
Less: Allowance for receivables	(2,074,955)	(1,892,486)
	<u>\$ 180,655,171</u>	<u>\$ 163,895,050</u>

a. The movements in the allowance for receivables (including non-performing receivables transferred from other than loans and creditor rights) for the years ended December 31, 2021 and 2020 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non- purchased or Originated Credit- impaired (POCI) Financial Assets)	Loss Allowance under IFRS 9	Recognized Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/Non- accrual Loans	Total
Loss allowance as of January 1, 2021	\$ 81,688	\$ 280,796	\$ 508,930	\$ 556,244	\$ 1,427,658	\$ 701,084	\$ 2,128,742
Changes in the loss allowance							
Transferred to stage 3	(2,734)	16,044	-	(221)	13,089		13,089
Transferred to stage 2	(1,864)	(2,987)	-	85,150	80,299		80,299
Transferred to stage 1	6,320	(8,463)	-	(56,100)	(58,243)		(58,243)
Financial assets derecognized	(85,735)	(26,352)	(11,762)	(466,374)	(590,223)		(590,223)
New financial assets originated or purchased	104,827	31,604	12,018	60,979	209,428		209,428
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						64,519	64,519
Write-offs	(3)	(22,151)	(43,913)	(250,542)	(316,609)		(316,609)
Recovery of written-off loans	-	-	2,546	508,719	511,265		511,265
Acquisitions through business combinations	380	-	-	-	380		380
Foreign exchange and other movements	107,470	(72,776)	(3,821)	165,464	196,337	160	196,497
Loss allowance as of December 31, 2021	\$ 210,349	\$ 195,715	\$ 463,998	\$ 603,319	\$ 1,473,381	\$ 765,763	\$ 2,239,144

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non- purchased or Originated Credit- impaired (POCI) Financial Assets)	Loss Allowance under IFRS 9	Recognized Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/Non- accrual Loans	Total
Loss allowance as of January 1, 2020	\$ 123,030	\$ 271,113	\$ 176,414	\$ 457,496	\$ 1,028,053	\$ 878,772	\$ 1,906,825
Changes in the loss allowance							
Transferred to stage 3	(79)	10,042	-	(39)	9,924		9,924
Transferred to stage 2	(598)	(189,449)	(6)	360,729	170,676		170,676
Transferred to stage 1	11	(2,339)	-	(1,172)	(3,500)		(3,500)
Financial assets derecognized	(72,158)	(37,218)	(17,281)	(576,188)	(702,845)		(702,845)
New financial assets originated or purchased	31,485	89,538	358,244	162,366	641,633		641,633
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						(177,866)	(177,866)
Write-offs	(3)	(67,204)	(2,632)	(258,794)	(328,633)		(328,633)
Recovery of written-off loans	-	-	11,116	411,846	422,962		422,962
Foreign exchange and other movements	-	206,313	(16,925)	-	189,388	178	189,566
Loss allowance as of December 31, 2020	\$ 81,688	\$ 280,796	\$ 508,930	\$ 556,244	\$ 1,427,658	\$ 701,084	\$ 2,128,742

- b. The movements in the gross carrying amount of the allowance for receivables (including non-performing receivables transferred from other than loans and creditor rights) for the years ended December 31, 2021 and 2020 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non-POCI Financial Assets)	Total
Loss allowance as of January 1, 2021	\$ 107,268,968	\$ 49,431,577	\$ 10,009,583	\$ 2,391,077	\$ 169,101,205
Changes in the loss allowance					
Transferred to stage 3	(269,496)	272,399	311	(724)	2,490
Transferred to stage 2	(365,027)	(20,323)	(157)	425,910	40,403
Transferred to stage 1	175,245	(38,675)	-	(134,902)	1,668
Financial assets derecognized	(31,515,102)	(1,748,279,539)	(206,280,434)	(390,412)	(1,986,465,487)
New financial assets originated or purchased	48,775,728	1,746,026,589	208,095,953	119,192	2,003,017,462
Write-offs	(504)	(22,499)	(1,952)	(326,209)	(351,164)
Acquisitions through business combinations	2,172,726	-	263	-	2,172,989
Foreign exchange and other movements	12,521,781	(14,037,347)	-	123,441	(1,392,125)
Loss allowance as of December 31, 2021	\$ 138,764,319	\$ 33,332,182	\$ 11,823,567	\$ 2,207,373	\$ 186,127,441

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non-POCI Financial Assets)	Total
Loss allowance as of January 1, 2020	\$ 110,831,858	\$ 37,053,647	\$ 10,940,163	\$ 2,123,479	\$ 160,949,147
Changes in the loss allowance					
Transferred to stage 3	(48,518)	44,670	4,757	(122)	787
Transferred to stage 2	(421,148)	(195,092)	(1,343)	706,750	89,167
Transferred to stage 1	11,134	(10,275)	-	(3,891)	(3,032)
Financial assets derecognized	(48,607,066)	(114,333)	(3,320,874)	(809,987)	(52,852,260)
New financial assets originated or purchased	45,503,243	12,690,271	2,389,512	705,942	61,288,968
Write-offs	(535)	(67,667)	(2,632)	(331,094)	(401,928)
Foreign exchange and other movements	-	30,356	-	-	30,356
Loss allowance as of December 31, 2020	\$ 107,268,968	\$ 49,431,577	\$ 10,009,583	\$ 2,391,077	\$ 169,101,205

13. LOANS, NET

- a. The details of loans were as follows:

	December 31	
	2021	2020
Negotiated	\$ 3,281,857	\$ 3,208,801
Overdrafts	79,393	251,016
Short-term loans	308,627,153	299,542,406
Medium-term loans	431,660,822	407,241,921
Long-term loans	592,865,374	548,719,674
Policy loans	5,456,429	-
Automatic premium loans	1,768,002	-
Delinquent loans	1,413,675	1,769,243
	1,345,152,705	1,260,733,061
Less: Adjustment for discounts	(630,580)	(609,248)
Less: Allowance for loan losses	(17,396,008)	(16,435,045)
	\$ 1,327,126,117	\$ 1,243,688,768

b. The movements in the allowance for loans for the years ended December 31, 2021 and 2020 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non-POCI Financial Assets)	Loss Allowance under IFRS 9	Recognized Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Loss allowance as of January 1, 2021	\$ 1,932,484	\$ 943,616	\$ 202,107	\$ 4,273,395	\$ 7,351,602	\$ 9,083,443	\$ 16,435,045
Changes in the loss allowance							
Transferred to stage 3	(10,148)	315,695	12,840	(37,003)	281,384		281,384
Transferred to stage 2	(11,361)	(30,486)	(25,517)	987,755	920,391		920,391
Transferred to stage 1	3,769	(102,066)	-	(335,686)	(433,983)		(433,983)
Financial assets derecognized	(681,459)	(313,708)	(30,512)	(1,781,006)	(2,806,685)		(2,806,685)
New financial assets originated or purchased	667,075	43,262	1,364	134,423	846,124		846,124
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing/Non-accrual Loans						1,333,228	1,333,228
Write-offs	(365)	(5,807)	-	(300,608)	(306,780)		(306,780)
Recovery of written-off loans	-	-	-	1,125,995	1,125,995		1,125,995
Acquisitions through business combinations	-	63	-	1,226	1,289	-	1,289
Loss allowance as of December 31, 2021	\$ 1,899,995	\$ 850,569	\$ 160,282	\$ 4,068,491	\$ 6,979,337	\$ 10,416,671	\$ 17,396,008

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non-POCI Financial Assets)	Loss Allowance under IFRS 9	Recognized Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Loss allowance as of January 1, 2020	\$ 2,164,288	\$ 800,401	\$ 2,309,802	\$ 3,601,049	\$ 8,875,540	\$ 7,386,213	\$ 16,261,753
Changes in the loss allowance							
Transferred to stage 3	(22,957)	395,349	22,718	(22,505)	372,605		372,605
Transferred to stage 2	(21,927)	(72,206)	(910,366)	4,514,944	3,510,445		3,510,445
Transferred to stage 1	1,958	(74,947)	-	(309,413)	(382,402)		(382,402)
Financial assets derecognized	(986,766)	(143,777)	(1,290,015)	(2,823,285)	(5,243,843)		(5,243,843)
New financial assets originated or purchased	798,363	47,395	69,968	197,951	1,113,677		1,113,677
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing/Non-accrual Loans						1,697,230	1,697,230
Write-offs	(475)	(8,599)	-	(1,961,222)	(1,970,296)		(1,970,296)
Recovery of written-off loans	-	-	-	1,075,876	1,075,876		1,075,876
Loss allowance as of December 31, 2020	\$ 1,932,484	\$ 943,616	\$ 202,107	\$ 4,273,395	\$ 7,351,602	\$ 9,083,443	\$ 16,435,045

- c. The movements in the gross carrying amount of the allowance for loans for the years ended December 31, 2021 and 2020 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs	Total
Loss allowance as of January 1, 2021	\$ 1,222,816,651	\$ 20,776,732	\$ 759,405	\$ 16,380,273	\$ 1,260,733,061
Changes in the loss allowance					
Transferred to stage 3	(9,298,185)	8,862,047	390,474	(144,025)	(189,689)
Transferred to stage 2	(3,559,480)	(157,772)	(208,468)	3,587,963	(337,757)
Transferred to stage 1	3,766,063	(2,682,471)	-	(1,318,505)	(234,913)
Financial assets derecognized	(314,021,562)	(3,704,102)	(54,113)	(3,718,815)	(321,498,592)
New financial assets originated or purchased	398,690,253	751,040	1,937	569,564	400,012,794
Write-offs	(69,803)	(23,802)	-	(405,790)	(499,395)
Acquisitions through business combinations	7,147,455	2,389	-	17,352	7,167,196
Loss allowance as of December 31, 2021	\$ 1,305,471,392	\$ 23,824,061	\$ 889,235	\$ 14,968,017	\$ 1,345,152,705

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs	Total
Loss allowance as of January 1, 2020	\$ 1,126,080,523	\$ 16,264,932	\$ 3,744,039	\$ 9,240,257	\$ 1,155,329,751
Changes in the loss allowance					
Transferred to stage 3	(9,400,872)	9,080,192	42,678	(34,731)	(312,733)
Transferred to stage 2	(9,571,124)	(515,919)	(1,405,253)	11,463,330	(28,966)
Transferred to stage 1	2,268,460	(1,950,584)	-	(510,588)	(192,712)
Financial assets derecognized	(287,977,092)	(2,749,502)	(1,742,708)	(2,509,987)	(294,979,289)
New financial assets originated or purchased	401,495,430	681,650	120,649	836,445	403,134,174
Write-offs	(78,674)	(34,037)	-	(2,104,453)	(2,217,164)
Loss allowance as of December 31, 2020	\$ 1,222,816,651	\$ 20,776,732	\$ 759,405	\$ 16,380,273	\$ 1,260,733,061

- d. Details of the (provision for) reversal of the allowance for loan losses, commitments and guarantee liabilities for the years ended December 31, 2021 and 2020 are as follows:

	For the Year Ended December 31	
	2021	2020
(Provision for) reversal of losses on receivables, loans and other miscellaneous financial assets	\$(538,175)	\$(2,608,836)
(Provision for) reversal of the allowance for losses on guarantee liabilities	(6,765)	(302)
(Provision for) reversal of losses on loan commitments	(1,442)	(4,385)
(Provision for) reversal of losses on letters of credit	(31)	(1,592)
	<u>\$(546,413)</u>	<u>\$(2,615,115)</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2021	2020
Investments in associates	<u>\$ 351,147</u>	<u>\$ 42,059,844</u>

a. Investments in associates

	December 31	
	2021	2020
Material associates		
Chang Hwa Bank	\$ -	\$ 41,973,634
Associates that are not individually material	351,147	86,210
	<u>\$ 351,147</u>	<u>\$ 42,059,844</u>

1) Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Proportion of Ownership and Voting Rights	
			December 31	
			2021	2020
Chang Hwa Bank	Banking	Taiwan	(d)	22.81%

Fair values (Level 1) of investments in associates with available published price quotations are summarized as follows:

Name of Associate	December 31, 2020
Chang Hwa Bank	\$ <u>42,522,721</u>

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

Chang Hwa Bank

	December 31, 2020
Total assets	\$ 2,304,123,268
Total liabilities	(2,139,069,478)
Equity	<u>\$ 165,053,790</u>
Equity attributable to the Group	\$ 37,651,922
Goodwill and other adjustments	<u>4,321,712</u>
Carrying amount	<u>\$ 41,973,634</u>
	For the Year Ended December 31, 2020
Net revenue and gains	<u>\$ 26,913,698</u>
Net profit for the period	\$ 7,040,927
Other comprehensive income	(230,208)
Total comprehensive income for the period	<u>\$ 6,810,719</u>

The Group received dividends from Chang Hwa Bank, which amounted to \$911,136 thousand during year ended December 31, 2020.

2) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2021	2020
The Group's share of:		
Net profit (loss) for the period	\$ 10,517	\$ 8,596
Other comprehensive income	(439)	(31)
Total comprehensive income (loss) for the period	\$ 10,078	\$ 8,565

Taishin Life Insurance acquired 21,136 thousand ordinary shares of Xin Sheng Feng Investment Co., Ltd. in cash of \$264,197 thousand on November 11, 2021, with a subscription ratio of 25%, and the stock delivery was carried out on December 20, 2021.

b. On December 8, 2014, the Company filed a civil action against the Ministry of Finance ("MOF") of the ROC for its default in assisting the Company to secure a majority of seats in the board of directors of Chang Hwa Bank based on the contract, the previous orders from the Court are as follows:

- 1) On April 27, 2016, the Taipei District Court ruled that there was a contractual relationship existing between the MOF and the Company.
- 2) On May 17, 2017, the Taiwan High Court ruled that, as long as the MOF possesses the stocks of Chang Hwa Bank and the Company remains the largest stockholder of Chang Hwa Bank, the MOF should support the representatives appointed by the Company as they are elected to be the board members of Chang Hwa Bank by majority vote.
- 3) On May 23, 2019, the Supreme Court reversed the original judgment that contained the existence of the contractual relationship and litigation expenses, and remanded this case to the Taiwan High Court.
- 4) On August 21, 2020, the Taiwan High Court (first instance of remand) ruled that, as long as the MOF possesses the stocks of Chang Hwa Bank and the Company remains the largest stockholder of Chang Hwa Bank, the MOF should support (including but not limited to non-obstructive) the representatives appointed by the Company as four of them are elected to be the board members of Chang Hwa Bank. Both parties had filed appeals as they were not satisfied with the aforementioned judgement.

c. The Group held less than 50 of the shares of Chang Hwa Bank and was the single largest shareholder. However, there are no other contractual arrangements to enable the Group to direct the relevant activities of Chang Hwa Bank. Furthermore, the distribution of voting rights and voting patterns at the previous shareholders' meetings showed that the Group was unable to obtain the right to appoint majority of the governing body of Chang Hwa Bank. Therefore, the Group determined that it did not have power and control over Chang Hwa Bank, and accounted for the investment as an associate.

d. The Group held 22.81% ownership of interest in Chang Hwa Bank and recognized the investment as an associate accounted for using the equity method. On June 10, 2021, Taishin Financial Holding disposed of 200 million shares of Chang Hwa Bank in the total amount of \$3,116,498 thousand and issued a letter of undertaking to the FSC, promising to complete the disposition of all shares held in 6 years from the time when the disposition of the shares of Chang Hwa Bank started; and since the beginning of the disposal of Chang Hwa Bank's shares, the Group no longer exercised shareholder rights other than dividend distribution rights, including no longer nominating directors, recommending independent directors, or supporting specific candidates for Chang Hwa Bank, thereby losing significant influence. The fair value of the remaining 20.89% ownership of interest held by the Group

was \$36,221,529 thousand at the disposal date; the investment was changed to financial assets at FVTOCI. The transaction resulted in the recognition of a loss in profit or loss, calculated as follows:

Proceeds from disposal	\$	3,116,498
Plus: Fair value of retained investment (20.89%)		36,221,529
Less: Carrying amount of investment on the date of loss of significant influence	(	42,852,128)
Less: Share of other comprehensive income of the associate accounted for using the equity method.	(	793,748)
Loss recognized	<u>\$</u>	<u>(4,307,849)</u>

For the five months ended May 31, 2021, the Group recognized realized loss of \$501,163 thousand (proceeds of \$3,116,498 thousand less the carrying amount of the interest disposed of amounting to \$3,617,661 thousand) and an unrealized loss of \$3,012,938 thousand (fair value less the carrying amount of the 20.89% retained interest).

- e. The Group's equity-method investments were not pledged as collateral as of December 31, 2021 and 2020, respectively.

15. OTHER MISCELLANEOUS FINANCIAL ASSETS, NET

- a. The details of other miscellaneous financial assets items were as follows:

	December 31	
	2021	2020
Non-performing receivables transferred from other than loans	\$ 172,928	\$ 271,882
Creditor rights	-	1
Less: Allowance for bad debt	(164,189)	(236,256)
Due from banks	5,142,778	4,331,655
Deposits for borrowing securities	2,534,838	952,682
Gold deposit account	844,091	726,432
Customer margin account	1,374,153	730,853
Guaranteed price deposits for securities borrowing	3,057	1,605
Separate account insurance products assets (Note 31)	26,532,698	-
Others	10,000	-
	<u>\$ 36,450,354</u>	<u>\$ 6,778,854</u>

- b. The due from banks recognized under other miscellaneous financial assets held by the Group are time deposits with original maturities of more than 3 months or pledged as collateral. Refer to Note 50 for the information relating to the due from banks and time deposits pledged as collateral.
- c. Refer to Note 12 for the movements of the allowance for non-performing receivables transferred from other than loans, inward remittances and creditor rights for the years ended December 31, 2021 and 2020.
- d. The loss allowance was measured at an amount equal to lifetime ECLs based on historical experience and forward-looking information; there was no allowance for loss on other miscellaneous financial assets excluding non-performing receivables transferred from other than loans and creditor rights as of December 31, 2021 and 2020.

16. INVESTMENT PROPERTIES, NET

	December 31	
	2021	2020
Investment properties		
Land	\$ 2,384,019	\$ 588,614
Buildings		
Cost	676,369	434,263
Accumulated depreciation	(201,771)	(99,844)
	<u>474,598</u>	<u>334,419</u>
	<u>\$ 2,858,617</u>	<u>\$ 923,033</u>

	Land	Buildings	Total
<u>Cost</u>			
Balance, January 1, 2021	\$ 588,614	\$ 434,263	\$ 1,022,877
Additions	130,507	20	130,527
Disposals	(46,340)	(107,035)	(153,375)
Reclassification	3,059	1,334	4,393
Acquisitions through business combinations	<u>1,708,179</u>	<u>347,787</u>	<u>2,055,966</u>
Balance, December 31, 2021	<u>\$ 2,384,019</u>	<u>\$ 676,369</u>	<u>\$ 3,060,388</u>
Balance, January 1, 2020	\$ 621,103	\$ 461,211	\$ 1,084,314
Additions	23	908	931
Disposals	(95,392)	(61,001)	(156,393)
Reclassification	<u>62,880</u>	<u>31,145</u>	<u>94,025</u>
Balance, December 31, 2020	<u>\$ 588,614</u>	<u>\$ 434,263</u>	<u>\$ 1,022,877</u>
<u>Accumulated depreciation</u>			
Balance, January 1, 2021	\$ -	\$ 99,844	\$ 99,844
Depreciation	-	13,414	13,414
Disposals	-	(44,029)	(44,029)
Reclassification	-	366	366
Acquisitions through business combinations	<u>-</u>	<u>132,176</u>	<u>132,176</u>
Balance, December 31, 2021	<u>\$ -</u>	<u>\$ 201,771</u>	<u>\$ 201,771</u>
Balance, January 1, 2020	\$ -	\$ 83,252	\$ 83,252
Depreciation	-	13,130	13,130
Disposals	-	(5,621)	(5,621)
Reclassification	<u>-</u>	<u>9,083</u>	<u>9,083</u>
Balance, December 31, 2020	<u>\$ -</u>	<u>\$ 99,844</u>	<u>\$ 99,844</u>

Investment properties are depreciated over the following estimated useful lives using the straight-line method.

Buildings 9-55 years

The Group's investment properties, which were leased out under operating leases, had lease terms between one and twenty years.

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

	December 31	
	2021	2020
Year 1	\$ 80,217	\$ 18,571
Year 2	53,435	16,050
Year 3	38,659	12,556
Year 4	33,901	12,556
Year 5	30,495	12,744
Over 5 years	241,183	184,957
	<u>\$ 477,890</u>	<u>\$ 257,434</u>

The rental income and direct operating expenses generated from investment properties for the years ended December 31, 2021 and 2020 were as follows:

	For the Year Ended December 31	
	2021	2020
Rental income	\$ 48,015	\$ 22,863
Direct operating expenses from investment properties generating rental income	12,888	8,463
Direct operating expenses from investment properties not generating rental income	6,140	7,463

The fair values of the Group's investment properties as of December 31, 2021 and 2020 were \$2,742,690 thousand and \$1,166,619 thousand, respectively. The fair values were determined by the Group's management based on the valuation models measured by the third level inputs generally used by the market participants and independent evaluation companies, the foregoing valuation was from the transaction value of property and equipment.

17. PROPERTY AND EQUIPMENT, NET

	December 31	
	2021	2020
Land	\$ 13,902,966	\$ 11,148,018
Buildings	5,312,652	4,824,448
Machinery equipment	2,581,549	2,609,436
Transportation equipment	121,986	79,033
Miscellaneous equipment	137,445	137,140
Leasehold improvements	355,802	334,751
Prepayments for buildings and equipment	57,454	75,769
	<u>\$ 22,469,854</u>	<u>\$ 19,208,595</u>

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Prepayment for Buildings, Equipment and Property under Construction	Total
<u>Cost</u>								
Balance, January 1, 2021	\$ 11,148,018	\$ 7,420,558	\$ 4,869,758	\$ 158,798	\$ 229,937	\$ 647,229	\$ 75,769	\$ 24,550,067
Additions	-	29,906	610,782	71,880	38,440	78,459	206,804	1,036,271
Disposals	-	(76,517)	(525,483)	(28,856)	(28,446)	(43,068)	-	(702,370)
Reclassification	(3,059)	81,398	92,450	-	-	39,128	(225,119)	(15,202)
Acquisitions through business combinations	2,757,759	861,945	103,866	-	10,612	20,696	-	3,754,878
Effect of foreign currency exchange differences	248	1,144	377	-	-	581	-	2,350
Balance, December 31, 2021	<u>\$ 13,902,966</u>	<u>\$ 8,318,434</u>	<u>\$ 5,151,750</u>	<u>\$ 201,822</u>	<u>\$ 250,543</u>	<u>\$ 743,025</u>	<u>\$ 57,454</u>	<u>\$ 28,625,994</u>
Balance, January 1, 2020	\$ 11,210,839	\$ 7,432,071	\$ 4,516,335	\$ 129,310	\$ 170,693	\$ 640,580	\$ 108,332	\$ 24,208,160
Additions	59	27,689	879,351	43,581	49,256	105,601	203,520	1,309,057
Disposals	-	(59,188)	(622,030)	(15,593)	(24,614)	(128,421)	-	(849,846)
Reclassification	(62,880)	19,986	96,039	1,500	34,042	29,185	(236,083)	(118,211)
Acquisitions through business combinations	-	-	-	-	560	-	-	560
Effect of foreign currency exchange differences	-	-	63	-	-	284	-	347
Balance, December 31, 2020	<u>\$ 11,148,018</u>	<u>\$ 7,420,558</u>	<u>\$ 4,869,758</u>	<u>\$ 158,798</u>	<u>\$ 229,937</u>	<u>\$ 647,229</u>	<u>\$ 75,769</u>	<u>\$ 24,550,067</u>
<u>Accumulated depreciation</u>								
				\$				
Balance, January 1, 2021	\$ -	\$ 2,596,110	\$ 2,260,322	79,765	\$ 92,797	\$ 312,478	\$ -	\$ 5,341,472
Depreciation	-	207,641	774,133	28,689	40,486	101,978	-	1,152,927
Disposals	-	(76,517)	(519,299)	(28,618)	(25,947)	(43,068)	-	(693,449)
Reclassification	-	(366)	-	-	-	-	-	(366)
Acquisitions through business combinations	-	278,914	53,520	-	5,575	15,313	-	353,322
Effect of foreign currency exchange differences	-	-	1,525	-	187	522	-	2,234
Balance, December 31, 2021	<u>\$ -</u>	<u>\$ 3,005,782</u>	<u>\$ 2,570,201</u>	<u>\$ 79,836</u>	<u>\$ 113,098</u>	<u>\$ 387,223</u>	<u>\$ -</u>	<u>\$ 6,156,140</u>
Balance, January 1, 2020	\$ -	\$ 2,483,080	\$ 2,172,651	\$ 70,300	\$ 77,533	\$ 353,138	\$ -	\$ 5,156,702
Depreciation	-	176,113	706,524	24,159	35,867	87,483	-	1,030,146
Disposals	-	(54,000)	(614,901)	(15,527)	(24,461)	(128,421)	-	(837,310)
Reclassification	-	(9,083)	(3,999)	833	3,858	-	-	(8,391)
Effect of foreign currency exchange differences	-	-	47	-	-	278	-	325
Balance, December 31, 2020	<u>\$ -</u>	<u>\$ 2,596,110</u>	<u>\$ 2,260,322</u>	<u>\$ 79,765</u>	<u>\$ 92,797</u>	<u>\$ 312,478</u>	<u>\$ -</u>	<u>\$ 5,341,472</u>

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

Buildings	5-56 years
Machinery equipment	1-10 years
Transportation equipment	4-6 years
Miscellaneous equipment	3-20 years
Leasehold improvements	1-50 years

No impairment assessment was performed because there was no indication of impairment for the years ended December 31, 2021 and 2020.

18. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2021	2020
<u>Carrying amount</u>		
Buildings	\$ 2,523,212	\$ 2,857,851
Office equipment	18,892	746
Transportation equipment	31,357	20,753
	<u>\$ 2,573,461</u>	<u>\$ 2,879,350</u>
	For the Year Ended December 31	
	2021	2020
Additions to right-of-use assets	<u>\$ 453,022</u>	<u>\$ 919,800</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 751,704	\$ 755,428
Office equipment	9,874	283
Transportation equipment	18,939	16,420
	<u>\$ 780,517</u>	<u>\$ 772,131</u>

b. Lease liabilities

	December 31	
	2021	2020
<u>Carrying amount</u>		
Buildings	\$ 2,604,511	\$ 2,957,541
Office equipment	17,324	758
Transportation equipment	31,882	20,559
	<u>\$ 2,653,717</u>	<u>\$ 2,978,858</u>
	For the Year Ended December 31	
	2021	2020
Interest expense (other interest expense)	<u>\$ 28,794</u>	<u>\$ 36,380</u>

Lease terms and range of discount rate for lease liabilities for the years ended December 31, 2021 and 2020 were as follows:

	Lease Terms	Range of Discount Rate
<u>December 31, 2021</u>		
Buildings	1-10 years	0.002%~2.050%
Office equipment	2-5 years	0.002%~3.099%
Transportation equipment	1-3 years	0.050%~0.060%
<u>December 31, 2020</u>		
Buildings	1-10 years	0.73%~5.56%
Office equipment	1-5 years	0.75%~5.56%
Transportation equipment	1-2 years	5.15%~5.31%

c. Other lease information

	For the Year Ended December 31	
	2021	2020
Expenses relating to short-term leases	\$ 62,876	\$ 63,685
Expenses relating to low-value asset leases	\$ 11,054	\$ 4,963
Total cash outflow for leases	\$ 898,718	\$ 838,541

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

All lease commitments with lease terms commencing after the balance sheet date are as follows:

	December 31	
	2021	2020
Lease commitments	\$ -	\$ 4,584

19. INTANGIBLE ASSETS, NET

	December 31	
	2021	2020
Goodwill	\$ 1,593,998	\$ 1,593,998
Computer software	1,690,763	1,678,027
	<u>\$ 3,284,761</u>	<u>\$ 3,272,025</u>

	Goodwill	Computer Software	Total
Balance, January 1, 2021	\$ 1,593,998	\$ 1,678,027	\$ 3,272,025
Additions	-	439,046	439,046
Disposals	-	(1,333)	(1,333)
Amortization	-	(439,370)	(439,370)
Reclassification	-	10,789	10,789
Effect of foreign currency exchange differences	-	116	116
Acquisitions through business combinations	-	3,488	3,488
Balance, December 31, 2021	<u>\$ 1,593,998</u>	<u>\$ 1,690,763</u>	<u>\$ 3,284,761</u>
Balance, January 1, 2020	\$ 1,567,391	\$ 895,057	\$ 2,462,448
Additions	26,607	1,150,896	1,177,503
Disposals	-	(659)	(659)
Amortization	-	(382,991)	(382,991)
Reclassification	-	15,666	15,666
Effect of foreign currency exchange differences	-	58	58
Balance, December 31, 2020	<u>\$ 1,593,998</u>	<u>\$ 1,678,027</u>	<u>\$ 3,272,025</u>

Goodwill

Taishin Bank merged with Dah An Bank through a share swap in February 2002, in which Taishin Bank issued new shares to acquire the total assets and liabilities of Dah An Bank. The difference between the fair value of the new shares issued by Taishin Bank and the fair value of net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2021 and 2020 was all \$884,937 thousand with no material impairment loss noted.

Taishin AMC acquired 40% ownership of Taishin Real-Estate in April 2003. The difference between the purchase price and the net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2021 and 2020 was all \$4,187 thousand with no material impairment loss noted.

Taishin Bank acquired the net assets of the 10th Credit Cooperative of Hsin-Chu in October 2004. The acquisition price in excess of the net assets of 10th Credit Cooperative of Hsin-Chu was recognized as goodwill. The unamortized amount as of December 31, 2021 and 2020 was all \$267,337 thousand with no material impairment loss noted.

Taishin Securities Investment Trust merged with IBT Securities Investment Trust Co., Ltd. on December 18, 2010, in which Taishin Securities Investment Trust acquired the total assets and liabilities of IBT Securities Investment Trust Co., Ltd. The difference between the purchase price and the net assets acquired was recognized as goodwill valued at \$425,300 thousand. Taishin Securities Investment Trust valued the recoverable amount of goodwill and recognized impairment loss for goodwill in the amount of \$14,370 thousand for the year ended December 31, 2016. The recoverable amount was valued on the basis of use value. The main reason of impairment is profitability of Taishin Securities Investment Trust. The unamortized amount as of December 31, 2021 and 2020 was all \$410,930 thousand.

Taishin Venture Capital, Taishin Securities Investment Advisory and Taishin Securities Venture Capital acquired 51 ownership of Credidi by cash investment in November 2020. The difference between the purchase price and the net assets acquired was recognized as goodwill. The unamortized amount as of December 31, 2021 and 2020 was \$26,607 thousand with no material impairment loss noted.

Intangible Assets - Customer Value

Taishin Securities Investment Trust acquired all the net assets of IBT Securities Investment Trust Co., Ltd., and the related customer value that amounted to \$16,994 thousand as of the base date, December 18, 2010. The amount of monthly amortization was \$175 thousand. The customer value had been fully amortized in 2019.

20. OTHER ASSETS, NET

	December 31	
	2021	2020
Prepayments	\$ 1,205,137	\$ 1,296,151
Refundable deposits	10,795,939	6,159,942
Operating guarantee deposits and settlement funds	1,087,152	159,460
Collateral, net	420,019	420,019
Input tax credit	271,410	238,067
Others	122,593	81,289
	<u>\$ 13,902,250</u>	<u>\$ 8,354,928</u>

- Refer to Note 50 for information relating to refundable deposits, operating guarantee deposits and settlement funds pledged as collateral.
- The loss allowance was measured at an amount equal to lifetime ECLs based on historical experience and forward-looking information; there was no loss allowance on refundable deposits, operating guarantee deposits and settlement funds as of December 31, 2021 and 2020, respectively.
- Due to the Group's other assets - others measured by ECLs, the Group had recognized (impairment loss) reversal of impairment on assets of \$0 and \$(109) thousand for the years ended December 31, 2021 and 2020, respectively.
- The amount of the loss allowance for refundable deposits was as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit- impaired	Stage 2 Lifetime ECLs - Credit- impaired	Total
December 31, 2021	\$ -	\$ -	\$ -	\$ -
December 31, 2020	-	-	3,000	3,000

21. DUE TO CENTRAL BANK AND BANKS

	December 31	
	2021	2020
Due to other banks	\$ 21,043,229	\$ 25,273,069
Call loans from other banks	35,603,627	24,111,038
Bank overdrafts	271,758	350,307
Due to the Central Banks	156,658	90,055
	<u>\$ 57,075,272</u>	<u>\$ 49,824,469</u>

22. COMMERCIAL PAPER ISSUED, NET

	December 31	
	2021	2020
Sunny Bills Finance	\$ 300,000	\$ 600,000
Union Bills Finance	50,000	900,000
Grand Bills Finance	4,550,000	2,640,000
China Bills Finance	7,410,000	1,820,000
Ta Ching Bills Finance	165,000	400,000
International Bills Finance	200,000	-
Taiwan Bills Finance	1,305,000	1,200,000
Mega Bills Finance	827,000	530,000
Bank SinoPac	3,500,000	650,000
KGI Bank	1,560,000	1,863,000
Taiwan Cooperative Bills Finance	300,000	1,510,000
Taipei Fubon Bank	-	2,440,000
Cathay Bank	1,000,000	550,000
Yuanta Commercial Bank	350,000	350,000
China Trust Commercial Bank	200,000	-
Union Bank of Taiwan	970,000	-
Sunny Bank	300,000	-
Less: Discounts on commercial papers issued	(23,889)	(20,131)
	<u>\$ 22,963,111</u>	<u>\$ 15,432,869</u>

As of December 31, 2021 and 2020, the interest rate ranges of commercial papers issued were 0.32%-0.93% and 0.25%-1.12%, respectively.

23. PAYABLES

	December 31	
	2021	2020
Notes and accounts payable	\$ 10,268,570	\$ 17,155,041
Delivery accounts payable	8,014,111	15,209,758
Accrued expenses	8,311,642	6,849,221
Interest payable	2,172,407	2,233,848
Checks for clearing payable	1,664,092	1,327,995
Collection payable	694,651	749,597
Settlement	625,316	213,366
Tax payable	383,330	322,639
Other payables	2,401,891	3,210,914
	<u>\$ 34,536,010</u>	<u>\$ 47,272,379</u>

24. DEPOSITS AND REMITTANCES

	December 31	
	2021	2020
Checking deposits	\$ 7,227,503	\$ 9,010,451
Demand deposits	464,986,443	422,291,179
Time deposits	346,596,487	361,321,193
Negotiable certificates of deposit	690,771	1,853,352
Savings deposits	855,194,177	805,850,966
Public treasury deposits	3,795,456	5,952,581
Remittances	2,840,755	1,698,733
	<u>\$ 1,681,331,592</u>	<u>\$ 1,607,978,455</u>

25. BONDS PAYABLE

	December 31	
	2021	2020
Corporate bonds	\$ 35,300,000	\$ 35,300,000
Bank debentures	34,800,000	34,800,000
	<u>\$ 70,100,000</u>	<u>\$ 70,100,000</u>

Corporate Bonds Issued by Taishin Financial Holding

To raise working capital and strengthen its financial structure, Taishin Financial Holding issued unsecured corporate bonds under SFB approval. The terms of bond issuance were as follows:

	December 31	
	2021	2020
Unsecured Subordinated Corporate Bonds - 2017 (I)	\$ 8,000,000	\$ 8,000,000
Unsecured Subordinated Corporate Bonds - 2018 (I)	7,000,000	7,000,000
Unsecured Subordinated Corporate Bonds - 2019 (I)	7,000,000	7,000,000
Unsecured Ordinary Corporate Bonds - 2020 (I)	10,000,000	10,000,000
	<u>\$ 32,000,000</u>	<u>\$ 32,000,000</u>

a. Domestic Unsecured Subordinated Corporate Bonds - 2017 (I)

- 1) Issue amount: \$8,000,000 thousand.
- 2) Denomination: \$1,000 thousand
- 3) Issue date: October 26, 2017
- 4) Issue price: 100% of the principal amount of the bonds
- 5) Maturity: 10 years
- 6) Coupon rate: 1.9%
- 7) Interest payment: Simple interest per annum from the issue date
- 8) Repayment method: Principal of each bond repaid in full upon maturity
- 9) Other matters: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest on principal occurred during the extension period, when applicable, could be calculated at the coupon rate).

b. Domestic Unsecured Subordinated Corporate Bonds - 2018 (I)

- 1) Issue amount: \$7,000,000 thousand.
- 2) Denomination: \$1,000 thousand
- 3) Issue date: July 10, 2018
- 4) Issue price: 100 of the principal amount of the bonds
- 5) Maturity: 15 years
- 6) Coupon rate: 1.92
- 7) Interest payment: Simple interest per annum from the issue date
- 8) Repayment method: Principal of each bond repaid in full upon maturity
- 9) Other matters: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest on principal occurred during the extension period, when applicable, could be calculated at the coupon rate).

c. Domestic Unsecured Subordinated Corporate Bonds - 2019 (I)

- 1) Issue amount: \$7,000,000 thousand.
- 2) Denomination: \$1,000 thousand
- 3) Issue date: April 30, 2019
- 4) Issue price: 100 of the principal amount of the bonds
- 5) Maturity: 15 years
- 6) Coupon rate: 1.60
- 7) Interest payment: Simple interest per annum from the issue date
- 8) Repayment method: Principal of each bond repaid in full upon maturity
- 9) Other matters: Taishin Financial Holding should suspend the payment of interest and principal when its capital adequacy ratio is lower than the lowest limit (100) until the ratio meets the standards set by relevant authorities (interests could be cumulative and interest on principal for the extension period could be calculated at coupon rate).

d. Domestic Unsecured Ordinary Corporate Bonds - 2020 (I)

- 1) Issue amount: \$10,000,000 thousand. According to the terms and conditions of issuance, the bonds are divided into three types: A, B and C. The issuance amount was \$2,700,000 thousand for Bond A, \$4,900,000 thousand for Bond B and \$2,400,000 thousand for Bond C.
- 2) Denomination: \$1,000 thousand
- 3) Issue date: May 20, 2020
- 4) Issue price: 100 of the principal amount of the bonds
- 5) Maturity: 5 years for Bond A, 7 years for Bond B, 15 years for Bond C
- 6) Coupon rate: 0.75 for Bond A, 0.80 for Bond B, 0.95 for Bond C
- 7) Interest payment: Simple interest per annum from the issue date
- 8) Repayment method: Principal of each bond repaid in full upon maturity
- 9) Other matters: In line with the necessity of the corporate bonds to be circulated on the secondary market, the Company will submit an application to the Taipei Exchange for over-the-counter trading of the corporate bonds in accordance with the relevant laws and regulations.

Bank Debentures Issued by Taishin Bank

Taishin Bank has issued bank debentures to enhance its capital ratio and raise medium to long-term operating funds. Details of the bank debentures were as follows:

	December 31	
	2021	2020
Subordinated Bank Debentures - 2012 (I)	\$ 4,500,000	\$ 4,500,000
Subordinated Bank Debentures - 2012 (II)	2,300,000	2,300,000
Subordinated Bank Debentures - 2014 (III)	3,000,000	3,000,000
Subordinated Bank Debentures - 2015 (I)	9,100,000	9,100,000
Subordinated Bank Debentures - 2015 (II)	6,000,000	6,000,000
Subordinated Bank Debentures - 2015 (III)	4,900,000	4,900,000
Subordinated Bank Debentures - 2019 (I)	5,000,000	5,000,000
	<u>\$ 34,800,000</u>	<u>\$ 34,800,000</u>

- a. Taishin Bank made first issue of \$4,500 million in subordinated bank debentures on October 19, 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
B	2012. 10.19	2022. 10.19	10 years	\$4,500 million	1.65% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.

- b. Taishin Bank made second issue of \$2,300 million in subordinated bank debentures on December 14, 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
B	2012. 12.14	2022. 12.14	10 years	\$2,300 million	1.65% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.

- c. Taishin Bank made third issue of \$3,000 million in unsecured subordinated bank debentures in 2014 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2014, third issue	2014. 05.16	2024. 05.16	10 years	\$3,000 millio	1.95% fixed interest rate	\$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Principal will be repaid on maturity date.

d. Taishin Bank made first issue of \$9,100 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.06.10	2025.06.10	10 years	\$4,250 million	2.15% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2015.06.10	2030.06.10	15 years	\$4,850 million	2.45% fixed interest rate		

e. Taishin Bank made second issue of \$6,000 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2015, second issue	2015.09.18	2027.09.18	12 years	\$6,000 million	2.25% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.

f. Taishin Bank made third issue of \$4,900 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.09.22	2025.09.22	10 years	\$700 million	2.15% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2015.09.22	2030.09.22	15 years	\$4,200 million	2.45% fixed interest rate		

g. Taishin Bank's initial issue of \$5,000 million in unsecured, no maturity, and non-cumulative subordinated bank debentures in 2019 was as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2019, initial issue	2019.03.28	No maturity. (Issuer has redemption right.)	No maturity. (Issuer has redemption right.)	\$5,000 million	2.45% fixed interest rate	\$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually on July 1 from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date.

1) Interest payment

Taishin Bank may not pay the interest if it had no earnings during the previous fiscal year and did not declare dividends to its common stockholders. Where the balance of accumulated undistributed earnings after deducting the unamortized loss on the disposal of non-performing loans exceeds the interest payment and such payment does not alter the originally agreed conditions for interest payment, payment is allowed. The unpaid interest should not be accumulated or deferred.

Taishin Bank shall defer the payment of principal and interest if the ratio of regulatory capital to risk-weighted assets does not meet the minimum requirements in Regulations Governing the Capital Adequacy and Capital Category of Banks Paragraph 1 of Article 5; the deferred payment of principal or interest shall not be imposed further with interest.

2) Redemption policy

After five years and one month of issuance, if the ratio of regulatory capital to risk-weighted assets after redemption will meet the minimum rate and the redemption has an approval from the competent authority, the

debts may be redeemed earlier by Taishin Bank at 100 plus interest payable. And the redemption would be announced on the 30th day prior to the scheduled redemption date.

Subordinated Corporate Bonds Issued by Taishin Securities B

To raise medium to long-term operating funds and strengthen its capital structure, Taishin Securities B issued unsecured subordinated corporate bonds - 2020 (I) on January 10, 2020. The total issuance amount was \$3,300,000 thousand and the issuance period is 10 years. A one-time repayment of principal will be made in full upon maturity on January 10, 2030, and interest will be repaid annually at a fixed coupon rate of 1.35%.

	December 31	
	2021	2020
Unsecured Subordinated Corporate Bonds - 2020 (I)	\$ 3,300,000	\$ 3,300,000

26. OTHER BORROWINGS

	December 31	
	2021	2020
Short-term unsecured borrowings	\$ 9,336,544	\$ 7,639,743
Long-term borrowings	3,531,076	3,540,521
	<u>\$ 12,867,620</u>	<u>\$ 11,180,264</u>

As of December 31, 2021 and 2020, the interest rates on short-term unsecured borrowings ranged from 0.87% to 4.81% and from 0.95% to 4.90%, respectively.

As of December 31, 2021 and 2020, the interest rate of long-term borrowings ranged from 2.10% to 4.90% and from 2.13% to 5.50%, respectively.

27. PROVISIONS

	December 31	
	2021	2020
Insurance liabilities (Note 28)	\$ 198,520,002	\$ -
Reserve for employee benefits (Note 32)	1,686,335	1,343,592
Reserve for guarantee liabilities	268,589	262,035
Reserve for loan commitments	183,367	182,340
Other reserves	<u>188,441</u>	<u>122,075</u>
	<u>\$ 200,846,734</u>	<u>\$ 1,910,042</u>

	Reserve for Guarantee Liabilities	Reserve for Loan Commitment	Other Reserves
Balance, January 1, 2021	\$ 262,035	\$ 182,340	\$ 122,075
Provision (reverse)	6,765	1,442	209
Payment	-	-	4,464
Acquisitions through business combinations	-	-	62,013
Exchange differences	(211)	(415)	(320)
Balance, December 31, 2021	<u>\$ 268,589</u>	<u>\$ 183,367</u>	<u>\$ 188,441</u>
Balance, January 1, 2020	\$ 224,821	\$ 176,675	\$ 124,102
Provision (reverse)	38,127	6,652	338
Payment	-	-	(845)
Exchange differences	(913)	(987)	(1,520)
Balance, December 31, 2020	<u>\$ 262,035</u>	<u>\$ 182,340</u>	<u>\$ 122,075</u>

- a. Other reserves are Taishin Bank's loss allowance for letters of credit, and the reserves for compensation of dispute cases.
- b. The amount of the loss allowance for financial guarantees (including reserve for guarantee liabilities and letters of credit) and loan commitments was as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs- Not Credit- impaired	Stage 3 Lifetime ECLs - Credit- impaired	Loss Allowance under IFRS 9	Recognized Based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non- accrual Loans	Total
December 31, 2021	\$ 154,061	\$ 15,813	\$ 17,798	\$ 187,672	\$ 269,309	\$ 456,981
December 31, 2020	153,701	15,276	22,542	191,519	257,881	449,400

28. INSURANCE LIABILITIES

	December 31, 2021
Unearned premium reserve	\$ 1,046,231
Claims reserve	1,262,743
Reserve for policy benefit	171,445,786
Premium deficiency reserve	274,887
Reserve for policy with a nature of financial instruments	2,017
Foreign exchange reserve	125,678
Other reserves	24,362,660
	<u>\$ 198,520,002</u>

Other reserves are the Group's compliance with IFRS 3 "Business Combinations". The acquirer measures the insurance liabilities and assets acquired by the business combinations on the basis of their fair value on the acquisition date, as it reflects the fair value of the insurance contracts. Refer to Note 43 for the other provisions.

Net changes in insurance liability reserves were as follows:

	For the Year Ended December 31, 2021
Provision of reserve for policy benefit	\$ 12,149,226
Provision of claim reserve	23,797
Provision of premium deficiency reserve	76,020
Net changes in unearned premium reserve	(11,475)
Provision for insurance contracts with the nature of financial products	(40)
	<u>12,237,528</u>
Other reserves	(475,476)
	<u>\$ 11,762,052</u>

a. Unearned premium reserve

	December 31, 2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance	\$ 15,507	\$ -	\$ 15,507
Individual injury insurance	99,778	-	99,778
Individual health insurance	907,823	-	907,823
Investment-linked insurance	23,123	-	23,123
	<u>1,046,231</u>	<u>-</u>	<u>1,046,231</u>

(Continued)

Less ceded unearned premium reserve

Individual life insurance	\$(134,959)	\$ -	\$(134,959)
Individual health insurance	(104,407)	-	(104,407)
Individual injury insurance	(16,254)	-	(16,254)
	(255,620)	-	(255,620)
	<u>\$ 790,611</u>	<u>\$ -</u>	<u>\$ 790,611</u>

(Concluded)

Reconciliation of unearned premium reserve is as follows:

For the Year Ended December 31, 2021			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ -	\$ -	\$ -
Provision	13,532	-	13,532
Recovery	-	-	-
Net exchange differences	(5)	-	(5)
Acquisitions through business combinations	1,032,704	-	1,032,704
Ending balance	<u>1,046,231</u>	<u>-</u>	<u>1,046,231</u>
Less ceded unearned premium reserve			
Beginning balance	-	-	-
Increase	25,007	-	25,007
Decrease	-	-	-
Net exchange differences	(140)	-	(140)
Acquisitions through business combinations	230,753	-	230,753
Ending balance	<u>255,620</u>	<u>-</u>	<u>255,620</u>
Net ending balance	<u>\$ 790,611</u>	<u>\$ -</u>	<u>\$ 790,611</u>

b. Claims reserve

December 31, 2021			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Individual life insurance			
Filed not yet paid	\$ 851,539	\$ -	\$ 851,539
Not yet filed	-	-	-
Individual injury insurance			
Filed not yet paid	5,926	-	5,926
Not yet filed	3,394	-	3,394
Individual health insurance			
Filed not yet paid	250,965	-	250,965
Not yet filed	149,919	-	149,919
Investment-linked insurance			
Filed not yet paid	1,000	-	1,000
Not yet filed	-	-	-
	<u>1,262,743</u>	<u>-</u>	<u>1,262,743</u>
Less ceded claim reserve			
Individual life insurance	(115)	-	(115)
Individual injury insurance	(3,953)	-	(3,953)
Individual health insurance	(28,414)	-	(28,414)
	<u>(32,482)</u>	<u>-</u>	<u>(32,482)</u>
	<u>\$ 1,230,261</u>	<u>\$ -</u>	<u>\$ 1,230,261</u>

Reconciliation of claim reserve is as follows:

For the Year Ended December 31, 2021			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ -	\$ -	\$ -
Provision	16,136	-	16,136
Recovery	-	-	-
Net exchange differences	(172)	-	(172)
Acquisitions through business combinations	1,246,779	-	1,246,779
Ending balance	1,262,743	-	1,262,743
Less ceded claim reserve			
Beginning balance	-	-	-
Increase	-	-	-
Decrease	(7,661)	-	(7,661)
Net exchange differences	(1)	-	(1)
Acquisitions through business combinations	40,144	-	40,144
Ending balance	32,482	-	32,482
Net ending balance	\$ 1,230,261	\$ -	\$ 1,230,261

c. Reserve for policy benefit

December 31, 2021			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 149,199,989	\$ -	\$ 149,199,989
Health insurance	20,460,106	-	20,460,106
Annuity insurance	30,120	-	30,120
Investment-linked insurance	1,576,192	-	1,576,192
Transferred-in unwritten-off balance of 3% decrease in business tax	158,276	-	158,276
Transferred-in recovery of catastrophe reserve	5,021	-	5,021
	171,429,704	-	171,429,704
Less ceded reserve for policy benefit	-	-	-
	\$ 171,429,704	\$ -	\$ 171,429,704

Reserve for life insurance liability plus "Reserve for life insurance - pending payments to insured" and additional liability reserve under the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises was \$171,445,786 thousand as of December 31, 2021.

