

Annual Report 2021

**Bank of Panhsin Head Office**

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Spokesman

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Title : S.E.V.P.

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Deputy Spokesman

Name : Chi-Hsun Chang

Title : S.E.V.P.

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Credit Rating Agent

Taiwan Ratings Corporation

Address : 2F, Hung Kuo Building No.167, Dunhua N. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.)

Tel : (02)2175-6800

Web Site : www.taiwanratings.com

Certified Public Accountants for Financial Statements

KPMG Certified Public Accountants

Name of Accountants : Lily Lu, Yung-Sheng Wang

Address : 68F, Taipei 101 Tower, No.7, Sec. 5, Xingyi Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)

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Directory of Head Office & Branches

Bank Overview

Bank of Panhsin (BOP), formerly known as Panchiao Credit Cooperatives (PCC), has always upheld a customer-centric integrity management since its establishment on April 25, 1957, achieving steady business expansion. Thereafter, in response to a rapidly liberalized financial environment and in compliance with the Standards and Methods for Reorganization of Credit Cooperative into Commercial Bank announced on December 6, 1995, PCC had acquired the Kaohsiung Fifth Credit Cooperative on September 29, 1997, and officially transformed into a commercial bank on the following day. The business premise has thus surpassed the boundary of New Taipei City. Subsequently, the Bank has made several adjustments and established branch offices according to business development needs. In support of government policies, BOP had acquired the Chiayi First Credit Cooperative on March 7, 2005, opening 46 branches in total. On July 21, 2014, BOP officially acquired the Taipei City Ninth Credit Cooperative, obtaining a total of 64 branches after the merge. In support of government policies which balance Urban and Rural Development of remote areas, BOP had established Yanchao Branch in Yanchao District, Kaohsiung City, on November 27, 2018, Miaoli Branch in Tongluo Township, Miaoli County, on December 16, 2019, opening 66 branches in total, among them 48 branches are based in Taipei City and New Taipei City.

The Bank has reallocated its headquarters to Panhsin Twin Towers in New Banqiao Station Special Zone in 2011. This relocation not only enhanced the Bank's corporate image and achieved employee consensus, but also provided customers with the best professional service through the establishment of its financial flagship store and enhanced organizational performance. From today forward, BOP will persist in retaining its management concepts of "Integrity, Practicality, and Innovation" to offer perfect financial services, expand its operating scale, improve its asset quality, and ultimately maximize its profits. BOP is determined to become a professional and universal mid-sized commercial bank.

I 、Date of establishment

PCC was established on April 25, 1957, officially opened on July 5, 1957 and officially transformed into a commercial bank on September 30, 1997.

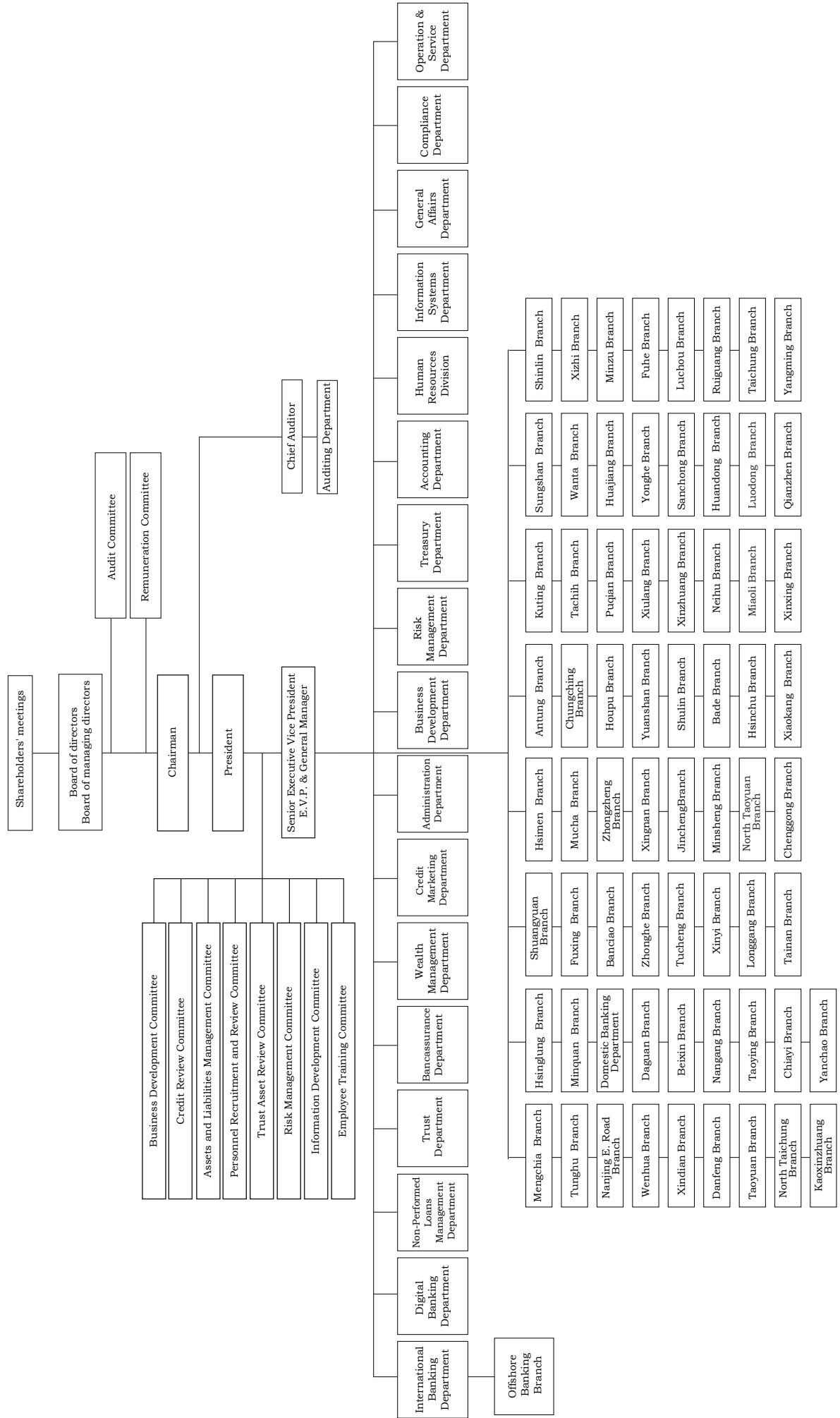
II 、Credit rating

Rating Agency	Date	Long-Term	Short-Term	Outlook
Taiwan Ratings	Oct. 14, 2021	twBBB	twA-2	stable

Corporate Governance

I · Organizational Chart

Baseline date: February 28, 2022



II 、Profiles of Directors and Chairman

Baseline date: December 31, 2021

Position	Name	Nationality	Gender / Age	On-Board Date	Term (Year)	First elected	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children (Note 3)		Major career (academic) achievements	Current job position at the Bank and other companies
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares		
Chairman	Representative of Hsinhui Construction Co., Ltd.: Ming-Daw Chang	R.O.C	Male / 61~70	2021.07.15	3	2021.07.15	1,173,973	0.08	1,230,367	0.08	-	-	Masters, Department of Law, Chinese Culture University/ Chairman, Chang Hwa Bank - Deputy Chairman, Taiwan Financial Holding Co.,Ltd. Director General, Executive Yuan, Banking Bureau, FSC.	Independent Director, Chuang yi Biotech Co., Ltd..
							-	-	2,682,339	0.17	-	-		
Independent (Managing) Director	Peter Lin	R.O.C	Male / 61~70	2021.07.15	3	2018.06.20	-	-	-	-	-	-	Department of Enterprise Management, Fu Jen Catholic University/ Chairman, Taiwan Cooperative Bills Finance Corporation & President, Taiwan Cooperative Bank	-
Managing Director	Dai-Ming Kuo	R.O.C	Male / 71~80	2021.07.15	3	1996.12.27	8,986,070	0.60	9,417,733	0.60	2,679,506	0.17	Masters, Meijo University/ Director, Panchiao Credit Cooperative	Chairman, SEH Biotechnology Co., Ltd. Chairman, Aizia Technology Co., Ltd. Chairman, Chingyen International Co., Ltd. Director, Mashangfa International Enterprise Co., Ltd Chairman, Panhsin Asset Management Co., Ltd. Director, Panhsin Charitable Foundation

Position	Name	Nationality	Gender / Age	On-Board Date	Term (Year)	First elected	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children(Note 3)		Major career (academic) achievements	Current job position at the Bank and other companies
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares		
Managing Director	Representative of Sanlight Construction Co., Ltd.: Mei-Yun Liao	R.O.C	Female / 61~70	2021.07.15	3	2006.06.20	38,236,861	2.53	40,073,645	2.53	-	-	Blessed Imelda's School/	Chairman, Dashun Construction Co., Ltd.
							-	-	36,324,059	2.30	49,963,960	3.16	Chairman, Sanlight Construction Co., Ltd.	Director, Sanxin Electrical and Mechanical Engineering Co., Ltd.
Director	Shiaan-Iung Chiu	R.O.C	Male / 61~70	2021.07.15	3	2018.06.20	1,354,297	0.09	1,419,353	0.09	41,292	0.00	Masters, Department of Radio, Television & Film, Temple University	Chairman, Yuanehih Investment Co., Ltd.
							-	-	-	-	-	-	Chairman, Sun Hui Construction Co., Ltd.	Chairman, Xinghui Construction Co., Ltd.
Director	Representative of Tianlu Construction Ltd.: Yueh-Shuang Chiu	R.O.C	Female / 71~80	2021.07.15	3	2015.06.25	280,524	0.02	293,999	0.02	-	-	Chairman, Paifu Construction Co., Ltd.	Director, Chaochung Construction Co., Ltd.
							-	-	10,290,302	0.65	-	-	Department of Affairs Management, Shih Chien College of Home Economics/	Director, Panhsin Asset Management Co., Ltd.
Director	Representative of Hanchia Construction Co., Ltd.: Bing-Hwa Liu	R.O.C	Male / 61~70	2021.07.15	3	2006.06.20	71,791	0.00	75,239	0.00	-	-	Bachelor, Department of Law, National Taiwan University / M.P.A., University of Southern California, USA/	Director, LIHPAO LIFE SCIENCE CORP.
							-	-	471,628	0.03	4,353	0.00	Ph.D., California InterContinental University/ Members of the Legislative Yuan/ Secretary of the presidency/ Deputy Secretary-General of the National Security Council	Director, Advantetek Enterprise Co., Ltd.
													Chairman, Yongthai Development Co., Ltd.	Chairman, Panhsin Construction Co., Ltd.
													Supervisor, Hanchia Construction Co., Ltd.	Supervisor, aishan Land Construction Co., Ltd.
													Supervisor, ichang Development Co., Ltd.	Supervisor, Juru Construction Co., Ltd.
													Supervisor, Haicheng Construction Co., Ltd.	

Position	Name	Nationality	Gender / Age	On-Board Date	Term (Year)	First elected	Shares held during election		No. of shares currently held		Current shares held by spouse and underage children(Note 3)		Major career (academic) achievements	Current job position at the Bank and other companies
							No. of shares	Percentage of shares	No. of shares	Percentage of shares	No. of shares	Percentage of shares		
Director	Tung-Jen Lin	R.O.C	Male / 71~80	2021.07.15	3	2006.06.20	9,740,138	0.65	10,208,025	0.65	749,201	0.05	Tamkang University/ E.V.P. & General Manager, Bank of Panhsin	Director, Tripod Development and Construction Co., Ltd. Chairman, Aking Enterprise Co., Ltd. Chairman, Kinpoti Enterprise Co., Ltd.
Director	Representative of Yao Chen International Ltd: Lin-Long Chien	R.O.C	Male / 61~70	2021.07.15	3	2021.07.15	7,212,372	0.48	12,760,901	0.81	-	-	Chihlee University of Technology/ - Supervisor, Panchiao Credit Cooperative	Director, Yao Chen International Ltd Director, Zhuang-Yuan Lou Co., Ltd. Responsible person, Fruits wholesaler No. 4498
Director	Yao-Chih Chu	R.O.C	Male / 51~60	2021.07.15	3	2012.06.19	3,723,041	0.25	4,321,099	0.27	153,869	0.01	Fu Jen Catholic University/ Director, Bank of Panhsin	Director, Yung Song Investment Ltd. Director, Fuxi Construction Co., Ltd.
Independent Director	Mao-Chuan Lin	R.O.C	Male / 61~70	2021.07.15	3	2018.06.20	-	-	-	-	-	-	Department of Law, Soochow University/ Members and convener of the Board of Examiners, Examination Yuan of R.O.C.	-
Independent Director	Carol Sun	R.O.C	Female / 61~70	2021.07.15	3	2021.07.15	-	-	-	-	-	-	Department of Accounting, Fu Jen Catholic University S.E.V.P. Chang Hwa Bank	Director, Lotusbio Technology Development Corp.

Note 1 : "Shares held by nominee shareholders" & "Any other manager, director, or supervisor whose spouse or family members within the second degree of kinship": N/A.

Note 2 : " Where chairman of the board and (president or person of an equivalent post—the highest level manager) are the same person, spouses, or relatives within the first degree of kinship": N/A.

Note 3 : The No. of Shares currently held and Percentage of Shares columns were based on the 1,581,155,262 shares actually issued on December 31, 2021.

Note 4 : "Panhsin Charitable Foundation" is the abbreviation of "Provincial Private Panhsin Social Welfare Charitable Foundation".

Note 5 : Director reelection was held on July 15, 2021.

III 、Profiles of President, S.E.V.P., E.V.P. & General Manager, and heads of departments and branch offices

Baseline date: February 28, 2022

Position	Nationality	Name	On-Board Date	Shares held		Shares held by spouse and underage children		Major career (academic) achievements	Current job position in other companies
				No. of shares	Percentage of shares	No. of shares	Percentage of shares		
President	R.O.C	Chia-Nan Fang	2021.05.25	21,190,374	1.34	9,925,900	0.63	Department of Economics, Soochow University/ Substitute President, Bank of Panhsin	Director, Trust Association of R.O.C.
S.E.V.P.	R.O.C	Li-Chin Wei	2014.04.21	142,573	0.01	4,650	0.00	Master, Department of International Business, Tamkang University/ S.E.V.P., Bank of Panhsin	Supervisor, Panhsin Asset Management Co., Ltd.
Chief Information Security Officer & General Manager, Digital Banking Department	R.O.C	Chung-Chi Chang	2017.06.01	34,603	0.00	-	-	Master, Department of Land Economics, National Chengchi University/ S.E.V.P., Bank of Panhsin	-
Chief Auditor	R.O.C	Hsin-Mao Huang	2019.04.22	208,728	0.01	428	0.00	Department of Accounting, Fu Jen Catholic University/ S.E.V.P., Bank of Panhsin	-
S.E.V.P. & General Manager, Administration Department	R.O.C	Yung-Lun Lee	2020.08.01	149,811	0.01	-	-	Department of Business Administration, Taichung Business Vocational School/ E.V.P. & General Manager, Bank of Panhsin	Director, Panhsin International Rental Co., Ltd.
Chief Compliance & Anti Money Laundering Officer	R.O.C	Chi-Hsun Chang	2020.11.01	172,019	0.01	-	-	Master, Department of Economics, National Taiwan University/ E.V.P. & General Manager, Bank of Panhsin	-
General Manager, Trust Department	R.O.C	Shu-Yu Wu	2017.03.20	15,614	0.00	-	-	Department of Shipping & Transportation Management, National Taiwan Ocean University/ General Manager, Bank of Panhsin	-
General Manager, Business Development Department	R.O.C	Shu-Nu Yang	2018.01.29	77,108	0.00	-	-	Master, Department of International Money and Banking, University of Birmingham, UK/ General Manager, Bank of Panhsin	-
General Manager, Non-Performed Loans Management Department	R.O.C	Yun-Me Meng	2021.02.01	37,190	0.00	-	-	MBA, School of Business Administration, Saint Louis University, USA/ Deputy General Manager, Bank of Panhsin	Director, Panhsin International Rental Co., Ltd.

Position	Nationality	Name	On-Board Date	Shares held		Shares held by spouse and underage children		Major career (academic) achievements	Current job position in other companies
				No. of shares	Percentage of shares	No. of shares	Percentage of shares		
General Manager, Operation & Service Department	R.O.C	Mao-Sen Kao	2019.06.24	184,994	0.01	13,020	0.00	Department of Business Administration, National Taipei University of Business/ General Manager, Bank of Panhsin	-
General, Manager, Wealth Management, Department	R.O.C	Chia-Hui Lee	2020.11.01	-	-	-	-	Department of Accounting, Chinese Culture University/ S.V.P., Bank of Panhsin	-
General, Manager, Risk Management	R.O.C	Shih-Yang Liu	2021.02.01	27,321	0.00	-	-	MBA, Graduate School of Business Administration, University of Southern California, USA/ General Manager, Bank of Panhsin	Director, Panhsin International Rental Co., Ltd.
General Manager, Compliance Department	R.O.C	Ryan Chang	2015.03.23	79,683	0.01	-	-	Department of Law, Fu Jen Catholic University/ General Manager, Bank of Panhsin	-
General Manager, Bancassurance Department	R.O.C	Yi-Fang Wen	2017.09.14	11,338	0.00	-	-	Master, Department of Radio & Television, National Chengchi University/ General Manager, Bank of Panhsin	-
General Manager, International Banking Department & Offshore Banking Branch	R.O.C	Sharon Chen	2018.01.29	16,806	0.00	-	-	Master, Department of Finance, Fu Jen Catholic University/ General Manager, Bank of Panhsin	-
E.V.P. & General Manager, Credit Marketing Department	R.O.C	Chung-Wei Wang	2018.11.26	66,640	0.00	-	-	Department of Business Administration, Tamsui Institute of Business Administration/ General Manager, Bank of Panhsin	-
General Manager, Information Systems Department	R.O.C	Mei-Yu Hsiao	2019.06.24	27,362	0.00	-	-	Ph.D., Department of Electrical Engineering, National Taiwan University/ General Manager, Bank of Panhsin .	-
General Manager, Human Resources Department	R.O.C	Ta-Huang Chen	2014.10.27	56,813	0.00	-	-	MBA, Graduate Institute of Business Administration, Fu Jen Catholic University/ General Manager, Bank of Panhsin	-
General Manager, General Affairs Department	R.O.C	A-Jen Lai	2010.02.01	159,558	0.01	109,135	0.01	Department of Business Affairs, Open College Affiliated With National Taipei University of Business/ General Manager, Bank of Panhsin	-

Position	Nationality	Name	On-Board Date	Shares held		Shares held by spouse and underage children		Major career (academic) achievements	Current job position in other companies
				No. of shares	Percentage of shares	No. of shares	Percentage of shares		
General Manager, Accounting Department	R.O.C	Jone-Chih Huang	2011.08.01	69,019	0.00	-	-	Department of Accounting Statistics, Chihlee Business Vocational School/ General Manager, Bank of Panhsin	Supervisor, Panhsin International Rental Co., Ltd.
General Manager, Treasury Department	R.O.C	Kevin Lee	2007.04.02	117,815	0.01	154,647	0.01	Department of Statistics, National Cheng Kung University/ General Manager, Bank of Panhsin	-
General Manager, Domestic Banking Department	R.O.C	Yu-Tsi Yo	2020.03.23	31,881	0.00	-	-	Department of International Trade, Soochow University/ General Manager, Bank of Panhsin	-
General Manager, Banciao Branch	R.O.C	Su-Ching Chien	2020.01.20	50,727	0.00	-	-	Department of Statistics, Feng Chia University/ General Manager, Bank of Panhsin	-
General Manager, Houpu Branch	R.O.C	Cheng-Lung Yeh	2021.02.01	23,468	0.00	-	-	Department of International Trade, Tamkang University / General Manager, Bank of Panhsin	-
General Manager, Yonghe Branch	R.O.C	Shu-Ming Liu	2017.05.10	71,232	0.00	-	-	Department of Applied Business, Open College Affiliated with National Taipei University of Business/ General Manager, Bank of Panhsin	-
General Manager, Puqian Branch	R.O.C	Ling-Hui Kao	2020.07.22	66,844	0.00	-	-	Master, College of Social Sciences, Eminent Public Administration, National Chengchi University/ General Manager, Bank of Panhsin	-
General Manager, Huajiang Branch	R.O.C	Yi-Min Wan	2015.01.26	90,439	0.01	17,847	0.00	Department of International Trade, Chihlee Business Vocational School/ General Manager, Bank of Panhsin	-
General Manager, Minzu Branch	R.O.C	Fang-Li Cheng	2021.02.01	35,706	0.00	-	-	Master, Department of International Business, International Marketing, Tamkang University/ General Manager, Bank of Panhsin	-
General Manager, Zhonghe Branch	R.O.C	Po-Kun Wang	2019.02.23	17,187	0.00	-	-	Master, Department of Finance, Ming Chuan University/ General Manager, Bank of Panhsin	-
General Manager, Tucheng Branch	R.O.C	Jung-Tien Shiao	2020.03.30	36,526	0.00	-	-	Master, Department of Economics, National Taiwan University / General Manager, Bank of Panhsin	-

Position	Nationality	Name	On-Board Date	Shares held		Shares held by spouse and underage children		Major career (academic) achievements	Current job position in other companies
				No. of shares	Percentage of shares	No. of shares	Percentage of shares		
General Manager, Wenhua Branch	R.O.C	Chun-Nan Pan	2021.02.01	10,470	0.00	-	-	Department of Economic, Tunghai University/ General Manager, Bank of Panhsin	-
General Manager, Daguan Branch	R.O.C	Ying-An Hsieh	2016.01.25	36,304	0.00	20,443	0.00	Department of Economics, Fu Jen Catholic University/ General Manager, Bank of Panhsin	-
General Manager, Xingnan Branch	R.O.C	Chi-Ching Chuang	2021.06.28	14,624	0.00	-	-	Master, Department of Finance and International Business, Fu Jen Catholic University/ General Manager, Bank of Panhsin	-
General Manager, Xiaokang Branch	R.O.C	Mei-Hao Wang	2018.01.29	26,014	0.00	-	-	Master, Department of Wealth Taxation Management, National Kaohsiung Applied Sciences University/ General Manager, Bank of Panhsin	-
General Manager, Xinxing Branch	R.O.C	Chin-Chu Wu	2020.01.20	34,376	0.00	-	-	Department of International Trade, Feng Chia University/ General Manager, Bank of Panhsin	-
General Manager, Qianzhen Branch	R.O.C	Chien-Tai Su	2018.01.29	40,382	0.00	-	-	Department of Financial Management, National Sun Yat-sen University/ General Manager, Bank of Panhsin	-
General Manager, Yangming Branch	R.O.C	Ching-Shun Wang	2016.04.25	40,553	0.00	-	-	Department of Business Administration, Fu Jen Catholic University/ General Manager, Bank of Panhsin	-
General Manager, Kaoxizhuang Branch	R.O.C	Hsian-Chin Kuo	2018.01.29	56,623	0.00	-	-	Department of Finance and Banking, Shih Chien University/ General Manager, Bank of Panhsin	-
General Manager, Nangang Branch	R.O.C	Ming-Chou Tsai	2020.07.13	29,092	0.00	-	-	Department of Statistics, Tamkang University/ General Manager, Bank of Panhsin	-
General Manager, Xinyi Branch	R.O.C	Eric Liu	2020.01.20	66,503	0.00	-	-	Department of Finance and Banking, Takming University of Science and Technology/ General Manager, Bank of Panhsin	-
General Manager, Xinzhuang Branch	R.O.C	I-Ching Lin	2021.12.20	-	-	-	-	Department of Business Administration, Chaoyuang University of Technology/ Deputy General Manager, Bank of Panhsin	-
General Manager, Xiulang Branch	R.O.C	Ping-Hung Tsao	2018.01.29	74,747	0.00	7,294	0.00	Master, Graduate Institute of Economics, Chinese Culture University/ General Manager, Bank of Panhsin	-

Position	Nationality	Name	On-Board Date	Shares held		Shares held by spouse and underage children		Major career (academic) achievements	Current job position in other companies
				No. of shares	Percentage of shares	No. of shares	Percentage of shares		
General Manager, Taoyuan Branch	R.O.C	Yi-Pong Yu	2018.11.26	49,436	0.00	-	-	Department of Banking and Insurance, Hsing Wu Business Vocational School/ General Manager, Bank of Panhsin	-
General Manager, Sanchong Branch	R.O.C	Ming-Dao Luo	2021.02.01	6,677	0.00	-	-	Department of Law, Fu Jen Catholic University/ General Manager, Bank of Panhsin	-
General Manager, Yuanshan Branch	R.O.C	Pei-Yun Lin	2018.08.01	9,245	0.00	-	-	Department of Finance and Banking, Tamkang University/ General Manager, Bank of Panhsin	-
General Manager, Taoying Branch	R.O.C	Chun-Hung Chen	2018.11.22	15,079	0.00	-	-	Department of Economics, Feng Chia University/ General Manager, Bank of Panhsin	-
E.V.P. & General Manager, Minsheng Branch	R.O.C	Henry Chien	2020.01.20	-	-	-	-	Department of Transportation and Engineering, National Chiao Tung University/ E.V.P. & General Manager, Bank of Panhsin	-
General Manager, Longgang Branch	R.O.C	June-Fang Chien	2018.01.29	27,623	0.00	-	-	Department of Industrial Economics, Tamkang University/ General Manager, Bank of Panhsin	-
General Manager, Shulin Branch	R.O.C	Co-In Ho	2018.01.29	11,638	0.00	-	-	Master, Department of Business Administration, Service Industry Management, Chihlee University of Technology / General Manager, Bank of Panhsin	-
General Manager, Jincheng Branch	R.O.C	Jui-Ching Li	2019.02.23	3,337	0.00	-	-	Department of Finance and Banking, Tamkang University/ General Manager, Bank of Panhsin	-
General Manager, Hsinchu Branch	R.O.C	Ming-Hsing Shih	2020.01.20	63,994	0.00	-	-	Department of Accounting, Chung Yuan Christian University/ General Manager, Bank of Panhsin	-
General Manager, Bade Branch	R.O.C	Rui-Dian Chen	2020.01.20	95,847	0.01	-	-	Master, Department of International Business, Tamkang University / General Manager, Bank of Panhsin	-
E.V.P. & General Manager, Taichung Branch	R.O.C	Hsiu-Ching Hsu	2020.09.01	-	-	-	-	Master, Department of Business Administration, Chung Hua University / Director of central operation office, Chang Hwa Commercial Bank	-
E.V.P. & General Manager, Tainan Branch	R.O.C	Po-Liang Hsieh	2020.01.20	52,401	0.00	-	-	Master, Department of Public Finance, National Chengchi University/ E.V.P. & General Manager, Bank of Panhsin	-

Position	Nationality	Name	On-Board Date	Shares held		Shares held by spouse and underage children		Major career (academic) achievements	Current job position in other companies
				No. of shares	Percentage of shares	No. of shares	Percentage of shares		
General Manager, Xindian Branch	R.O.C	Chao-Chung Lin	2018.11.22	67,716	0.00	-	-	Department of Accounting , Feng Chia University/ General Manager, Bank of Panhsin	-
General Manager, Neihu Branch	R.O.C	Heng-Yu Chang	2016.03.01	23,684	0.00	-	-	Master, Executive of Business Administration, National Chengchi University/ General Manager, Bank of Panhsin	-
General Manager, Zhongzheng Branch	R.O.C	Tommy Chen	2018.09.25	6,754	0.00	-	-	Master, Department of Business Administration, National Taipei University/ General Manager, Bank of Panhsin	-
E.V.P. & General Manager, Chiayi Branch	R.O.C	Daniel Lin	2018.01.29	35,368	0.00	-	-	Master, Department of Business Administration, National Chiayi University/ E.V.P. & General Manager, Bank of Panhsin	-
General Manager, Yanchao Branch	R.O.C	Da-Hui Tsai	2018.01.29	39,251	0.00	-	-	Department of Business Administration, National Taiwan University/ General Manager, Bank of Panhsin	-
General Manager, Luchou Branch	R.O.C	Cheng-Lung Lin	2021.03.01	11,288	0.00	-	-	Department of Statistics, Tamkang University/ General Manager, Bank of Panhsin	-
General Manager, Luodong Branch	R.O.C	Te-Wei Lee	2019.02.23	67,515	0.00	-	-	Department of Theatre Arts, Chinese Culture University/ General Manager, Bank of Panhsin	-
General Manager, North Taichung Branch	R.O.C	Fu-Yuan Shih	2020.09.01	46,877	0.00	-	-	Department of Agribusiness Management, National Pingtung Institute of Commerce/ General Manager, Bank of Panhsin	-
General Manager, Chenggong Branch	R.O.C	Tsung-Che Tsai	2016.07.25	16,912	0.00	-	-	Department of Business Administration, National Chung Hsing University/ General Manager, Bank of Panhsin	-
General Manager, Fuhe Branch	R.O.C	Wei-Hsin Chung	2019.02.23	2,343	0.00	-	-	Department of Economics, Tunghai University/ General Manager, Bank of Panhsin	-
General Manager, Ruiguang Branch	R.O.C	Mou-Chung Chou	2017.04.24	8,980	0.00	-	-	Department of Business Administration, Chinese Culture University/ General Manager, Bank of Panhsin	-
General Manager, Danfeng Branch	R.O.C	Joe Harn	2019.02.23	16,100	0.00	-	-	Master, Department of Banking and Finance, Tamkang University/ General Manager, Bank of Panhsin	-

Position	Nationality	Name	On-Board Date	Shares held		Shares held by spouse and underage children		Major career (academic) achievements	Current job position in other companies
				No. of shares	Percentage of shares	No. of shares	Percentage of shares		
General Manager, Beixin Branch	R.O.C	Yueh-Chin Ho	2018.09.25	26,314	0.00	-	-	Master, Department of Land Management, Feng Chia University/ General Manager, Bank of Panhsin	-
E.V.P. & General Manager, Mengchia Branch	R.O.C	Shu-Chuan Wei	2020.01.20	167,496	0.01	4,353	0.00	Department of Banking and Insurance, National Taipei University of Business/ E.V.P. & General Manager, Bank of Panhsin	-
General Manager, Hsinglung Branch	R.O.C	Chung-Wei Liao	2018.11.26	50,317	0.00	-	-	Department of Land Economics, National Chung Hsing University/ General Manager, Bank of Panhsin	-
General Manager, Shuangyuan Branch	R.O.C	Fang-Ming Huang	2016.06.27	71,772	0.00	485	0.00	Master, Department of Business Administration, Service Industry Management, Chihlee University of Technology/ General Manager, Bank of Panhsin	-
General Manager, Hsimen Branch	R.O.C	Hong-Ming Lin	2020.01.20	41,937	0.00	389	0.00	Master, Department of Business Administration, University of St Andrews, UK/ General Manager, Bank of Panhsin	-
General Manager, Kuting Branch	R.O.C	Ming-Jen Chen	2019.02.23	12,975	0.00	-	-	Department of Accounting and Statistics, Tamsui Institute of Business Administration/ General Manager, Bank of Panhsin	-
General Manager, Antung Branch	R.O.C	Jason Lee	2018.09.25	17,348	0.00	-	-	Master, Department of Financial Management, Jinan University/ General Manager, Bank of Panhsin	-
General Manager, Sungshan Branch	R.O.C	Ping-Hua Chen	2016.07.25	58,082	0.00	-	-	Department of Economics, Feng Chia University/ General Manager, Bank of Panhsin	-
General Manager, Shinlin Branch	R.O.C	Ya-Ching Chen	2020.07.22	28,640	0.00	-	-	Department of Business Administration, Cheng Shiu University/ Deputy General Manager, Bank of Panhsin	-
General Manager, Tunghu Branch	R.O.C	Pi-Chuan Hsu	2019.02.23	67,716	0.00	-	-	Department of Accounting, Soochow University/ General Manager, Bank of Panhsin	-
General Manager, Fuxing Branch	R.O.C	Ying-Chi Chen	2018.11.26	6,862	0.00	-	-	Department of Statistics, Ming Chuan University/ General Manager, Bank of Panhsin	-
General Manager, Minquan Branch	R.O.C	Anthony Chang	2018.01.29	9,208	0.00	-	-	Department of Business Administration, Chinese Culture University/ General Manager, Bank of Panhsin	-

Position	Nationality	Name	On-Board Date	Shares held		Shares held by spouse and underage children		Major career (academic) achievements	Current job position in other companies
				No. of shares	Percentage of shares	No. of shares	Percentage of shares		
General Manager, Chungching Branch	R.O.C	Hui-Mei Liu	2021.02.01	139,117	0.01	-	-	Department of Business Information, Open College Affiliated with National Taipei University of Business, General Manager, Bank of Panhsin	-
General Manager, Mucha Branch	R.O.C	Ching-Ping Tsai	2020.01.20	35,101	0.00	-	-	Department of Economics, Soochow University/ General Manager, Bank of Panhsin	-
General Manager, Huandong Branch	R.O.C	Ming-Hsuan Huang	2020.10.21	33,156	0.00	-	-	Department of Finance, Lunghwa University of Science and Technology/ Deputy General Manager, Bank of Panhsin	-
General Manager, Tachih Branch	R.O.C	Kuang-Chung Huo	2018.01.29	81,360	0.01	-	-	Ph.D.Programs in Management, National Kaohsiung First University of Science and Technology/ General Manager, Bank of Panhsin	-
General Manager, Wanta Branch	R.O.C	Shih-Yang Chien	2020.07.22	2,306	0.00	-	-	Department of Finance and Banking, Tamkang University/ General Manager, Bank of Panhsin	-
General Manager, Xizhi Branch	R.O.C	Daniel Lai	2018.09.10	17,105	0.00	-	-	Master, Department of Business Administration, National Chung-Hsing University/ General Manager, Bank of Panhsin	-
General Manager, Nanjing E. Road Branch	R.O.C	Ming-Hung Lin	2022.02.24	12,172	0.00	-	-	Department of Information Management, Chaoyuang University of Technology/ Deputy General Manager, Bank of Panhsin	-
General Manager, North Taoyuan Branch	R.O.C	Nai-Che Cheng	2020.07.01	1,176	0.00	-	-	Master, Department of Economics, National Tsing Hua University/ Deputy General Manager, Bank of Panhsin	-
General Manager, Miaoli Branch	R.O.C	Allen Chen	2019.12.16	-	-	-	-	Department of Finance and Banking, Yu Da University of Business/ General Manager, Bank of Panhsin	-

Note 1 : "Shares held by nominee shareholders" & "Any other manager, director, or supervisor whose spouse or family members within the second degree of kinship": N/A.

Note 2 : "Where chairman of the board and (president or person of an equivalent post—the highest level manager) are the same person, spouses, or relatives within the first degree of kinship": N/A.