Reconciliation of reserve for policy benefit is as follows:

For the Year Ended December 31, 2021			
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ -	\$ -	\$ -
Provision	12,990,203	-	12,990,203
Recovery	(840,977)	-	(840,977)
Net exchange differences	(285,787)	-	(285,787)
Acquisitions through business combinations	159,581,143	-	159,581,143
Others	(14,878)	-	(14,878)
Ending balance	171,429,704	-	171,429,704
Less ceded reserve for policy benefit	-	-	-
Net ending balance	\$ 171,429,704	\$ -	\$ 171,429,704

d. Premium deficiency reserve

	December 31, 2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Life insurance	\$ 261,944	\$ -	\$ 261,944
Health insurance	12,098	-	12,098
Investment-linked insurance	845	-	845
	<u>274,887</u>	<u>-</u>	<u>274,887</u>
Less ceded premium deficiency reserve	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 274,887</u>	<u>\$ -</u>	<u>\$ 274,887</u>

Reconciliation of premium deficiency reserve is as follows:

	For the Year Ended December 31, 2021		
	Insurance Contracts	Financial Instruments with Discretionary Participation Features	Total
Beginning balance	\$ -	\$ -	\$ -
Provision	76,020	-	76,020
Recovery	-	-	-
Net exchange differences	(1,181)	-	(1,181)
Acquisitions through business combinations	<u>200,048</u>	<u>-</u>	<u>200,048</u>
Ending balance	<u>274,887</u>	<u>-</u>	<u>274,887</u>
Less ceded premium deficiency reserve	<u>-</u>	<u>-</u>	<u>-</u>
Net ending balance	<u>\$ 274,887</u>	<u>\$ -</u>	<u>\$ 274,887</u>

e. Reserve for liability adequacy

	Insurance Contracts and Financial Instruments with Discretionary Participation Features
	December 31, 2021
Unearned premium reserve	\$ 1,046,231
Reserve for policy benefit	171,271,428
Premium deficiency reserve	<u>274,887</u>
Book value of insurance liability	<u>\$ 172,592,546</u>
Current estimates of cash flows	<u>\$ 134,205,487</u>
Balance of reserve for liability adequacy	<u>\$ -</u>

Note 1: Shown by liability adequacy test range (integrated contract).

Note 2: The claim reserve of \$1,262,743 thousand is determined based on claims incurred before valuation date and therefore not included in the liability adequacy test.

Note 3: Transferred-in unwritten-off balance of 3% decrease in business tax of \$158,276 thousand and the pending payments to insured of \$16,082 thousand of reserve for policy benefit were not included in the liability adequacy test.

As of December 31, 2021, Taishin Life Insurance was not required to provide reserve for liability adequacy after evaluation.

Method used in the liability adequacy test is shown as follows:

	December 31, 2021
Test method	Total premium measurement method
Test groups	All insurance contracts as a whole
Assumptions	The assumption of discount rate of every year was based on the best estimate scenario as well as the rate of return on investment with current information

f. Reserve for insurance contracts with the nature of financial products

	December 31, 2021
Investment-linked insurance	\$ 2,017

The Group issued financial instrument without discretionary participation features and recognized a reserve for insurance contract with the nature of financial products. Reconciliation of reserve for insurance contracts with the nature of financial products for the year ended December 31, 2021 is as follows:

Investment-linked insurance

	For the Year Ended December 31, 2021
Beginning balance	\$ -
Net recovery of statutory reserve	(40)
Acquisitions through business combinations	2,057
Ending balance	\$ 2,017

g. Foreign exchange reserve

In accordance with the "Regulation Governing the Setting Aside of Various Reserves by Insurance Enterprises", the Group set aside foreign exchange reserve under liabilities. Details are as follows:

	For the Year Ended December 31, 2021
Beginning balance	\$ -
Provision	
Compulsory provision	19,197
Additional provision	63,086
	82,283
Recovery	(113,325)
Acquisitions through business combinations	156,720
Ending balance	\$ 125,678

The accounts eligible or ineligible for the foreign exchange reserve for the year ended December 31, 2021.

Accounts	For the Year Ended December 31, 2021		
	Ineligible Amount (1)	Eligible Amount (2)	Effect (3)=(2)-(1)
Net income attributable to owners of parent	\$ 20,286,974	\$ 20,311,808	\$(24,834)
Earnings per share	1.63	1.63	-
Foreign exchange reserve	-	125,678	(125,678)
Equity attributable to owners of parent (Note)	198,042,444	198,067,278	(24,834)

Note: Effects of equity has not included initial amount of foreign exchange reserve, and a tax rate of 20% was used to calculate effects of equity.

29. OTHER FINANCIAL LIABILITIES

	December 31	
	2021	2020
Principal of structured products	\$ 63,258,827	\$ 65,883,616
Gold account	832,462	712,898
Futures traders' equity	1,799,627	1,145,774
Separate account insurance product liabilities	26,532,698	-
	\$ 92,423,614	\$ 67,742,288

30. OTHER LIABILITIES

	December 31	
	2021	2020
Unearned revenue	\$ 681,876	\$ 426,377
Unearned interest	729,827	567,831
Guarantee deposits	2,311,946	2,624,726
Deferred income	1,127,500	1,133,924
Temporary credits	1,335,211	847,546
Receivables from underwriting of shares	7,799,964	1,163,602
Others	91,343	74,444
	<u>\$ 14,077,667</u>	<u>\$ 6,838,450</u>

31. SEPARATE ACCOUNT INSURANCE PRODUCTS

	December 31, 2021
Separate account insurance product assets	
Cash in bank	\$ 1,839,955
Financial assets at FVTPL	24,675,472
Interest receivable	1,900
Other receivables	15,371
	<u>\$ 26,532,698</u>
Separate account insurance product liabilities	
Other payables	\$ 114,726
Reserve for insurance products	25,660,959
Reserve for investment contracts	757,013
	<u>\$ 26,532,698</u>

a. The related income statement accounts of Taishin Life Insurance were as follows:

	December 31, 2021
Separate account insurance product income	
Premium income	\$ 284,482
Interest income	1,623
Gains (losses) from financial assets and liabilities at FVTPL	165,633
	<u>\$ 451,738</u>
Separate account insurance product expenses	
Provision (reversal) of separate account reserve	\$(77,358)
Insurance claims and payment	283,929
Administrative expenses	245,167
	<u>\$ 451,738</u>

b. For the year ended December 31, 2021, the trailer fees earned from counterparties due to the business of separate account insurance products was \$51,073 thousand, which was under service income.

32. POST-EMPLOYMENT BENEFIT PLANS

Defined Contribution Plans

The Group adopted a pension plan under the Labor Pension Act (the “LPA”), which is a state-managed defined contribution plan. Based on the LPA, the Group makes monthly contributions to employees’ individual pension accounts at 6 of monthly salaries and wages.

Defined Benefit Plans

The Group also have defined benefit plan under the Labor Standards Law (the “LSL”). Under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of six months before retirement. The Group contributes amounts equal to 2 to 15 of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name.

Before the end of each year, the Group 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 Group is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Enforcement Rules of the Labor Pension Act, the return generated by employees’ pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

- a. The Group’s plan assets and present values of defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of actuarial valuations were as follows:

	Valuation Date	
	December 31	
	2021	2020
Discount rate used in determining present values	0.375%~0.700%	0.375%~0.500%
Expected rate of salary increase	2.50%~3.25%	2.50%~3.25%

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Year Ended December 31	
	2021	2020
Current service cost	\$ 23,259	\$ 19,397
Interest cost, net	6,914	9,925
	<u>\$ 30,173</u>	<u>\$ 29,322</u>

The amount included in the consolidated balance sheet arising from the Group’s obligation in respect of its defined benefit plans were as follows:

	December 31	
	2021	2020
Present value of funded defined benefit obligation	\$(3,470,674)	\$(2,979,644)
Fair value of plan assets	1,803,073	1,656,954
Deficit	(1,667,601)	(1,322,690)
Included prepaid pension cost	(18,734)	(20,902)
Net liability arising from defined benefit obligation	<u>\$(1,686,335)</u>	<u>\$(1,343,592)</u>

Movements in the present value of the defined benefit obligations were as follows:

	For the Year Ended December 31	
	2021	2020
Opening defined benefit obligation	\$ 2,979,644	\$ 2,881,705
Current service cost	23,259	19,397
Interest cost	15,213	24,419
Remeasurement		
Actuarial (gain) loss - changes in demographic assumptions	90,458	27,422
Actuarial (gain) loss - changes in financial assumptions	(4,743)	128,148
Actuarial (gain) loss - experience adjustments	249,464	71,532
Liabilities from business combinations	378,723	-
Liabilities extinguished on extinguishment of obligation	-	(60,139)
Benefits paid	(143,767)	(112,840)
Paid by the Group	(117,577)	-
Closing defined benefit obligation	<u>\$ 3,470,674</u>	<u>\$ 2,979,644</u>

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2021	2020
Opening fair value of plan assets	\$ 1,656,954	\$ 1,686,044
Interest revenue	8,299	14,494
Remeasurement		
Expected return on plan assets	112,975	53,876
Contributions from the employer	38,590	39,503
Benefits paid	(143,767)	(112,840)
Cleared	-	(24,123)
Assets from business combination	130,022	-
Closing fair value of plan assets	<u>\$ 1,803,073</u>	<u>\$ 1,656,954</u>

For information about the categories and percentages, etc. of the composition of the fair value of plan assets as of December 31, 2021 and 2020, please refer to the authorities' public information about Labor Pension Funds.

If each of the major actuarial assumptions is reasonably possible, and all other assumptions remain, the significant actuarial assumptions used in the sensitivity analysis of the present value of the defined benefit obligation were as follows:

	Change in Actuarial Assumptions %	Increase (Decrease) of the Present Value of the Defined Obligation (%)	
		December 31	
		2021	2020
Discount rate used in determining present value	Increase 0.25%	(0.79%)~(3.28%)	(1.47%)~(3.34%)
	Decrease 0.25%	0.81%~3.41%	1.49%~3.48%
Expected rate of salary increase	Increase 0.25%	0.52%~3.29%	1.44%~3.35%
	Decrease 0.25%	(0.51%)~(3.18%)	(1.42%)~(3.24%)

The sensitivity analysis presented above assumes that only a single actuarial assumption changes and other actuarial assumptions remain unchanged. Practically, the assumptions may not occur in isolation as the assumptions may be correlated. The calculation of the present value of defined benefit obligation adopted the projected unit credit method.

The Group expects to make a contribution of \$52,867 thousand to the defined benefit plans within one year beginning from 2021 and contributed \$39,166 thousand in 2020. The weighted average duration of the defined benefit plans is from 3.1 to 13.3 years and from 5.5 to 13.5 years.

33. EQUITY

a. Capital stock

	December 31	
	2021	202-
Number of shares authorized (in thousands)	20,000,000	20,000,000
Shares authorized	\$ 200,000,000	\$ 200,000,000
Number of shares issued and fully paid (in thousands)		
Common stock	11,409,383	10,911,566
Preferred stock	800,000	800,000
Capital shares issued and outstanding	\$ 122,093,832	\$ 117,115,662

As of December 31, 2021 and 2020, Taishin Financial Holding's authorized capital were both \$200,000,000 thousand (20,000,000 thousand shares); as of December 31, 2021, share issued was 12,209,383 thousand shares, divided into 11,409,383 thousand common shares and 800,000 thousand preferred shares at NT\$10 par value.

b. Details of outstanding capital stock as of December 31, 2021 were as follows:

	Common Stock	Preferred Stock	Total
First share swap	\$ 23,000,000	\$ -	\$ 23,000,000
Second share swap	13,316,236	-	13,316,236
Capital infusion with cash	13,222,223	-	13,222,223
Convertible bonds converted to common stock	5,989,867	-	5,989,867
Issue of preferred stock - E	-	8,000,000	8,000,000
Stock dividends and employees' bonus in share distributed	63,647,727	-	63,647,727
Less: Cancellation of treasury stock	(2,733,505)	-	(2,733,505)
Less: Capital reduction to recover loss	(3,864,802)	-	(3,864,802)
Employee stock options converted to new shares	1,516,086	-	1,516,086
Shares issued	\$ 114,093,832	\$ 8,000,000	\$ 122,093,832

On February 18, 2002, Taishin Financial Holding issued 2,300,000 thousand shares of common stock of Taishin Bank through a share swap at a 1:1 ratio to exchange for the whole common stock owned by Taishin Bank's stockholders after consolidation.

As of December 31, 2002, Taishin Financial Holding issued 1,331,624 thousand common shares to acquire all the issued common stocks of Taishin Securities A and Taishin Bills Finance through share swaps at ratios of 1:1.2 and 1:1.3, respectively, with "1" representing Taishin Financial Holding.

On March 22, 2006, Taishin Financial Holding issued through private placement common stock totaling \$10,000,000 thousand for 555,556 thousand shares at NT\$18.00 per share. The rights and obligations are the same as those of the common stock outstanding. The mentioned common stock has been published in open market by the approval of FSC on May 17, 2011.

On December 27, 2006, Taishin Financial Holding issued through private placement common stock totaling \$4,000,000 thousand for 266,667 thousand shares at NT\$15.00 per share. The rights and obligations are the same as those of the common stock outstanding. The mentioned common stock has been published in open market by the approval of FSC on May 17, 2011.

Taishin Financial Holding has proposed to effect capital reduction by cancelling 386,480 thousand outstanding common shares (capital reduction ratio 6.7681) on December 4, 2009.

On December 31, 2013, Taishin Financial Holding's board of directors resolved to issue 500,000 thousand ordinary shares, with a par value of NT\$10, for consideration of NT\$12 per share. On January 17, 2014, the above

transaction was approved by the FSC, and the subscription base date was set by board of directors at April 14, 2014.

Taishin Financial Holding's stockholders had resolved the transfer of \$4,957,660 thousand of earnings to common stock in the stockholders' meeting on July 23, 2021. The ex-dividend date was September 13, 2021.

Taishin Financial Holding's employees have executed stock options and had acquired Taishin Financial Holding's common stock which aggregated 2,051 thousand shares and 8,200 thousand shares in 2021 and 2020.

Taishin Financial Holding's group capital adequacy ratio was 123.40% and 130.04% as of December 31, 2021 and 2020.

- c. In accordance with Article 8-4 of its Articles of Incorporation, the Company issued preferred stock E, totaling 500,000 thousand shares, with a par value of NT\$10, at NT\$50 per share in the total amount of \$25,000,000 thousand on December 28, 2016. The issuance of stocks had been approved by the FSC under its Order No. 1050041849 issued on October 26, 2016, and the change in registration had been approved by the Ministry of Economic Affairs of the ROC under its Order No. 10501302230. The preferred stock E was listed on Taiwan Stock Exchange on February 10, 2017.

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

- 1) Tenor: Perpetual.
- 2) Dividend yield: An annual dividend yield is set at 4.75% (7-year IRS 1.2175% + 3.5325%) per annum of the issue price at the pricing day. The 7-year IRS will be reset on the next business day after each seventh anniversary day after issuance and thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 7-year IRS rate is the arithmetic mean of 7-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 Company will determine the rate based on reasonable market price with good faith.
- 3) Dividend payment: If the surplus or earnings in the fiscal year are insufficient to fully pay off dividends to the stockholders of the preferred stocks, the unpaid dividend will not be carried forward to years with earnings. The Company has sole discretion on the distribution of the dividends of preferred stock E. Earnings distribution proposals will be devised by the board of directors in accordance with Article 40-1 of the Articles of Incorporation of the Company and then submitted to the annual general meeting of stockholders for acknowledgment. Earnings available for distribution to preferred stocks and common stocks under an acknowledged earnings distribution proposal will be distributed first to preferred stock D and then to preferred stock E, if any. Any remaining balance shall be distributed according to the Articles of Incorporation of the Company. The stock dividends are distributed by cash in one-off payment and are calculated based on the proportion of the number of days that the stocks are issued in a fiscal year. After the stockholders, in their meeting, approve the appropriation of the earnings of the fiscal year as proposed by the board of directors and resolve to distribute from the earnings cash dividends, the board of directors sets the record date of preferred stock E for payment of dividends. When the Company redeems the issued preferred stock E, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year up to the redemption date in proportion to total days in a fiscal year.
- 4) Restrictions on payment of dividends to common stocks: Except for the dividends prescribed in the preceding subparagraphs, the stockholders of preferred stock - E are not entitled to participate in the distribution of cash or stock dividends with regard to the common stocks and other preferred stocks derived from earnings or capital reserves.
- 5) Redemption: After seven years from the issue date, the Company may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock - E at any time at the issue price.

The rights and obligations associated with any remaining outstanding shares of preferred stock E shall continue as specified herein.

- 6) Liquidation preference: In the event of liquidation, the stockholders of preferred stock E shall be given priority to claim the Company's remaining assets over the stockholders of common stocks, but subordinate to the stockholders of preferred stock E, and not more than the issuance amount of outstanding shares of preferred stock E.
 - 7) Voting rights or election rights: The stockholders of preferred stock E are not entitled to any voting rights or election rights in stockholders' meeting. However, they may vote in preferred stock E stockholders' meetings and in general stockholders' meetings with regard to agenda items concerning rights and obligations of the stockholders of preferred stock E.
 - 8) Preferred stock E shall not be converted into common stocks. The stockholders of the preferred stocks shall not require the Company to redeem the rights of the preferred stock E.
 - 9) When the Company issues new stocks in cash, the stockholders of preferred stock E and the common stocks shall be entitled to equivalent preemptive rights on the new stocks.
- d. In accordance with Article 8-4 of its Articles of Incorporation, the Company issued preferred stock E, totaling 300,000 thousand shares, with a par value of NT\$10, at NT\$50 per share in the total amount of \$15,000,000 thousand on November 30, 2018. The issuance of stocks had been approved by the FSC under its Order No. 1070329855 issued on September 6, 2018, and the change in registration had been approved by the ROC Ministry of Economic Affairs under its Order No. 10701153080. The preferred stock E was listed on Taiwan Stock Exchange on January 8, 2019.

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

- 1) Tenor: Perpetual.
- 2) Dividend yield: An annual dividend yield is set at 3.80% (7-year IRS 1.1% + 2.7%) per annum of the issue price at the pricing day. The 7-year IRS will be reset on the next business day after each seventh anniversary day after issuance and thereafter. The pricing date for reset is the second business day of financial industry in Taipei immediately preceding each reset date. The 7-year IRS rate is the arithmetic mean of 7-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 Company will determine the rate based on reasonable market price with good faith.
- 3) Dividend payment: If the surplus or earnings in the fiscal year are insufficient to fully pay off dividends to the stockholders of the preferred stocks, the unpaid dividend will not be carried forward to years with earnings. The Company has sole discretion on the distribution of the dividends of preferred stocks E. Earnings distribution proposals will be devised by the board of directors in accordance with Article 40-1 of the Articles of Incorporation of the Company and then submitted to the annual general meeting of stockholders for acknowledgment. Earnings available for distribution to preferred stocks and common stocks under an acknowledged earnings distribution proposal will be distributed first to preferred stocks D and then to preferred stocks E, if any. Any remaining balance shall be distributed according to the Articles of Incorporation of the Company. The stock dividends are distributed by cash in one-off payment and are calculated based on the proportion of the number of days that the stocks are issued in a fiscal year. After the stockholders, in their meeting, approve the appropriation of the earnings of the fiscal year as proposed by the board of directors and resolve to distribute cash dividends from the earnings, the board of directors set the record date of preferred stock E for payment of dividends. When the Company redeems the issued preferred stock E, the dividends payable shall be calculated at the ratio of the number of days outstanding from beginning of year up to the redemption date in proportion to total days in a fiscal year.

- 4) Restrictions on payment of dividends to common stocks: Except for the dividends prescribed in the preceding subparagraphs herein, the stockholders of preferred stock E are not entitled to participate in the distribution of cash or stock dividends with regard to the common stocks and other preferred stocks derived from earnings or capital reserves.
- 5) Redemption: After seven years from the issue date, the Company may, subject to the competent authority's approval, redeem a portion or all of the outstanding shares of preferred stock E at any time at the issue price. The rights and obligations associated with any remaining outstanding shares of preferred stock E shall continue as specified herein.
- 6) Liquidation preference: In the event of liquidation, the stockholders of preferred stock E shall be given priority to claim the Company's remaining assets over the stockholders of common stocks, but subordinate to the stockholders of preferred stock E, and not more than the issuance amount of outstanding shares of preferred stock E.
- 7) Voting rights or election rights: The stockholders of preferred stock E are not entitled to any voting rights or election rights in stockholders' meeting. However, they may vote in preferred stock E stockholders' meetings and in general stockholders' meetings with regard to agenda items concerning rights and obligations of the stockholders of preferred stock E.
- 8) When the Company issues new stocks in cash, the stockholders of preferred stock E and of the common stocks shall be entitled to equivalent preemptive rights on the new stocks.

e. Advance receipts for capital stock

As of December 31, 2020, advance receipts for capital stock amounted to \$11,336 thousand, representing the proceeds of the exercise of employee stock options to convert into 1,744 thousand shares of common stock, of which the registration of the conversion has been completed.

f. Capital surplus

As of December 31, 2021, the Company recognized a capital surplus of \$35,921,647 thousand, of which a part of investees' unappropriated retained earnings amounted to \$414,706 thousand. In addition to other regulations, Article 47 (d) of Financial Holding Company Act stipulates that the appropriation is not restricted by Article 241 (a) of the Company Act. Furthermore, the capital surplus from preferred stock E issued in excess of par cannot be transferred to its paid-in capital during the outstanding issuance periods of preferred stock E.

g. Retained earnings and dividend policy

In accordance with dividend policy of the Articles of Incorporation of the Company, whereas the Company makes profit in a fiscal year, the profit shall be first utilized for paying taxes, adjusted in accordance with accounting standards, offset losses of previous years, set aside 10% of the remaining profit as legal reserve, and set aside special reserve in accordance with the laws and regulations, distributed dividends to the stockholders of preferred stock D based on the Company's Articles of Incorporation clause 8-2; the dividend rate of the preferred stock E should not be more than 8% and the distribution plan based on the Company's Articles of Incorporation clause 8-4 should be proposed by the Company's board of directors in their meeting before its being resolved in the stockholders' meeting, and then any remaining profit together with the amount of reversed dividend or special reserve available for distribution and any undistributed earnings at the beginning of the fiscal year shall be resolved by the Company's board of directors in their meeting as the basis for proposing a distribution plan, of which cash dividends should not be less than 10% of total dividends distributed, to common stockholders and each class of preferred stockholders. The distribution plan should be resolved in the stockholders' meeting. However, under the requirements of the MOF, if the Group's capital adequacy ratio is less than 100%, dividends cannot be distributed in cash or other assets. For the policies on distribution of employees' compensation and remuneration to directors before and after the amendment, refer to employee benefits expense in Note 39.

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

Refer to h. for the information relating to special reserves.

The appropriations of earnings for 2020 and 2019 were approved in the stockholders' meetings on July 23, 2021 and June 12, 2020, respectively. The number of common stocks outstanding has changed because of the exercise of employee stock options; the actual appropriations are as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For Year 2020	For Year 2019	For Year 2020	For Year 2019
Legal reserve	\$ 1,419,375	\$ 1,420,259		
Special reserves reversal	(144,352)	-		
Preferred stock D cash dividends	-	62,079	\$ -	\$ -
Preferred stock E cash dividends	1,757,500	1,757,500	-	-
Common stock cash dividends	6,059,361	6,029,510	0.55	0.57
Common stock dividends	4,957,660	2,466,618	0.45	0.23

h. Special reserves

Taishin Financial Holding reclassified reserve for trading and default losses as of December 31, 2010 to a special reserve account, which is part of equity, in accordance with Order No. 10010000440 issued by the FSC.

Taishin Financial Holding appropriated special reserves in accordance with Order No. 1090150022 issued by the FSC and the Q&As on Special Reserves Appropriated Following Adoption of IFRSs.

In accordance with Order No. 1010045494 issued by the FSC, Taishin Financial Holding reclassified from the balance of reserve for business loss as special reserves under Article 11 of Value-added and Non-value-added Business Tax Act.

Taishin Financial Holding appropriated to special reserves an amount equal to the increase in retained earnings that resulted from recognizing gain on bargain purchase through acquisition in accordance with Order No. 10310006310 issued by the FSC.

i. Other equity items

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

	For the Year Ended December 31	
	2021	2020
Beginning balance	\$(953,056)	\$(675,950)
Exchange differences on translating the net assets of foreign operations	13,494	3,373
Share of exchange differences of associates accounted for using the equity method	(59,518)	(280,479)
Reclassification adjustments		
Share from the disposal of associate accounted for using the equity method	816,298	-
Ending balance	<u>\$(182,782)</u>	<u>\$(953,056)</u>

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

	For the Year Ended December 31	
	2021	2020
Beginning balance	\$ 2,777,724	\$ 1,689,500
Recognized during the period		
Unrealized loss - debt instruments	(1,630,495)	1,773,240
Unrealized gain - equity instruments	488,339	53,087
Income tax related to profit or loss of debt instruments	146,063	(51,475)
Share of associates accounted for using the equity method	191,557	274,529
Reclassification adjustments		
Disposal of investments in debt instruments	(589,111)	(1,080,244)
Share from the disposal of associates accounted for using the equity method	(22,550)	-
Other comprehensive loss recognized in the period	(1,416,197)	969,137
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	552,833	119,087
Disposal of associates accounted for using the equity method	(716,492)	-
Ending balance	\$ 1,197,868	\$ 2,777,724

3) Changes in fair value attributable to changes in the credit risk of financial liabilities at FVTPL

	For the Year Ended December 31	
	2021	2020
Beginning balance	\$ 978	\$ 39,567
Changes in fair value attributable to changes in the credit risk	(19,801)	(38,589)
Ending balance	\$ (18,823)	\$ 978

4) Other comprehensive income (loss) on reclassification using the overlay approach

	For the Year Ended December 31, 2021
Beginning balance	\$ -
Recognized during the period	
Unrealized gain	340,905
Tax effects	13,627
Other comprehensive income recognized in the period	354,532
Ending balance	\$ 354,532

j. Non-controlling interests

	For the Year Ended December 31	
	2021	2020
Beginning balance	\$ 47,159	\$ 128,355
Attributable to non-controlling interests		
Net profit (loss) for the year	(13,095)	(4,595)
Other comprehensive income for the year	(14)	105
Change in subsidiaries' equity - liquidation	-	(100,143)
Change in subsidiaries' equity - acquisition	-	23,437
Ending balance	\$ 34,050	\$ 47,159

34. NET INTEREST INCOME

	For the Year Ended December 31	
	2021	2020
Interest income		
Loans	\$ 22,674,120	\$ 23,971,300
Investment in marketable securities	4,520,042	4,292,511
Revolving interest of credit cards	1,267,636	1,378,439
Finance leases	2,304,533	2,034,239
Others	1,871,074	2,225,661
	<u>32,637,405</u>	<u>33,902,150</u>
Interest expense		
Deposits	(5,508,412)	(8,573,731)
Issuance of bonds and securities	(1,281,547)	(1,249,590)
Structured products	(456,808)	(798,422)
Others	(1,030,248)	(1,621,293)
	<u>(8,277,015)</u>	<u>(12,243,036)</u>
Net interest income	<u>\$ 24,360,390</u>	<u>\$ 21,659,114</u>

35. NET SERVICE FEES AND COMMISSION INCOME

	For the Year Ended December 31	
	2021	2020
Service fees and commission income		
Interbank fees	\$ 883,167	\$ 950,482
Loan and guarantee fees	700,166	672,681
Fees from certification, underwriting and brokerage	3,457,980	1,981,932
Fees from trustee business	3,609,639	3,483,576
Insurance commission fees	5,440,873	5,514,786
Fees from credit card and cash card	3,792,242	3,856,527
Others	1,653,137	1,247,642
	<u>19,537,204</u>	<u>17,707,626</u>
Service fees and commission expenses		
Interbank fees	(332,638)	(343,904)
Marketing fees	(372,165)	(581,132)
Fees from credit cards	(1,663,702)	(1,705,561)
Others	(1,735,035)	(1,082,115)
	<u>(4,103,540)</u>	<u>(3,712,712)</u>
Net service fees and commission income	<u>\$ 15,433,664</u>	<u>\$ 13,994,914</u>

36. NET INCOME FROM INSURANCE OPERATIONS

	For the Year Ended December 31, 2021
Insurance business income	
Premium income	\$ 14,002,432
Reinsurance premium income	(1,004)
Reinsurance premium expense	(302,579)
Separate-account insurance products revenues	451,738
	<u>14,150,587</u>

(Continued)

	For the Year Ended December 31, 2021
Insurance business expense	
Brokerage expense	\$ 977
Insurance claim payments	2,762,830
Claims recovered from reinsurers	(101,574)
Disbursements toward industry stability fund	26,716
Separate-account insurance products expense	451,738
	3,140,687
Net income from insurance operations	\$ 11,009,900
	(Concluded)

37. GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Year Ended December 31	
	2021	2020
<u>Disposal gain (loss)</u>		
Taishin Bank		
Stocks and beneficiary certificates	\$ 355,430	\$ 232,421
Bills	48,496	12,384
Bonds	173,432	550,611
Derivative financial instruments	1,486,699	2,450,369
	2,064,057	3,245,785
Taishin Securities B		
Call (put) warrants issued	(56,385)	38,784
Trading securities - dealing	1,630,050	871,399
Trading securities - underwriting	244,548	75,670
Trading securities - hedging	858,486	308,287
Borrowing securities and securities sold under resale agreements	(127,146)	(49,712)
Open-end funds	156	1,680
Derivative financial instruments	(1,145,047)	(680,370)
	1,404,662	565,738
Taishin Life Insurance		
Stocks and beneficiary certificates	534,403	-
Bonds	(683)	-
	533,720	-
Others		
Stocks and beneficiary certificates	(32,062)	27,229
Derivative financial instruments	(188,900)	18,463
	(220,962)	45,692
	3,781,477	3,857,215
<u>Valuation gain (loss)</u>		
Taishin Bank		
Stocks and beneficiary certificates	(71,207)	37,284
Bills	(15,618)	7,325
Bonds	711,944	75,339
Derivative financial instruments	406,980	(1,016,030)
	1,032,099	(896,082)
Taishin Securities B		
Call (put) warrants issued	(86,371)	16,505
Trading securities - dealing	(226,120)	(192,947)
Trading securities - underwriting	67,993	3,959
Trading securities - hedging	29,320	324,747

(Continued)

For the Year Ended December 31

	2021	2020
Borrowings securities and securities sold under repurchase agreements	(124,141)	(55,318)
Open-end funds	(4,340)	(1,455)
Derivative financial instruments	(72,112)	(151,791)
	(415,771)	(56,300)
Taishin Life Insurance		
Stocks and beneficiary certificates	348,550	-
Bonds	(8,926)	-
Derivative financial instruments	29,485	-
	369,109	-
Others		
Stocks and beneficiary certificates	525,530	575,025
Derivative financial instruments	44,299	(258,019)
Contingent consideration agreement	(871,267)	-
	(301,438)	317,006
	683,999	(635,376)
Net interest income	433,782	637,642
Dividends	437,192	314,830
Interest expense	(148,708)	(150,580)
	<u>\$ 5,187,742</u>	<u>\$ 4,023,731</u>

(Concluded)

38. REALIZED GAINS (LOSSES) ON FINANCIAL ASSETS AT FVTOCI

For the Year Ended December 31

	2021	2020
Disposal gain (loss)		
Bills	\$ -	\$(11,969)
Bonds	602,851	1,097,196
Beneficiary certificates	(13,740)	(4,983)
	589,111	1,080,244
Dividend income		
Related to investments held at the end of the period	926,697	187,805
Related to investments derecognized at the end of the period	551,579	91,113
	<u>\$ 2,067,387</u>	<u>\$ 1,359,162</u>

39. EMPLOYEE BENEFITS EXPENSE

For the Year Ended December 31

	2021	2020
Short-term benefits	\$ 15,330,082	\$ 13,833,989
Post-employment benefits (Note 32)		
Defined contribution plans	502,075	460,874
Defined benefit plans	30,179	29,322
Share-based payments (Note 44)		
Cash-settled share-based payments	203,526	13,608
Others	136,432	129,807
	<u>\$ 16,202,294</u>	<u>\$ 14,467,600</u>

Employees' Compensation and Remuneration of Directors

The Company accrues employees' compensation and the remuneration of directors at a rate of no less than 0.01% and no higher than 1%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. For the years ended December 31, 2021 and 2020, the amounts of employees' compensation and remuneration of directors were as follows:

	For the Year Ended December 31	
	2021	2020
Employees' compensation	\$ 1,991	\$ 1,447
Remuneration of directors	\$ 199,083	\$ 144,716

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

The Company held board of directors' meetings on February 25, 2021 and March 26, 2020 in which it resolved the appropriations of employees' compensation and remuneration of directors and which resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2020 and 2019 to differ from the amounts recognized in the consolidated financial statements for the years ended December 31, 2020 and 2019, respectively. The adjustment for differences will be and was recognized in profit and loss for the years ended December 31, 2021 and 2020.

	For the Year Ended December 31			
	2020		2019	
	Employees' Compensation	Remuneration of Directors	Employees' Compensation	Remuneration of Directors
Amounts approved at the board of directors' meeting	\$ 1,445	\$ 108,427	\$ 1,468	\$ 110,120
Amounts recognized in the annual financial statements	\$ 1,447	\$ 144,716	\$ 1,454	\$ 145,378

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

40. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2021	2020
Property and equipment	\$ 1,152,927	\$ 1,030,146
Investment properties	13,414	13,130
Right-of-use assets	780,517	772,131
Intangible assets and other assets	441,690	385,896
	<u>\$ 2,388,548</u>	<u>\$ 2,201,303</u>

41. INCOME TAX

In 2003, Taishin Financial Holding adopted the linked tax system for tax filing (similar to a consolidated tax filing) along with its subsidiaries Taishin Bank and Taishin AMC. Taishin Venture Capital was included in this tax system since 2004, and Taishin Securities B, Taishin Securities Investment Trust and Taishin Securities Investment Advisory were included in this tax system since 2011.

In July 2019, the president of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. When calculating the tax on unappropriated earnings, the Group only deducts the amount of the unappropriated earnings that has been reinvested in capital expenditure.

Income Tax Recognized in Profit or Loss

The major components of tax expense (profit) were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current period	\$ 2,261,177	\$ 2,187,334
Additional income tax on unappropriated earnings	-	123,331
Adjustments for prior years	138,527	69,090
Offshore income tax expense	60,393	50,960
Land value increment tax	25,506	6,999
Deferred tax		
In respect of the current period	419,570	(353,609)
Adjustments for prior years	(48,385)	(141,804)
Income tax expense recognized in profit or loss	<u>\$ 2,856,788</u>	<u>\$ 1,942,301</u>

Reconciliation of profit before income tax and income tax was as follows:

	For the Year Ended December 31	
	2021	2020
Income from continuing operation before income tax	<u>\$ 23,155,501</u>	<u>\$ 16,431,128</u>
Income tax expense calculated at the statutory rate (20%)	\$ 4,631,100	\$ 3,286,226
Nondeductible expenses in determining taxable income	155,210	159,004
Tax-exempt income	(2,699,431)	(1,575,205)
Temporary differences	(37,777)	(5,104)
Loss carryforwards	210,006	(77,422)
Additional income tax under the Alternative Minimum Tax Act	407,316	-
Additionally levied on unappropriated earnings	-	123,331
Offshore income tax expense	60,393	50,960
Adjustments to prior years' tax	90,142	(72,714)
Land value increment tax	25,506	6,999
Others	<u>14,323</u>	<u>46,226</u>
Income tax expense recognized in profit or loss	<u>\$ 2,856,788</u>	<u>\$ 1,942,301</u>

Income Tax Recognized in Other Comprehensive Income

	For the Year Ended December 31	
	2021	2020
Deferred tax		
In respect of the current period:		
Fair value changes of financial assets at FVTOCI	\$(146,063)	\$ 51,475
Defined benefit actuarial of related income tax	(44,038)	(35,723)
Reclassification using the overlay approach	(13,627)	-
Total income tax recognized in other comprehensive income	<u>\$(203,728)</u>	<u>\$ 15,752</u>

Current Tax Assets and Liabilities

	December 31	
	2021	2020
Current tax assets		
Tax refund receivable	<u>\$ 291,168</u>	<u>\$ 11,011</u>
Current tax liabilities		
Income tax payable	<u>\$ 2,360,788</u>	<u>\$ 2,277,779</u>

Deferred Tax

Movements in deferred tax assets and liabilities were as follows:

For the Year Ended December 31, 2021						
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Acquisitions through Business Combinations	Other	Ending Balance
<u>Deferred tax assets</u>						
Temporary differences						
Allowance for loans losses	\$ 2,158,234	\$(49,922)	\$ -	\$ -	\$ 1,301	\$ 2,109,613
Others	1,054,309	(358,934)	110,004	5,410,129	-	6,215,508
	3,212,543	(408,856)	110,004	5,410,129	1,301	8,325,121
Loss carryforwards	678	(678)	-	-	-	-
	<u>\$ 3,213,221</u>	<u>\$(409,534)</u>	<u>\$ 110,004</u>	<u>\$ 5,410,129</u>	<u>\$ 1,301</u>	<u>\$ 8,325,121</u>
<u>Deferred tax liabilities</u>						
Land value increment tax	\$(53,552)	\$ -	\$ -	\$ -	\$ -	\$(53,552)
Temporary differences	(93,471)	38,349	93,724	(1,072,623)	-	(1,034,021)
	<u>\$(147,023)</u>	<u>\$ 38,349</u>	<u>\$ 93,724</u>	<u>\$(1,072,623)</u>	<u>\$ -</u>	<u>\$(1,087,573)</u>
For the Year Ended December 31, 2020						
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Other		Ending Balance
<u>Deferred tax assets</u>						
Temporary differences						
Allowance for loans losses	\$ 1,844,065	\$ 313,346	\$ -	\$ 823		\$ 2,158,234
Others	846,664	171,922	35,723	-		1,054,309
	2,690,729	485,268	35,723	823		3,212,543
Loss carryforwards	4,370	(3,692)	-	-		678
	<u>\$ 2,695,099</u>	<u>\$ 481,576</u>	<u>\$ 35,723</u>	<u>\$ 823</u>		<u>\$ 3,213,221</u>
<u>Deferred tax liabilities</u>						
Land value increment tax	\$(53,552)	\$ -	\$ -	\$ -		\$(53,552)
Temporary differences	(59,435)	13,837	(51,475)	3,602		(93,471)
	<u>\$(112,987)</u>	<u>\$ 13,837</u>	<u>\$(51,475)</u>	<u>\$ 3,602</u>		<u>\$(147,023)</u>

The Group's Loss Carryforwards as of December 31, 2021

Expiry Year	Unused Amount
2024	\$ 5,463
2025	10,141
2026	9,179
2027	9,635
2028	5,164
2029	8,455
2030	9,677
2031	9,357
	<u>\$ 67,071</u>

Assessments of the Group's Income Tax

- a. Taishin Financial Holding's income tax returns through 2016 had been assessed by the tax authorities.
- b. Taishin Bank's income tax returns through 2016 had been assessed by the tax authorities. The income tax returns of Taishin Real-Estate through 2019 had been assessed by the tax authorities. The income tax returns of Taishin D.A. Finance through 2019 had been assessed by the tax authorities.
- c. Taishin AMC's income tax returns through 2016 had been assessed by the tax authorities.
- d. Taishin Venture Capital's income tax returns through 2016 had been assessed by the tax authorities.
- e. Taishin Securities Investment Trust's income tax returns through 2016 had been assessed by the tax authorities.
- f. Taishin Securities B's income tax returns through 2016 had been assessed by the tax authorities. Taishin Securities Venture Capital's income tax returns through 2020 had been assessed by the tax authorities. Taishin Capital's income tax returns through 2020 had been assessed by the tax authorities.
- g. Taishin Securities Investment Advisory's income tax returns through 2016 had been assessed by the tax authorities.

42. EARNINGS PER SHARE

Unit: NT\$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	\$ 1.63	\$ 1.12
Diluted earnings per share	\$ 1.63	\$ 1.12

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 13, 2021. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2020 were as follows:

	For the Year Ended December 31, 2020	
	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share	\$ 1.17	\$ 1.12
Diluted earnings per share	\$ 1.17	\$ 1.12

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

Net Income for the Period (In Thousands of New Taiwan Dollars)

	For the Year Ended December 31	
	2021	2020
Net income for the periods attributable to owner of the Company	\$ 20,311,808	\$ 14,493,422
Less: Dividends on preferred stocks	(1,757,500)	(1,757,500)
Earnings used in computation of basic earnings per share	18,554,308	12,735,922
Earnings used in computation of diluted earnings per share	\$ 18,554,308	\$ 12,735,922

Weighted Average Number of Common Stocks Outstanding (In Thousands of Shares)

	For the Year Ended December 31	
	2021	2020
Weighted average number of common stocks in computation of basic earnings per share	11,409,326	11,404,162
Effect of dilutive potential common stocks:		
Employees stock options	-	151
Employees compensation	122	145
Weighted average number of common stocks outstanding in computation of dilutive earnings per share	11,409,448	11,404,458

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

43. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Taishin Life Insurance	Personal insurance	June 30, 2021	100	\$ 6,486,374

The Group acquired Taishin Life Insurance on June 30, 2021 in order to strengthen the Group's business competitiveness in the financial sector and achieve long-term business strategic goals.

b. Consideration transferred

	Taishin Life Insurance	
Cash	\$	5,568,519
Contingent consideration arrangement		917,855
	\$	6,486,374

Under the contingent consideration arrangement, within the expiration of two years from the signing date on August 11, 2020, the Group will pay the additional adjusted price if the price adjustment conditions are met while the limit is NT\$3 billion. In accordance with IFRS 3 "Business Combinations", the amount of \$917,855 thousand represents the estimated fair value of this obligation at the date of the acquisition. The recognized contingent consideration is used as part of the payment of the transferred consideration.

c. Fair value of assets acquired and liabilities assumed at the date of acquisition

	Taishin Life Insurance	
Assets		
Cash and cash equivalents	\$	1,593,071
Securities purchased under resale agreements		257,701
Receivables		2,172,609
Current tax assets		549,840
Financial assets at FVTPL		2,753,726
Financial assets at FVTOCI		13,978,033
Financial assets in debt instrument at amortized cost		164,450,486
Investment properties		1,923,790
		(Continued)

	Taishin Life Insurance
Loans	7,165,907
Reinsurance contract assets	520,849
Property and equipment	3,401,556
Right-of-use assets	44,255
Intangible assets	3,488
Deferred tax assets	5,410,129
Other assets	1,004,983
Separate account insurance product assets	26,717,765
	<u>231,948,188</u>
Liabilities	
Payables	(489,617)
Lease liabilities	(40,574)
Insurance liabilities	(162,060,674)
Reserve for insurance contracts with the nature of financial products	(2,057)
Foreign exchange reserve	(156,720)
Provisions	(310,715)
Deferred tax liabilities	(1,072,623)
Other liabilities	(545,820)
Separate account insurance product liabilities	(26,717,765)
Other reserves	(24,838,136)
	<u>(216,234,701)</u>
	<u>\$ 15,713,487</u>
	(Concluded)

d. Gain from bargain purchase recognized on acquisitions

	Taishin Life Insurance
Consideration transferred	\$ 6,486,374
Less: Fair value of identifiable net assets acquired	(15,713,487)
Gain from bargain purchase recognized on acquisitions	<u>\$(9,227,113)</u>

Gain from bargain purchase arising from the acquisition of Taishin Life Insurance is the difference between the consideration transferred and the fair value of acquired net identifiable assets. Gain from bargain purchase is recognized in current profit and loss, and the amount was only provisionally determined at the balance sheet date. The measurement period is at most one year from the date of acquisition. The fair value of net identifiable assets is based on the report proposed by external experts in a consultant company as the basis for fair value assessment.

e. Net cash outflow on the acquisition of subsidiary

	Taishin Life Insurance
Consideration paid in cash	\$ 5,568,519
Less: Cash and cash equivalent balance acquired	(1,593,071)
Less: Securities purchased under resale agreements qualifying as cash and cash equivalents under the definition of IAS 7	(257,701)
	<u>\$ 3,717,747</u>

f. Impact of acquisition on the results of the Group

Since the acquisition date, the operating results from Taishin Life Insurance were as follows:

	For the Six Months Ended December 31, 2021
Net income from insurance operations	\$ 11,009,900
Net income	<u>\$ 967,555</u>

The Group cannot reasonably simulate and determine the relevant financial assumptions and decisions of Taishin Life Insurance before the acquisition. Therefore, the Group is unable to compile the proposed operating income and proposed net profit of the Group for the year ended December 31, 2021 if the business combination occurred at the beginning of the fiscal year to which the acquisition date belongs.

44. SHARE-BASED PAYMENT ARRANGEMENTS

a. Equity-settled share-based payments of employee stock option plan

Taishin Financial Holding adopted the Employee Share Option Plan on August 31, 2011 and October 13, 2010 (Plan of 2010 (II) and 2010 (I)).

For vested share-based payment exercised before the transition date, the Group chose the exemption from the adoption of FSC-endorsed IFRS 2 "Share-Based Payment". Thus, only the employee share options unvested on the transition date adopted the regulation of FSC-endorsed IFRS 2 "Share-Based Payment". All the employee share options were measured at fair value at grant date. Options were priced using the appropriate pricing model.

Under the Plan of 2010 Taishin Financial Holding has to grant 77,000 units (first grant 75,390 units, second grant 1,610 units) of stock warrant to its qualified employees. Each unit represents the right to obtain 1,000 shares of Taishin Financial Holding's common stock, and the exercise price is equal to the stock closing price on the Taiwan Stock Exchange on the grant date.

The exercise price of the employee share options is subject to adjustments based on certain situations specified in the compensation plan.

Share options under the Plan of 2010 can be exercised in two years from the grant date and will expire in ten years from the grant date. The exercisable percentages were as follows:

Share Options Grant Period	Percentage Exercisable	Cumulative Percentage Exercisable
Over 2 years	15%~40%	15%~40%
Over 3 years	15%~40%	30%~80%
Over 4 years	15%~40%	45%~100%
Over 5 years	15%~40%	60%~100%
Over 6 years	15%~40%	100%

The quantity and weighted-average exercise price of the stock options were as follows:

	For the Year Ended December 31			
	2021		2020	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
<u>Plan of 2010 (II)</u>				
Outstanding, beginning balance	307	\$ 6.60	307	\$ 7.00
Exercised	(307)	6.60	-	-
Outstanding, ending balance	-	-	307	6.60
Exercisable, ending balance	-	-	307	-

				For the Year Ended December 31, 2020	
				Unit	Weighted Average Exercise Price (Dollars)
<u>Plan of 2010 (I)</u>					
Outstanding, beginning balance			9,619	\$	6.90
Exercised	(		8,339)		6.67
Forfeited	(		1,280)		6.55
Outstanding, ending balance			-		
Exercisable, ending balance			-		

The exercise price and expected weighted-average outstanding period of the stock option for the year ended December 31, 2021 were as follows:

For the Year Ended December 31				
	2021		2020	
	Exercise Price (Dollars)	Expected Weighted Average Outstanding Period (Years)	Exercise Price (Dollars)	Expected Weighted Average Outstanding Period (Years)
Plan of 2010 (II)	\$ -	-	\$ 6.60	0.66
Plan of 2010 (I)	-	-	6.50	-

The valuation model and the assumptions used in the employee stock option plan for the year ended December 31, 2021 were as follows:

Valuation Model	Black-Scholes Options Valuation Model	Plan of 2010 (II)	Plan of 2010 (I)
Assumption	Dividend yield	-	-
	Expected price volatility	37.71%~39.71%	38.02%~38.73%
	Risk-free interest rate	1.22%~1.52%	1.06%~1.23%
	Expected outstanding period	10 years	10 years

No compensation costs were recognized for the years ended December 31, 2021 and 2020.

b. Cash-settled share-based payments of Taishin stock appreciation rights plan

The Group issued stock appreciation rights (SAR) to employees that required the Group to pay the intrinsic value of SAR to the qualified people at the date of exercise since 2013. The fair value of SAR was determined using the Black-Scholes pricing model based on the following assumptions:

	Plan of 2020	Plan of 2019	Plan of 2018	Plan of 2017	Plan of 2016
Grant-date share price (Note)	\$18.71	\$18.71	\$18.71	\$18.71	\$18.71
Exercise price	\$12.13	\$12.50	\$10.92	\$11.71	\$9.6
Outstanding period	1.1 years, 2.1 years	1.0 years	0.1 years	-	-
Expected volatility	31.15%, 31.15%	31.15%, 31.15%	31.15%, 31.15%	31.15%, 31.15%	31.15%, 31.15%
Risk-free interest rate	0.97%, 0.97%	0.97%, 0.97%	0.97%, 0.97%	0.97%, 0.97%	0.97%, 0.97%

Note: The grant-date share price is calculated based on the average closing price of common stocks of the Company 30 business days before the balance sheet date.

The movements in the appreciation rights plan were as follows:

For the Year Ended December 31, 2021			
Appreciation Rights Plan of 2020	Unit	Weighted Average Exercise Price (Dollars)	
Outstanding, beginning	-	\$	-
Granted	25,653		13.11
Ceased	(790)		13.07
Outstanding, ending	24,863		
Weighted-average fair value of appropriation rights (NT\$)	\$ 6.93		

For the Year Ended December 31

Appreciation Rights Plan of 2019	2021		2020	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	21,251	\$ 13.51	-	\$ -
Granted	-	-	21,821	14.43
Ceased	(910)	13.45	(570)	14.19
Outstanding, ending	<u>20,341</u>		<u>21,251</u>	
Weighted-average fair value of appropriation rights (NT\$)	<u>\$ 6.32</u>		<u>\$ 1.53</u>	

For the Year Ended December 31

Appreciation Rights Plan of 2018	2021		2020	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	13,736	\$ 11.80	14,486	\$ 12.60
Exercised	(6,623)	11.80	-	-
Ceased	(550)	11.78	(750)	12.53
Outstanding, ending	<u>6,563</u>		<u>13,736</u>	
Weighted-average fair value of appropriation rights (NT\$)	<u>\$ 7.80</u>		<u>\$ 1.76</u>	

For the Year Ended December 31

Appreciation Rights Plan of 2017	2021		2020	
	Unit	Weighted Average Exercise Price (Dollars)	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	7,310	\$ 11.71	15,191	\$ 12.50
Exercised	(6,965)	11.71	(7,376)	12.50
Ceased	(345)	11.71	(505)	12.44
Outstanding, ending	<u>-</u>		<u>7,310</u>	
Weighted-average fair value of appropriation rights (NT\$)	<u>\$ 1.41</u>		<u>\$ 1.50</u>	

For the Year Ended December 31, 2020

Appreciation Rights Plan of 2016	2020	
	Unit	Weighted Average Exercise Price (Dollars)
Outstanding, beginning	7,871	\$ 9.60
Exercised	(7,653)	9.60
Ceased	(218)	9.60
Outstanding, ending	<u>-</u>	
Weighted-average fair value of appropriation rights (NT\$)	<u>\$ 4.88</u>	

As of December 31, 2021 and 2020, the related amounts recognized as liabilities were \$219,507 thousand and \$42,451 thousand, respectively.

45. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities:

For the year ended December 31, 2021

	Opening Balance	Cash Flows	Non-cash Changes						Closing Balance
			Effect of Exchange Rate Changes	New Leases	Termination of Lease Contract	Amortization for Discount	Fair Value Adjustments	Acquisitions through Business Combinations	
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	\$ 26,386,935	\$ 13,472,910	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,859,845
Commercial paper payable	15,432,869	7,534,000	-	-	-	(3,758)	-	-	22,963,111
Lease liabilities	2,978,858	(795,994)	391	453,022	(23,134)	-	-	40,574	2,653,717
Other borrowings	11,180,264	1,617,430	69,926	-	-	-	-	-	12,867,620
Financial liabilities designated as at FVTPL	3,203,055	-	-	-	-	-	(179,477)	-	3,023,578
Bonds payable	70,100,000	-	-	-	-	-	-	-	70,100,000
	\$ 129,281,981	\$ 21,828,346	\$ 70,317	\$ 453,022	\$ (23,134)	\$ (3,758)	\$ (179,477)	\$ 40,574	\$ 151,467,871

For the year ended December 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes					Closing Balance
			Effect of Exchange Rate Changes	New Leases	Termination of Lease Contract	Amortization for Discount	Fair Value Adjustments	
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	\$ 29,697,937	\$ (3,311,002)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,386,935
Commercial paper payable	22,856,765	(7,432,000)	-	-	-	8,104	-	15,432,869
Lease liabilities	2,822,108	(733,513)	26	953,534	(63,297)	-	-	2,978,858
Other borrowings	11,194,084	(28,252)	14,432	-	-	-	-	11,180,264
Financial liabilities designated as at FVTPL	3,287,359	-	-	-	-	-	(84,304)	3,203,055
Bonds payable	56,800,000	13,300,000	-	-	-	-	-	70,100,000
	<u>\$ 126,658,253</u>	<u>\$ 1,795,233</u>	<u>\$ 14,458</u>	<u>\$ 953,534</u>	<u>\$ (63,297)</u>	<u>\$ 8,104</u>	<u>\$ (84,304)</u>	<u>\$ 129,281,981</u>

46. CAPITAL RISK MANAGEMENT

a. Summary

To efficiently control the capital adequacy of the Group on the premise of balancing the Group's business development and risk control, Taishin Financial Holding had codified its "principles of capital adequacy management" and compile related information to be reported to the Asset and Liability Management Committee periodically.

The Group's goals in capital management are as follows:

- 1) To ensure the Group conforms to related capital adequacy regulations and minimum basic criteria set by each industry's regulatory agencies.

- 2) To ensure every subsidiary is able to meet the capital needs of operating plan and the capital requirement, as well as to reach the optimization of capital allocation within the Group.
- 3) To implement capital management, Taishin Financial Holding and its significant subsidiaries should assess capital adequacy periodically and make proper arrangements of capital structure and application of capital instruments and adjustments of asset portfolio.

b. Capital management procedures

In order to meet the Group's capital adequacy goals, Taishin Financial Holding established the Asset and Liability Committee (the "Committee") to review capital performance of Taishin Financial Holding and its significant subsidiaries' every month. If there is any concern that the Group's capital adequacy may be below the legal standard, the Committee would immediately find measures to increase the Group's net qualified capital or to reduce the Group's legal capital requirement so as to improve the Group's performance and meet capital adequacy ratio.

The Group's capital adequacy ratio is calculated based on the accounting reports and related data of capital adequacy provided by Taishin Financial Holding and its subsidiaries. Taishin Financial Holding and each of its subsidiaries should respectively report to the relevant regulatory agencies using the calculation formulas and forms according to the regulations before deadline.

c. Group's capital adequacy

Company \ Item	December 31, 2021		
	Ownership Interest (%)	Group Eligible Capital	Group's Statutory Capital Requirement
Taishin Financial Holding		220,067,278	236,872,987
Taishin Bank	100%	199,745,262	139,307,578
Taishin Securities B	100%	11,390,559	4,682,849
Taishin Life Insurance	100%	12,161,455	7,667,160
Taishin Venture Capital	100%	5,654,633	2,833,261
Taishin AMC	100%	1,201,859	981,833
Taishin Securities Investment Trust	100%	1,134,687	698,980
Taishin Securities Investment Advisory	92%	299,604	178,028
Exclusive items amounts subtracted		(213,259,917)	(200,040,662)
Total		238,395,420	193,182,014
Group's capital adequacy ratio (Note)			123.40%

Company \ Item	December 31, 2020		
	Ownership Interest (%)	Group Eligible Capital	Group's Statutory Capital Requirement
Taishin Financial Holding		\$ 208,062,223	\$ 219,913,162
Taishin Bank	100%	195,687,557	126,217,003
Taishin Securities B	100%	10,226,525	4,192,845
Taishin Venture Capital	100%	4,836,814	2,419,779
Taishin AMC	100%	1,152,562	1,019,600
Taishin Securities Investment Trust	100%	909,793	536,418
Taishin Securities Investment Advisory	92%	305,039	183,623
Exclusive items amounts subtracted		(192,190,332)	(178,389,984)
Total		228,990,181	176,092,446
Group's capital adequacy ratio (Note)			130.04%

d. Financial holding company eligible capital

Item	December 31, 2021
Common stock	\$ 114,093,832
Non-cumulative perpetual preferred stocks and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	8,000,000
Other preferred stock and subordinated corporate bonds	22,000,000
Advance receipts for capital stock	-
Capital surplus	35,921,647
Legal reserve	13,196,771
Special reserve	393,716
Retained earnings	25,110,517
Equity adjustment	1,350,795
Less: Goodwill	-
Less: Deferred assets	-
Less: Treasury stock	-
Total	220,067,278

Item	December 31, 2020
Common stock	\$ 109,115,662
Non-cumulative perpetual preferred stocks and non-cumulative subordinated debts without maturity dates which comply with eligible Tier 1 capital	8,000,000
Other preferred stock and subordinated corporate bonds	22,000,000
Advance receipts for capital stock	11,336
Capital surplus	35,928,795
Legal reserve	11,777,396
Special reserve	571,970
Retained earnings	18,831,418
Equity adjustment	1,825,646
Less: Goodwill	-
Less: Deferred assets	-
Less: Treasury stock	-
Total	208,062,223

Note 1: The above list was prepared according to "Regulations Governing the Consolidated Capital Adequacy of Financial Holding Company."

Note 2: Group's capital adequacy ratio = Group's eligible capital ÷ Group's statutory capital requirement.

e. Taishin Bank's capital adequacy

Item			Period	December 31, 2021	December 31, 2020
Self-owned capital	Common equity Tier I			142,418,309	136,397,935
	Other Tier I capital			24,368,801	24,378,703
	Tier II capital			32,958,152	34,910,919
	Self-owned capital			199,745,262	195,687,557
Risk-weighted assets	Credit risk	Standardized approach		1,162,766,268	1,094,636,587
		IRB		-	-
		Securitization		1,795,491	102,411
	Operation risk	Basic indicator approach		-	-
		Standardized approach/ optional standard		101,841,688	61,407,175
		Advanced internal-rating based approach		-	-
	Market price risk	Standardized approach		60,335,388	45,920,525
		Internal model approach		-	-
	Total			1,326,738,835	1,202,066,698
Capital adequacy ratio				15.06%	16.28%
Common equity Tier I to risk-weighted assets ratio				10.73%	11.35%
Tier I capital to risk-weighted assets ratio				12.57%	13.38%
Leverage ratio				7.18%	7.27%

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on December 23, 2019 (Ref. No. FSC 10802744341), January 14, 2020 (Ref. No. FSC 10802747311), and January 12, 2021 (Ref. No. FSC 10902745641).

Note 2: Formula:

- a) Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital
- b) Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) x 12.5
- c) Capital adequacy = Self-owned capital ÷ Risk-weighted assets
- d) Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets
- e) Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital) ÷ Risk-weighted assets
- f) Leverage ratio = Tier I capital ÷ Adjusted average assets

f. Taishin Securities' capital adequacy

Item	December 31	
	2021	2020
Eligible capital		
Tier I capital	\$ 10,241,757	\$ 9,080,947
Tier I capital - minus assets	1,139,580	1,124,275
Tier II capital - minus assets in excess of Tier II capital	-	-
Tier I capital, net	9,102,177	7,956,672
Tier II capital	3,310,894	3,312,255
Tier II capital - minus assets	1,009,532	1,025,434
Tier II capital, net	2,301,362	2,286,821
Tier III capital	-	-
Total net of eligible capital	\$ 11,403,539	\$ 10,243,493
Equivalent amount of operating risk		
Equivalent amount of credit risk	\$ 1,010,664	\$ 781,152
Equivalent amount of operation risk	375,700	284,326
Equivalent amount of market risk	1,735,535	1,729,752
	\$ 3,121,899	\$ 2,795,230
Capital adequacy ratio	365%	366%

- ◆ Capital adequacy ratio = Net of eligible capital ÷ Equivalent amount of operating risk
- ◆ Net of eligible capital = Tier I capital + Tier II capital + Tier III capital - Minus assets
- ◆ Equivalent amount of operating risk = Equivalent amount of market risk + Equivalent amount of credit risk + Equivalent amount of operation risk

g. Taishin Life Insurance's capital adequacy

The capital adequacy ratio calculated by Taishin Life Insurance based on the Regulations Governing Capital Adequacy of Insurance Companies is 200%, and the ratio of equity divided by the total assets excluding the total assets recorded in separate accounts for investment type insurance policies is 6.46%.

47. DISCLOSURES ACCORDING TO ARTICLE 46 OF FINANCIAL HOLDING ACT

According to Article 46 of Financial Holding Company Act, all subsidiaries of financial holding company should disclose the balance of credit, endorsements and other transactions to the same person, the same related person or the same related enterprise.

Details for the balance of credit, endorsements and other transactions to the same person as of December 31, 2021 were as follows:

(In Thousands of New Taiwan Dollars; %)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
a. To the same person or the same enterprise		
Central Bank	368,740,110	186.14%
US GOVT	13,139,717	6.63%
Hon Hai Precision IND, Co., Ltd.	10,336,861	5.22%
Taiwan Power Co., Ltd.	8,896,911	4.49%
Government National Mortgage Association (GNMA)	8,856,038	4.47%
Ruentex Industries Limited	6,050,088	3.05%
Delta Electronics, Inc.	5,621,975	2.84%
Wistron Corporation	5,597,032	2.83%
Quanta Computer Inc.	5,444,208	2.75%
Agricultural Bank of China	5,206,306	2.63%
Taiwan Semiconductor Manufacturing Co., Ltd.	5,053,435	2.55%
Sprinta Inc. Taiwan Branch	4,808,000	2.43%
Qisda Corporation	4,459,751	2.25%
Compal Electronics, Inc.	4,433,375	2.24%
Ding Shuai Development Corporation	4,320,000	2.18%
Capital Securities Corporation	4,271,996	2.16%
Taiwan Mobile Co., Ltd.	4,136,290	2.09%
Lien Jade Construction Co, Ltd.	4,023,888	2.03%
Puyong Archiland	3,965,360	2.00%
China Development Bank Corporation	3,916,705	1.98%
HonHan Investment Co., Ltd.	3,688,835	1.86%
Macquarie Group Limited	3,656,989	1.85%
Far EasTone Telecommunications Co., Ltd.	3,647,990	1.84%
Agricultural Bank of China	3,598,562	1.82%
CPC Corporation Taiwan	3,585,815	1.81%

(Continued)

(In Thousands of New Taiwan Dollars; %)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
TSMC Global Ltd.	3,528,946	1.78%
Formosa Chemicals & Fibre Corporation	3,487,719	1.76%
Formosa Ha Tinh Steel Corporation	3,460,625	1.75%
Chunghwa Telecom Co., Ltd.	3,432,773	1.73%
Chailase Finance Co., Ltd.	3,390,389	1.71%
China Steel Corporation	3,301,284	1.67%
KEB Hana Bank	3,255,351	1.64%
Evergreen Marine Corp.	3,179,005	1.60%
Industrial and Commercial Bank of China	3,090,592	1.56%
PGIM High Yield Fund Class R6	3,072,554	1.55%
Credit Agricole CIB	3,019,202	1.52%
Catcher Technology Co., Ltd.	3,014,085	1.52%
Total	538,688,762	
b. To the same person and spouse, the relative within the second degree and the person or the spouse's enterprise		
Individual A	11,917,854	6.02%
Individual B	10,390,538	5.25%
Individual C	10,336,861	5.22%
Individual D	8,510,088	4.30%
Individual E	5,946,355	3.00%
Individual F	5,150,486	2.60%
Individual G	5,114,668	2.58%
Individual H	5,091,835	2.57%
Individual I	4,808,000	2.43%
Individual J	4,530,729	2.29%
Individual K	4,441,203	2.24%
Individual L	4,287,160	2.16%
Individual M	4,271,996	2.16%
Individual N	4,252,217	2.15%
Individual O	4,186,290	2.11%
Individual P	4,023,888	2.03%
Individual Q	3,666,536	1.85%
Individual R	3,639,536	1.84%
Individual S	3,629,572	1.83%
Individual T	3,611,126	1.82%
Individual U	3,575,183	1.80%
Individual V	3,575,183	1.80%
Individual W	3,516,203	1.77%
Individual X	3,179,005	1.60%
Individual Y	3,116,203	1.57%
Individual Z	3,038,663	1.53%
Total	131,807,378	

(Continued)

(In Thousands of New Taiwan Dollars; %)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
c. To the same related party enterprise		
Hon Hai Group	28,505,567	14.39%
Far Eastern Group	23,307,921	11.77%
Ruentex Group	14,939,623	7.54%
CITIC Group	14,921,683	7.53%
Union Group	13,141,687	6.63%
Chailease Group	10,891,170	5.50%
Fubon Group	10,334,546	5.22%
Formosa Plastics Group	10,029,372	5.06%
YFY Inc.	9,190,800	4.64%
Taiwan Power Co., Ltd.	8,992,111	4.54%
Qisda Group	8,870,863	4.48%
TSMC Group	8,606,291	4.34%
Ting Hsin Group	7,993,525	4.04%
Kinpo Group	7,409,885	3.74%
China Development Financial Group	7,241,975	3.66%
Cheung Kong Group	7,151,548	3.61%
Formosa Chemicals & Fibre Corporation	7,135,152	3.60%
Wistron Group	7,109,125	3.59%
Pou Chen Group	6,681,648	3.37%
Quanta Computer Group	5,686,677	2.87%
Delta Electronics Group	5,621,975	2.84%
Uni-President Group	5,498,632	2.78%
Yulon Group	5,199,159	2.62%
Gold East Trading Co., Ltd.	5,152,422	2.60%
Lien Jade Construction Group	4,993,888	2.52%
Hong Tai Group	4,947,989	2.50%
Goldman Sachs Group	4,940,026	2.49%
Sports City International Inc.	4,913,792	2.48%
MS Group	4,887,669	2.47%
Charoen Pokphand Group	4,871,709	2.46%
Capital Securities Group	4,825,696	2.44%
King's town Group	4,798,210	2.42%
Evergreen Group	4,767,896	2.41%
APL Group	4,732,000	2.39%
Maw Der International Group	4,597,600	2.32%
Yuanta Group	4,532,427	2.29%
Macquarie Group Limited	4,518,204	2.28%
CMP Group	4,511,321	2.28%
CitiGroup	4,404,006	2.22%
Puyong Group	4,287,160	2.16%
ASE Group	4,223,477	2.13%
Asus Group	4,147,549	2.09%

(Continued)

(In Thousands of New Taiwan Dollars; %)

Transaction Party	Credit, Endorsement and Other Transaction	As Proportion of Financial Holding's Net Equity
WPG Group	4,103,888	2.07%
JPMorgan Group	4,034,376	2.04%
CDB Group	3,916,705	1.98%
China Steel Corporation	3,832,060	1.93%
Yageo Group	3,623,556	1.83%
Continental Engineering Group	3,599,590	1.82%
CPC Group	3,585,815	1.81%
China Construction Bank Group	3,569,451	1.80%
Wells Fargo Company Group	3,515,515	1.77%
Hotai Motor Group	3,480,613	1.76%
HSBC Group	3,477,133	1.76%
RGE Group	3,474,965	1.75%
Chunghwa Telecom Group	3,451,053	1.74%
Coretronic Group	3,282,633	1.66%
Hana Financial Group	3,255,351	1.64%
ICBC Group	3,187,990	1.61%
Soft Bank	3,111,709	1.57%
ABUDHABI Commercial Bank	3,101,526	1.57%
Hong Pu Construction Group	3,071,886	1.55%
Credit Agricole S.A.	3,019,202	1.52%
Catcher Technology Group	3,014,085	1.52%
Total	396,223,078	

(Concluded)

48. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Summary

Fair value is the exchange price in an orderly transaction between market participants and is the amount to be received on the sale of an assets or the amount to be paid on the transfer of a liability.

Financial instruments are initially measured at fair value. In many cases, the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the Group will use valuation techniques or refer to Bloomberg or Reuters' quotes or the fair value quoted by the counterparty.

b. The definition of three levels of fair value

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Active markets must have the following attributes: (A) assets or liabilities traded in the market are identical, (B) the market is principal (or most advantageous), providing ease in finding buyers and sellers that are both able and willing to transact an asset sale or liability transfer; and (C) pricing information is readily available on an ongoing basis to the public.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., value derived from price), in the active markets.

- a) Quoted prices of similar financial instruments in active market are the Company's fair value of financial instruments if based on recent quoted price for similar financial instruments. Similar financial instruments should be decided in accordance with characteristics and transaction conditions of these instruments. Fair value of financial instruments will vary depending on factors specific to the similar asset or liability. The factors include: Prices are not current, price quotations vary substantially, transaction price between related parties, relevance of quoted price of similar instruments and the quoted price of financial instruments.
- b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c) Valuation models are used to measure fair value, and the inputs (e.g. interest rate, yield curve, and volatilities) are based on accessible data from the markets (the observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data).
- d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).
- 3) Level 3 inputs are inputs that are not available in the market. Unobservable inputs are inputs such as historical volatilities used in option pricing model. Historical volatility typically does not represent current market participants' expectations about future volatility.

c. Financial instruments measured at fair value

1) Information on fair value hierarchy

The financial instruments measured at fair value of the Group are measured at fair value on a recurring basis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Financial Assets and Liabilities	December 31, 2021			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>				
<u>Non-derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stocks and beneficiary certificates	\$ 38,406,495	\$ 34,210,325	\$ 896,478	\$ 3,299,692
Bond investments	40,475,403	16,116,367	24,359,036	-
Investment in bills	54,264,117	-	54,264,117	-
Others	683	-	-	683
Financial assets at FVTOCI				
Equity investments	40,566,638	37,790,383	-	2,776,255
Bond investments	134,861,456	5,836,585	129,024,871	-
Beneficiary securities	1,453,655	-	1,453,655	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,023,578	-	3,023,578	-
Financial liabilities held for trading	4,651,819	4,651,819	-	-
<u>Derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL	17,228,379	970,153	11,433,070	4,825,156
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,021,174	-	3,021,174	-
Financial liabilities held for trading	21,243,826	35,867	14,863,010	6,344,949

Financial Assets and Liabilities	December 31, 2020			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>				
<u>Non-derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stocks and beneficiary certificates	\$ 13,375,439	\$ 10,332,072	\$ 443,273	\$ 2,600,094
Bond investments	29,428,972	16,398,019	13,030,953	-
Investment in bills	58,787,535	-	58,787,535	-
Others	20,981	20,201	-	780
Financial assets at FVTOCI				
Equity investments	4,914,356	2,565,424	-	2,348,932
Bond investments	155,377,360	61,622,008	93,755,352	-
Investment in bills	30,227,206	212,566	30,014,640	-
Beneficiary securities	510,978	-	510,978	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,203,055	-	3,203,055	-
Financial liabilities held for trading	712,154	712,154	-	-
<u>Derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL	25,829,129	666,567	21,543,354	3,619,208
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,417,670	-	3,417,670	-
Financial liabilities held for trading	28,719,833	187,738	25,324,424	3,207,671

2) The valuation techniques based on fair value

Financial instruments are initially measured at fair value. In many cases the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the Group will use valuation techniques or refer to Bloomberg or Reuters' quotes or the fair value quoted by the counterparty.

If there is an active market and a price for a financial instrument quoted in that market, the quoted price will be the fair value of the financial instrument. Market prices provided by major stock exchanges and market prices of popular central government bonds announced by the Taipei Exchange (formerly the GreTai Securities Market) are considered to be the basis of fair values for equity instruments and debt instruments with active market.

If a quoted price, which represents the price being practically and frequently transacted in orderly transactions, can be acquired from stock exchanges, brokers, underwriters, pricing service institutions or the administration in time then there is an active market for the financial instrument. If the conditions mentioned above are not met, then the market is regarded as inactive. Generally speaking, extremely high bid-ask spread, significant increase of bid-ask spread or extremely low transaction amounts are all indications for an inactive market.

The Group's financial instruments with active markets and the basis of their fair values are described as follows:

a) Foreign currency products

Since the foreign exchange market is very active, the Group adopts the market prices of each respective currency or the last trading prices as fair values.

b) Government bonds and part of interest rate derivatives

i. New Taiwan Dollar Central Government Bonds: If there is a trading price on the measurement date, then the last trading price is the fair value. If there is no trading price for reference and the subordinated bond fair price provided by the Taipei Exchange is not in the market quoted price interval, then the median price of the market quoted prices is the fair value. If the subordinated bond fair price is in the market quoted price interval, then the fair price is the fair value.

ii. Interest rate derivatives: The quoted price from Reuters is the fair value.

c) Stock-related products

The Group adopts stock market quoted prices or the last trading prices as fair values.

d) Credit-related products

The quoted price from Bloomberg is the fair value.

Except for the financial instruments with active market, fair values of other financial instruments are acquired based on valuation techniques or the quoted prices from counterparties. Fair values acquired through valuation techniques can be calculated using models based on fair values from financial instruments with similar conditions and characteristics, cash flow discount method and other valuation techniques, including accessible information on the balance sheet date such as the yield curve from the Taipei Exchange or the average quoted price from Reuters commercial papers interest rate.

When measuring financial instruments that are not standardized and with low complexity such as options without active market, the Group will adopt valuation techniques consistent with those generally used by other market participants to price financial instruments. Parameters applied for the valuation models for this type of financial instruments are observable in the market.

With regard to financial instruments with high complexity, the Group will adopt self-developed valuation techniques and methods consistent with those generally used by other market participants and valuation models to measure fair values. These types of valuation models are often applied to derivatives, embedded bond instrument or securitized products, etc. Part of parameters applied for the valuation models for this type of financial instruments are not observable in the market. Therefore, the Group makes appropriate estimates based on assumptions.

Valuation of derivatives is based on valuation models consistent with those generally used by other market participants, such as the discount rate method or the option pricing models.

Valuation of investments in equity instruments is based on generally used valuation methods, which are consistent with those described in the Statements of Valuation Standards (SVS) No. 11 "Business Valuation", such as the asset based approach and the market approach (which is comparable to the market approach).

3) Adjustments of fair values

a) Limits of valuation models and indeterminate input value

Valuation models generate estimated approximate values. That is, valuation techniques may not be able to reflect all the factors relevant to the performance of the Group's financial instruments. Thus, the results generated by valuation models are adjusted appropriately by using additional parameters, such as determinants of fair value (prevailing economic conditions, financial condition of counterparties to financial instruments, etc.) or assumptions and forecasts (future economic conditions, amount and pricing of future cash flows, etc.). Based on Taishin Financial Holding's valuation basis manual and model management policies, the price information and parameters used in the valuation process are carefully assessed and appropriately adjusted in accordance with actual market conditions.

b) Credit risk value adjustments

Credit risk value adjustments are mainly classified into credit value adjustments (CVA) and debit value adjustments (DVA), described as follows:

The CVA is an adjustment to the valuation of derivative contracts made in decentralized market, which is the Over the counter (OTC) market, to reflect within fair value the possibility that the counterparty may default and that the Group may not receive the full market value of the transactions.

The DVA is an adjustment to the valuation of derivative contracts made in decentralized market, which is the Over the counter (OTC) market, to reflect within fair value the possibility that the Group may default, and that the Group may not pay the full market value of the transactions.

The Group would calculate CVA by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying by exposure at default (EAD) of the counterparty. On the contrary, DVA is computed by applying probability of default of the Group and considering loss given default of the Group before being multiplied by exposure at default of the Group.

The Group manages PD through its regular internal rating review. After examining the experiences of foreign financial institutions, the Group adopted 60 as its LGD and chose the marking to market of OTC derivative instruments to determine EAD. In addition, in calculating the fair values of financial instruments, the Group took credit risk rating adjustments into consideration to reflect competitors' credit risk and the Group's credit quality, respectively.

4) The transfer between Level 1 and Level 2

Based on an internal risk control management policy, some of the New Taiwan dollar Central Government Bonds were determined as bond instrument investments with no active market. Thus, the bond amounts of \$24,297,592 thousand and \$5,393,100 thousand were transferred from Level 1 to Level 2 for the years ended December 31, 2021 and 2020, respectively.

5) Reconciliation of Level 3 financial assets

For the Year Ended December 31, 2021								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	\$ 6,220,082	\$ 1,237,002	\$ -	\$ 1,053,240	\$ -	\$ (368,294)	\$ (16,499)	\$ 8,125,531
Financial assets at FVTOCI	2,348,932	-	(32,721)	467,962	-	(7,918)	-	2,776,255
Total	\$ 8,569,014	\$ 1,237,002	\$ (32,721)	\$ 1,521,202	\$ -	\$ (376,212)	\$ (16,499)	\$ 10,901,786

Note: No transfer from Level 3.

For the Year Ended December 31, 2020								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	\$ 7,715,361	\$ (1,021,790)	\$ -	\$ 1,400,312	\$ -	\$ (1,873,801)	\$ -	\$ 6,220,082
Financial assets at FVTOCI	2,138,618	-	211,868	-	-	(1,554)	-	2,348,932
Total	\$ 9,853,979	\$ (1,021,790)	\$ 211,868	\$ 1,400,312	\$ -	\$ (1,875,355)	\$ -	\$ 8,569,014

Note: No transfer from Level 3.

Valuation gains (losses) recognized in current profits or losses in the amounts of \$1,294,088 thousand and \$(793,700) thousand were attributed to gains (losses) on assets owned for the years ended December 31, 2021 and 2020, respectively.

Valuation gains (losses) recognized in other comprehensive income in the amounts of \$(32,721) thousand and \$203,315 thousand were attributed to gains (losses) on assets owned during years ended December 31, 2021 and 2020, respectively.

Reconciliation of Level 3 financial liabilities:

For the Year Ended December 31, 2021							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	\$ 3,207,671	\$ 1,738,108	\$ 1,587,714	\$ -	\$ (188,544)	\$ -	\$ 6,344,949

Note: No transfer from Level 3.

For the Year Ended December 31, 2020							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	\$ 4,527,329	\$ (1,626,845)	\$ 1,057,286	\$ -	\$ (750,099)	\$ -	\$ 3,207,671

Note: No transfer from Level 3.

Abovementioned valuation gains (losses) recognized in current profits or losses in the amounts of \$62,576 thousand and \$1,462,919 thousand were attributed to gains (losses) on liabilities owned during years ended December 31, 2021 and 2020, respectively.

6) The quantification information measured by fair value of significant unobservable inputs (Level 3)

The fair value attributed to Level 3 in the Group only has single significant unobservable input.

The quantification information of significant unobservable inputs was as follows:

	Fair Value on December 31, 2021	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
Non-derivative financial instruments					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Stock investments	\$ 2,962,123	Assets method	Discount for lack of marketability	1% - 40%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	2% - 30%	The higher the discount for non-controlling interests, the lower the fair value.
	175,167	Market method	Discount for lack of marketability	20% - 40%	The higher the discount for lack of marketability, the lower the fair value.
	103,013	Revenue method	Discount for lack of marketability	30% - 50%	The higher the discount for lack of marketability, the lower the fair value.

(Continued)

	Fair Value on December 31, 2021	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
Private equity funds	59,389	Market method	Non-controlling interest discount	20% - 30%	The higher the discount for non-controlling interests, the lower the fair value.
Investment agreements	683	Revenue method	Discount rate	3% - 25%	The higher the discount rate, the lower the fair value.
Financial assets at FVTOCI			Discount for lack of marketability	0% - 30%	The higher the discount for lack of marketability, the lower the fair value.
Equity investments			Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	30%	The higher the discount for non-controlling interests, the lower the fair value.
			Discount rate	1.1%	The higher the discount rate, the lower the fair value.
Financial assets at FVTOCI	2,714,070	Assets method	Discount for lack of marketability	3% - 30%	The higher the discount for lack of marketability, the lower the fair value.
Stock investments			Non-controlling interest discount	7% - 30%	The higher the discount for non-controlling interests, the lower the fair value.
	62,185	Market method	Discount for lack of marketability	10% - 30%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial assets</u>					
Financial assets at FVTPL					
Interest rate swaps	243,933	Cash flow discount method	Discount for lack of marketability	0% - 20%	The higher the discount for lack of marketability, the lower the fair value.
Equity-linked swaps	222	Option pricing model	Volatility rate	5% - 40%	The higher the volatility rate, the higher the fair value.
<u>Derivative financial liabilities</u>					
Financial liabilities at FVTPL					
Interest rate swaps	3,653	Cash flow discount method	Discount for lack of marketability	0% - 20%	The higher the discount for lack of marketability, the lower the fair value.
Equity-linked swaps	222	Option pricing model	Volatility rate	5% - 40%	The higher the volatility rate, the higher the fair value.
Contingent consideration	1,789,122	Option pricing model	Volatility rate	0.16%	The higher the volatility rate, the higher the fair value.

(Concluded)

	Fair Value on December 31, 2020	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
Non-derivative financial instruments					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Stock investments	\$ 2,257,664	Assets method	Discount for lack of marketability	1% - 40%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	2% - 30%	The higher the discount for non-controlling interests, the lower the fair value.
	254,636	Market method	Discount for lack of marketability	20% - 40%	The higher the discount for lack of marketability, the lower the fair value.
	79,353	Revenue method	Discount for lack of marketability	40%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	20%	The higher the discount for non-controlling interests, the lower the fair value.
			Discount rate	3% - 25%	The higher the credit spread, the lower the fair value.
Private equity funds	8,441	Market method	Discount for lack of marketability	0% - 30%	The higher the discount for lack of marketability, the lower the fair value.
Investment agreements	780	Revenue method	Discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	20%	The higher the discount for non-controlling interests, the lower the fair value.
			Discount rate	1%	The higher the discount rate, the lower the fair value.
Financial assets at FVTOCI					
Stock investments	2,117,444	Assets method	Discount for lack of marketability	7% - 30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	3% - 30%	The higher the discount for non-controlling interests, the lower the fair value.
	231,488	Market method	Discount for lack of marketability	10% - 30%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial instruments					
Financial assets at FVTPL					
Interest rate swaps	420,773	Cash flow discount method	Discount for lack of marketability	0% - 20%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial liabilities					
Financial liabilities at FVTPL					
Interest rate swaps	2,210	Cash flow discount method	Discount for lack of marketability	0% - 20%	The higher the discount for lack of marketability, the lower the fair value.

7) The assessment of fair value based on Level 3 inputs

The financial instruments assessment group of the Group's department of risk management is responsible for independently verifying fair value, using an impartial, reliable source of information, so that the evaluation results reflect market status closely, same with other resource and representing executable price calibrating the assessment model regularly, and updating input values, information and any other information needed to ensure that the assessment model results are reasonable.

The department of investment management targets in equity instruments which obtain financial information audited or reviewed recently from invested company and collect information acquired from public market or private market for the purpose of valuation in proper method.

The department of finance and the department of risk management set assessment policies and procedures for determining the fair values of financial instruments and ensure that these policies and procedures are in compliance with IFRS.

d. Not measured at fair value

1) Fair value information

The Group's assets that are not measured at fair value, such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resale agreements, receivables, other financial assets, loans, due to the Central Bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, deposits and remittances, bonds payable, other borrowing and other financial liabilities have carrying amounts that are equal to, or reasonably approximate, their fair values.

	December 31			
	2021		2020	
	Book Value	Fair Value	Book Value	Fair Value
<u>Financial assets</u>				
Financial assets in debt instruments at amortized cost (Note)	\$ 461,273,302	\$ 456,450,551	\$ 270,634,022	\$ 270,957,460
Note:	Include security deposit.			

2) Information on fair value hierarchy

Assets and Liabilities	December 31, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets in				
debt instruments at amortized cost	\$ 456,450,551	\$ 1,599,719	\$ 454,850,832	\$ -

Assets and Liabilities	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Financial assets				
Debt instruments at amortized cost	\$ 270,957,460	\$ 3,524,964	\$ 267,432,496	\$ -

3) Valuation techniques

a) Financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resale agreements, receivables, other miscellaneous financial assets, due to the Central Bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, other borrowings and other miscellaneous financial liabilities, are disclosed at their carrying amounts as shown in the consolidated balance sheets since their maturities are very short or their future payments/receipts approximate their carrying amounts.

b) Financial assets in debt instruments at amortized cost: Refer to Note 48 (c) for related information.

c) Loans (including delinquent loans)

The Group's loan interest rate is usually determined based on the prime rate plus or minus basic points (i.e. the floating rate), which reflects the market interest rate. The expected recovery of loans is taken into consideration. Therefore, loans are disclosed at their carrying amounts.

Medium and long-term loans, which are determined at fixed rates and account for a minor proportion of loans, are disclosed at their carrying amounts.

d) Deposits

Considering that most of the banking transactions are within one year of maturity, deposits are disclosed at their carrying amounts.

e) Bonds payable

The bonds issued by the Group are intended to enhance liquidity or for capital management purpose instead of earning short-term profits; therefore, the bonds are disclosed at carrying amounts.

Financial Assets and Financial Liabilities Offsetting

The Group signs net settlement contracts or similar agreements with counterparties. When both transaction parties choose to do netting, the Group can offset financial assets and financial liabilities after the signing of the net settlement agreement. If not, the Group would execute total settlement. However, if one of the transaction parties breaks a contract, the other party can choose to execute net settlement. The table below shows more information on the offset of financial assets and financial liabilities.

December 31, 2021						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Assets (a)	Offset of Realized Financial Liabilities in Balance Sheet (b)	Net Financial Assets in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Received Cash Collateral	
Derivative	\$ 15,488,968	\$ 6,893,250	\$ 8,595,718	\$ 6,406,290	\$ 1,075,663	\$ 1,113,765

Note: Including net settlement and non-cash collateral.

December 31, 2021						
Offset and Execution of Net Settlement or Similar Agreement on Financial Liabilities						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	\$ 13,684,598	\$ -	\$ 13,684,598	\$ 6,406,290	\$ 4,070,889	\$ 3,207,419

Note: Including net settlement and non-cash collateral.

December 31, 2020						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Assets (a)	Offset of Realized Financial Liabilities in Balance Sheet (b)	Net Financial Assets in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Received Cash Collateral	
Derivative	\$ 13,341,243	\$ -	\$ 13,341,243	\$ 8,006,768	\$ 1,350,764	\$ 3,983,711

Note: Including net settlement and non-cash collateral.

December 31, 2020						
Offset and Execution of Net Settlement or Similar Agreement on Financial Liabilities						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	\$ 21,057,335	\$ -	\$ 21,057,335	\$ 8,006,768	\$ 4,419,257	\$ 8,631,310

Note: Including net settlement and non-cash collateral

Transfer of Financial Assets

Taishin Financial Holding treats debt securities under repurchase agreements as transferred financial assets that do not qualify for full de-recognition; thus, the Group will recognize debts on the transferred financial assets to be bought back at a confirmed price because of the transfer of cash on the debt security contracts. In addition, the Group should not use, sell or pledge the transferred financial assets during the transaction validity period. However, the Group still bears interest and credit risks although the financial assets will not be fully derecognized. The following table shows the amounts of the financial assets that did not qualify for full de-recognition and information on the related financial liabilities.

December 31, 2021		
Financial Assets	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Financial assets at FVTPL sold under repurchase agreement	\$ 55,903,041	\$ 55,309,042
Financial assets at FVTOCI sold under repurchase agreement	29,236,954	27,957,880
Financial assets in debt instruments at amortized cost under repurchase agreement	3,024,016	2,943,684

December 31, 2020		
Financial Assets	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Financial assets at FVTPL sold under repurchase agreement	\$ 59,553,586	\$ 61,800,284
Financial assets at FVTOCI sold under repurchase agreement	28,489,657	26,488,362

Financial Risk Management Objectives and Policies

a. Summary

The Group's goal in risk management is to balance the risks and returns by giving consideration to business operation, overall risk taken, and external legal restrictions. The major risks the Group sustains includes in and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity security prices, credit spread and commodity price risks) and liquidity risks.

Taishin Financial Holding has rules for risk management policies and risk control procedures, which had been approved by the board of directors, risk management committee or monthly risk management meeting, in order to effectively identify, measure, supervise and control credit risks, market risks and liquidity risks.

b. Organizational structure of risk management function

The board of directors is the highest level in the risk management function in the Company and takes the full responsibility for risk management issues and to examine policies and standards and establish risk management system. The chairman of Risk Management Committee takes charge of risk management and reports to the board of directors periodically.

Risk management department is independent of business department and identifies, assesses, and controls various risks according to risk management standards. In addition, internal auditing department is responsible for the independent review of risk management and internal control environment.

c. Market risk

1) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of in and off-balance sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices, credit spreads and commodity prices.

a) Interest rate risks

Interest rate risk is fair value changes in interest rate risk position held by the Group due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

b) Exchange rate risks

Exchange rate risk is the gain or loss resulting from exchange or translation of two different foreign currencies at different times. The Group's exchange rate risk mainly comes from spot and forward exchange positions and forward exchange options.

c) Equity securities price risks

Equity security price risk is the valuation effect on the position held by the Group when the equity security price changes. The Group's equity security price risk mainly comes from public and OTC stocks, index futures and options.

d) Credit spread risk

Credit spread risk is the risk of the effect of changes in credit spreads on positions held by the Group. The major risk comes from derivatives such as credit default swaps.

The major market risks of the Group are equity securities price risks, credit spread risks, interest rate risks, and exchange rate risks. The main position of equity securities risk includes domestic public, OTC, and emerging market stocks, domestic stock index options and stock index futures. The main position of credit spread risk includes the credit derivatives, such as credit default swaps and convertible bond asset swap (CBAS), etc. The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Group's investments denominated in foreign currencies, such as foreign currency spots and foreign currency options.

Effect of interest rate benchmark reform

The Group is exposed to LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. LIBOR includes currencies USD, EUR, JPY and GBP. There are no CHF LIBOR derivatives and non-derivative financial assets and liabilities held by the Group. Secured Overnight Financing Rate ("SOFR") is expected to replace LIBOR. There are key differences between LIBOR and SOFR. LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a "backward-looking" rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Group established a LIBOR transition project plan. This transition project is considering changes to risk management policies, product service planning, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. The updates on market progress, the progress of transition project plan and the situation of reducing exposures are reported to Asset and Liability Committee periodically. The Group will continue to promote the update and adjustment of IT systems and internal processes required for the

introduction of alternative interest rate benchmarks, and ensure that the re-negotiation and agreement of terms, contract amendments or other arrangements with counterparties are completed before the cessation of each benchmark.

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

December 31, 2021

Interest Rate Benchmark	Effect of interest Rate Benchmark Reform					
	USD LIBOR		EUR LIBOR	GBP LIBOR	JPY LIBOR	Other LIBOR
	1 Week or 2 Months	Other Periods	Whole Period	Whole Period	Whole Period	Whole Period
Type	Maturity Date Between January 1, 2022 and June 30, 2023	Maturity Date after June 30, 2023	Maturity Date after December 31, 2021	Maturity Date after December 31, 2021	Maturity Date after December 31, 2021	Maturity Date after December 31, 2021
Non-derivative financial assets - book value	\$ 5,439,106	\$ 57,841,077	\$ 770,510	\$ 589,322	\$ 858,357	\$ 477,410
Financial assets at FVTPL	-	1,445,172	-	-	-	-
Financial assets at FVTOCI	-	5,145,787	-	-	-	-
Financial assets in debt instruments at amortized cost	-	4,288,764	-	-	-	-
Securities purchased under resale agreements	-	1,010,677	-	-	-	-
Loans	5,439,106	45,950,677	770,510	589,322	858,357	477,410
Non-derivative financial liabilities - book value	-	583,184	-	-	-	-
Securities sold under resale agreements	-	583,184	-	-	-	-
Derivative instruments - nominal principal amount	2,216,782	138,954,642	-	-	-	-

Note a: The book value is the total value, that is, impairment loss or allowance for bad debt is not deducted.

Note b: Other LIBOR includes EONIA, SGD SOR and THB FIX.

Note c: Except that the due date for the USD LIBOR overnight, 1 month, 3 months, 6 months and 12 months was extended to June 30, 2023, the due date for other LIBOR currencies is December 31, 2021.

2) Market risk management policy

The Group's risk management policy clearly defines the risk management procedures for risk identifying, risk measuring, risk controlling and risk reporting, which are executed by risk management department independent of trading and other departments. The risk management department develops management principles for different businesses and for various aspects of market risk management based on the risk management policy. It establishes market risk management system and regulates market risks, risk limits, stop loss limit and stress tests of various financial assets.

3) Market risk management procedures

a) Identifying risks and measuring possible effects

The Group's risk management department identifies the exposures of positions or new financial instruments to market risks and measures the gains and losses on positions held due to changes in market risk factors based on standards.

The risk management department calculates price sensitivity and gains and losses on positions which are recorded in trading books daily; and calculates the maximum potential losses recorded in each trading book monthly. The Group takes measures to avoid tremendous losses that will harm the Group's operations due to overwhelming changes in market risk factors.

b) Controlling of risk and reporting of issues

The Group controls market risk by managing risk limits. The risk management department sets various trading limits, such as position limits, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by the board of directors.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the limits approved by the board of directors and prepares reports to the high-level management and the board of directors periodically for their sufficient understanding of the implementation of the market risk management work and, if necessary, issuance of additional guidance.

4) Principles of the market risk management

Based on the related risk management standards, the Group classifies financial instruments into trading and non-trading portfolios according to the purpose of holding the instruments and manages them with different methods.

Trading portfolios consists of financial instruments held for trading purposes or commodities held to hedge positions in trading books. A position, such as self-run position or position produced by matched principal brokering or market making, is for trading purposes if it is intended to be sold within a short period, to earn or to lock in profit from actual or expected short-term price fluctuations.

Non-trading portfolios are positions other than aforementioned trading portfolios positions, consisting of medium to long-term equity investments and hedging positions to earn from the appreciation of values and dividends, bonds and notes investments and hedging positions to earn interests, positions held for fund dispatching, liquidity risk management, and interest rate risk management in banking books, and positions held for other management purposes.

a) Management strategy

The goal of market risk management is to pursue maximum return on capital, meaning maximizing the capital usage efficiency to improve stockholders' equity.

In order to control market risks, the risk management department sets risk limits for various investment portfolio based on trading strategies, category of trading products and annual profit goals in order to control exposure to risks on positions and losses.

b) Management principles

The Group stipulated "Principles of Market Risk Limit Management" and "Instructions of Valuation Benchmark" to manage market risk and valuation.

c) Valuation gains and losses

If objective prices of financial instruments exist in open market, such as trading prices, gains and losses on positions are valued in accordance with the market prices by the risk management department. If fair value data is inaccessible, the risk management department will cautiously adopt verified mathematical models to value gains and losses and review the assumptions and parameters of the valuation models periodically.

d) Risk measuring methods

The methods applied by the risk management department in measuring market risks are as follows:

i. Measure the price sensitivity of various risk factors

i) Interest rate risk

It applies DV01 to measure interest risk. DV01 is the change in the value of interest rate risk positions when the yield curve moves upward by one basis point (1bp).

ii) Exchange rate risks

It applies Delta to measure the exchange rate risk of the first order change and applies Gamma to measure the exchange rate risk of the second order change. In addition, Vega is used to measure the first order risk of implied volatility rate.

iii) Equity securities price risks

It applies Delta to measure the independent equity security price risk of the first order change, or market value is applied to indicate the exposure risks on positions of stocks.

iv) Credit spread risk

It applies CS 01, which is the impact of the changes in fair value of a position in response to a one basis point (1bp) credit spread change.

As the investment from Taishin Life Insurance should comply with the ratio of asset-liability allocation, there are different risk measurement methods. Refer to the section on insurance risk information.

ii. Refer to item 6 for the risk assumptions and calculation methods.

iii. Measure potential losses (stress losses) resulting from extreme market volatility in order to assess capital adequacy and essential position adjustments. Refer to item 6 for the stress test.

e) Risk management procedures

The risk management department identifies the products that can be included in the portfolio, evaluates the risk factors on positions, and sets stop-loss limit and limit of VaR to control exposure to position loss. If the stop-loss limit is reached, then the trading department should take immediate remedial steps to reduce the exposure to the risk position.

5) Interest rate risk management in the banking book positions

Taishin Bank

Banking book interest rate risk involves bonds and bills and their hedge positions, which are held to manage the Bank's liquidity risk and the interest rate risk of deposits and loans undertaken by business departments. The interest rate risk is transferred to banking book management department for centralized management through internal fund transfer pricing (FTP) system. Banking book interest rate risk is the effect on net interest income of risk exposure positions held due to changes in interest rate. There is no secondary market for loan transactions and the purpose of holding non-trading portfolios in the banking book is to establish deposit reserve. The purpose is different from short-term investments holding for pursuing profit. Banking book interest rate risks are regulated separately by the risk management department.

a) Management strategy

The goal of banking book interest rate risk management is to control interest rate risk position and pursue stability and growth of banking book net interest income under the circumstances that liquidity is appropriate.

b) Management principles

Taishin Bank stipulated "The Principles of Banking Book Interest Rate Risk Management" as the important control regulations for banking book interest rate risk management.

c) Measuring methods

The banking book interest rate risk is the risk of quantitative or repricing term differences due to the differences in amounts and maturity or repricing dates of banking book assets, liabilities and off-balance-sheet items. Taishin Bank measures the effect on net interest income when the yield curve moves upward by 1bp.

d) Management procedures

Taishin Bank defines the instruments of banking book interest rate management and sets the limit of interest rate risk in order to avoid severe recession of net interest income when the interest rate changes unfavorably. The banking book management unit sets limits and keeps the interest rate risk within the limits.

6) Methods for measuring market risk

Taishin Bank

a) Stress test

A stress test is applied to measure loss under extremely unfavorable market circumstances in order to assess financial institutions' tolerance to extreme market volatility.

The risk management unit is required to execute the stress test at least once a month to calculate stress loss for trading portfolios. The risk management unit observes historical information of market price and sets the biggest possible volatility range for various market risk factors as the stress circumstance, which should be approved by the Risk Management Committee. Since there are so many market risk factors that affect trading portfolios, there might be plenty of permutation and combination of stress circumstances when the unit calculates stress loss. For instance, change in a market risk factor might result in the biggest loss of one investment portfolio but create profits for another investment portfolio. Based on the conservative principles, the risk management unit will take into account correlation between various risk factors to calculate the biggest loss as the stress loss.