IV 、Equity transfers and changes of equity interests in the most recent financial year up till the publication date of this annual report (2022.02.28), by Directors, Supervisors, Managers, and those needing to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Individual Parties and Aggregate Related Parties"

(I) Changes of equity interests by Directors, Supervisors, Managers, and those needing to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Individual Parties and Aggregate Related Parties"

Baseline date: February 28, 2022

Position	Name	2021		By the end of February 2022	
		Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held	Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held
Chairman	Hsinhui Construction Co., Ltd.	56,394	-	-	-
Representative of corporate Chairman	Ming-Daw Chang	714,444	-	-	-
Managing Director	Dai-Ming Kuo	431,663	-	-	-
Director	Shiaan-Jung Chiou	65,056	-	-	-
Director	Tung-Jen Lin	467,887	-	-	-
Director	Yao-Chih Chu	598,058	-	-	-
Director	Hanchia Construction Co., Ltd.	3,448	-	-	-
Representative of corporate Director	Biing-Hwa Liu	21,617	-	-	-
Director	Yao Chen International Ltd	5,603,552	(2,000,000)	66,423	-
Representative of corporate Director	Lin-Long Chien	230,192 (5,022,179)	-	-	-
Managing Director (Major shareholder)	Sanlight Construction Co., Ltd.	1,836,784	(18,930,000)	-	-
Representative of corporate Managing Director (Major shareholder)	Mei-Yun Liao	1,664,921	(8,600,000)	-	-
Director	Tianlu Construction Ltd.	13,475	-	-	-
Representative of corporate Director	Yueh-Shuang Chiu	471,658	-	-	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties" (Major shareholder)	Ping-Hui Liu	2,290,108	-	-	-

Position	Name	2021		By the end of February 2022	
		Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held	Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties" (Major shareholder)	Baiyuan Investment Co., Ltd.	7,778,657	31,670,000 (14,970,000)	-	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties" (Major shareholder)	Fuching Investment Co., Ltd.	8,333,190	55,000,000 (47,230,000)	500,000	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties" (Major shareholder)	Jingqing Investment Co., Ltd.	7,013,994	1,701,000	-	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties" (Major shareholder)	Yuanmao Construction Co., Ltd.	1,116,750	-	-	(10,000,000)
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties" (Major shareholder)	Yuanchih Investment Co., Ltd.	8,033,342	50,000,000 (64,210,000)	-	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties" (Major shareholder)	Sun Hui Construction Co., Ltd.	3,373,963	-	-	(2,300,000)

Position	Name	2021		By the end of February 2022	
		Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held	Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties"	Sanjun Construction Co., Ltd.	(14,427)	-	-	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties"	Hsiu-Lan Liu	1,599	-	-	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties"	Shun-Chih Liu	17	-	-	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties"	Hsiu-Hsia Liu	3,062	-	-	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties"	Si-Hui Liu	95,103	-	-	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties"	Chao-Hsuan Liu	94,523	-	-	-

Position	Name	2021		By the end of February 2022	
		Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held	Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties"	Chao-Tong Liu	12,661	-	-	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties"	Ke-Huang Liao	698	-	-	-
An individual who needs to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Aggregate Related Parties"	Wei-Qi Hong	209,607	-	-	-
President (Major shareholder)	Chia-Nan Fang	971,265	-	-	-
S.E.V.P.	Li-Chin Wei	6,534	-	-	-
S.E.V.P.	Chung-Chi Chang	1,586	-	-	-
Chief Auditor	Hsin-Mao Huang	64,899	-	-	-
S.E.V.P.	Yung-Lun Lee	6,866	-	-	-
S.E.V.P.	Chi-Hsun Chang	7,884	-	-	-
General Manager	Shu-Yu Wu	715	-	-	-
General Manager	Shu-Nu Yang	3,534	-	-	-
General Manager	Yun-Me Meng	1,704	-	-	-
General Manager	Mao-Sen Kao	8,479	-	-	-
General Manager	Chia-Hui Lee	-	-	-	-
General Manager	Shih-Yang Liu	1,252	-	-	-
General Manager	Ryan Chang	3,652	-	-	-

Position	Name	2021		By the end of February 2022	
		Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held	Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held
General Manager	Yi-Fang Wen	519	-	-	-
General Manager	Sharon Chen	770	-	-	-
E.V.P. & General Manager	Chung-Wei Wang	3,054	-	-	-
General Manager	Mei-Yu Hsiao	1,254	-	-	-
General Manager	Ta-Huang Chen	2,604	-	-	-
General Manager	A-Jen Lai	7,313	-	-	-
General Manager	Jone-Chih Huang	3,163	-	-	-
General Manager	Kevin Lee	5,400	-	-	-
General Manager	Yu-Tsi Yo	1,461	-	-	-
General Manager	Su-Ching Chien	2,325	-	-	-
General Manager	Cheng-Lung Yeh	1,075	-	-	-
General Manager	Shu-Ming Liu	3,264	-	-	-
General Manager	Ling-Hui Kao	3,063	-	-	-
General Manager	Yi-Min Wan	4,145	-	-	-
General Manager	Fang-Li Cheng	1,636	-	-	-
General Manager	Po-Kun Wang	787	-	-	-
General Manager	Jung-Tien Shiao	1,674	-	-	-
General Manager	Chun-Nan Pan	479	-	-	-
General Manager	Ying-An Hsieh	1,664	-	-	-
General Manager	Chi-Ching Chuang	670	-	-	-
General Manager	Mei-Hao Wang	1,192	-	-	-
General Manager	Chin-Chu Wu	1,575	-	-	-
General Manager	Chien-Tai Su	1,850	-	-	-
General Manager	Ching-Shun Wang	1,858	-	-	-
General Manager	Hsian-Chin Kuo	2,595	-	-	-
General Manager	Ming-Chou Tsai	1,333	-	-	-
General Manager	Eric Liu	3,048	-	-	-
General Manager	I-Ching Lin	-	-	-	-

Position	Name	2021		By the end of February 2022	
		Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held	Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held
General Manager	Ping-Hung Tsao	3,426	-	-	-
General Manager	Yi-Pong Yu	2,265	-	-	-
General Manager	Ming-Dao Luo	306	-	-	-
General Manager	Pei-Yun Lin	423	-	-	-
General Manager	Chun-Hung Chen	691	-	-	-
E.V.P. & General Manager	Henry Chien	-	-	-	-
General Manager	June-Fang Chien	1,266	-	-	-
General Manager	Co-In Ho	533	-	-	-
General Manager	Jui-Ching Li	152	-	-	-
General Manager	Ming-Hsing Shih	2,933	-	-	-
General Manager	Rui-Dian Chen	4,393	-	-	-
E.V.P. & General Manager	Hsiu-Ching Hsu	-	-	-	-
E.V.P. & General Manager	Po-Liang Hsieh	52,401	-	-	-
General Manager	Chao-Chung Lin	3,103	-	-	-
General Manager	Heng-Yu Chang	1,085	-	-	-
General Manager	Tommy Chen	309	-	-	-
E.V.P. & General Manager	Daniel Lin	1,621	-	-	-
General Manager	Da-Hui Tsai	1,799	-	-	-
General Manager	Cheng-Lung Lin	517	-	-	-
General Manager	Te-Wei Lee	3,094	-	-	-
General Manager	Fu-Yuan Shih	2,148	-	-	-
General Manager	Tsung-Che Tsai	755	-	-	-
General Manager	Wei-Hsin Chung	107	-	-	-
General Manager	Mou-Chung Chou	411	-	-	-
General Manager	Joe Harn	737	-	-	-
General Manager	Yueh-Chin Ho	1,206	-	-	-
E.V.P. & General Manager	Shu-Chuan Wei	7,677	-	-	-
General Manager	Chung-Wei Liao	2,306	-	-	-

Position	Name	2021		By the end of February 2022	
		Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held	Increase/Decrease in the No. of Shares Held	Increase/Decrease in the No. of Pledged Shares Held
General Manager	Fang-Ming Huang	3,289	-	-	-
General Manager	Hong-Ming Lin	1,922	-	-	-
General Manager	Ming-Jen Chen	594	-	-	-
General Manager	Jason Lee	795	-	-	-
General Manager	Ping-Hua Chen	2,662	-	-	-
General Manager	Ya-Ching Chen	1,312	-	-	-
General Manager	Pi-Chuan Hsu	3,103	-	-	-
General Manager	Ying-Chi Chen	314	-	-	-
General Manager	Anthony Chang	422	-	-	-
General Manager	Hui-Mei Liu	6,376	-	-	-
General Manager	Ching-Ping Tsai	1,608	-	-	-
General Manager	Ming-Hsuan Huang	1,519	-	-	-
General Manager	Kuang-Chung Huo	3,729	-	-	-
General Manager	Shih-Yang Chien	105	-	-	-
General Manager	Daniel Lai	784	-	-	-
General Manager	Ming-Hung Lin	557	-	-	-
General Manager	Nai-Che Cheng	53	-	-	-
General Manager	Allen Chen	-	-	-	-

(II) Equity Transfer Information

Baseline date: February 28, 2022

Name	Reason for transfer	Transaction date	Counterparty	Relationship between counterparty and the bank, Directors, Supervisors, Managers, and those needing to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Individual Parties and Aggregate Related Parties"	No. of shares (shares)	Transaction price
Ming-Daw Chang	Acquisition	2021.01.08	Wei-Min Yo	-	162,000	6.7
Ming-Daw Chang	Acquisition	2021.01.08	Chia-Ying Su	-	123,000	6.7

Name	Reason for transfer	Transaction date	Counterparty	Relationship between counterparty and the bank, Directors, Supervisors, Managers, and those needing to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Individual Parties and Aggregate Related Parties"	No. of shares (shares)	Transaction price
Ming-Daw Chang	Acquisition	2021.03.02	Xiu-Juan Tsai	-	31,499	6.8
Ming-Daw Chang	Acquisition	2021.09.23	Wei-Min Yo	-	140,000	6.8
Ming-Daw Chang	Acquisition	2021.10.18	Wei-Min Yo	-	135,000	6.8
Yao Chen International Ltd	Acquisition	2021.01.28	Yi-Ting Lan	-	4,154	6.6
Yao Chen International Ltd	Acquisition	2021.03.01	Li-Xiu Zhao	-	20,000	6.6
Yao Chen International Ltd	Acquisition	2021.03.18	Yi-Ting Lan	-	6,297	6.6
Yao Chen International Ltd	Acquisition	2021.03.25	Yi-Ting Lan	-	24,572	6.6
Yao Chen International Ltd	Acquisition	2021.11.05	Lin-Long Chien	-	4,791,987	11.0
Yao Chen International Ltd	Acquisition	2021.12.08	Lin-Long Chien	-	230,192	11.0
Yao Chen International Ltd	Acquisition	2021.12.10	Lisheng Investment Co., Ltd.	-	79,890	6.49
Yao Chen International Ltd	Acquisition	2021.12.27	Lisheng Investment Co., Ltd.	-	100,000	6.5
Yao Chen International Ltd	Acquisition	2022.01.03	Lisheng Investment Co., Ltd.	-	66,423	6.5
Lin-Long Chien	Disposal	2021.11.05	Yao Chen International Ltd	Person in charge of juristic person	4,791,987	11.0
Lin-Long Chien	Disposal	2021.12.08	Yao Chen International Ltd	Person in charge of juristic person	230,192	11.0
Yao-Chih Chu	Acquisition	2021.07.19	Ching-Chiang Lin	-	300,000	6.6
Yao-Chih Chu	Acquisition	2021.08.18	Shi-Hao Jiang	-	100,000	5.5
Baiyuan Investment Co., Ltd.	Acquisition	2021.01.08	Tsung-Liang Chen	-	1,588,892	7.8
Baiyuan Investment Co., Ltd.	Acquisition	2021.01.12	Yu-Chu Hsu	-	588,401	6.78
Jingqing Investment Co., Ltd.	Acquisition	2021.02.08	Chen-Tsan Yen	-	200,000	6.9
Jingqing Investment Co., Ltd.	Acquisition	2021.03.05	Wei-Min Yo	-	156,000	6.7
Jingqing Investment Co., Ltd.	Acquisition	2021.03.17	Chia-Ying Su	-	142,000	6.7

Name	Reason for transfer	Transaction date	Counterparty	Relationship between counterparty and the bank, Directors, Supervisors, Managers, and those needing to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Individual Parties and Aggregate Related Parties"	No. of shares (shares)	Transaction price
Jingqing Investment Co., Ltd.	Acquisition	2021.03.17	Wei-Min Yo	-	130,000	6.7
Jingqing Investment Co., Ltd.	Acquisition	2021.04.15	Jin-Yi Ye	-	500,000	9.0
Jingqing Investment Co., Ltd.	Acquisition	2021.04.15	Li-Yu Ye Guo	-	2,000,000	9.0
Jingqing Investment Co., Ltd.	Acquisition	2021.07.28	Bi-Wan Chen	-	800,000	6.9
Jingqing Investment Co., Ltd.	Acquisition	2021.08.13	Wei-Min Yo	-	100,000	6.8
Jingqing Investment Co., Ltd.	Acquisition	2021.08.20	Chia-Ying Su	-	256,000	6.8
Jingqing Investment Co., Ltd.	Acquisition	2021.08.13	Wei-Min Yo	-	180,000	6.8
Jingqing Investment Co., Ltd.	Acquisition	2021.09.06	Chia-Ying Su	-	225,000	6.8
Jingqing Investment Co., Ltd.	Acquisition	2021.09.13	Wei-Min Yo	-	110,000	6.8
Jingqing Investment Co., Ltd.	Acquisition	2021.10.07	Chia-Ying Su	-	104,000	6.8
Jingqing Investment Co., Ltd.	Acquisition	2021.12.16	Chia-Ying Su	-	170,000	6.5
Fuching Investment Co., Ltd.	Acquisition	2022.01.21	Hui-Jun Yo	-	500,000	7.0
Hsin-Mao Huang	Acquisition	2021.02.01	Ching-Chiang Lin	-	55,332	7.0
Po-Liang Hsieh	Acquisition	2021.02.01	Ching-Chiang Lin	-	50,000	7.0
Si-Hui Liu	Acquisition	2021.03.25	Wei-Min Yo	-	80,000	6.7
Chao-Hsuan Liu	Acquisition	2021.08.11	Sanjun Construction Co., Ltd	-	14,427	9.0
Wei-Qi Hong	Acquisition	2021.03.25	Wei-Min Yo	-	200,000	6.7

(III) Equity pledge information

Baseline date: February 28, 2022

Name	Reason for change	Date of change	Counterparty	Relationship between counterparty and the bank, Directors, Supervisors, Managers, and those needing to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Individual Parties and Aggregate Related Parties"	No. of shares (shares)	Secured small loan (redemption) amount
Mei-Yun Liao	Redemption	2021.12.10	King's Town Bank, Luchou Branch	-	600,000	
Mei-Yun Liao	Redemption	2021.03.25	O-BANK Co.,Ltd.	-	8,000,000	
Yuanchih Investment Co., Ltd	Redemption	2021.12.10	Union Bank Of Taiwan Co.,Ltd.	-	31,630,000	
Yuanchih Investment Co., Ltd	Redemption	2021.12.10	Union Bank Of Taiwan Co.,Ltd.	-	10,000	
Yuanchih Investment Co., Ltd	Redemption	2021.12.10	King's Town Bank, Luchou Branch	-	10,340,000	
Yuanchih Investment Co., Ltd	Redemption	2021.12.10	Kaohsung Bank, Taipei Branch	-	22,230,000	
Yuanchih Investment Co., Ltd	Pledge	2021.12.14	Taichung Bank, Zhongli Branch	-	50,000,000	
Sanlight Construction Co., Ltd.	Redemption	2021.03.25	IBFC Co.,Ltd., Banqiao Branch	-	18,930,000	
Fuching Investment Co., Ltd.	Redemption	2021.08.27	Yuanta Commercial Bank, Taohsin Branch	-	25,000,000	
Fuching Investment Co., Ltd.	Pledge	2021.08.27	IBFC Co.,Ltd., Banqiao Branch	-	25,000,000	
Fuching Investment Co., Ltd.	Redemption	2021.12.10	Kaohsung Bank, Taipei Branch	-	22,230,000	
Fuching Investment Co., Ltd.	Pledge	2021.12.14	Taichung Commercial Bank, Zhongli Branch	-	30,000,000	
Jingqing Investment Co., Ltd.	Pledge	2021.03.09	KGI Bank, Head Office	-	1,701,000	
Baiyuan Investment Co., Ltd.	Pledge	2021.12.14	Taichung Bank, Zhongli Branch	-	31,670,000	
Baiyuan Investment Co., Ltd.	Redemption	2021.12.10	O-BANK Co.,Ltd.	-	14,970,000	

Name	Reason for change	Date of change	Counterparty	Relationship between counterparty and the bank, Directors, Supervisors, Managers, and those needing to declare equity in accordance with Article 11 of the "Regulations Governing Significant Ownership of Voting Rights over Banks by Individual Parties and Aggregate Related Parties"	No. of shares (shares)	Secured small loan (redemption) amount
Yao Chen International Ltd	Redemption	2021.04.28	JihSun International Commercial Bank Co., Ltd.	-	2,000,000	
Yuanmao Construction Co., Ltd.	Redemption	2022.01.21	TCBL Co., Ltd	-	10,000,000	
Sun Hui Construction Co., Ltd.	Redemption	2022.01.21	Yuanta Commercial Bank	-	2,300,000	

V、Percentage of shares held by the top-10 shareholders related persons, spouses, or family members within the second degree of kinship

Baseline date: December 31, 2021

Name	Shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names, and relationship of parties, spouse, relative of the second degree or closer, in relation to top 10 shareholders.	
	No. of shares (shares)	Percentage of shares	No. of shares (shares)	Percentage of shares	No. of shares (shares)	Percentage of shares	Name	Relationship

Representative of Fuching Investment Co., Ltd.: Wei-Ren Liao	181,807,607	11.50	-	-	-	-	Baiyuan Investment Co., Ltd.	Chairman Same person
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Representative of Yuanchih Investment Co., Ltd.: Mei-Yun Liao	175,265,744	11.08	-	-	-	-	Mei-Yun Liao	Chairman
							Ping-Hui Liu	Spouse is the Chairman
							Sanlight Construction Co., Ltd.	Chairman Same person
							Representative of Sun Hui Construction Co., Ltd.: Chao-Tong Liu	Second degree of kinship

Representative of Baiyuan Investment Co., Ltd.: Wei-Ren Liao	122,206,573	7.73	-	-	-	-	Fuching Investment Co., Ltd.	Chairman Same person
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Name	Shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names, and relationship of parties, spouse, relative of the second degree or closer, in relation to top 10 shareholders.	
	No. of shares (shares)	Percent age of shares	No. of shares (shares)	Percent age of shares	No. of shares (shares)	Percent age of shares	Name	Relationship
Representative of Sun Hui Construction Co., Ltd.: Chao-Tong Liu	73,610,726	4.66	-	-	-	-	Mei-Yun Liao	Second degree of kinship
							Ping-Hui Liu	
							Representative of Yuanchih Investment Co., Ltd.: Mei-Yun Liao	
							Representative of Sanlight Construction Co., Ltd.: Mei-Yun Liao	
Ping-Hui Liu	49,963,960	3.16	36,324,059	2.3	-	-	Representative of Yuanchih Investment Co., Ltd.: Mei-Yun Liao	Spouse is the Chairman
							Representative of Sanlight Construction Co., Ltd.: Mei-Yun Liao	
							Representative of Sun Hui Construction Co., Ltd.: Chao-Tong Liu	Second degree of kinship
							Mei-Yun Liao	Spouse
Representative of Sanlight Construction Co., Ltd.: Mei-Yun Liao	40,073,645	2.53	-	-	-	-	Mei-Yun Liao	Chairman
							Ping-Hui Liu	Spouse is the Chairman
							Representative of Yuanchih Investment Co., Ltd.: Mei-Yun Liao	Chairman Same person
							Representative of Sun Hui Construction Co., Ltd.: Chao-Tong Liu	Second degree of kinship
Representative of Jingqing Investment Co., Ltd.: Chung-Er Lin	42,517,223	2.69	-	-	-	-	Yuanmao Construction Co., Ltd.	Chairman Same person

Name	Shareholding		Shares held by spouse and underage children		Total shareholding by nominee arrangement		Titles, names, and relationship of parties, spouse, relative of the second degree or closer, in relation to top 10 shareholders.	
	No. of shares (shares)	Percent age of shares	No. of shares (shares)	Percent age of shares	No. of shares (shares)	Percent age of shares	Name	Relationship
Mei-Yun Liao	36,324,059	2.30	49,963,960	3.16	-	-	Yuanchih Investment Co., Ltd.	Chairman
							Sanlight Construction Co., Ltd.	
							Representative of Sun Hui Construction Co., Ltd.: Chao-Tong Liu	Second degree of kinship
							Ping-Hui Liu	Spouse
Representative of Yuanmao Construction Co., Ltd.: Chung-Er Lin	24,364,468	1.54	-	-	-	-	Jingqing Investment Co., Ltd.	Chairman Same person
Chia-Nan Fang	21,190,374	1.34	9,925,900	0.63	-	-	-	-

VI、Numbers of shares in the subsidiaries held by the Bank, the Bank's Directors, Supervisors, President, S.E.V.P., E.V.P. & General Managers, heads of departments and branch offices, and entities directly or indirectly controlled by the Bank, with the total percentage of shares on a consolidated basis

Baseline date: December 31, 2021

Investment Transfer	Investment by Bank of Panhsin		Investment by Directors, Supervisors, President, S.E.V.P., E.V.P. & General Managers, heads of departments and branch offices, and entities directly or indirectly controlled by the Bank		Consolidated Investment	
	No. of shares (shares)	Percentage of shares	No. of shares (shares)	Percentage of shares	No. of shares (shares)	Percentage of shares
Hsinruidu Development Co., Ltd.	4,940,000	1.86	-	-	4,940,000	1.86
Financial Information Service Co., Ltd.	6,104,228	1.17	-	-	6,104,228	1.17
Taiwan Depository & Clearing Corporation	361,605	0.08	-	-	361,605	0.08
Yangguang Asset Management Co., Ltd.	69,180	1.15	-	-	69,180	1.15
Taiwan Mobile Payment Co., Ltd.	300,000	0.50	-	-	300,000	0.50
Panhsin Asset Management Co., Ltd.	56,000,000	100.00	-	-	56,000,000	100.00
Panhsin International Rental Co., Ltd.	38,907,500	100.00	-	-	38,907,500	100.00

Note1 : Investment made in accordance with Article 74 of the Banking Act.

Note2 : Hsinruidu Development Co., Ltd. has gone bankrupt, the investment cost of the account was NT\$4,940,000. the Bank has recognized the cumulative impairment of NT\$4,940,000. and the net book value is zero.

Fund raising

I、Capital and Shares

(I) Sources of capital

Year/ Month	Issue price	Authorized capital		Paid-in capital		Note		
		No. of shares (thousand shares)	Amount (NT\$1,000)	No. of shares (thousand shares)	Amount (NT\$1,000)	Sources of capital	Shares acquired by non-cash assets	Others
1997.09	10	600,000	6,000,000	600,000	6,000,000	Note 1	N/A	N/A
2005.06	10	819,800	8,198,000	819,800	8,198,000	Note 2	N/A	N/A
2006.07	10	1,500,000	15,000,000	819,800	8,198,000	Note 3	N/A	N/A
2006.09	10	1,500,000	15,000,000	855,790	8,557,900	Note 3	N/A	N/A
2006.12	10	1,500,000	15,000,000	955,790	9,557,900	Note 4	N/A	N/A
2011.05	10	1,500,000	15,000,000	1,055,790	10,557,900	Note 5	N/A	N/A
2011.06	10	1,500,000	15,000,000	955,790	9,557,900	Note 5	N/A	N/A
2014.05	10	1,500,000	15,000,000	1,105,790	11,057,900	Note 6	N/A	N/A
2015.08	10	1,500,000	15,000,000	1,141,175	11,411,753	Note 7	N/A	N/A
2015.12	10	1,500,000	15,000,000	1,221,175	12,211,753	Note 8	N/A	N/A
2016.11	10	1,800,000	18,000,000	1,262,695	12,626,952	Note 9	N/A	N/A
2017.08	10	1,800,000	18,000,000	1,276,584	12,765,848	Note 10	N/A	N/A
2017.11	10	1,800,000	18,000,000	1,356,584	13,565,848	Note 11	N/A	N/A
2018.09	10	1,800,000	18,000,000	1,375,577	13,755,770	Note 12	N/A	N/A
2018.12	10	1,800,000	18,000,000	1,420,577	14,205,770	Note 13	N/A	N/A
2019.09	10	1,800,000	18,000,000	1,444,654	14,446,542	Note 14	N/A	N/A
2020.08	10	1,800,000	18,000,000	1,508,682	15,086,826	Note 15	N/A	N/A
2021.10	10	1,800,000	18,000,000	1,581,155	15,811,552	Note 16	N/A	N/A

Note 1 : Transformation of Panchiao Credit Cooperative.

Note 2 : With June 20, 2005 as the baseline date for capital increase, the capital increase by surplus was NT\$198,000,000; approval was received from FSC on June 24, 2005 in accordance with Jing-Guan-Yin (3) Letter No. 0940015799. With June 24, 2005 as the baseline date for capital increase, the capital increase by issuing of preferred shares was NT\$1,000,000,000. With June 24, 2005 as the baseline date for capital increase, the capital increase by issuing of common stock was NT\$1,000,000,000; approval was received from FSC on September 10, 2004 in accordance with Jing-Guan-Yin (3) Letter No. 0938011560.

Note 3 : On June 20, 2006, the shareholders' meeting passed the resolution to change capital amount to NT\$15 billion; with September 1, 2006 as the baseline date for capital increase, the capital reserves transferred to capital totaled to NT\$359,900,000; approval was received from FSC on July 18, 2006 in accordance with Jing-Guan-Yin (3) Letter No. 09500320330.

Note 4 : With December 28, 2006 as the baseline date for capital increase, the capital increase by issuing of common stock was NT\$1,000,000,000; approval was received from FSC in accordance with Jin-Guan-Yin (3) Letter No. 09500439170 on October 3, 2006 and Jin-Guan-Zheng-Yi-Zi Letter No. 0950150935 on November 14, 2006.

Note 5 : With June 16, 2011 as the baseline date for capital increase, the capital increase by issuing of common stock was NT\$1,000,000,000; approval was received from FSC on May 4, 2011 in accordance with Jing-Guan-Zheng-Fa-Zi Letter No. 1000016060; NT\$1,000,000,000 of preferred shares expired on June 23, 2011 and were redeemed as share prices obtained from issuing of new shares on June 16, 2011.

Note 6 : With May 27, 2014 as the baseline date for capital increase, the capital increase by issuing of common stock was NT\$1,500,000,000; approval was received from FSC on April 11, 2014 in accordance with Jing-Guan-Zheng-Fa-Zi Letter No. 1030009692.

Note 7 : With August 28, 2015 as the baseline date for capital increase, the capital increase by surplus was NT\$353,853,000; approval was received from FSC on August 5, 2015 in accordance with Jing-Guan-Zheng-Fa-Zi Letter No. 1040028772.

Note 8 : With December 10, 2015 as the baseline date for capital increase, the capital increase by issuing of common stock was NT\$800,000,000; approval was received from FSC on October 13, 2015 in accordance with Jing-Guan-Zheng-Fa-Zi Letter No. 1040039950.

Note 9 : On June 23, 2016, the shareholders' meeting passed the resolution to change capital amount to NT\$18 billion; with October 3, 2016 as the baseline date for capital increase, the capital increase by surplus was NT\$415,199,000; approval was received from FSC on September 13, 2016.

- Note 10 : With August 7, 2017 as the baseline date for capital increase, the capital increase by surplus was NT\$138,896,000; approval was received from FSC on July 20, 2017.
- Note 11 : With November 16, 2017 as the baseline date for capital increase, the capital increase by issuing of common stock was NT\$800,000,000; approval was received from FSC on September 12, 2017 in accordance with Jing-Guan-Zheng-Fa-Zi Letter No. 1060034708.
- Note 12 : With September 3, 2018 as the baseline date for capital increase, the capital increase by surplus was NT\$189,922,000; approval was received from FSC on August 20, 2018.
- Note 13 : With December 27, 2018 as the baseline date for capital increase, the capital increase by issuing of common stock was NT\$450,000,000; approval was received from FSC on October 11, 2018 in accordance with Jing-Guan-Zheng-Fa-Zi Letter No. 1070336195.
- Note 14 : With September 3, 2019 as the baseline date for capital increase, the capital increase by surplus was NT\$240,772,000; approval was received from FSC on August 21, 2019.
- Note 15 : With August 17, 2020 as the baseline date for capital increase, the capital increase by surplus was NT\$640,283,000; approval was received from FSC on August 4, 2020.
- Note 16 : With October 25, 2021 as the baseline date for capital increase, the capital increase by surplus was NT\$724,726,000; approval was received from FSC on October 15, 2021.

Type \ Shares	Authorized capital (thousand shares)			Note
	Outstanding shares	Unissued shares	Total	
Common Stock	1,581,155,262	218,844,738	1,800,000,000	Became a public issuing company as of November 14, 2006

(II) Shareholder structure

Baseline date: December 31, 2021

Shareholder structure	Government agencies	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Quantity						
Number of people	2	15	85	97,089	28	97,219
Number of shares held	6,392	539,006,680	184,166,332	857,481,502	494,356	1,581,155,262
Percentage of shares (%)	-	34.09	11.65	54.23	0.03	100.00

Note : Number of shares held was based on the 1,581,155,262 common stock issued by December 31, 2021.

(III) Equity Distribution (Denomination of NT\$10 per share)

Baseline date: December 31, 2021

Shareholding range	Number of shareholders	No. of shares held (shares)	Percentage of shares (%)
1 to 999	71,376	29,626,695	1.87
1,000 to 5,000	12,413	39,027,109	2.47
5,001 to 10,000	3,992	27,251,460	1.72
10,001 to 15,000	1,930	24,701,909	1.56
15,001 to 20,000	872	15,111,904	0.96
20,001 to 30,000	2,713	71,441,444	4.52
30,001 to 40,000	1,368	45,320,392	2.87
40,001 to 50,000	355	15,601,602	0.99
50,001 to 100,000	1,480	102,345,561	6.47
100,001 to 200,000	356	48,529,928	3.07
200,001 to 400,000	167	46,896,960	2.97
400,001 to 600,000	48	22,837,924	1.44
600,001 to 800,000	33	22,917,992	1.45
800,001 to 1,000,000	19	16,365,759	1.04
1,000,001 to 10,000,000	81	212,368,873	13.43
10,000,001 to 30,000,000	8	119,040,213	7.53
30,000,001 to 50,000,000	4	168,878,887	10.68
50,000,001 to 100,000,000	1	73,610,726	4.65
100,000,001 to 999,999,999	3	479,279,924	30.31
Total	97,219	1,581,155,262	100.00

Note : Number of shares held and percentage of shares were based on the 1,581,155,262 common stock issued by December 31, 2021.

(IV) Major shareholders

Baseline date: December 31, 2021

Shares	No. of shares held (shares)	Percentage of shares (%)
Name of majority shareholders		
Fuching Investment Co., Ltd.	181,807,607	11.50
Yuanchih Investment Co., Ltd.	175,265,744	11.08
Baiyuan Investment Co., Ltd.	122,206,573	7.73
Sun Hui Construction Co., Ltd.	73,610,726	4.66
Ping-Hui Liu	49,963,960	3.16
Jingqing Investment Co., Ltd.	42,517,223	2.69
Sanlight Construction Co., Ltd.	40,073,645	2.53
Mei-Yun Liao	36,324,059	2.30
Yuanmao Construction Co., Ltd.	24,364,468	1.54
Chia-Nan Fang	21,190,374	1.34
Jin An Nian Construction Co., Ltd.	17,291,294	1.09

Note 1 : List only shareholders with a shareholding ratio of more than 1% of the shareholders or shareholdings in the top 10.

Note 2 : Number of shares held and percentage of shares were based on the 1,581,155,262 common stock issued by December 31, 2021.