The risk management unit should confirm that overall stress loss for trading portfolios does not exceed the stress loss limit and report to the high-level management as references for adjusting positions or resource distributions.

b) Value at risk, "VaR"

Taishin Bank uses variety of methods to control market risk; the VaR is one of them. Taishin Bank is using risk model to assess the value of trading portfolios and potential loss amount of holding positions. VaR is Taishin Bank's important internal risk control system, and the board of directors reviews and establishes trading portfolio's limits annually. Actual exposures of Taishin Bank are monitored daily by risk management.

VaR is used to estimate adverse market potential loss of existing positions. The VaR model uses historical simulation method, a one-year historical observation period, the estimate of 99 confidence interval, the maximum possible amount of loss holding positions for one day, and the probability that actual losses may exceed the estimate.

For the Year Ended December 31, 2021				
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 3,062	\$ 11,768	\$ 775	\$ 3,691
Interest rate VaR	35,231	59,318	16,999	45,265
Equity securities VaR	63,197	117,391	32,595	90,644
Credit spread VaR	309	1,793	-	533
Value at risk	73,689	143,649	40,744	99,928

For the Year Ended December 31, 2020				
	Average	Highest	Lowest	Ending Balance
Exchange VaR	\$ 4,673	\$ 75,675	\$ 1,058	\$ 6,259
Interest rate VaR	46,473	128,188	6,038	47,436
Equity securities VaR	68,652	119,097	18,065	116,168
Credit spread VaR	3,427	8,983	321	342
Value at risk	96,965	152,968	34,843	139,230

c) Information of exchange rate risk concentration

For information regarding Taishin Bank's non-functional currency financial assets and liabilities on the balance sheet date, refer to Note 56.

Taishin Securities B

VaR is the potential highest loss for a period within certain confidence interval. For the years ended December 31, 2021 and 2020, Taishin Securities B's VaR factors were as follows:

	For the Year Ended December 31, 2021			
	Average	Highest	Lowest	Ending Balance
Value at risk (VaR)	\$ 89,384	\$ 182,632	\$ 41,606	\$ 103,097

	For the Year Ended December 31, 2020			
	Average	Highest	Lowest	Ending Balance
Value at risk (VaR)	\$ 100,964	\$ 156,631	\$ 24,348	\$ 117,026

Taishin Life Insurance

For information regarding methods for measuring market risk and exchange rate risks, refer to section of insurance risk and financial risk information.

d. Credit risk

1) Source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability of fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance-sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility on the collateral and market liquidity risk of the collateral.

Credit risk can be divided into the following categories based on the object and nature of business:

a) Credit risk

Credit risk is the risk that a borrower is unable to pay its debt or fulfill its debt commitments in credit loans operation.

b) Issuer (guarantor) risk of the underlying issue

It is the credit risk that stock issuers go into liquidation or are unable to pay back money when debt, bills and other securities mature.

c) Counterparty risk

It is the credit risk that the counterparty undertaking OTC derivatives or RP/RS transactions are unable to fulfill settlement obligations.

Counterparty risk is also divided into settlement risk and pre-settlement risk.

i. Settlement risk

It is the loss resulting from the counterparty failing to deliver goods or other money on the settlement date when the Group had fulfilled settlement obligations.

ii. Pre-settlement risk

It is the loss resulting from the counterparty failing to fulfill settlement or pay the obligations and from changes in market prices before the settlement date.

d) Other credit risks

Country risk, custodian risk and brokers risk, etc.

2) Credit risk management policies

Taishin Bank

To ensure its credit risk under control within the tolerable range, Taishin Bank has stipulated in the guidelines for risk management that for all the products provided and businesses conducted, including all on and off-balance sheet transactions in the banking and trading books, Taishin Bank should make detailed analyses to identify existing and potential credit risks. Before launching new products or businesses, Taishin Bank ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factoring and credit derivative instruments, Taishin Bank also establishes risk management system described in the related rules and guidelines.

Unless the local authorities regulate the assessment of asset qualities and provision for potential losses of the overseas business department, it is in accordance with Taishin Bank's risk management policies and guidelines.

The measurement and management procedures of credit risks in Taishin Bank's main businesses are as follows:

a) Credit granting business (including loans and guarantees)

i. Credit risk rating

For risk management purposes, Taishin Bank rates credit qualities (by using internal rating models for credit risk or credit score tables) in accordance with the nature and scale of a business.

The corporate finance department's internal rating adopts two aspects. One is obligor risk rating (ORR) and the other is Facility Risk Rating (FRR). ORR is used to assess the possibility of the debtor performing financial commitments, which is a quantitative value based on the probability of default (PD) within one year. FRR is used to assess the effect of rating structures and collateral conditions on credit rating, which is a quantitative value based on loss given default (LGD). At the same time, experts also engage in judging and adjusting the rating overrides of statistic models to make up the shortage of the model.

The consumer finance department's internal rating system adopts product characteristic and debtor condition (such as new case or behavior grading) as the basis of segmentation. It is to ensure that the same pools of debtors and risk exposure are homogeneous. At the same time, review of loans based on experts' override is complemented to make up for the limitation of the model.

ii. Strengthening of management and tracking of credit account after loan

Corporate Finance Department has set up post-loan control unit to build a more automated post-loan management system. In addition to the original review function, they established an early warning model to strengthen the management and reduce credit risk by providing warning in advance and making faster and intensive notifications and tracking for observed accounts.

iii. The measurement of ECLs

At the end of the reporting period, Taishin Bank evaluates the risk of default occurring over the expected life of loans, to determine if the credit risk has increased significantly since original recognition. In order to perform this

evaluation, Taishin Bank considers the information regarding whose credit risk has significantly increased since the respective loan's initial recognition as well as corroborative information (including forward-looking information). The key indicators include quantitative indicators such as changes in internal and external credit ratings, overdue conditions (such as being more than one month overdue), etc., as well as qualitative indicators such as a worsening of debt paying ability, unfavorable changes in operating financial and economic conditions and significant increases in credit risk of borrowers' other financial instruments. At the end of the reporting period, Taishin Bank assumes that the credit risk has not increase significantly for those whose credit risk is determined to be low.

Taishin Bank has the same definition of default on credit assets and credit impairment. The evidence of credit losses on financial assets includes overdue conditions (e.g. past due for more than three months) and significant financial distress of the borrower. The definitions of default and credit impairment are consistent with the definitions of the financial assets for the purpose of internal credit risk management, which are also used in the relevant impairment assessment model.

In order to assess the ECLs, the loans will be assessed in groups based on the nature of the products, borrowers' credit ratings and collateral, and the Group takes into consideration each borrower's probability of default (PD), loss given default (LGD) and exposure at default (EAD) for the next 12 months and for the lifetime of the loan and considers the impact of the monetary time value in order to calculate the ECLs for 12 months and for the lifetime of the loan, respectively.

The PD and LGD used in the impairment assessment are based on internal historical information (such as credit loss experience) of each combination and are calculated based on current observable data and forward-looking general economic information.

Taishin Bank assesses the EAD, PD and LGD using the current exposure method, the group estimating method and the recovery rate adjustment method, respectively. When assessing internal credit ratings, the Group takes factors into account to adjust PD as follows: It considers the respective borrower's future financial and business prospect, guarantors, stockholders and group background, as well as the forward-looking effects of environmental changes in the economy, markets and regulations in corporate finance; and it considers overall economic indicators (e.g. gross domestic product (GDP)) that are adjusted according to the asymptotic single risk factor (ASRF) model.

There was no significant change in valuation techniques and major assumptions used to assess the ECLs of the loans by Taishin Bank in 2021 and 2020.

In addition to the aforementioned assessment procedures, which classify loans in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, the loans are classified into five categories for evaluation. Except for normal loans, the remainders are classified into the first category. After the assets are assessed on the basis of the guarantee status of the claims and the length of the time overdue, they are respectively classified within the remaining categories according to the probability of recovery as follows: The second category is for notable assets; the third category is for assets which are expected to be recovered; the fourth category is for assets which will be difficult to recover; and the fifth category is for assets for which recovery is considered hopeless. The highest values of the aforementioned evaluation results are taken to measure the allowance loss.

In order to manage problematic loans, procedures are adopted for the reorganization of loan loss provisions, the allowance for bad debt or guarantee liability provisions, the measurement of overdue loans and the collection of default loans. In the management of loans, Taishin Bank is also guided by the Regulations Governing the Procedures for Corporation Credit Businesses to Evaluate Assets and Deal with Non-performing Assets, Measures for Corporation Credit Businesses to Be Taken When Credit Extensions Become Past Due and Regulations Governing Collection Procedures, Regulations Governing the Procedures for Consumer Finance to Evaluate Assets and Deal with Non-performing Assets, Regulations Governing the Procedures for Overdue Loans, Non-accrual Loans and Doubtful Loans.

iv. Write-off policy

Overdue loans and non-accrual loans for which one of the following events have occurred should have the estimated recoverable amount deducted and should then be written off as bad debts.

- The debtor may not recover all or part of the obligatory claim due to dissolution, disappearance, settlement, bankruptcy or other reasons.
- The appraisal of the collateral, the property of the principal debtor and the surety is low, or the amount of the loan's priority is deducted, or the collection implementation costs may approach or exceed the amount that Taishin Bank can repay, or the loan is not able to be collected.
- The property of the principal debtor and the surety were auctioned off at multiple auctions, no one was required to buy it and Taishin Bank did not bear the benefit.
- Overdue loans and non-accrual loans which have been overdue for more than two years have been collected but have not been received.

However, for overdue loans and non-accrual loans which have been overdue for more than three months but less than two years, after the collection has not been recovered and after deducting the recoverable portion, the remainder will be written off as bad debts.

Loans are written off in accordance with relevant regulations and procedures; the activities of the principal debtor and the surety from obligatory claims shall still be monitored by the relevant business department. If there is property that is available for execution, the Group shall sue according to the relevant laws.

If an evaluation determines that there is no benefit to be gained from the collection activities described in the preceding paragraph, such shall be reported to and approved by the board of directors, and the debt shall no longer be posted in the accounts and subject to control; however, such debt shall continue to be recorded in registry books for acknowledgement.

b) Due from and call loans to banks

Taishin Bank evaluates the credit status of counterparties before deals are closed. Taishin Bank grants different limits to the counterparties based on their respective credit ratings as suggested by external qualified credit rating institutes.

c) Security investment and financial derivatives transaction

Regarding the credit risk of security investments and financial derivatives, Taishin Bank manages the risk by internal credit rating of issuers, issued underlying assets, counterparties, and by external credit rating of debt instruments and counterparties or status of regions/countries

The other banks with which Taishin Bank conducts derivative transactions are mostly considered investment grade. The credits extended to counterparties that are not rated as investment grade are assessed on a case-by-case basis. The credits extended to counterparties are monitored in accordance with the related contract terms and conditions, and the credit limits for derivatives established in normal credit granting processes. Meanwhile, Taishin Bank has set the total position limit on trading and banking book securities and each issuer's limit based on credit ratings.

The Group assesses the change in risk of default over the expected lifetime of investments in debt instruments as of the end of the reporting period, so as to determine whether there has been a significant increase in credit risk since initial recognition. In order to make this assessment, the Group considers reasonable indicators of a significant increase in credit risk since initial recognition and corroborative information (including forward-looking information). The main indicators include quantitative indicators, such as external credit ratings, qualitative indicators, such as

weakening solvency from adverse changes in operating, financial and economic conditions, and a significant increase in credit risk of the issuer's other financial instruments. Where the Group determines that the credit risk is low as of the reporting date, it will assume that the credit risk will not have a significant increase.

The Group defines default of investments in debt instruments and credit impairment the same. Evidence of financial asset credit impairment includes external credit ratings and the issuers experiencing severe financial difficulties. The definitions of default and credit impairment apply to the relevant impairment assessment model.

Based on credit assessment charts, the Group manages the internal and external credit assessment of debt instruments according to Moody's long-term credit ratings. Credit risk is significantly increased if:

- i. The rating is over Baa3 on the initial recognition date, and the rating is lower than Ba1, not including ratings of Ca-D on the measurement date.
- ii. The rating is Ba1-Ba3 on the initial recognition date, and the rating is downgraded to B1-Caa3 on the measurement date.
- iii. The rating is B1-Caa3 on the initial recognition date.

A loan is considered to have been defaulted on if the rating is Ca-D on the measurement date.

The trading department should monitor the credit position of investments in debt instruments. Once it knows that the issuer, guarantor or issued underlying has a credit event (such as a downgrade of credit ratings to non-investment grade, a discharge or a default), it should notify the relevant department immediately and dispose of the investments in debt instruments.

In order to assess the purpose of the ECLs, debt instruments are assessed by grade based on their credit rating. In order to measure the ECLs, the default probability of the issuers is considered, the PD, LGD, EAD for the next 12 months and over the full lifetime of the debt instruments shall be considered, and the impact of the time value of money shall be considered. From this, the 12-month and full-lifetime ECLs shall be calculated separately.

The Group assesses the EAD of investments in debt instruments using the current exposure method (CEM) and adopts external rating information, PD and LGD which are announced periodically by international credit rating agencies (S&P and Moody's), to calculate the ECLs.

Due to international credit rating agencies already considering the prospective information, it is appropriate to assess such information and then include it in the assessment of the related ECLs of the Group.

The Group evaluated that the assessment techniques or material assumptions of the ECLs of investments in debt instruments had no material change in 2021 and 2020.

Leasing subsidiaries

The Group adopts the simplified approach to assess the allowance for lease receivables based on their lifetime ECLs. In order to measure the loss allowance, the combination by past due positions is classified, the rating of losses are evaluated using the provision matrix approach, and the EAD of applicants is considered. With this and the impact of time value of money, the lifetime ECLs are calculated.

To loss ratings used in the impairment assessments are calculated based on internal historical data (such as credit loss experience) for each group and on currently observable data which is adjusted according to prospective general economic data.

The Group evaluates EAD using the book amount of lease receivables and assesses the loss ratings using the recovery rate adjusted method. The Group uses economic indicators such as prospective data to adjust loss ratings using the standard deviation method. The Group uses Taiwan's composite leading index as the basis for the adjustments of prospective data.

Except for the Group's extension of loan repayment period or adjustments to installment repayment amounts, which were included in the consideration of significant accounting estimates used in the analysis of asset impairment, the Group evaluated and concluded that the assessment techniques or material assumptions of ECLs of lease receivables had no material change in 2021 and 2020.

The following table details lease receivables based on the Group's provision matrix using the simplified approach.

December 31, 2021

	Normal or Less than 29 Days Past Due	30-89 Days Past Due	90-179 Days Past Due	180-359 Days Past Due
Loss rate	0.82%	14.31%	61.60%	59.28%
Amount of exposure	\$ 24,602,269	\$ 379,331	\$ 125,797	\$ 36,073
Loss allowance	200,727	54,294	77,488	21,383

December 31, 2020

	Normal or Less than 29 Days Past Due	30-89 Days Past Due	90-179 Days Past Due	180-359 Days Past Due
Loss rate	0.40%	16.78%	43.64%	72.62%
Amount of exposure	\$ 22,559,736	\$ 264,748	\$ 129,333	\$ 83,736
Loss allowance	89,742	44,4525	56,436	60,810

Under Taishin Financial Holding and Taishin Bank's approval of asset quality, the minimum loss allowance of lease receivables shall be assessed in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by the MOF.

When lease receivables are recognized as bad debts because they cannot be recovered or 360 days or more past due, the relevant regulations will be followed for recourse.

3) Credit risk hedging or mitigation policies

Taishin Bank

a) Collateral

Taishin Bank has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collateral from the borrowers. To secure the loans, Taishin Bank manages and assesses the collateral following the procedures that suggest the scope of collateralization and valuation of collateral and the process of disposition. In credit contracts, Taishin Bank stipulates the security mechanism for loans and the conditions and terms for collateral and offsetting to state clearly that Taishin Bank reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debt of the borrowers with their deposits in Taishin Bank in order to reduce the credit risks.

The requirements for collateral for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collateral.

The following table details the information on the collateral of credit-impaired financial assets:

December 31, 2021

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	\$ 9,074,700	\$ 2,455,112	43.46%
Business guaranteed loans	1,446,963	348,216	113.51%
Others	6,505,485	1,757,829	
Total	\$ 17,027,148	\$ 4,561,157	

Note: The value of the collateral is calculated based on the latest accessible internal and external data.

December 31, 2020

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	\$ 10,703,240	\$ 2,691,840	47.75%
Business guaranteed loans	503,640	90,572	108.34%
Others	7,564,470	2,047,227	
Total	\$ 18,771,350	\$ 4,829,639	

Note: The value of the collateral is calculated based on the latest accessible internal and external data.

b) Credit risk concentration limits and control

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

Meanwhile, for trading and banking book investments, Taishin Bank has set a ratio, which is the credit limit of a single issuer in relation to the total security position. Taishin Bank has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk on each category of financial assets, Taishin Bank has set credit limits based on type of industry, conglomerate, country and transactions collateralized by stock, and integrated within one system to supervise concentration of credit risk in these categories. Taishin Bank monitors concentration of each asset and controls various types of credit risk concentration in a single transaction counterparty, group, related-party corporation, industries, or nations.

c) Net settlement

Taishin Bank settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or some circumstances where the transactions with counterparties are terminated due to defaults.

d) Other credit enhancements

To reduce its credit risks, Taishin Bank stipulates in its credit contracts the terms for offsetting to state clearly that Taishin Bank reserves the right to offset the borrowers' debt against their deposits in Taishin Bank.

4) Maximum exposure to credit risk and credit quality analysis

The maximum credit risk exposures of various financial instruments held by the Group are the same as per book amounts. Refer to the notes to the consolidated financial statements.

Part of financial assets held by the Group, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at FVTPL, securities purchased under resale agreement, deposit refunds, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

Based on risk ratings, the amounts of maximum credit risk exposure (excluding the guarantees or other credit enhancements) at each stage of ECLs on December 31, 2021 and 2020 are as follows:

Taishin Bank Merger

	December 31, 2021			
	12-month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Loans				
Consumer finance				
Excellent	\$ 692,408,827	\$ 23,509,072	\$ -	\$ 715,917,899
Good	5,999,335	163,060	-	6,162,395
Acceptable	-	148,823	-	148,823
Default	-	-	13,224,581	13,224,581
Corporation finance				
Excellent	301,766,762	-	-	301,766,762
Good	297,143,742	-	-	297,143,742
Acceptable	941,850	889,235	-	1,831,085
Default	-	-	1,732,987	1,732,987
Total	\$ 1,298,260,516	\$ 24,710,190	\$ 14,957,568	\$ 1,337,928,274
Receivables (including non-performing receivables transferred, other than those from loans)				
Consumer finance				
Excellent	\$ 59,788,337	\$ 89,761	\$ -	\$ 59,878,098
Good	179,738	584	-	180,322
Acceptable	-	39,767	-	39,767
Default	-	-	1,946,379	1,946,379
Corporation finance				
Excellent	54,938,025	-	-	54,938,025
Good	6,279,495	-	-	6,279,495
Acceptable	1,145	811	-	1,956
Default	-	-	123,201	123,201
Others	-	21,031,132	-	21,031,132
Total	\$ 121,186,740	\$ 21,162,055	\$ 2,069,580	\$ 144,418,375
Loans				
Consumer finance	\$ 135,179,154	\$ -	\$ -	\$ 135,179,154
Debt investments at amortized cost				
Excellent	\$ 298,263,001	\$ -	\$ -	\$ 298,263,001
Financial guarantees				
Excellent	\$ 23,413,207	\$ -	\$ -	\$ 23,413,207
Good	6,786,168	-	-	6,786,168
Total	\$ 30,199,375	\$ -	\$ -	\$ 30,199,375
Loan commitments				
Excellent	\$ 1,090,833,630	\$ 304,110	\$ -	\$ 1,091,137,740
Good	186,781,115	228	-	186,781,343
Acceptable	-	100,803	-	100,803
Default	-	-	446,362	446,362
Total	\$ 1,277,614,745	\$ 405,141	\$ 446,362	\$ 1,278,466,248

	December 31, 2020			
	12-month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Loans				
Consumer finance				
Excellent	\$ 647,655,004	\$ 20,391,283	\$ -	\$ 668,046,287
Good	9,462,549	282,300	-	9,744,849
Acceptable	-	103,149	-	103,149
Default	-	-	15,505,757	15,505,757
Corporation finance				
Excellent	306,308,733	-	-	306,308,733
Good	257,393,390	-	-	257,393,390
Acceptable	1,996,975	759,405	-	2,756,380
Default	-	-	874,516	874,516
Total	\$ 1,222,816,651	\$ 21,536,137	\$ 16,380,273	\$ 1,260,733,061
Receivables (including non-performing receivables transferred, other than those from loans)				
Consumer finance				
Excellent	\$ 59,788,410	\$ 78,648	\$ -	\$ 59,867,058
Good	188,582	1,382	-	189,964
Acceptable	-	53,272	-	53,272
Default	-	-	2,257,355	2,257,355
Corporation finance				
Excellent	42,809,124	-	-	42,809,124
Good	4,467,285	-	-	4,467,285
Acceptable	2,256	586	-	2,842
Default	-	-	133,722	133,722
Others	-	18,986,291	-	18,986,291
Total	\$ 107,255,657	\$ 19,120,179	\$ 2,391,077	\$ 128,766,913
Debt instruments at FVTOCI				
Excellent	\$ 185,402,459	\$ 201,691	\$ -	\$ 185,604,150
Debt investments at amortized cost				
Excellent	\$ 270,643,147	\$ -	\$ -	\$ 270,643,147
Financial guarantees				
Excellent	\$ 23,927,029	\$ -	\$ -	\$ 23,927,029
Good	4,873,950	-	-	4,873,950
Total	\$ 28,800,979	\$ -	\$ -	\$ 28,800,979
Loan commitments				
Excellent	\$ 1,002,523,304	\$ 258,464	\$ -	\$ 1,002,781,768
Good	148,381,201	107	-	148,381,308
Acceptable	16,986	97,263	-	114,249
Default	-	-	485,704	485,704
Total	\$ 1,150,921,491	\$ 355,834	\$ 485,704	\$ 1,151,763,029

5) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Group has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

Information on loans with a significant concentration of credit risk is as follows:

Taishin Bank

Industry Type	December 31			
	2021		2020	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Manufacturing	\$ 193,001,601	14	\$ 188,404,432	15
Wholesale and retailing	66,327,872	5	63,961,051	5
Finance and insurance	126,409,860	9	113,902,487	9
Real estate and leasing	122,979,988	9	108,736,007	8
Service	20,665,886	2	22,051,160	2
Individuals	758,766,681	57	715,056,071	57
Others	49,776,386	4	48,621,853	4
	<u>\$ 1,337,928,274</u>		<u>\$ 1,260,733,061</u>	

Geographic Location	December 31			
	2021		2020	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,241,316,496	93	\$ 1,171,772,924	93
Europe	5,073,994	-	4,328,427	1
America	2,349,318	-	3,418,361	-
Others	89,188,466	7	81,213,349	6
	<u>\$ 1,337,928,274</u>		<u>\$ 1,260,733,061</u>	

e. Liquidity risk

1) The source and definition of liquidity risk

Liquidity risk is the potential loss that the Group may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth. Sources of liquidity risk are as follows:

- Inability to fulfill funding gap due to asymmetric time and amount in cash inflows and outflows.
- Liabilities paid off in advance before maturity, inability to maintain liabilities at maturity or inability to acquire funds from the market.
- Inability to liquidate current assets at reasonable price or raising funds to fulfill funding gap with price higher than the reasonable one.

Except for the liquidity risks arising from normal operation, the Group's liquidity might be affected by events such as credit ratings being downgraded, credibility seriously damaged, financial system's system risk, causing customers to lack confidence and canceling deposits before maturity, call loans from banks being suspended, RS or RP transactions being deterred and liquidity of financial assets decreasing.

2) Liquidity risk management policy

Taishin Bank

The objective of liquidity risk management is to ensure that Taishin Bank can acquire funds at reasonable price to pay off debt, perform obligations and contingent liabilities and satisfy demands required by business growth either in normal operation or under sudden, serious and unusual circumstances.

Taishin Bank has established policies on assets and liabilities management that stipulate related liquidity risk management rules and principles, stipulate clear distinction between accountability and responsibility of Asset and Liability Committee and management departments and regulate the limits of liquidity risk, risk measuring, risk monitoring and the scope and procedures of reporting to ensure that overall liquidity risk is within the limits of liquidity risk approved by the board of directors.

Basic principles of liquidity risk management policy are as follows:

- a) Principle of risk diversification: Taishin Bank should avoid excessively concentrating funds on the same maturity, instruments, currencies, regions, funding sources or counterparties.
- b) Principle of stability: Taishin Bank should follow stable strategies and pay attention to market and internal funding liquidity. For example, Taishin Bank should absorb the core deposits at appropriate time in order to prevent market volatility from affecting funding sources and thus lower dependence on unstable fund sources.
- c) Principle of maintaining appropriate asset liquidity: Market liquidity will indirectly affect funding liquidity. Therefore, Taishin Bank should make sure total assets could pay off total liabilities and maintain certain proportion of assets with high liquidity or collateral in order to finance funds and pay off current liabilities in critical and urgent time.
- d) Principle of matching asset and liability maturity: Taishin Bank should pay attention to the spread of maturity and liquidity of liquid assets and current assets should be sufficient to pay off current liabilities.

For urgent or sudden liquidity events, Taishin Bank has stipulated urgent fund dispatching handling plan as the highest principle for urgent events in order to integrate the Bank's resources quickly to resolve emergencies efficiently.

Taishin Securities B

Taishin Securities B's funding liquidity risk management incorporates funding sources, funding application and gap management. Key control points are as follows:

- a) Funding sources: Other than ensuring stability and risk diversification of funding sources, Taishin Securities B maintains sufficient credit limits in order to cope with volatility risk from unexpected funding supply.
- b) Funding application: When assessing investment income, Taishin Securities B ensures its liquidity and safety in order to cope with liquidity risk from unexpected funding needs.
- c) Gap management: Taishin Securities B implements funding gap management of various term structures in order to efficiently control unexpected fund dispatching.

Market liquidity risk includes on and off-balance sheet transactions. To make sure that market liquidity of positions with low liquidity is within tolerable range, Taishin Securities B stipulated in its risk management rules that it should carefully analyze and efficiently identify existing and potential market liquidity risk in order to operate in coordination with Taishin Securities B's business development and Taishin Financial Holding's overall risk appetite. Before promoting new products and business, Taishin Securities B should also scrutinize related operation rules and confirm related market liquidity risk.

The market liquidity management procedures and measuring methods of Taishin Securities B's major business are as follows:

- a) When closeout of a position with low amount of market transactions and low liquidity occurs, impairment is generated due to increase of bid-ask premium and extension of covered time. Therefore, liquidity reserve is drawn based on product categories in internal assessment to avoid biased assessment.
 - b) The proportion limit is calculated as the sum of position, which is the amount of quoted and OTC stocks over one-day average volume, of the investment portfolio. The ratio is set to implement control.
 - c) The volume of holding a single stock and the volume of accounting for investment portfolio is limited to a certain amount in order to implement control.
 - d) The proportion of the volume of a single convertible bond issued to the volume of outstanding portfolio is limited to a certain amount in order to implement control.
- 3) Financial assets held to manage liquidity risk and maturity analysis

Financial assets held to manage liquidity risk:

The Group holds cash and cash equivalents, due from the Central Bank and banks and financial assets at FVTOCI and financial assets in debt instruments at amortized cost held for the purpose of managing liquidity risk, in order to perform contracted obligations when due and meet the needs of urgent fund dispatching.

Maturity analysis:

Taishin Bank consolidated

- a) Maturity analysis of non-derivative financial liabilities

Taishin Bank's non-derivative financial liabilities presented based on the residual maturities from the balance sheet date to the contract maturity date are as follows:

Financial Instruments Item	December 31, 2021									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and banks	\$ 21,328,671	\$ 19,975,197	\$ 10,657,044	\$ 5,085,760	\$ 15,600	\$ 13,000	\$ -	\$ -	\$ -	\$ 57,075,272
Funds borrowed from the Central Bank and other banks	-	-	3,984,460	-	-	-	-	-	-	3,984,460
Non-derivative financial liabilities at FVTPL	2,739,120	-	-	-	-	-	-	-	11,139,494	13,878,614
Securities sold under repurchase agreements	55,307,466	15,439,850	1,302,212	-	540,674	-	-	-	-	72,590,202
Payables	10,589,320	1,920,773	300,986	7,381,094	21,334	4,073	-	-	-	20,217,580
Deposits and remittances	169,812,250	230,163,779	196,808,505	270,402,704	823,700,084	2,966,569	1,538	-	-	1,693,855,429
Bank debentures	-	-	-	6,800,000	-	8,000,000	4,950,000	-	15,050,000	34,800,000
Lease liabilities	116,843	112,892	171,315	359,792	533,771	424,333	313,932	210,633	304,888	2,548,399
Other financial liabilities	3,139,270	2,947,176	2,220,423	3,274,056	2,230,452	5,160,763	883,344	685,721	53,399,865	73,941,070
	\$ 263,032,940	\$ 270,559,667	\$ 215,444,945	\$ 293,303,406	\$ 827,041,915	\$ 16,568,738	\$ 6,148,814	\$ 896,354	\$ 79,894,247	\$ 1,972,891,026

Financial Instruments Item	December 31, 2020									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and banks	\$ 19,208,131	\$ 11,036,889	\$ 14,018,563	\$ 5,537,286	\$ 8,000	\$ 15,600	\$ -	\$ -	\$ -	\$ 49,824,469
Funds borrowed from the Central Bank and other banks	-	-	-	1,925,590	-	-	-	-	-	1,925,590
Non-derivative financial liabilities at FVTPL	-	-	-	-	-	-	-	-	11,306,476	11,306,476
Securities sold under repurchase agreements	64,197,506	12,668,548	519,201	247,487	-	583,040	-	-	-	78,215,782
Payables	24,641,792	528,584	102,922	2,552,265	8,517	1,877	-	-	-	27,835,957
Deposits and remittances	164,344,782	181,899,563	168,445,288	315,111,672	779,202,776	3,652,852	2,209	1,083	-	1,612,660,225
Bank debentures	-	-	-	-	6,800,000	-	8,000,000	4,950,000	15,050,000	34,800,000
Lease liabilities	138,877	117,943	179,122	377,359	619,396	473,073	373,781	263,770	404,759	2,948,080
Other financial liabilities	4,243,410	3,336,845	1,339,405	4,314,940	310,686	2,745,263	7,161,595	1,329,724	51,215,220	75,997,088
	\$ 276,774,498	\$ 209,588,372	\$ 184,604,501	\$ 330,066,599	\$ 786,949,375	\$ 7,471,705	\$ 15,537,585	\$ 6,544,577	\$ 77,976,455	\$ 1,895,513,667

The maturity analysis of time deposits in “deposits and remittances” is allocated to each time band based on Taishin Bank’s historical experience. If all the time deposits were required to be paid off in recent period, the funds outflows in less than one-month time band would have been \$1,056,539,545 thousand and \$961,120,004 thousand and as of December 31, 2021 and 2020, respectively.

b) Maturity analysis of derivative financial liabilities

Taishin Bank disclosed amounts of derivative financial liabilities at FVTPL using fair values recognized in the earliest time band as follows:

Financial Instruments Item	December 31, 2021					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	\$ 17,599,448	\$ -	\$ -	\$ -	\$ -	\$ 17,599,448

Financial Instruments Item	December 31, 2020					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	\$ 27,625,467	\$ -	\$ -	\$ -	\$ -	\$ 27,625,467

c) Maturity analysis of off-balance sheet items

Below are the amounts of Taishin Bank’s off-balance-sheet items presented based on the residual maturities from the balance sheet date to the maturity date of irrevocable loan commitments, guarantees or letters of credit. As of December 31, 2021 and 2020, assuming that all amounts, including the amounts in the longest time band, were due in the less than one-month time band, the amounts would have been \$25,306,496 thousand and \$25,103,263 thousand, respectively, for guarantees; \$4,892,879 thousand and \$3,697,716 thousand, respectively, for letters of credit; \$721,979,647 thousand and \$612,300,683 thousand, respectively, for loans commitments (excluding credit card); and \$11,132,738 thousand and \$12,315,038 thousand, respectively, for credit cards commitments.

Item	December 31, 2021					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 5,975,361	\$ 6,034,968	\$ 3,934,322	\$ 2,955,527	\$ 6,406,318	\$ 25,306,496
Letters of credit	1,932,266	1,981,648	893,073	25,879	60,013	4,892,879
Loans commitments (excluding credit cards)	10,604,363	142,392,392	133,916,448	332,577,510	102,488,934	721,979,647
Credit cards commitments	5,351	147,147	240,720	378,809	10,360,711	11,132,738

Item	December 31, 2020					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 6,450,222	\$ 9,299,292	\$ 1,906,919	\$ 2,108,894	\$ 5,337,935	\$ 25,103,262
Letters of credit	756,996	2,371,013	388,786	180,921	-	3,697,716
Loans commitments (excluding credit cards)	8,060,919	129,129,348	121,617,417	288,003,388	65,489,611	612,300,683
Credit cards commitments	742	110,782	262,705	725,188	11,215,621	12,315,038

Taishin Securities B

a) Maturity analysis of non-derivative financial liabilities

Taishin Securities B non-derivative financial liabilities presented based on the residual maturities from the balance sheet date to the contract maturity date are as follows:

Financial Instruments Item	December 31, 2021					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Non-derivative financial liabilities at FVTPL	\$ 1,912,699	\$ -	\$ -	\$ -	\$ -	\$ 1,912,699
Commercial paper issued	8,748,989	-	-	-	-	8,748,989
Bonds sold under repurchase agreements	14,320,404	-	-	-	-	14,320,404
Deposits on short sales	924,718	-	-	-	-	924,718
Financing guarantees payable	999,673	-	-	-	-	999,673
Futures traders' equity	1,799,627	-	-	-	-	1,799,627
Notes payable and accounts payable	8,645,360	-	-	-	-	8,645,360
Other payable	223,255	530,165	99,610	89,100	178,200	1,120,330
Other current liabilities	7,894,020	-	-	-	-	7,894,020
Lease liabilities	29,761	26,957	44,847	2,694	-	104,259
Bonds payable	-	-	-	-	3,300,000	3,300,000
Guarantee deposits	-	-	311	-	449	760
	\$ 45,498,506	\$ 557,122	\$ 144,768	\$ 91,794	\$ 3,478,649	\$ 49,770,839

Financial Instruments Item	December 31, 2020					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Non-derivative financial liabilities at FVTPL	\$ 712,154	\$ -	\$ -	\$ -	\$ -	\$ 712,154
Commercial paper issued	4,909,719	-	-	-	-	4,909,719
Bonds sold under repurchase agreements	10,522,990	-	-	-	-	10,522,990
Deposits on short sales	917,606	-	-	-	-	917,606
Financing guarantees payable	998,235	-	-	-	-	998,235
Futures traders' equity	1,145,774	-	-	-	-	1,145,774
Notes payable and accounts payable	15,829,689	-	-	-	-	15,829,689
Other payable	528,870	1,575	90,969	89,100	222,750	933,264
Other current liabilities	1,214,197	-	-	-	-	1,214,197
Lease liabilities	32,882	32,859	104,319	14,679	-	184,739
Bonds payable	-	-	-	-	3,300,000	3,300,000
Guarantee deposits	-	163	75	-	-	238
	\$ 36,812,116	\$ 34,597	\$ 195,363	\$ 103,779	\$ 3,522,750	\$ 40,668,605

b) Maturity analysis of derivative financial liabilities

Taishin Securities B disclosed amounts of derivative financial liabilities at FVTPL using fair values recognized in the earliest time band as follows:

Financial Instruments Item	December 31, 2021					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Derivative financial liabilities at FVTPL	\$ 4,768,978	\$ -	\$ -	\$ -	\$ -	\$ 4,768,978

Financial Instruments Item	December 31, 2020					
	6 Months	6 Months - 1 Year	1 Year - 3 Years	3 Years - 5 Years	Over 5 Years	Total
Derivative financial liabilities at FVTPL	\$ 4,321,229	\$ -	\$ -	\$ -	\$ -	\$ 4,321,229

f. Insurance risk

1) Measurement and management of insurance risk

Insurance risks refer to insufficient estimates over the frequency, severity and lapse rate of the insured incidents, such as death rate, morbidity rate, lapse rate, interest rate, expense rate and so on. These ratios could be influenced by random variable risks and therefore lead to the risks of additional payment exceeding the original estimated values. Taishin Life Insurance engages in business of life insurance, variable insurance, accident insurance, and health insurance. The risks and management for the above products are as follows:

a) Variable universal life

The main risk of life insurance comprises of death rate. Taishin Life Insurance assesses the premium rate of main insurance product on the market, makes related statistical measurement and analysis of death rate, such as cash flow test and experience test. Inspections are used to determine whether the death rate is higher than pricing basis, and to evaluate the impact of the company's operation and the degree of negative impact.

b) Variable annuity

Taishin Life Insurance takes no insurance risks as the variable annuity policy is in the annuity accumulation and annuity certain phase. The main risk is from longevity risk after the annuity certain phase. The variable annuity policy of Taishin Life Insurance is still in the annuity accumulation or annuity certain phase; therefore, no insurance risks are currently covered.

c) Long-term life non par insurance

The main risk of life insurance comprises of death rate and interest rate. Explanation of death rate risks shall be the same as the life insurance. As for interest risks, the interest rates of long-term contracts were all locked-in before sales in compliance with regulation. If there is an objective gap of fluctuation between long-term interest rate and the estimated policy interest rate, and the investment income fails to reach the promised policy interest rate, Taishin Life Insurance will then face a problem of negative spread. Therefore, Taishin Life Insurance evaluates the investment income in various committees on a regular basis to further evaluate investment portfolio, insurance combination and (or) preset interest rates to mitigate risks of negative spread.

d) Accident insurance and health insurance

The main risks of accident insurance and health insurance comprise of the occurrence of accident rate and the morbidity rate. Taishin Life Insurance tracks loss rate of each insurance type, assesses the premium rate of

main insurance products on the market, and makes related statistical measurement of death rate, such as cash flow test and experience test. It is to evaluate the impact toward the overall operation or the extent of negative impact arising accordingly, and to further determine whether or not to cease the sale of the product and adjust the premium rate of the product. Taishin Life Insurance also arranges reinsurance to mitigate overall potential risk of loss from claims in the future.

2) Insurance risk concentration

While it indicates no specific concentration over any specific location or target client with regard to the insurances covered by Taishin Life Insurance, reinsurance arrangement is still made after assessment in order to mitigate the covered insurance risks and avoid the overall cumulative risks exceeding Taishin Life Insurance's risk capacity. Additionally, through catastrophe reinsurance, Taishin Life Insurance transfers concentrated risks to highly secure reinsurance companies to further mitigate the risks of large claims and catastrophe claims.

3) Sensitivity analysis of insurance risk

According to the relevant insurance regulation, the assumption factors adopted have been locked-in during pricing. However, the assumption may vary from the actual experience. Pursuant to IFRS 4, 'Insurance contracts', Taishin Life Insurance should perform liability adequacy test accordingly to determine whether or not the recognized insurance liability is appropriate. In respect of overall insurance contracts of Taishin Life Insurance as of December 31, 2021, the liabilities will still be adequate even when the mortality, morbidity, and lapse rates changed by 10%, and discount rates changed by 10bp.

4) Credit risk, liquidity risk, and market risk of insurance contracts

a) Credit risk

Credit risk primarily refers to the risk of a reinsurer's failure to fulfill its obligations on the ceded business, which leads to its inability to share its stake of the premiums, claims and other expenses. To manage this risk, Taishin Life Insurance will, all conditions being equal, foremost consider the distribution to different reinsurers to mitigate the concentration risk. The reinsurers will be selected prudently in accordance with the reinsurance risk management plan as set by Taishin Life Insurance. To mitigate the credit risk, the reinsurance agreement will require that reinsurance fees shall be paid on a net basis by deducting any receivables or share of payments recoverable from the reinsurer. In addition, Taishin Life Insurance will demand the inclusion of a special termination clause in the reinsurance agreement, allowing the company to terminate the agreement in the circumstances that the reinsurer defaults on its obligations to limit further credit risk.

After ceding the business, Taishin Life Insurance will review the credit rating of the reinsurers regularly in accordance with its reinsurance risk management plan. In the event of a credit rating downgrade of a reinsurer leading to its failure to meet the minimum requirement of being an eligible reinsurer as stipulated by the "Regulations Governing Insurance Enterprises Engaging in Operating Reinsurance and Other Risk Spreading Mechanisms", the company will establish a reinsurance reserve as required to mitigate the adverse impacts from the downgraded reinsurer.

Currently, the credit ratings of all reinsurance counterparties of Taishin Life Insurance have met the eligibility standards as stipulated by the regulations.

b) Liquidity risk

The liquidity risk of the insurance contract arises mainly from the company's failure to realize the assets or to obtain sufficient funding in time to fulfill its obligations on insurance benefits payment. To manage the risk, Taishin Life Insurance regularly conducts maturity analysis on the insurance contracts and reviews the matching of assets and liabilities.

The table below shows the net liability cash flow analysis on the insurance portfolio of Taishin Life Insurance by estimated time point. The figures reflect, for the in-force policies as at the valuation date, the estimation of undiscounted total insurance benefit payments, expense and other outflows, net of insurance premiums and other income at each future time point. The future actual amounts may vary as the actual experience may be different from the expected amounts.

Net cash flows used in (provided by) the insurance contracts:

	December 31, 2021
Within one year	\$(6,602,031)
One to five years	(11,343,221)
Five to fifteen years	38,153,538
Over fifteen years	487,599,211
	<u>\$ 507,807,497</u>

Taishin Life Insurance has insurance contracts that are classified as investment-linked product liabilities. However, such liabilities are repaid based on investment linked product assets. Therefore, Taishin Life Insurance has no significant liquidity risk.

c) Market risk

Pursuant to the “Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises” and relevant regulations, Taishin Life Insurance calculates and sets aside statutory reserves in accordance with assumed interest rate and incidence rate regulated by the supervisors. As the assumed interest rate is predetermined as at policy issuance, the statutory reserves will not change with market interest rate fluctuations. The regulator will regularly review the discount rate assumption, which however may not necessarily correspond to the market interest rate in terms of time, amount, or direction, and it is only applicable to the new policies. Therefore, the impact of probable changes in market interest rate on the statutory reserves of Taishin Life Insurance’s in-force insurance policies is negligible. In case the regulator changes the discount rate assumption, its impact on profit/loss or equity will vary depending on the range of the change and Taishin Life Insurance’s overall product mix. Furthermore, reasonable and probable variations in market risks may affect the liability adequacy test, which requires the future cash flows for insurance contracts and financial instruments with discretionary participation features to be estimated based on the current information as at the end of the reporting period to assess whether recognized insurance liabilities are adequate. Please refer to the insurance risk sensitivity analysis for the impact of market risk factors on the current liability adequacy of Taishin Life Insurance.

The table below shows the net liability cash flow analysis on the insurance portfolio of Taishin Life Insurance by estimated time point. The figures reflect, for the in-force policies as at the valuation date, the estimation of undiscounted total insurance benefit payments, expense and other outflows, net of insurance premiums and other income at each future time point. The future actual amounts may vary from the expected amounts as the actual experience may be different from the expectation.

g. Financial risk

Except for derivative financial instruments, Taishin Life Insurance holds financial assets including cash and cash equivalents, various current and non-current investments, and loans. Taishin Life Insurance’s operating cash flow and operating reserves are backed by such financial instruments. Taishin Life Insurance also carries some other financial assets and liabilities such as notes receivable, claims payable, and other receivables and payables from operating activities. Taishin Life Insurance’s derivative instrument trading policies is only for hedging purposes, and not for profit. Taishin Life Insurance, however, had no derivative instrument trading.

Taishin Life Insurance has set up policy for managing investment risk (including market risk management, credit risk management and liquidity risk management) and foreign exchange reserve with a warning index and monitoring operation procedure to embed related concepts in tasks and risk assessment report.

Taishin Life Insurance uses a ratio based on the remaining balance of foreign exchange reserve at the end of each month versus beginning balance of foreign exchange reserve as a warning indicator. Once the indexes accumulate respectively to a certain extent, the risk management segment is responsible to present a foreign risk analysis report, or review on the hedging strategy for foreign exchange in order to be better prepared.

1) Market risks

Taishin Life Insurance's domestic and foreign investments are exposed to market risks, and potential losses resulting from market risks could be partly mitigated through foreign exchange hedge and investment diversification. To avoid potential losses from variations in the market prices of held financial instruments (e.g. interest rates, exchange rates, stock price, commodity price, and credit spread), Taishin Life Insurance continuously uses market risk management methods such as Market VaR and stress testing, along with implementation of risk limits and completely effective measurement and control over the market risk.

a) Exchange rate risks

Exchange rate risk refers to the risk of changes in fair value or future cash flows of financial instruments as a result of variations in exchange rates.

- i. Taishin Life Insurance's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2021		
	Foreign Currency Amount		Exchange Rate
<u>Assets</u>			
U.S. dollars	\$	2,356,136	27.67
<u>Liabilities</u>			
U.S. dollars		1,622,808	27.67

- ii. Sensitivity analysis of exchange rate risks provided in the table below is performed for reasonably possible changes in exchange rates with other conditions held constant for monetary financial assets, showing the impact on pre-tax income. The correlation of variables will have effect on determining the ultimate impact on market risk, but to demonstrate the impact due to changes in variables, Taishin Life Insurance assumes that variables have to be changed on an individual basis. Measurement basis for foreign exchange risk will exclude the investment position denominated in foreign currency corresponding with foreign currency insurance policy.

For the Year Ended December 31, 2021			
	Changes in Variables		Changes in Pre-tax Income
U.S. dollars	-5%	\$	(1,014,449)

b) Interest rate risks

Interest rate risk refers to the risk of changes in value of financial instruments as a result of variations in the market interest rates. Taishin Life Insurance investments are all investments in fixed coupon rate bonds, therefore variations in the market interest rates will result in changes in the fair value of bond investments. An increase in market interest rates will cause the fair value of bond investments to fall. As Taishin Life Insurance's primary investment strategy is to pursue stable and predictable long-term earnings when investing in bonds

under financial assets at amortized cost, short-term market interest rate fluctuations have less impact on Taishin Life Insurance's investments. Therefore, significant interest rate risk is unlikely to happen based on Taishin Life Insurance's expectation. Additionally, significant interest rate risk is likely to happen mainly due to the investments in bonds under financial assets at fair value through profit or loss. Sensitivity analysis of interest rate risk is as follows:

	For the Year Ended December 31, 2021	
	Changes in Variables	Changes in Unrealized (Loss) Gain
Financial assets at FVTPL - bond investments	Interest rate increase of 20 bp	\$(82,382)

c) Other price risk

Price risk mainly arises from volatility of equity instruments held by the company. However, Taishin Life Insurance has set up stop-loss mechanism and dispersed the price risk through properly diversified investment portfolio to mitigate risk of concentrated investment in any specific industry or issuers.

Sensitivity analysis of price risk provided in the table below is performed for reasonably possible movement in price with other conditions held constant, the impact on pre-tax income and equity are as follows:

	For the Year Ended December 31, 2021		
	Changes in Variables	Changes in Pre-tax Income	Changes in Other Comprehensive Income (Before Tax)
Financial assets at FVTPL	Price increase of 10%	\$ 451,655	\$ 2,526,792
Financial assets at FVTOCI	Price increase of 10%	-	4,670

Effect of interest rate benchmark reform

Taishin Life Insurance is exposed to LIBOR which is subject to interest rate benchmark reform. The exposures arise on non-derivative financial assets. LIBOR includes currencies USD, EUR, JPY and GBP. There are no CHF LIBOR derivatives and non-derivative financial assets and liabilities held by Taishin Life Insurance. Secured Overnight Financing Rate ("SOFR") is expected to replace LIBOR. There are key differences between LIBOR and SOFR. LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a "backward-looking" rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

Taishin Life Insurance established a LIBOR transition project plan. This transition project is considering changes to risk management policies, product service planning, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. The updates on market progress, the progress of transition project plan and the situation of the reducing exposures are reported to Asset and Liability Committee periodically. As at December 31, 2020, changes required to IT systems and internal processes have been identified and amending the existing contract of financial instruments has been underway by Taishin Life Insurance. Additionally, Taishin Life Insurance does not have any derivative financial product contracts linked to LIBOR, so there is no need for contract re-negotiation and agreement with the counterparties.

The following table contains details of all of the financial instruments held by Taishin Life Insurance which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Effect of interest Rate Benchmark Reform	
Interest Rate Benchmark	USD LIBOR	
	1 Week or 2 Months	Other Periods
Type	Maturity Date Between January 1, 2022 and June 30, 2023	Maturity Date after June 30, 2023
Non-derivative financial assets - book value	\$ -	\$ 1,153,799
Financial assets at FVTPL	-	226,230
Financial assets in debt instruments at amortized cost	-	927,569

Note a: The book value is the total value, that is, impairment loss or allowance for bad debt is not deducted.

Note b: Other LIBOR includes EONIA, SGD SOR and THB FIX.

Note c: Except that the due date for the USD LIBOR overnight, 1 month, 3 months, 6 months and 12 months was extended to June 30, 2023, the due date for other LIBOR currencies is December 31, 2021.

2) Credit risk

Credit risk refers to the risk that a party incurs from the inability of a counterparty or issuer of a financial instrument to fulfill its obligations.

a) Taishin Life Insurance shall measure expected credit losses of a financial instrument in a way that reflects:

- i. An unbiased and probabilities-weighted amount that is determined by evaluating a range of possible outcomes;
- ii. The time value of money; and
- iii. Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

b) When measuring expected credit losses, Taishin Life Insurance considered the risk or probability that a credit loss occurs, and the maximum period to consider is the maximum contractual period over which the entity is exposed to credit risk.

c) Taishin Life Insurance adopted assumptions provided by IFRS 9 as indicators to determine whether there will be a significant increase in credit risk of a financial instrument since initial recognition.

- i. Credit rating was downgraded by two tiers and drop out investment grade (BB+ \Ba1); or
- ii. Market value decreased over 30% in respect of investment cost;
- iii. When contractual payments of receivables were more than 30 days past due or not past due but violated contract agreement, the scenario will be treated as a significant increase in credit risk since initial recognition;
- iv. When statutory deposits matured but not collected after 30 days, it is considered as a significant increase in credit risk unless there was a specific exception clause;
- v. When the total of loan principal and interest exceeds the policy value reserve but the policy is still within the grace period, it is considered as a significant increase in credit risk.

d) Taishin Life Insurance considers a financial instrument to have a low credit risk when external credit rating is above investment grade, and is assumed that there is no significant increase in credit risk.

e) Taishin Life Insurance adopted assumptions provided by IFRS 9 as an indicator to determine that there will be a default occurring if contractual payments of receivables were more than 90 days past due. As the total of loan principal and interest exceeds the policy value reserve and policy is suspended over the grace period, it is considered as a default.

f) Taishin Life Insurance considers a financial instrument to have a credit loss risk when the following indications were occurred:

- i. Significant financial difficulty of the issuer;
 - ii. It is becoming probable that the issuer will enter bankruptcy or other financial reorganization;
 - iii. The disappearance of an active market for that financial asset because of financial difficulties;
 - iv. Significant event occurred and caused a material increase of issuer credit rating.
- g) Taishin Life Insurance will make a reserve for the amounts of financial instrument considered as uncollectible after completing legal process to secure the right of collection.
- h) Financial assets in debt instruments at amortized cost and bond interest receivable under accounts receivable held by Taishin Life Insurance on December 31, 2021, the credit risk rating levels are presented below:

December 31, 2021				
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
AAA	\$ 4,149,501	\$ -	\$ -	\$ 4,149,501
AA	97,109,448	-	-	97,109,448
A~BBB	43,051,315	-	-	43,051,315
	<u>\$ 144,310,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,310,264</u>

- i) Taishin Life Insurance uses forecast to assess the default possibility of debt instruments and bond interest receivables and to estimate the expected credit loss on December 31, 2021. Credit loss information is as follows:

December 31, 2021				
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
Expected credit loss rate	0.01%~0.23%	-	-	
Book value	<u>\$ 144,310,264</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,310,264</u>
Loss allowance	<u>\$ 31,393</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,393</u>

Movements in loss allowance for financial assets in debt instruments carried at amortized costs are as follows:

2021				
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	\$ 32,085	\$ -	\$ -	\$ 32,085
Provision for impairment	21,931	-	-	21,931
Derecognized	(22,940)	-	-	(22,940)
At December 31	<u>\$ 31,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,076</u>

Movements in loss allowance for bond interest receivables are as follows:

2021				
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	\$ 325	\$ -	\$ -	\$ 325
Provision for impairment	267	-	-	267
Derecognized	(275)	-	-	(275)
At December 31	<u>\$ 317</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 317</u>

- j) Taishin Life Insurance uses historical data from a specific previous period and current data to forecast macroeconomic information and to assess the expected credit loss of loans (including loans interest receivable). As of December 31, 2021, credit loss information of loans (including loans interest receivable) is as follows:

December 31, 2021				
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
Expected credit loss rate	0%	46%	100%	
Book value	\$ 7,628,929	\$ 3,335	\$ 11,359	\$ 7,643,623
Loss allowance	\$ -	\$ 92	\$ 804	\$ 896

Movements in loss allowance for loans are as follows:

December 31, 2021				
		Lifetime		
	12 Months	Increase in Credit Risk	Credit Impaired	Total
At January 1	\$ -	\$ 62	\$ 1,505	\$ 1,567
Transferred to 12-month ECLs	77	(9)	(68)	-
Provision for expected credit loss (gain)	(77)	41	71	35
Write-off	-	-	(704)	(704)
Derecognized	-	(2)	-	(2)
At December 31	\$ -	\$ 92	\$ 804	\$ 896

- k) As of December 31, 2021, Taishin Life Insurance has assessed the impairment losses of accounts receivable (excluding bond interest receivable and loans interest receivable) and other assets (excluding prepayments and statutory deposits), with total book value of \$279,040 thousand, and not being past due. Taishin Life Insurance used historical and timely information to forecast and estimate the expected credit loss. Credit risks are evaluated as significantly low, thus no impairment loss was recognized.

l) Analysis of credit risk concentration

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics, and such business activities make their abilities to fulfill the contractual obligations influenced similarly by economy or other forces.

The credit risks of Taishin Life Insurance concentrate on assets, liabilities, or off-statements of financial position items that occurs through fulfillment or implementation of transactions (either product or service), or through transaction-type exposure portfolio, including deposits, securities investment, and receivables. Taishin Life Insurance does not carry out significant transactions with single client or single counterparty. Proportion of total transactions with single client or single counterparty to Taishin Life Insurance's relevant transactions is deemed immaterial.

As of December 31, 2021, Taishin Life Insurance's investments in domestic government bonds, American government bonds, mortgage-backed securities (MBS) supported by the government and equivalent international investment institutions accounted for 55.17% of the total investment asset positions.

3) Liquidity risks

Liquidity risks include components of fund liquidity risk and market liquidity risk. Fund liquidity risk happens when an entity is unable to use reasonable capital cost to obtain necessary and sufficient fund supply in a reasonable

period of time leading to a risk of fund supply and demand gap, or when an entity has to sell its asset at a price that is lower than the current market price in order to obtain necessary fund supply leading to liquidity risk of losses. Taishin Life Insurance's working capital is sufficient for daily operations, therefore there is no liquidity risk regarding inability to raise fund for meeting contractual obligations. Taishin Life Insurance's investments are mostly investments in bonds and stocks with active market. Thus, financial assets are expected to be sold in the market at prices approximate to their fair values. To ensure the fund is sufficient to settle the liabilities that are due or meet the demand for increase in assets, Taishin Life Insurance mainly takes advantage of financial instruments such as deposits with financial institutions, short term bills and bonds (including bills and bonds under repurchase or resale agreements), and equity fund to adjust funds. For the purpose of ensuring accuracy and effectiveness of liquidity risk management, Taishin Life Insurance conducts cash flow analysis, including estimating annual and monthly net cash inflow (outflow) according to the annual operating revenue and expense plan and making a table for cash flow estimation on a daily basis. Additionally, revenues and expenses are reviewed in accordance with fund adjustment procedures as a basis for fund procurement in order to cope with needs for various fund liquidity.

The table below is the Company's non-derivative financial liabilities categorized into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date:

December 31, 2021

	Within 1 Year	1 - 2 Years	2 - 5 Years	Over 5 Years
Payables	\$ 1,250,277	\$ 15,142	\$ 1,322	\$ 7,284
Lease liabilities	31,318	22,260	14,962	-
Other liabilities	-	7,410	1,564	3,840
	<u>\$ 1,281,595</u>	<u>\$ 44,812</u>	<u>\$ 17,848</u>	<u>\$ 11,124</u>

Structured Entities

The Group holds interests in structured entities which are not consolidated in the Group's consolidated financial statements and the Group does not provide financial support or other support to these structured entities. The maximum exposure to these structured entities is the carrying amount of the related assets held by the Group. The information of these unconsolidated structured entities is disclosed as follows:

Type of Structured Entity	Nature and Purpose	Interests Owned
Financing secured bonds	The risks and rewards related to the structured entities' assets transferred to investors to receive returns through bonds issued	Investment in financing secured bonds issued by the entities
Real estate-backed securities	The risks and rewards related to the structured entities' assets transferred to investors to receive returns through bonds issued	Investment in real estate-backed securities issued by the entities

As of December 31, 2021 and 2020, the carrying amounts related to the interests in unconsolidated structured entities are disclosed as follows:

	December 31, 2021		
	Financing Secured Bonds	Real Estate-backed Securities	Total
Financial assets at FVTPL	\$ 226,229	\$ -	\$ 226,229
Financial assets at FVTOCI	-	1,453,655	1,453,655
Financial assets in debt instruments at amortized cost	-	10,956,969	10,956,969
Net ending balance	<u>\$ 226,229</u>	<u>\$ 12,410,624</u>	<u>\$ 12,636,853</u>

	December 31, 2020		
	Financing Secured Bonds	Real Estate-backed Securities	Total
Financial assets at FVTOCI	\$ -	\$ 510,978	\$ 510,978

49. RELATED-PARTY TRANSACTIONS

a. Names and relationships of related parties were as follows:

Name	Relationship
Taishin Bank	Subsidiary
Taishin AMC	Subsidiary
Taishin Venture Capital	Subsidiary
Taishin Securities B	Subsidiary
Taishin Securities Investment Trust	Subsidiary
Taishin Securities Investment Advisory	Subsidiary
Taishin Life Insurance	Subsidiary (as a related party from June 30, 2021)
Taishin D.A. Finance	Second-tier subsidiary
Xiang An Insurance Agency	Second-tier subsidiary (as a non-related party from June 30, 2021)
Taishin Real-Estate	Second-tier subsidiary
Taishin Financial Leases (China)	Second-tier subsidiary
Taishin Financial Leases (Tianjin)	Second-tier subsidiary (as a non-related party from September 23, 2021)
Taishin Securities Venture Capital	Second-tier subsidiary
Taishin Capital	Second-tier subsidiary
Credidi Inc.	Second-tier subsidiary
Taishin Health Investment	Second-tier subsidiary
Chang Hwa Bank	Associate (as a non-related party from June 10, 2021)
An Hsin Construction Manager Corp. ("An Hsin Construction Manager")	Associate
Shin Kong Financial Holding Co., Ltd. ("Shin Kong Financial Holding")	Others
Shin Kong Life Insurance Co., Ltd. ("Shin Kong Life Insurance")	Others
Shin Kong Insurance Co., Ltd. ("Shin Kong Insurance")	Others
MasterLink Securities Corp. ("MasterLink Securities")	Others
Shin Kong Commercial Bank Co., Ltd. ("Shin Kong Bank")	Others
Shin Kong Security Co., Ltd. ("Shin Kong Security")	Others
Shinkong Synthetic Fibers Co., Ltd. ("Shinkong Synthetic Fibers")	Others
Shin Kong Mitsukoshi Department Store Co., Ltd. ("Shin Kong Mitsukoshi")	Others
Dah Chung Bills Finance Corp. ("Dah Chung Bills")	Others
CyberSoft Digital Service Corp. ("CyberSoft Digital Service")	Others
An Shin Construction Manager Corp. ("An Shin Construction Manager")	Others

(Continued)

Name	Relationship
Peng Cheng Corp. ("Peng Cheng")	Others
Yuanta Commercial Bank Co., Ltd. ("Yuanta Bank")	Others
Creative Sensor Inc. ("Creative Sensor")	Others
CyberLink Corp. ("CyberLink")	Others
Ubright Optronics Corporation ("Ubright Optronics")	Others
Small & Medium Enterprise Credit Guarantee Fund of Taiwan ("Taiwan SMEG")	Others
Tasco Chemical Corp. ("Tasco Chemical")	Others
Taiwan Fieldrich Corp. ("Taiwan Fieldrich")	Others
Darfon Electronics Corp. ("Darfon")	Others
Chin We Co., Ltd. ("Chin We")	Others
Yi Huan Co., Ltd. ("Yi Huan")	Others
Xiang Zhao Investment Co., Ltd. ("Xiang Zhao")	Others
Excel Chemical Corp. ("Excel Chemical")	Others
Yun Teh Corporation ("Yun Teh")	Others
Chang Her Industrial Corp. ("Chang Her")	Others
Hung Shin Enterprise Co., Ltd. ("Hung Shin")	Others
Mega Green Energy Corporation ("Mega Green Energy")	Others
Jia Hao Corporation ("Jia Hao")	Others
Ezconn Corporation ("Ezconn")	Others
Global Tek Fabrication Co., Ltd. ("Global Tek Fabrication")	Others
Sercomm Corporation ("Sercomm")	Others
United Microelectronics Corporation ("United Microelectronics")	Others
Xin Sheng Feng Investment Co., Ltd. ("Xin Sheng Feng")	Others
Individual A	Key management personnel
Others	Including key management personnel and others
(Concluded)	

b. Material transactions with related parties:

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

1) Loans, deposits and guaranteed loans

Loans to related parties of Taishin Bank and subsidiaries were as follows:

Loans

	Ending Balance
December 31, 2021	\$ 3,050,077
December 31, 2020	2,700,508

For the years ended December 31, 2021 and 2020, interest income was \$41,344 thousand and \$29,204 thousand, respectively. Interest rates ranged from 0.45% to 12.23% and from 0.65% to 15.00%, respectively.

December 31, 2021						
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
<u>Consumer loans</u>						
178 accounts	\$ 693,012	\$ 805,714	\$ 693,012	\$ -	Land, buildings, and chattels	None
<u>Self-used residence mortgage loans</u>						
171 accounts	1,104,404	1,276,096	1,104,404	-	Land and buildings	None
<u>Other loans</u>						
Shin Kong Security	430,000	8,740,000	430,000	-	Land and building	None
Ezconn	450,000	3,817,940	450,000	-	Land and building	None
Global Tek Fabrication	100,000	780,000	100,000	-	-	None
Others	272,661	7,993,670	272,661	-	Land and building	None
	<u>\$ 3,050,077</u>		<u>\$ 3,050,077</u>	<u>\$ -</u>		

December 31, 2020						
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
<u>Consumer loans</u>						
140 accounts	\$ 622,792	\$ 688,768	\$ 622,792	-	Land, buildings, and chattels	None
<u>Self-used residence mortgage loans</u>						
131 accounts	837,047	992,874	837,047	-	Land and buildings	None
<u>Other loans</u>						
Shin Kong Security	520,000	520,000	520,000	-	Land and building	None
Darfon	400,000	400,000	400,000	-	-	None
Peng Cheng	110,000	132,000	110,000	-	Land and building	None
Others	210,669	653,344	210,669	-	Land, buildings, chattels and securities-deposits	None
	<u>\$ 2,700,508</u>		<u>\$ 2,700,508</u>	<u>\$ -</u>		

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Deposits

	Ending Balance
December 31, 2021	\$ 14,220,201
December 31, 2020	11,999,435

For the years ended December 31, 2021 and 2020, interest expenses were \$24,501 thousand and \$44,081 thousand, respectively, interest rates ranged from 0.00% to 6.05% and 0.00% to 5.00%, respectively.

December 31, 2021			
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
An Hsin Construction Manager	\$ 2,239,237	0.01~0.25	\$(2,164)
Shin Kong Mitsukoshi	2,221,087	0.00~0.01	(178)
Taiwan SMEG	996,961	0.00~0.79	(6,782)
Shinkong Synthetic Fibers	638,018	0.00~0.20	(195)
CyberLink	535,165	0.01~0.50	(1,140)
Shin Kong Insurance	503,051	0.00~1.03	(1,437)
Dah Chung Bills	419,709	0.00~0.30	(1,066)
Ezconn	373,705	0.00~2.50	(471)
Tasco Chemical	334,581	0.00~0.65	(256)
Mega Green Energy	317,076	0.01~0.81	(559)
Hung Shin	202,882	0.01~0.01	(9)
Sercomm	177,135	0.00~0.03	(17)
Excel Chemical	170,209	0.01~0.01	(9)
Taiwan Fieldrich	120,905	0.03~0.03	(35)
Individual A	117,680	0.00~0.01	(3)
Global Tek Fabrication	113,958	0.01~0.29	(128)
Shin Kong Life Insurance	101,673	0.00~0.20	(44)
Others	4,637,169		(10,008)
	<u>\$ 14,220,201</u>		<u>\$(24,501)</u>

December 31, 2020			
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Shin Kong Mitsukoshi	\$ 2,355,457	0.00~0.06	\$(211)
Taiwan SMEG	1,729,360	0.00~1.05	(9,066)
CyberLink	738,603	0.01~0.50	(1,052)
An Shin Construction Manager	640,868	0.01~0.63	(3,770)
Shin Kong Insurance	503,151	0.00~1.03	(2,082)
Excel Chemical	438,930	0.01~0.06	(18)
Shinkong Synthetic Fibers	436,067	0.00~0.32	(248)
Dah Chung Bills	434,489	0.00~0.70	(2,525)
Tasco Chemical	284,089	0.00~0.65	(2,009)
Yun-Teh	212,615	0.01~0.06	(8)
Chang Her	139,049	0.01~0.06	(4)
Taiwan Fieldrich	125,772	0.01~0.22	(45)
Ubright Optronics	111,632	0.00~0.32	(70)
Hung Shin Enterprise	100,499	0.01~0.01	(3)
Others	3,748,854		(22,970)
	<u>\$ 11,999,435</u>		<u>\$(44,081)</u>

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

2) Call loan to banks and call loan from banks

December 31, 2021			
Item	Ending Balance	Interest Rate (Per Annum %)	Interest Income
Dah Chung Bills Call loan to banks	\$ -	0.22~0.33	\$ 501
Yuanta Bank Call loan to banks	-	0.06~0.26	775
Yuanta Bank Call loan from banks	-	0.08	(1)

		December 31, 2020		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Income
Dah Chung Bills	Call loan to banks	\$ -	0.20~0.52	\$ 2,089
Yuanta Bank	Call loan to banks	-	0.09~1.90	677
Yuanta Bank	Call loan from banks	-	2.05	(12)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

3) Due from banks and due to banks

Taishin Bank and subsidiaries

		December 31, 2020		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Income
Chang Hwa Bank	Due from banks	\$ 1,920	-	\$ -

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

4) Trading securities

December 31, 2021						
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resale Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 7,680,415	\$ 5,882,094	\$ 499,853	0.20	\$ -	-
Dah Chung Bills	50,020	-	-	-	-	-
Yuanta Bank	-	5,318,943	-	-	-	-
Chin We	-	-	5,001	0.13~0.18	-	-
Yi Huan	-	-	28,010	0.13~0.18	-	-
Xiang Zhao	-	-	58,033	0.13~0.18	-	-
Jia Hao	-	-	63,030	0.13~0.18	-	-
Chang Her	-	-	10,001	0.14~0.19	-	-
United Microelectronics	100,000	-	-	-	-	-
	<u>\$ 7,830,435</u>	<u>\$ 11,201,037</u>	<u>\$ 663,928</u>		<u>\$ -</u>	

December 31, 2020						
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resale Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 3,912,693	\$ 8,314,809	\$ -	-	\$ -	-
Dah Chung Bills	-	300,000	-	-	-	-
Chang Hwa Bank	-	50,432	-	-	-	-
Shin Kong Bank	-	100,130	-	-	-	-
Yuanta Bank	-	3,648,178	-	-	-	-
Chin We	-	-	40,012	0.14~0.45	-	-
Peng Cheng	-	149,970	-	-	-	-
	<u>\$ 3,912,693</u>	<u>\$ 12,563,519</u>	<u>\$ 40,012</u>		<u>\$ -</u>	

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

5) Derivatives

December 31, 2020						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2016/6/29-2022/6/20	\$ 600,000	\$(702)	Financial assets at FVTPL	\$ 639

December 31, 2020						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2016/6/29-2022/6/20	\$ 600,000	\$(187)	Financial assets at FVTPL	\$ 1,341
Creative Sensor	Forward exchange contracts	2020/7/20-2021/3/25	168,600	(10,109)	Financial assets at FVTPL	(10,109)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

6) Other material transactions

For the Year Ended December 31					
2021			2020		
	Item	Amount		Item	Amount
CyberSoft Digital Service	Operating expenses	\$ 441,075		Operating expenses	\$ 545,827
Shin Kong Mitsukoshi	Service charge and operating expenses	337,287		Service charge and operating expenses	367,661
Shin Kong Mitsukoshi	Fee income	325,598		Fee income	334,741
Shin Kong Life Insurance	Commission income	225,451		Commission income	383,940

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

- 7) On September 24, 2020, Taishin Bank's board of directors resolved to sell credit assets of \$501,500 thousand in syndicated loans to Shin Kong Bank. The transaction with the related party is made under arm's length terms, which are consistent with the normal policies.

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the three months and for the years ended December 31, 2021 and 2020 included the following:

For the Year Ended December 31			
	2021		2020
Short-term benefits	\$ 399,128	\$	325,061
Post-employment benefits	972		990
Stock-based payments	32,245		2,669
	<u>\$ 432,345</u>	<u>\$</u>	<u>328,720</u>

d. Related-party transactions of subsidiaries with amounts more than \$100,000 thousand

1) Taishin Bank

a) Material transactions with related parties were as follows:

i. Loans, deposits and guaranteed loans

Loans

December 31, 2021						
Related Parties	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
<u>Other loans</u>						
Shin Kong Security	\$ 430,000	\$ 8,740,000	\$ 430,000	\$ -	Land and buildings	None
Ezconn	450,000	3,817,940	450,000	-	-	None
Global Tek Fabrication	100,000	780,000	100,000	-	Land and buildings	None
December 31, 2020						
Related Parties	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Parties
<u>Other loans</u>						
Shin Kong Security	\$ 520,000	\$ 520,000	\$ 520,000	\$ -	Land and buildings	None
Darfon	400,000	400,000	400,000	-	-	None
Peng Cheng	110,000	132,000	110,000	-	Land and buildings	None

Deposits

December 31, 2021			
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Securities B	\$ 10,185,299	0.00~0.81	\$ (2,443)
An Shin Construction Manager	2,239,237	0.01~0.25	(2,164)
Shin Kong Mitsukoshi	2,221,087	0.00~0.01	(178)
Taishin Life Insurance	1,638,793	0.00~0.03	(90)
Taiwan SMEG	996,961	0.00~0.79	(6,782)
Shinkong Synthetic Fibers	638,018	0.00~0.20	(195)
CyberLink	535,165	0.01~0.50	(1,140)
Shin Kong Insurance	503,051	0.00~1.03	(1,437)
Dah Chung Bills	419,709	0.00~0.30	(1,066)
Ezconn	373,705	0.00~2.50	(471)
Tasco Chemical	334,581	0.00~0.65	(256)
Mega Green Energy	317,076	0.01~0.81	(559)
Taishin Securities Investment Advisory	280,558	0.01~0.81	(1,512)
Taishin D.A. Finance	212,238	0.00~0.76	(18)
Hung Shin	202,883	0.01~0.01	(9)
Sercomm	177,135	0.00~0.03	(17)
Excel Chemical	170,209	0.01~0.01	(9)
Taishin Financial Holding	155,574	0.00~0.01	(3)
Taishin Securities Investment Trust	132,102	0.01~0.76	(162)
Taiwan Fieldrich	120,905	0.03~0.03	(35)
Individual A	117,680	0.00~0.01	(3)
Global Tek Fabrication	113,958	0.01~0.29	(128)
Shin Kong Life Insurance	101,673	0.00~0.20	(44)

December 31, 2020			
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Securities B	\$ 4,009,343	0.00~1.30	\$ (3,000)
Shin Kong Mitsukoshi	2,355,457	0.00~0.06	(211)
Taiwan SMEG	1,729,360	0.00~1.05	(9,066)
CyberLink	738,603	0.01~0.50	(1,052)
An Shin Construction Manager	640,868	0.01~0.63	(3,770)
Shin Kong Insurance	503,151	0.00~1.03	(2,082)
EXCEL Chemical	438,930	0.01~0.06	(18)
Shin Kong Synthetic Fibers	436,067	0.00~0.32	(248)
Dah Chung Bills	434,489	0.00~0.70	(2,525)
Tasco Chemical	284,089	0.00~0.65	(2,009)
Taishin Securities Investment Advisory	222,921	0.01~2.20	(2,153)
Yun-Teh	212,615	0.01~0.06	(8)
Taishin D.A. Finance	171,738	0.00~1.03	(32)
Chang Her	139,049	0.01~0.06	(4)
Taishin Securities Investment Trust	129,412	0.01~1.03	(176)
Taiwan Fieldrich	125,772	0.01~0.22	(45)
Ubright Optronics	111,632	0.00~0.32	(70)
Taishin Financial Holding	109,411	0.00~0.20	(2,043)
Hung Shin Enterprise	100,499	0.01~0.01	(3)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

ii. Trading securities

December 31, 2021						
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resale Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 7,680,415	\$ 5,882,094	\$ 499,853	0.20	\$ -	-
Yuanta Bank	-	5,318,943	-	-	-	-
Taishin Financial Holding	-	-	700,000	0.13~0.19	-	-
Taishin Securities B	149,482	298,906	-	-	-	-
United Microelectronics	100,000	-	-	-	-	-

December 31, 2020						
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resale Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 3,912,693	\$ 8,314,809	\$ -	-	\$ -	-
Taishin Financial Holding	7,000,000	-	450,126	0.14~0.45	-	-
Taishin Securities B	3,649,508	251,268	-	-	-	-
Dah Chung Bills	-	300,000	-	-	-	-
Shin Kong Bank	-	100,130	-	-	-	-
Yuanta Bank	-	3,648,178	-	-	-	-
Peng Cheng	-	149,970	-	-	-	-

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

iii. Derivatives

December 31, 2021						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2016/6/29-2022/6/20	\$ 600,000	\$ (702)	Financial assets at FVTPL	\$ 639

December 31, 2020						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2016/6/29-2022/6/20	\$ 600,000	\$ (187)	Financial assets at FVTPL	\$ 1,341
Creative Sensor	Forward exchange contracts	2020/7/20-2021/3/25	168,600	(10,109)	Financial liabilities at FVTPL	(10,109)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

iv. Other material transactions

For the Year Ended December 31					
2021			2020		
	Item	Amount		Item	Amount
Taishin Life Insurance	Commission income	\$ 548,863		Commission income	\$ -
CyberSoft Digital Service	Operating expenses	437,213		Operating expenses	541,673
Shin Kong Mitsukoshi	Service charge and operating expenses	337,287		Service charge and operating expenses	367,661
Shin Kong Mitsukoshi	Fee income	325,598		Fee income	334,741
Shin Kong Life Insurance	Commission income	225,451		Commission income	383,940

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

- v. On September 24, 2020, Taishin Bank's board of directors resolved to sell credit assets of \$501,500 thousand in syndicated loans to Shin Kong Bank. The transaction with the related party is made under arm's length terms, which are consistent with the normal policies.
- vi. On March 12, 2020, Taishin Bank sold a real estate to Taishin AMC through a resolution of the board of directors. The sale price was \$429,650 thousand. The transaction gain of \$119,838 thousand was recognized when the transaction was completed in May 2020. The transaction with the related party was made under arm's length terms, which are consistent with normal policies.
- vii. On March 18, 2021, Taishin Bank's board of directors resolved to sell the stock transfer agency department to Taishin Securities B. On November 8, 2021, Taishin Securities B generally assumed all the assets, liabilities and operations of the stock transfer agency department with the cash payment of \$43,419 thousand by Taishin Bank. This transaction is a group reorganization under common control. The difference of \$70,000 thousand between the price paid by Taishin Bank and the book value of the net assets transferred is recognized under the capital surplus. In order to comply with Article 75 of the Banking Act, Taishin Bank sold a real estate to Securities B through a resolution of the board of directors. The sale price was \$476,150 thousand. The transaction gain of \$195,808 thousand was recognized when the transaction was completed in October 2021. The transaction with the related party was made under arm's length terms, which are consistent with normal policies.

b) Compensation of key management personnel:

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

	For the Year Ended December 31	
	2021	2020
Short-term benefits	\$ 429,006	\$ 431,176
Post-employment benefits	5,282	6,635
Termination benefits	3,485	-
Stock-based payments	50,112	3,821
	<u>\$ 487,885</u>	<u>\$ 441,632</u>

2) Taishin Securities B

a) Liability contracts with related parties

Item	Name	December 31	
		2021	2020
Cash and cash equivalents	Taishin Bank	\$ 1,254,838	\$ 1,621,496
Customer margin account	Taishin Bank	426,300	416,267
Other current assets - settlements and receipts under custody	Taishin Bank	7,952,194	1,343,496
Other financial assets - current	Taishin Bank	-	100,000
Other current assets - pledged guarantee deposit	Taishin Bank	203,883	200,000
Other non-current assets - operating guarantee deposits	Taishin Bank	335,000	315,000

b) Land property and equipment received

Related Party	Payment Received For the Year Ended December 31	
	2021	2020
<u>Land</u>		
Taishin Bank	\$ 413,131	\$ -

c) Lease arrangements

Item	Name	For the Year Ended December 31	
		2021	2020
Lease liabilities	Taishin Bank	\$ 69,230	\$ 136,867

d) Financial assets at fair value through profit or loss - current

Item	Name	December 31			
		2021		2020	
		Ending Stocks (In Thousands)	Ending Balance	Ending Stocks (In Thousands)	Ending Balance
Trading Securities - hedging	Shin Kong Financial Holding	2,423	\$ 285,187	2,911	\$ 314,266

e) Trading securities

	December 31, 2021					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resale Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 50,112	\$ 247,749	\$ -	-	\$ -	-
Taishin Bank	298,906	149,482	-	-	-	-

	December 31, 2020					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resale Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	\$ 1,001,013	\$ 1,297,168	\$ -	-	\$ -	-
Taishin Financial Holding	3,000,000	-	-	-	-	-
Taishin Bank	251,268	349,508	-	-	-	-
Shin Kong Bank	100,189	150,010	-	-	-	-

3) Taishin Life Insurance

Liability contracts with related parties

Item	Name	December 31, 2021	
Cash and cash equivalents	Taishin Bank	\$	1,639,006
Commission expenses	Taishin Bank		599,751
Payables	Taishin Bank		146,951

4) Taishin AMC

a) Credit receivable

In June 2005, Taishin AMC bought 12 accounts of credit loans from Taishin Bank for \$986,000 thousand with book value of \$2,951,353 thousand. According to the contract, the receivables of \$986,000 thousand will be paid off in seven installments by October 31, 2006. In July 2006, Taishin AMC bought non-performing loans that resulted from cash card, credit card and small consumer loans from Taishin Bank for \$546,697 thousand with book value of \$9,494,153 thousand. According to the contract, June 30, 2006 was determined as the basic measurement date of this transaction, and the receivables of \$546,697 thousand will be paid off in two installments by September 15, 2006. In September 2006, Taishin AMC bought non-performing loans that resulted from cash card, credit card and small consumer loans from Taishin Bank for \$158,000 thousand with book value of \$5,490,584 thousand. According to the contract, August 31, 2006 was determined as the basic measurement date of this transaction, and the receivables of \$158,000 thousand will be paid off in two installments by October 31, 2006. Also defined in the contract, 5 years from measurement date, Taishin AMC authorized Taishin Bank the rights to collect payments from debtors and will pay the 30% of loans collected as service fees and 40 of remaining 70% of loan collected paid as commission. The service contracts mentioned were terminated on December 31, 2011 and August 31, 2011, respectively. From July 1, 2011 and September 1, 2011, Taishin AMC authorized Taishin Bank the rights to collect payments from debtors and will pay 32.5% of loans collected as service fees.

b) Loans with transferred ownership

For the Year Ended December 31, 2021				
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	\$ 14,820,278	\$ -	\$ (112,354)	\$ 14,707,924

For the Year Ended December 31, 2020				
	Beginning Balance	Purchased	Collected	Ending Balance
Loans with transferred ownership	\$ 14,941,299	\$ -	\$ (121,021)	\$ 14,820,278

5) Taishin Venture Capital

There were no related party transactions with amounts more than \$100,000 thousand for the year ended December 31, 2020.

6) Taishin Securities Investment Trust

		December 31	
Item	Related Party	2021	2020
Cash	Taishin Bank	\$ 127,479	\$ 129,412
Deferred commission fee	Taishin Bank	102,343	77,856

7) Taishin Securities Investment Advisory

Liability contracts with related parties:

		December 31	
Item	Related Party	2021	2020
Other financial assets	Taishin Bank	\$ 271,101	\$ 208,074

50. PLEDGED ASSETS

The following assets were provided as collateral for overdrafts from Central Bank and other banks, derivative trading, repurchase agreements and other operating deposits:

		December 31	
Pledged Assets	Description	2021	2020
Refundable deposits	Cash and certificates of time deposits	\$ 10,795,939	\$ 6,159,942
Operating deposits and settlement funds	Cash and cash paid to stock exchange	1,087,152	159,460
Investments in debt instrument at FVTOCI	Securities and bonds	618,779	7,909,388
Investments in financial assets in debt instrument at amortized cost	Securities and bonds	15,019,204	7,701,900
Other assets due from banks	Bank deposits and certificate of time deposits	1,536,073	1,524,183

51. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to those disclosed in other notes, Taishin Financial Holding and subsidiaries have contingent liabilities and commitments as follows:

	December 31	
	2021	2020
Trust liabilities	\$ 531,981,960	\$ 468,500,324
Contracts	68,496,716	25,400,657
Unpaid engineering equipment and software	963,212	1,148,793

52. FINANCIAL INFORMATION BY BUSINESS

The financial information by business for the years ended December 31, 2021 and 2020 was as follows:

Item \ Bank Business	For the Year Ended December 31, 2021				
	Bank Business	Securities Business	Insurance Business	Other Business	Total
Net interest income	21,890,152	486,409	1,867,223	116,606	24,360,390
Net income other than net interest income	17,286,454	4,016,931	12,263,475	5,836,848	39,403,708
Net revenue and gains	39,176,606	4,503,340	14,130,698	5,953,454	63,764,098
(Provisions for) reversal of allowance for bad debts expenses, commitment and guarantee liability	(391,455)	225	456	(155,639)	(546,413)
Net change of insurance liability reserve	-	-	(11,762,052)	-	(11,762,052)
Total operating expenses	(23,254,500)	(2,599,269)	(949,900)	(1,496,463)	(28,300,132)
Income before income tax of continued operations	15,530,651	1,904,296	1,419,202	4,301,352	23,155,501
Income tax (expense) benefit	(2,230,755)	(243,226)	(483,962)	101,155	(2,856,788)
Income after income tax of continued operations	13,299,896	1,661,070	935,240	4,402,507	20,298,713

Item \ Bank Business	For the Year Ended December 31, 2020				
	Bank Business	Securities Business	Insurance Business	Other Business	Total
Net interest income	20,879,592	197,127	-	582,395	21,659,114
Net income other than net interest income	17,625,067	2,506,918	-	2,353,750	22,485,735
Net revenue and gains	38,504,659	2,704,045	-	2,936,145	44,144,849
(Provisions for) reversal of allowance for bad debts expenses, commitment and guarantee liability	(1,705,892)	(2,270)	-	(152,561)	(1,860,723)
Net change of insurance liability reserve	-	-	-	-	-
Total operating expenses	(22,653,258)	(1,915,962)	-	(1,283,778)	(25,852,998)
Income before income tax of continued operations	14,145,509	785,813	-	1,499,806	16,431,128
Income tax (expense) benefit	(1,925,601)	(96,309)	-	79,609	(1,942,301)
Income after income tax of continued operations	12,219,908	689,504	-	1,579,415	14,488,827

53. FINANCIAL STATEMENTS OF TAISHIN FINANCIAL HOLDING

TAISHIN FINANCIAL HOLDING CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

ASSETS	2021	2020
Cash and cash equivalents	\$ 155,574	\$ 109,411
Financial assets at fair value through other comprehensive income	36,769,139	1,992
Securities purchased under resale agreements	700,000	450,126
Receivables, net	1,101,577	1,188,607
Investments accounted for using the equity method	200,040,662	219,875,975
Property and equipment, net	2,544	2,533
Right-of-use assets, net	24,278	-
Other assets	22,496	18,829
TOTAL	\$ 238,816,270	\$ 221,647,473

(Continued)

LIABILITIES AND EQUITY	2021	2020
LIABILITIES		
Financial liabilities at FVTPL	\$ 1,789,122	\$ -
Commercial papers issued, net	4,497,340	999,576
Payables	563,067	587,462
Current tax liabilities	1,874,566	1,998,212
Bonds payable	32,000,000	32,000,000
Lease liabilities	24,897	-
Total liabilities	40,748,992	35,585,250
EQUITY		
Capital stock		
Common stock	114,093,832	109,115,662
Preferred stock	8,000,000	8,000,000
Advance receipts for capital stock	-	11,336
Capital surplus	35,921,647	35,928,795
Retained earnings		
Legal reserve	13,196,771	11,777,396
Special reserve	393,716	571,970
Unappropriated earnings	25,110,517	18,831,418
Other equity	1,350,795	1,825,646
Total equity	198,067,278	186,062,223
TOTAL	\$ 238,816,270	\$ 221,647,473

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD.

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
INCOME		
Share of profit of subsidiaries and associates accounted for using equity method	\$ 16,174,465	\$ 15,418,827
Interest income	2,835	6,093
Realized gain on financial assets at FVTOCI	770,980	-
Other income	5,810	19,808
Gain from bargain purchase	9,227,113	-
Total income	26,161,203	15,444,728
EXPENSES AND LOSSES		
Operating expenses	(577,040)	(622,727)
Interest expenses	(489,677)	(475,969)
Financial assets and liabilities at FVTPL	(871,267)	-
Loss on disposals of investments accounted for using the equity method	(4,258,447)	-
Other expenses	(4,441)	-
Total expenses and losses	(6,200,872)	(1,098,696)
INCOME BEFORE INCOME TAX	19,980,331	14,346,032
INCOME TAX (EXPENSE) BENEFIT	331,477	147,390
NET INCOME	20,311,808	14,493,422
OTHER COMPREHENSIVE INCOME		
Components of other comprehensive income that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	(1,884)	3,774
Unrealized gain on investments in equity instruments designated as at FVTOCI	1,006,449	11
Share of the other comprehensive income of associates accounted for using equity method	(380,872)	511
Components of other comprehensive income that will be reclassified to profit or loss		
Share of the other comprehensive income of associates accounted for using equity method	(1,115,611)	468,563
Other comprehensive income, net of tax	(491,918)	472,859
TOTAL COMPREHENSIVE INCOME	\$ 19,819,890	\$ 14,966,281
EARNINGS PER SHARE		
Basic	\$ 1.63	\$ 1.12
Diluted	\$ 1.63	\$ 1.12

TAISHIN FINANCIAL HOLDING CO., LTD.

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

	Equity Attributable to Owners of Parent						
	Capital Stock			Capital Surplus			
	Common Stock	Preferred Stock	Advanced Receipts for Capital Stock	Additional Paid-in Capital in Excess of Par	Treasury Stock Transactions	Stock-based Compensation	Other
BALANCE AT JANUARY 1, 2020	\$ 106,567,044	\$ 8,000,000	\$ 11,077	\$ 33,774,714	\$ 2,075,475	\$ 102,003	\$ 3,213
Appropriation of 2019 earnings							
Legal reserve	-	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-	-
Stock dividends on common stock	2,466,618	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	-
Net profit for the year ended December 31, 2020	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2020, net of tax	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-
Stock-based payments	82,000	-	259	21,094	-	(47,704)	-
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2020	\$ 109,115,662	\$ 8,000,000	\$ 11,336	\$ 33,795,808	\$ 2,075,475	\$ 54,299	\$ 3,213
BALANCE AT JANUARY 1, 2021	\$ 109,115,662	\$ 8,000,000	\$ 11,336	\$ 33,795,808	\$ 2,075,475	\$ 54,299	\$ 3,213
Appropriation of 2019 earnings							
Legal reserve	-	-	-	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-	-
Cash dividends on preferred stock	-	-	-	-	-	-	-
Stock dividends on common stock	4,957,660	-	-	-	-	-	-
Net profit for the year ended December 31, 2021	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year ended December 31, 2021, net of tax	-	-	-	-	-	-	-
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-
Disposals of investments accounted for using the equity method	-	-	-	-	-	-	-
Stock-based payments	20,510	-	(11,336)	(5,481)	-	(1,667)	-
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2021	\$ 114,093,832	\$ 8,000,000	\$ -	\$ 33,790,327	\$ 2,075,475	\$ 52,632	\$ 3,213

Equity Attributable to Owners of Parent							
Retained Earnings			Other Equity				Total Equity
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets (Fair Value at FVTOCI)	Changes in Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities at FVTPL	Other comprehensive Income on Reclassification Using the Overlay Approach	
\$ 10,357,137	\$ 572,115	\$ 16,373,487	\$ (675,950)	\$ 1,689,500	\$ 39,567	\$ -	\$ 178,889,382
1,420,259	-	(1,420,259)	-	-	-	-	-
-	-	(6,029,510)	-	-	-	-	(6,029,510)
-	-	(1,819,579)	-	-	-	-	(1,819,579)
-	-	(2,466,618)	-	-	-	-	-
-	(145)	145	-	-	-	-	-
-	-	14,493,422	-	-	-	-	14,493,422
-	-	(180,583)	(277,106)	969,137	(38,589)	-	472,859
-	-	14,312,839	(277,106)	969,137	(38,589)	-	14,966,281
-	-	-	-	-	-	-	55,649
-	-	(119,087)	-	119,087	-	-	-
\$ 11,777,396	\$ 571,970	\$ 18,831,418	\$ (953,056)	\$ 2,777,724	\$ 978	\$ -	\$ 186,062,223
\$ 11,777,396	\$ 571,970	\$ 18,831,418	\$ (953,056)	\$ 2,777,724	\$ 978	\$ -	\$ 186,062,223
1,419,375	-	(1,419,375)	-	-	-	-	-
-	-	(6,059,361)	-	-	-	-	(6,059,361)
-	-	(1,757,500)	-	-	-	-	(1,757,500)
-	-	(4,957,660)	-	-	-	-	-
-	-	20,311,808	-	-	-	-	20,311,808
-	-	(180,726)	770,274	(1,416,197)	(19,801)	354,532	(491,918)
-	-	20,131,082	770,274	(1,416,197)	(19,801)	354,532	19,819,890
-	(178,254)	894,746	-	(716,492)	-	-	-
-	-	-	-	-	-	-	2,026
-	-	(552,833)	-	552,833	-	-	-
\$ 13,196,771	\$ 393,716	\$ 25,110,517	\$ (182,782)	\$ 1,197,868	\$ (18,823)	\$ 354,532	\$ 198,067,278

TAISHIN FINANCIAL HOLDING CO., LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	\$ 19,980,331	\$ 14,346,032
Depreciation expense	7,687	7,533
Amortization expense	500	500
Net loss (gain) on fair value changes of financial assets and liabilities at FVTPL	871,267	-
Net loss (gain) on fair value changes of financial assets and liabilities at FVTOCI	(770,980)	(82)
Interest expense	489,677	475,969
Interest revenue	(2,835)	(6,093)
Share-based payments	18,583	2,186
Share of profit of subsidiaries and associates accounted for using the equity method	(16,174,465)	(15,418,827)
Gain on disposal of property and equipment	(100)	(130)
(Gain) loss on disposal of investments accounted for using the equity method	4,258,447	-
Gain from bargain purchase	(9,227,113)	-
Changes in operating assets and liabilities		
Net changes in operating assets		
(Increase) decrease in receivables	960,617	2,121,228
(Increase) decrease in other assets	(5,546)	974
Net changes in operating liabilities		
Increase (decrease) in payables	(48,170)	(350,287)
Interest received	2,799	6,073
Dividend received	7,862,118	5,331,402
Interest paid	(491,912)	(419,385)
Income tax refund	-	190,348
Income taxes paid	(660,025)	(1,960,464)
Net cash generated from (used in) operating activities	7,070,880	4,326,977
CASH FLOWS FROM INVESTING ACTIVITIES		
Disposal of investments accounted for using equity method	3,116,498	-
Acquisition of subsidiaries	(5,568,519)	-
Payments for property and equipment	(1,629)	(93)
Proceeds from disposal of property and equipment	100	130
Net cash generated from (used in) investing activities	(2,453,550)	37
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in commercial papers issued	3,500,000	(9,000,000)
Corporate bond issued	-	10,000,000
Repayment of the principal portion of lease liabilities	(6,458)	(5,514)
Cash dividends distributed	(7,816,861)	(7,849,089)
Exercise of employee share options	2,026	55,649
Net cash generated from (used in) financing activities	(4,321,293)	(6,798,954)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	296,037	(2,471,940)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	559,537	3,031,477
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	\$ 855,574	\$ 559,537
Cash and cash equivalents in the consolidated balance sheets	\$ 155,574	\$ 109,411
Securities purchased under resale agreements qualifying as cash and cash equivalents under the definition of IAS 7	700,000	450,126
	\$ 855,574	\$ 559,537

54. PROFITABILITY OF TAISHIN FINANCIAL HOLDING (STAND-ALONE AND CONSOLIDATED)

Stand-alone

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Pretax	8.68%	6.59%
	After tax	8.82%	6.66%
Return on net equity	Pretax	10.40%	7.86%
	After tax	10.58%	7.94%
Profit margin		77.58%	93.84%

$$\text{Note a: Return on total assets} = \frac{\text{Income before (after) tax}}{\text{Average assets}}$$

$$\text{Note b: Return on net equity} = \frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

$$\text{Note c: Profit margin} = \frac{\text{Income after tax}}{\text{Total income}}$$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2021 and 2020.

$$\text{Note e: Return on net equity - common stock} = \frac{\text{Income before (after) tax}}{\text{Average net equity - common stock}}$$

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on net equity - common stock	Pretax	12.12%	8.95%
	After tax	12.34%	9.05%

Consolidated

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Pretax	0.98%	0.78%
	After tax	0.86%	0.69%
Return on net equity	Pretax	12.06%	9.00%
	After tax	10.58%	7.94%
Profit margin		31.83%	32.99%

$$\text{Note a: Return on total assets} = \frac{\text{Income before (after) tax}}{\text{Average assets}}$$

$$\text{Note b: Return on net equity} = \frac{\text{Income before (after) tax (of the parent company's stockholders)}}{\text{Average net equity}}$$

$$\text{Note c: Profit margin} = \frac{\text{Income after tax}}{\text{Total income}}$$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2021 and 2020.

$$\text{Note e: Return on net equity - common stock} = \frac{\text{Income before (after) tax (of the parent company's stockholders)}}{\text{Average net equity - common stock}}$$

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on net equity - common stock	Pretax	14.24%	10.43%
	After tax	12.34%	9.05%

55. CONDENSED BALANCE SHEETS AND STATEMENTS OF COMPREHENSIVE INCOME AND IMPORTANT FINANCIAL NOTES OF SUBSIDIARIES

Taishin Bank

a. Balance sheet (standalone)

	December 31	
	2021	2020
Assets		
Cash and cash equivalents	\$ 24,415,458	\$ 22,490,492
Due from Central Bank and call loans to banks	86,817,297	84,083,756
Financial assets at FVTPL	93,937,997	104,573,778
Financial assets at FVTOCI	138,582,353	190,210,737
Financial assets in debt instruments at amortized cost	298,239,804	270,627,928
Securities purchased under resale agreements	9,776,840	3,768,198
Receivables, net	130,669,473	115,646,375
Current tax assets	-	2,520
Loans, net	1,319,913,808	1,243,698,700
Investments accounted for using the equity method	1,889,831	2,337,883
Other financial assets, net	5,876,466	4,920,328
Property and equipment, net	17,632,881	18,120,798
Right-of-use assets, net	2,368,596	2,731,449
Intangible assets, net	2,628,082	2,701,694
Deferred tax assets	2,740,397	2,873,268
Other assets, net	11,448,341	6,761,056
	<u>\$ 2,146,937,624</u>	<u>\$ 2,075,548,960</u>
Liabilities		
Due to the Central Bank and banks	\$ 57,075,272	\$ 49,824,469
Funds borrowed from the Central Bank and other banks	3,984,460	1,925,590
Financial liabilities at FVTPL	23,322,146	30,828,522
Securities sold under repurchase agreements	72,590,202	78,215,782
Payables	20,098,972	27,721,633
Current tax liabilities	932,611	1,143,977
Deposits and remittances	1,694,146,062	1,612,907,727
Bank debentures	34,800,000	34,800,000
Other financial liabilities	64,091,289	66,596,514
Provisions	1,870,559	1,792,627
Lease liabilities	2,452,383	2,833,533
Deferred tax liabilities	57,887	136,848
Other liabilities	4,802,464	4,633,278
	<u>1,980,224,307</u>	<u>1,913,360,500</u>
Equity		
Capital stock	88,857,118	86,957,118
Capital surplus	30,319,980	30,249,980
Retained earnings	47,428,303	42,784,021
Other equity	107,916	2,197,341
	<u>166,713,317</u>	<u>162,188,460</u>
	<u>\$ 2,146,937,624</u>	<u>\$ 2,075,548,960</u>

b. Statements of comprehensive income (standalone)

		For the Year Ended December 31	
		2021	2020
Interest income	\$	28,451,333	\$ 31,459,165
Interest expenses	(	7,142,489)	(11,125,988)
Net interest income		21,308,844	20,333,177
Net income other than net interest income		17,128,475	17,563,922
Net revenue and gains		38,437,319	37,897,099
Provisions for allowance for bad debts expenses commitment and guarantee liability	(	360,250)	(1,661,733)
Operating expenses	(	22,770,455)	(22,179,622)
Income before income tax		15,306,614	14,055,744
Income tax expenses	(	2,181,734)	(1,881,045)
Net income		13,124,880	12,174,699
Other comprehensive income	(	2,191,599)	475,048
Total comprehensive income	\$	10,933,281	\$ 12,649,747
Basic earnings per share (dollar)	\$	1.48	\$ 1.37
Diluted earnings per share (dollar)	\$	1.48	\$ 1.37

c. Key financial and business highlights

1) Profitability

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Pretax	0.73%	0.70%
	After tax	0.62%	0.61%
Return on net equity	Pretax	9.31%	8.91%
	After tax	7.98%	7.72%
Profit margin		34.15%	32.13%

$$\text{Note a: Return on total assets} = \frac{\text{Income before (after) tax}}{\text{Average assets}}$$

$$\text{Note b: Return on net equity} = \frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

$$\text{Note c: Profit margin} = \frac{\text{Income after tax}}{\text{Net revenue and gains}}$$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2021 and 2020.