II 、 Issuance of financial instruments

Baseline date: December 31, 2021

Order of Share Issuance	15th	16th	17th
Term	2016 Term 1	2016 Term 2	2017 Term 1
Central competent authority	Jing-Guan-Yin-He-Zi		Jing-Guan-Yin-He-Zi
Approval date, Letter No.	2016.07.25, No.10500180450		2016.04.06, No.10500079110
Date of issue	2016.08.31	2016.09.30	2017.03.22
Denomination (NT\$)	NT\$1 million		
Place of issue and trading	R.O.C.		
Currency	TWD		
Issue price	Fully issued at denomination		
Total	NT\$1,216 million	NT\$410 million	NT\$397 million
Interest rate	Fixed : 4.75%		Fixed : 2.5%
Term	Maturity date: N/A		7 years Maturity date: 2024.03.22
Claim Priority	Second		
Terms of repayment	Redeemable after the issue date up to 5 years with approval		Lump-sum at maturity
Unpaid Balance	NT\$1,216 million	NT\$410 million	NT\$397 million
Previous-year paid-in capital	NT\$12,212 million		NT\$12,627 million
Previous-year net value after settlement	NT\$13,181 million		NT\$13,300 million
Contract Implementation	-		
Provisions for redemption or advanced settlement	Redeemable after the issue date up to 5 years with approval		-
Criteria for conversion and exchange	-		
Restrictive terms	Sales limited to the Professional Investor was defined under the "Regulations Governing Offshore Structured Products"		Sales target of this bond: Exclude natural persons who are non-professional investors ; the professional investors was defined under the "Regulations Governing Offshore Structured products" Article 3
Capital Allocation Plan	Adequate capital structure		
The ratio of the reported issue amount plus the balance of already issued and outstanding bonds to the net worth after final report of the preceding year (%)	44.88	47.99	46.79
Conformance to regulatory capital and its associated category	Yes, Category I		Yes, Category II
Name of credit rating institution, date of credit rating, and credit rating	Taiwan Ratings Corporation		
	2015.10.30		2016.10.26
	twBBB-		Long term:twBBB-/ Short term:twA-3

Order of Share Issuance	18th	19th	20th
Term	2017 Term 2	2017 Term 3	2017 Term 4
Central competent authority	Jing-Guan-Yin-He-Zi	Jing-Guan-Yin-He-Zi	
Approval date, Letter No.	2016.04.06, No.10500079110	2016.07.25, No.10500180450	
Date of issue	2017.03.31	2017.04.28	2017.07.21
Denomination (NT\$)	NT\$1 million		
Place of issue and trading	R.O.C.		
Currency	TWD		
Issue price	Fully issued at denomination		
Total	NT\$305 million	NT\$150 million	NT\$133 million
Interest rate	Fixed : 2.5%	Fixed : 4.75%	
Term	7 years Maturity date: 2024.03.31	Maturity date: N/A	
Claim Priority	Second		
Terms of repayment	Lump-sum at maturity	Redeemable after the issue date up to 5 years with approval	
Unpaid Balance	NT\$305 million	NT\$150 million	NT\$133 million
Previous-year paid-in capital	NT\$12,627 million		
Previous-year net value after settlement	NT\$13,300 million		
Contract Implementation	-		
Provisions for redemption or advanced settlement	-	Redeemable after the issue date up to 5 years with approval	
Criteria for conversion and exchange	-		
Restrictive terms	Sales target of this bond: Exclude natural persons who are non-professional investors ; the professional investors was defined under the “Regulations Governing Offshore Structured products” Article 3. "	Sales limited to the Professional Investor was defined under the "Regulations Governing Offshore Structured Products"	
Capital Allocation Plan	Adequate capital structure		
The ratio of the reported issue amount plus the balance of already issued and outstanding bonds to the net worth after final report of the preceding year (%)	49.08	50.21	51.21
Conformance to regulatory capital and its associated category	Yes, Category II	Yes, Category I	
Name of credit rating institution, date of credit rating, and credit rating	Taiwan Ratings Corporation		
	2016.10.26		
	Long term:twBBB-/ Short term:twA-3		

Order of Share Issuance	21th	22th
Term	2017 Term 5	2019 Term 1
Central competent authority	Jing-Guan-Yin-He-Zi	Jing-Guan-Yin-He-Zi
Approval date, Letter No.	2017.07.14, No.10600163460	2019.04.02, No.10802046230
Date of issue	2017.11.15	2019.06.26
Denomination (NT\$)	NT\$10 million	
Place of issue and trading	R.O.C.	
Currency	TWD	
Issue price	Fully issued at denomination	
Total	NT\$700 million	NT\$660 million
Interest rate	Fixed : 2.50%	Fixed : 2.25%
Term	7 years Maturity date: 2024.11.15	7 years Maturity date: 2026.06.26
Claim Priority	Second	
Terms of repayment	Lump-sum at maturity	
Unpaid Balance	NT\$700million	NT\$660million
Previous-year paid-in capital	NT\$12,627 million	NT\$14,206 million
Previous-year net value after settlement	NT\$13,300 million	NT\$15,404 million
Contract Implementation	-	
Provisions for redemption or advanced settlement	-	
Criteria for conversion and exchange	-	
Restrictive terms	Sales target of this bond: Exclude natural persons who are non-professional investors ; the professional investors was defined under the “Regulations Governing Offshore Structured products” Article 3	
Capital Allocation Plan	Adequate capital structure	
The ratio of the reported issue amount plus the balance of already issued and outstanding bonds to the net worth after final report of the preceding year (%)	56.47	45.25
Conformance to regulatory capital and its associated category	Yes, Category II	
Name of credit rating institution, date of credit rating, and credit rating	Taiwan Ratings Corporation	
	2016.10.26	2018.10.29
	Long term:twBBB-/ Short term:twA-3	Long term:twBBB-/ Short term:twA-3

Order of Share Issuance	23th	24th
Term	2021 Term 1	2021 Term 2
Central competent authority	Jing-Guan-Yin-He-Zi	
Approval date, Letter No.	2020.10.19, No.1090227025	
Date of issue	2021.06.28	2021.09.29
Denomination (NT\$)	NT\$10 million	
Place of issue and trading	R.O.C.	
Currency	TWD	
Issue price	Fully issued at denomination	
Total	NT\$1,000 million	
Interest rate	Fixed : 1.50%	Fixed : 1.50%
Term	7 years Maturity date: 2028.06.28	7 years Maturity date: 2028.09.29
Claim Priority	Second	
Terms of repayment	Lump-sum at maturity	
Unpaid Balance	NT\$1,000 million	
Previous-year paid-in capital	NT\$15,087 million	
Previous-year net value after settlement	NT\$17,635 million	
Contract Implementation	-	
Provisions for redemption or advanced settlement	-	
Criteria for conversion and exchange	-	
Restrictive terms	Sales target of this bond: Exclude natural persons who are non-professional investors ; the professional investors was defined under the “Regulations Governing Offshore Structured products” Article 3	
Capital Allocation Plan	Adequate capital structure	
The ratio of the reported issue amount plus the balance of already issued and outstanding bonds to the net worth after final report of the preceding year (%)	28.19	33.86
Conformance to regulatory capital and its associated category	Yes, Category II	
Name of credit rating institution, date of credit rating, and credit rating	Taiwan Ratings Corporation	
	2020.10.12	
	Long term:twBBB / Short term:twA-2	

Overview of Business Operation

I、Scope of business

(I) Primary business revenue breakdown

1. Deposit

Unit : NT\$ thousand

Category	End of December 2021		End of December 2020		Difference	
	Amount	Proportion(%)	Amount	Proportion(%)	Amount	Growth rate(%)
Current Deposit	120,093,183	47.03	105,037,321	43.41	15,055,862	14.33
Checking Deposit	2,173,049	0.85	1,959,501	0.81	213,548	10.90
Demand Deposit	55,297,565	21.65	45,129,129	18.65	10,168,436	22.53
Demand Savings Deposit	62,622,569	24.52	57,948,691	23.95	4,673,878	8.07
Time Deposit	134,716,614	52.75	135,666,995	56.07	(950,381)	(0.70)
Time Deposit	55,053,167	21.56	53,545,812	22.13	1,507,355	2.82
Negotiable Certificates of Deposit (NCD)	310,900	0.12	338,900	0.14	(28,000)	(8.26)
Time Savings Deposit	79,352,547	31.07	81,782,284	33.80	(2,429,737)	(2.97)
Interest-drawing Savings Deposit	65,485,109	25.64	67,309,553	27.82	(1,824,444)	(2.71)
Non-interest-drawing Time Savings Deposit	13,784,966	5.40	14,372,951	5.94	(587,985)	(4.09)
Installment Savings Deposit	82,472	0.03	99,780	0.04	(17,308)	(17.35)
Re-deposit from Post Office & Deposit from peer banks	555,153	0.22	1,251,838	0.52	(696,685)	(55.65)
Total Deposits	255,364,950	100.00	241,956,154	100.00	13,408,796	5.54

Note : Total Deposits include TWD and foreign currency deposit.

2. Credit business

(1) TWD loans

Unit : NT\$ thousand

Category	End of December 2021		End of December 2020		Difference	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Growth rate (%)
Secured overdraft	4,965	0.00	1,650	0.00	3,315	200.89
Short-term loans	22,164,718	12.96	24,611,745	14.88	(2,447,027)	(9.94)
Short-term secured loans	34,992,218	20.46	35,129,070	21.24	(136,852)	(0.39)
Mid-term loans	21,005,491	12.28	18,083,245	10.93	2,922,246	16.16
Mid-term secured loans	50,784,528	29.69	45,980,828	27.80	4,803,700	10.45
Long-term loans	2,220,054	1.30	777,660	0.47	1,442,394	185.48
Long-term secured loans	39,855,193	23.30	40,796,191	24.67	(940,998)	(2.31)
Total outstanding loan balance in TWD	171,027,168	100.00	165,380,389	100.00	5,646,778	3.41

(2) Corporate foreign currency loans

Unit : US\$ thousand

Category	End of December 2021		End of December 2020		Difference	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Growth rate (%)
Export bill	3,478	0.52	22,559	4.17	(19,081)	(84.58)
Short-term loans	197,624	29.79	175,642	32.48	21,982	12.52
Short-term secured loans	19,736	2.98	14,983	2.77	4,753	31.72
Mid-term loans	365,786	55.15	272,421	50.37	93,365	34.27
Mid-term secured loans	48,106	7.25	31,249	5.78	16,857	53.94
Long-term loans	20,779	3.13	21,144	3.91	(365)	(1.73)
Long-term secured loans	7,799	1.18	2,802	0.52	4,998	178.37
Total outstanding loan balance in Foreign currency	663,308	100.00	540,799	100.00	122,509	22.65

3. Wealth management and trust services

Unit : NT\$ thousand

Primary Businesses	2021		2020		Difference	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Growth rate (%)
Special monetary trust in domestic and offshore securities	193,899	36.25	191,631	39.14	2,268	1.18
Real-estate trust (development and management)	42,186	7.89	48,930	9.99	(6,744)	(13.78)
Other trusts	17,834	3.33	14,949	3.05	2,885	19.30
Fee income subtotal	253,919	47.47	255,510	52.18	(1,591)	(0.62)
Insurance	280,979	52.53	234,155	47.82	46,824	20.00
Fee income grand total	534,898	100.00	489,665	100.00	45,233	9.24

4. Debt collection and management services

Non-Performing Loans (NPL) amounted to NT\$404,360,000 (NPL ratio of 0.21%) by the end of 2021, witnessing a net decrease for NT\$74,764,000 comparing to the NPL by the end of 2020 (net decrease for NPL ratio of 0.05%). Regarding the undertaken collateral, the remaining balance by the end of 2020 was NT\$103,538,000. The number of undertaken collateral by the end of 2021 was only one left, with the full bad debt reserve, amounting to NT\$23,995,000.

5. Foreign currencies

Unit : US\$ thousand

Category	End of December 2021		End of December 2020		Difference	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Growth rate (%)
Imports	1,113,583	10.62	894,784	12.54	218,798	24.45
Exports	470,688	4.49	396,728	5.56	73,960	18.64
Outward remittance	4,348,674	41.45	2,846,766	39.90	1,501,908	52.76
Inward remittance	4,557,538	43.44	2,997,264	42.00	1,560,273	52.06
Total	10,490,482	100.00	7,135,542	100.00	3,354,939	47.02
Foreign currency deposit balance	1,117,058	-	909,218	-	207,840	22.86
Foreign currency loan balance	663,308	-	540,799	-	122,509	22.65

6. Primary business as a percentage of the Bank's total assets and its changes

Unit : NT\$ thousand

Primary businesses	End of December 2021		End of December 2020	
	Amount	As a percentage of total assets (%)	Amount	As a percentage of total assets (%)
Total assets	287,615,087	100.00	273,967,360	100.00
Loans and discounts	187,502,893	65.19	179,152,449	65.39
Deposits at the CBC as well as loans to other banks	11,976,283	4.16	10,523,041	3.84
Investments in bills, bonds, and securities	65,893,151	22.91	59,305,307	21.65
Others	22,242,760	7.73	24,986,563	9.12
Total liabilities	269,223,069	93.61	256,369,153	93.58
Deposits and remittances	254,816,044	88.60	240,693,330	87.85
Deposits from CBC and peer banks	1,853,788	0.64	3,112,793	1.14
Financial bonds payable	5,971,000	2.08	3,971,000	1.45
Others	6,582,237	2.29	8,592,030	3.14

Note : Compiled in accordance with the International Financial Reporting Standards (IFRSs) for consolidated statements.

7. Various business revenue as a percentage of operating revenue and its changes

Unit : NT\$ thousand

Primary businesses	2021		2020	
	Amount	As a percentage of net income (%)	Amount	As a percentage of net income (%)
Net interest income	3,107,335	70.20	2,751,226	67.71
Non-interest income	1,318,974	29.28	1,312,179	32.29
Net fee income	1,013,189	22.89	905,369	22.28
Financial asset or financial liability measured at fair value through profit (loss)	24,304	0.55	44,201	1.09
Financial assets measured at fair value through other comprehensive profit or loss have realized interest	146,936	3.32	281,386	6.92
Exchange gains	21,572	0.49	(22,968)	(0.57)
Reversal gains from asset impairments (losses)	(3,298)	(0.07)	(33,851)	(0.83)
Other non-interest income	116,271	2.63	138,042	3.40
Net income	4,426,309	100.00	4,063,405	100.00

Note : Compiled in accordance with the International Financial Reporting Standards (IFRSs) for consolidated statements.

II 、Employees

Year		2020	2021	Now until February 28, 2022
Number of employees	Staff	1,433	1,428	1,413
	Service personnel	33	27	55
	Total	1,466	1,455	1,468
Average age		40.57	41.26	41.07
Average years of services		11.10	11.82	10.80
Academic qualification	Master's Degree or above	11.12	12.44	12.26
	Bachelor's Degree	79.54	79.72	78.48
	High school	9.00	7.56	8.99
	Below high school	0.34	0.28	0.27

Financial Report

I、Five-year simplified balance sheet and profit and loss statement

(I) Comparative summary of balance sheet

1. Adoption of International Financial Reporting Standards

(1) Consolidated

Unit: NT\$ thousand

Item \ Year	Financial data over the last five years (Note 2)				
	2021	2020 (Note 3)	2019 (Note 3)	2018 (Note 3)	2017 (Note 3)
Cash and cash equivalents	4,509,546	4,648,005	4,895,465	5,071,404	4,975,231
Deposits at CBC and interbank loans	11,976,283	10,523,041	9,390,804	10,874,533	20,767,098
Financial assets measured at fair value through profit and loss	939,226	1,705,656	906,373	1,100,594	4,621,004
Financial assets measured at fair value through other comprehensive income	10,501,789	17,812,485	16,750,207	14,058,368	-
Debt instrument investments measured at amortised cost	48,975,492	38,431,131	36,957,425	41,835,000	-
Investment in resale bills and bonds	5,476,644	1,356,035	649,478	3,215,946	5,817,368
Accounts receivables -net	4,149,404	6,461,964	5,937,371	3,841,226	3,610,097
Current income tax assets	927	927	42,541	51,661	27,458
Loans and discounts -net	187,502,893	179,152,449	165,944,398	152,561,304	144,041,791
Financial assets available for sale	-	-	-	-	42,045,954
Held-to-maturity financial assets	-	-	-	-	798,918
Other financial assets -net	11,429	8,594	-	184	55,537
Property and equipment -net	6,983,848	6,950,661	6,936,681	7,192,805	6,378,384
Right of use asset -net	386,225	410,059	366,778	-	-
Investment property -net	2,739,152	2,916,188	2,995,539	2,776,023	2,379,171
Intangible assets -net	2,440,460	2,468,569	2,355,794	2,369,131	2,351,750
Deferred taxes assets -net	282,990	372,815	420,911	490,491	535,375
Other assets	738,779	748,781	1,152,339	1,627,693	2,300,711
Total assets	287,615,087	273,967,360	255,702,104	247,066,363	240,705,847
Deposits at the CBC and peer banks	1,853,788	3,112,793	3,404,476	1,650,240	1,319,059
Loans from CBC and peer banks	2,794,360	3,377,240	3,029,000	2,015,000	1,653,000
Financial liabilities at fair value through profit and loss	8,391	4,938	4,303	28,226	5,757
Bills and bonds sold under repurchase agreements	-	303,733	3,165,799	2,913,216	542,417
Payables	2,189,660	3,148,399	2,444,450	3,210,902	3,450,320
Current income tax liabilities	92,699	34,703	38,137	-	4,919
Deposits and remittances	254,816,044	240,693,330	218,671,761	214,826,237	211,661,967
Financial bonds payable	5,971,000	3,971,000	6,971,000	6,311,000	7,111,000

Item \ Year		Financial data over the last five years (Note 2)				
		2021	2020 (Note 3)	2019 (Note 3)	2018 (Note 3)	2017 (Note 3)
Other financial liabilities		380,000	700,000	630,000	210,000	170,000
Liability provisions		332,303	284,558	246,625	206,183	180,591
Lease obligations		386,982	410,794	371,542	-	-
Deferred income tax liabilities		108,823	108,823	108,823	108,823	108,292
Other liabilities		289,019	218,842	226,533	208,089	215,552
Total liabilities	Before distribution	269,223,069	256,369,153	239,312,449	231,687,916	226,422,874
	After distribution	(Note 1)	256,369,153	239,312,449	231,687,916	226,422,874
Equity attributable to parent company shareholders		18,392,018	17,598,207	16,389,655	15,378,447	14,282,973
Share capital	Before distribution	15,811,553	15,086,827	14,446,543	14,205,771	13,565,849
	After distribution	(Note 1)	15,811,553	15,086,827	14,446,543	13,755,771
Capital reserves		44	-	-	-	-
Retained earnings	Before distribution	2,490,387	1,962,328	1,572,744	911,287	768,711
	After distribution	(Note 1)	1,237,602	932,460	670,515	578,789
Other equity		90,034	549,052	370,368	261,389	(51,587)
Treasury stock		-	-	-	-	-
Non-controlling shareholders		-	-	-	-	-
Total equity	Before distribution	18,392,018	17,598,207	16,389,655	15,378,447	14,282,973
	After distribution	(Note 1)	17,598,207	16,389,655	15,378,447	14,282,973

Note 1 : The aforementioned data obtained after distribution are based on the resolution of the annual shareholders' meeting. Earnings distribution for 2021 has not yet been approved by the shareholders' meeting.

Note 2 : The above mentioned financial report has been audited by CPA.

Note 3 : According to Jing-Guan-Ying-Fa Letter No. 10200070270 issued by the FSC on May 15, 2013, the Bank recognized the sale of Floors 3-8 of No. 330, Zhongzheng Road, Banqiao District, New Taipei City, as profit due to 2021 changes in the leaseback period. This recognition was considered an accounting error and was rectified; therefore, the profit and loss for 2017-2020 were adjusted.

Note 4 : There is no further update from CPA till the publication date of this annual report.

(2) Individual

Unit: NT\$ thousand

Item \ Year	Financial data over the last five years (Note 2)				
	2021	2020 (Note 3)	2019 (Note 3)	2018 (Note 3)	2017 (Note 3)
Cash and cash equivalents	4,438,942	4,520,940	4,814,052	4,943,462	4,915,172
Deposits at CBC and interbank loans	11,976,283	10,523,041	9,390,804	10,874,533	20,767,098
Financial assets measured at fair value through profit and loss	939,226	1,705,656	906,373	1,100,594	4,621,004
Financial assets measured at fair value through other comprehensive income	10,501,789	17,812,485	16,750,207	14,058,368	-
Debt instrument investments measured at amortised cost	48,975,492	38,431,131	36,957,425	41,835,000	-
Investment in resale bills and bonds	5,456,637	1,336,035	649,478	3,215,946	5,817,368
Accounts receivables -net	803,050	2,445,627	1,581,468	1,604,095	1,708,534
Current income tax assets	-	-	41,955	50,913	27,425
Loans and discounts -net	187,502,893	179,152,449	165,944,398	152,561,304	144,041,791
Financial assets available for sale	-	-	-	-	42,045,954
Held-to-maturity financial assets	-	-	-	-	798,918
Equity-accounted investments -net	1,024,713	1,028,421	1,006,607	872,761	828,575
Other financial assets -net	11,429	8,594	-	184	55,537
Property and equipment -net	6,981,167	6,945,957	6,930,606	7,184,946	6,374,610
Right of use asset -net	377,889	398,898	352,061	-	-
Investment property -net	2,739,152	2,916,188	2,995,539	2,776,023	2,379,171
Intangible assets -net	2,440,460	2,468,569	2,355,794	2,369,131	2,351,750
Deferred taxes assets -net	282,990	372,815	420,911	490,491	535,375
Other assets	610,501	567,248	904,023	929,075	1,646,407
Total assets	285,062,613	270,634,054	252,001,701	244,866,826	238,914,689
Deposits at the CBC and peer banks	1,853,788	3,112,793	3,404,476	1,650,240	1,319,059
Funds Borrowed from Central Bank and Banks	706,360	807,240	-	-	-
Financial liabilities at fair value through profit and loss	8,391	4,938	4,303	28,226	5,757
Bills and bonds sold under repurchase agreements	-	303,733	3,165,799	2,913,216	542,417
Payables	2,152,233	3,108,161	2,402,215	3,204,523	3,437,652
Current income tax liabilities	81,927	25,811	7,648	-	-
Deposits and remittances	254,832,657	240,714,957	218,754,650	214,870,883	211,717,497
Financial bonds payable	5,971,000	3,971,000	6,971,000	6,311,000	7,111,000
Liability provisions	332,303	284,558	246,625	206,183	180,591
Lease obligations	378,360	399,380	356,686	-	-
Deferred income tax liabilities	108,823	108,823	108,823	108,823	108,292

Item \ Year		Financial data over the last five years (Note 2)				
		2021	2020 (Note 3)	2019 (Note 3)	2018 (Note 3)	2017 (Note 3)
Other liabilities		244,753	194,453	189,821	195,285	209,451
Total liabilities	Before distribution	266,670,595	253,035,847	235,612,046	229,488,379	224,631,716
	After distribution	(Note 1)	253,035,847	235,612,046	229,488,379	224,631,716
Equity attributable to parent company shareholders		18,392,018	17,598,207	16,389,655	15,378,447	14,282,973
Share capital	Before distribution	15,811,553	15,086,827	14,446,543	14,205,771	13,565,849
	After distribution	(Note 1)	15,811,553	15,086,827	14,446,543	13,755,771
Capital reserves		44	-	-	-	-
Retained-earnings	Before distribution	2,490,387	1,962,328	1,572,744	911,287	768,711
	After distribution	(Note 1)	1,237,602	932,460	670,515	578,789
Other equity		90,034	549,052	370,368	261,389	(51,587)
Treasury stock		-	-	-	-	-
Non-controlling shareholders		-	-	-	-	-
Total equity	Before distribution	18,392,018	17,598,207	16,389,655	15,378,447	14,282,973
	After distribution	(Note 1)	17,598,207	16,389,655	15,378,447	14,282,973

Note 1 : The aforementioned data obtained after distribution are based on the resolution of the annual shareholders' meeting. Earnings distribution for 2021 has not yet been approved by the shareholders' meeting.

Note 2 : The above mentioned financial report has been audited by CPA.

Note 3 : According to Jing-Guan-Ying-Fa Letter No. 10200070270 issued by the FSC on May 15, 2013, the Bank recognized the sale of Floors 3-8 of No. 330, Zhongzheng Road, Banqiao District, New Taipei City, as profit due to 2021 changes in the leaseback period. This recognition was considered an accounting error and was rectified; therefore, the profit and loss for 2017-2020 were adjusted.

Note 4 : There is no further update from CPA till the publication date of this annual report.

(II) Comparative summary of income statement

1. Adoption of International Financial Reporting Standards

(1) Consolidated

Unit: NT\$ thousand

Item \ Year	Financial data over the last five years (Note 1)				
	2021	2020 (Note 2)	2019 (Note 2)	2018 (Note 2)	2017 (Note 2)
Interest income	4,409,906	4,318,872	4,597,948	4,220,817	3,912,101
Less: Interest expenses	1,302,571	1,567,646	2,000,543	1,868,947	1,698,299
Net interest income	3,107,335	2,751,226	2,597,405	2,351,870	2,213,802
Non-interest net income	1,318,974	1,312,179	1,365,171	1,271,003	1,011,524
Net operating income	4,426,309	4,063,405	3,962,576	3,622,873	3,225,326
Bad loan expenses and provisions for guarantee liabilities	282,496	113,228	106,743	542,763	353,363
Operating expenses	2,863,778	2,811,589	2,819,962	2,646,340	2,611,780
Pre-tax profit (loss) from continuing operations	1,280,035	1,138,588	1,035,871	433,770	260,183
Income tax gains (expenses)	(240,106)	(125,060)	(149,843)	(47,725)	(61,367)
Current profit (loss) from continuing operations	1,039,929	1,013,528	886,028	386,045	198,816
Profit (loss) from discontinuing operations	-	-	-	-	-
Net profit (loss) for the current period	1,039,929	1,013,528	886,028	386,045	198,816
Other comprehensive profit (loss)	(246,162)	195,024	125,180	190,031	31,418
Other comprehensive income(loss) for the current period (net, after-tax)	(246,162)	195,024	125,180	190,031	31,418
Total comprehensive income (loss) for the current period	793,767	1,208,552	1,011,208	576,076	230,234
Net profit attributable to parent company shareholders	1,039,929	1,013,528	886,028	386,045	198,816
Net profit attributable to non-controlling shareholders	-	-	-	-	-
Total comprehensive income attributable to parent company shareholders	793,767	1,208,552	1,011,208	576,076	230,234
Total comprehensive income attributable to non-controlling shareholders	-	-	-	-	-
Earnings (loss) per share	0.66	0.64	0.59	0.28	0.15

Note 1 : The above mentioned financial report has been audited by CPA.

Note 2 : According to Jing-Guan-Ying-Fa Letter No. 10200070270 issued by the FSC on May 15, 2013, the Bank recognized the sale of Floors 3-8 of No. 330, Zhongzheng Road, Banqiao District, New Taipei City, as profit due to 2021 changes in the leaseback period. This recognition was considered an accounting error and was rectified; therefore, the profit and loss for 2017-2020 were adjusted.

Note 3 : There is no further update from CPA till the publication date of this annual report.

(2) Individual

Unit: NT\$ thousand

Item \ Year	Financial data over the last five years (Note 1)				
	2021	2020 (Note 2)	2019 (Note 2)	2018 (Note 2)	2017 (Note 2)
Interest income	4,206,664	4,063,932	4,404,845	4,122,155	3,808,263
Less: Interest expenses	1,262,316	1,513,834	1,938,560	1,837,995	1,663,748
Net interest income	2,944,348	2,550,098	2,466,285	2,284,160	2,144,515
Non-interest net income	1,349,081	1,378,952	1,343,393	1,268,755	1,031,201
Net operating income	4,293,429	3,929,050	3,809,678	3,552,915	3,175,716
Bad loan expenses and provisions for guarantee liabilities	228,455	82,147	65,241	535,631	357,784
Operating expenses	2,808,232	2,733,851	2,740,419	2,585,660	2,563,490
Pre-tax profit (loss) from continuing operations	1,256,742	1,113,052	1,004,018	431,624	254,442
Income tax gains (expenses)	(216,813)	(99,524)	(117,990)	(45,579)	(55,626)
Current profit (loss) from continuing operations	1,039,929	1,013,528	886,028	386,045	198,816
Profit (loss) from discontinuing operations	-	-	-	-	-
Net profit (loss) for the current period	1,039,929	1,013,528	886,028	386,045	198,816
Other comprehensive profit (loss)	(246,162)	195,024	125,180	190,031	31,418
Other comprehensive income(loss) for the current period (net, after-tax)	(246,162)	195,024	125,180	190,031	31,418
Total comprehensive income (loss) for the current period	793,767	1,208,552	1,011,208	576,076	230,234
Net profit attributable to parent company shareholders	1,039,929	1,013,528	886,028	386,045	198,816
Net profit attributable to non-controlling shareholders	-	-	-	-	-
Total comprehensive income attributable to parent company shareholders	793,767	1,208,552	1,011,208	576,076	230,234
Total comprehensive income attributable to non-controlling shareholders	-	-	-	-	-
Earnings (loss) per share	0.66	0.64	0.59	0.28	0.15

Note 1 : The above mentioned financial report has been audited by CPA.

Note 2 : According to Jing-Guan-Ying-Fa Letter No. 10200070270 issued by the FSC on May 15, 2013, the Bank recognized the sale of Floors 3-8 of No. 330, Zhongzheng Road, Banqiao District, New Taipei City, as profit due to 2021 changes in the leaseback period. This recognition was considered an accounting error and was rectified; therefore, the profit and loss for 2017-2020 were adjusted.

Note 3 : There is no further update from CPA till the publication date of this annual report.

II 、Five-year financial analysis

(I) Adoption of International Financial Reporting Standards

1. Consolidated

Unit: NT\$ thousand

Item \ Year		Financial analysis for the last five years (Note 1)				
		2021	2020 (Note 9)	2019 (Note 9)	2018 (Note 9)	2017 (Note 9)
Operational Efficiency	Loans to deposit ratio (%)	74	75	77	72	69
	Overdue loan ratio (%)	0.21	0.26	0.32	0.85	0.80
	Interest expense as a percentage of annual average deposit balance (%)	0.43	0.57	0.75	0.72	0.70
	Interest income as a percentage of annual average loan balance (%)	1.88	2.08	2.37	2.36	2.31
	Asset turnover rate (times)	0.02	0.02	0.02	0.01	0.01
	Operating revenue per employee	2,979	2,729	2,712	2,499	2,253
	Profit per employee	700	681	609	270	142
Profitability	Tier 1 capital return ratio (%)	8	7	7	3	2
	Return on assets (%)	0.37	0.38	0.35	0.16	0.09
	Return on equity (%)	5.78	5.96	5.60	2.64	1.48
	Net profit margin (%)	23.49	24.94	22.47	10.79	6.32
	Earnings per share (NT\$)	0.66	0.64	0.59	0.28	0.15
Financial structure	Liabilities to total assets (%)	94	94	94	94	94
	Real estate and equipment as a percentage of total equity (%)	38	39	42	47	45
Growth rate	Asset growth rate (%)	5	7	3	3	3
	Profit growth rate (%)	12	10	137	65	(40)
Cash Flows	Operating cash flow ratio (%)	106.23	106.65	(Note 8)	(Note 8)	(Note 8)
	Cash flow adequacy ratio (%)	(Note 8)	(Note 8)	(Note 8)	(Note 8)	(Note 8)
	Cash flow satisfied ratio (%)	(Note 8)	7,712	(Note 8)	2,512	5,431
Liquid reserve ratio (%)		21	20	23	27	27
Total secured credit balance of stakeholders		2,000,493	1,909,742	2,037,332	2,550,252	2,465,721
Total secured credit balance of stakeholders as a percentage of total credit balance (%)		1.01	1.03	1.19	1.62	1.66
Operating scale	Asset market share (%)	0.38	0.38	0.38	0.38	0.39
	Equity market share (%)	0.37	0.37	0.36	0.36	0.36
	Deposit market share (%)	0.49	0.50	0.49	0.50	0.51
	Loan market share (%)	0.57	0.58	0.58	0.56	0.55

The causes of changes in each financial ratio for the preceding two fiscal years (except when the change is less than 20%)

1. Decrease in interest expense as a percentage of annual average deposit balance : Mainly due to the decline in interest expense and the gain of annual average deposit balance in 2021.

2. Decrease in asset growth rate : Mainly owing to the decline in extent of asset growth in 2021.

3. Increase in profit growth rate : Mainly owing to the gain in income before tax in 2021.

Note 1 : The above mentioned financial report has been audited by CPA.

Note 2 : Calculation formulas used are as follows :

1. Operational efficiency
 - (1) Loans to deposit ratio = Total loans / Total deposits.
 - (2) Overdue loan ratio = Total overdue loans / Total loans.
 - (3) Interest expenses to average deposit balances = Total deposit balance interest expenses / Annual average deposit balances.
 - (4) Interest Income to average loan balances = Total credit interest income / Annual average loan balances.
 - (5) Total assets turnover rate = Net income / Average total assets.
 - (6) Operating revenue per employee (Note 6) = Net income / Total number of employees.
 - (7) Profit per employee = Net income / Total number of employees.
2. Profitability
 - (1) Tier 1 capital return ratio = Income before tax / Average net Tier 1 capital.
 - (2) Return on assets = Net income / Average total assets.
 - (3) Return on equity = Net income / Average total shareholder equity.
 - (4) Net profit margin = Net income / Net revenue.
 - (5) Earnings per share = (Profit or loss attributable to parent company shareholders – special stock dividends)/ Weighted average outstanding shares. (Note 4)
3. Financial structure
 - (1) Liabilities to total assets = Total liabilities / Total assets.
 - (2) Property and equipment to equity ratio = Net value of property and equipment / Net equity value.
4. Growth rate
 - (1) Asset growth rate = (Current total asset – Last year's total asset) / Last year's total asset.
 - (2) Profit growth rate = (Current total earnings – Last year's total earnings) / Last year's total earnings.
5. Cash flow (Note 8)
 - (1) Cash flow ratio = Cash flows from operating activities / (Due to borrow or draw from overdraft limits by banks and peer banks + commercial bills payable + financial liabilities at fair value through income statement + bills and bonds sold under repurchase agreements + accounts payable in 1 year).
 - (2) Net cash flow adequacy ratio = 5-year net cash flow from operations / (5-year capital expenditures + 5-year cash dividends).
 - (3) Cash flow satisfied ratio = Cash flows from operating activities / Cash flows from investing activities
6. Liquidity reserve ratio = Current assets required by the CBC / Liabilities for which the various current reserve shall be provided.
7. Operating scale
 - (1) Asset market share = Total assets / Total assets of financial institutes which can operate deposits and loans business. (Note 5)
 - (2) Equity market share = Total equities / Total net equities of financial institutes which can operate deposits and loans business.
 - (3) Deposit market share = Total deposits / Total deposits of financial institutes which can operate deposits and loans business.
 - (4) Loan market share = Total loans / Total loans of financial institutes which can operate deposits and loans business.

Note 3 : Total liabilities are net of reserves for losses on guarantees and accidental loss.

Note 4 : When the above formula for calculation of earnings per share is used during measurement, attention should be paid to the following matters:

1. Measurement should be based on the weighted average number of common stock, not the number of issued shares at year end.
2. Where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase by earnings or capital reserves, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax.
5. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, and then no adjustment is required.

Note 5 : Financial institutes which can operate deposits and loans business include banks in Taiwan, Chinese branch banks in Taiwan, foreign branch banks in Taiwan, credit cooperatives, and agriculture or fishery associations.

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

Note 7 : Attention should be paid to the following matters when carrying out cash flow analysis :

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.

3. Cash dividend includes cash dividends from both common stock and preferred shares.
4. Gross property and equipment value means the total value of property and equipment prior to the subtraction of accumulated depreciation.

Note 8 : Cash flow from operating activities is a net outflow and is therefore not expressed.

Note 9 : According to Jing-Guan-Ying-Fa Letter No. 10200070270 issued by the FSC on May 15, 2013, the Bank recognized the sale of Floors 3-8 of No. 330, Zhongzheng Road, Banqiao District, New Taipei City, as profit due to 2021 changes in the leaseback period. This recognition was considered an accounting error and was rectified; therefore, the profit and loss for 2017-2020 were adjusted.

Note 10 : There is no further update from CPA till the publication date of this annual report.

2. Individual

Unit: NT\$ thousand

Item \ Year		Financial analysis for the last five years (Note 1)				
		2021	2020 (Note 9)	2019 (Note 9)	2018 (Note 9)	2017 (Note 9)
Operational Efficiency	Loans to deposit ratio (%)	74	75	77	72	69
	Overdue loan ratio (%)	0.21	0.26	0.32	0.85	0.80
	Interest expense as a percentage of annual average deposit balance (%)	0.43	0.57	0.75	0.72	0.70
	Interest income as a percentage of annual average loan balance (%)	1.88	2.08	2.37	2.36	2.31
	Asset turnover rate (times)	0.02	0.02	0.02	0.01	0.01
	Operating revenue per employee	2,951	2,704	2,704	2,525	2,259
	Profit per employee	715	698	632	278	145
Profitability	Tier 1 capital return ratio (%)	8	7	7	3	2
	Return on assets (%)	0.37	0.39	0.36	0.16	0.09
	Return on equity (%)	5.78	5.96	5.60	2.64	1.48
	Net profit margin (%)	24.22	25.80	23.37	11.00	6.42
	Earnings per share (NT\$)	0.66	0.64	0.59	0.28	0.16
Financial structure	Liabilities to total assets (%)	93	93	93	94	94
	Real estate and equipment as a percentage of total equity (%)	38	39	42	47	45
Growth rate	Asset growth rate (%)	5	7	3	2	3
	Profit growth rate (%)	13	11	131	68	(41)
Cash Flows	Operating cash flow ratio (%)	98.96	114.16	(Note 8)	(Note 8)	(Note 8)
	Cash flow adequacy ratio (%)	(Note 8)	(Note 8)	(Note 8)	(Note 8)	(Note 8)
	Cash flow satisfied ratio (%)	(Note 8)	15,974	(Note 8)	(Note 8)	(Note 8)
Liquidity Reserve Ratio (%)		21	20	23	27	27
Total secured credit balance of stakeholders		2,000,493	1,909,742	2,037,332	2,550,252	2,465,721
Total secured credit balance of stakeholders as a percentage of total credit balance (%)		1.01	1.03	1.19	1.62	1.66
Operating scale	Asset market share (%)	0.38	0.38	0.38	0.38	0.39
	Equity market share (%)	0.37	0.37	0.36	0.36	0.36
	Deposit market share (%)	0.49	0.50	0.49	0.50	0.51
	Loan market share (%)	0.57	0.58	0.58	0.56	0.55

The causes of changes in each financial ratio for the preceding two fiscal years (except when the change is less than 20%)

1. Decrease in interest expense as a percentage of annual average deposit balance : Mainly due to the decline in interest expense and the gain of annual average deposit balance in 2021.

2. Decrease in asset growth rate : Mainly owing to the decline in extent of asset growth in 2021.

Note 1 : The above mentioned financial report has been audited by CPA.

Note 2 : Calculation formulas used are as follows :

1. Operational efficiency

- (1) Loans to deposit ratio = Total loans / Total deposits.
- (2) Overdue loan ratio = Total overdue loans / Total loans.
- (3) Interest expenses to average deposit balances = Total deposit balance interest expenses / Annual average deposit balances.
- (4) Interest Income to average loan balances = Total credit interest income / Annual average loan balances.
- (5) Total asset turnover rate = Net income / Average total assets.
- (6) Operating revenue per employee (Note 6) = Net income / Total number of employees.
- (7) Profit per employee = Net income / Total number of employees.

2. Profitability

- (1) Tier 1 capital return ratio = Income before tax / Average net Tier 1 capital.
- (2) Return on assets = Net income / Average total assets.
- (3) Return on equity = Net income / Average total shareholder equity.
- (4) Net profit margin = Net income / Net revenue.
- (5) Earnings per share = (Profit or loss attributable to parent company shareholders – special stock dividends) / Weighted average outstanding shares. (Note 4)

3. Financial structure

- (1) Liabilities to total assets = Total liabilities / Total assets.
- (2) Property and equipment to equity ratio = Net value of property and equipment / Net equity value.

4. Growth rate

- (1) Asset growth rate = (Current total asset – Last year's total asset) / Last year's total asset.
- (2) Profit growth rate = (Current total earnings – Last year's total earnings) / Last year's total earnings.

5. Cash flow (Note 8)

- (1) Cash flow ratio = Cash flows from operating activities / (Due to borrow or draw from overdraft limits by banks and peer banks + commercial bills payable + financial liabilities at fair value through income statement + bills and bonds sold under repurchase agreements + accounts payable in 1 year).
- (2) Net cash flow adequacy ratio = 5-year net cash flow from operations / (5-year capital expenditures + 5-year cash dividends).
- (3) Cash flow satisfied ratio = Cash flows from operating activities / Cash flows from investing activities.

6. Liquidity Reserve Ratio = Current assets required by the CBC / Liabilities for which the various current reserve shall be provided.

7. Operating scale

- (1) Asset market share = Total assets / Total assets of financial institutes which can operate deposits and loans business. (Note 5)
- (2) Equity market share = Total equities / Total net equities of financial institutes which can operate deposits and loans business.
- (3) Deposit market share = Total deposits / Total deposits of financial institutes which can operate deposits and loans business.
- (4) Loan market share = Total loans / Total loans of financial institutes which can operate deposits and loans business.

Note 3 : Total liabilities are net of reserves for losses on guarantees and accidental loss.

Note 4 : When the above formula for calculation of earnings per share is used during measurement, attention should be paid to the following matters:

1. Measurement should be based on the weighted average number of common stock, not the number of issued shares at year end.
2. Where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
3. In the case of capital increase by earnings or capital reserves, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax.
5. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, and then no adjustment is required.

Note 5 : Financial institutes which can operate deposits and loans business include banks in Taiwan, Chinese branch banks in Taiwan, foreign branch banks in Taiwan, credit cooperatives, and agriculture or fishery associations.

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

Note 7 : Attention should be paid to the following matters when carrying out cash flow analysis :

1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
3. Cash dividend includes cash dividends from both common stock and preferred shares.
4. Gross property and equipment value means the total value of property and equipment prior to the subtraction of accumulated depreciation.

Note 8 : Cash flow from operating activities is a net outflow and is therefore not expressed.

Note 9 : According to Jing-Guan-Ying-Fa Letter No. 10200070270 issued by the FSC on May 15, 2013, the Bank recognized the sale of Floors 3-8 of No. 330, Zhongzheng Road, Banqiao District, New Taipei City, as profit due to 2021 changes in the leaseback period. This recognition was considered an accounting error and was rectified; therefore, the profit and loss for 2017-2020 were adjusted.

Note 10 : There is no further update from CPA till the publication date of this annual report.

III 、Five-year capital adequacy analysis

1. Consolidated

Unit: NT\$ thousand

Item			Year	Five-Year Capital Adequacy Ratio (Note 1)				
				2021	2020	2019	2018	2017
Regulatory Capital	Common stock equity		15,633,173	14,414,231	13,243,319	12,214,831	11,359,075	
	Other non-ordinary share Tier 1 capital		1,909,000	1,909,000	1,895,251	1,895,310	1,895,116	
	Tier 2 capital		5,416,917	3,859,931	3,706,652	3,646,586	4,035,570	
	Regulatory capital		22,959,090	20,183,162	18,845,222	17,756,727	17,289,761	
Total weighted risk asset	Credit risk	Standardized approach	176,215,481	167,070,345	153,901,372	143,388,468	136,703,563	
		Internal rating approach	-	-	-	-	-	
		Asset securitisation	-	-	-	-	-	
	Operational risk	Basic indicator approach	7,429,125	6,840,688	6,439,788	6,137,313	6,218,525	
		Standardized approach/optional standardized approach	-	-	-	-	-	
		Advanced approach	-	-	-	-	-	
	Market Risk	Standardized approach	455,850	992,863	499,613	596,712	1,774,475	
		Internal modeling approach	-	-	-	-	-	
	Total weighted risk asset		184,100,456	174,903,896	160,840,773	150,122,493	144,696,563	
	Capital adequacy ratio (%)			12.47	11.54	11.72	11.83	11.95
	Tier 1 capital as a percentage of risk assets (%)			9.53	9.33	9.41	9.40	9.16
Common stock equity as a percentage of risk assets (%)			8.49	8.24	8.23	8.14	7.85	
Leverage ratio (%)			5.76	5.71	5.71	5.54	5.36	

Reason of change to capital adequacy ratio for the past two periods : Change is less than 20% and is therefore not analyzed.

Note 1 : The aforementioned calculations were audited by the CPA.

Note 2 : The regulatory capital, weighted risk asset, and exposure measurement were calculated in accordance with the Regulations Governing the Capital Adequacy and Capital Category of Banks and Methods for Calculating Bank's Regulatory Capital and Risk Weighted Assets.

Note 3 : Calculation formulas used are as follows :

1. Regulatory capital = Common stock equity + other non-common stock equity Tier 1 capital + Tier 2 capital.
2. Total weighted risk assets = Credit risk weighted risk assets + capital for (Operational risks + Market risks) ×12.5
3. Capital adequacy ratio = Regulatory capital/Total weighted risk assets.
4. Tier 1 capital as a percentage of risk assets = (Common stock equity + other non-common stock equity Tier 1 capital) / Total weighted risk assets.
5. Common stock equity as a percentage of risk assets = Common stock equity / Total weighted risk assets.
6. Leverage ratio = Net Tier 1 capital value / total exposure value.

Note 4 : There is no further update from CPA till the publication date of this annual report.

2. Individual

Unit: NT\$ thousand

Item \ Year			Five-Year Capital Adequacy Ratio (Note 1)				
			2021	2020	2019	2018	2017
Regulatory Capital	Common stock equity		15,376,994	14,157,126	12,991,667	11,996,641	11,151,932
	Other non-ordinary share Tier 1 capital		1,652,822	1,651,895	1,643,599	1,677,120	1,687,972
	Tier 2 capital		4,860,729	3,291,959	3,203,348	3,210,206	3,621,282
	Regulatory Capital		21,890,545	19,100,980	17,838,614	16,883,967	16,461,186
Total weighted risk asset	Credit risk	Standardized approach	172,708,997	162,769,450	149,260,597	140,419,282	134,131,916
		Internal rating approach	-	-	-	-	-
		Asset securitisation	-	-	-	-	-
	Operational risk	Basic indicator approach	7,218,638	6,672,588	6,322,775	6,030,425	6,134,188
		Standardized approach/optional standardized approach	-	-	-	-	-
		Advanced approach	-	-	-	-	-
	Market Risk	Standardized approach	455,350	992,363	499,613	596,713	1,774,475
		Internal modeling approach	-	-	-	-	-
	Total weighted risk asset		180,382,985	170,434,401	156,082,985	147,046,420	142,040,579
	Capital adequacy ratio (%)			12.14	11.21	11.43	11.48
Tier 1 capital as a percentage of risk assets (%)			9.44	9.28	9.38	9.30	9.04
Common stock equity as a percentage of risk assets (%)			8.52	8.31	8.32	8.16	7.85
Leverage ratio (%)			5.65	5.61	5.61	5.42	5.24

Reason of change to capital adequacy ratio for the past two periods : Change is less than 20% and is therefore not analyzed.

Note 1 : The aforementioned calculations were audited by the CPA.

Note 2 : The regulatory capital, weighted risk asset, and exposure measurement were calculated in accordance with the Regulations Governing the Capital Adequacy and Capital Category of Banks and Methods for Calculating Bank's Regulatory Capital and Risk Weighted Assets.

Note 3 : Calculation formulas used are as follows :

1. Regulatory capital = Common stock equity + other non-common stock equity Tier 1 capital + Tier 2 capital.
2. Total weighted risk assets = Credit risk weighted risk assets + capital for (Operational risks + Market risks) × 12.5
3. Capital adequacy ratio = Equity capital/Total weighted risk assets.
4. Tier 1 capital as a percentage of risk assets = (Common stock equity + other non-common stock equity Tier 1 capital) / Total weighted risk assets.
5. Common stock equity as a percentage of risk assets = Common stock equity / Total weighted risk assets.
6. Leverage ratio = Net Tier 1 capital value / total exposure value.

Note 4 : There is no further update from CPA till the publication date of this annual report.

BANK OF PANHSIN**Parent Company Only Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2021 and 2020**

Address: No. 68, Sec. 2, Xianmin Blvd., Banqiao Distr., New Taipei City, Taiwan,
R.O.C.

Telephone: (02)2962-9170

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors
Bank of Panhsin:

Opinion

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

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

Basis for Opinion

We conducted our audit in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", Rule No. 10802731571 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Impairment of Loans and Receivables

Please refer to note 4(f) "loans and receivables" for related accounting policy, note 5 for the uncertainty of accounting estimation and assumptions, and notes 6(g), 6(h), 6(i), 6(v) and 6(ao) for the details of the impairment of loans and receivables.

Description of Key audit matters

The Bank mainly engages in loan business. The Bank's loans and receivables are significant to its overall financial statements. Assessment on the impairment of loans and receivables, provisions for guarantee liabilities, and provisions for loan commitments rely on the management's assumptions of probability of default (PD) and expected credit loss (ECL). These assumptions are influenced by the historical experiences, current market conditions and forward-looking estimation, and therefore, have high uncertainty risks. Consequently, the impairment of loans and receivables has been identified as a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: understanding and assessing the Bank's internal control procedures for loans and bad debt assessment; testing whether the loans and receivables are classified into each stage of expected credit loss according to the procedures for loans and bad debt assessment; testing whether the input values used for probability of default (PD) and expected credit loss (ECL) of each stage of expected credit loss are based on reasonable and verifiable information (including forward looking macroeconomic information). We also assessed whether the impaired amounts recognized by the management are in accordance with the related regulations issued by the authority.

2. Impairment of Goodwill

Please refer to note 4(k) "Intangible assets" for related accounting policy, note 5 for the uncertainty of accounting estimation and assumptions, and note 6(n) for the details of the impairment of goodwill.

Description of key audit matters

As of December 31, 2021, the Bank has goodwill amounting to \$2,197,921 thousand from its merger and acquisition activities over the years. Since the recoverable amount of goodwill depends on the management's estimation of discounted future cash flows, it relies on the management's subjective judgment of future operations and is highly uncertain. Therefore, we considered impairment of goodwill a key audit matter.

How the matter was addressed in our audit

Our principal audit procedures included: assessing how management identifies cash-generating units; understanding and testing management's assumptions on future operating plans, including future revenue growth rate and expense rate, etc.; and comparing actual performance with forecasts to determine the reasonableness of forecasts and future cash flows.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Bank's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our 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 audit resulting in this independent auditors' report are Lily Lu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)

March 30, 2022

Notes to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance and cash flows in accordance with the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Bank of Paohsin

Balance Sheets

December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2021		December 31, 2020			December 31, 2021		December 31, 2020	
	Amount	%	Amount	%		Amount	%	Amount	%
Assets					Liabilities and Equity				
11000 Cash and cash equivalents (note 6(a))	\$ 4,438,942	2	4,520,940	2	21000 Deposits from Central Bank and other banks (note 6(p))	\$ 1,853,788	1	3,112,793	1
11500 Due from Central Bank and call loans to banks (note 6(b))	11,976,283	4	10,523,041	4	21500 Due to Central Bank and other banks (note 6(q))	706,360	-	807,240	-
12000 Financial assets at fair value through profit or loss (note 6(c))	939,226	-	1,705,656	1	22000 Financial liabilities at fair value through profit or loss (note 6(c))	8,391	-	4,938	-
12100 Financial assets at fair value through other comprehensive income (notes 6(d) and 8)	10,501,789	4	17,812,485	7	22500 Securities sold under repurchase agreements (note 6(r))	-	-	303,753	-
12200 Investment in debt instruments at amortized cost (notes 6(e) and 8)	48,975,492	17	38,431,131	14	23000 Payables (note 6(s))	2,152,233	1	3,108,161	1
12500 Securities purchased under resell agreements (note 6(f))	5,456,637	2	1,336,035	1	23200 Current income tax liabilities	81,927	-	25,811	-
13000 Receivables, net (note 6(g))	803,050	-	2,445,627	1	23500 Deposits and remittances (notes 6(t) and 7)	254,832,657	90	240,714,957	89
13500 Loans and discounts, net (notes 6(h) and 7)	187,502,893	66	179,152,449	66	24000 Financial debenture (notes 6(u) and 7)	5,971,000	2	3,971,000	2
15000 Investments accounted for using equity method, net (note 6(j))	1,024,713	-	1,028,421	-	25600 Provisions (notes 6(v) and (y))	332,303	-	284,558	-
15500 Other financial assets, net (note 6(i))	11,429	-	8,594	-	26000 Lease liabilities (notes 6(w) and 7)	378,360	-	399,380	-
18500 Property and equipment, net (note 6(k))	377,889	-	398,898	-	29300 Deferred tax liabilities (note 6(z))	108,823	-	108,823	-
18600 Right-of-use assets, net (notes 6(l) and 7)	2,739,152	1	2,916,188	1	29500 Other liabilities (notes 6(k) and (x))	244,753	-	194,453	-
18700 Investment property, net (note 6(m))	2,440,460	1	2,468,569	1	Total liabilities	266,670,595	94	253,035,847	93
19000 Intangible assets, net (note 6(n))	282,990	-	372,815	-	Equity:				
19300 Deferred income tax assets, net (note 6(z))	610,501	-	567,248	-	Share capital (note 6(aa)):	15,811,553	5	15,086,827	6
19500 Other assets (notes 6(o) and 8)	-	-	-	-	Ordinary shares				
					31101				
					31599				
					Retained earnings (notes 6(d) and (ab)):				
					Legal reserve	1,269,836	1	959,239	-
					32001				
					32003	4,356	-	4,392	-
					32005				
					Unappropriated earnings	1,216,195	-	998,697	1
					32500	2,490,387	1	1,962,328	1
					Other equity (notes 6(d) and (aa))				
					90,034			549,052	-
					18,392,018	6	17,598,207	7	
Total assets	\$ 285,062,613	100	270,634,054	100	Total liabilities and equity	\$ 285,062,613	100	270,634,054	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Bank of Panhsin

Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021		2020		Variance
	Amount	%	Amount	%	%
41000 Interest income (notes 6(ad) and 7)	\$ 4,206,664	98	4,063,932	104	4
51000 Less: Interest expense (notes 6(ad) and 7)	<u>1,262,316</u>	<u>29</u>	<u>1,513,834</u>	<u>39</u>	(17)
Net income of interest	2,944,348	69	2,550,098	65	15
Net non-interest income					
49100 Service fees, net (note 6(ae))	989,622	23	896,359	23	10
49200 Gain (loss) on financial asset or liabilities at fair value through profit or loss (note 6(af))	24,304	1	44,201	1	(45)
49310 Realized gain on financial assets at fair value through other comprehensive income (notes 6(d) and (ag))	146,936	3	281,386	7	(48)
49600 Foreign exchange gain (loss), net	21,572	-	(22,972)	(1)	194
49700 Provision for impairment loss on assets (notes 6(d), (e), (o) and (ah))	(3,001)	-	(33,327)	(1)	91
49750 Investment income under the equity method	47,452	1	70,232	2	(32)
49800 Other non-interest income (loss), net (notes 6(m), (ai) and 7)	3,126	-	(3,730)	-	184
49823 Gain (loss) on disposal of foreclosed assets	(5,333)	-	3,992	-	(234)
49851 Rental income (note 7)	111,497	3	118,902	3	(6)
49863 Net gain on disposal of property (note 6(k))	<u>12,906</u>	<u>-</u>	<u>23,909</u>	<u>1</u>	(46)
Total income	<u>4,293,429</u>	<u>100</u>	<u>3,929,050</u>	<u>100</u>	9
58200 Bad debt expense and reserve for guarantees (notes 6(g), (h), (i), (v) and (aj))	<u>228,455</u>	<u>5</u>	<u>82,147</u>	<u>2</u>	178
Operation expense:					
58500 Employee benefit expense (notes 6(y), (ak) and (al))	1,681,496	39	1,623,566	41	4
59000 Depreciation and amortization expense (notes 6(k), (l), (n) and (am))	359,571	9	368,604	9	(2)
59500 Other general and administrative expense (notes 6(an))	<u>767,165</u>	<u>18</u>	<u>741,681</u>	<u>19</u>	3
Total Expenses	<u>2,808,232</u>	<u>66</u>	<u>2,733,851</u>	<u>69</u>	3
Profit from continuing operations before tax	1,256,742	29	1,113,052	29	13
61003 Less: Income tax expense (note 6(z))	<u>216,813</u>	<u>5</u>	<u>99,524</u>	<u>3</u>	118
Profit	<u>1,039,929</u>	<u>24</u>	<u>1,013,528</u>	<u>26</u>	3
65000 Other comprehensive income:					
65200 Components of other comprehensive income that will not be reclassified to profit or loss (note 6(y))					
65201 Gains (losses) on remeasurements of defined benefit plans	(790)	-	(23,236)	(1)	97
65204 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	114,810	2	67,271	2	71
65220 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>114,020</u>	<u>2</u>	<u>44,035</u>	<u>1</u>	159
65300 Components of other comprehensive income (loss) that will be reclassified to profit or loss (note 6(d))					
65301 Exchange differences on translation of foreign financial statements	(4,372)	-	(18,704)	-	77
65309 Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(359,243)	(8)	168,185	4	(314)
65319 Other components of other comprehensive income that will be reclassified to profit or loss	3,433	-	1,508	-	128
65320 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	<u>(360,182)</u>	<u>(8)</u>	<u>150,989</u>	<u>4</u>	(339)
65000 Other comprehensive income	<u>(246,162)</u>	<u>(6)</u>	<u>195,024</u>	<u>5</u>	(226)
Total comprehensive income	<u>\$ 793,767</u>	<u>18</u>	<u>1,208,552</u>	<u>31</u>	(34)
Earnings per share(expressed in New Taiwan dollars) (note 6(ac)):					
67500 Basic earnings per share	\$ <u>0.66</u>		\$ <u>0.64</u>		
67700 Diluted earnings per share	\$ <u>0.66</u>		\$ <u>0.64</u>		

See accompanying notes to parent company only financial statements.

Statements of Changes in Equity

**For the years ended December 31, 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)**

[illegible]

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
Bank of Panhsin

Statements of Cash Flows

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	2021	2020
Cash flows from (used in) operating activities:		
Income before income tax expense	\$ 1,256,742	1,113,052
Adjustments:		
Adjustments for the effects of non-cash transactions:		
Depreciation expense	333,989	348,636
Amortization expense	53,477	49,503
Provision for bad debt expense, commitment and guarantee liability provision	228,455	82,147
Interest expense	1,262,316	1,513,834
Interest income	(4,206,664)	(4,063,932)
Dividend income	(37,777)	(63,853)
Loss (gain) on disposal for foreclosed collaterals	5,333	(3,992)
Share of profit of subsidiaries	(47,452)	(70,232)
Gain on disposal of property and equipment	(11,718)	(19,487)
Disposal of investment properties	256	-
Impairment loss on financial assets	3,001	2,814
Impairment loss on non-financial assets	-	30,513
Gain on lease modification	(471)	(474)
Total adjustments to reconcile net income	(2,417,255)	(2,194,523)
Changes in operating assets and liabilities:		
Due from Central Bank and call loans to banks	(743,086)	(703,511)
Financial assets at fair value through profit or loss	766,430	(799,283)
Financial assets at fair value through other comprehensive income	7,066,263	(826,822)
Investments in debt instruments measured at amortised cost	(10,543,929)	(1,475,012)
Receivables	1,663,749	(881,532)
Loans and discounts, net	(8,517,516)	(13,258,990)
Other financial assets	(11,712)	(17,033)
Deposits from Central Bank and other banks	(1,259,005)	(291,683)
Financial liabilities at fair value through profit or loss	3,453	635
Payables	(951,375)	808,595
Deposits and remittances	14,117,700	21,960,307
Provision for employee benefit	(953)	(207)
Other liabilities	64,756	19,089
Total net changes in operating assets and liabilities	1,654,775	4,534,553
Total adjustments	(762,480)	2,340,030
Cash inflow (outflow) generated used in operations	494,262	3,453,082
Interest received	4,176,684	4,068,700
Dividends received	90,177	110,921
Interest paid	(1,266,825)	(1,616,483)
Income taxes refund (paid)	(70,872)	8,690
Net Cash flows used inoperating activities	3,423,426	6,024,910
Cash flows from (used in) investing activities:		
Acquisition of property and equipment	(11,367)	(123,027)
Proceeds from disposal of property and equipment	8,258	38,706
Disposal of foreclosed collateral	58,302	175,143
Proceeds from disposal of investment properties	1,634	-
Other assets	(159,412)	(53,646)
Net cash flows from (used in) investing activities	(102,585)	37,176
Cash flows from (used in) financing activities:		
Increase (decrease) in due to Central Bank and other banks	(100,880)	807,240
Proceeds from issuing financial debenture	2,000,000	-
Repayments of financial debenture	-	(3,000,000)
Increase of securities sold under repurchase agreement	(303,733)	(2,862,066)
Payments of lease liabilities	(163,096)	(166,385)
Net cash flows from (used in) financing activities	1,432,291	(5,221,211)
Effect of exchange rate changes on cash and cash equivalents	(4,372)	(18,704)
Net increase (decrease) in cash and cash equivalents	4,748,760	822,171
Cash and cash equivalents at beginning of period	9,570,412	8,748,241
Cash and cash equivalents at end of period	\$ 14,319,172	9,570,412
Composition of cash and cash equivalents:		
Cash and cash equivalents reported in the statement of financial position	\$ 4,438,942	4,520,940
Due from Central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	4,423,593	3,713,437
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	5,456,637	1,336,035
Cash and cash equivalents at end of period	\$ 14,319,172	9,570,412

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

Bank of Panhsin

Notes to the Financial Statements

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Stated)

(1) Company history

Bank of Panhsin (the Bank), formerly named "Pan Chiao Credit Cooperative", was founded on April 25, 1957. Pursuant to an approval granted by the Ministry of Finance, the Bank was re incorporated as a commercial bank on July 8, 1997, and completed the acquisition of "The Fifth Credit Cooperative of Kaohsiung" on September 29, 1997. The Bank obtained a banking license authorized by the Ministry of Finance to operate as a commercial bank on September 30, 1997. In October 1999, the Bank received its trust license from the Ministry of Finance and started operations on November 26 of the same year with capital of \$100 million. On November 27, 2002, the Bank was authorized by the Ministry of Finance to establish an International Banking Department, which started operations on July 7, 2003. Furthermore, the Bank completed the acquisition of The First Credit Cooperative of Chiayi on March 6, 2005, and completed the acquisition of the Ninth Credit Cooperative of Taipei (NCCT) on July 21, 2014.

The Bank was established pursuant to the Banking Law to engage in:

- (a) all commercial banking operations allowed by the Banking Law;
- (b) savings operations;
- (c) trust operations;
- (d) credit card operations;
- (e) trading in government bonds and other debt securities; and
- (f) insurance agent;
- (g) other operations as authorized by the relevant central authority.

On November 14, 2006, the Bank was approved by the Securities and Futures Bureau of the Financial Supervisory Commission, Executive Yuan ("FSC"), to offer its shares publicly.

The Bank's board of director approved the application for operating insurance broker business according to the Regulations Governing Insurance Brokers and conducted a short-form merger with its subsidiary, Panhsin Insurance Broker Co., Ltd., according to the Business Mergers and Acquisitions Act. The Bank is the surviving entity after the merger. The application and the merger were approved by the FSC on May 6, 2016. For the operation of the insurance broker business, the Bank's board of director approved July 1, 2016 as the date of the merger on May 18, 2016.

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issuance by the Bank's Board of Directors on March 30, 2022.

(Continued)

Bank of Panhsin
Notes to the Financial Statements

(3) New standards, amendments and interpretations adopted:

- (a) The impact of adopting the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The details of impact on the Bank’s adoption of the new amendments beginning January 1, 2021 are as follows :

- (i) Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2” (the Phase 2 amendments)

The Bank applied the Phase 2 amendments retrospectively. However, in accordance with the exceptions permitted in the Phase 2 amendments, the Bank has elected not to restate comparatives for the prior periods to reflect the application of these amendments. Since the Bank had no transactions for which the benchmark rate had been replaced with an alternative benchmark rate as of December 31, 2020, there is no impact on its opening equity balances as a result of retrospective application.

The Phase 2 amendments provide practical relief from certain requirements in IFRS Standards. These reliefs relate to modifications of financial instruments and lease contracts or hedging relationships triggered by a replacement of a benchmark interest rate in a contract with a new alternative benchmark rate.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortized cost changed as a result of interest rate benchmark reform, then the Bank will update the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met:

- the change is necessary as a direct consequence of the reform; and
- the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

When changes were made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Bank first updated the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. Thereafter, the Bank will apply policies on accounting for modifications to the additional changes.

The details of the accounting policies are disclosed in Note (ao).

- (ii) Other amendments

The following new amendments, effective January 1, 2021, do not have a significant impact on the Bank’s financial statements:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”

(Continued)

Bank of Panhsin
Notes to the Financial Statements

The Bank has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from April 1, 2021:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

(b) The impact of IFRS issued by the FSC but not yet effective

The Bank assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Bank does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

(4) Summary of significant accounting policies

Significant accounting policies adopted in the financial reports are summarized as below. Unless stated otherwise, they have been applied consistently to all periods in the financial reports.

(a) Statement of compliance

The financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks.

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been mainly prepared on a historical cost basis unless otherwise specified (refer to each accounting policies).

(Continued)

Bank of Panhsin
Notes to the Financial Statements

(ii) Functional currency and presentation currency

The Bank's financial statements are presented in New Taiwan dollars, which is the Bank's functional currency. The assets and liabilities of foreign operations are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Foreign currency transactions

Transactions denominated or settled in foreign currencies are using the spot conversion rate to functional currency on the date of the transaction.

Transactions in foreign currencies are translated to the respective functional currency of the Bank at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, checks for clearing, due from banks, demand deposits, and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of change in value.

(e) Transactions under repurchase/resell agreements

Securities sold/purchased with a commitment to repurchase/resell at a predetermined price are treated as financing transactions. On the selling/purchasing date, these agreements are recognized as securities sold under repurchase agreements or securities purchased under resell agreements. The difference between the cost and the repurchase/resell price is treated as interest expense/revenue and recognized over the term of the agreement.

(f) Financial instruments

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

(Continued)

Bank of Panhsin
Notes to the Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at original cost with accumulated amortization using the effective interest method and adjusted allowance losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

The debt instruments measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. The resulting gain or loss from such fair value remeasurement is recognized directly in other comprehensive income. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. The credit impairment losses recognized before derecognition, interest income and foreign exchange gains and losses deriving from debt investments are recognized in profit or loss. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss.

On initial recognition of an equity investment that is not held-for-trading, the Bank may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

The equity instruments measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. The dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. The resulting gain or loss from such fair value remeasurement is recognized directly in other comprehensive income. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

(Continued)

Bank of Panhsin
Notes to the Financial Statements

Dividend income derived from equity investments is recognized on the date that the Bank's right to receive payments is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including financial assets. On initial recognition, the Bank may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at FVOCI, at FVTPL to eliminate or significantly reduce an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Bank recognizes loss allowances for expected credit losses on financial assets measured at amortized cost, debt investments measured at FVOCI and financing commitments; and on "Loans and receivables" and off-balance-sheet loan assets in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-Performing and Non-Accrued Loans" for the provision of appropriate allowance for loss, guarantee reserve and financing commitment reserve.

The Bank determines whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Bank considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information, and analysis, based on the Bank's historical experience and informed credit assessment, as well as forward-looking information.

Lifetime expected credit loss (ECL) are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Bank is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Bank recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

(Continued)

Bank of Panhsin
Notes to the Financial Statements

Credits deemed as uncollectible are written off upon approval of the board of directors. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Bank transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Bank recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity-unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in realized gain and loss on financial assets measured at fair value through other comprehensive income.

On derecognition of a financial asset other than in its entirety, the Bank allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, is recognized in profit or loss and presented in realized gain and loss on financial assets measured at fair value through other comprehensive income. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Bank are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definition of financial liabilities and equity instruments.

2) Equity instruments

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the cost of issuing.

3) Subsequent measurement

Except for financial liabilities at fair value through profit or loss, all financial liabilities are evaluated by using the amortized cost under the effective interest rate method.

(Continued)

Bank of Panhsin
Notes to the Financial Statements

Financial liabilities at fair value through profit or loss includes financial liabilities held-for-trading and financial liabilities measured at fair value through profit or loss.

Any profit or loss remeasurement from financial liabilities held-for-trading (including any dividend payout or interest expense) are recognized in profit or loss.

The Bank designates its financial liabilities, other than those classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis;
- Performance of the financial liabilities is evaluated on a fair value basis;
- A hybrid instrument contains one or more embedded derivatives.

For financial liabilities measured at fair value through profit or loss, their fair value that changes due to the liabilities that are exposed to credit risk should be recognized under other comprehensive income. The financial liabilities will be reclassified to retained earnings then subsequently reclassified under profit or loss during derecognition. All changes in other fair value (including any dividend payout or interest expense) should be recognized under profit or loss. If, and only if, an accounting mismatch occurs, the changes in fair value shall be accounted as current profit or loss.

4) Derecognition

The difference between the carry amount and the payment (including all transferred non-case assets or liabilities) should be accounted as current profit or loss when derecognizing financial liabilities.

(g) Investments accounted for using equity method, net

In the preparation of the financial statements, if the Bank has control of an investee company, it is accounted for under the equity method. Under the equity method, the net income and total comprehensive income in the financial statements are consistent with the net income and total comprehensive income attributed to the parent company in the consolidated financial report.

Changes in the Bank's ownership interest in a subsidiary that do not result in the Bank losing control of the subsidiary are treated as transactions between owners.

(h) Property and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Major improvements and renewals are capitalized, while repairs and maintenance are charged to current expenses.

When an item of property, plant and equipment consists of different components and the cost of a component is significant relative to the total cost of the item of property, plant and equipment, the component will be depreciated separately.

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Bank of Panhsin
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Depreciation is computed using the straight-line method over service lives estimated as follows: buildings, 7 to 65 years; machinery and equipment, 3 to 13 years; transportation equipment, 3 to 11 years; other equipment, 3 to 16 years; and leasehold improvements, 1 to 11 years.

The depreciation method, useful life, and residual value of an asset shall be reviewed at each financial year-end and adequately adjusted when necessary.

Upon retirement or disposal of property and equipment, the related cost and accumulated depreciation are deducted from the respective accounts, and the related gain or loss is recognized as other noninterest income or loss.

(i) Leases

(i) Identifying a lease

At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(ii) As a lessee

The Bank recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Bank's incremental borrowing rate, and measured at amortized cost using the effective interest method in the subsequent. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank has elected not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value items. The Bank recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a practical expedient, the Company elects not to assess whether all rent concessions that meets all the following conditions are lease modifications or not:

- the rent concessions occurring as a direct consequence of the COVID-19 pandemic;

(Continued)

Bank of Panhsin
Notes to the Financial Statements

- the change in lease payments that resulted in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments that affects only those payments originally due on, or before, June 30, 2021; and
- there is no substantive change in other terms and conditions of the lease.

In accordance with the practical expedient, the effect of the change in the lease liability is reflected in profit or loss in the period in which the event or condition that triggers the rent concession occurs.

(iii) As a lessor

When the Bank acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Bank makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(j) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, or to use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently measured under the cost model, and the depreciation expense is calculated using the depreciable amount. The depreciation method, useful life, and residual amount are the same as those adopted for property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property and any other cost and capitalized borrowing costs that can be directly attributed.

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(k) Intangible assets

(i) Goodwill

Goodwill is measured as an excess of the cost of acquisition over the net fair value of the identifiable assets, liabilities and contingent liabilities acquired on the acquisition date. It is subsequently measured at cost, less, any accumulated impairment losses. To test for impairment, goodwill is allocated to each of the acquirer's cash-generating units, or groups of cash-generating units. If the carrying amount of the unit exceeds the recoverable amount of the unit, the Bank shall recognize the impairment loss. Impairment losses in respect of goodwill are irreversible.

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Notes to the Financial Statements

(ii) Core deposits

Core deposits obtained from acquisition is measured on the fair value of the acquisition date and recorded separately from goodwill. Core deposits are stated at cost, less, accumulated amortization consequently. Amortization is computed using the straight-line method over 19 to 20 years.

(iii) Computer software

Computer software is recorded on the basis of the actual cost of acquisition and amortized using the straight-line method over 3 to 10 years.

(l) Other assets—foreclosed collateral

Foreclosed collateral are initially recognized at the sale price. Any difference from the original value of the loans is recognized as bad debts. Foreclosed assets are remeasured at the net realizable value (NRV) on the reporting date, and recognized impairment losses if sufficient evidence shows the fair value is lower than the book value. Losses or gains on the disposal of foreclosed assets are recorded as other non-interest expense or income, net.

(m) Impairment of non-financial assets

The Bank estimates the recoverable amount (the lower of net fair value and value in use) for assets that have an indication of impairment (individual assets except for goodwill or a cash-generating unit) on the statement of financial position date. An impairment loss is recognized if the carrying amount is higher than the recoverable amount. For assets other than goodwill, reversal of impairment loss is recognized when the recoverable amount of the asset has increased from its prior-period estimation. The carrying amount after the reversal shall not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods. Regardless whether there exists an indication of impairment, goodwill is tested for impairment every year.