2) Asset quality

Non-performing loans and receivables

Item			December 31, 2021					December 31, 2020				
			Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance For Loan Losses	Coverage Ratio (Note c)
Business Type												
Corporate finance	Secured		248,803	289,876,648	0.09%	3,160,956	1,270.47%	437,016	264,302,565	0.17%	2,630,928	602.02%
	Unsecured		445,189	321,709,825	0.14%	4,771,177	1,071.72%	537,032	310,573,655	0.17%	4,699,662	875.12%
Consumer finance	Mortgage loans (Note d)		327,069	344,853,086	0.09%	5,177,775	1,583.08%	304,889	317,066,866	0.10%	4,784,027	1,569.10%
	Cash cards		9,968	466,775	2.14%	55,493	556.71%	9,402	691,093	1.36%	70,750	752.50%
	Credit loans (Note e)		203,646	81,317,350	0.25%	942,047	462.59%	217,162	75,043,111	0.29%	965,989	444.82%
	Others (Note f)	Secured	337,778	298,479,975	0.11%	3,261,984	965.72%	413,021	292,358,683	0.14%	3,265,113	790.54%
		Unsecured	1,899	1,224,615	0.16%	14,454	761.14%	1,852	697,088	0.27%	8,644	466.74%
	Subtotal			1,574,352	1,337,928,274	0.12%	17,383,886	1,104.19%	1,920,374	1,260,733,061	0.15%	16,425,113	855.31%
Credit card			116,171	61,051,315	0.19%	544,463	468.67%	156,592	61,526,090	0.25%	594,974	379.95%
Accounts receivable factoring with no recourse (Note g)			-	60,306,099	-	756,088	-	-	46,259,354	-	598,679	-

Note a: Non-performing loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/Non-performing Loans and Bad Debts issued by MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b: Non-performing loans ratio = Non-performing loans ÷ Loans

Non-performing loans of credit card ratio = Non-performing loans of credit cards ÷ Accounts receivable

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Non-performing loans

Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Non-performing loans of credit cards

Note d: Mortgage loans are for applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collaterals and assign the right on mortgage to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on August 24, 2009 (Ref. No. Jin-Guan-Yin 09850003180), accounts receivable without recourse are classified as non-performing loans if not compensated by the factor or insurance company within three months.

Exempted from report as non-performing loans and receivables

Item		December 31, 2021		December 31, 2020	
		Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables
Business Type	Amounts negotiated in accordance with the agreement (Note a)	206,488	72,399	293,604	98,832
	Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,805,332	1,199,828	1,791,640	1,231,550
Total		2,011,820	1,272,227	2,085,244	1,330,382

Note a: Disclosed in accordance with the Letter issued by the Banking Bureau on April 25, 2006 (Ref. No. FSC (1) 09510001270).

Note b: Disclosed in accordance with the letter issued by the Banking Bureau on September 15, 2008 (Ref. No. FSC (1) 09700318940) and September 20, 2016 (Ref. No. FSC 10500134790).

3) Concentration of credit risk

Year	December 31, 2021			December 31, 2020		
Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity
1	A Group (manufacture of computers)	20,383,403	12.23%	A Group (manufacture of computers)	20,536,172	12.66%
2	B Group (manufacture of woven cotton-type on woolen-type fabrics)	14,914,530	8.95%	C Group (ocean freight transportation forwarding services)	14,819,354	9.14%
3	C Group (ocean freight transportation forwarding services)	14,866,801	8.92%	K Group (liquid crystal panel and components manufacturing industry)	14,739,637	9.09%
4	D Group (manufacture of computers)	13,898,031	8.34%	B Group (manufacture of woven cotton-type on woolen-type fabrics)	13,720,530	8.46%
5	E Group (manufacture of computers)	11,690,616	7.01%	F Group (activities of other holding companies)	11,071,572	6.83%
6	F Group (activities of other holding companies)	10,395,617	6.24%	G Group (real estate activities for sale and rental with own or leased property)	10,853,282	6.69%
7	G Group (Other Financial Service Not Elsewhere Classified)	10,205,000	6.12%	D Group (manufacture of computers)	8,535,493	5.26%
8	H Group (Rolling and Extruding of Iron and Steel)	8,278,717	4.97%	E Group (manufacture of computers)	7,867,235	4.85%
9	I Group (Wholesale of Computers, Computer Peripheral Equipment and Software)	7,776,568	4.66%	J Group (manufacture of computers)	6,760,818	4.17%
10	J Group (manufacture of computers)	7,232,834	4.34%	L Group (manufacture of computers)	6,736,413	4.15%

Note a: Sorted by the balance of loans, excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note b: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, factoring without recourse, acceptance, and guarantee.

4) Interest rate sensitivity

Item	December 31, 2021				
	1-90 Days	91-180 Days	181 Days- 1 Year	More Than 1 Year	Total
Interest-sensitive assets	1,222,895,220	25,522,627	72,964,735	196,788,908	1,518,171,490
Interest-sensitive liabilities	445,043,741	135,036,179	148,670,071	672,684,344	1,401,434,335
Interest sensitivity gap	777,851,479	(109,513,552)	(75,705,336)	(475,895,436)	116,737,155
Net equity					162,581,839
Ratio of interest-sensitive assets to liabilities					108.33%
Ratio of interest sensitivity gap to net equity					71.80%

Item	December 31, 2020				
	1-90 Days	91-180 Days	181 Days- 1 Year	More Than 1 Year	Total
Interest-sensitive assets	1,205,932,854	41,664,149	43,986,308	184,059,146	1,475,642,457
Interest-sensitive liabilities	442,779,277	96,346,276	196,502,516	631,403,489	1,367,031,558
Interest sensitivity gap	763,153,577	(54,682,127)	(152,516,208)	(447,344,343)	108,610,899
Net equity					155,751,183
Ratio of interest-sensitive assets to liabilities					107.95%
Ratio of interest sensitivity gap to net equity					69.73%

Note a: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

(In Thousands of U.S. Dollars)

Item	December 31, 2021				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	10,762,513	1,359,646	3,171,988	2,602,980	17,897,127
Interest-sensitive liabilities	8,374,919	2,219,094	1,556,611	6,172,986	18,323,610
Interest sensitivity gap	2,387,594	(859,448)	1,615,377	(3,570,006)	(426,483)
Net equity					(2,546)
Ratio of interest-sensitive assets to liabilities					97.67%
Ratio of interest sensitivity gap to net equity					16,751.10%

(In Thousands of U.S. Dollars)

Item	December 31, 2020				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	10,737,160	1,668,397	2,070,305	2,054,322	16,530,184
Interest-sensitive liabilities	5,943,473	1,617,016	2,482,987	5,665,473	15,708,949
Interest sensitivity gap	4,793,687	51,381	(412,682)	(3,611,151)	821,235
Net equity					31,250
Ratio of interest-sensitive assets to liabilities					105.23%
Ratio of interest sensitivity gap to net equity					2,627.95%

Note a: The amounts listed above include amounts in U.S. dollars only for domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

5) Maturity analysis of assets and liabilities

	Total	December 31, 2021				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	2,250,684,784	666,901,590	291,361,964	203,196,887	248,882,724	840,341,619
Major maturity cash outflow	2,751,719,234	358,622,273	360,445,780	368,526,003	517,458,673	1,146,666,505
Gap	(501,034,450)	398,279,317	(69,083,816)	(165,329,116)	(268,575,949)	(306,324,886)

	Total	December 31, 2020				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	2,065,909,715	683,465,775	244,505,224	177,685,771	166,189,357	794,063,588
Major maturity cash outflow	2,472,085,128	383,333,448	319,710,910	270,459,141	446,231,801	1,052,349,828
Gap	(406,175,413)	300,132,327	(75,205,686)	(92,773,370)	(280,042,444)	(258,286,240)

Note: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

(In Thousands of U.S. Dollars)

	Total	December 31, 2021				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	49,653,112	17,030,329	12,158,554	7,544,710	6,758,776	6,160,743
Major maturity cash outflow	49,544,019	13,439,903	13,767,350	7,768,018	7,659,432	6,909,316
Gap	109,093	3,590,426	(1,608,796)	(223,308)	(900,656)	(748,573)

(In Thousands of U.S. Dollars)

	Total	December 31, 2020				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	38,903,997	16,939,357	9,428,553	4,215,218	3,212,133	5,108,736
Major maturity cash outflow	39,056,182	13,812,543	8,475,361	5,087,831	5,007,740	6,672,707
Gap	(152,185)	3,126,814	953,192	(872,613)	(1,795,607)	(1,563,971)

Note: The amounts listed above include amounts in U.S. dollars for head office, domestic branches, and OBU.

Taishin Securities B

a. Balance sheet (standalone)

	December 31	
	2021	2020
Assets		
Current assets	\$ 61,587,384	\$ 51,894,328
Financial assets at FVTPL - non-current	84,019	34,391
Financial assets at FVTOCI - non-current	1,247,945	615,629
Investments accounted for using the equity method	172,420	212,873
Property and equipment	789,126	278,551
Right-of-use assets	97,452	176,056
Investment property	128,302	123,425
Intangible assets	135,978	104,770
Deferred tax assets	28,400	21,507
Other non-current assets	566,772	546,440
	<u>\$ 64,837,798</u>	<u>\$ 54,007,970</u>
Liabilities		
Current liabilities	\$ 51,068,675	\$ 41,274,919
Other non-current liabilities	3,503,155	3,624,870
	<u>54,571,830</u>	<u>44,899,789</u>
Equity		
	6,924,124	6,924,125
Capital stock	895,826	965,825
Capital surplus	2,428,039	1,196,406
Retained earnings	17,979	21,825
Other equity	10,265,968	9,108,181
	<u>\$ 64,837,798</u>	<u>\$ 54,007,970</u>

b. Statements of comprehensive income (standalone)

	For the Year Ended December 31	
	2021	2020
Revenue	\$ 5,237,693	\$ 3,227,918
Expenses	(3,203,200)	(2,348,897)
Non-operating income and expenses	(5,896)	18,813
Profit before income tax	2,028,596	897,834
Income tax expenses	(243,226)	(96,309)
Net income	1,785,370	801,525
Other comprehensive income	(32,053)	(53,459)
Total comprehensive income	<u>\$ 1,753,317</u>	<u>\$ 748,066</u>
Basic earnings per share (dollar)	<u>\$ 2.54</u>	<u>\$ 1.12</u>

c. Key financial and business highlights

1) Profitability

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Pretax	3.41%	1.87%
	After tax	3.00%	1.67%
Return on net equity	Pretax	20.94%	10.00%
	After tax	18.43%	8.92%
Profit margin		34.09%	24.83%

$$\text{Note a: Return on total assets} = \frac{\text{Income before (after) tax}}{\text{Average assets}}$$

$$\text{Note b: Return on net equity} = \frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

$$\text{Note c: Profit margin} = \frac{\text{Income after tax}}{\text{Revenue}}$$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2021 and 2020.

Taishin Life Insurance

a. Balance sheets (standalone)

	December 31, 2021
Assets	
Cash and cash equivalents	\$ 2,462,457
Receivables	2,011,974
Current tax assets	285,906
Financial assets at FVTPL	29,784,475
Financial assets at FVTOCI	46,698
Investments accounted for using the equity method	264,197
Financial assets in debt instruments at amortized cost	142,205,411
Investment properties	1,019,486
Loans	7,223,535
Reinsurance contract assets	503,918
Property and equipment	1,936,045
Right-of-use assets	71,403
Intangible assets	50,121
Deferred tax assets	373,585
Other assets	802,412
Separate account insurance product assets	26,532,698
	<u>\$ 215,574,321</u>

(Continued)

December 31, 2021

Liabilities	
Payables	\$ 1,274,025
Current tax liabilities	211,600
Lease liabilities	67,897
Insurance liabilities	174,029,647
Reserve for policy with a nature of financial instruments	2,017
Foreign exchange reserve	125,678
Provisions	304,105
Deferred tax liabilities	6,576
Other liabilities	803,147
Separate account insurance product liabilities	26,532,698
	<u>203,357,390</u>
Equity	
Common stock	4,960,583
Retained earnings	6,821,578
Other equity	434,770
	<u>12,216,931</u>
	<u>\$ 215,574,321</u>

(Concluded)

b. Statements of comprehensive income (standalone)

For the Year Ended December 31, 2021	
Revenue	\$ 29,540,011
Costs	(26,289,307)
Expenses	(1,879,452)
Operating income	1,371,252
Non-operating income and expenses	16,547
Profit before income tax	1,387,799
Income tax expense	(487,404)
Net income	900,395
Other comprehensive income	1,727,642
Total comprehensive income	<u>\$ 2,628,037</u>
Basic earnings per share (dollar)	<u>\$ 1.82</u>
Diluted earnings per share (dollar)	<u>\$ 1.82</u>

c. Profitability

Item		For the Year Ended December 31, 2021
Return on total assets	Pretax	0.68%
	After tax	0.44%
Return on net equity	Pretax	12.73%
	After tax	8.26%
Profit margin		3.05%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income} + \text{Non-operating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2021 and 2020.

Taishin AMC

a. Balance sheet

	December 31	
	2021	2020
Assets		
Current assets	\$ 13,396	\$ 16,327
Financial assets at FVTOCI - non-current	220,674	186,786
Investments accounted for using the equity method	144,860	145,395
Property and equipment	174,929	170,928
Investment property	1,057,809	1,036,833
Deferred tax assets	34,416	34,416
Right-of-use assets	-	56
Other non-current assets	317,582	448,459
	<u>\$ 1,963,666</u>	<u>\$ 2,039,200</u>
Liabilities		
Current liabilities	\$ 755,598	\$ 880,181
Other non-current liabilities	6,209	6,457
	<u>761,807</u>	<u>886,638</u>
Equity		
Capital stock	671,000	671,000
Capital surplus	4,141	4,141
Retained earnings	453,338	437,935
Other equity	73,380	39,486
	<u>1,201,859</u>	<u>1,152,562</u>
	<u>\$ 1,963,666</u>	<u>\$ 2,039,200</u>

b. Statements of comprehensive income

	For the Year Ended December 31	
	2021	2020
Operating revenue	\$ 230,898	\$ 235,253
Operating cost and expenses	(119,068)	(116,778)
Operating income	111,830	118,475
Non-operating income	42,107	33,684
Non-operating expenses	(3,186)	(2,990)
Income before income tax	150,751	149,169
Income tax expense	(25,828)	(26,140)
Net income	124,923	123,029
Other comprehensive income	35,546	88,140
Total comprehensive income	<u>\$ 160,469</u>	<u>\$ 211,169</u>
Earnings per share (dollar)	<u>\$ 1.86</u>	<u>\$ 1.83</u>

c. Profitability

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Pretax	7.53 %	8.65%
	After tax	6.24 %	7.13%
Return on net equity	Pretax	12.81 %	13.52%
	After tax	10.61 %	11.15%
Profit margin		45.76 %	45.26%

$$\text{Note a: Return on total assets} = \frac{\text{Income before (after) tax}}{\text{Average assets}}$$

$$\text{Note b: Return on net equity} = \frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

$$\text{Note c: Profit margin} = \frac{\text{Income after tax}}{\text{Operating income} + \text{Non-operating income}}$$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2021 and 2020.

Taishin Venture Capital

a. Balance sheet

	December 31	
	2021	2020
Assets		
Current assets	\$ 460,482	\$ 587,043
Financial assets at FVTPL - non-current	2,676,353	2,035,945
Investments accounted for using the equity method	2,511,505	2,215,664
Property and equipment	108	168
Right-of-use assets	7,593	299
Other non-current assets	10,481	439
	<u>\$ 5,666,522</u>	<u>\$ 4,839,558</u>
Liabilities		
Current liabilities	\$ 6,062	\$ 2,744
Other non-current liabilities	5,827	-
	<u>11,889</u>	<u>2,744</u>
Equity		
Capital stock	4,944,397	4,219,113
Capital surplus	871	871
Retained earnings	885,917	807,698
Other equity	(176,552)	(190,868)
	<u>5,654,633</u>	<u>4,836,814</u>
	<u>\$ 5,666,522</u>	<u>\$ 4,839,558</u>

b. Statements of comprehensive income

	For the Year Ended December 31	
	2021	2020
Revenue	\$ 822,042	\$ 823,050
Expense	(18,539)	(17,136)
Income before income tax	<u>803,503</u>	<u>805,914</u>

(Continued)

Net income	\$	803,503	\$	805,871
Other comprehensive income		<u>14,316</u>		<u>7,365</u>
Total comprehensive income	\$	<u>817,819</u>	\$	<u>813,236</u>
Earnings per share (dollar)	\$	<u>1.63</u>	\$	<u>1.91</u>

(Concluded)

c. Profitability

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Pretax	15.30%	18.18%
	After tax	15.30%	18.18%
Return on net equity	Pretax	15.32%	18.19%
	After tax	15.32%	18.19%
Profit margin		97.74%	97.91%

$$\text{Note a: Return on total assets} = \frac{\text{Income before (after) tax}}{\text{Average assets}}$$

$$\text{Note b: Return on net equity} = \frac{\text{Income before (after) tax}}{\text{Average net equity}}$$

$$\text{Note c: Profit margin} = \frac{\text{Income after tax}}{\text{Operating income} + \text{Non-operating income}}$$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2021 and 2020.

Taishin Securities Investment Trust

a. Balance sheet

	December 31	
	2021	2020
Assets		
Current assets	\$ 623,718	\$ 347,374
Financial assets at FVTPL - noncurrent	2,444	2,034
Property and equipment	12,963	13,849
Goodwill	410,930	410,930
Right-of-use assets	19,979	30,398
Intangible assets	3,650	3,672
Deferred tax assets	7	7
Other non-current assets	<u>327,023</u>	<u>269,349</u>
	<u>\$ 1,400,714</u>	<u>\$ 1,077,613</u>
Liabilities		
Current liabilities	\$ 257,266	\$ 148,324
Other non-current liabilities	<u>8,761</u>	<u>19,496</u>
	<u>266,027</u>	<u>167,820</u>
Equity		
Capital stock	831,350	754,545
Capital surplus	47,856	47,856
Retained earnings	256,037	108,358
Other equity	(556)	(966)
	<u>1,134,687</u>	<u>909,793</u>
	<u>\$ 1,400,714</u>	<u>\$ 1,077,613</u>

b. Statements of comprehensive income

	For the Year Ended December 31	
	2021	2020
Operating revenue	\$ 905,754	\$ 448,948
Operating expenses	(646,518)	(389,321)
Operating income	259,236	59,627
Non-operating income	7,744	6,647
Non-operating expenses	(289)	(410)
Income before income tax	266,691	65,864
Income tax (expenses) profit	(42,198)	19,304
Net income	224,493	85,168
Other comprehensive income	401	155
Total comprehensive income	\$ 224,894	\$ 85,323
Earnings per share (dollar)	\$ 2.88	\$ 1.13

c. Profitability

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Pretax	21.52%	6.25%
	After tax	18.12%	8.08%
Return on net equity	Pretax	26.09%	7.43%
	After tax	21.96%	9.61%
Profit margin		24.58%	18.69%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income} + \text{Non-operating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2021 and 2020.

Taishin Securities Investment Advisory

a. Balance sheet

	December 31	
	2021	2020
Assets		
Current assets	\$ 341,377	\$ 346,295
Investment at equity	4,109	5,666
Property and equipment	2,408	708
Right-of-use assets	29,188	36,802
Deferred tax assets	3,055	2,854
Other non-current assets	6,887	6,887
	\$ 387,024	\$ 399,212

(Continued)

Liabilities		
Current liabilities	\$ 33,350	\$ 32,336
Other non-current liabilities	28,012	35,306
	<u>61,362</u>	<u>67,642</u>
Equity		
Capital stock	300,000	300,000
Capital surplus	31,570	52,325
Retained earnings	(5,908)	(20,755)
	<u>325,662</u>	<u>331,570</u>
	<u>\$ 387,024</u>	<u>\$ 399,212</u>

(Concluded)

b. Statements of comprehensive income

	For the Year Ended December 31	
	2021	2020
Operating revenue	\$ 105,515	\$ 106,427
Operating expenses	(110,068)	(108,691)
Operating loss	(4,553)	(2,264)
Non-operating income	1,670	2,311
Non-operating expenses	(3,016)	(18,423)
Profit (loss) before income tax	(5,899)	(18,376)
Income tax expenses	159	(2,210)
Net income	(5,740)	(20,586)
	<u>(168)</u>	<u>(312)</u>
Total comprehensive income	<u>\$(5,908)</u>	<u>\$(20,898)</u>
Earnings per share (dollar)	<u>\$(0.19)</u>	<u>\$(0.69)</u>

c. Profitability

Item		For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Return on total assets	Pretax	(1.50%)	(4.66%)
	After tax	(1.46%)	(5.22%)
Return on net equity	Pretax	(1.80%)	(5.37%)
	After tax	(1.75%)	(6.02%)
Profit margin		(5.36%)	(18.93%)

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Operating income} + \text{Non-operating income}}$

Note d: Profitability presented above is cumulative from January 1 to December 31 of 2021 and 2020.

56. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

Significant financial assets and liabilities denominated in foreign currencies were as follows:

Taishin Bank

(Foreign Currencies/New Taiwan Dollars in Thousands)			
December 31, 2021			
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>			
Monetary items			
AUD	\$ 1,756,952	20.10	\$ 35,311,094
CAD	106,671	21.62	2,306,556
RMB	7,100,539	4.35	30,860,038
EUR	306,236	31.33	9,593,011
GBP	62,827	37.29	2,343,108
HKD	5,306,350	3.55	18,837,645
JPY	72,473,996	0.24	17,425,358
SGD	192,451	20.46	3,937,627
USD	13,330,119	27.69	369,047,067
ZAR	2,522,929	1.73	4,376,244
Non-monetary items			
USD	352,412	27.69	9,756,518
<u>Financial liabilities</u>			
Monetary items			
AUD	545,505	20.10	10,963,515
CAD	62,712	21.62	1,356,021
RMB	8,313,919	4.35	36,133,572
EUR	226,670	31.33	7,100,584
HKD	3,130,668	3.55	11,113,932
JPY	54,622,905	0.24	13,133,313
USD	16,540,048	27.69	457,911,222
ZAR	3,672,956	1.73	6,371,069
Non-monetary items			
AUD	50,068	20.10	1,006,272
USD	453,900	27.69	12,566,225
<u>Derivative instruments</u>			
Financial assets			
AUD	597,931	20.10	12,017,174
CAD	415,850	21.62	8,991,916
RMB	35,457,256	4.35	154,102,697
EUR	300,891	31.33	9,425,572
GBP	23,254	37.29	867,227
HKD	486	3.55	1,724
JPY	11,270,843	0.24	2,709,916
NZD	32,865	18.89	620,895
USD	23,537,623	27.69	651,639,098
ZAR	1,494,029	1.73	2,591,527

(Continued)

(Foreign Currencies/New Taiwan Dollars in Thousands)

December 31, 2021				
	Foreign Currencies	Exchange Rate		New Taiwan Dollars
Financial liabilities				
AUD	\$ 1,785,216	20.10	\$	35,879,136
CAD	459,444	21.62		9,934,562
RMB	33,831,837	4.35		147,038,373
EUR	401,508	31.33		12,577,467
GBP	89,435	37.29		3,335,417
HKD	2,286,189	3.55		8,116,013
JPY	32,194,932	0.24		7,740,821
NZD	35,909	18.89		678,395
SGD	169,126	20.46		3,460,388
USD	20,322,045	27.69		562,615,803

(Concluded)

(Foreign Currencies/New Taiwan Dollars in Thousands)

December 31, 2020				
	Foreign Currencies	Exchange Rate		New Taiwan Dollars
Financial assets				
Monetary items				
AUD	\$ 1,999,369	21.68	\$	43,341,805
CAD	3,498	22.05		77,147
RMB	8,741,671	4.32		37,767,383
EUR	324,816	34.56		11,224,796
GBP	46,756	38.37		1,794,072
HKD	4,491,304	3.62		16,280,187
JPY	61,360,915	0.27		16,719,131
SGD	84,775	21.27		1,803,373
USD	11,252,603	28.10		316,198,156
ZAR	2,015,173	1.92		3,875,000
Non-monetary items				
USD	125,893	28.10		3,537,580

Financial liabilities

Monetary items				
AUD	583,347	21.68		12,645,638
CAD	52,733	22.05		1,162,930
RMB	9,562,055	4.32		41,311,761
EUR	171,543	34.56		5,928,084
HKD	3,900,311	3.62		14,137,940
JPY	24,257,214	0.27		6,609,412
USD	15,071,659	28.10		423,513,621
ZAR	4,026,552	1.92		7,742,706
Non-monetary items				
AUD	196,996	21.68		4,270,439
USD	144,807	28.10		4,069,079

(Continued)

(Foreign Currencies/New Taiwan Dollars in Thousands)

December 31, 2020

	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Derivative instruments</u>			
Financial assets			
AUD	\$ 1,741,904	21.68	\$ 37,760,548
CAD	93,948	22.05	2,071,830
RMB	13,277,033	4.32	57,361,894
EUR	271,840	34.56	9,394,076
GBP	52,976	38.37	2,032,733
HKD	625,792	3.62	2,268,385
JPY	3,576,341	0.27	974,453
NZD	76,283	20.31	1,549,570
SGD	93,518	21.27	1,989,378
USD	21,617,019	28.10	607,438,231
ZAR	2,284,569	1.92	4,393,026
Financial liabilities			
AUD	2,938,737	21.68	63,705,181
CAD	44,521	22.05	981,821
RMB	14,425,161	4.32	62,322,251
EUR	403,654	34.56	13,949,223
GBP	75,031	38.37	2,878,999
HKD	1,257,179	3.62	4,557,051
JPY	40,308,045	0.27	10,982,814
NZD	84,719	20.31	1,720,931
SGD	160,920	21.27	3,423,188
USD	17,496,348	28.10	491,647,382

(Concluded)

57. DISCLOSURES UNDER STATUTORY REQUIREMENTS

a. Information to be disclosed according to Article 22 of the Rules Governing the Audit of Financial Statements by Certified Public Accountants:

1) Material transactions are summarized as follows:

No.	Item	Explanation
1	Securities of Taishin Financial Holding's investees acquired or disposed of at costs or prices of at least NT\$300 million or 10 of the paid-in capital	Table 3
2	Acquisition or disposal of individual real estate at costs of at least NT\$300 million or 10 of the paid-in capital	Table 4
3	Discounts of service charges for related parties amounting to at least \$5 million	None
4	Receivables from related parties amounting to at least NT\$300 million or 10 of the paid-in capital	Table 7
5	Sales of NPL from subsidiaries	None
6	Authorities securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
7	Other transactions that may have significant impact on the decision made by the financial statement users	None

2) Information on Taishin Financial Holding's subsidiaries:

No.	Item	Explanation
1	Financings provided	Table 1 (Note)
2	Endorsements/guarantees provided	Note
3	Marketable securities held	Table 2 (Note)
4	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10 of the paid-in capital	Note
5	Derivative transactions of investees	Notes 9 and 48

Note: None, or not required to disclose No. 1 to 4 if the investee is a bank, insurance or security company

3) Names, locations, and related information of investees: Refer to Table 5.

4) Information of investment in mainland China, significant commitments and contingencies, significant losses and subsequent events is summarized as follows:

No.	Item	Explanation
1	Information of investment in mainland China	Table 6
2	Significant commitments and contingencies	Note 51
3	Significant losses	None
4	Subsequent events	None

5) Information on major shareholders: The names, numbers of shares held, and shareholding percentages of shareholders who hold 5 or more of the Company's equity: None.

b. According to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, a company should disclose business relationships and material transactions in consolidation. Refer to Table 7.

58. SEGMENT INFORMATION

a. General information

The report of Taishin Financial Holding and subsidiaries is the same as the report for internal use of policy makers. Main policy makers distribute the resources to the operation department and evaluate its efficiency. Taishin Financial Holding's main policy makers are the board of directors.

Interdepartmental transactions are normal transactions. Taishin Financial Holding consolidates all its subsidiaries, and writes off interdepartmental transaction gains and losses. The subsidiaries evaluate their own operation efficiency.

The operation departments of Taishin Financial Holding are subsidiaries of bank business, securities business and other business, respectively. The board of directors, the main policy maker, reviews company operation result, distributes resources, and evaluates operation efficiency.

For the Year Ended December 31, 2021

	Taishin Bank (Consumer Business)	Taishin Bank (Corporation Credit Business)	Taishin Bank (Financial Market Business)
Net interest income (expense)	\$ 11,448,498	\$ 8,555,287	\$ 5,829,480
Net income other than net interest income	11,618,670	1,784,494	1,516,737
Net revenue and gains	23,067,168	10,339,781	7,346,217
(Provisions for) reversals of allowance for bad debts expenses, commitments and guarantees liabilities	347,844	(721,957)	379
Net changes in insurance liability reserve	-	-	-
Operating expenses	(15,642,662)	(3,554,438)	(905,561)
Profit (loss) before income tax	\$ 7,772,350	\$ 6,063,386	\$ 6,441,035
Total assets	\$ 744,650,234	\$ 655,937,511	\$ 546,432,018

For the Year Ended December 31, 2020

	Taishin Bank (Consumer Business)	Taishin Bank (Corporation Credit Business)	Taishin Bank (Financial Market Business)
Net interest income (expense)	\$ 12,509,121	\$ 8,173,588	\$ 3,129,578
Net income other than net interest income	11,538,824	1,613,224	1,989,841
Net revenue and gains	24,047,945	9,786,812	5,119,419
(Provisions for) reversals of allowance for bad debts expenses, commitments and guarantees liabilities	(527,319)	(1,175,325)	2,298
Operating expenses	(15,639,549)	(3,545,977)	(846,515)
Profit (loss) before income tax	\$ 7,881,077	\$ 5,065,510	\$ 4,275,202
Total assets	\$ 702,958,079	\$ 600,633,853	\$ 574,135,057

b. Financial information by region

The operating income of Taishin Financial Holding and subsidiaries' overseas departments is not over 10 of the Group's consolidated operating income. In addition, their assets are not over 10 of the Group's consolidated total assets either. Thus, no financial information by region is required.

c. Information of important customers

Taishin Financial Holding and subsidiaries do not have important customers contributing more than 10 of revenue to the Group's consolidated operating income.

For the Year Ended December 31, 2021

Taishin Financial Holding	Taishin Securities B	Taishin Life Insurance	Others	Adjustments and Eliminations	Total
\$ (486,842)	\$ 484,966	\$ 1,867,223	\$ (2,701,903)	\$ (636,319)	\$ 24,360,390
21,044,213	4,015,646	12,812,132	3,792,717	(17,180,901)	39,403,708
20,557,371	4,500,612	14,679,355	1,090,814	(17,817,220)	63,764,098
-	225	456	(173,360)	-	(546,413)
-	-	(12,237,528)	-	475,476	(11,762,052)
(577,040)	(2,496,229)	(990,765)	(4,536,615)	403,178	(28,300,132)
\$ 19,980,331	\$ 2,004,608	\$ 1,451,518	\$ (3,619,161)	\$ (16,938,566)	\$ 23,155,501
\$ 238,816,270	\$ 64,850,034	\$ 215,574,321	\$ 233,118,249	\$ (186,818,148)	\$ 2,512,560,489

For the Year Ended December 31, 2020

Taishin Financial Holding	Others	Adjustments and Eliminations	Total
\$ (469,876)	\$ (1,685,548)	\$ 2,251	\$ 21,659,114
1,607,159	6,158,498	(421,811)	22,485,735
1,137,283	4,472,950	(419,560)	44,144,849
-	(160,377)	-	(1,860,723)
(622,727)	(5,485,828)	287,598	(25,852,998)
\$ 514,556	\$ (1,173,255)	\$ (131,962)	\$ 16,431,128
\$ 43,258,497	\$ 281,900,440	\$ (6,826,720)	\$ 2,196,059,206

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account (Note 2)	Related Parties	Maximum Balance for the Period (Note 3)	Ending Balance (Note 8)	Amount Actually Drawn	Interest Rate (%)	
1	Taishin AMC	Zhuang O Xiang	Long-term receivables - advance payment	No	\$ 20,000	\$ 40,000	\$ 20,000	1.70%	
		Zhuang O Ming	Long-term receivables - advance payment	No	20,000	40,000	20,000	1.70%	
		Xu O Zhen	Long-term receivables - advance payment	No	40,000	80,000	40,000	1.70%	
		Chen O Ming	Long-term receivables - advance payment	No	40,000	80,000	40,000	1.70%	

Note 1: Column is numbered as follows:

- a. Parent: 0.
- b. Subsidiaries are numbered starting from 1.

Note 2: If receivables from related companies, receivables from related parties, contracts between shareholders, advance payments, payment on behalf, etc. have financing type, they should fill into this column.

Note 3: The maximum balance of financings provided in the current year.

Note 4: The financing type column should be business transaction or short-term financing.

Note 5: If the financing type is a business transaction, the amount of business transaction should be filled. The amount of business transaction refers to the amount between the lender and the borrower in the recent year.

Note 6: If the financing type is a short-term financing, the reason for the financing and the use of the financing should be specified, such as repayment of loans, purchase of equipment, business turnover, etc.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars; in Thousands of U.S. Dollars)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	
Taishin Real Estate	<u>Stock</u> Metro Consulting Service Ltd.	Its corporate director is Taishin Real Estate	Financial assets at FVTOCI	
Taishin D.A. Finance	<u>Stock</u> Yuan Tai Forex Brokerage Co., Ltd.	Its corporate director is Taishin D.A. Finance	Financial assets at FVTOCI	
	Bon-Li International Technology Co., Ltd.	-	Financial assets at FVTOCI	
	<u>Bonds</u> Government Bonds 102-6	-	Financial assets in debt instruments at amortized cost	
Taishin Venture Capital	<u>Stock</u> Taishin Financial Leasing (China)	Investee under the equity method	Investment accounted for using the equity method	

TABLE 1

	Financing Type (Note 4)	Transaction Amount (Note 5)	Financing Reasons (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company (Note 7)	Financing Company's Financing Amount Limit (Note 7)
					Item	Value		
	Business transaction	\$ 20,000	Advance payment of urban renewal	\$ -	Land and buildings	\$ 48,000	\$ 180,279	\$ 8,413,017
	Business transaction	20,000	Advance payment of urban renewal	-	Land and buildings	48,000	180,279	8,413,017
	Business transaction	40,000	Advance payment of urban renewal	-	Land and buildings	96,000	180,279	8,413,017
	Business transaction	40,000	Advance payment of urban renewal	-	Land and buildings	96,000	180,279	8,413,017

Note 7: The accumulated balance of loans (including business dealings and short-term financing needs), shall be limited to seven times of the lending company's net worth. The lending amount limit to a same person and same affiliated entity, shall be limited 15% of the lending company's net worth based on latest financial statements.

Note 8: If public company follows the Article 14(a) of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it will resolve the allocation of funds within the board of directors. Although the amount has not been allocated, the company needs to announce the amount resolved by the board of directors, in order to bear the risk of disclosure; after the fund has been repaid, the company should disclose the balance after repayment, in order to reflect on the adjustment of risk. If the public company follows the Article 14(b) of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, after the resolution of board of directors, enables the chairman, within a certain monetary limit resolved by the board of directors, and within a period not exceeding one year, to give loans in installments or to make a revolving credit line available for the borrower to draw down, the company should still use the resolution amount and limit passed in the board of directors as the publicly disclosed balance. After the fund has been partially repaid, considering that there will be more allocation in the process, the company should use the resolution amount and the limit passed in the board of directors as the publicly disclosed balance.

TABLE 2

	December 31, 2021				Note
	Number of Shares/Units/ Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value	
	300	\$ 2,729	6.00	\$ 2,729	Go out of business
	600,000	9,767	5.00	9,767	
	125,000	-	1.50	-	
	6,000	6,063	-	6,051	
	70,000	2,490,439	100.00	2,490,439	

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	
	Delos Capital Fund, LP	-	Financial assets at FVTPL	
	Delos Capital Fund II, LP	-	Financial assets at FVTPL	
	CDIB Capital Global Opportunities Fund L.P.	-	Financial assets at FVTPL	
	Li Shen Zhi-Lian L.P.	-	Financial assets at FVTPL	
	Arm IoT Fund, L.P.	-	Financial assets at FVTPL	
	<u>Stock</u>			
	Kwan-Hwa Venture Capital Corp.	Its corporate director is Taishin Venture Capital	Financial assets at FVTPL	
	Chi-Ting Venture Capital Investment Co., Ltd.	-	Financial assets at FVTPL	
	Hwei-Yang Venture Capital Investment Co., Ltd.	-	Financial assets at FVTPL	
	Century Development Corp.	Its corporate director is Taishin Venture Capital	Financial assets at FVTPL	
	Microbio Co., Ltd.	-	Financial assets at FVTPL	
	Winking Entertainment Ltd.	-	Financial assets at FVTPL	
	Diamond Biotech Investment Corp.	Its corporate director is Taishin Venture Capital	Financial assets at FVTPL	
	Stem Cyte International Ltd.	-	Financial assets at FVTPL	
	American BriVision (Holding) Corp.	-	Financial assets at FVTPL	
	VM Discovery, Inc.	-	Financial assets at FVTPL	
	RevMAb Biosciences, Inc.	-	Financial assets at FVTPL	
	Eden Biotech, Inc.	-	Financial assets at FVTPL	
	Chime Biologics Limited	-	Financial assets at FVTPL	
	Celestial Talent Limited	-	Financial assets at FVTPL	
	Shin Yao Biomedical Venture Capital Investment Co., Ltd.	Its corporate director is Taishin Venture Capital	Financial assets at FVTPL	
	Taxven BioPharma, Inc.	-	Financial assets at FVTPL	
	Great Agricultural Technology Co., Ltd.	-	Financial assets at FVTPL	
	Contact Digital Integration Co., Ltd.	Others	Financial assets at FVTPL	
	I.X	-	Financial assets at FVTPL	
	AMIS Technologies Co., Ltd.	-	Financial assets at FVTPL	
	IIH Biomedical Venture Fund I Co., Ltd.	Its corporate director is Taishin Venture Capital	Financial assets at FVTPL	
	Taiwania Capital Management Corporation	-	Financial assets at FVTPL	
	UUPON Inc.	Its corporate director is Taishin Venture Capital	Financial assets at FVTPL	
	Shenghe Energy Corporation	Its corporate supervisor is Taishin Venture Capital	Financial assets at FVTPL	
	Jada International Development Corporation	-	Financial assets at FVTPL	
	Guoyu Global Company Limited	Its corporate director is Taishin Venture Capital	Financial assets at FVTPL	
	Jing Ying Investment Co., Ltd.	Its corporate director is Taishin Venture Capital	Financial assets at FVTPL	
	Sim2 Travel Inc.	-	Financial assets at FVTPL	
	PC Home Online Investment Inc.	-	Financial assets at FVTPL	
	CC Media Co., Ltd.	-	Financial assets at FVTPL	
	Innostor Technology Corporation	-	Financial assets at FVTPL	
	Ambi Investment and Consulting Inc.	Its corporate supervisor is Taishin Venture Capital	Investment accounted for using the equity method	
	Credidi Inc.	Its corporate director is Taishin Venture Capital	Investment accounted for using the equity method	
	<u>Beneficiary certificates</u>			
	Capital Money Market Fund	-	Financial assets at FVTPL	
	Taishin 1699 Money Market Fund	Issued by Taishin Securities Investment Trust	Financial assets at FVTPL	

	December 31, 2021				Note
	Number of Shares/Units/ Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value	
	7,921	\$ 208,119	7.63	\$ 208,119	
	9,057	370,510	7.46	370,510	
	874	21,965	2.21	21,965	
	30,000	25,500	11.09	25,500	
	2,434	77,824	14.70	77,824	
	121	196	5.56	196	
	201	1,916	1.30	1,916	
	42	3,880	1.54	3,880	
	10,633	126,432	3.03	126,432	
	1,048	72,616	0.22	72,616	
	190	1,458	1.21	1,458	
	50,000	909,000	10.00	909,000	
	500	6,875	0.37	6,875	
	11	1,043	0.04	1,043	
	95	5,571	Preferred stock	5,571	
	400	10,688	2.26	10,688	
	2,105	46,042	0.89	46,042	
	2,105	22,168	0.48	22,168	
	1,457	18,812	2.42	18,812	
	35,000	418,950	10.00	418,950	
	807	46,870	0.23	46,870	
	578	5,273	3.33	5,273	
	1,300	7,267	7.22	7,267	
	1,942	7,302	3.41	7,302	
	17,500	38,325	7.92	38,325	
	5,000	44,050	8.08	44,050	
	17,760	35,520	7.10	35,520	
	1,162	2,962	17.50	2,962	
	5,000	42,050	5.00	42,050	
	1,946	15,336	5.68	15,336	
	300	1,257	10.00	1,257	
	15,610	152,510	10.00	152,510	
	350	-	Preferred stock	-	
	79	-	3.03	-	Liquidated
	400	-	0.48	-	
	69	-	0.81	-	Liquidated
	1,000	7,370	25.00	7,370	
	20,000	13,696	20.00	13,696	
	7,663	124,885	-	124,885	
	6,832	93,457	-	93,457	

(Continued)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	
Taishin AMC	Taishin ESG Emerging Markets Bond Fund A	Issued by Taishin Securities Investment Trust	Financial assets at FVTPL	
	Jih Sun Asian Money Market Fund	-	Financial assets at FVTPL	
	SinoPac TWD Money Market Fund	-	Financial assets at FVTPL	
	Fubon Chi-Hsiang Money Market Fund	-	Financial assets at FVTPL	
	<u>Investment agreement</u>			
	Public Television Foundation (SEQUALU: Formosa 1867)	-	Financial assets at FVTPL	
	<u>Stock</u>			
	Linkou Golf Country Club	-	Financial assets at FVTOCI	
	Dah Chung Bills	-	Financial assets at FVTOCI	
	Diamond Biotech Investment Corp.	Its corporate director is Taishin Venture Capital	Financial assets at FVTOCI	
Taishin Securities Venture Capital	Shin Yao Biomedical Venture Capital Investment Co., Ltd.	Its corporate director is Taishin Venture Capital	Financial assets at FVTOCI	
	Jing Ying Investment Co., Ltd.	Its corporate director is Taishin Venture Capital	Financial assets at FVTOCI	
	Taishin Real Estate	Investee under the equity method	Investment accounted for using the equity method	
	<u>Stock</u>			
	Tangeng Advanced Vehicle Co., Ltd.	-	Financial assets at FVTPL	
	Rich Healthy Fruits & Vegetable Corp.	-	Financial assets at FVTPL	
	Msscrops Co., Ltd.	-	Financial assets at FVTPL	
	Geniron.com.inc	-	Financial assets at FVTPL	
	Le Day Multimedia Co., Ltd.	-	Financial assets at FVTPL	
	Excelsior Bio-system Inc.	-	Financial assets at FVTPL	
	Finatext, Ltd.	-	Financial assets at FVTPL	
	Credidi Inc.	Investee under the equity method	Investment accounted for using the equity method	
	Kdan Mobile Software Ltd.	-	Financial assets at FVTPL	
	Direct Current Co., Ltd.	-	Financial assets at FVTPL	
	Echem solutions Corp.	-	Financial assets at FVTPL	

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACCUMULATED PURCHASES AND SALES OF SPECIFIC MARKETABLE SECURITIES OVER NT\$300 MILLION OR 10% OF OUTSTANDING CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Buyer or Seller	Type and Name of Marketable Security	Account Recorded	Transaction Party	Issuer's Relationship to the Buyer or Seller	Beginning of the Period (Note 1)		
					Shares (Units)	Amount	
Taishin Financial Holding	<u>Stock</u> Chang Hwa Bank	Financial assets at FVTOCI	Open market	Associates	2,341,359	\$ 41,485,991	

Note 1: On June 10, 2021, due to the loss of significant influence in Chang Hwa Bank, the holding of equity was changed to investment in financial assets at FVTOCI.

	December 31, 2021				Note
	Number of Shares/Units/ Face Value	Carrying Amount	Percentage of Ownership (%)	Market Value	
	1,100	\$ 10,091	-	\$ 10,091	
	3,195	47,887	-	47,887	
	285	4,002	-	4,002	
	1,892	29,947	-	29,947	
	2,000	683	1.06	683	
	-	1,733	-	1,733	
	2,348	33,885	0.51	33,885	
	6,250	113,625	1.25	113,625	
	4,375	52,369	1.25	52,369	
	1,951	19,064	1.25	19,064	
	8,000	144,860	40.00	144,860	
	1,400	14,000	2.83	14,000	
	288	-	1.64	-	
	200	17,712	0.48	17,712	
	620	3,779	4.13	3,779	
	459	-	3.83	-	
	263	1,925	0.66	1,925	
	29	-	7.50	-	
	25,000	17,120	25.00	17,120	
	150	5,809	1.09	5,809	
	233	9,737	2.49	9,737	
	200	21,000	0.25	21,000	

(Concluded)

TABLE 3

Purchases		Sales				Others		End of the Period	
Shares (Units)	Amount	Shares (Units)	Selling Price	Carrying Value	Disposal Gain (Loss)	Shares (Units)	Amount (Note 2)	Shares (Units)	Amount
-	\$ -	200,000	\$ 3,116,498	\$ 3,617,661	\$ (501,163)	21,414	\$ (1,101,192)	2,162,773	\$ 36,767,138

Note 2: Others include share from associates accounted for using the equity method for the six months ended June 30, 2021; gain (loss) on disposal of the associates accounted for using the equity method due to the loss of significant influence and unrealized valuation gain (loss) on financial assets at FVTOCI for the year ended December 31, 2021.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

ACQUISITION OR DISPOSAL OF INDIVIDUAL REAL ESTATE REACHING NT\$300 MILLION OR 10% OF THE PAID-IN CAPITAL OR MORE

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	
Taishin Securities B	Taiwan Securities Financial Building	October 14, 2021	\$ 476,150	Fully paid	Taishin Bank	Wholly-owned subsidiary of Taishin Financial Holding	

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection Status	Gain (Loss) on Disposal	
Taishin Bank	Taiwan Securities Financial Building	October 14, 2021	December 15, 2009	\$ 280,342	\$ 476,150	Fully collected	\$ 195,808 (Note)	

Note: Gains (losses) resulting from intragroup transactions that are recognized in assets are eliminated in full.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES' NAMES, LOCATIONS, ETC.

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	
<u>Financial business</u>				
Taishin Bank	86519539	B1, 1F, No. 44, Jungshan N. Rd., Sec. 2, Zhongshan District, Taipei, Taiwan	Commercial bank business, trust, and bills discounting	
Chang Hwa Bank	51811609	No. 38, Tsu Yu Rd., Sec. 2, Central District, Taichung, Taiwan	Commercial bank business, trust, and offshore banking unit	
Taishin Securities B	23534956	2F, No. 44, Jungshan N. Rd., Sec. 2, Zhongshan District, Taipei, Taiwan	Multiple securities and future transaction assistant	
Taishin AMC	80341022	2F-3, No. 9, Dehuei St., Zhongshan District, Taipei, Taiwan	Acquisition of delinquent loans, evaluation, auction, and management	
Taishin Securities Investment Trust	27326178	1F., No. 9-1, Dehuei St., Zhongshan District, Taipei, Taiwan	Investment trust	
Taishin Securities Investment Advisory	23285289	16F, No. 118, Ren-Ai Rd., Sec. 4, Da'an District, Taipei, Taiwan	Investment trust, advisory, and publication	
Taishin Venture Capital	80031342	18F, No. 118, Ren-Ai Rd., Sec. 4, Da'an District, Taipei, Taiwan	Investment start-up	
Taishin Life Insurance	23417612	10F, No. 161, Sec. 5 Nanjing E. Rd., Songshan Dist., Taipei, Taiwan	Life insurance	
<u>Nonfinancial business</u>				
Metro Consulting Service Ltd.	27974096	B1F, No. 7, Lane 48, Zhongshan N. Rd., Sec. 2, Zhongshan District, Taipei, Taiwan	Consultancy, information service and human resource dispatch	

Note 1: Shares or pro forma shares held by the Bank, directors, supervisors, president, vice president and affiliates in accordance with the Company Law have been included.

Note 2: a. Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts.

b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of the "Securities and Exchange Law Enforcement Rules."

c. Derivative contracts, such as those on stock options, are those conforming to the definition of derivatives in International Accounting Standards No. 39 - "Financial Instruments."