(n) Provisions

A provision shall be recognized when a present obligation results from a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. A provision is determined by discounting the expected future cash flow, using a pre-tax discount rate that reflects current market assessments of the time value of money and those risks specific to the liability.

(o) Revenue and expense

Except for financial assets and liabilities reported at fair value through profit or loss, all interest-bearing financial assets and interest-bearing financial liabilities are accrued using the effective interest rate method and are accounted for as interest revenue and interest expense in profit or loss.

Once a financial asset or a group of similar financial assets has been written down as a result of an impairment loss, interest revenue is recognized using the interest rate to discount the future cash flows for the purpose of assessing impairment.

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Commission fee revenue and expense are recognized when loans or other services are provided. Commission fee revenue and expense on significant projects are recognized when the projects are completed.

Commission revenue and fees relating to loan services are amortized over the service periods or included in the effective interest rate for loans and receivables.

(p) Employee benefits

(i) Short-term employee benefits

For short-term employee benefits that are expected to be paid in the near future, the Bank recognized the non-discounted amount as current expenses.

(ii) Termination benefits

Termination benefits are incurred when the Bank terminates employment prior to employees qualifying for retirement, or the employees accepted voluntary redundancy to get termination benefits in return. If termination benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iii) Post-employment benefit plans

Post-employment benefit plans of the Bank are a defined contribution plan and a defined benefit plan.

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

A defined benefit plan is a post-employment benefit plan under which a benefit is paid to an employee on the basis of their age, service period, and salary at the date of retirement.

Costs, including service cost, net interest, and remeasurement, which comprise of the defined benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefit expenses in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets, excluding the amount included in net interest on the net defined liability (asset), are recognized in other comprehensive income in the period occurred. Remeasurement recognized in other comprehensive income is classified under retained earnings and will not be reclassified subsequently to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in the future contributions to the plans.

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Notes to the Financial Statements

(iv) Preferential interest deposits

The Bank provides its employees preferential interest on deposits, including current and retired employees. The difference between the preferential interest rate and the market rate is recorded as an employee benefit.

In accordance with the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, if the preferential interest rate for retired employees exceeds the market rate, when the employees retire, the Bank shall calculate the excess interest using an actuarial method by adopting IAS 19. However the actuarial assumptions shall follow the government's related regulations.

(q) Financial guarantee contracts

Guarantee services are recognized at the fair value when the guarantee services are rendered. The aforementioned fair value is the service charges received when the contracts are signed, since the charges are set at arm's length. Unearned bank charges are recorded as deferred income and recognized as income on a straight-line basis in the contract period.

(r) Income taxes

Income tax expenses include both taxes and deferred taxes. Except for expenses recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases.

Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the period when the asset is realized or the liability is settled, which are normally the tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

- (i) The entity has the legal right to settle tax assets and liabilities on a net basis; and
- (ii) The taxing of deferred tax assets and liabilities fulfills one of the scenarios below:
 - 1) levied by the same taxing authority; or
 - 2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

(Continued)

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Notes to the Financial Statements

A deferred tax asset should be recognized for unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. Such deferred tax assets shall also be reviewed at each reporting date, and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(s) **Business combinations**

The Business Combinations use the acquisition method. The relevant cost of acquisition is recognized as expense during the period year when expense occurred or services provided.

The Bank measures goodwill by the fair value of the transfer consideration, including any amount belonging to non-controlling interests of the acquire, less, net amount of the identifiable assets and undertaking liabilities (used to be identified as fair value). If there is any negative after deduction, the Bank will reassess whether the acquired assets and undertaking liabilities are correctly identified, then will recognize the amount as bargain purchase benefit.

The Bank will recognize the tentative amounts on the reporting date if the evaluation of the identifiable assets and undertaking liabilities has not yet been completed. To reflect the new information or the existing facts on the acquisition date, the Bank will make retroactive adjustment or recognize the additional assets and liability in the measurement period. The measurement period shall not exceed one year after the acquisition date.

(t) **Earnings per share of common stock**

Earnings (loss) per share are computed by dividing net income (loss) divided by the weighted-average number of issued shares of common stock outstanding during the year. The increase in issuance of stock dividends from retained earnings or capital surplus or the decrease in stock by offsetting accumulated deficits is adjusted retroactively. Furthermore, if the designated date of record for a stock dividend is proposed before publishing the financial statements, the earnings per common share are adjusted retroactively. If there is cumulative preferred stock outstanding, preferred stock dividends shall be deducted from net income whether or not dividends are declared.

Stock-based employee bonuses not yet approved by the shareholders' meeting are regarded as potential common stock. The Bank has to disclose basic earnings per share and diluted earnings per share if the increase in potential common stock would dilute earnings per share; otherwise, the Bank only needs to disclose basic earnings per share. The calculation of diluted earnings per share should consider the effect on net income and outstanding potential common stock.

(u) **Operating segments**

An operating segment is a component of the Bank that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Bank). The segment's operating results are reviewed regularly by the Bank's chief operating decision maker to make decisions pertaining to the allocation of resources to the segment and to assess its performance for which discrete financial information is available.

The Bank discloses the operating segment information in the consolidated financial statements and does not disclose the information in the financial statements.

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Bank of Panhsin
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(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The related information of significant impacts on assumptions and estimation uncertainty which may result in adjustments in the upcoming year is as below:

(a) Assessment of financial assets impairment

The Bank recognizes loss allowances for expected credit losses on loans and receivables, debt instruments and financial guarantee contracts. Assessing the expected credit losses relies on the management's assumptions of probability of default (PD) and expected credit loss (ECL). The Bank considers the historical experiences, current market conditions and forward-looking estimation to the input values to be used in determining the impairment loss. The Bank periodically reviews the methods and assumptions behind the amount and schedule of expected credit loss to reduce the difference between expected and actual loss. For the details of the relevant assumptions, please refer to note 6(ao).

(b) Assessment of goodwill impairment

Assessment of goodwill impairment requires the management to make subjective judgments to identify cash-generating units, allocate the goodwill to related cash generating units, and estimate the recoverable amount of related cash generating units. The management of the Bank shall estimate the expected future cash flow from cash generating units and decide a proper discount rate for calculating the present value. If the actual cash flow is less than the expected cash flow, significant impairment losses may incur.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash	\$ 1,797,217	1,895,925
Checks for clearing	929,729	399,376
Due from banks	<u>1,711,996</u>	<u>2,225,639</u>
Total	<u><u>\$ 4,438,942</u></u>	<u><u>4,520,940</u></u>

(Continued)

Bank of Panhsin
Notes to the Financial Statements

Components of cash and cash equivalents are as follows:

	December 31, 2021	December 31, 2020
Cash and cash equivalents reported in the statements of financial position	\$ 4,438,942	4,520,940
Due from Central Bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS 7 (note 6(b))	4,423,593	3,713,437
Securities purchased under resell agreements qualifying as cash and cash equivalents under the definition of IAS 7 (note 6(f))	5,456,637	1,336,035
Cash and cash equivalents at end of period	<u><u>\$ 14,319,172</u></u>	<u><u>9,570,412</u></u>

Analysis of interest rate risk and sensitivity for financial assets and liabilities is disclosed in note 6(ao).

(b) Due from Central Bank and call loans to banks

	December 31, 2021	December 31, 2020
Deposit reserves—account A(including foreign currency)	\$ 3,232,656	3,427,480
Deposit reserves—account B	7,045,111	6,309,497
Call loans to banks	1,190,937	285,957
Checking and settlement account	507,579	500,107
Total	<u><u>\$ 11,976,283</u></u>	<u><u>10,523,041</u></u>

Deposit reserves—account A are calculated at prescribed rates, using the average monthly balances of various deposit accounts, and are appropriated and deposited in the reserve account of the Central Bank of the Republic of China (Taiwan). Deposit reserves—account B are interest-free and can be withdrawn at any time; Deposit reserves—account A are interest-bearing and cannot be withdrawn except for the monthly adjustment to the required reserves permitted by relevant regulations.

Call loans to banks, deposit reserves—account A, due from Central Bank, and highly liquid investments that are readily convertible into known amount of cash and that are subject to insignificant risk of change in value are defined as cash and cash equivalents under IAS 7. The details were as follows:

	December 31, 2021	December 31, 2020
Deposit reserves—account A	\$ 3,232,656	3,427,480
Call loans to banks	1,190,937	285,957
	<u><u>\$ 4,423,593</u></u>	<u><u>3,713,437</u></u>

(Continued)

Bank of Panhsin
Notes to the Financial Statements

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

As of December 31, 2021 and 2020, the financial assets at fair value through profit or loss were as follows:

	December 31, 2021	December 31, 2020
Financial assets mandatorily measured at fair value through profit or loss		
Fixed income	\$ 734,845	1,272,115
Equity securities	20,933	88,877
Beneficiary certificates	165,312	314,161
Derivatives	<u>18,136</u>	<u>30,503</u>
Total	<u><u>\$ 939,226</u></u>	<u><u>1,705,656</u></u>

As of December 31, 2021 and 2020 the financial liabilities at fair value through profit or loss were as follows:

	December 31, 2021	December 31, 2020
Derivatives	<u><u>\$ 8,391</u></u>	<u><u>4,938</u></u>

There were no financial liabilities designated at fair value through profit or loss.

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

	December 31, 2021	December 31, 2020
Investments in debt instruments at fair value through other comprehensive income :		
Government bonds	\$ 7,396,763	14,150,050
Corporate bonds	2,100,015	1,450,009
Financial debenture	553,698	569,989
Revaluation	<u>(101,602)</u>	<u>257,640</u>
Subtotal	<u>9,948,874</u>	<u>16,427,688</u>
Investments in equity instruments measured at fair value through other comprehensive income:		
Listed companies	280,105	1,017,583
Private companies	64,910	60,477
Revaluation	<u>207,900</u>	<u>306,737</u>
Subtotal	<u>552,915</u>	<u>1,384,797</u>
Total	<u><u>\$ 10,501,789</u></u>	<u><u>17,812,485</u></u>

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Bank of Panhsin
Notes to the Financial Statements

- (i) Investments in debt instruments at fair value through other comprehensive income

The Bank assesses that these securities are held within a business model whose objective is achieved by both collecting the contractual cash flows and selling securities.

- (ii) Investment in equity instruments at fair value through other comprehensive income

The purpose of the company holding this kind of assets is for long-term investments, and had been measured at fair value through other comprehensive income.

The Bank sold its investments which were designated as at fair value through other comprehensive income due to assets allocation. The fair value of the disposed investments and the gain on disposal amounted to \$1,332,650 and \$445,649, respectively, for the years ended December 31, 2021 and 2020. Thus, the accumulated gains on disposal were transferred from other equity to retained earnings. \$213,646 and \$39,576, respectively.

The dividend revenue of investment in equity instruments at fair value through other comprehensive income for the years ended December 31, 2021 and 2020 is as follows,

	2021	2020
Derecognize in reporting period	\$ 696	1,227
Holding at the end of reporting date	30,617	48,871
Total	<u>\$ 31,313</u>	<u>50,098</u>

- (iii) Please refer to note 6(ao) for the credit risk (including the impairment of investment in debt instruments) and market risk information.
- (iv) Please refer to note 8 for pledged financial assets measured at fair value through other comprehensive income.
- (v) Impairment loss of debt instruments at fair value through other comprehensive income recognized was as follow:

	2021		
	12-month ECL	Lifetime ECL- not impairment	Lifetime ECL- impairment
Balance at January 1, 2021	\$ 3,794	-	-
Changes due to financial instruments that have been identified at the beginning of the period:			
— The financial assets that have been derecognized	(280)	-	-
Purchased or originated financial assets	2,996	-	-
Foreign exchange and other movements	717	-	-
Balance at December 31, 2021	<u>\$ 7,227</u>	<u>-</u>	<u>-</u>

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Bank of Panhsin
Notes to the Financial Statements

	2020		
	12-month ECL	Lifetime ECL-not impairment	Lifetime ECL-impairment
Balance at January 1, 2020	\$ 2,286	-	-
Changes due to financial instruments that have been identified at the beginning of the period:			
— The financial assets that have been derecognized	(14)	-	-
Foreign exchange and other movements	1,522	-	-
Balance at December 31, 2020	<u>\$ 3,794</u>	<u>-</u>	<u>-</u>

(e) Financial assets at amortized cost

	December 31, 2021	December 31, 2020
Negotiable certificates of deposit	\$ 37,660,000	28,205,000
Foreign bonds	11,316,799	10,227,870
Less: accumulated impairment	(1,307)	(1,739)
Total	<u>\$ 48,975,492</u>	<u>38,431,131</u>

Reversal of (provision for) impairment loss on investments in debt instruments measured at amortized cost recognized was as follow:

	2021		
	12-month ECL	Lifetime ECL-not impairment	Lifetime ECL-impairment
Balance at January 1, 2021	\$ 1,739	-	-
Foreign exchange and other movement	(432)	-	-
Balance at December 31, 2021	<u>\$ 1,307</u>	<u>-</u>	<u>-</u>

	2020		
	12-month ECL	Lifetime ECL-not impairment	Lifetime ECL-impairment
Balance at January 1, 2020	\$ 433	-	-
Purchased or originated financial assets	1,331	-	-
Foreign exchange and other movement	(25)	-	-
Balance at December 31, 2020	<u>\$ 1,739</u>	<u>-</u>	<u>-</u>

The Bank assessed that these financial assets were held-to-maturity to collect the contractual cash flows, which consisted solely of payments of principal and interest on principal amount outstanding.

For securities sold under repurchase agreements, please refer to Note 6 (r) .

Please refer to Note 6 (ao) for the credit risk (including the impairment of investment in debt instruments) and market risk information.

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Notes to the Financial Statements

(f) Securities purchased under resell agreements

December 31, 2021				
	Amount	Contractual repurchase or resell period	Contractual interest rate range (%)	Amount of resell agreements
Securities purchased under resell agreements	\$ <u>5,456,637</u>	2022.1.3 ~2022.1.17	0.33	<u>5,457,360</u>
December 31, 2020				
	Amount	Contractual repurchase or resell period	Contractual interest rate range (%)	Amount of resell agreements
Securities purchased under resell agreements	\$ <u>1,336,035</u>	2021.1.15 ~2021.1.20	0.25~0.30	<u>1,336,213</u>

(g) Receivables, net

	December 31, 2021	December 31, 2020
Interests receivable	\$ 357,495	327,515
Accounts receivable	81,074	86,168
Spot exchange receivable	790	637,253
Acceptance receivable	243,776	812,740
Accrued revenue	17,002	41,531
Dividend receivable	110	1,350
Securities settlement receivable	79,378	515,755
Other receivables	<u>51,591</u>	<u>44,827</u>
Total	831,216	2,467,139
Less: allowance for interests receivable	(7,915)	(5,901)
allowance for acceptance receivable	(14,209)	(12,645)
allowance for other receivable	<u>(6,042)</u>	<u>(2,966)</u>
	<u>\$ 803,050</u>	<u>2,445,627</u>

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Bank of Panhsin **Notes to the Financial Statements**

For the years ended December 31, 2021 and 2020, changes in allowance for receivables was as follows:

	2021						Total
	12-month ECL	Lifetime ECL	Lifetime ECL (Not purchased or originated credit-impaired financial assets)	Lifetime ECL (Purchased or originated credit-impaired financial assets)	The provision of impairment in accordance with IFRS 9	Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing/ Non-accrual Loans"	
Beginning balance	\$ 11,945	3,299	487	-	15,731	5,781	21,512
Changes due to financial instruments that have been identified at the beginning of the period:							
— Transfer to lifetime ECL	(1)	11	(10)	-	-	-	-
— Transfer to credit-impaired financial assets	(2)	(2)	4	-	-	-	-
— Transfer to 12-month ECL	10	(3)	(7)	-	-	-	-
— The financial assets that have been derecognized	(11,587)	(13)	(143)	-	(11,743)	-	(11,743)
New financial assets originated or purchased	3,871	11	120	-	4,002	-	4,002
Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing / Non-accrual Loans"	-	-	-	-	-	15,619	15,619
Write-offs	-	-	(914)	-	(914)	-	(914)
Foreign exchange and other movements	(124)	(1,033)	847	-	(310)	-	(310)
Ending balance	<u>\$ 4,112</u>	<u>2,270</u>	<u>384</u>	<u>-</u>	<u>6,766</u>	<u>21,400</u>	<u>28,166</u>
	2020						Total
	12-month ECL	Lifetime ECL	Lifetime ECL (Not purchased or originated credit-impaired financial assets)	Lifetime ECL (Purchased or originated credit-impaired financial assets)	The provision of impairment in accordance with IFRS 9	Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing/ Non-accrual Loans"	
Beginning balance	\$ 6,733	141	1,676	-	8,550	2,497	11,047
Changes due to financial instruments that have been identified at the beginning of the period:							
— Transfer to lifetime ECL	(2)	101	(99)	-	-	-	-
— Transfer to credit-impaired financial assets	(3)	(9)	12	-	-	-	-
— Transfer to 12-month ECL	14	(6)	(8)	-	-	-	-
— The financial assets that have been derecognized	(6,057)	(31)	(656)	-	(6,744)	-	(6,744)
New financial assets originated or purchased	11,671	3,225	27	-	14,923	-	14,923
Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing / Non-accrual Loans"	-	-	-	-	-	3,284	3,284
Write-offs	-	-	(3,490)	-	(3,490)	-	(3,490)
Foreign exchange and other movements	(411)	(122)	3,025	-	2,492	-	2,492
Ending balance	<u>\$ 11,945</u>	<u>3,299</u>	<u>487</u>	<u>-</u>	<u>15,731</u>	<u>5,781</u>	<u>21,512</u>

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Bank of Panhsin
Notes to the Financial Statements

(h) Loans and discounts, net

	December 31, 2021	December 31, 2020
Export bills negotiated and Bills and notes discounted	\$ 96,305	643,103
Short-term loans and overdrafts	63,179,134	65,176,792
Accounts receivable financing	1,458	-
Medium-term loans	83,250,688	72,721,102
Long-term loans	42,866,575	42,256,496
Non-performing loans	402,770	471,725
Subtotal	189,796,930	181,269,218
Less: allowance for doubtful accounts	(2,294,037)	(2,116,769)
	<u><u>\$ 187,502,893</u></u>	<u><u>179,152,449</u></u>

Please refer to note 6(ao) for the industry information.

For the years ended December 31, 2021 and 2020, suspended accrual of interest for all of non-performing loans amounted to \$11,317 and \$17,227, respectively.

For the years ended December 31, 2021 and 2020, changes in allowance for loans and discounts was as follows:

	2021						
	12-month ECL	Lifetime ECL	Lifetime ECL (Not purchased or originated credit-impaired financial assets)	Lifetime ECL (Purchased or originated credit-impaired financial assets)	The provision of impairment in accordance with IFRS 9	Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing/ Non-accrual Loans"	Total
Beginning balance	\$ 663,646	105,980	142,481	-	912,107	1,204,662	2,116,769
Changes due to instruments that have been identified at the beginning of the period:							
—Transfer to lifetime ECL	(1,482)	7,746	(6,264)	-	-		-
—Transfer to credit-impaired financial assets	(4,506)	(1,822)	6,328	-	-		-
—Transfer to 12-month ECL	4,120	(2,414)	(1,706)	-	-		-
—The financial assets that have been derecognized	(355,801)	(15,773)	(29,656)	-	(401,230)		(401,230)
New financial assets originated or purchased	313,442	8,811	18,232	-	340,485		340,485
Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing/ Non-accrual Loans"						450,743	450,743
Write-off	-	-	(180,515)	-	(180,515)		(180,515)
Recoveries	-	-	190,711	-	190,711		190,711
Foreign exchange and other movement	(135,771)	(35,542)	(51,613)	-	(222,926)		(222,926)
Ending balance	<u><u>\$ 483,648</u></u>	<u><u>66,986</u></u>	<u><u>87,998</u></u>	<u><u>-</u></u>	<u><u>638,632</u></u>	<u><u>1,655,405</u></u>	<u><u>2,294,037</u></u>

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Bank of Panhsin
Notes to the Financial Statements

2020						
	12-month ECL	Lifetime ECL	Lifetime ECL (Not purchased or originated credit-impaired financial assets)	Lifetime ECL (Purchased or originated credit-impaired financial assets)	The provision of impairment in accordance with IFRS 9	Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing/ Non-accrual Loans"
Beginning balance	\$ 990,591	110,175	160,017	-	1,260,783	749,654
Changes due to instruments that have been identified at the beginning of the period:						
— Transfer to lifetime ECL	(1,382)	20,595	(19,213)	-	-	-
— Transfer to credit-impaired financial assets	(1,726)	(6,740)	8,466	-	-	-
— Transfer to 12-month ECL	3,183	(2,669)	(514)	-	-	-
— The financial assets that have been derecognized	(569,101)	(20,391)	(39,733)	-	(629,225)	(629,225)
New financial assets originated or purchased	448,756	40,613	21,439	-	510,808	510,808
Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing/ Non-accrual Loans"						455,008
Write-off	-	-	(226,705)	-	(226,705)	(226,705)
Recoveries	-	-	282,098	-	282,098	282,098
Foreign exchange and other movement	(206,675)	(35,603)	(43,374)	-	(285,652)	(285,652)
Ending balance	\$ 663,646	105,980	142,481	-	912,107	1,204,662
						2,116,769

(i) Other financial assets, net

	December 31, 2021	December 31, 2020
Non-performing loans	\$ 43,840	32,128
Less: allowance for doubtful accounts	(32,411)	(23,534)
Total	\$ 11,429	8,594

For the years ended December 31, 2021 and 2020, changes in allowance for Other financial assets was as follows:

2021						
	12-month ECL	Lifetime ECL	Lifetime ECL (Not purchased or originated credit-impaired financial assets)	Lifetime ECL (Purchased or originated credit-impaired financial assets)	The provision of impairment in accordance with IFRS 9	Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing/ Non-accrual Loans"
Beginning balance	\$ -	-	23,534	-	23,534	23,534
New financial assets originated or purchased	-	-	8,877	-	8,877	8,877
Ending balance	\$ -	-	32,411	-	32,411	32,411

2020						
	12-month ECL	Lifetime ECL	Lifetime ECL (Not purchased or originated credit-impaired financial assets)	Lifetime ECL (Purchased or originated credit-impaired financial assets)	The provision of impairment in accordance with IFRS 9	Additional provision of impairment in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non- accrual Loans
Beginning balance	\$ -	-	15,095	-	15,095	15,095
New financial assets originated or purchased	-	-	8,439	-	8,439	8,439
Ending balance	\$ -	-	23,534	-	23,534	23,534

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Bank of Panhsin
Notes to the Financial Statements

(j) Investments accounted for using equity method, net

As of December 31, 2021 and 2020, details of investments accounted for using the equity method were as follows:

December 31, 2021			
	Percentage of ownership (%)	Investment Cost	Amount
Subsidiaries			
Panhsin Asset Management Co., Ltd.	100.00	\$ 488,000	626,974
Panhsin International Leasing Co., Ltd.	100.00	350,000	397,739
		\$ 838,000	1,024,713
December 31, 2020			
	Percentage of ownership (%)	Investment Cost	Amount
Subsidiaries			
Panhsin Asset Management Co., Ltd.	100.00	\$ 488,000	634,687
Panhsin International Leasing Co., Ltd.	100.00	350,000	393,734
		\$ 838,000	1,028,421

(k) Property and equipment, net

December 31, 2021	Cost	Accumulated depreciation	Net
Land	\$ 4,815,430	-	4,815,430
Buildings	2,320,155	(431,847)	1,888,308
Machinery and equipment	355,662	(268,439)	87,223
Transportation equipment	129,595	(96,618)	32,977
Other equipment	747,992	(635,797)	112,195
Leasehold improvements	285,972	(257,856)	28,116
Construction in progress	16,918	-	16,918
Total	\$ 8,671,724	(1,690,557)	6,981,167

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Bank of Panhsin
Notes to the Financial Statements

December 31, 2020	Cost	Accumulated depreciation	Net
Land	\$ 4,774,388	-	4,774,388
Buildings	2,112,576	(380,984)	1,731,592
Machinery and equipment	363,986	(254,414)	109,572
Transportation equipment	130,118	(93,837)	36,281
Other equipment	745,209	(600,256)	144,953
Leasehold improvements	273,663	(240,450)	33,213
Construction in progress	115,958	-	115,958
Total	\$ 8,515,898	(1,569,941)	6,945,957

Movements of cost were as below:

	January 1, 2021	Additions	Disposals or retirements	Other (note 1)	December 31, 2021
Land	\$ 4,774,388	-	(9,542)	50,584	4,815,430
Buildings	2,112,576	264	-	207,315	2,320,155
Machinery and equipment	363,986	-	(20,901)	12,577	355,662
Transportation equipment	130,118	-	(9,060)	8,537	129,595
Other equipment	745,209	-	(3,879)	6,662	747,992
Leasehold improvements	273,663	-	-	12,309	285,972
Construction in progress	115,958	11,103	-	(110,143)	16,918
Total	\$ 8,515,898	11,367	(43,382)	187,841	8,671,724

	January 1, 2020	Additions	Disposals or retirements	Other (note 2)	December 31, 2020
Land	\$ 4,742,994	-	(18,422)	49,816	4,774,388
Buildings	2,129,854	-	(17,278)	-	2,112,576
Machinery and equipment	377,308	-	(25,312)	11,990	363,986
Transportation equipment	128,044	-	(6,308)	8,382	130,118
Other equipment	739,737	2,419	(3,054)	6,107	745,209
Leasehold improvements	272,768	9,147	(8,252)	-	273,663
Construction in progress	4,497	111,461	-	-	115,958
Total	\$ 8,395,202	123,027	(78,626)	76,295	8,515,898

Note: 1) Reclassification from other assets— prepayments, buildings under investment properties and land under investment properties amounting to \$27,156, \$110,101 and \$50,584, respectively.

2) Reclassification from other assets— prepayments, land under investment properties amounting to \$26,479 and \$(49,816) respectively.

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Bank of Panhsin
Notes to the Financial Statements

Movements of accumulated depreciation were as below:

	January 1, 2021	Additions	Disposals or retirements	Other (note 3)	December 31, 2021
Buildings	\$ 380,984	37,429	-	13,434	431,847
Machinery and equipment	254,414	34,198	(20,173)	-	268,439
Transportation equipment	93,837	11,488	(8,707)	-	96,618
Other equipment	600,256	39,047	(3,506)	-	635,797
Leasehold improvements	240,450	17,406	-	-	257,856
Total	<u>\$ 1,569,941</u>	<u>139,568</u>	<u>(32,386)</u>	<u>13,434</u>	<u>1,690,557</u>

	January 1, 2020	Additions	Disposals or retirements	Other	December 31, 2020
Buildings	\$ 354,368	34,092	(7,476)	-	380,984
Machinery and equipment	239,878	36,183	(21,647)	-	254,414
Transportation equipment	87,612	11,129	(4,904)	-	93,837
Other equipment	555,085	47,843	(2,672)	-	600,256
Leasehold improvements	227,653	21,048	(8,251)	-	240,450
Total	<u>\$ 1,464,596</u>	<u>150,295</u>	<u>(44,950)</u>	<u>-</u>	<u>1,569,941</u>

Note: 3) Reclassification from investment property of \$13,434.

As of September 9, 2020, the Bank sold its building located at No. 36, Wenchang St., Fengshan Dist., Kaohsiung City, Taiwan (R.O.C.) with the price of \$38,000, resulting in the gain on disposal of the building amounting to \$9,282 to be recognized and the related expense of \$494, which was deducted together with the carrying value.

As of March 28, 2014, the Bank sold the self-owned building, located at No. 330 Zhongzheng Rd., Banqiao Dist., New Taipei City 220, Taiwan (R.O.C.) with the price of \$950,000. Gain on disposal of the building amounting to \$37,615 was recognized after deducting the related expenses of \$495,714 and carrying value. According to the Banking Bureau's letter dated May 15, 2013 (Ref. No. 10200070270), while banks sale and lease back real estates, the gain on property exchange shall be deferred. The gain deferred by the Bank on property exchange for sale and lease back as of December 31, 2021 and 2020, was \$46,983 and \$61,439, respectively, which was recognized as other liabilities-deferred revenue. The realized gain on property exchange for 2021 and 2020, was \$14,456 and \$14,457, respectively, which was recognized as gain on property exchange and other non-interest income-investment property.

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Bank of Panhsin
Notes to the Financial Statements

(I) Right-of-use assets

December 31, 2021	Cost	Accumulated depreciation	Net
Buildings	664,316	(303,892)	360,424
Transportation equipment	21,224	(11,479)	9,745
Other equipment	15,744	(8,024)	7,720
Total	\$ 701,284	(323,395)	377,889

December 31, 2020	Cost	Accumulated depreciation	Net
Buildings	614,409	(236,318)	378,091
Transportation equipment	18,517	(8,859)	9,658
Other equipment	15,744	(4,595)	11,149
Total	\$ 648,670	(249,772)	398,898

Movements of cost were as below:

	January 1, 2021	Additions	Disposals or retirements	December 31, 2021
Buildings	\$ 614,409	152,989	(103,082)	664,316
Transportation equipment	18,517	7,765	(5,058)	21,224
Other equipment	15,744	-	-	15,744
Total	\$ 648,670	160,754	(108,140)	701,284

	January 1, 2020	Additions	Disposals or retirements	December 31, 2020
Buildings	\$ 476,444	205,665	(67,700)	614,409
Transportation equipment	13,460	8,196	(3,139)	18,517
Other equipment	15,155	1,782	(1,193)	15,744
Total	\$ 505,059	215,643	(72,032)	648,670

Movements of accumulated depreciation were as below:

	January 1, 2021	Additions	Disposals or retirements	December 31, 2021
Buildings	\$ 236,318	155,913	(88,339)	303,892
Transportation equipment	8,859	7,184	(4,564)	11,479
Other equipment	4,595	3,429	-	8,024
Total	\$ 249,772	166,526	(92,903)	323,395

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Bank of Panhsin
Notes to the Financial Statements

	January 1, 2020	Additions	Disposals or retirements	December 31, 2020
Buildings	\$ 145,323	158,694	(67,699)	236,318
Transportation equipment	5,368	6,631	(3,140)	8,859
Other equipment	2,307	3,481	(1,193)	4,595
Total	<u>\$ 152,998</u>	<u>168,806</u>	<u>(72,032)</u>	<u>249,772</u>

(m) Investment property, net

December 31, 2021	Cost	Accumulated depreciation	Net
Land	\$ 1,051,343	-	1,051,343
Buildings	1,957,000	(269,191)	1,687,809
Total	<u>\$ 3,008,343</u>	<u>(269,191)</u>	<u>2,739,152</u>

December 31, 2020	Cost	Accumulated depreciation	Net
Land	\$ 1,103,817	-	1,103,817
Buildings	2,067,101	(254,730)	1,812,371
Total	<u>\$ 3,170,918</u>	<u>(254,730)</u>	<u>2,916,188</u>

Movements of cost were as below:

	January 1, 2021	Additions	Disposals or retirements	Reclassification (note 1)	December 31, 2021
Land	\$ 1,103,817	-	(1,890)	(50,584)	1,051,343
Buildings	2,067,101	-	-	(110,101)	1,957,000
Total	<u>\$ 3,170,918</u>	<u>-</u>	<u>(1,890)</u>	<u>(160,685)</u>	<u>3,008,343</u>

	January 1, 2020	Additions	Disposals or retirements	Reclassification (note 2)	December 31, 2020
Land	\$ 1,153,633	-	-	(49,816)	1,103,817
Buildings	2,067,101	-	-	-	2,067,101
Total	<u>\$ 3,220,734</u>	<u>-</u>	<u>-</u>	<u>(49,816)</u>	<u>3,170,918</u>

Note: 1) Reclassification to land under property and equipment amounting to \$50,584 and \$110,101, respectively.

2) Reclassification to land under property and equipment amounting to \$49,816.

(Continued)

Bank of Panhsin
Notes to the Financial Statements

Movements of accumulated depreciation were as follows:

	January 1, 2021	Current increase	Current decrease	Reclassification (note 3)	December 31, 2021
Building	\$ 254,730	27,895	-	(13,434)	269,191
	<u>January 1, 2020</u>	<u>Current increase</u>	<u>Current decrease</u>	<u>Reclassification</u>	<u>December 31, 2020</u>
Building	\$ 225,195	29,535	-	-	254,730

Note: 3) Reclassification to buildings under property and equipment amounting to \$13,434.

According to the evaluation of investment property by external and internal appraisers, the fair value of the investment property held by the Bank as of December 31, 2021 and 2020, was \$6,175,399 and \$6,536,228, respectively. The appraisal approaches including sales comparison approach, income approach, and land development analysis. The fair value hierarchy for input value are level 2 or 3.

The investment properties held by the Bank included commercial real estate leasing to others. Every leasing contract contained originally nonrenewable leasing period. The subsequent leasing periods were negotiated with lessees and there were no contingent rents. Please refer to note 6(ao).

As of December 31, 2021, the investment properties owned by the Bank were not under pledge.

(n) Intangible assets, net

	December 31, 2021	December 31, 2020
Goodwill	\$ 2,197,921	2,197,921
Computer software	158,300	179,187
Core deposits	84,239	91,461
Total	\$ 2,440,460	2,468,569

Goodwill of the Bank arose from acquisition of the outstanding assets and liabilities of The Ninth Credit Cooperative of Taipei, The Fifth Credit Cooperative of Kaohsiung and The First Credit Cooperative of Chiayi.

The bank perform impairment test of goodwill based on projected future cash flow with normal operation situation and business cycle.

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Bank of Panhsin
Notes to the Financial Statements

Movements of intangible assets were as follows:

	January 1, 2021	Additions	Disposals or retirements	Amortization	Other (note 1)	December 31, 2021
Goodwill	\$ 2,197,921	-	-	-	-	2,197,921
Computer software	179,187	-	-	(46,255)	25,368	158,300
Core deposits	91,461	-	-	(7,222)	-	84,239
Total	<u>\$ 2,468,569</u>	<u>-</u>	<u>-</u>	<u>(53,477)</u>	<u>25,368</u>	<u>2,440,460</u>

	January 1, 2020	Additions	Disposals or retirements	Amortization	Other (note 2)	December 31, 2020
Goodwill	\$ 2,197,921	-	-	-	-	2,197,921
Computer software	59,190	-	-	(42,281)	162,278	179,187
Core deposits	98,683	-	-	(7,222)	-	91,461
Total	<u>\$ 2,355,794</u>	<u>-</u>	<u>-</u>	<u>(49,503)</u>	<u>162,278</u>	<u>2,468,569</u>

Note: 1) Reclassification from other assets—prepayments amounting to \$25,368.

2) Reclassification from other assets—prepayments amounting to \$162,278.