TABLE 4

Information on Previous Title Transfer If Counterparty Is A Related Party					Pricing Reference	Purpose of Acquisition	Other terms
Taiwan Securities	Related party	December 15, 2009	\$ 287,735		Negotiated price based on third party appraisal reports and resolved by the board of directors.	Acquired real estate and used it as Taishin Securities B's office and Stock Transfer Agency Department's business office.	Not applicable

Counterparty	Relationship	Purpose of Disposal		Price Reference	Other terms
Taishin Securities B	Wholly-owned subsidiary of Taishin Financial Holding	Taishin Bank's Stock Transfer Agency Department will be split and transferred to Taishin Securities B on November 8, 2021 to comply with Article 75 of the Banking Act.		Negotiated price based on third party appraisal reports and resolved by the board of directors.	Not applicable

TABLE 5

	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Percentage Share of the Company and Its Affiliates in Investees (Note 1)				Note
				Current Shares	Pro Forma Shares (Note 2)	Total Shares	Ownership Interest (%)	
	100.00	\$ 166,397,671	\$ 12,929,071	8,885,711,853	-	8,885,711,853	100.00	Investments accounted for using equity method
	20.62	36,767,138	741,065	2,190,791,188	-	2,190,791,188	20.89	Financial assets at FVTOCI
	100.00	10,265,628	1,761,042	692,412,444	-	692,412,444	100.00	Investments accounted for using equity method
	100.00	1,205,640	118,811	67,100,000	-	67,100,000	100.00	"
	100.00	1,134,687	224,493	83,134,964	-	83,134,964	100.00	"
	92.00	299,604	(4,360)	27,599,513	-	27,599,513	92.00	"
	100.00	5,654,633	803,503	494,439,677	-	494,439,677	100.00	"
	100.00	15,082,799	(399,160)	496,058,267	-	496,058,267	100.00	"
	4.40	2,001	-	520,000	-	520,000	10.40	Financial assets at FVTOCI

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

INVESTMENTS IN MAINLAND CHINA

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor	Investee	Main Businesses and Products of Investee	Total Amount of Paid-in Capital of Investee (US\$ in Thousand)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (US\$ in Thousand)
Taishin Venture Capital	Taishin Financial Leasing (China)	Financial leasing	\$ 2,113,477 (US\$ 70,000)	Note 1.a.	\$ 2,117,767 (US\$ 70,000)

Investor	Accumulated Investment in Mainland China as of December 31, 2021 (US\$ in Thousand)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousand)	Upper Limit on Investment (US\$ in Thousand)
Taishin Venture Capital	\$ 2,117,767 (US\$ 70,000)	\$ 2,117,767 (US\$ 70,000)	\$ 18,606,222

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND MATERIAL TRANSACTIONS IN CONSOLIDATION

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Number (Note a)	Main Party	Counterparty	Relationship (Note b)
0	Taishin Financial Holding	Taishin Bank	1
0	Taishin Financial Holding	Taishin Bank	1
0	Taishin Financial Holding	Taishin Bank	1
0	Taishin Financial Holding	Taishin Securities B	1
1	Taishin Bank	Taishin Securities Investment Advisory	3
1	Taishin Bank	Taishin Securities Investment Trust	3
1	Taishin Bank	Taishin Securities Investment Trust	3
1	Taishin Bank	Taishin Securities B	3
1	Taishin Bank	Taishin D.A. Finance	4
1	Taishin Bank	Taishin Life Insurance	3
1	Taishin Bank	Taishin Life Insurance	3
2	Taishin Securities B	Taishin Bank	3

Note a: Business between the parent and subsidiaries is numbered as follows:

1. Parent: 0
2. Subsidiaries are numbered from 1 in order.

Note b: Relationship between the main party and the counterparty is numbered as follows:

1. Parent to subsidiary.
2. Subsidiary to parent.
3. One subsidiary to another subsidiary.

TABLE 6

	Investment Flows (US\$ in Thousand)		Accumulated Outflow of Investment from Taiwan as of December 31, 2021 (US\$ in Thousand)	Investee's Net Income	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of December 31, 2021
	Outflow	Inflow						
	\$ -	\$ -	\$ 2,117,767 (US\$ 70,000)	\$ 286,430	100	\$ 286,430 (Note 2.b.1)	\$ 2,490,439	\$ -

Note 1: The three methods of investment are as follows:

- Direct investment in mainland China.
- Investment in mainland China through reinvestment in existing enterprise in a third area.
- Others.

Note 2: Equity in the profits (losses):

- If the entity is still in preparation stage and there is no equity in profits (losses), the condition should be noted.
- The basis of recognizing equity in profits (losses) is categorized in the following three types and each entity should be noted according to its condition.
 - Financial statement audited (reviewed) by international accounting firms that cooperate with accounting firms in the ROC.
 - Financial statements audited (reviewed) by Taiwan parent company's CPA.
 - Others.

TABLE 7

	Transactions			
	Account	Amount	Terms	% of Consolidated Operating Revenues or Consolidated Total Assets (Note c)
	Cash and cash equivalents	\$ 155,574	Under arm's length terms	0.01
	Securities purchased under resale agreements	700,000	Under arm's length terms	0.03
	Accounts receivable, net	777,973	Under arm's length terms	0.03
	Accounts receivable, net	236,598	Under arm's length terms	0.01
	Deposits and remittances	280,558	Under arm's length terms	0.01
	Deposits and remittances	132,102	Under arm's length terms	0.01
	Net income of commission fee	146,008	Under arm's length terms	0.01
	Deposits and remittances	10,185,299	Under arm's length terms	0.41
	Deposits and remittances	212,238	Under arm's length terms	0.01
	Deposits and remittances	1,638,793	Under arm's length terms	0.07
	Net income of commission fee	548,656	Under arm's length terms	0.02
	Right-of-use assets	135,011	Under arm's length terms	0.01

Note c: Percentage of consolidated operating revenues or consolidated total assets: If the account is a balance sheet account, it was calculated by dividing the ending balance into consolidated total assets; if the account is an income statement account, it was calculated by dividing the interim cumulative balance into consolidated operating revenues.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULES OF MAJOR ACCOUNTING ITEMS FOR THE YEAR ENDED DECEMBER 31, 2021

Items	Index
Schedules of Asset, Liability and Equity	
Financial assets at FVTPL	Schedule 1
Securities purchased under resale agreements	Schedule 2
Financial assets at FVTOCI	Schedule 3
Financial assets in debt instruments at amortized cost	Schedule 4
Reinsurance contract assets	Schedule 5
Changes in investments accounted for using equity method	Schedule 6
Other financial assets	Note 15
Changes in investment properties	Note 16
Changes in accumulate depreciation of investment properties	Note 16
Changes in property and equipment	Note 17
Changes in accumulated depreciation	Note 17
Changes in right-of-use assets	Schedule 7
Changes in accumulated depreciation of right-of-use assets	Schedule 8
Securities sold under repurchase agreements	Schedule 9
Insurance liabilities	Schedule 10
Lease liabilities	Note 18
Schedules of Profit and Loss	
Net income from insurance operations	Note 36
Detailed schedule of gain (loss) on financial assets and liabilities at FVTPL	Note 37
Detailed schedule of foreign exchange gain (loss)	Schedule 11
Detailed schedule of net other non-interest income (loss)	Schedule 12
Net changes in insurance liability reserve	Note 28
Detailed schedule of operating expenses	Schedule 13
Detailed schedule of employee benefit expenses	Schedule 14

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Financial Instrument Items	Summary	Face Value/Unit	Cost	Fair Value
Investment in bills	Commercial paper - other banks			
	guarantees	52,717,900	\$ 50,660,104	\$ 50,649,215
	Others (Note)	3,618,600	3,614,895	3,614,902
Domestic listed stocks		445,200	14,487,328	14,973,045
Domestic OTC stocks		27,035	1,511,144	1,666,283
Domestic and foreign unlisted stocks		819,174	2,632,765	3,240,303
Domestic emerging stocks		200	14,254	17,712
Offshore listed stocks		11	6,029	1,043
Beneficiary certificates - fund		1,417,645	7,675,337	12,922,731
Government bonds		3,414,000	7,774,951	7,741,434
Bank debentures		2,860,757	2,878,914	2,876,250
Corporate bonds		4,163,843	4,163,470	4,163,579
Convertible corporate bonds		7,758,433	7,928,500	8,999,210
Other bonds		8,172	225,489	226,230
Trading securities - dealing				
Corporate bonds		6,563,300	6,568,135	6,504,783
Domestic listed stocks		56,920	2,168,781	2,221,204
Domestic OTC stocks		7,776	425,625	431,198
Domestic emerging stocks		14,868	1,178,782	998,772
Convertible bonds		510,000	618,257	668,042
Domestic listed funds		60,391	1,065,270	1,077,413
Domestic OTC funds		16,052	541,120	530,493
Offshore stocks		1,274	148,607	145,286
Offshore funds		6	22,402	22,348
Offshore bonds		6,935	691,897	625,633
Trading securities - underwriting				
Domestic listed stocks		270	\$ 4,050	\$ 4,334
Domestic OTC stocks		225	20,822	19,069
Convertible bonds		5,969	620,052	725,059
Trading securities - hedging				
Domestic listed funds		43	3,618	3,673
Domestic listed stocks		1,579	118,782	124,674
Domestic listed warrants		433	801	792
Domestic OTC stocks		37	5,418	6,000
Domestic OTC warrants		86	116	124
Convertible corporate bonds		6,493,700	7,573,830	7,945,181
Derivative financial instrument	Interest rate swaps	-	-	8,410,145
	Others (Note)	-	-	8,818,234
Investment agreement		2,000	2,000	683
			<u>\$ 125,351,545</u>	<u>\$ 150,375,077</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 2

SECURITIES PURCHASED UNDER RESELL AGREEMENTS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Face Value	Amount
Government bonds	\$ 253,000	\$ 277,121
Corporate bonds	4,742,265	4,599,069
Bank debentures		
BOCOM Float 05/17/23	691,125	660,675
QNBK Float 03/12/24	830,550	798,754
Others (Note)	3,925,121	3,718,342
Negotiable certificate of deposit		
Taiwan Cooperative Bills	-	554,677
Others (Note)	-	251,204
	<u>\$ 10,442,061</u>	<u>\$ 10,859,842</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 3

FINANCIAL ASSETS AT FVTOCI

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Summary	Face Value	Cost	Accumulated Impairment	Fair Value	Note
Government bonds		40,153,722	\$ 42,348,257	\$ -	\$ 42,007,136	
Corporate bonds		43,227,865	43,946,644	(21,144)	43,589,651	
Bank debentures		48,917,093	49,342,745	(14,788)	49,264,669	
Domestic and overseas stocks	Chang Hwa Bank	2,162,773	35,760,699	-	36,767,138	
	Others (Note)	2,428,029	2,853,111	72,239	3,799,500	
Beneficiary securities		2,599,262	<u>1,503,508</u>	<u>-</u>	<u>1,453,655</u>	
			<u>\$ 175,754,964</u>	<u>\$ 36,307</u>	<u>\$ 176,881,749</u>	

Note: The amount of each item in others does not exceed 5% of the account balance.

DEBT INSTRUMENTS AT AMORTIZED COST

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Summary	Amount	Interest Rate (%)	Unamortized Premium (Discount)	Allowance for impairment	Book Value	Note
Corporate bonds		\$ 59,083,046		\$ 9,231,098	\$ (25,046)	\$ 68,289,098	
Bank debentures		40,039,755		300,508	(12,717)	40,327,546	
Government bonds		97,506,030		18,291,666	(13,585)	115,784,111	
Investment in bills		226,855,000		-	-	226,855,000	
Beneficiary certificates		11,608,581		(651,612)	(343)	10,956,626	
Less: Security deposit		(745,000)		(194,079)	-	(939,079)	
		<u>\$ 434,347,412</u>		<u>\$ 26,977,581</u>	<u>\$ (51,691)</u>	<u>\$ 461,273,302</u>	

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 5

REINSURANCE CONTRACT ASSETS

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Amount
1. Claims recoverable from reinsurers	
Health insurance	\$ 37,797
Life insurance	10,557
Accident insurance	990
	<u>49,344</u>
Less: Loss allowance	-
	<u>\$ 49,344</u>
2. Due from reinsurers and ceding companies	
Central Reinsurance Corporation	\$ 83,218
Reinsurance Group of America	44,672
General Reinsurance AG	24,093
Others (Note)	14,489
	<u>166,472</u>
Less: Loss allowance	-
	<u>\$ 166,472</u>
3. Reinsurance reserve assets	
Ceded unearned premium reserve	\$ 255,620
Ceded reserve for claims	32,482
	<u>288,102</u>
Less: Loss allowance	-
	<u>\$ 288,102</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 6

CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars and shares, Except Unit Price)

Name	Beginning Balance		Increase		Decrease		Ending Balance			Market Price or Equity	
	Shares	Amounts	Shares	Amounts	Shares	Amounts	Shares	Ownership Interest (%)	Amounts	Unit Price	Total
Unlisted shares											
An Hsin Real-Estate	4,500	\$ 77,003	-	\$ 12,353	-	\$ (9,776)	4,500	30.00	\$ 79,580	17.69	\$ 79,580
Ambi Investment and Inc.	1,000	9,207	-	-	-	(1,837)	1,000	25.00	7,370	7.37	7,370
Xin Sheng Feng	-	-	21,136	264,197	-	-	21,136	25.00	264,197	12.50	264,197
Listed company											
Chang Hwa Bank (Note)	2,368,954	41,973,634	21,414	878,494	(2,390,368)	(42,852,128)	-	-	-	-	-
		<u>\$ 42,059,844</u>		<u>\$ 1,155,044</u>		<u>\$ (42,863,741)</u>			<u>\$ 351,147</u>		<u>\$ 351,147</u>

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 7

CHANGES IN RIGHT-OF-USE ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

	Beginning Balance	Increase	Decrease	Acquisitions through Business Combinations	Others	Ending Balance	Note
Buildings	\$ 4,008,565	\$ 418,958	\$ (191,322)	\$ 128,259	\$ 2,356	\$ 4,366,816	
Office equipment	1,080	-	(1,753)	79,870	-	79,197	
Transportation equipment	35,708	34,064	(16,675)	-	(2,102)	50,995	
	<u>\$ 4,045,353</u>	<u>\$ 453,022</u>	<u>\$ (209,750)</u>	<u>\$ 208,129</u>	<u>\$ 254</u>	<u>\$ 4,497,008</u>	

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 8

CHANGES IN ACCUMULATED DEPRECIATION OF RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

	Beginning Balance	Increase	Decrease	Acquisitions through Business Combinations	Others	Ending Balance	Note
Buildings	\$ 1,150,714	\$ 751,704	\$ (183,361)	\$ 113,777	\$ 10,770	\$ 1,843,604	
Office equipment	334	9,874	-	50,097	-	60,305	
Transportation equipment	14,955	18,939	(14,365)	-	109	19,638	
	<u>\$ 1,166,003</u>	<u>\$ 780,517</u>	<u>\$ (197,726)</u>	<u>\$ 163,874</u>	<u>\$ 10,879</u>	<u>\$ 1,923,547</u>	

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 9

SECURITIES SOLD UNDER REPURCHASE AGREEMENTS
DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Items	Face Value	Amount
Corporate bonds	\$ 15,068,820	\$ 15,011,994
Convertible bonds	6,449,400	6,453,081
Repurchase agreement		
Invoicing - HSBC Bank (Taiwan)	7,190,000	7,185,541
Invoicing - TWSE	5,115,000	5,112,386
Others (Note)	27,983,200	27,965,430
Government bonds	18,295,044	18,145,620
Bank debentures	4,919,528	4,780,831
Beneficiary certificates	1,960,712	1,555,723
	<u>\$ 86,981,704</u>	<u>\$ 86,210,606</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

INSURANCE LIABILITIES

DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Beginning Balance	Acquisitions through Business Combinations	Net Changes in the Current Period	Other Changes	Ending Balance
Unearned premium reserve					
Total					
Life insurance	\$ -	\$ 14,376	\$ 1,136	\$ (5)	\$ 15,507
Health insurance	-	894,392	13,431	-	907,823
Injury insurance	-	101,394	(1,616)	-	99,778
Investment-linked insurance	-	22,542	581	-	23,123
	-	1,032,704	13,532	(5)	1,046,231
Ceded					
Life insurance	-	119,857	15,240	(138)	134,959
Injury insurance	-	16,527	(273)	-	16,254
Health insurance	-	94,369	10,040	(2)	104,407
	-	230,753	25,007	(140)	255,620
	\$ -	\$ 801,951	\$ (11,475)	\$ 135	\$ 790,611
Claim reserve					
Total					
Life insurance	\$ -	\$ 858,375	\$ (6,664)	\$ (172)	\$ 851,539
Health insurance	-	379,521	21,363	-	400,884
Injury insurance	-	8,883	437	-	9,320
Investment-linked insurance	-	-	1,000	-	1,000
	-	1,246,779	16,136	(172)	1,262,743
Ceded					
Life insurance	-	-	116	(1)	115
Injury insurance	-	71	3,882	-	3,953
Health insurance	-	40,073	(11,659)	-	28,414
	-	40,144	(7,661)	(1)	32,482
	\$ -	\$ 1,206,635	\$ 23,797	\$ (171)	\$ 1,230,261
Reserve for policy benefit					
Total					
Life insurance	\$ -	\$ 138,585,760	\$ 10,899,813	\$ (285,584)	\$ 149,199,989
Health insurance	-	19,273,145	1,187,164	(203)	20,460,106
Injury insurance	-	(354)	354	-	-
Investment-linked insurance	-	1,514,383	61,809	-	1,576,192
Annuity insurance	\$ -	\$ 30,034	\$ 86	\$ -	\$ 30,120
Transferred-in unwritten-off balance of 3% decrease in business tax	-	158,276	-	-	158,276
Transferred-in recovery of catastrophe reserve	-	5,021	-	-	5,021
Others	-	14,878	-	(14,878)	-
	-	159,581,143	12,149,226	(300,665)	171,429,704
Ceded	-	-	-	-	-
	\$ -	\$ 159,581,143	\$ 12,149,226	\$ (300,665)	\$ 171,429,704

(Continued)

Reserve for life insurance liability plus "Reserve for life insurance-pending payments to insured" and additional liability reserve under the Regulations Governing the Preparation of Financial Reports by Insurance Enterprises was \$171,445,786 thousand as of December 31, 2021.

Premium deficiency reserve

Total

Individual life insurance	\$ -	\$ 187,377	\$ 75,738	\$ (1,171)	\$ 261,944
Individual health insurance	-	11,466	642	(10)	12,098
Individual injury insurance	-	(61)	61	-	-
Investment-linked insurance	-	1,266	(421)	-	845
	-	200,048	76,020	(1,181)	274,887
Ceded	-	-	-	-	-
	<u>\$ -</u>	<u>\$ 200,048</u>	<u>\$ 76,020</u>	<u>\$ (1,181)</u>	<u>\$ 274,887</u>

Reserve for insurance contract with the nature of financial products

Investment-linked insurance	<u>\$ -</u>	<u>\$ 2,057</u>	<u>\$ (40)</u>	<u>\$ -</u>	<u>\$ 2,017</u>
-----------------------------	-------------	-----------------	-----------------	-------------	-----------------

Reserve for changes in foreign exchange valuation

	<u>\$ -</u>	<u>\$ 156,720</u>	<u>\$ (31,042)</u>	<u>\$ -</u>	<u>\$ 125,678</u>
--	-------------	-------------------	---------------------	-------------	-------------------

(Concluded)

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 11

DETAILED SCHEDULE OF FOREIGN EXCHANGE GAIN (LOSS)
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

Items	Amount
Spot	\$ 27,933,051
Forward	(28,082,914)
Self-owned capital	14,276
Debt instruments	(273,499)
Insurance liabilities	286,932
Others (Note)	(63,339)
	<u>\$ (185,493)</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

DETAILED SCHEDULE OF NET OTHER NON-INTEREST INCOME (LOSS)

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Amount
Revenue excluding interest	
Loans management revenue	\$ 199,988
Leasing revenue	120,309
Gain from bargain purchase	9,227,113
Other revenue (Note)	363,101
	<u>9,910,511</u>
Expense excluding interest	
Loans manage cost	(23,512)
Expenses arising from issuance of call (put) warrants	(10,664)
Reparation loss	(20,608)
Other expenses (Note)	(89,551)
	<u>(144,335)</u>
	<u>\$ 9,766,176</u>

Note: The amount of each item in others does not exceed 5% of the account balance.

TAISHIN FINANCIAL HOLDING CO., LTD. AND SUBSIDIARIES

SCHEDULE 13

DETAILED SCHEDULE OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

Items	Amount
Employee benefits expenses	\$ 16,202,294
Depreciation	1,946,858
Amortization	441,690
Leases	158,267
Stationeries	137,659
Postage and remittance fee	905,716
Advertisement fee	1,776,024
Insurance (group insurance, labor and national health insurance were excluded)	481,892
Tax and levies	2,057,088
Allowance for entertainment	79,282
Donation	95,096
Labor service fee	1,376,730
Freight	50,052
Others (Note)	2,591,484
	<u>\$ 28,300,132</u>

Note: The amount of each item in others does not exceed 5% of the account balance

EMPLOYEE BENEFITS EXPENSE

FOR THE YEAR ENDED DECEMBER 31, 2021

(In Thousands of New Taiwan Dollars)

	Employee Benefits Expense	Other General and Administrative Expenses	Total
Salaries and wages	\$ 13,667,112	\$ -	\$ 13,667,112
Labor and national health insurance	1,011,938	-	1,011,938
Post-employment benefits	532,254	-	532,254
Remuneration of directors	164,537	1,553	166,090
Others	826,453	-	826,453
	<u>\$ 16,202,294</u>	<u>\$ 1,553</u>	<u>\$ 16,203,847</u>

Note 1: As of December 31, 2021 and 2020, the numbers of employees of the Group were 10,276 and 9,749, respectively, including 23 and 19 non-employee directors, respectively.

Note 2: The average employee benefits expenses for the years ended December 31, 2021 and 2020 were \$1,565 thousand and \$1,475 thousand per employee, respectively.

Note 3: The average salaries and wages for the years ended December 31, 2021 and 2020 were \$1,333 thousand and \$1,271 thousand per employee, respectively. The average employee salaries and wages were increased by 4.88%.

Note 4: Supervisor's remuneration for the years ended December 31, 2021 and 2020 were \$11,088 thousand and \$4,589 thousand, respectively.

Note 5: The Group's compensation policy is as follows:

- a. Directors' remuneration of Taishin Financial Holding and its subsidiaries is based on level of participation, contribution value, peer average, and manager compensation; Directors' performance include company performance, personal performance and participation, then the payment of remuneration should be approved by the board of directors.
- b. For managers and employees, compensation is based on their job duty, company and personal performance. Taishin Financial Holding and its subsidiaries assess peer average and future risk in order to provide competitive compensation.

E. Any Financing Problems Encountered by the Company or Its Affiliates Which Might Affect the Company's Financial Status: Nil.



07

**Review and Analysis of
Financial Conditions,
Financial Performance,
and Risk Management**

VII. Review and Analysis of Financial Conditions, Financial Performance, and Risk Management

A. Financial status

Unit: NT\$1,000

Item	2020	2021	Variation	
			Amount	(%)
Cash and cash equivalent	109,411	155,574	46,163	42.19
Financial assets at fair value through other comprehensive income	1,992	36,769,139	36,767,147	1845740.31
Investment in resale bills and bonds	450,126	700,000	249,874	55.51
Receivables - net	1,188,607	1,101,577	(87,030)	(7.32)
Current tax assets	0	0	0	-
Investments accounted for using the equity method, net	219,875,975	200,040,662	(19,835,313)	(9.02)
Other financial assets	0	0	0	-
Property and equipment - net	2,533	2,544	11	0.43
Right-of-use assets - net	0	24,278	24,278	-
Deferred tax assets - net	0	0	0	-
Other assets	18,829	22,496	3,667	19.48
Total assets	221,647,473	238,816,270	17,168,797	7.75
Financial assets at fair value through profit or loss	0	1,789,122	1,789,122	-
Commercial paper issued	999,576	4,497,340	3,497,764	349.92
Payables	587,462	563,067	(24,395)	(4.15)
Current tax liabilities	1,998,212	1,874,566	(123,646)	(6.19)
Bonds payable	32,000,000	32,000,000	0	-
Lease liabilities	0	24,897	24,897	-
Reserve for liabilities	0	0	0	-
Other liabilities	0	0	0	-
Total liabilities	35,585,250	40,748,992	5,163,742	14.51
Capital stock	117,126,998	122,093,832	4,966,834	4.24
Capital surplus	35,928,795	35,921,647	(7,148)	(0.02)
Retained earnings	31,180,784	38,701,004	7,520,220	24.12
Other equity	1,825,646	1,350,795	(474,851)	(26.01)
Total equity	186,062,223	198,067,278	12,005,055	6.45

Figures exceeding NT\$100 million and changed by 20% or higher are analyzed as follows:

- (1) Increase in the total of cash, cash equivalents and resale bills and bonds as at December 31, 2021 over December 31, 2020 was mainly attributed to an increase in the current assets on the balance sheet held to pay for day-to-day business operations and maintain liquidity.
- (2) Increase in financial assets at fair value through other comprehensive income as at December 31, 2021 over December 31, 2020 was mainly attributed to the loss of significant influence and reclassification of remaining shares due to disposal of shares in Chang Hwa Bank in 2021.
- (3) Increase in financial liabilities at fair value through profit and loss as at December 31, 2021 over December 31, 2020 was mainly attributed to evaluation of contingent consideration arising from the acquisition of Prudential Life Insurance in 2021.
- (4) Increase in commercial papers payable as at December 31, 2021 over December 31, 2020 was mainly attributed to funds to pay for day-to-day business operations and maintain liquidity.
- (5) Decrease in other equities as at December 31, 2021 over December 31, 2020 was mainly attributed to the decrease in unrealized gains for subsidiaries on available-for-sale financial assets in 2021.

B. Business performance

Unit: NT\$1,000

Item	2020	2021	Variation	
			Amount	%
Income/loss on equity-accounted investments	15,418,827	16,174,465	755,638	4.90
Other income	25,901	10,006,738	9,980,837	38534.56
Operating expenses	(622,727)	(577,040)	45,687	(7.34)
Other expenses and losses	(475,969)	(5,623,832)	(5,147,863)	1081.55
Pre-tax income (loss)	14,346,032	19,980,331	5,634,299	39.27
Income tax (expense) benefit	147,390	331,477	184,087	124.90
Net Income	14,493,422	20,311,808	5,818,386	40.15
Other comprehensive income (loss), net of tax	472,859	(491,918)	(964,777)	(204.03)
Total comprehensive income	14,966,281	19,819,890	4,853,609	32.43

Figures exceeding NT\$100 million and changed by 20% or higher are analyzed as follows:

- (1) Increase in other income as of 2021 over 2020 was mainly attributed to the realized gain on bargain purchase of Prudential Life Insurance in 2021.
- (2) Increase in other expenses and losses as at 2021 over 2020 was mainly attributed to recognition of investment losses due to disposal (and reclassification) of shares in Chang Hwa Bank in 2021.
- (3) Increase in income tax gains as at 2021 over 2020 was mainly attributed to income tax gains arising from consolidated tax calculation.
- (4) Decrease in other comprehensive income in the current period as at 2021 over 2020 was mainly attributed to the decrease in unrealized gains for subsidiaries on available-for-sale financial assets in 2021.

C. Cash flow

Analysis of cash flow in the coming year

Unit: NT\$1,000

Initial cash balance 1	Expected cash flow from business activities for the whole year 2	Expected cash outflow (inflow) for the whole year 3	Expected cash surplus (shortage) 1+2-3	Remedies for expected cash shortage	
				Investment plan	Financing plan
855,574	6,723,412	(6,548,105)	1,030,881	Nil	Nil

D. Influence on finance of major capital outlays in the recent one year

The company did not incur any major capital outlay in 2021.

E. Investment policy in the recent year

The company carries out investments in compliance with the articles 36 and 37 of Taiwan's Financial Holding Company Law, with considering returns on investment and cross-selling synergy among subsidiaries. In order to meet the demand of clients for assets accumulation and wealth management planning, the company has been expanding its business scope and providing comprehensive professional financial services. Going forward and facing intensive competition and a fast-changing financial environment, the company will continue, via organic or external growth, expanding its scale and market shares in broad range of financial sectors, such as banking, securities, insurance, investment finance, commercial paper/bond, and overseas markets, so as to tap the businesses of clients in various sections, sharpen competitive edge, and expand profit sources.

F. Assessment of risk management

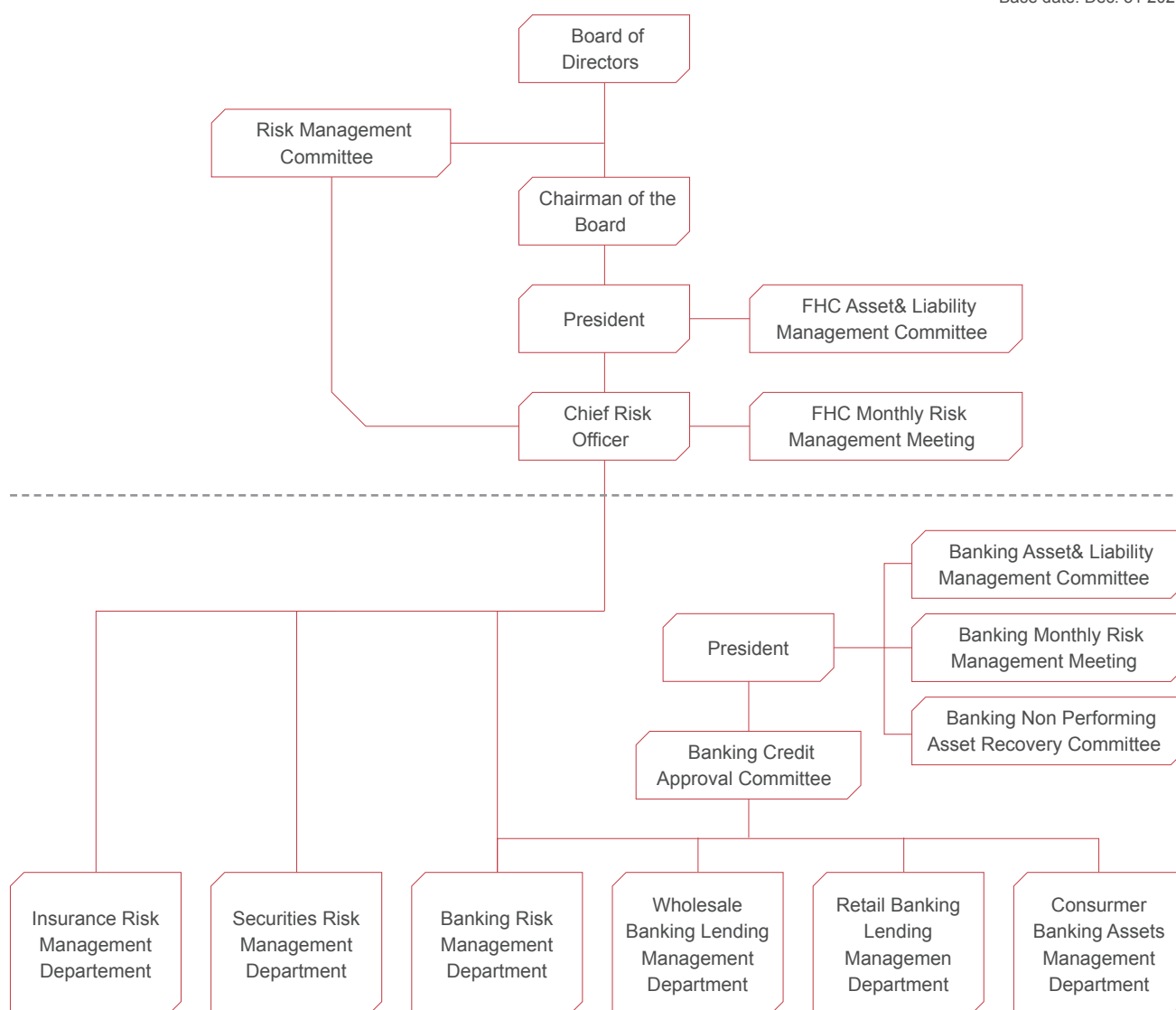
a. Risk management framework and policy of the financial holding company and subsidiaries

To cope with its comprehensive business scope, the company needs to identify, assess, consolidate, and manage the risks, in addition to properly allocate capital to various business units. The company manages risks via a procedure closely associated with its risk management policy, organizational framework, risk assessment, and business activities. According to overall risk management planning, the financial holding company has instituted an independent risk management organization, with its frameworks listed below:

Organization	Contents
Board	<ol style="list-style-type: none"> 1. Approval of risk management policy and procedure. 2. Supervise material matters of risk management, including capital management and risk appetite of the financial holding company.
Risk Management Committee	<ol style="list-style-type: none"> 1. Members of the committee authorizes the chairman of the board to select three or more members of the board, more than half of whom shall be independent directors. Members of the committee will then elect one person among them to be the convener and chair the meetings. Committee members shall serve the same term as those of them do concurrently on the board of directors. 2. Review of the risk management policy and procedure of the financial holding company. 3. Inspect of the financial holding company's regular integrated risk management reports. 4. Review of other material risk management matters as defined by the company or by the competent authority.
Monthly risk management meetings.	<ol style="list-style-type: none"> 1. The chief risk officer will serve as the convener. 2. Review of the risk management policy and procedure of the financial holding company. 3. Review or filing with the authorities of policies and regulations regarding market risks, credit risks, and operational risks in subsidiaries. 4. Supervise and establish market risk, credit risk, and operating risk control mechanism. 5. Review performance report of the risk management units of subsidiaries and the overall risk analytical report of the financial holding company. 6. Reviewing and finaliz risk model, risk parameters and indicators, and pressure test plan. 7. Establish of committees as needed or specifically for certain key issues. 8. Monitor various risks undertaken by the company, adopting necessary measures for controlling large risk exposure. 9. Report of other risk related projects.
Chief Risk Officer	<ol style="list-style-type: none"> 1. Convener of monthly risk management meetings. 2. Implement risk management strategy and instituting risk management framework approved by the board. 3. Supervise Risk Management Department and risk management units of subsidiaries in executing related policy. 4. Assure effective cross department communication and coordinate risk management functions.
Chief Risk Office	<ol style="list-style-type: none"> 1. Formulate and institute of risk management mechanism. 2. Disclose of risk management implementation. 3. Produce overall risk analytical report for the financial holding company. 4. Coordinate and contact for risk management affairs with subsidiaries. 5. Institute integrated risk management information system. 6. Introduce the risk management norm of Basel Capital Accord, so as to institute a risk management mechanism complying with international standards.
Risk management units of subsidiaries	<ol style="list-style-type: none"> 1. Provide of risk management related information. 2. Implement the financial holding company's risk management policy.

Risk Management Organizational of Taishin Financial Holding co., Ltd.

Base date: Dec. 31 2021



b. Risk assessment method and quantified information on the risk exposure of the financial holding company and subsidiaries

1. Holdings common regular disclosure

The subsidiaries all operate in financial business, facing credit risk, market risk, and operating risk in operation and legal aspects. Therefore, the financial holding company's risk management covers an extensive scope, including systems and measures suited to the respective operations of subsidiaries and the institution of the integrated risk management policy and organizational framework of the financial holding company, meant to achieve comprehensive and efficient grasp various risks.

(1) Credit risk management

A. Wholesale banking

- Pinpoint target loan clients, enhance profit margin, and expand low risk business, so as to strengthen risk enduring capability and reduce overall risks.
- Ascertain credit analytical report and strengthen the training of credit officers.
- Further strengthen internal credit rating mechanism.
- Further strengthen post lending management and review system.

- (e) Institute the evaluation system for individual risks and overall credit risk involving securities underwriting and investment position.
- (f) Strengthen the management of credit risk concentration associated with loaning, investment, and trading of various financial products such as derivatives.
- (g) Institute individual management measures for businesses involving specific risk (such as ceiling for loans mortgaged with specific stocks, tracking the price threshold for margin calls, and the undertaking and post management of realty financing).
- (h) Institute the system for the alert, notification, and control of abnormal accounts.
- (i) Centralized NPL management.

B. Retail banking

- (a) In order to analyzing and monitoring risks, the company has formulated various qualitative indicators by product, as well as the NPL ratio, aging analysis, NPL status, loan losses, recovery of loans, write off and return rates.
- (b) Further enhancement of risk management technique: introduction and deep cultivation of rating model and policy making model; monitor, adjust, and upgrade of the models' efficiency.
- (c) Core risk analytical team: Core professional talents with analytical capability, product design capability, risk management capability, and execution capability.
- (d) Lending policy based on client group analysis: Analyze client risks according clients' external and internal behaviors, and flexibly adjust lending policy according to the risk levels of various client groups, as to maintain proper client group ratio.
- (e) Prevention of NPL and fraud: Further track the behavioral modes of NPL and fraud cases and repayment status, thereby forging policy and credit examination/ lending flow, as to institute a proactive preventive mechanism.
- (f) Client management based on risk analysis, rating model, and policy model, debt collection, and case review system.
- (g) Single client credit management.

(2) Market risk management

To consolidate the management of risks deriving from volatility in interest rate, exchange rate, credit spread and equity securities, Taishin calculates marked to market profits and losses on derivatives positions held by its subsidiaries, and sets limits on VaR, position, and stop loss and MAT alerts for investment portfolios according to purpose of the portfolio, trading strategies, derivative characteristics, and market practices in order to keep maximum losses under control.

(3) Operational risk management

To achieve a consistent and complete operating risk management system for the company's daily operation and decision making, the company has formulated operational risk management principle and operational risk endurable extent under risk management policy. It has also established "operating risk reporting procedure," "risk control self-assessment procedure," "key risk indicator procedure," and risk offsetting procedure, featuring mutually linked analysis to uphold operating risk forecast capability.

2. Risk management methods and quantified risk exposure information of subsidiaries

(1) Taishin Bank

A. Credit risk

The main goal of risk management is to pursue maximum profits under reasonable risk, so as to uphold shareholders' interest. Effectively grasp the trend of assets quality via regular monitoring of numerical changes in net flow and adjust lending policy and debt collection strategy accordingly.

Utilize internal credit rating system, midterm management and review, diversification and ceiling of credit extension/ investment positions (customer groups), and other methods to monitor constantly risk level and changes in overall economic and financial climate, on top of irregular review or adjustment of risk aversion (diversification) and abatement strategy via internal procedure. Risk abatement is carried out mainly via the collection of collateral, which calls for different appraisal method and evaluation period according to their different nature, i.e., realty, or chattel, or securities.

(a) Wholesale banking

I. Wholesale Credit Administration Division is the credit risk management unit for Wholesale Banking Group.

It consists of credit management, screening, global trade, asset management and post-loan administration departments. Credit extension management department is in charge of the planning of internal credit evaluation system, the monitoring of credit extension position, the diversification of credit extension risk, the planning and formulation of management measures, the appraisal of the value of mortgaged properties, and the review and credit examination after the extension of loans. Various credit risk departments are in charge of the review of credit extension cases, the special asset management department is in charge of the statistics of credit extension assets for wholesale banking, the evaluation of the provisions for bad debts, and collection of overdue loans, non-performing loans, and bad debts. The Wholesale Post-Loan Administration Department established the post-loan management system. Other than the review functions it was already equipped with, an alert mechanism was established to strengthen post-loan management of obligors through advance warnings and faster, more exhaustive notifications and tracking, as to reduce credit risk.

II. The evaluation and management of credit risk is undertaken by using internal credit rating system. In addition to credit rating undertaken upon application, all credit extension cases are subject to follow up tracking and management. The internal credit rating system consists of two aspects; one is the credit rating of borrowers, mainly for the evaluation of their capability to fulfill financial commitment, which is undertaken via the use of statistical model and an evaluation table as assistant tools. The second aspect is credit line rating, which is undertaken according to the factors of the existence of collateral, the order of lien, and type of products.

III. Regular analysis of rating migration is carried out every year, to ascertain the stability of the existing rating system. Migration risk analysis and stress/scenario testing is also undertaken, in order to delineate risk exposure with more sensitive risk analysis and ascertain capital adequacy.

(b) Retail banking

I. Retail business units evaluate and review cases based on the credit policy. Retail Banking Non Performing Asset Recovery Division is responsible for collection and management of delinquent cases.

II. Formulate proper lending risk management policy by using Application Scoring System, Behavior Scoring System, Collection Scoring System and Credit Bureau Scoring System, along with the product profit model, to pinpoint optimal lending terms to provide profit model for different client groups with different loaning conditions.

III. Flexibly adjust various risk management indicators and segmentation management via periodical assets analysis and default analysis, so as to achieve operating objectives.

(c) Financial Market

I. The credit risk management unit review the annual credit risk profiles and limit proposals in the authorized units within the Financial Markets Division according to the needs of financial transaction management or the purpose of holding such positions. The unit also evaluates annual budgets and expected losses from the overall credit risk, and then sets the credit risk appetite/limit for financial transactions.

II. The credit risk management unit presents board-approved overall credit risk appetite for financial transactions every year. The unit follows a top-down management framework to set the annual credit limit for

each type of financial transaction, provided the board-approved limit is not exceeded. The credit risk profile of the financial transaction portfolios is monitored with routine monitoring mechanisms and regular post-investment management procedures.

- III. For the methods for evaluation and management of credit risk, with regard to investment position, internal credit rating methods shall prevail, supplemented by external credit rating methods. A full-time monitoring unit performs routine monitoring and reporting. The units making transactions perform the first line of defense by completing pre-investment assessment and post-investment management. There are well-established procedures and reporting mechanisms in place to monitor risk indicators and ensure the overall investment portfolio is closely monitored.

(d) Quantified information on risk exposure

Credit Risk Exposure and Capital Requirement after Mitigation on Standardized Approach.

Dec. 31, 2021 Unit: NT\$1,000

Type of Risk Exposure	Risk Exposure after Mitigation	Capital Requirement
Sovereigns	336,578,221	13,360
Non-central government public sector entities	1,925,742	62,797
Banks (including multilateral development banks)	184,350,382	6,172,338
Corporates	525,523,226	37,940,684
Retail	226,256,018	13,129,482
Real estate	767,300,985	31,941,708
Equity investments	3,389,223	271,138
Equity investments in fund and venture capital	1,148,357	172,109
Other Assets	48,940,437	3,092,598
Total	2,095,412,591	92,796,214

B. Liquidity risk

(a) Management principle

Risk management for fund liquidity is to assure that under any circumstance at present or in the future, the bank's liquid fund can meet the fund need resulting from assets growth or fulfilling mature obligations.

I. should monitor and manage the following items:

- ◆ Under normal market change or emergent situation, possess sufficient fund to meet due obligations and fulfill guarantee and commitment for credit extension.
- ◆ Carry out fund maneuvering at reasonable market prices.
- ◆ Meet liquidity need for business growth.

II. Basic principles for funding liquidity-risk management include:

- ◆ Principle of diversification: avoid over-concentration in fund maneuvering, in terms of maturity date, maneuvering tools, currency, place, funding source, and trading partners.
- ◆ Principle of stability: follow the strategy of fund stability to reduce the reliance on unstable funding sources and avoid the effect of market swing on funding sources.
- ◆ Principle of maintaining adequate assets liquidity: As the status of market liquidity will indirectly affect funding liquidity, the bank must assure that total assets are sufficient to cover total liabilities and keep a certain share of assets with good liquidity or good for use as collaterals, capable of meeting need of working capital in emergency and short-term liabilities.
- ◆ Principle of matching assets and liabilities on maturity.
- ◆ Pay attention to payment commitment resulting from credit-extension business.

(b) Quantified information

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

Dec. 31, 2021 Unit: NT\$1,000

	Total	The Amount for the Remaining Period to Maturity					
		0 to 10 days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main cash inflow on maturity	2,250,684,784	264,328,465	402,573,125	291,361,964	203,196,887	248,882,724	840,341,619
Main cash outflow on Maturity	2,751,719,234	132,526,803	226,095,470	360,445,780	368,526,003	517,458,673	1,146,666,505
Gap	(501,034,450)	131,801,662	176,477,655	(69,083,816)	(165,329,116)	(268,575,949)	(306,324,886)

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

I. The Bank

Dec. 31, 2021 Unit: US\$1,000

	Total	The Amount for the Remaining Period to Maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main cash inflow on maturity	43,584,309	14,804,221	11,146,905	7,209,885	6,159,429	4,263,869
Main cash outflow on Maturity	43,522,292	11,460,011	11,638,570	7,209,588	7,018,534	6,195,589
Gap	62,017	3,344,210	(491,665)	297	(859,105)	(1,931,720)

II. Overseas branch

Dec. 31, 2021 Unit: US\$1,000

	Total	The Amount for the Remaining Period to Maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to one year	Over one year
Main cash inflow on maturity	6,068,803	2,226,108	1,011,649	334,825	599,347	1,896,874
Main cash outflow on Maturity	6,021,727	1,979,892	2,128,780	558,430	640,898	713,727
Gap	47,076	246,216	(1,117,131)	(223,605)	(41,551)	1,183,147

C. Market risk

(a) Strategy and process

- I. The bank's risk management strategy calls for setting limits on risk exposure according to risk tolerance and risk adjusted returns rate, whereby increasing return and maximizing value for shareholders under capital restrictions. Accordingly, various business units have to seek approved quota before trading and independent risk management units assess gain or loss for trading positions daily, in addition to reporting gain/loss and risk exposure of trading position to executives regularly.

II. The scope and features of risk report and assessment system

Risk report is meant to disclose risk as an important reference for executives in formulating countermeasure and adjusting investment portfolio for achieving business objectives. The bank dedicates to integrating trading management systems for various products, in order to reporting gain/loss and risk exposure of trading position immediately.

(b) Trading and risk management system

I. Quality

The bank stresses the formulation and implementation of risk management policy and norms, as well as the establishment of risk management culture. Risk management units are independent from risk undertaking units and responsible for assessing and analyzing risk exposure and reporting the results to executives for use in policy making, in addition to instituting assessment process, the process for new product launch, and certification procedure model, in the hope of complying with the regulations of the competent authority, precisely assess risk, and standardized operating and risk management flows.

II. Quantity

The company sets price sensitivity limits for various products with different risk factors as criteria for risk assessment. It calculate integrated VaR (Value at Risk) for its investment portfolio with IMA (Internal Model Approach) and set up VaR limits accordingly, in order to control the impact of market swings.

(c) Quantitative information on risk exposure

Capital Requirement for Market Risk

Dec. 31, 2021 Unit: NT\$1,000

Kinds of risks	Capital requirement
Interest Rate Risk	4,043,171
Equity Securities Risk	423,459
Currency Risk	155,590
Commodity Risk	0
Options Using Simplified Approach	204,611
Total	4,826,831

D. Operational risk

(a) Operational risk management policy and framework

To attain effective operational risk management, the bank has formulated its operational risk management principle under its risk management policy, according to the norms set by the Basel Committee on Banking Supervision, the Bank for International Settlements, and the Financial Supervisory Commission (FSC). The policy covers operational risk management framework, operational risk management principles, risk identification and assessment technique, and risk reporting/supervision, in order to foster consistent operational risk awareness inside the bank, establish operational risk management culture, and implement risk management system, in addition to specifying the operational risk tolerability of the bank. To assure consistency between the bank's operational risk management mechanism and corporate strategy, the bank has established independent risk management units, further consolidating the bank's operational risk management.

(b) Identification of operational risk

The operational risk is defined as "Risk of loss triggered by the impropriety or mistake involving internal process, staffers, system, or external incidents, including legal risk but excluding strategic or credit standing risks." In order to identify existing and potential risks, the bank has formulated various operational risk management process, as well as company wide risk glossary, loss incidence reporting system, risk self-evaluation system, key risk indicators, and risk reporting/disclosure procedure, so as to establish operational risk identification, assessment, and supervision method. Meanwhile, for the purpose of controlling various operational risks within endurable range, existing and potential risks should be analyzed and action plans be proposed in order to keep operational risks within acceptable ranges to the bank.

(c) Operational risk assessment and supervision

To strengthen the control of loss amounts associated with operational risks, operational risk are reevaluated every year for individual units, and reviewed in the monthly risk management meeting for better management and as part of the effort to incorporate operational risk management into routine business management.

(d) Quantitative information on risk exposure

Operational Risk Accrued Capital

Dec. 31, 2021 Unit: NT\$1,000

Year	Gross Profit	Capital Requirement
2019	37,646,970	-
2020	37,257,551	
2021	38,217,684	
Total	113,122,206	8,147,335

(2) Taishin Securities Co., Ltd. (Market risk, counterparty risk, fundamental risks, and business risks.)

A. Risk management method

As of 2021, Taishin Securities have effectively evaluated and rigorously control process in the hope of effectively control risk. The strategy, organization, and evaluation of the company's risk management as follows.

B. Risk management strategy and flow

(a) Purpose for risk management

The company's risk management policy is formulated according to the risk management policy of Taishin Financial Holding co., Ltd., in order to achieve the following goals:

- I. The establishment and operation of the integrated risk management mechanism for market risk, credit risk, operating risk, liquidity risk, and legal risk, to attain effective risk management via centralized management and risk diversification.
- II. Upgrade assets quality.
- III. Upgrade the efficacy of capital allocation, so as to maximize returns after risk adjustment.