(o) Other assets

	December 31, 2021	December 31, 2020
Prepayments	\$ 65,029	44,374
Refundable deposits	545,472	459,239
Foreclosed collateral	-	63,635
Total	<u>\$ 610,501</u>	<u>567,248</u>

Movements of the foreclosed collateral were as follows:

	January 1, 2021	Additions	Disposals or retirements	Reclassification	December 31, 2021
Cost	\$ 103,538	-	(79,544)	-	23,994
Less: Accumulated impairment	39,903	-	(15,909)	-	23,994
Total	<u>\$ 63,635</u>	<u>-</u>	<u>(63,635)</u>	<u>-</u>	<u>-</u>

	January 1, 2020	Additions	Disposals or retirements	Reclassification	December 31, 2020
Cost	\$ 289,903	-	(186,365)	-	103,538
Less: Accumulated impairment	24,604	30,513	(15,214)	-	39,903
Total	<u>\$ 265,299</u>	<u>(30,513)</u>	<u>(171,151)</u>	<u>-</u>	<u>63,635</u>

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Bank of Panhsin
Notes to the Financial Statements

(p) Deposits from Central Bank and other banks

	December 31, 2021	December 31, 2020
Deposits from banks	\$ 548,253	552,198
Deposits transferred from the Post Office	6,900	699,640
Call loans from bank	1,298,635	1,860,955
Total	<u>\$ 1,853,788</u>	<u>3,112,793</u>

(q) Due to Central Bank and other banks

	December 31, 2021	December 31, 2020
Other Due to Central Bank	<u>\$ 706,360</u>	<u>807,240</u>

(r) Securities sold under repurchase agreements

December 31, 2020				
Item	Par Value	Selling price (note)	Designated repurchase amount	Designated repurchase date
Financial assets at amortized cost	<u>\$ 285,080</u>	<u>303,733</u>	<u>304,032</u>	Before February 24, 2021

(s) Payable

	December 31, 2021	December 31, 2020
Accounts payable	\$ 46,828	41,273
Accrued expense	452,691	417,272
Accrued Tax	39,114	38,893
Interest payable	202,174	206,683
Acceptance payable	243,776	812,740
Collection payable	103,881	106,277
Spot exchange payable	930	641,202
Securities settlement payable	4,411	332,289
Other payables	1,058,428	511,532
Total	<u>\$ 2,152,233</u>	<u>3,108,161</u>

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Bank of Panhsin
Notes to the Financial Statements

(t) Deposits and remittances

	December 31, 2021	December 31, 2020
Checking account	\$ 2,173,049	1,959,501
Demand deposits		
Demand deposits	55,297,565	45,129,129
Demand savings deposits	61,329,216	56,695,369
Staff deposits	1,293,353	1,253,322
Subtotal	117,920,134	103,077,820
Time deposits		
Time deposits	35,490,753	36,390,608
Negotiable certificates of deposit	310,900	338,900
Subtotal	35,801,653	36,729,508
Time savings deposits		
Installment savings deposits	82,472	99,780
Non-interest-drawing time savings deposits	13,784,966	14,372,951
Interest-drawing savings deposits	65,485,109	67,309,553
Subtotal	79,352,547	81,782,284
Foreign currency time deposits	19,562,414	17,155,204
Remittances	22,860	10,640
Total	<u>\$ 254,832,657</u>	<u>240,714,957</u>

(u) Financial debentures

Name of bond	During	Interest rate	December 31, 2021	December 31, 2020
The first series of the non-cumulative perpetual subordinate financial debenture in 2016	2016.08.31 (note 1)	Fixed 4.75%	\$ 1,216,000	1,216,000
The second series of the non-cumulative perpetual subordinate financial debenture in 2016	2016.09.30 (note 1)	Fixed 4.75%	410,000	410,000
The first series of the subordinate financial debenture in 2017	2017.03.22~ 2024.03.22	Fixed 2.50%	397,000	397,000
The second series of the subordinate financial debenture in 2017	2017.03.31~ 2024.03.31	Fixed 2.50%	305,000	305,000
The third series of the non-cumulative perpetual subordinate financial debenture in 2017	2017.04.28 (note 1)	Fixed 4.75%	150,000	150,000
The fourth series of the non-cumulative perpetual subordinate financial debenture in 2017	2017.07.21 (note 1)	Fixed 4.75%	133,000	133,000

(Continued)

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Name of bond	During	Interest rate	December 31, 2021	December 31, 2020
The fifth series of the subordinate financial debenture in 2017	2017.11.15~ 2024.11.15	Fixed 2.50%	\$ 700,000	700,000
The first series of the subordinate financial debenture in 2019	2019.06.26~ 2026.06.26	Fixed 2.25%	660,000	660,000
The first series of the subordinate financial debenture in 2021	2021.06.28~ 2028.06.28	Fixed 1.50%	1,000,000	-
The second series of the subordinate financial debenture in 2021	2021.09.29~ 2028.09.29	Fixed 1.50%	1,000,000	-
			<u>\$ 5,971,000</u>	<u>3,971,000</u>

Note 1: No expiration date, five years after the issuance, the Bank could obtain the full amount of interest in advance according to the denomination.

(v) Provisions

	December 31, 2021	December 31, 2020
Employee benefit obligation—pension	\$ 153,679	153,906
Employee benefit obligation—retired employee preferential interest rate deposits	33,976	33,912
Provision for guarantee liabilities	88,031	52,343
Provision for loan commitments	27,920	22,692
Other provisions	10,867	6,845
Provision for decommissioning	<u>17,830</u>	<u>14,860</u>
Total	<u>\$ 332,303</u>	<u>284,558</u>

For the years ended December 31, 2021 and 2020, changes in provision was as follows:

	2021						
	12-month ECL	Lifetime ECL	Lifetime ECL (Not purchased or originated credit-impaired financial assets)	Lifetime ECL (Purchased or originated credit-impaired financial assets)	The provision of impairment in accordance with IFRS 9	Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing/ Non-accrual Loans"	Total
Beginning balance	\$ 39,001	33	-	-	39,034	42,846	81,880
Changes due to instruments that have been identified at the beginning of the period:							
—The financial assets that have been derecognized	(9,926)	(33)	-	-	(9,959)		(9,959)
New financial assets originated or purchased	16,624	2,205	-	-	18,829		18,829
Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing/ Non-accrual Loans"						44,412	44,412
Foreign exchange and other movement	(8,344)	-	-	-	(8,344)		(8,344)
Ending balance	<u>\$ 37,355</u>	<u>2,205</u>	<u>-</u>	<u>-</u>	<u>39,560</u>	<u>87,258</u>	<u>126,818</u>

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Bank of Panhsin
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	2020						
	12-month ECL	Lifetime ECL	Lifetime ECL (Not purchased or originated credit-impaired financial assets)	Lifetime ECL (Purchased or originated credit-impaired financial assets)	The provision of impairment in accordance with IFRS 9	Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing/ Non-accrual Loans"	Total
Beginning balance	\$ 46,988	423	4,943	-	52,354	20,712	73,066
Changes due to instruments that have been identified at the beginning of the period:							
— Transfer to 12-month ECL	373	(373)	-	-	-	-	-
— The financial assets that have been derecognized	(10,384)	(51)	(4,943)	-	(15,378)	-	(15,378)
New financial assets originated or purchased	16,584	34	-	-	16,618	-	16,618
Additional provision of impairment in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal With Non-performing/ Non-accrual Loans"	-	-	-	-	-	22,134	22,134
Foreign exchange and other movement	(14,560)	-	-	-	(14,560)	-	(14,560)
Ending balance	<u>\$ 39,001</u>	<u>33</u>	<u>-</u>	<u>-</u>	<u>39,034</u>	<u>42,846</u>	<u>81,880</u>

(w) Lease liabilities

Amount of lease liabilities was as follows:

	December 31, 2021	December 31, 2020
Lease liabilities	<u>\$ 378,360</u>	<u>399,380</u>

For the maturity analysis, please refer to note 6(ao).

The amounts recognized in profit or loss was as follows:

	2021	2020
Interest on lease liabilities	<u>\$ 10,140</u>	<u>10,145</u>
Variable lease payments not included in the measurement of lease liabilities	<u>\$ 2,806</u>	<u>2,929</u>
Expenses relating to short-term leases	<u>\$ 292</u>	<u>452</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u>\$ 3,279</u>	<u>4,306</u>

The amounts recognized in the statement of cash flows for the Bank was as follows:

	2021	2020
Total cash outflow for leases	<u>\$ 179,613</u>	<u>184,217</u>

(i) Buildings

The Bank leases land and buildings for its branches and parking spaces. The leases typically run for a period of 2 to 9 years.

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Bank of Panhsin
Notes to the Financial Statements

(ii) Others

The Bank also leases transportation equipment and other equipment with contract terms of 1 to 2 years and 4 years, respectively. These leases are short-term and/or leases of low-value items. The Bank has elected not to recognize right-of-use assets and lease liabilities for these leases.

(x) Other liabilities

	December 31, 2021	December 31, 2020
Unearned revenue	\$ 37,223	29,655
Advance interest receipts	93	463
Other advance receipts	3,510	9,988
Guarantee deposits received	145,731	66,520
Deferred revenue	46,983	61,439
Temporary receipts and suspense accounts	11,213	26,388
Total	<u><u>\$ 244,753</u></u>	<u><u>194,453</u></u>

(y) Employee benefits

(i) Defined benefits plan-pension

The present value of defined benefit obligation and the fair value adjustments of the plan assets for the Bank were as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit	\$ 674,956	680,426
Fair value of plan assets obligations	<u>(521,277)</u>	<u>(526,520)</u>
	153,679	153,906
Effect of Asset Ceiling	<u>-</u>	<u>-</u>
Net defined benefit liability (provision-employee benefit obligation—pension)	<u><u>\$ 153,679</u></u>	<u><u>153,906</u></u>

1) Composition of plan assets

The Bank maintains funds for its retirement plan covering all regular employees and recognizing the pension expense based on the actuarial report.

In accordance with the retirement plan, payments of pension benefits are calculated based on the employees' average monthly salary for the last six months prior to their approved retirement and base point (b.p.) entitlement. The b.p. earned by each employee is 2 b.p. for one year of service, and 1 b.p. for the 15th year and thereafter where the maximum b.p. is 45 b.p. The b.p. for employees who rendered services for less than one year and over half year will be 0.5 b.p. and 1 b.p., respectively.

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Bank of Panhsin
Notes to the Financial Statements

Under the Labor Standards Act, the Bank makes monthly contributions of no less than 2% of the gross salary to the employees' pension fund, which is deposited into a designated depository account with Bank of Taiwan. As well, the Bank contributes pension fund at the rate of 3.5% (previously at 4.7% until February 2001) of the monthly payroll to the employees' pension fund administration committee, which is being deposited in the committee's name in the Bank's Operating Department for interest bearing. This pension fund is not reflected in the financial statements.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Bank were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligation at January 1	\$ 680,426	649,835
Current service costs and interest	11,057	13,893
Remeasurements of a net defined benefit (liability) assets		
— Actuarial (losses) gains arising from experience adjustments	4,569	2,895
— Actuarial (losses) gains arising from changes in demographic assumptions	26,824	5,808
— Actuarial (losses) gains arising from changes in financial assumptions	(24,093)	29,036
Benefits paid by the plan	(23,827)	(21,041)
Defined benefit obligation at December 31	<u>\$ 674,956</u>	<u>680,426</u>

3) Movements of the defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Bank were as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets at January 1	\$ 526,520	518,379
Current interest	1,862	4,190
Remeasurements of the net defined benefit (liabilities) assets	6,510	14,503
Return on plan assets (excluding current interest)	10,212	10,489
Benefits paid by the plan	(23,827)	(21,041)
Fair value of plan assets at December 31	<u>\$ 521,277</u>	<u>526,520</u>

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Bank of Panhsin
Notes to the Financial Statements

4) Movements of the effect of the asset ceiling

There were no movements in the effect of the asset ceiling for the Bank in 2021 and 2020.

5) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Bank were as follows:

	<u>2021</u>	<u>2020</u>
Current service costs	\$ 8,676	8,694
Net interests on net defined benefit liabilities (Operation expense)	519	1,009
	<u>\$ 9,195</u>	<u>9,703</u>

6) Net remeasurement of the defined benefits liability recognized in other comprehensive income

The Bank's net remeasurement of the defined benefits liability recognized in other comprehensive income as 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Cumulative amounts at January 1	\$ 57,725	34,489
Recognized during the period	790	23,236
Cumulative amounts at December 31	<u>\$ 58,515</u>	<u>57,725</u>

7) Actuarial assumptions

The following are the Bank's principal actuarial assumptions:

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Managers</u>	<u>Regular employees</u>	<u>Managers</u>	<u>Regular employees</u>
Discount rate	0.75 %	0.75 %	0.35 %	0.35 %
Future salary increase	2.00 %	2.00 %	2.00 %	2.00 %

The Bank expected the contributions of \$10,212 to be paid to its benefit plans within a year after the reporting date in 2021.

As of December 31, 2021, the weighted average durations for managers and regular employees based on the defined benefit plan were 8 and 9 years, respectively.

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Bank of Panhsin
Notes to the Financial Statements

8) Sensitivity analysis for actuarial assumption

When calculating the present value of the defined benefit obligations, the Bank uses judgments and estimations to determine the actuarial assumptions, including discount rates and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

As of December 31, 2021 and 2020, the effect of changes in actuarial assumption on the present value of the defined benefit obligation was as follows:

	The effect of defined benefit obligation	
	Increase%	Decrease%
At December 31, 2021		
Discount rate (changes 0.25%)	(2.27)%	2.35 %
Future salary increase (changes 0.25%)	2.26 %	(2.19)%
At December 31, 2020		
Discount rate (changes 0.25%)	(2.41)%	2.50 %
Future salary increase (changes 0.25%)	2.39 %	(2.32)%

The above sensitivity analysis is analyzed based on the effect of changes in a single assumption under the condition that other assumptions remain constant. In practice, many changes in assumptions may be correlative. The method used for sensitivity analysis and the calculation of the net pension liability are the same.

The method used for measurement and the assumption used for sensitivity analysis are the same with those of the previous years.

(ii) Defined benefit plans—retired employee preferential interest rate deposits

The present value of the defined benefit obligations and the fair value of the plan assets of the Bank were as follows:

	December 31, 2021	December 31, 2020
Present value of the defined benefit	\$ 33,976	33,912
Fair value of plan asset obligations	-	-
	33,976	33,912
Effect of Asset Ceiling	-	-
Net defined benefit liabilities (provisions-employee benefit obligations—retired employee preferential interest rate deposits)	<u>\$ 33,976</u>	<u>33,912</u>

(Continued)

Bank of Panhsin
Notes to the Financial Statements

1) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Bank were as follows:

	<u>2021</u>	<u>2020</u>
Current service costs (as costs recognized for the preferential interest rate deposit plan)	\$ <u>64</u>	<u>579</u>

2) Actuarial assumptions

Actuarial assumptions used for the preferential interest rate deposit plan of the Bank were as follows:

	<u>2021</u>	<u>2020</u>
Discount rates	4.00 %	4.00 %
Returns on fund deposits	2.00 %	2.00 %
Withdrawal rates	1.00 %	1.00 %
Possibility of changes in the preferential deposit plan	50.00 %	50.00 %
Preferential interests	3.82 %	3.82 %

(iii) Defined contribution plans

The Bank allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Bank allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

The Bank's pension costs under the defined contribution method were \$52,627 and \$51,277 for the years ended December 31, 2021 and 2020, respectively. Payment was made to the Bureau of Labor Insurance.

(z) Income tax

(i) The income tax expenses for the years ended December 31, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Income tax expense	\$ 126,988	51,428
Deferred income tax expense	<u>89,825</u>	<u>48,096</u>
Income tax expense	<u>\$ 216,813</u>	<u>99,524</u>

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Bank of Panhsin
Notes to the Financial Statements

Reconciliation of income tax and profit before tax for the years ended December 31, 2021 and 2020 was follows:

	2021	2020
Profit before tax	<u>\$ 1,256,742</u>	<u>1,113,052</u>
Income tax at statutory rate	\$ 251,348	222,610
Income of OBU exempt from tax	(109,144)	(113,005)
Investment income under the equity method	(9,490)	(14,046)
Dealing gain from securities trading, net	(73,345)	(22,213)
Dividend income	(6,585)	(10,910)
Adjustment of prior year's tax	27,856	3,488
Basic income tax	100,026	48,891
Unrecognized deferred tax assets for tax loss carryforward	-	(2,582)
Other	<u>36,147</u>	<u>(12,709)</u>
Income tax expense	<u>\$ 216,813</u>	<u>99,524</u>

(ii) Deferred tax assets and liabilities

1) Recognized deferred tax assets and liabilities

The movements of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020, were as follows:

Deferred Tax Liabilities:

	Operating leases	Land incremental tax	Total
December 31, 2021 (As of December 31 and January 1, 2020)	<u>\$ 3,538</u>	<u>105,285</u>	<u>108,823</u>

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Notes to the Financial Statements

Deferred Tax Assets:

	Defined benefit plan	Allowance for bad debts in excess of limit	Tax loss	Others	Total
January 1, 2021	\$ 40,970	166,021	152,352	13,472	372,815
Recognized in profit or loss	(203)	-	(89,413)	(209)	(89,825)
December 31, 2021	<u>\$ 40,767</u>	<u>166,021</u>	<u>62,939</u>	<u>13,263</u>	<u>282,990</u>
January 1, 2020	\$ 41,127	166,021	200,096	13,667	420,911
Recognized in profit or loss	(157)	-	(47,744)	(195)	(48,096)
December 31, 2020	<u>\$ 40,970</u>	<u>166,021</u>	<u>152,352</u>	<u>13,472</u>	<u>372,815</u>

As of December 31, 2021, the amounts, of unutilized losses and the years of expiry were as follows:

Year of net loss	Recognized unutilized losses	Expiry year
2017	<u>\$ 314,693</u>	2027

(iii) Examined status

The Banks' tax returns were examined by the tax authorities for all years through 2019.

(aa) Equity

(i) Capital stock

As of December 31, 2021 and 2020 the Bank's authorized capital and issued capital were \$18,000,000, and paid-in capital for common stock was \$15,811,553 and \$15,086,827, respectively.

Following the resolution of shareholders' meeting held on July 15, 2021, the Bank decided a capital increase of 72,473 thousand common stocks to be issued at NT\$10 per share from the retained earnings amounting to \$724,726, with October 25, 2021 as its issuance date for capital increase. The bank had completed the registration.

Following the resolution of shareholders' meeting held on June 24, 2020, the Bank decided a capital increase of 64,028 thousand common stocks to be issued at NT\$10 per share from the retained earnings amounting to \$640,284, with August 17, 2020 as its issuance date for capital increase. The bank had completed the registration.

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Notes to the Financial Statements

Pursuant to the Company Act, realized capital surplus should be used initially to cover the deficit (or a loss), and the balance, if any, can be transferred to capital or distributed as case dividend. Also, realized capital surplus includes premium income derived from the issuance of new shares and endowments received by the Bank. According to the Regulation Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital surplus used to increase capital shall not exceed 10% of the total paid-in capital.

(ii) Capital surplus

The balance of capital surplus was as follows:

	December 31, 2021	December 31, 2020
Other	\$ <u>44</u>	<u>-</u>

(iii) Changes in the Bank's other equity interest were as below:

	Foreign currency translation difference for foreign operations	Gains (losses) on financial assets measured at fair value through other comprehensive income	Total
January 1, 2021	\$ (19,119)	568,171	549,052
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	(125,377)	(125,377)
Reclassified accumulated profit (loss) to profit or loss on disposal of investments in debt instruments measured at fair value through other comprehensive income	-	(115,623)	(115,623)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(213,646)	(213,646)
Foreign currency translation differences for foreign operations	(4,372)	-	(4,372)
December 31, 2021	\$ <u>(23,491)</u>	<u>113,525</u>	<u>90,034</u>
January 1, 2020	\$ (415)	370,783	370,368
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	-	468,252	468,252
Reclassified accumulated profit (loss) to profit or loss on disposal of investments in debt instruments measured at fair value through other comprehensive income	-	(231,288)	(231,288)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(39,576)	(39,576)
Foreign currency translation differences for foreign operations	(18,704)	-	(18,704)
December 31, 2020	\$ <u>(19,119)</u>	<u>568,171</u>	<u>549,052</u>

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Notes to the Financial Statements

(ab) Restrictions on legal reserve and appropriation of retained earnings

The ROC Company Act stipulates that when a company incurs no loss, it may, pursuant to a resolution to be adopted by the shareholders' meeting as required, distribute its legal reserve by issuing new shares or distributing cash. Only the portion of legal reserve which exceeds 25% of the issued share capital may be distributed. However, according to the Bank Act of the Republic of China, unless and until the accumulated legal reserve equals the bank's paid-in capital, the maximum cash profit which may be distributed shall not exceed 15% of the bank's paid-in capital.

According to the Bank's Articles of Incorporation, any annual earnings of the Bank shall first be used to pay income tax and offset any deficits, after which, 30% of the remaining earnings, as well as the special reserve, shall be provided as legal reserve. Afterwards, the board of directors may propose during shareholders' meeting to distribute the remaining, along with previous years' accumulated undistributed surplus earnings, as dividends among the shareholders.

In accordance with Ruling No. 10510001510 issued by the FSC on May 25, 2016, a special reserve accounted for 0.5% to 1.0% of the Bank's annual earnings should be made when making the appropriations of earnings from 2016 to 2018 to cope with the staff transformation due to financial technology development. The Bank may reverse the special reserve at the same amount with the actual spending on transitioning or settling of its employees beginning 2017. On June 24, 2020 and June 18, 2019, the shareholders' meetings resolved to reverse and appropriate the reserve amounting to \$36 and \$67, respectively.

The 2021 retained earnings to be distributed as stock dividends and cash dividends amounting to \$827,629 and \$23,717, at par values of NTD0.52 and NTD0.015 per share, respectively, had been proposed by the board at the shareholders' meeting held on March 30, 2022 for approval.

The 2020 retained earnings distributed as stock dividends amounting to \$724,726, at a par value of NTD0.48 per share, had been approved during the shareholders' meeting held on March 17, 2021.

The 2019 retained earnings distributed as stock dividends amounting to \$640,284, at a par value of NTD0.44 per share, had been approved during the shareholders' meeting held on June 24, 2020.

The related information on earnings distribution approved at the shareholders' meeting and board meeting is available on the Market Observation Post System Website.

(ac) Earnings per share

The basic earnings per share of the Bank for the years ended December 31, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Basic earnings per share		
Net income attributable to ordinary shareholders of the Bank	\$ <u><u>1,039,929</u></u>	<u><u>1,013,528</u></u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u><u>1,581,155</u></u>	<u><u>1,581,155</u></u>
Basic earnings per share (in New Taiwan dollars)	\$ <u><u>0.66</u></u>	<u><u>0.64</u></u>

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Bank of Panhsin
Notes to the Financial Statements

	<u>2021</u>	<u>2020</u>
Diluted earnings per share		
Net income for calculating diluted earnings per share	\$ <u>1,039,929</u>	<u>1,013,528</u>
Weighted-average number of thousand ordinary shares outstanding	1,581,155	1,581,155
Influence of potentially dilutives shares		
Conversion of convertible compensation	<u>2,633</u>	<u>2,358</u>
Weighted-average number of ordinary shares outstanding (in thousands)	<u>1,583,788</u>	<u>1,583,513</u>
Diluted earnings per share (in New Taiwan dollars)	\$ <u>0.66</u>	<u>0.64</u>
(ad) Net interest income		
	<u>2021</u>	<u>2020</u>
Interest income		
Loans and discounts	\$ 3,702,050	3,556,124
Deposit reserves from Central Bank	18,748	19,938
Due from banks and call loans to banks	4,157	10,304
Investment in securities	437,889	435,677
Others	<u>43,820</u>	<u>41,889</u>
Subtotal	<u>4,206,664</u>	<u>4,063,932</u>
Interest expense		
Deposits from customers	\$ 1,074,995	1,268,146
Due to Central Bank and other banks	23,240	36,231
Securities sold under repurchase agreements	773	20,984
Financial debenture	152,126	177,768
Lease liabilities	10,140	10,145
Others	<u>1,042</u>	<u>560</u>
Subtotal	<u>1,262,316</u>	<u>1,513,834</u>
	<u>\$ 2,944,348</u>	<u>2,550,098</u>

The interest above did not include interest from financial assets or liabilities at fair value through profit or loss.

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Notes to the Financial Statements

(ae) Service fees, net

	<u>2021</u>	<u>2020</u>
Service fee income		
Insurance agent	\$ 280,980	234,155
Agency	7,730	8,815
Loans	336,677	318,731
Trusts	253,918	255,511
Foreign exchange	49,081	44,157
Interbank	21,899	22,397
Guarantee	75,614	47,114
Others	<u>3,700</u>	<u>4,530</u>
Service fee income total	<u>1,029,599</u>	<u>935,410</u>
Service fee expense		
Remittance	4,565	4,313
Custodian	6,088	4,957
Agency	2,094	2,353
Others	7,945	8,858
Trusts	3,219	2,715
Interbank	<u>16,066</u>	<u>15,855</u>
Service fee expense total	<u>39,977</u>	<u>39,051</u>
	<u><u>\$ 989,622</u></u>	<u><u>896,359</u></u>

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

	<u>2021</u>	<u>2020</u>
Gain (loss) on disposal		
Government bonds	\$ (10,037)	12,722
Convertible Bond	4,093	2,260
Beneficiary certificates	(1,660)	498
Equity securities	33,715	(9,878)
Derivatives	<u>20,452</u>	<u>15,397</u>
Subtotal	<u>46,563</u>	<u>20,999</u>

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	<u>2021</u>	<u>2020</u>
Revaluation gains (losses)		
Government bonds	\$ 34	(5,990)
Commercial paper	109	(150)
Beneficiary certificates	(6,419)	7,231
Equity securities	(6,627)	2,363
Derivatives	<u>(15,820)</u>	<u>5,993</u>
Subtotal	<u>(28,723)</u>	<u>9,447</u>
Dividend income and interest income	<u>6,464</u>	<u>13,755</u>
Total	<u><u>\$ 24,304</u></u>	<u><u>44,201</u></u>
(ag) Realized gain on financial assets at fair value through other comprehensive income		
	<u>2021</u>	<u>2020</u>
Gains on disposal of investments in debt instruments	\$ 115,623	231,288
Dividend income	<u>31,313</u>	<u>50,098</u>
	<u><u>\$ 146,936</u></u>	<u><u>281,386</u></u>
(ah) Reversal of (provision for) impairment loss on assets, net		
	<u>2021</u>	<u>2020</u>
Loss on investments in debt instruments at fair value through other comprehensive income	\$ (3,433)	(1,508)
Reversal of (provision for) impairment loss on investments in debt instruments measured at amortized cost	432	(1,306)
Impairment loss of foreclosed collateral	<u>-</u>	<u>(30,513)</u>
	<u><u>\$ (3,001)</u></u>	<u><u>(33,327)</u></u>
(ai) Other non-interest income (loss), net		
	<u>2021</u>	<u>2020</u>
Loss on disposal of assets	(1,444)	(4,422)
Investment property depreciation	(27,895)	(29,535)
Others	<u>32,465</u>	<u>30,227</u>
Total	<u><u>\$ 3,126</u></u>	<u><u>(3,730)</u></u>

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(aj) Bad debt expense and reserve for guarantees

	2021	2020
Loans and discounts	\$ 167,072	50,939
Guarantee liabilities	35,688	16,515
Loan commitments	5,228	(9,081)
Others	4,022	1,380
Receivables	7,568	13,955
Other financial assets	8,877	8,439
Total	<u><u>\$ 228,455</u></u>	<u><u>82,147</u></u>

(ak) Employee benefits expense

	2021	2020
Salary	\$ 1,446,790	1,398,845
Labor and health insurance	115,737	106,469
Pension	61,822	60,980
Others	57,147	57,272
Total	<u><u>\$ 1,681,496</u></u>	<u><u>1,623,566</u></u>

(al) Remuneration to employees and directors

In compliance with the Bank's Articles of Incorporation, annual earnings shall first be offset against any deficit, and then 2% will be distributed as employee remuneration and a maximum of 1% will be allocated as directors' remuneration.

For the years ended December 31, 2021 and 2020, the Bank accrued and recognized the remuneration to its employees amounting to \$25,912 and \$23,061, respectively; and directors amounting to \$12,956 and \$11,531, respectively. The remuneration to employee and directors is based on a percentage of net income before income tax for the given time of the Bank excluding remuneration to employees and directors and cumulative losses, then multiplying the separate parameter in compliance with the Bank's articles. The estimated percentage rates of the remuneration to employees and directors are 2% and 1%, respectively. The remuneration to employee and directors should be reported as operating expenses in the current year. If there are any changes after the reporting date in the following year, the changes would be treated as accounting estimates and recognized in profit or loss. For the year ended December 31, 2019, the Bank accrued and recognized the remuneration to its employees and directors amounting to \$23,061 and \$11,531, respectively. A resolution on the remuneration to the Bank's employees and directors in 2019 was approved during the Board meeting held on March 17, 2021, in which there was no difference between the estimated amount and the actual amount distributed. The information is available at the Market Observation Post System website.

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Bank of Panhsin
Notes to the Financial Statements

(am) Depreciation and amortization expense

	2021	2020
Buildings	\$ 37,429	34,092
Machinery and equipment	34,198	36,183
Transportation equipment	11,488	11,129
Other equipment	39,047	47,843
Leasehold improvement	17,406	21,048
Right-of-use assets	<u>166,526</u>	<u>168,806</u>
Depreciation subtotal	<u>306,094</u>	<u>319,101</u>
Computer software	46,255	42,281
Core deposit	<u>7,222</u>	<u>7,222</u>
Amortization subtotal	<u>53,477</u>	<u>49,503</u>
Total	<u><u>\$ 359,571</u></u>	<u><u>368,604</u></u>

(an) Other general and administrative expense

	2021	2020
Rental and facility	\$ 10,237	7,410
Administrative	299,975	291,521
Marketing	18,882	20,271
Value-added tax	291,722	282,883
Other expense	<u>146,349</u>	<u>139,596</u>
Total	<u><u>\$ 767,165</u></u>	<u><u>741,681</u></u>

(ao) Financial instruments

(i) Methods and assumptions applied to estimate the fair value of financial instruments are summarized as follows:

- 1) The bank measured fair value of short term financial instruments based on book value due to insignificant duration, it believes that book value provides a reasonable basis. The method adopted for the following subjects: Cash and cash equivalents, Due from Central Bank and call loans to banks, Securities purchased under resell agreements, Receivables, Other financial assets, Due to Central Bank and other banks, Securities sold under repurchase agreements, Payables, and Deposits and remittances.

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Bank of Panhsin
Notes to the Financial Statements

- 2) For financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income, the quoted market price is regarded as its fair value. If there is no quoted price for the financial asset, its fair value is estimated on the basis of a valuation technique that refers to quoted prices provided by financial institutions. Estimates and assumptions for a valuation technique used by the Bank are consistent with the information adopted by market participants when pricing the financial instruments and such information is available to the Bank.
- 3) Loans and discounts, and deposits are interest-bearing assets or liabilities; therefore, the book value of both financial assets and liabilities is equivalent to their fair value. The net book value of non-performing accounts, after deducting provision for bad debts, is adopted as their fair value.
- 4) Please refer to note 6(m) for further information of valuation of investment property.
- 5) For valuation of financial debentures, the fair value is the present value of future cash flow. The discount rate is based on the interest rate for loans with similar terms (e.g. maturity date).
- 6) For valuation of derivative instruments with no quoted market prices, the fair value is determined on the basis of the discounted cash flow method.
- 7) The Bank estimated the fair value of each forward contract on the basis of exchange rates quoted by Reuters. The fair value of interest rate swap contracts and cross-currency swap contracts is estimated on the basis of market quotations by Reuters.
- 8) The Bank would calculate its Credit Valuation Adjustment (CVA) by assessing the Probability of Default (PD) and Loss Given Default (LGD) of the counterparty before multiplying the Exposure At Default (EAD) of the counterparty. On the contrary, DVA is computed by applying the PD of the Bank and considering the LGD of the Bank before being multiplied by the amount of the EAD of the Bank.

The Bank adopts IFRS 9 or take any observable data into account to evaluate the probability of impairment and loss rate of allowance for doubtful accounts as the estimates of PD and LGD. In addition, mark to market assessment of a derivative instrument from Over the Counter (OTC) is applied as EAD. For those accounts which have significant increase in credit risk, their CVA will be assessed individually by taking into account their changes of exposures, conditions of collaterals and their probabilities of recovery.

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Bank of Panhsin
Notes to the Financial Statements

- (ii) Information on fair value hierarchy of financial instruments and movement of financial assets measured at fair value classified in Level 3

- 1) The levels of the fair value hierarchy are described below:

- a) Level 1

Fair value measurement for a financial instrument classified in Level 1 is determined as the quoted price for an identical financial instrument in an active market. The definition of active market has all of the following conditions: (1) the products traded in the market are homogeneous, (2) willing parties are available anytime in the market, and (3) price information is available for the public.

- b) Level 2

Fair value measurement for a financial instrument classified in Level 2 is determined as the observable price other than the quoted price in an active market, including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The examples of an observable price are as follows:

- i) The quoted price for an identical financial instrument in an active market means the fair value from the market transaction prices for an identical financial instrument. An identical financial instrument should be determined by its characteristics and terms of transaction. The fair value of a financial instrument has to be adjusted according to the observable market price of the identical financial instrument. The reasons for adjustments include time lag of the occurring market transaction prices for an identical financial instrument (the quoted prices do not represent the fair value at the measurement date), the difference in transaction terms for financial instruments, transaction prices involving related parties, and the correlation between the observable transaction prices of identical financial instruments and the market prices of held financial instruments.
- ii) The quoted market price of the same or identical financial instruments in an inactive market.
- iii) The fair value is estimated on the basis of the results of a valuation technique, and the market inputs used (i.e., interest rate, yield curve, and fluctuation rate) are based on obtainable data from the market (an observable input means an input can be derived from market data and can reflect the expectation of market participants when the inputs are used in evaluating the prices of financial instruments).
- iv) A majority of inputs are derived from observable market data, or the input correlation can be tested based on observable market data.

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c) Level 3

Input for a fair value measurement for a financial instrument classified in Level 3 is not based on obtainable data from market but is based on the assumption in making appropriate estimates and adjustments. If it is not possible to develop a valuation model, quoted price from the counterparty is used as fair value. Certain derivative instruments, and debts investment without an active market of the Bank and its subsidiary's investment, belong to such category.

2) Fair value hierarchy of financial instruments

Fair value measurement for a financial instrument	December 31, 2021				
	Book value	Level 1	Level 2	Level 3	Total
<u>Instruments at fair value</u>					
<u>Instruments at fair value on a recurring basis</u>					
<u>Non-Derivative Financial Instruments</u>					
Assets					
Financial assets at fair value through profit or loss					
Financial assets mandatorily at fair value through profit or loss					
Investment in stocks	\$ 20,933	20,933	-	-	20,933
Investment in bonds	734,845	734,845	-	-	734,845
Investment in beneficiary certificates	165,312	165,312	-	-	165,312
Financial assets at fair value through other comprehensive income					
Investment in stocks	552,915	289,410	-	263,505	552,915
Investment in bonds	9,948,874	2,539,606	7,409,268	-	9,948,874
<u>Derivative Financial Instruments</u>					
Assets					
Financial assets at fair value through profit or loss	\$ 18,136	-	18,136	-	18,136
Liabilities					
Financial liabilities at fair value through profit or loss	8,391	-	8,391	-	8,391

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Fair value measurement for a financial instrument	December 31, 2020				
	Book value	Level 1	Level 2	Level 3	Total
Instruments at fair value					
<u>Instruments at fair value on a recurring basis</u>					
<u>Non-Derivative Financial Instruments</u>					
Assets					
Financial assets at fair value through profit or loss					
Financial assets mandatorily at fair value through profit or loss					
Investment in stocks	\$ 88,877	88,877	-	-	88,877
Investment in bonds	1,272,115	1,272,115	-	-	1,272,115
Investment in beneficiary certificates	314,161	314,161	-	-	314,161
Financial assets at fair value through other comprehensive income					
Investment in stocks	1,384,797	1,096,010	-	288,787	1,384,797
Investment in bonds	16,427,688	11,611,185	4,816,503	-	16,427,688
<u>Derivative Financial Instruments</u>					
Assets					
Financial assets at fair value through profit or loss	\$ 30,503	-	30,503	-	30,503
Liabilities					
Financial liabilities at fair value through profit or loss	4,938	-	4,938	-	4,938

3) Movement of financial assets at fair value classified in Level 3

2021									
Items	Beginning balance	The amount recognized in net income	The amount recognized in other comprehensive income	Increase		Decrease			Ending balance
				Purchase or issue	Transfer into Level 3	Transfer from financial liabilities in Level 3 to financial assets in Level 3	Sale, disposal, or settlement	Transfer out of Level 3	
Financial assets at fair value through other comprehensive income	\$ 288,787	-	(29,715)	4,433	-	-	-	-	263,505

2020									
Items	Beginning balance	The amount recognized in net income	The amount recognized in other comprehensive income	Increase		Decrease			Ending balance
				Purchase or issue	Transfer into Level 3	Transfer from financial liabilities in Level 3 to financial assets in Level 3	Sale, disposal, or settlement	Transfer out of Level 3	
Financial assets at fair value through other comprehensive income	\$ 319,955	-	(41,168)	-	-	-	-	-	288,787

4) There is no transfer between level 1 and level 2 financial instrument measured at fair value for the years ended December 31, 2021 and 2020.

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5) Quantitative information about the significant unobservable inputs in Level 3

Quantitative information about the significant unobservable inputs are as follows:

December 31, 2021			
Items	Valuation techniques	Significant unobservable inputs	Relation ship between the significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income-equities investments in inactive market	Market approach-relevant information generated by listed companies	·Liquidity discount (19.52%~30.00%) ·Multiplier (1.04~2.02)	·The higher the liquidity discount, the lower the fair value. ·The higher the multiplier, the higher the fair value.
"	Income approach	·Discount rate (10.6%)	·The higher the discount rate, the lower the fair value.
"	Income approach	·Perpetual growth rate (1.48%)	·The higher perpetual growth rate, the higher the fair value.
December 31, 2020			
Items	Valuation techniques	Significant unobservable inputs	Relation ship between the significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income-equities investments in inactive market	Market approach-relevant information generated by listed companies	·Liquidity discount (19.75%~30.00%) ·Multiplier (0.92~1.91)	·The higher the liquidity discount, the lower the fair value. ·The higher the multiplier, the higher the fair value.
"	Income approach	·Discount rate (8.30%)	·The higher the discount rate, the lower the fair value.

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Notes to the Financial Statements

December 31, 2020

Items	Valuation techniques	Significant unobservable inputs	Relation ship between the significant unobservable inputs and fair value
Financial assets at fair value through other comprehensive income-equities investments in inactive market	Income approach	Perpetual growth rate (1.45%)	The higher perpetual growth rate, the higher the fair value.

6) Valuation processes for Level 3 fair value measurements

The Bank's Financial Division (the "Division") is responsible for independently verifying fair value, confirming the reasonableness of price provided by third parties.

7) Sensitivity analysis of Level 3 fair value if reasonably possible alternative assumptions are used

			Change in fair value recognize under other comprehensive income	
	Inputs	Variance	Positive	Negative
December 31, 2021				
Financial assets at fair value through other comprehensive income				
Equities investments in inactive market	Liquidity discount	1%	333	(333)
	Multiplier	1%	264	(264)
	Discount rate	1%	15,383	(12,086)
	Perptual growth rate	0.1%	977	(916)
December 31, 2020				
Financial assets measured at fair value through other comprehensive income				
Equities investments in inactive market	Liquidity discount	1%	265	(265)
	Multiplier	1%	209	(209)
	Discount rate	1%	28,976	(21,317)
	Perptual growth rate	0.1%	2,019	(1,959)

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Bank of Panhsin
Notes to the Financial Statements

- (iii) For the years ended December 31, 2021 and 2020, gain (loss) recognized by the Bank from the fair value evaluation of financial instruments by using valuation techniques amounted to \$4,632 and \$21,390, respectively.

- (iv) Offsetting financial assets and financial liabilities

IAS 32 section 42 on "Offsetting financial instruments transaction" is not applicable to the Bank, and the transactions related to financial assets and financial liabilities are not expressed as net value on the balance sheet.

The Bank has no exercisable master netting arrangements or similar agreements (such as repurchase agreement, reverse repurchase and derivatives transaction).

- (v) Financial risk management

The Bank uses risk management with effective risk diversification to meet its business operating targets, to increase its value, and to ensure benefit to its shareholders. The risk management is based on the needs of customers, business development, overall risk tolerance, and regulatory requirements.

To address the interest rate benchmark reform, the Bank has established a LIBOR interest rate benchmark transition team in September 2020. The transition team quarterly reports the international development trend and transition execution progress to the board of directors. After the Bank has assessed its financial and business exposure, only the LIBOR linked foreign currency loans will be affected by the interest rate benchmark reform. In order to control the risk of interest rate benchmark reform, the Bank has implemented the interest rate benchmark reform plan (including the modification of contracts, customer communications, revisions of the internal control policies, changes in system and procedure, and products conversion) which will be completed before the replacement of LIBOR. The Bank has announced the corresponding measures of LIBOR discontinuation and customer equity notification on its official website in October 2021. In addition, the Bank has adopted the TAIFEX3 and interbank offered rates from REUTERS as a benchmark rate for the base rate of its new foreign currency loans for USD and other currencies. The conversion for all related loan system and foreign exchange system have been completed as of the reporting date.

The major risks that the Bank might possibly face are credit risk, market risk, and liquidity risk of items on and off the statements of financial position.

The Bank has established and documented various risk management policies and procedures which have been approved by the board of directors. The board of directors of the Bank has ultimate responsibility for risk management and is responsible for the establishment and effectiveness of operation of risk management. There are a business development committee, credit committee, asset and liability management committee, risk management committee, trust property management committee, human recruitment committee, employee training committee, and information development committee to take charge of business development, business operation, risk controls, etc. The risk management committee is responsible for the principles, policies and targets of the Bank's overall risk control and is also responsible for coordination among committees. Internal control is in charge of the independent check of the risk controls.

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Bank of Panhsin
Notes to the Financial Statements

1) Credit risk

a) Description of credit risk

Credit risk refers to the risk of financial loss of the Bank and its subsidiaries resulting from a borrower failing to meet its contractual obligations due to credit deterioration or other factors (such as an argument between the borrower and a counter-party).

b) Credit risk management policy

The Bank's target is to develop a sound system of credit risk management mechanisms by using effective identification, measurement, communication and reporting, monitoring and management of the various credit risks to control possible credit risk at a tolerable level, to maintain adequate capital, to increase the return on assets after adjustments, to connect the risk level and business strategies, and to achieve the business and operation goals by gradually making transparent, systematizing, and professional the credit risk management.

c) Credit risk management scope

The Bank is engaged in activities on and off the statement of financial position, which would cause (occurred or not yet occurred) credit risk. The activities are the overall credit business, overdue loan business, and use of credit risk mitigation tools (such as the provision of collateral guarantees and hedging) as well as other operations related to the product or parts of the credit risk associated with the activities aforementioned included in the scope of credit risk management mechanisms.

d) Credit risk management procedures

The credit risk management procedures include risk identification, measurement, communication, monitoring, and reporting. To maintain the standard of credit business at a safe and moderate level, to monitor the credit risk, to evaluate new business opportunities, and to identify and manage problems in credit cases, the business department must follow all the procedures of the Bank when conducting business. To ensure credit risk at a tolerable level, each credit case must be authorized by decentralized procedures which include a serious review process to improve the quality of assets, reassessment and an early alarm system after authorizing loans to fully grasp the operating and financial information of the client and the status of the economy, and continuous evaluation and monitoring of changes in credibility to early discover any information which has not been announced publicly and to detect any indication of default risk. Thus, the Bank could control the quality of assets at a tolerable level, balance the risks and profitability, and also improve the business performance and benefit the investors.

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Bank of Panhsin
Notes to the Financial Statements

- e) Determining the credit risk has increased significantly since the initial recognition
- i) At each reporting date, the Bank shall determine whether the credit risk of financial assets has increased significantly since initial recognition and measures loss allowances at an amount equal to lifetime expected credit loss (ECL)
- If one or more of the following conditions are satisfied, the credit risk of financial asset is determined as increased significantly:
1. In accordance with the internal rules of the Bank, wherein the status of the debtor is "Alerts" but no tracking is required.
 2. The status of the debtor is "Normal" and overdue is more than 30 days.
 3. The debtor has reached its overdue and made the repayment 7 days thereafter, through negotiation with the Bank.
 4. TCRI rating of the debtor has dropped two degree (or more), or dropped one degree but with "C" or "D".
- ii) Low credit risk: If the credit risk of a financial instrument is assessed as low, the Bank may consider it as insignificant since initial recognition.
- f) Definition of financial assets being credit impaired
- If one or more of the following conditions are satisfied, the financial asset is determined to be credit impaired:
- i) Status of the debtor is "Overdue" or "Recoverable".
 - ii) The debtor has reached its overdue and made the repayment over 7 days, through negotiation with the Bank.
 - iii) Other special or abnormal condition which is assessed to be listed.
- g) Write-off policies
- The Bank writes-off uncollectable receivables after reporting to the Board. Adjustments for provision were made after recovery of the write-offs.
- h) Measurement of expected credit loss (ECL)
- i) Adopted methods and assumptions
- For financial assets with low credit risk and no significant increase in credit risk since the initial recognition, the 12-month expected credit loss amount is used to measure the allowance loss. For various financial assets that have been significantly increased in credit risk or credit impaired since the initial recognition, the lifetime expected credit loss amount is used to measure the allowance loss.

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To measure the expected credit loss, the Bank considers the borrower's probability of default (PD) for the next 12 months and its lifetime, and then include the loss given default (LGD) multiplied by the exposure at default (EAD), and considers the impact of the time value of money to calculate the expected credit losses for 12 months and lifetime, respectively.

PD is the default probability of the borrower, and LGD is the rate of loss caused by default by the borrower. PD and LGD used in the impairment assessment for various loans businesses of the Bank are calculated after adjusting historical data based on internal historical information (such as credit loss experience) of each combination, and based on the current observable information and forward-looking general economic information.

ii) Consideration of forward-looking information

When the Bank measure ECL in various types of financial assets, it takes into consideration the forward-looking information, performs the forward-looking model estimations based on the nature of loan products, and establishes credit risk link models based on past default rates and overall economic information. The model estimates the relationship between the default rate and the overall economic information, and establishes a model to predict the forecast value of the overall economic information to predict the default rate in the following year. Then, the forward-looking adjustments are applied to the ECL. In principle, the validity of the abovementioned forward-looking model is examined annually.

i) Credit risk hedging policy

i) Strengthening security

Besides strengthening the reviews process, setting risk limits, adjusting credit amounts and conditions, and monitoring loans, the Bank is also increasing the pledged amount and the quality of guarantee to reduce credit risk. Also, the Bank has established standards and measurement, management, and disposal procedures for pledged assets.

ii) Managing credit concentration risk limits and risk management

To avoid the risk of business concentration, the Bank sets limits to its main business by country, by industry, by group, and by individual client each year. The limits are reviewed and updated yearly according to the overall economic environment and industrial development prospects. Transactions are kept within prescribed limits to control the risk of business concentration. In addition, for credit for individual companies and groups, the Bank also sets limits for industries, individuals, related parties, and related companies of the same group. Monthly reporting of changes in circumstances and the credit limits is required to implement the principle of spreading risk to ensure stable operation.

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Notes to the Financial Statements

j) Maximum exposure to credit risk

Without taking any collateral or other credit enhancement mitigation effect into account, the maximum exposure to credit risk of on-balance sheet financial assets is equal to their carrying values and the maximum exposure to credit risk of off-balance sheet financial instruments were as follows:

	December 31, 2021	December 31, 2020
Unused amounts of irrevocable loan commitments	\$ 5,958,307	5,019,689
Unused amount of irrevocable letter of credit	3,339,057	1,691,959
Various guarantee proceeds	8,344,073	4,923,886
Total	<u>\$ 17,641,437</u>	<u>11,635,534</u>

Information on the maximum exposure and impact on financial statements related to on balance sheet and off-balance sheet items held as collateral, master netting arrangement, and other credit enhancements were as follows:

December 31, 2021	Collateral	Master netting arrangement	Other credit enhancement	Total
<u>Items on statement of financial positions</u>				
Loans and discounts	\$ 130,434,939	-	59,361,991	189,796,930
Acceptance receivables	69,120	-	174,656	243,776
<u>Items off statement of financial positions</u>				
Various guarantee proceeds	1,238,968	-	7,105,105	8,344,073
Total	<u>\$ 131,743,027</u>	<u>-</u>	<u>66,641,752</u>	<u>198,384,779</u>

December 31, 2020	Collateral	Master netting arrangement	Other credit enhancement	Total
<u>Items on statement of financial positions</u>				
Loans and discounts	\$ 125,999,092	-	55,270,126	181,269,218
Acceptance receivables	91,221	-	721,519	812,740
<u>Items off statement of financial positions</u>				
Various guarantee proceeds	850,338	-	4,073,548	4,923,886
Total	<u>\$ 126,940,651</u>	<u>-</u>	<u>60,065,193</u>	<u>187,005,844</u>

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Bank of Panhsin
Notes to the Financial Statements

k) The Bank's credit risk concentration

The Bank attaches importance to the principles of credit risk diversification. For extension of credit and investment as a whole, the Bank has no concentration of credit risk on a single customer or counterparty. The Bank's credit exposure arises mainly from business loans based in Taiwan. Thus, there is no breakdown of credit risk by area. Concentration of credit risk by industry and collateral was as follows:

By industry

By industry	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Manufacturing	\$ 24,850,134	13.09	21,423,374	11.82
General businesses	77,276,740	40.72	73,614,459	40.61
Constructions	6,474,135	3.41	5,030,651	2.78
Individuals	64,986,439	34.24	67,723,090	37.36
Others	16,209,482	8.54	13,477,644	7.43
	<u>\$ 189,796,930</u>	<u>100.00</u>	<u>181,269,218</u>	<u>100.00</u>

By collateral

By collateral	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Non-secured	\$ 59,361,991	31.28	55,270,126	30.49
Secured	130,434,939	68.72	125,999,092	69.51
Financial collateral	5,336,658	2.81	3,760,813	2.08
Real estate	112,167,377	59.10	111,507,069	61.51
Guarantee	10,348,138	5.45	9,910,001	5.47
Others	2,582,766	1.36	821,209	0.45
	<u>\$ 189,796,930</u>	<u>100.00</u>	<u>181,269,218</u>	<u>100.00</u>

l) Credit quality and impairment analysis of overdue credit

Due to the high credibility of counterparties, the Bank has assessed the credit risk of the financial assets owned, for example, cash and cash equivalents, due from Central Bank and call loans to banks, financial assets at fair value through profit or loss, securities purchased under resell agreements, refundable deposits, operating deposits and settlement funds, to be low.

Though the financial assets may be overdue when the borrower has temporarily delayed its payment, no impairment has occurred. According to the Bank's policy, no impairment has occurred if the financial assets were less than 90 days overdue, unless, other objective evidence appears.

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Additional credit quality analysis of financial assets was as follows:

i) Credit quality analysis for loans and discounts, and receivables

Name	December 31, 2021									
	12 months			Lifetime (not impaired)			Allowance for			Total
	Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk	High risk	Subtotal	Lifetime (impaired)	
Items on statement of financial position										
Receivables										
Acceptance	\$ 243,776	-	-	243,776	-	-	-	-	-	229,567
Loan interest	206,350	63	105	206,518	15,691	153	280	16,124	1,013	215,740
Others	359,454	2	5	359,461	257	5	6	268	4,056	357,743
Loans and discounts	184,929,931	36,807	43,306	185,010,044	2,962,355	34,562	46,920	3,043,837	1,743,049	187,502,893
Non-accrual loan	-	-	-	-	-	-	-	-	43,840	11,429
	<u>\$ 185,739,511</u>	<u>36,872</u>	<u>43,416</u>	<u>185,819,799</u>	<u>2,978,303</u>	<u>34,720</u>	<u>47,206</u>	<u>3,060,229</u>	<u>1,791,958</u>	<u>188,317,372</u>
Items off statement of financial position										
Guarantees	\$ 7,987,033	-	-	7,987,033	357,040	-	-	357,040	-	8,256,042
Letter of Credit	3,324,260	-	-	3,324,260	14,797	-	-	14,797	-	3,328,190
Loan Commitments	5,958,307	-	-	5,958,307	-	-	-	-	-	5,930,387

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Name	December 31, 2020							Allowance for impairment loss	Total
	12 months			Lifetime (not impaired)			Lifetime (impaired)		
	Low risk	Medium risk	High risk	Subtotal	Low risk	Medium risk			
Items on statement of financial position									
Receivables									
Acceptance	\$ 812,740	-	-	812,740	-	-	-	-	12,645
Loan interest	172,101	262	150	172,513	15,063	108	186	15,357	5,901
Others	1,460,970	-	3	1,460,973	144	9	-	153	2,966
Loans and discounts	177,390,477	116,736	46,810	177,554,023	1,959,179	20,871	29,921	2,009,971	2,116,769
Non-accrual loan	-	-	-	-	-	-	-	-	23,534
	<u>\$ 179,836,288</u>	<u>116,998</u>	<u>46,963</u>	<u>180,000,249</u>	<u>1,974,386</u>	<u>20,988</u>	<u>30,107</u>	<u>2,025,481</u>	<u>2,161,815</u>
Items off statement of financial position									
Guarantees	\$ 4,923,886	-	-	4,923,886	-	-	-	-	52,343
Letter of Credit	1,675,274	-	-	1,675,274	16,685	-	-	16,685	6,845
Loan Commitments	5,019,689	-	-	5,019,689	-	-	-	-	22,692
									4,871,543
									1,685,114
									4,996,997
									181,606,670

(Continued)

Bank of Panhsin
Notes to the Financial Statements

2) Market risk, liquidity risk, and interest rate risk

a) Risk management framework

Market risk, liquidity risk, interest rate risk, and other risks related to daily operations are managed by the Bank.

i) Market risk

This is the risk that market prices of assets go against the position of the Bank. Market prices refer to interest rates, stock prices, foreign exchange rates, and commodity prices.

ii) Liquidity risk

This is the risk that a given security or asset has difficulty in being sold in the market to fulfill financial obligations. This may cause a loss or a capital decrease for the Bank.

iii) Interest risk

This is the risk that an investment's value changes due to a change in interest rates. A change in interest rates can affect net interest income and income from other interest-sensitive assets, and inversely affect the Bank's earnings. Simultaneously, it can also affect the valuation gain or loss on and off the statement of financial position.

b) Risk management process

The Bank's risk management process includes risk identification, measurement, assessment, and reporting. The risks relate to the Bank's trading activities and process, commodity trading, and system. All such risks are managed on a daily basis.

i) Risk identification

1. Market risk

The Bank's sales department and risk management department must understand the sources of market risk, market risk factors, and the aftermath of a market downturn. In addition to understanding the risks mentioned above, the Bank also must know the impacts on the business.

2. Liquidity risk

The Bank's sales department and risk management department must understand that liquidity risk comes from mismatch between assets and liabilities either on or off the statement of financial position.

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Bank of Panhsin
Notes to the Financial Statements

3. Interest rate risk

The Bank's sales department and risk management department must understand that interest rate risk comes from changes in interest rates due to pricing risk, yield curve risk, and basis risk that will have an impact on the Bank's earnings.

ii) Risk assessment and measurement

1. Market risk

The Bank measures market risk, including the level of risk acceptance and the level of concentration. In addition, it follows the capital adequacy rules under the Basel Accords and risk indicators issued by the authority. The Bank does not evaluate the risk with a model due to the simplicity of its business. The Bank evaluates its investment position by the following methods: (1) market prices, (2) prices of other similar assets, or (3) other adequate evaluation methods, which have to be used consistently.

2. Liquidity risk

The Bank assesses for measures liquidity risk by using all liquidity risk indicators, balance sheet mismatch, source of funds, use of funds, line of credit level, and plans for funding in the market.

3. Interest rate risk

The Bank's interest rate risk includes reprising risk, yield curve risk, and basis risk. Methods to assess and measure risk are analyzing (1) the interest sensitivity gap; (2) the capital adequacy ratio; (3) interest rate caps and floors; and (4) the structure of the position concentration ratio.

iii) Risk monitoring and control

The Bank has used several techniques such as credit limitation management, a stop-loss system, transaction quotas, the capital liquidity gap, and the interest sensitivity gap in order to monitor market risk, liquidity risk, and interest rate risk, and has a clear reporting process. Things monitored are the trading unit, financial instruments traded in whole or in part, the liquid reserve ratio, the core deposit ratio, net stable funding ratio, and the ratio of the Bank's interest-rate-sensitive assets to its interest-rate-sensitive liabilities (gap ratio).

(Continued)

Bank of Panhsin
Notes to the Financial Statements

iv) Risk reporting

The Bank has required departments involved in defined market risk, liquidity risk, and interest rate risk in the banking book to submit immediate, daily, or periodic transaction information to the business units. In cases where an overrun or an exception occurs, immediate notification is necessary. The risk management unit is responsible for providing information regarding risk position, the profit and loss situation, usage limits, etc., to the board, Risk Management Committee, and Asset and Liability Management Committee and for providing other appropriate reports and recommendations of the Committees.

c) Maturity analysis of financial assets and financial liabilities

The management policy of the Bank is to match to the contractual maturity profile with the interest rate risk exposures of assets and liabilities and to manage unexpected cash outflow. Because of uncertainty, the maturities did not fully match the interest rates, resulting in gaps that may potentially give rise to gain or loss. The maturity analysis of assets and liabilities was as follows:

December 31, 2021								
Items	0~10 Days	11~30 Days	31~90 Days	91~180 Days	181 Days~ 1 Year	Over 1 Year	Total	
Assets								
Cash and Deposits with other banks	\$ 6,896,176	447,365	937,000	1,009,564	1,921,906	2,560,193	13,772,204	
Securities Investments	3,669,339	20,504,879	-	1,095,000	2,200,280	21,798,325	49,267,823	
Securities purchased under resell agreements	1,228,136	4,228,501	-	-	-	-	5,456,637	
Loans (include NPL)	6,635,627	4,293,261	13,241,217	19,446,248	39,681,892	88,131,694	171,429,939	
Interest Receivables	55,720	119,364	13,583	5,685	8,127	12,040	214,519	
Others	1,003,982	99,457	27,872	11,721	-	3,257,159	4,400,191	
Liabilities								
Deposits from Central Bank and banks	77,173	280	250,180	200,000	27,520	-	555,153	
Demand deposits	887,915	1,775,829	5,327,488	7,991,233	15,982,465	76,759,322	108,724,252	
Time deposits	4,494,777	12,450,495	24,457,020	24,095,214	45,086,070	4,570,625	115,154,201	
Borrowings	-	-	-	-	706,360	5,971,000	6,677,360	
Interest payables	54,053	9,211	32,104	31,833	54,996	4,003	186,200	
Lease liabilities	-	15,478	27,332	33,517	60,879	258,794	396,000	
Others	1,765,911	147,162	367,007	114,215	50,806	453,173	2,898,274	

(Continued)

Bank of Panhsin
Notes to the Financial Statements

December 31, 2020							
Items	0~10 Days	11~30 Days	31~90 Days	91~180 Days	181 Days~ 1 Year	Over 1 Year	Total
Assets							
Cash and Deposits with other banks	\$ 6,323,406	376,677	941,377	956,520	1,760,350	2,157,848	12,516,178
Securities Investments	8,148,363	17,217,129	1,505,312	2,450,487	2,152,847	16,312,659	47,786,797
Securities purchased under resell agreements	-	1,336,035	-	-	-	-	1,336,035
Loans (include NPL)	6,730,739	4,366,771	12,846,468	18,626,237	42,445,903	80,835,997	165,852,115
Interest Receivables	54,462	99,955	29,933	28,796	18,759	2,287	234,192
Others	317,525	4,044	96,478	5,179	63,635	3,421,136	3,907,997
Liabilities							
Deposits from Central Bank and banks	81,118	280	608,840	368,660	192,940	-	1,251,838
Demand deposits	786,226	1,572,451	4,717,354	7,076,031	14,152,062	67,968,406	96,272,530
Time deposits	3,191,904	11,242,957	27,318,487	25,478,354	45,776,060	5,504,029	118,511,791
Borrowing	-	-	-	-	807,240	3,971,000	4,778,240
Interest payables	53,943	12,747	34,199	26,999	51,542	5,582	185,012
Lease liabilities	-	15,452	27,872	41,709	72,623	264,259	421,915
Others	549,743	78,110	380,728	122,301	119,665	673,256	1,923,803

d) **Maturity analysis of items off the statement of financial position**

The table below shows the maturity analysis of the items off the statement of financial position based on the remaining time until the contractual maturity date. For issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be paid at the very beginning of the contract period. The amount disclosed is based on contractual cash flows and may be different from that included in the consolidated statement of financial position.

	December 31, 2021		
	Less than 1 year	Over 1 year	Total
Unused amount of irrevocable loan commitment	\$ 157,750	5,800,557	5,958,307
Unused amount of irrevocable letter of credit	3,284,768	54,289	3,339,057
Various guarantee proceeds	1,804,145	6,539,927	8,344,072
	December 31, 2020		
	Less than 1 year	Over 1 year	Total
Unused amount of irrevocable loan commitment	\$ 419,441	4,600,248	5,019,689
Unused amount of irrevocable letter of credit	1,580,146	111,813	1,691,959
Various guarantee proceeds	749,553	4,174,333	4,923,886

(Continued)

Bank of Panhsin
Notes to the Financial Statements

e) Maturity analysis of lease agreements and capital expenditure

The lease contracts of the Bank are operating leases. The operating lease commitment is the future minimum rental payment under operating leases when the Bank is a lessee or lessor.

The capital expenditure commitment of the Bank is the contractual commitment for obtaining buildings and equipment.

Maturity analysis of lease agreements and capital expenditure is as follows:

December 31, 2021	Less than 1 year	1-5 years	Over 5 years	Total
Lease commitments				
Operating lease income (lessor)	\$ 114,656	225,033	-	339,689

December 31, 2020	Less than 1 year	1-5 years	Over 5 years	Total
Lease commitments				
Operating lease income (lessor)	\$ 108,958	254,451	21,300	384,709

f) Market risk sensitivity analysis

The Bank uses market risk sensitivity as a tool to manage risks. Market risk sensitivity is the change in the value of positions due to the change in specific market risk factors by one unit.

Interest rate sensitivity is the change in the price value of a basis point (PVBp) of future cash flow of the Bank's interest rate product position as the yield curve shifts up by 1.0% on the statement of financial position date.

In addition, the Bank does not have a significant net foreign currency position. Therefore, exchange rate fluctuation will not cause any significant exchange rate risk to the Bank.

Sensitivity analysis is as follows:

Main risk	Name	December 31, 2021		
		Cost/ par value	Amount	
			Equity	Gain or loss
Interest rate risk	Government bonds, corporate bonds, and financial debentures	21,367,275	(539,410)	(608,982)

(Continued)

Bank of Panhsin
Notes to the Financial Statements

Main risk	Name	December 31, 2020		
		Cost/ par value	Amount	
			Equity	Gain or loss
Interest rate risk	Government bonds, corporate bonds, and financial debentures	26,397,918	(940,757)	(635,128)

g) Exchange rate risk

December 31, 2021				
	Foreign currency (thousand dollars)	Exchange rate (dollars)	New Taiwan dollars (thousand dollars)	
Financial assets				
Monetary item				
USD	\$ 557,442	27.6900	15,435,569	
EUR	12,262	31.3312	384,183	
JPY	3,185,717	0.2405	766,165	
HKD	40,000	3.5507	142,028	
CNY	5,000	37.3095	186,548	
SGD	3,023	20.4656	61,868	
CNY	283,361	4.3470	1,231,770	
Financial liabilities				
Monetary item				
USD	\$ 1,005,148	27.6900	27,832,548	
EUR	4,636	31.3312	145,251	
JPY	2,363,644	0.2405	568,456	
HKD	25,932	3.5507	92,077	
AUD	34,643	20.1002	696,331	
GBP	1,123	37.3095	41,899	
CAD	4,089	21.6311	88,450	
CHF	4	30.1930	121	
NZD	2,643	18.8929	49,934	
SGD	94	20.4656	1,924	
ZAR	239,990	1.7351	416,407	
CNY	234,845	4.3470	1,020,871	

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Bank of Panhsin
Notes to the Financial Statements

December 31, 2020			
	Foreign currency (thousand dollars)	Exchange rate (dollars)	New Taiwan dollars (thousand dollars)
Financial assets			
Monetary item			
USD	\$ 497,115	28.5080	14,171,754
EUR	14,666	35.0591	514,177
JPY	259,567	0.2764	71,744
CAD	470	22.3697	10,514
SGD	2,990	21.5823	64,531
CNY	89,882	4.3828	393,935
Financial liabilities			
Monetary item			
USD	\$ 806,248	28.5080	22,984,518
EUR	4,475	35.0591	156,890
JPY	1,292,743	0.2764	357,314
HKD	11,565	3.6775	42,530
AUD	35,628	21.9939	783,599
GBP	667	38.9163	25,957
CAD	3,443	22.3697	77,019
CHF	4	32.3550	129
NZD	2,588	20.6084	53,335
SGD	107	21.5823	2,309
ZAR	215,429	1.9510	420,302
CNY	234,255	4.3828	1,026,693

(Continued)

Bank of Panhsin
Notes to the Financial Statements

h) Capital management

i) Capital management objectives

The capital management objective of the Bank is to have sufficient eligible capital to meet the capital requirements and the minimum legal capital adequacy ratio. The eligible capital and the authorized capital are calculated pursuant to the regulations set by the regulators.

To enable the Bank to have adequate capital to cover various risks, the required capital should be calculated based on the portfolio risk and the risk characteristics that the Bank faces. Optimal allocation of resources can be achieved by regularly reviewing the objectives of capital management.

ii) Capital management procedures

The Bank maintains adequate capital to meet the requirements of the authority and reports to the authority on a quarterly basis.

The Bank's regulatory capital is divided into Tier 1 Capital and Tier 2 Capital following the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

Tier 1 capital includes common equity and additional Tier I capital.

The common equity Tier I capital consists of the common equity that reduces intangible assets, the deferred tax assets due to losses from the previous year, the insufficiency of operation reserves and loan loss provisions, the revaluation surplus of real estate, and the statutory adjustment items calculated in accordance with other rules for calculation methods.

The common equity Tier I capital shall mean the sum of the following items:

1. Common stock and additional paid-in capital in excess of par- common stock
2. Capital collected in advance
3. Capital reserves
4. Statutory surplus reserves
5. Special reserves
6. Accumulated profit or loss
7. Non-controlling interests
8. Other items of interest

(Continued)

Bank of Panhsin
Notes to the Financial Statements

The range of additional Tier I capital shall mean the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation methods.

1. Non-cumulative perpetual preferred stock and its capital stock premium.
2. Non-cumulative perpetual subordinated debts.
3. The additional Tier I capital, which are issued by the Banks' subsidiaries, and are not directly or indirectly held by the Bank.

The range of Tier II capital shall mean the total amount of the following items reduces the total amount of the deductible items in accordance with the rules for calculation methods.

1. Cumulative perpetual preferred stock and its capital stock premium.
2. Cumulative perpetual subordinated debts.
3. Convertible subordinated debts
4. Long-term subordinated debts
5. Non-perpetual preferred stock and its capital stock premium
6. When first time applying International Financial Reporting Standards in real estate and using the fair value or the re-estimated value method as the deemed cost, the difference in amount between the deemed cost and the book value recognized in retained earnings.
7. The 45% of unrealized gains on changes in the fair value of investment properties using fair value method, as well as the 45% of unrealized gains on financial assets measured at fair value through other comprehensive income.
8. Operational reserves and loan-loss provisions.
9. The Tier II capital, which are issued by the Banks' subsidiaries, and are not directly or indirectly held by the Bank.

(Continued)

Bank of Panhsin
Notes to the Financial Statements

The capital adequacy ratios of the Bank and its subsidiaries are disclosed below:

Analysis item			Period-end	December 31, 2021	December 31, 2020
Eligible capital	Common equity			15,376,994	14,157,126
	Additional Tier I capital			1,652,822	1,651,895
	Tier II capital			4,860,729	3,291,959
	Eligible capital			21,890,545	19,100,980
Risk-weighted assets	Credit risk	Standardized approach		172,708,997	162,769,450
		Internal rating-based approach		-	-
		Securitization		-	-
	Operational risk	Basic indicator standardized approach		7,218,638	6,672,588
		Standardized approach / alternative approach		-	-
		Advanced measurement approach		-	-
	Market risk	Standardized approach		455,350	992,363
		Internal model approach		-	-
	Total risk-weighted assets				180,382,985
Capital adequacy ratio				12.14 %	11.21 %
Tier I captial ratio				9.44 %	9.28 %
Common equity Tier I ratio				8.52 %	8.31 %
Leverage ratio				5.65 %	5.61 %

Note: 1. The calculation of eligible capital, risk-weighted assets, and the total amount of risk exposure shall follow the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-Weighted Assets of Banks".

2. The table uses the calculation formulas as follows:

- (1) Eligible capital = common equity + additional Tier I capital + Tier II capital
- (2) Risk-weighted assets = credit risk-weighted assets + (capital requirement for operational risk + capital requirement for market risk) × 12.5
- (3) Capital adequacy ratio = eligible capital / risk-weighted assets
- (4) Common equity Tier I ratio = common equity / total risk-weighted assets
- (5) Tier I capital ratio = (common equity + other Tier I capital) / risk-weighted assets
- (6) Leverage ratio = Tier I capital / total exposure

(Continued)

Bank of Panhsin
Notes to the Financial Statements

(7) Related-party transactions

(a) Name and relationship of related parties

<u>Related parties</u>	<u>Relationship</u>
Panhsin Asset Management Co., Ltd.	Subsidiary
Panhsin International Leasing Co., Ltd.	Subsidiary
Xin Hui Construction Co., Ltd.	Related Party in substance
Cheng Hui Construction Co., Ltd.	Related Party in substance
Da Wang Construction Co., Ltd.	Related Party in substance
Shan Hui Construction Co., Ltd.	Related Party in substance
Other related parties	The board of directors, general manager, vice general manager, and managers of the Bank, and according to IAS 24- Related Party Disclosures, related parties should include: 1. The spouse or a relative within the second degree or closer of the Bank's management. 2. A company's directors, supervisors, and general manager is the same person from the Bank's management and above relatives.