(b) Process for formulation and approval of risk policy

I. Formulation principle

The company's risk management policy is formulated according to the following three principles:

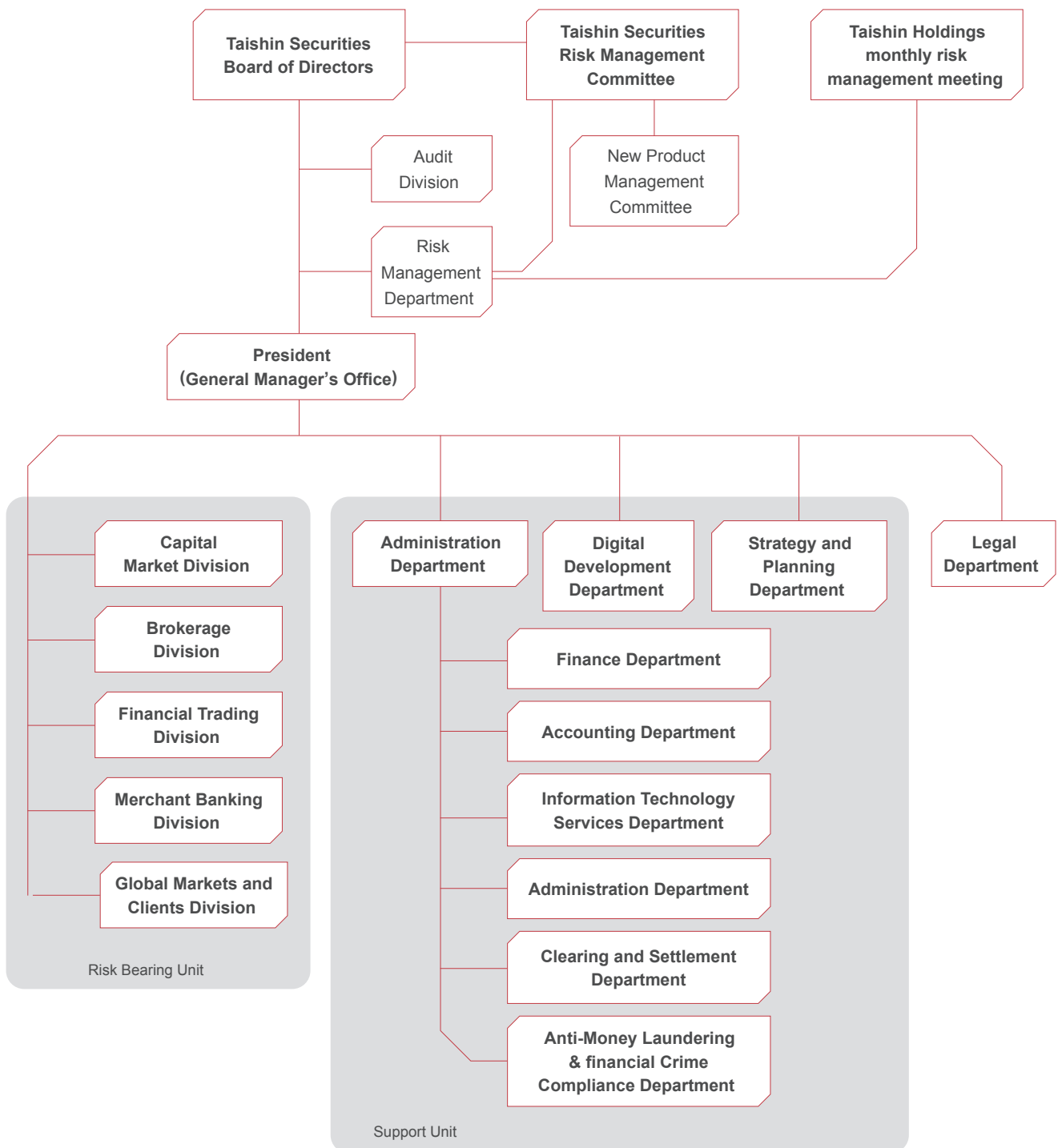
- ◆ Establish a risk evaluation mechanism to grasp the company's diversified risks and form the basis of the company's sustainable development.
- ◆ Emphasize the efficacy of the company's risk based assets.
- ◆ Emphasize related risks in the pursuit of maximum returns, thereby incorporating risk factors into performance evaluation.

II. Approval process

The company's risk management policy is formulated by risk management unit and approved by the board of directors before its implementation.

C. Organization and framework of risk management system

(a) Chart for overall risk management system framework



(b) Powers and duties of various risk management units

I. Board of directors

- ◆ Ensure validity of the risk management practice and be ultimately responsible for risk management.
- ◆ Approve the company's risk management policy and procedure.
- ◆ Approve yearly quota for market risk, credit risk, operating risk, and liquidity risk.

II. Risk management committee

Set up the "Risk Management Committee" to effectively integrate the Company's various risk functions, including market risk, credit risk, operational risk, liquidity risk and legal risk, with the board of directors dispatching at least one director to take part and dispatch persons to be the convener and chairperson of its meetings.

- ◆ Review the company's risk management policy and procedure.
- ◆ Review various risk related measures and guidelines.
- ◆ Establish various risk management mechanism.
- ◆ Review analytical reports on overall risk in order to report timely the execution of risk management to the board of directors and propose necessary improvement suggestions.
- ◆ A new Product Management Committee was created directly under this committee to review the risks involved in new products undertaken by the sales units.

III. Risk bearing units

The risk bearing units conduct business and undertake risk within the limits allocated by the board of directors and the appropriate levels of authority for the purpose of generating profits and achieving business targets. According to the risk management structure, these units are the first line of defense in risk management and should ensure compliance of their business activities with the law and internal guidelines.

IV. Risk Management Department

Risk management Department is in charge of monitoring the company's overall risk and the risk of various divisions and regularly reports the status of loss/benefits and financial risk exposure to the risk management division. It is independent from various profits centers and is directly responsible to the board of directors, in charge of the company's various risks.

- ◆ The second line of defense in risk management.
- ◆ To help devise risk management policies, measures, and limits.
- ◆ To ensure implementation of risk management policies approved by the board of directors.
- ◆ To build a risk management information system.
- ◆ To inspect derivative valuation models used by the risk bearing units.
- ◆ Appointment and dismissal of the head of the risk management unit shall be passed by the board of directors. The head shall be responsible for heading operations in risk measurement, monitoring, evaluation, reporting, and disclosure.

V. Audit Division

The audit unit is the third line of defense in the risk management structure. It is responsible for regularly inspecting compliance of the risk management policy and related guidelines and making recommendations for improvement as needed in order to facilitate the board of directors and the management in performing their management duties.

VI. Legal Department

- ◆ Planning, management, and execution of the compliance system.
- ◆ Review and refinement of legal documents.
- ◆ Conducting litigation and non-litigation matters.
- ◆ Providing legal advice, collecting and studying laws and regulations relevant to the business.
- ◆ Managing debt collection.

VII. Finance Department

In charge of the management of the company's fund liquidity risk, establish emergent response mechanism for liquidity crisis, formulate fund risk limit, in consideration of market environment, the company's financial structure, risk tolerance, and fund maneuvering capability.

VIII. Information Technology Department

In charge of the planning, promotion, and management of the company's information security, assures the continuity and correctness of various systems.

D. Risk management method

Kinds of Risk	Management Method
Market risk	<ol style="list-style-type: none"> The company has imposed VaR (Value at Risk) limits based on its risk tolerance. Portfolio risks are monitored in terms of VaR, market value and losses. In addition, the company has measures in place to control losses, holding periods, liquidity and concentration of individual investments. Set up stress scenarios for various financial products, conduct stress testing to calculate stress loss, so as to evaluate possible loss to be endured by the company under extreme market status and manifest the risk status of existing position, as reference for the company in capital allocation.
Credit risk	<ol style="list-style-type: none"> In charge of the credit risk of issuers, counterparties, and qualified clearing brokers, distinguish liquid and illiquid positions, and set up limits according to the nature of financial trading and credit rating. Set up risk control measures such as stock spot market concentration limit, industry concentration limit, and country risk concentration limit to achieve risk diversification. Summarize credit risk position for the same person and the same related party in a group, and submit the position to risk management unit of the financial holding firm for unified management. Regarding margin trading and Non-restricted purpose loans in the brokerage business, the account opening procedures follow Taishin's internal control system and related regulations. KYC procedures are enforced, and margin trading limits are established according to internal/external regulations. In addition, margin trading percentages for individual stocks are adjusted in response to changes in financial markets, and account maintenance ratios are monitored daily. Regarding management of transaction risks in futures and options offered by the brokerage service, classification guidelines for trading accounts subject to different "additional collateral benchmarks", application for higher limits and assessment methods, and re-assessment mechanisms have been established so that the company may require additional collaterals based on a trading account's credit standing and other risks involved in the transaction when collaterals are collected in advance of futures trading. If the trading account's equity amount is below the required maintenance collateral, the company will promptly issue a notice of payment to the account holder. If the account holder fails to provide the shortfall, the company may offset the positions on behalf of the account holder in accordance with the applicable internal control procedures.
Liquidity risk	<ol style="list-style-type: none"> Market liquidity management: Market liquidity management is aimed at avoiding low trading volume and poor liquidity conditions so that prices cannot be easily manipulated when selling a position. Therefore, a cap on holding of single stock is established for controlling spot trades of domestic and foreign shares. A cap on the ratio of shares outstanding is established for the trading of convertible bonds. Liquidity management is handled by financial units according to the Liquidity Risk and Fund Management Guidelines. The units sets fund transfer mechanisms, perform liquidity risk stress testing, monitor the overall supply of funds and changes in gaps, and manage liquidity risks.
Operational risk	According to the definition of Basel II Capital Accord, operational risk is classified into seven types of loss and eight kinds of businesses, which are identified by various units of the company and reported to risk management unit for arrangement and establishment of operating risk loss database by the financial holding company.

E. Quantitative information for risk exposure

Equivalent Value for Management Risk

Dec. 31, 2021 Unit: NT\$1,000

Kinds of Risk	Equivalent Value of Risks
Market risk	1,735,535
Credit risk	1,010,664
Operational risk	375,700
Total	3,121,899

(3) Insurance subsidiary(Taishin Life Insurance)

Our risk management policy has to be approved by the board of directors who bears the ultimate responsibility for the overall risk management operation. The Risk Management Division, as an independent unit, assists the board of directors and the Risk Management Committee in performing risk management activities. The risk management mechanisms are as follows:

A. Market risk:

This refers to the risk of potential loss of asset value due to market price changes over a certain period of time. Market risk factors include interest rate risk, equity risk, foreign exchange risk, and real estate risk. We have procedures and controls in place to manage market risk (including VaR limit control, stop loss mechanisms, and market risk limit control) in order to ensure market risk is managed effectively. Review results are submitted to the management regularly.

B. Credit risk:

This refers to the risk of a debtor having its credit rating downgraded or being unable to repay debt or a counterparty being unable or refusing to fulfill its obligation. It includes default risk, downgrade risk, credit spread risk, and concentration risk. We have procedures and controls in place to manage credit risk (including credit risk analysis, credit risk limit management, and credit risk watchlist management) in order to ensure credit risk is managed effectively. Review results are submitted to the management regularly.

C. Liquidity risk:

This is divided into funding liquidity risk and market liquidity risk. Funding liquidity risk refers to the risk of being unable to liquidate assets into cash or obtain sufficient funds and thereby failing to fulfill obligations as they become due. Market liquidity risk refers to the risk of facing significant changes in market prices due to inadequate market depth or disorder when disposing or writing off positions. We have liquidity risk management mechanisms in place to mitigate the impact of liquidity risk. We also have an emergency response plan to ensure monitoring, reporting, and other response procedures are executed in the event of a major liquidity issue that may damage solvency.

D. Operational risk:

To manage operational risk, we use operational risk notification, Risk Control Self Assessment (RCSA) and key risk indicators (KRI) as the primary management tools. They provide support for the business units in risk identification, measurement, response, monitoring and information, and communication and documentation. Other risk management measures are also in place to enhance operational risk management.

E. Insurance risk:

Insurance risk covers risks in underwriting, claim, catastrophes, reinsurance, product design and pricing, and reserves.

(a) Management of underwriting and claims risks:

Underwriting and claim processes and procedures both follow the Regulations Governing Business Solicitation, Policy Underwriting and Claim Adjusting of Insurance Enterprises. These risks are mitigated through analysis of statistical reports.

(b) Management of catastrophic risks:

Catastrophes that may cause material losses to the company are identified by product features. Catastrophic risk is measured and managed based on catastrophic risk loss records or scenario analysis as needed.

(c) Management of reinsurance risks:

Cumulative limits on per risk unit and per risk event basis are set based on a holistic assessment of risk attributes, current business operations, and financial structure. Risks in excess of the limits are transferred through reinsurance in order to ensure solvency and safety of the business. In addition, to mitigate the risk of reinsurers being unable to fulfill reinsurance obligations, which result in premiums, claims, or other expenses,

list of reinsurers currently in business relationships with the company is reviewed quarterly, and the credit ratings of these reinsurers are monitored regularly.

(d) Management of product design and pricing risks:

To mitigate the risk arising from inadequacy, inconsistencies or unexpected changes in product design, policy provisions, and base of pricing assumptions, product features are reviewed to ensure compliance with applicable regulations, in addition to building adequate safety margins into actuarial assumptions and assessment through profit testing or sensitivity analysis. Experience study with analysis, asset allocation plans, and risk transfer proposals are reviewed regularly after product launch to assess and confirm the adequacy, reasonableness, and fairness of the premium, and to adjust the product pricing or product features when necessary.

(e) Management of reserve risks:

Reserving follows the Regulations Governing the Setting Aside of Various Reserves by Insurance Enterprises and other applicable regulations. Reserves are calculated according to the principles and standards of actuarial practice. In addition, related operational procedures are in place to ensure the correctness and completeness of reserves. The company also follows the cash flow testing method in annual Appointed Actuary's Report to assess the reserve adequacy.

F. Asset liability matching risk:

This is mainly duration gap management. Changes in durations of assets and liabilities are reviewed regularly to monitor risks in unmatched assets and liabilities. The cash flow testing method is also used to assess the asset liability matching.

c. Influence of important domestic and foreign policy and legal changes on the finance of the financial holding company and countermeasures

Law	Impact	Response measures
The UK's Financial Conduct Authority (FCA) announced that banks need not to provide LIBOR quotations daily starting from January 1, 2022.	LIBOR-quoted derivative financial products, corporate loans, floating-rate securities invested in by Taishin Bank and customers, agreements, and so forth will be affected by the shift in product indicator, change in business processes, system adjustment, and finance risk.	Taishin FHC established the Libor Transition Steering Committee and project office at group level to carry out a complete inventory of the affected holdings and businesses by our subsidiaries, and establish taskforces for each business category in order to perform changes and preparation tasks with regard to every service. The project office will regularly report the implementation progress on exposure follow-up and change tasks, as well as the most recent market developments.
Central Bank Regulations on Mortgage Loans by Financial Institutions	The Central Bank amended the Regulations Governing the Extension of Mortgage Loans by Financial Institutions on December 16, 2021. Relevant loan conditions and restrictions, including loan amount and grace period, were revised for real estate mortgage loans undertaken by the individual and entity respectively.	The banking subsidiary has already adjusted work procedures and internal regulations to comply with the new restrictions imposed on mortgage terms by the Central Bank, as well as performed relevant control for the percentage restrictions. There are ongoing awareness campaigns to enhance the credit risk control and sound management.
Measures for the Security Maintenance of Personal Data File of Non-government Organizations Designated by the Financial Supervisory Commission	If the company encounters a major personal data incident, it should report to the Financial Supervisory Commission within 72 hours (regular holidays are included in the time limit calculation). However, if other laws and regulations provide otherwise, the provisions of the respective laws and regulations shall be followed.	The Company and its subsidiaries have reviewed and processed to revise relevant internal standards, and simultaneously planned and implemented relevant training.
China Personal Information Protection Act	China Personal Information Protection Act was announced and practiced on November 1, 2021. It expanding the scope of application and requiring that personal information processors whose purpose is to provide products or services or analyze and evaluate the behavior of the individual in mainland China, to obey this Act.	The financial leasing company in mainland China has been in process to internal training on this act and executed and revised relevant business control, standards, and documentation.

d. Effects of technological and industrial changes on the finance of the financial holding company and countermeasures.

Fast technological advances are fueling accelerated transformation in the financial sector. Innovation of banking services has become one of the keys to the future of banking. It is inevitable for more banks to start forming cross industry alliances but also a potential source for more opportunities. Taishin Bank will continue to work with partners in other industries in order to provide a wider range of innovative services for customers.

In order to strengthen the overall information security protection capability, our company has deployed various information security protection measures. Using the defense in depth approach and infrastructure protections, ensuring to timely minimize the risk of vulnerabilities be hacking.

e. Effect of change in the corporate images of the financial holding company and its subsidiaries on the company and countermeasures

Apart from its financial businesses, Taishin Financial Holding co., Ltd. has long dedicated itself to caring for society and has devoted itself to charitable work and environmental protection. Taishin is well-aware of the responsibilities a company owes to the society, and therefore actively supports environmental protection, charitable, cultural and artistic activities, in the hope of bringing about social change and real benefits for the socially disadvantaged, and fulfilling its role as a member of the society.

f. Anticipated benefits Acquisition benefits, potential risks and countermeasures

1. Anticipated benefits

- (1) Enlarge financial scope, increase assets scale and market share ranking, and enhance business competitiveness.
- (2) Expand marketing & sales network to provide more convenient service to customers.
- (3) Create more business synergy from acquisition to maximize shareholders' profit.
- (4) Deepen client relationships from full-set financial services.
- (5) Decrease concentration and extend business fields.

2. Possible risks

- (1) Inadequate business integration could lead to profit loss, which would affect company's financial performance.
- (2) Inadequate information systems integration could defer business operation and synergy outcome.
- (3) Loss of talents, which would indirectly decrease business performance.

3. Countermeasures

Our company sets up efficient management mechanism and communication platform to mitigate potential risks mentioned above, which smooth acquisition integration and boost business synergy.

g. Possible risks from business concentration and countermeasures

1. Back up mechanism

The concentration of operation has led to sharing of resources and manpower, a status which could magnify the effect of emergent incidents on the bank.

To cope with possible risk, the plan for integrated business management practices will continue to be followed, which covers emergency response mode for venue, system, and personnel, as well as disaster recovery plan.

Processing and service departments of the subsidiaries have also implemented their own business continuity plans. The plans are tested on a yearly basis while data is backed up regularly to the off-site.

2. Document delivery

In the wake of operating concentration, internal transmission or delivery of original copies of document may result in information leakage or loss of documents, thereby causing serious consequence on the customers and the bank. To prevent the problems, the bank keeps the track for signed reception and formulates complete delivery rules for the delivery of key documents.

h. Influence of massive share transfer or exchange by board directors, supervisors, or major shareholders with over 1% stake, risk, and countermeasures

The company's paid-in capital is large and its share ownership widely is dispersed. Transfer or change of share ownership is not likely to have a material impact on the company's shareholding structure or cause any major impact or risk to the company.

i. Influence of management right on the financial holding company, risk, and countermeasures

Director share ownership at Taishin complies with the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies. There is no risk of change in management. There has not been any material change in the ownership of the company by the end of 2020.

j. Litigation and non-litigation incidents

1. Taishin Financial Holding co., Ltd.

Unappealable judgment, or under litigation	The facts of the dispute	Value of Claim	The initiation of Litigation	The involved parties	The current status
Litigation involving dispute over contractual relationship	The Ministry of finance and its person in charge had reneged on their commitments previously made in a number of official correspondences issued in 2005, causing the company to secure only 2 directorships and 1 independent director in Chang Hwa Bank, during the shareholder meeting held on December 8, 2014. Since the company represents less than half of the 9 directors on board, Chang Hwa Bank is no longer treated as a subsidiary according to the Financial Holding Company Act. Furthermore, the FSC-approved IFRS requires the company and its subsidiary - Taishin International Bank Co., Ltd. to recognize a loss on their investment in Chang Hwa Bank. In response to the actions taken by the Ministry of Finance that cost the company its control over Chang Hwa Bank and significant losses suffered in the process, the company has engaged legal attorneys to pursue civil actions against the Ministry of Finance at Taipei District Court, and has resolved to undertake provisional measures as a temporary remedy.	confirmed continuation of contractual relationship	2014.12.09	Ministry of Finance	<p>The case was heard by the Taiwan Taipei District Court, the Taiwan High Court and the Supreme Court, all of which were of the opinion that the contract between Taishin and the Ministry of Finance was valid and remained in effect.</p> <ol style="list-style-type: none"> The case was ruled by the Taiwan Taipei District Court on April 27, 2016. The Taipei District Court verdict on April 27, 2016, confirmed that the Ministry of Finance and Taishin Financial Holdings had a contractual relationship, but did not grant Taishin's request for a replacement of the institutional board members on CHB's 24th board of directors. The company filed an appeal to raise certain objections on May 19, 2016, and limited the scope of damages claim to the loss of control interest in the 24th shareholders meeting. In other words, the claim was reduced from NT\$16.558 billion in the original case to NT\$500 million. To focus on the claim of confirmed continuation of contractual relationship, on January 16, 2017, the company withdrew the claims regarding "the claim for 3 board seats instead" and "the claim for the loss of control interest in Chang Hwa Commercial Bank's 24th shareholders meeting." The Taiwan High Court confirmed on May 17, 2017 that a contractual relationship existed between the Ministry of Finance and Taishin in the matter where "while the shares in Chang Hwa Bank held by the Ministry of Finance are not sold and Taishin Holdings remains the largest shareholder of Chang Hwa Bank, the Ministry of Finance shall support Taishin Holdings's representative in securing a majority vote for a seat on Chang Hwa Bank's board of directors." The Ministry of Finance, however, objected to the ruling and filed an appeal with the Supreme Court on June 12, 2017. The case is currently being heard by the Supreme Court. Regarding the application for provisional disposition, it was rejected by the Taiwan Taipei District Court and the Taiwan High Court. The company objected to the rulings and filed an appeal, and the case was remanded by the Taiwan High Court. However, the Taiwan High Court continued to reject the company's application. The company filed another appeal on April 28, 2016. The ruling of the Taiwan Taipei District Court had recognized that a contractual relationship existed between the Ministry of Finance and the company. It should provide a basis for the company to continue to try to engage the ministry. Therefore, the company withdrew the appeal to the provisional disposition on June 13, 2016. The Supreme Court ruled it necessary to clarify issues including whether the contract between the parties was a voting agreement and whether the contract violated the order and customs by having been in existence for 13 years. As a result, the Supreme Court remanded the case to Taiwan High Court on May 23, 2019. The Taiwan High Court (first verdict) confirmed on August 21, 2020 that a contractual relationship existed between the Ministry of Finance and Taishin FHC in the matter where "while the shares in Chang Hwa Bank held by the Ministry of Finance are not sold and Taishin FHC remains the largest shareholder of Chang Hwa Bank, the Ministry of Finance shall support (including but not limited to refraining from obstructing) Taishin FHC's representatives in being elected for 4 regular seats on Chang Hwa Bank's board of directors". The Ministry of Finance filed an appeal regarding its disagreement with Taishin FHC, and the proceedings are currently pending in the Supreme Court.

2. Taishin International Bank:

Unappealable judgment, or under litigation	The facts of the dispute	Value of Claim	The initiation of Litigation	The involved parties	The current status
Claim for damage compensation	The Taiwan Taipei District Court sentenced Zhou in the criminal case regarding unauthorized withdrawals of clients' funds to ten years and six months in prison. Taishin Bank filed an ancillary civil action with the Taiwan Taipei District Court, and the court transferred the case to the civil court.	NT\$266,189,647 + US\$1,730,000	2021.08	Taishin Bank vs Zhou, Huang, and Zhou	January 4, 2022 Mediation failed (2021 Chong-Fu-Min-Zi No. 65)

3. Taishin Securities:

Unappealable judgment, or under litigation	The facts of the dispute	Value of Claim	The initiation of Litigation	The involved parties	The current status
Claim for damage compensation	Former Taishin Bank salesperson Lin engaged in day trading on clients' behalf and caused losses to Wang and three other clients, who demanded Taishin Bank and the former salesperson be held jointly liable.	NT\$7,095,264	2021.05.17	Taishin Securities, former salesperson Lin vs four clients, Wang, Chen, Wang, and Xiao	The case is currently pending in the Taiwan Taipei District Court.

4. Taishin Asset Management: Nil.

5. Taishin Venture Capital: Nil.

6. Taishin Securities Investment Trust: Nil.

7. Taishin Securities Investment Advisory: Nil.

k. Other key risks and countermeasures:

Emerging Risk:

Emerging Risk Topics	WEF Risk Category	Description	Impact on Operations and Businesses	Mitigation Measures and Response Strategies
The Unforeseen Post-Pandemic Era	Societal	As operations of corporations, including employee attendance, service development, and production, have been affected by the COVID-19 disease, central banks all around the world have stepped in to stabilize the market such as cutting interest rates to nearly zero and launch massive quantitative easing. If coronavirus continues to mutate and the pandemic can not be effectively controlled, the risk of infection will become more severe, which will impact the market in the next 3 to 5 years.	<ul style="list-style-type: none"> The new Covid-19 variant is spreading faster than any previous strain, and it has caused a decline in corporate profits due to the reduction both in consumption and economic activities. The economic stimulus acts of governments around the world at the beginning of the pandemic has prolonged the recovery period of economic activities, and the repayment issue of individual borrowers or corporate financing remains unsolved, leading to debt crisis. The shortage of chips affects the making of credit cards; the alternate office hours of logistics companies and the reduction of operating personnel cause delays in delivery. 	<ul style="list-style-type: none"> Accelerating digital transformation, encouraging customer usage of digital services to ensure the continuity of services. In terms of chips, give a pre-estimation of demanded quantity and be aware of the inventory policies of major suppliers and their disease prevention measures at all times. The scenarios used in stress tests are reviewed regularly to ensure that they remain relevant and to see if the management is capable of dealing with risk changes, credit losses, and the liquidity gap occurs caused by the changes from macroeconomics.

(Continued)

Emerging Risk Topics	WEF Risk Category	Description	Impact on Operations and Businesses	Mitigation Measures and Response Strategies
Financial Services Facing the Challenges of Metaverse	Technologic	With the continuous development of new financial ecosystems, a large number of financial services will be derived, such as more cooperation with external vendors, block chain technology, decentralized services, and the rapid development of Web 3.0, which will also be accompanied by long term potential risks such as data hacking, DDoS, and ransomware.	<ul style="list-style-type: none"> • Customer communication channels have gradually become electronized, making identity fraud even more difficult to prevent and seriously impacting the operation of banking services. • The large volume of data using web API have caused management difficulties and the increases of the investment and maintenance cost in IT infrastructure • Applying the technologies of Cryptocurrency and non-fungible token (NFT) on payment and account debit, banks will suffer heavy losses if fraud events occur. 	<ul style="list-style-type: none"> • Reinforcing system security levels by continuously probing into information security cases around the globe and explore system vulnerabilities. • Developing digital customer identification technology, enhancing customer identification ability of virtual environment, and evaluating the effectiveness of biometrics technology on customer identification through the regular monitoring reports provided by the related departments.
Responses to Geopolitical Conflicts	Geopolitical	Economic sanctions of countries around the world as a result of geopolitical conflicts are expected to continue, leading to the continuous increase of commodity and energy prices, and worsening global inflation. The global inflation is now appearing to last longer than what was previously expected. In the long run, this will directly impact the recovery of the global economy under the impact of the pandemic, leading to the increase the risk in corporate operations and the investment.	<ul style="list-style-type: none"> • The rise of regional conflicts and financial sanctions affecting financial market liquidity, resulting in the overall increase in the risk of overseas investment exposures. • The credit risk from the rapid corporate debts are increasing and it affects the development of trade finance services. 	<ul style="list-style-type: none"> • Continuously monitoring regional exposures and risk assessment, setting country risk limits including single country limits, Obligor Risk Rating (ORR) limits, and overall country risk limits to avoid the level of risk in the bank's portfolio arising from concentration to a single counterparty or country.

(Concluded)

G. Crisis management and response mechanism

To assure the uninterrupted operation of the company's major business activities, strengthen the company's responsive capability for emergent incidents, and minimize the influence of disaster and resume normal operation within the shortest time possible, the company has formulated the BCM (Business Contingency Management), specifying the definition of emergent incidents, grading risks, and pinpointing responsibilities, and related handling procedure. Regarding emergency response measures against threats to the business activities of financial institutions, the subsidiaries of the bank have implemented Contingency Funding Plan that establish appropriate response procedures and responsibility assignments to effectively reduce the impact of such incidents.

H. Other Important items: Nil.



08

Special Disclosure

VIII. Special Disclosure

A. Information regarding the company's subsidiaries

a. Declaration for consolidated financial statements of affiliates

The companies to be included in the consolidated financial statements of affiliates pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises and the companies to be included in the consolidated financial statements pursuant to IFRS 10 in 2021 are the same for Taishin FHC. Furthermore, since the information to be disclosed in the consolidated financial statements of affiliates has been disclosed in the aforesaid consolidated financial statements, the consolidated financial statements of affiliates will not be prepared in addition.

b. Affiliation reports: N/A.

c. Basic information

Date: Dec. 31, 2021 Unit: NT\$1,000

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin International Bank Co., Ltd.	1992.02.25	1st,fl. and 1st basement, No. 44, Sec. 2, Jhongshan N. Rd., Taipei City	88,857,119	<ol style="list-style-type: none"> 1. Deposit reception (reception of check deposit, demand deposit, time deposit, and savings deposit originally listed in its business license are included in the item) 2. Issuance of financial bonds 3. Loan extension (short-, medium- and long-term loan extension, loan mortgaged by certificates of time deposit, consumption loan originally listed in its business license are included in the item) 4. Discounting negotiable instruments 5. Securities investment (investments in government bonds, short-term bills, corporate bonds, financial bond, and company stocks originally listed in its business license are included in this item) 6. Currency conversion 7. Cashing of banker's acceptance 8. Issuance of domestic L/C 9. Guarantee for corporate-bond issuance 10. Provision of domestic guarantee. (Guarantee business originally listed in the business license is included in the item) 11. Surrogate collection/payment 12. Securities Underwriting (The undertaking of government bonds, treasury notes, corporate bonds, and corporate stocks originally listed in the business license is included in the item) 13. Custody and warehouse business 14. Lease of safe 15. Agency services related to the various businesses listed in the business license and approved by the regulator 16. Credit card (credit card and cash advance businesses originally listed in the businesses license is included in the item) 17. Sale of gold bullions and gold and silver coins 18. Trading in gold ingots, gold coins, and silver coins 19. Export/import forex, common outward and inward remittance, foreign-currency deposit, foreign-currency loan, and guarantee for secured foreign-currency payment 20. Derivatives approved by the regulator 21. Businesses permitted by Trust Industry 22. Dealer business in government bonds 23. Brokerage, dealing, certification, and underwriting of short- term bills 24. Wealth Management 25. Financing advisory services 26. Discretionary trust investment services 27. Non-financing related advisory services 28. Prepaid cash cards issued 29. Proprietary bond trading 30. Concurrently securities investment consulting business 31. Special-purpose money trusts investing in foreign securities and domestic securities investment trust funds 32. Third party payment services 33. Agency for personal insurance 34. Agency for property insurance 35. Provide third party payment services on inward wire of offline payments for cross border online transactions for recipient clients

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin International Bank Co., Ltd.	1992.02.25	1st.fl. and 1st basement, No. 44, Sec. 2, Zhongshan N. Rd., Taipei City	88,857,119	36. Provide third party payment services on inward wire of offline payments for offline transactions by use of offshore payment accounts in the Republic of China for recipient clients who are natural persons in other countries and do not have residence in Taiwan 37. Provide foreign exchange and foreign currency transfer services for inward wire arising from the services under the two subparagraphs above for customers or upon customer request. 38. Electronic payment (O2O third party payment services, reload processing, and fund transfer between electronic payment accounts) 39. Provide third party payment services on outward wire of offline payments for cross border online transactions for clients (cross border outward transfer)
Taishin Asset Management Co., Ltd.	2002.08.19	2nd-3rd fl., No. 9, Dehui Street, Taipei City	671,000	1. International Trade 2. Residence and Buildings Lease Construction and Development 3. Industrial Factory Buildings Lease Construction and Development 4. Funeral Places Lease Construction and Development 5. Specialized Field Construction and Development 6. Public Works Construction and Investment 7. New County and Community Construction and Investment 8. Land Levy and Delimit 9. Urban Renovation 10. Realty transaction 11. Realty lease 12. Financial institution creditor's right purchase 13. Financial Institution Creditor's Right (Money) Appraisal and Auction 14. Financial Institution Creditor's Right (Money) Management and Services 15. Account Receivable Purchase Business 16. Other Financing, Insurance and Just Third Party Property Auction Real Estate Not Elsewhere Classified 17. Investment consulting services 18. Management consulting services 19. Software design services 20. Data processing services 21. Digital Information Supply Services 22. General Advertising Services 23. Overdue Receivables Management Services 24. Industry and Commerce Credit Bureau Services 25. Leasing 26. Agency Services 27. In addition to the licensed activities, Taishin Holdings may also engage in other business activities that are not prohibited or restricted by law.
Taishin Venture Capital Investment Co., Ltd.	2003.09.25	18th fl., No. 118, Jenai Rd. Sec. 4, Taipei City	4,944,397	Ventral capital
Taishin Securities Co., Ltd.	1990.01.15	2nd fl., No. 44, Sec. 2, Zhongshan N. Rd., Taipei City	6,924,125	1. Securities Brokers 2. Securities Dealer 3. Securities Underwriter 4. Futures Commission Merchant 5. Securities Transfer Agent 6. Other financial businesses acknowledged by the regulator
Taishin Life Insurance Co., Ltd. (Note 1)	2000.11.03	10F, No. 161, Nan-King E. Rd., Sec. 5, Songshan Dist., Taipei City, Taiwan (R.O.C.)	4,960,583	Life Insurance
Taishin Securities Investment Trust Co., Ltd.	2004.06.03	1F, No. 9-1, Dehui St., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	831,350	1. Raise mutual funds via issuance of certificates of benefits 2. Invest in securities and other related products with mutual funds raised from issuance of certificates of benefits 3. Undertake other related businesses approved by the regulator 4. Undertake discretionary-account operation for clients

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Taishin Securities Investment Advisory Co., Ltd.	1989.03.21	16th fl., No. 118, Sec. 4, Jenai Rd. Taipei City	300,000	Securities-investment consulting business
Taishin D.A. Finance Co., Ltd.	1997.10.13	7th fl., No. 44, Sec. 2, Zhongshan N. Rd. Taipei	1,288,784	<ol style="list-style-type: none"> 1. Leasing 2. Wholesale of Drugs, Medical Goods 3. Wholesale for machinery equipment 4. Retail Sale of Medical Equipments 5. Retail for machinery and apparatuses 6. Wholesale for precision equipment 7. Retail for precision equipment 8. Auto retail 9. Retail Sale of Motorcycles 10. Retail for ships and parts 11. Retail for aircrafts and parts 12. Financial institution creditor's right purchase 13. Management consulting services 14. Software design services 15. Data processing services 16. Energy Technical Services 17. Other industry and commerce services not elsewhere classified. 18. In addition to the licensed activities, Taishin Holdings may also engage in other business activities that are not prohibited or restricted by law.
Taishin Real-Estate Management Co., Ltd.	1995.08.17	2nd-4th fl., No. 9, Dehui Street, Taipei City	200,000	<ol style="list-style-type: none"> 1. Construction management 2. Residence and building development and lease 3. Factory construction and lease 4. Specific professional area development 5. Investment and construction of public construction 6. New town and new community development 7. Area expropriation and urban land rezoning 8. Urban renewal 9. Realty transaction 10. Realty lease 11. Business investigation 12. In addition to the licensed activities, Taishin Holdings may also engage in other business activities that are not prohibited or restricted by law.
Taishin Financial Leasing (China) Co., Ltd (Note 3).	2011.07.12	30F, Building 4, Financial City, No. 248, Lushan Road, Jianye District, Nanjing, China	2,113,477	Leasing
Taishin Securities Venture Capital Co., Ltd.	2013.12.31	11th fl, No. 96, Section 1, Jianguo North Road, Zhongshan District, Taipei	165,407	<ol style="list-style-type: none"> 1. Venture capital business 2. Investment consulting services 3. Management consulting services 4. In addition to the licensed activities, Taishin Holdings may also engage in other business activities that are not prohibited or restricted by law.
Taishin Capital Co., Ltd.	2019.08.30	11th fl, No. 96, Section 1, Jianguo North Road, Zhongshan District, Taipei	50,000	<ol style="list-style-type: none"> 1. General investment 2. Venture capital business 3. Investment consulting services 4. Management consulting services 5. In addition to the licensed activities, Taishin Holdings may also engage in other business activities that are not prohibited or restricted by law.
Taishin Health Investment Ltd. (Note 4)	2021.02.20	11th fl, No. 96, Section 1, Jianguo North Road, Zhongshan District, Taipei	16,000	General Investment

Name of enterprise	Date of establishment	Address	Paid-in capital	Major business or production items
Credidi Inc.	2020.05.14	2nd fl., No. 34, Sec. 4, Jenai Rd. Taipei City	51,100	1. Software Design Services 2. Data Processing Services 3. Digital Information Supply Services 4. Investment Consultancy 5. the third party payment 6. General Advertising Services 7. Leaflet Distribution 8. Industry and Commerce Credit Bureau Services 9. Investment 10. Other Financing, Insurance and Just Third Party Property Auction Real Estate Not Elsewhere Classified 11. All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Note 1: On June 30, 2021, Taishin Holdings acquired 100% of 496,058,267 shares of Prudential Life Insurance Company of Taiwan Inc via cash transaction and renamed it to Taishin Life Insurance Co., Ltd.

Note 2: Xiang-An Life Insurance Agency Co. Ltd. began the procedure of disclosure on March 29, 2020 and was formally liquidated on June 7, 2000, with its application of termination being approved by court.

Note 3: Taishin Financial Leasing (China) and Taishin Financial Leasing (Tianjin) merged on Mar 31, 2021, with the former one being surviving company and the latter dissolved company.

Note 4: Taishin Health Investment Ltd. was established and approved by the Business Department of Taipei City on February 20th, 2021 and received the formal approval letter on February 22nd, becoming a subsidiary 100% owned Taishin Capital Co., Ltd.

d. Directors, supervisors and major managers of the company's subsidiaries

Date: Dec.31, 2021

Name of enterprise	Position	Representative	Shareholding	
			Share	(%)
Taishin International Bank Co., Ltd.	Chairman	Wu, Tong-Liang	Taishin holding company owns 8,885,711,853 shares (100%).	
	Director	Kuo, Jui-Sung		
	Director	Wu, Shang-Pin		
	Director	Kao, Chih-Shang		
	Director	Wu, Tong-Shung		
	Director	Lin, Long-Su		
	Director	Hsu, Teh-Nan		
	Director	Wu, Shin-Hau		
	Independent Director	Lin, Yi-Fu		
	Independent Director	Chang, Min-Yu		
	Independent Director	Lee, Hsien-Yuan		
	President	Oliver Shang	-	-
Taishin Asset Management Co., Ltd.	Chairman	Wu, Tong-Shung	Taishin holding company owns 67,100,000 shares (100%).	
	Director	Wu, Tong-Liang		
	Director	Frank Liaw		
	Director	Tiao, Chieh-Sheng		
	Supervisor	Welch Lin	-	-
	President	Frank Liaw		
Taishin Venture Capital Investment Co., Ltd.	Chairman	Steve S.F. Shieh	Taishin holding company owns 494,439,677 shares (100%).	
	Vice chairman	Eric Chien		
	Director	Welch Lin		
	Supervisor	Wu, Tong-Shung	-	-
	President	Lin, Yu-Sheng		
Taishin Securities Co., Ltd.	Chairman	Jerry Guo	Taishin holding company owns 692,412,444 shares (100%).	
	Director	Lu, Po-Yung		
	Director	Welch Lin		
	Director	Perry Huang		
	Director	Sharon Lin		
	Director	Wu, Shin-Hau		
	Independent Director	Janathan Lin		

Name of enterprise	Position	Representative	Shareholding	
			Share	(%)
	Independent Director	Chih, Lai-Pin		
	Supervisor	Wu, Tong-Shung		
	Supervisor	Carol Lai		
	President	Lin, Hsien-Chun	-	-
Taishin Life Insurance Co., Ltd. (Note 1)	Chairman	Tsai, Kang	Taishin holding company owns 496,058,267 shares (100%).	
	Vice chairman	Welch Lin		
	Director	Wu, Shin-Hau		
	Director	Eric Chien		
	Director	Tong, Chih-Hua		
	Director	Cheng, Chia-Chung		
	Intendment Director	Kuang, Kuo-Lin		
	Intendment Director	Chih, Lai-Pin		
	Intendment Director	Chen, Steve. K		
	President	Hsin, Yi-Hua		
Taishin Securities Investment Trust Co., Ltd.	Chairman	Wu, Thomas K.H.	Taishin holding company owns 83,134,964 shares (100%).	
	Vice chairman	Sam Lin		
	Director	Kuo, Li-Cheng		
	Director	Liu, Chih-Yuan		
	Director	John Chiou		
	Director	Eric Chien		
	Supervisor	Vincent Tsai		
	President	Jackie Yeh	-	-
Taishin Securities Investment Advisory Co., Ltd.	Chairman	Lin, Neng-Pai	Taishin holding company owns 27,599,513 shares (92%).	
	Director	Kuo, Sung-Show		
	Director	Shouna Liu		
	Supervisor	Chen, Tai-Ron	-	-
	President	Li, Chen-Yu	-	-

e. Directors, supervisors and major managers on affiliates

Date: Dec.31, 2021

Name of enterprise	Position	Company's Name	Shareholding (Share)	(%)
		Representative		
Taishin Real Estate Management Co., Ltd.	Chairman	Taishin International Bank	12,000,000	60
		Tiao, Chieh-Sheng	0	0
	Director	Taishin International Bank	12,000,000	60
		Wu, Tong-Liang	0	0
	Director	Taishin International Bank	12,000,000	60
		Frank Liaw	0	0
	Director	Taishin International Bank	12,000,000	60
		Wu, Tong-Shung	0	0
	Supervisor	Taishin Asset Management	8,000,000	40
		Welch Lin	0	0
	President	Frank Liaw	0	0
Taishin D.A. Finance Co., Ltd.	Chairman	Taishin International Bank	128,878,395	100
		Eric Chen	0	0
	Director	Taishin International Bank	128,878,395	100
		Welch Lin	0	0
	Director	Taishin International Bank	128,878,395	100
		Bruce Chien	0	0
	Director	Taishin International Bank	128,878,395	100
		Wang, Wen-You	0	0
	Supervisor	Taishin International Bank	128,878,395	100
		Peter Tsai	0	0
	President	Emily Tsai	0	0

Name of enterprise	Position	Company's Name	Shareholding (Share)	(%)
		Representative		
Taishin Financial Leasing (China) Co.,Ltd. (Note 3)	Chairman	Taishin Venture Capital Investment		100
		Eric Chen		0
	Director	Taishin Venture Capital Investment		100
		Goldin Wang		0
	Director	Taishin Venture Capital Investment		100
		Welch Lin		0
	Supervisor	Taishin Venture Capital Investment		100
		Peter Tsai		0
	President	Goldin Wang		0
Taishin Securities Venture Capital Investment Co.,Ltd.	Chairman	Taishin Securities	16,540,685	100
		Alex Shih	0	0
	Director	Taishin Securities	16,540,685	100
		Wang, Wei-Kai	0	0
	Director	Taishin Securities	16,540,685	100
		Chen ,Li-Guo	0	0
	Supervisor	Taishin Securities	16,540,685	100
		Yen Chen	0	0
	President	Hsiao, Juo-Shan	0	0
Taishin Capital Co., Ltd.	Chairman	Taishin Securities	5,000,000	100
		Chen ,Li-Guo	0	0
	Director	Taishin Securities	5,000,000	100
		Alex Shih	0	0
	Director	Taishin Securities	5,000,000	100
		Max Wu	0	0
	Director	Taishin Securities	5,000,000	100
		Wu, Shin-Hau	0	0
Credidi Inc.	Chairman	Taishin Securities Investment Advisory	6,000,000	6
		Vincent Liaw	44,100,000	44.1
	Director	Taishin Securities Investment Advisory	6,000,000	6
		Masson Li	0	0
	Director	Taishin Venture Capital Investment	20,000,000	20
		Chin-Ju Chou	0	0
	Supervisor	Taishin Securities Venture Capital Investment	25,000,000	25
		Vincent Tsai	0	0
	President	Vincent Liaw	44,100,000	44.1
Taishin Health Investment Ltd. (Note 4)	Director	Chien Chih Chen	0	0

Note 1: On June 30, 2021, Taishin Holdings acquired 100% of 496,058,267 shares of Prudential Life Insurance Company of Taiwan Inc via cash transaction and renamed it to Taishin Life Insurance Co., Ltd.

Note 2: :Xiang-An Life Insurance Agency Co. Ltd. began the procedure of disclosure on March 29, 2020 and was formally liquidated on June 7, 2000, with its application of termination being approved by court.

Note 3: Taishin Financial Leasing (China) and Taishin Financial Leasing (Tianjin) merged on Mar 31, 2021, with the former one being surviving company and the latter dissolved company

Note 4: Taishin Health Investment Ltd. was established and approved by the Business Department of Taipei City on February 20th , 2021 and received the formal approval letter on February 22nd, becoming a subsidiary 100% owned Taishin Capital Co., Ltd.

f. Operation overview on affiliates

Date: Dec. 31, 2021 Unit: NT\$1,000

Name of enterprise	Capital	Total Assets	Total Liability	Equity	Operating Revenue	Operating Profit	Income (After Tax)	EPS (After Tax; NT\$)
Taishin International Bank Co., Ltd.	88,857,119	2,148,766,192	1,982,052,876	166,713,316	38,409,132	38,409,132	13,124,879	1.48
Taishin Asset Management Co., Ltd.	671,000	1,963,666	761,806	1,201,860	230,898	111,830	124,923	1.86
Taishin Venture Capital Investment Co., Ltd.	4,944,397	5,666,522	11,889	5,654,633	817,217	800,645	803,503	1.63
Taishin Securities Co., Ltd.	6,924,125	64,848,676	54,582,708	10,265,968	5,115,851	2,010,655	1,761,382	2.54
Taishin Life Insurance Co., Ltd (Note 1)	4,960,583	215,574,321	203,357,390	12,216,931	29,540,011	1,371,252	900,395	1.82
Taishin Securities Investment Trust Co., Ltd.	831,350	1,400,714	266,027	1,134,687	905,754	259,236	224,493	2.88
Taishin Securities Investment Advisory Co., Ltd.	300,000	387,024	61,361	325,662	105,515	-4,552	-5,739	-0.19
Xiang-An Life Insurance Agency Co., Ltd.	(Note2)							
Taishin Real – Estate Management Co., Ltd.	200,000	592,648	240,966	351,682	43,438	20,313	29,632	1.48
Taishin D.A. Finance Co., Ltd.	1,288,784	11,726,349	10,124,364	1,601,984	777,291	241,920	213,789	1.66
Taishin Financial Leasing (China) Co., Ltd. (Note 3)	2,113,477	16,087,921	13,597,482	2,490,439	1,108,731	342,690	269,213	-
Taishin Securities Venture Capital Co., Ltd.	165,407	129,490	3,969	125,521	(29,347)	(39,234)	(39,223)	(2.37)
Taishin Capital Co., Ltd.	50,000	49,147	2,248	46,899	1,212	(2,243)	(1,230)	(0.25)
Taishin Health Investment Ltd. (Note 4)	16,000	15,972	189	15,783	(5)	(218)	(217)	-
Credidi Inc.	51,100	20,062	3,752	16,310	0	0	(25,951)	(0.26)

Note 1: On June 30, 2021, Taishin Holdings acquired 100% of 496,058,267 shares of Prudential Life Insurance Company of Taiwan Inc via cash transaction and renamed it to Taishin Life Insurance Co., Ltd.

Note 2: Xiang-An Life Insurance Agency Co. Ltd. began the procedure of disclosure on March 29, 2020 and was formally liquidated on June 7, 2000, with its application of termination being approved by court.

Note 3: Taishin Financial Leasing (China) and Taishin Financial Leasing (Tianjin) merged on Mar 31, 2021, with the former one being surviving company and the latter dissolved company

Note 4: Taishin Health Investment Ltd. was established and approved by the Business Department of Taipei City on February 20th, 2021 and received the formal approval letter on February 22nd, becoming a subsidiary 100% owned Taishin Capital Co., Ltd.

g. Organizational of Taishin Financial Holdings and Its Affiliates: Please refer to P.23 “2. Affiliated Companies”.

B. Progress of private placement of securities during the latest year and up to the date of annual report publication: Nil.

C. The Company’s subsidiaries’ shareholding or disposal of the Company’s share during the latest year and up to the date of annual report publication: Nil.

D. Additional disclosure: Nil.



09

**Items with Major Effect on
Shareholders' Benefits or
Securities Prices in 2021 and As
of the Date for the Publication
of the Annual Report**

IX. Items with Major Effect on Shareholders' Benefits or Securities Prices in 2021 and As of the Date for the Publication of the Annual Report: Nil.

Taishin Financial Holding Co., Ltd.



Chairman

A handwritten signature in black ink, appearing to read "Thomas Wu". The signature is fluid and cursive, written in a professional style.



Taishin Holdings



No.118, Sec.4, Ren-ai Rd., Da-an Dist., Taipei City 106, Taiwan R.O.C.

Tel: 886-2-2326-8888

<https://www.taishinholdings.com.tw>



This annual report is printed on environmentally friendly paper.