(b) Significant transactions with related parties

(i) Deposits

2021			
<u>Name</u>	<u>Ending balance</u>	<u>Percentage of deposits</u>	<u>Interest rate (%)</u>
Deposits by each related party not over 1% of total deposits	\$ <u><u>1,846,020</u></u>	<u><u>0.72</u></u>	0.01~7.82
2020			
<u>Name</u>	<u>Ending balance</u>	<u>Percentage of deposits</u>	<u>Interest rate (%)</u>
Deposits by each related party not over 1% of total deposits	\$ <u><u>1,407,340</u></u>	<u><u>0.58</u></u>	0.01~7.82

For the years ended December 31, 2021 and 2020, apart from an interest rate limit on staff demand savings deposits of 7.82%, respectively, the interest rates and other terms provided to the above related parties were the same as the terms offered to the general public.

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Bank of Panhsin
Notes to the Financial Statements

For the years ended December 31, 2021 and 2020 interest expense paid on the above deposits was \$5,465 and \$5,524, respectively.

(ii) Loans

2021							
Type of loan	Number of accounts or name of related party	Maximum during the period	Ending balance	Repayment		Collateral	Difference between terms and conditions offered to the accounts and to the general public
				On time	Overdue		
Employee credit loan	31	\$ 94,309	45,867	45,867	-	Real estate	None
Mortgage	13	72,201	65,628	65,628	-	Real estate	None
Others	28	869,566	435,156	435,156	-	Real estate	None
2020							
Type of loan	Number of accounts or name of related party	Maximum during the period	Ending balance	Repayment		Collateral	Difference between terms and conditions offered to the accounts and to the general public
				On time	Overdue		
Employee credit loan	34	\$ 101,315	44,319	44,319	-	Real estate	None
Mortgage	9	37,631	35,049	35,049	-	Real estate	None
Others	27	739,443	376,381	376,381	-	Real estate	None

For the years ended December 31, 2021 and 2020, interest income recognized for the above loans was \$8,043 and \$7,284, respectively.

(iii) Leases

1) As a lesser

Name	Rental income	
	2021	2020
Panshin Asset Management Co., Ltd.	\$ 3,450	3,600

2) As a lessee

Name	Right-of-use assets	
	December 31, 2021	December 31, 2020
Xin Hui Construction Co., Ltd.	\$ 3,049	5,201
Cheng Hui Construction Co., Ltd.	3,049	5,201
Da Wang Construction Co., Ltd.	8,431	11,248
Shan Hui Construction Co., Ltd.	21,912	28,027
Total	\$ 36,441	49,677

(Continued)

Bank of Panhsin
Notes to the Financial Statements

Name	Lease liabilities	
	December 31, 2021	December 31, 2020
Xin Hui Construction Co., Ltd.	\$ 3,168	5,331
Cheng Hui Construction Co., Ltd.	3,168	5,331
Da Wang Construction Co., Ltd.	8,637	11,364
Shan Hui Construction Co., Ltd.	22,239	28,109
Total	<u>\$ 37,212</u>	<u>50,135</u>

Name	Rental expense	
	2021	2020
Xin Hui Construction Co., Ltd.	\$ 2,283	2,283
Cheng Hui Construction Co., Ltd.	2,283	2,283
Da Wang Construction Co., Ltd.	3,043	3,043
Shan Hui Construction Co., Ltd.	6,485	6,485
Total	<u>\$ 14,094</u>	<u>14,094</u>

The leasing contracts between the Bank and the related parties are priced at the market rate, with payment terms based on normal conditions.

(iv) Other

- 1) For the years ended December 31, 2021 and 2020, the details of the Bank's selling a series of subordinated financial debentures to related parties were as follows:

Related party	December 31, 2021		2021
	Ending balance	Interest rate (%)	Interest expense
Other related parties	<u>\$ 50,000</u>	4.75	<u>2,375</u>

Related party	December 31, 2020		2020
	Ending balance	Interest rate (%)	Interest expense
Other related parties	<u>\$ 50,000</u>	4.75	<u>2,696</u>

- 2) Operating income (loss) between related people:

Name	2021	2020
Other revenue		
Panshin Asset Management Co., Ltd.	<u>\$ 19</u>	<u>19</u>

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Bank of Panhsin
Notes to the Financial Statements

(c) Primary management

	2021	2020
Short-term employee benefits	\$ <u>54,000</u>	<u>62,153</u>
Post-employment benefits	\$ <u>717</u>	<u>627</u>

(8) Pledged assets

Pledged assets of the Bank and its subsidiaries were as follows:

Pledged Assets	Pledged for	December 31, 2021	December 31, 2020
Time deposit (recognized in AC)	Foreign currency — denominated overdraft guarantee	\$ 2,000,000	2,000,000
Government bonds (recognized in FVOCI)	Trust fund indenture reserve deposits	50,280	50,855
	Provisional seizure	132,169	115,298
	Operating deposits for trading bills	50,065	50,039
	Settlement operating deposits for trading bonds	10,013	10,008
	Deposits for Taxation Administration, Ministry of Finance	132,171	134,601
Bank savings (recognized in other assets, net)	Settlement deposits for bonds	8,100	8,100
	Deposits for lawsuits	2,223	2,208
	Foreign currency — denominated overdraft guarantee	86,940	-
		<u>\$ 2,471,961</u>	<u>2,371,109</u>

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Bank of Panhsin
Notes to the Financial Statements

(9) Commitments and contingencies

(a) Significant contingent liabilities and unrecognized contract commitments

(i) Significant purchase agreements

December 31, 2021		
Contract name	Contract price	Unpaid portion of contract price
Significant purchase agreements:		
Software system	\$ 61,718	32,802
Hardware equipment	14,414	5,186
Total	<u>\$ 76,132</u>	<u>37,988</u>
December 31, 2020		
Contract name	Contract price	Unpaid portion of contract price
Significant purchase agreements:		
Software system	\$ 41,752	27,042
Computer facilities constructions	117,099	10,440
Total	<u>\$ 158,851</u>	<u>37,482</u>

(ii) For significant leases and capital expenditure, please refer to note 6(ao).

(b) Other

	December 31, 2021	December 31, 2020
Consignment collection for others	\$ 7,616,621	7,862,567
Consignment released and loans for others	1,913,991	1,361,666
Collateral held as performance bond	125	5,720
Custodial securities	130,000	130,000
Trust assets	52,393,725	45,028,029
Total	<u>\$ 62,054,462</u>	<u>54,387,982</u>
Unused amounts of irrevocable loan commitments	<u>\$ 5,958,307</u>	<u>5,019,689</u>
Various guarantee proceeds	<u>\$ 8,344,073</u>	<u>4,923,886</u>
Unused amount of irrevocable letter of credit	<u>\$ 3,339,057</u>	<u>1,691,959</u>

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Bank of Panhsin
Notes to the Financial Statements

- (c) In accordance with local regulations, disclosure of accounts in the statement of financial position and a summary of trust asset items for trust business are as follows:

Trust balance sheet			
December 31, 2021			
Trust assets		Trust liabilities	
Bank deposits	\$ 14,300,827	Management fees payable	314
Investment in bonds	3,065,396	Trust capital—monetary trust	30,774,573
Investment in stocks	2,157,989	Trust capital—securities trust	1,239,932
Investment in funds	14,126,654	Trust capital—real estate	20,057,542
Land	14,658,036	Trust capital—land rights	-
Building	138,576	Net income	844,486
Construction in progress	3,946,247	Unappropriated earnings	(359,712)
Land rights	-	Deferred suspense accounts	(163,410)
Total trust assets	<u>\$ 52,393,725</u>	Total trust liabilities	<u>52,393,725</u>

Trust balance sheet			
December 31, 2020			
Trust assets		Trust liabilities	
Bank deposits	\$ 8,242,244	Management fees payable	323
Investment in bonds	2,349,010	Trust capital—monetary trust	23,003,286
Investment in stocks	1,926,918	Trust capital—securities trust	1,235,020
Investment in funds	13,166,912	Trust capital—real estate	20,484,122
Land	15,465,028	Trust capital—land rights	10,000
Building	45,610	Net income	754,029
Construction in progress	3,822,307	Unappropriated earnings	(312,225)
Land rights	10,000	Deferred suspense accounts	(146,526)
Total trust assets	<u>\$ 45,028,029</u>	Total trust liabilities	<u>45,028,029</u>

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Bank of Panhsin
Notes to the Financial Statements

Trust income statement

	<u>2021</u>	<u>2020</u>
Trust revenue:		
Interest revenue	\$ 95,303	71,488
Realized investment gain—funds	208,817	232,301
Realized investment gain—bonds	17,835	43,032
Realized investment gain—stock	66,413	42,193
Cash dividends revenue	<u>759,771</u>	<u>775,907</u>
Subtotal	<u>1,148,139</u>	<u>1,164,921</u>
Trust expenses:		
Management expenses	17,747	11,734
Trust fees	14,554	13,411
Realized investment loss—funds	257,263	374,111
Realized investment loss—bonds	11,465	4,537
Realized investment loss—stock	2,472	7,011
Other expenses	<u>18</u>	<u>12</u>
Subtotal	<u>303,519</u>	<u>410,816</u>
Net income before income tax	844,620	754,105
Income tax expense	<u>134</u>	<u>76</u>
Net income after income tax	<u><u>\$ 844,486</u></u>	<u><u>754,029</u></u>

Trust asset register

December 31, 2021

<u>Item</u>	<u>Amount</u>
Bank deposits	\$ 14,300,827
Investment in bonds	3,065,396
Investment in stocks	2,157,989
Investment in funds	14,126,654
Land	14,658,036
Building	138,576
Construction in progress	<u>3,946,247</u>
Total	<u><u>\$ 52,393,725</u></u>

(Continued)

Bank of Panhsin
Notes to the Financial Statements

Trust asset register	
December 31, 2020	
Item	Amount
Bank deposits	\$ 8,242,244
Investment in bonds	2,349,010
Investment in stocks	1,926,918
Investment in funds	13,166,912
Land	15,465,028
Building	45,610
Construction in progress	3,822,307
Land rights	10,000
Total	\$ 45,028,029

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: Please refer to note 6(ab) for more details.

(12) Other

- (a) A summary of employee benefit costs, depreciation, depletion and amortization for the years ended December 31, 2021 and 2020 was as follows:

Function Account	2021			2020		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit costs						
Salaries	-	1,408,006	1,408,006	-	1,360,021	1,360,021
Labor and health insurance	-	115,737	115,737	-	106,469	106,469
Pension	-	61,822	61,822	-	60,980	60,980
Remuneration of directors	-	39,832	39,832	-	39,879	39,879
Other personnel expense	-	57,147	57,147	-	57,272	57,272
Depreciation	-	306,094	306,094	-	319,101	319,101
Depletion	-	-	-	-	-	-
Amortization	-	53,477	53,477	-	49,503	49,503

The depreciation expense was \$27,895 and \$29,535 in 2021 and 2020, respectively, and was recorded under other non-interest income, net.

As of December 31, 2021 and 2020, the Bank had 1,466 and 1,466 employees, respectively, excluding 11 and 13 directors, who were non-employees.

(Continued)

Bank of Panhsin
Notes to the Financial Statements

- (b) Supplementary disclosures of asset quality, overdue loans and receivables, concentration of credit extensions, interest rate sensitivity information, profitability, and the structure analysis of assets' and liabilities' time to maturity were as follows:

(i) Asset quality

Period			December 31, 2021				
			Overdue loan amount	Loan balance	Overdue ratio	Allowance for bad debts	Coverage ratio
Corporate banking	Secured		212,020	68,890,057	0.31 %	864,578	407.78 %
	Unsecured		19,831	59,654,664	0.03 %	658,247	3,319.28 %
Consumer banking	Mortgage		82,093	18,947,464	0.43 %	324,810	395.66 %
	Cash card		-	-	- %	-	- %
	Credit loan		906	206,149	0.44 %	6,848	755.85 %
		Secured	89,510	40,291,795	0.22 %	420,034	469.26 %
		Unsecured	-	1,806,801	- %	19,520	- %
Total			404,360	189,796,930	0.21 %	2,294,037	567.33 %
			Overdue	Accounts receivable	Overdue ratio	Allowance for bad debts	Coverage ratio
Credit cards			-	-	- %	-	- %
Without-recourse factoring			-	-	- %	-	- %

Period			December 31, 2020				
			Overdue loan amount	Loan balance	Overdue ratio	Allowance for bad debts	Coverage ratio
Corporate banking	Secured		290,578	61,498,747	0.47 %	801,660	275.88 %
	Unsecured		27,859	55,433,289	0.05 %	494,901	1,776.45 %
Consumer banking	Mortgage		111,264	22,725,664	0.49 %	372,123	334.45 %
	Cash card		-	-	- %	-	- %
	Credit loan		997	258,503	0.39 %	9,712	974.12 %
	Others	Secured	45,680	39,574,973	0.12 %	415,084	908.68 %
		Unsecured	2,746	1,778,042	0.15 %	23,289	848.11 %
Total			479,124	181,269,218	0.26 %	2,116,769	441.80 %
			Overdue	Accounts receivable	Overdue ratio	Allowance for bad debts	Cover rate
Credit cards			-	-	- %	-	- %
Without-recourse factoring			-	-	- %	-	- %

(Continued)

Bank of Panhsin
Notes to the Financial Statements

Exemption from reporting non-performing loans (NPL) and overdue receivables

	December 31, 2021		December 31, 2020	
	Excluded NPL	Excluded overdue receivables	Excluded NPL	Excluded overdue receivables
As a result of debt consultation and loan agreement	7,284	-	11,164	-
As a result of debt solvency and restart plan	4,226	-	7,019	-
Total	11,510	-	18,183	-

(ii) Information on concentration of credit risk

Unit: NTD thousand

December 31, 2021			
Rank	Group company	Outstanding loan	Percentage of net worth (%)
1	A United Group (6429-Activities of Other Holding Companies)	2,061,540	11.21 %
2	B United Group (6499-Other financial service activities)	1,950,000	10.60 %
3	C United Group (4620-Wholesale of Chemical Materials and Chemical Products)	1,620,662	8.81 %
4	D United Group (6811-Real Estate Activities for Sale and Rental with Own or Leased Property)	1,582,080	8.60 %
5	E United Group (2413-Iron and Steel Rolls over Extends and Crowding)	1,569,161	8.53 %
6	F United Group (6811-Real Estate Activities for Sale and Rental with Own or Leased Property)	1,360,814	7.40 %
7	G United Group (6700-Real Estate Development Activities)	1,348,410	7.33 %
8	H United Group (2641-Manufacture of Liquid Crystal Panel and Components)	1,250,923	6.80 %
9	I United Group ((1121-Manufacture of Woren Cotton-type or Woolen-type Fabrics)	1,222,143	6.64 %
10	J United Group (2699-Other Electronic Parts and Components Not Elsewhere Classified)	1,211,493	6.59 %
	Total	15,177,226	

(Continued)

Bank of Panhsin
Notes to the Financial Statements

December 31, 2020			
Rank	Group company	Outstanding loan	Percentage of net worth (%)
1	A United Group (6429-Activities of Other Holding Companies)	2,341,657	13.31 %
2	D United Group (6811-Real Estate Activities for Sale and Rental with Own or Leased Property)	1,766,860	10.04 %
3	I United Group (1121-Manufacture of Woren Cotton-type or Woolen-type Fabrics)	1,569,820	8.92 %
4	B United Group (6499-Other financial service activities)	1,527,780	8.68 %
5	G United Group (6700-Real Estate Development Activities)	1,292,810	7.35 %
6	J United Group (2699-Other Electronic Parts and Components Not Elsewhere Classified)	1,213,481	6.90 %
7	E United Group (2413-Iron and Steel Rolls over Extends and Crowding)	1,201,452	6.83 %
8	K United Group (1850-Man Made Fiber Manufacturing)	1,141,368	6.49 %
9	L United Group (6700-Real Estate Development Activities)	1,102,390	6.26 %
10	M United Group (6700-Real Estate Development Activities)	1,005,000	5.71 %
	Total	14,162,618	

Note: According to the total credit balance of credit-granting households, list the names of the top ten credit-granting enterprises that are not government or state-owned enterprises. If the credit-granting household is a group enterprise, the credit amount of the group enterprise should be returned to the household and added List and disclose by", code" plus "industry type" [such as company A (group) LCD panel and its component manufacturing industry], if it is a group company, it should disclose the industry with the greatest risk to the group company Type, industry category should be listed in the "Sub-category" industry name according to the industry standard classification of the main accounting department.

(Continued)

Bank of Panhsin
Notes to the Financial Statements

(iii) Interest rate sensitivity information

1) Sensitivity analysis of interest rate for assets and liabilities (NTD)

December 31, 2021

Unit: NTD thousand, %

Item	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 207,061,525	1,110,683	2,299,990	20,760,933	231,233,131
Interest-rate-sensitive liabilities	80,474,282	119,693,492	20,964,600	8,438,650	229,571,024
Interest-rate sensitivity gap	126,587,243	(118,582,809)	(18,664,610)	12,322,283	1,662,107
Net worth					18,392,018
Ratio of interest-rate-sensitive assets to liabilities					100.72
Ratio of interest-rate sensitivity gap to net worth					9.04

December 31, 2020

Unit: NTD thousand, %

Item	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 199,244,529	2,450,470	2,170,234	13,977,468	217,842,701
Interest-rate-sensitive liabilities	82,503,729	107,789,829	22,389,064	6,902,318	219,584,940
Interest-rate sensitivity gap	116,740,800	(105,339,359)	(20,218,830)	7,075,150	(1,742,239)
Net worth					17,598,207
Ratio of interest-rate-sensitive assets to liabilities					99.21
Ratio of interest-rate sensitivity gap to net worth					(9.90)

2) Sensitivity analysis of interest rate for assets and liabilities (USD)

December 31, 2021

Unit: USD thousand, %

Item	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 589,883	50,466	11,153	413,928	1,065,430
Interest-rate-sensitive liabilities	690,391	131,283	197,859	-	1,019,533
Interest-rate sensitivity gap	(100,508)	(80,817)	(186,706)	413,928	45,897
Net worth					19,752
Ratio of interest-rate-sensitive assets to liabilities					104.50
Ratio of interest-rate sensitivity gap to net worth					232.37

(Continued)

Bank of Panhsin
Notes to the Financial Statements

December 31, 2020

Unit: USD thousand, %

Item	1~90 days (inclusive)	91~180 days (inclusive)	181 days~1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	\$ 532,988	34,389	12,745	368,137	948,259
Interest-rate-sensitive liabilities	513,191	148,951	201,760	-	863,902
Interest-rate sensitivity gap	19,797	(114,562)	(189,015)	368,137	84,357
Net worth					19,982
Ratio of interest-rate-sensitive assets to liabilities					109.76
Ratio of interest-rate sensitivity gap to net worth					422.16

(iv) Profitability

Unit: %

Item		December 31, 2021	December 31, 2020
Return on total assets	Before income tax	0.45	0.43
	After income tax	0.37	0.39
Return on net worth	Before income tax	6.98	6.55
	After income tax	5.78	5.96
Profit margin		24.22	25.80

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

Note 2: Return on net worth = Income before (after) income tax / Average net worth

Note 3: Profit margin = Income after income tax / Total operating revenues

Note 4: Income before (after) income tax is the income for the whole year.

(v) Structure analysis of assets' and liabilities' time to maturity

1) Duration analysis in New Taiwan dollars

December 31, 2021

Unit: NTD thousand

	Total	Aging for remaining period until expiration					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Capital provided	\$251,189,358	19,488,980	29,692,827	14,219,672	21,568,218	43,812,205	122,407,456
Capital used	341,719,209	8,565,312	16,969,421	38,174,028	44,035,358	85,107,788	148,867,302
Spread	(90,529,851)	10,923,668	12,723,406	(23,954,356)	(22,467,140)	(41,295,583)	(26,459,846)

(Continued)

Bank of Panhsin
Notes to the Financial Statements

December 31, 2020

Unit: NTD thousand

	Total	Aging for remaining period until expiration					
		0~10 days	11~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Capital provided	\$238,380,737	21,574,495	23,400,610	15,419,568	22,067,219	46,441,494	109,477,351
Capital used	324,681,063	5,882,016	15,344,709	40,374,100	44,044,082	83,042,984	135,993,172
Spread	(86,300,326)	15,692,479	8,055,901	(24,954,532)	(21,976,863)	(36,601,490)	(26,515,821)

2) Duration analysis in US dollars

December 31, 2021

Unit: USD thousand

	Total	Aging for remaining period until expiration				
		0~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Capital provided	\$ 1,142,480	196,481	76,235	76,093	94,175	699,496
Capital used	1,432,621	318,177	234,634	179,205	290,253	410,352
Spread	(290,141)	(121,696)	(158,399)	(103,112)	(196,078)	289,144

December 31, 2020

Unit: USD thousand

	Total	Aging for remaining period until expiration				
		0~30 days	31~90 days	91~180 days	181 days~ 1 year	Over 1 year
Capital provided	\$ 1,012,004	182,145	77,196	59,471	85,789	607,403
Capital used	1,261,957	277,463	177,326	179,492	269,676	358,000
Spread	(249,953)	(95,318)	(100,130)	(120,021)	(183,887)	249,403

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Publicly Held Banks":

(i) Loans to other parties: Not applicable for banking industry; Subsidiaries:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period (%)	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral Item	Value	Individual funding loan limits	Maximum limit of fund financing
1	Panhsin Asset Management	Tang Hsi Construction Co., Ltd.	Accounts Receivable	No	350,000	350,000	335,375	5.5~10.7	1	335,375	None.	5,031	None.	-	626,875	4,388,125
1	Panhsin Asset Management	Heng He Construction Co., Ltd.	Accounts Receivable	No	200,000	200,000	200,000	5.5~10.7	1	200,000	None.	3,000	None.	-	626,875	4,388,125
1	Panhsin Asset Management	Yi Fu Construction Co., Ltd.	Accounts Receivable	No	60,000	60,000	30,000	5.5~10.7	1	30,000	None.	450	None.	-	626,875	4,388,125

(Continued)

Bank of Panhsin

Notes to the Financial Statements

Note 1: The explanation in the number column is as follows:

(1) Issuer fills in 0

(2) Invested companies are numbered sequentially starting from the Arabic number 1 according to company type.

Note 2: The quota / amount of loan to others for funds still valid.

Note 3: The capital loan and nature should be filled in:

(1) For business correspondence fill in 1.

(2) If necessary for short-term financing, fill in 2.

Note 4: Loans and limits for individual target funds: The limit is 1 times the net value of the latest financial report of Panhsin Asset Management.

Note 5: Limit of loaning of funds: The total amount of funds and loans is limited to 7 times the net value of the latest financial report of Panhsin Asset Management.

- (ii) Guarantees and endorsements for other parties: Not applicable for banking industry; Subsidiaries: None.
- (iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures): Not applicable for banking industry; Subsidiaries: None.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD 300 million or 10% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of TWD 300 million or 10% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of TWD 300 million or 10% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of TWD 50 million: None.
- (viii) Receivables from related parties with amounts exceeding the lower of TWD 300 million or 10% of capital stock: None.
- (ix) Trading in derivative instruments: Not applicable for banking industry; Subsidiaries: None.
- (x) Information regarding selling non-performing loans:
 - 1) Summary table of selling non-performing loans: None.
 - 2) Selling non-performing loans by single over TWD 1 billion: None.
- (xi) Approved securitization instrument types and related information according to "asset-backed securitization" or "mortgage-backed securitization": None.
- (xii) Other material transaction items which were significant to people who use the information in the financial statements: None.

(Continued)

Bank of Panhsin
Notes to the Financial Statements

(b) Information on investees:

The following is the information on investees for the year ended December 31, 2021 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars/Thousands of shares)										
Name of investee	Investee Location	Investee's operation	Percentage of ownership	Book Value of investments	Gain(loss) recognized due the period	Aggregate shareholding of the Company and its subsidiaries				Remark
						Number of shares	Pro forma number of shares	Total		
								shares	Percentage	
Panhsin Asset Management Co., Ltd.	Banqiao City, New Taipei City	Purchasing non-performing loans; Parking business; Urban renewal financing	100.00 %	626,974	43,436	56,000	-	56,000	100.00 %	subsidiary
Panhsin International Leasing Co., Ltd.	Banqiao City, New Taipei City	Rental and leasing	100.00 %	397,739	4,016	38,908	-	38,908	100.00 %	subsidiary

(c) Information on investment in mainland China: None.

(14) Segment information

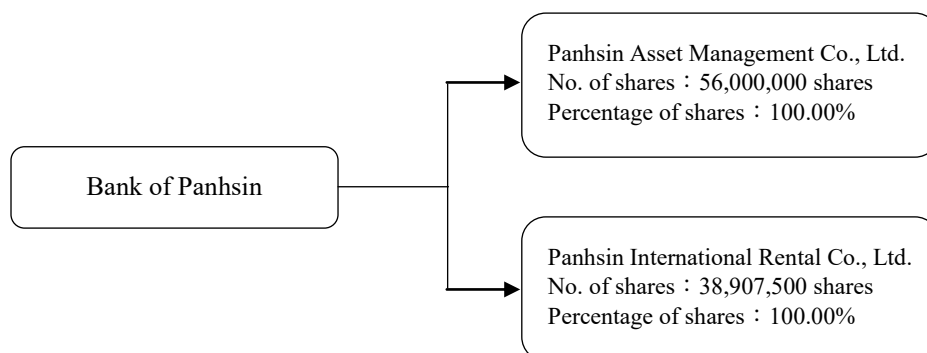
Please refer to 2021 Chinese consolidated financial statements.

Special disclosures

I、Affiliate information

(I) Affiliate organizational structure

Baseline date: December 31, 2021



(II) Profiles of affiliates

Company name	Date of establishment	Address	Paid-in capital (NT\$1,000)	Main businesses/products
Panhsin Asset Management Co., Ltd.	2005.06.02	6F, No.210, Sec. 1, Sanmin Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	560,000	Purchase of non-performing assets
Panhsin International Rental Co., Ltd.	2014.11.03	6F, No. 66, Chongqing Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	389,075	Property/Lease

(III) Information of common shareholders who are presumed to have a relationship of control and subordination: N/A.

(IV) Information of Directors, Supervisors, and Presidents of affiliates.

Baseline date: December 31, 2021

Company name	Position	Name or representative	Shares held	
			No. of shares (shares)	Percentage (%)
Panhsin Asset Management Co., Ltd.	Chairman	Dai-Ming Kuo (representative of Bank of Panhsin)	56,000,000	100.00
	Director	Ming-Hsin Chiu (representative of Bank of Panhsin)		
	Director	Lin-Long Chien (representative of Bank of Panhsin)		
	Director	Biing-Hwa Liu (representative of Bank of Panhsin)		
	Director	Shih-Chi Wu (representative of Bank of Panhsin)		
	Supervisor	Li-Chin Wei (representative of Bank of Panhsin)		
	President	Pang-Hsi Chang		
Panhsin International Rental Co., Ltd.	Chairman	Jui-Tsai Chou (representative of Bank of Panhsin)	38,907,500	100.00
	Deputy Chairman	Wan-De Xiao (representative of Bank of Panhsin)		
	Director	Yung-Lun Lee (representative of Bank of Panhsin)		
	Director	Shih-Yang Liu (representative of Bank of Panhsin)		
	Director	Yun-Me Meng (representative of Bank of Panhsin)		
	Supervisor	Jone-Chih Huang (representative of Bank of Panhsin)		
	President	Jui-Tsai Chou		

Directory of Head Office & Branches

Units	Address	Telephone	Fax
Head Office	No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)29629170	(02)29572011
International Banking Department	27F., No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)29629170	(02)89646006
Offshore Banking Branch	27F., No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)29629170	(02)89646006
Trust Department	24F., No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)29629170	(02)29623668
Domestic Banking Department	No.68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)89514488	(02)29574588
Banciao Branch	No.11, Sec. 1, Wenhua Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)29689101	(02)29665807
Houpu Branch	No.18, Chengdu St., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)29629121	(02)89538113
Puqian Branch	No.100, Sec. 2, Zhongshan Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)29629106	(02)29541499
Huajiang Branch	No.382, Sec. 2, Wenhua Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)22529101	(02)82537007
Minzu Branch	No.339, Hansheng E. Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)29629111	(02)29581242
Wenhua Branch	No.261, Sec. 1, Wenhua Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)22587777	(02)22593584
Daguan Branch	No.155, Sec. 2, Daguan Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)22756566	(02)22752574
Zhongzheng Branch	No.252, Minquan Rd., Banqiao Dist., New Taipei City, Taiwan (R.O.C.)	(02)89658998	(02)89682156
Yonghe Branch	No.12, Renai Rd., Yonghe Dist., New Taipei City, Taiwan (R.O.C.)	(02)29299481	(02)29210495
Xiulang Branch	No.118, Dehe Rd., Yonghe Dist., New Taipei City, Taiwan (R.O.C.)	(02)29417966	(02)29498035
Fuhe Branch	No.45, Yongzhen Rd., Yonghe Dist., New Taipei City, Taiwan (R.O.C.)	(02)89211919	(02)89213377
Zhonghe Branch	No.232, Zhonghe Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	(02)22498756	(02)22497418
Xingnan Branch	No.338, Jingxin St., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	(02)29459366	(02)29458495
Yuanshan Branch	No.753, Zhongzheng Rd., Zhonghe Dist., New Taipei City, Taiwan (R.O.C.)	(02)22259199	(02)22260657
Tucheng Branch	No.289, Sec. 1, Zhongyang Rd., Tucheng Dist., New Taipei City, Taiwan (R.O.C.)	(02)22629119	(02)22654536
Jincheng Branch	No.91, Sec. 3, Jincheng Rd., Tucheng Dist., New Taipei City, Taiwan (R.O.C.)	(02)82615666	(02)22709241
Xinzhuang Branch	No.719, Xingfu Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)	(02)29906699	(02)29900433
Danfeng Branch	No.706, Zhongzheng Rd., Xinzhuang Dist., New Taipei City, Taiwan (R.O.C.)	(02)29033199	(02)29033488
Sanchong Branch	No.35, Sec. 4, Chongyang Rd., Sanchong Dist., New Taipei City, Taiwan (R.O.C.)	(02)89839966	(02)29871976
Shulin Branch	No.58, Zhenqian St., Shulin Dist., New Taipei City, Taiwan (R.O.C.)	(02)86755666	(02)86755656

Units	Address	Telephone	Fax
Xindian Branch	No.60, Minquan Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.)	(02)89113377	(02)89113661
Beixin Branch	No.17, Sec. 3, Beixin Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.)	(02)29115428	(02)29124753
Luchou Branch	No.258, Minzu Rd., Luchou Dist., New Taipei City, Taiwan (R.O.C.)	(02)82850666	(02)82835789
Xizhi Branch	No.91-2, Sec. 1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan (R.O.C.)	(02)26972959	(02)26973500
Nangang Branch	No.218、220, Sec. 1, Nangang Rd., Nangang Dist., Taipei City, Taiwan (R.O.C.)	(02)25429999	(02)25311707
Xinyi Branch	No.127, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)	(02)27329999	(02)27334900
Minsheng Branch	No.133-1, Sec. 3, Minsheng E. Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.)	(02)87129966	(02)27120222
Bade Branch	No.360, Sec. 2, Bade Rd., Songshan Dist., Taipei City, Taiwan (R.O.C.)	(02)27528833	(02)27405959
Neihu Branch	No.163, Sec. 4, Chenggong Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	(02)87919999	(02)87919899
Ruiguang Branch	No.633, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	(02)26560188	(02)26560166
Mengchia Branch	No.53, Sec. 2, Guiyang St., Wanhua Dist., Taipei City, Taiwan (R.O.C.)	(02)23086165	(02)23066452
Hsinglung Branch	No.185, Sec. 2, Xinglong Rd., Wenshan Dist., Taipei City, Taiwan (R.O.C.)	(02)29320555	(02)29313382
Shuangyuan Branch	No.145, Dongyuan St., Wanhua Dist., Taipei City, Taiwan (R.O.C.)	(02)23011180	(02)23016894
Hsimen Branch	No.193, Hanzhong St., Wanhua Dist., Taipei City, Taiwan (R.O.C.)	(02)23122155	(02)23116316
Kuting Branch	No.271, Sec. 3, Roosevelt Rd., Da'an Dist., Taipei City, Taiwan (R.O.C.)	(02)23629211	(02)23620161
Antung Branch	No.188, Sec. 2, Bade Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	(02)27110633	(02)27417381
Sungshan Branch	No.196, Zhuangjing Rd., Xinyi Dist., Taipei City, Taiwan (R.O.C.)	(02)27208541	(02)27203851
Shinlin Branch	No.79, Ln. 109, Dexing E. Rd., Shilin Dist., Taipei City, Taiwan (R.O.C.)	(02)28349361	(02)28333280
Tunghu Branch	No.55, Donghu Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	(02)26312411	(02)26333251
Fuxing Branch	No.426, Fuxing N. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	(02)25151488	(02)25184088
Minquan Branch	No.136, Minquan W. Rd., Datong Dist., Taipei City, Taiwan (R.O.C.)	(02)25575818	(02)25573258
Chungching Branch	No.27, Zhengzhou Rd., Datong Dist., Taipei City, Taiwan (R.O.C.)	(02)25558151	(02)25591831
Mucha Branch	No.236, Sec. 3, Muxin Rd., Wenshan Dist., Taipei City, Taiwan (R.O.C.)	(02)29362121	(02)29362883
Huandong Branch	No.108, Xinming Rd., Neihu Dist., Taipei City, Taiwan (R.O.C.)	(02)27965589	(02)27967988
Tachih Branch	No.632, Bei'an Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	(02)25329933	(02)25321086
Wanta Branch	No.244, Wanda Rd., Wanhua Dist., Taipei City, Taiwan (R.O.C.)	(02)23377719	(02)23370694
Nanjing E. Road Branch	No.130, Sec. 3, Nanjing E. Rd., Zhongshan Dist., Taipei City, Taiwan (R.O.C.)	(02)27722629	(02)27720569

Units	Address	Telephone	Fax
Luodong Branch	No.119, Gongzheng Rd., Luodong Town, Yilan County, Taiwan (R.O.C.)	(03)9568866	(03)9557199
Taoyuan Branch	No.360, Yongan Rd., Taoyuan Dist., Taoyuan City, Taiwan (R.O.C.)	(03)3398777	(03)3396362
Taoying Branch	No. 28-8, Yanping Rd., Taoyuan Dist., Taoyuan City, Taiwan (R.O.C.)	(03)3758999	(03)3660551
Longgang Branch	No.78, Longdong Rd., Jhongli Dist., Taoyuan City, Taiwan (R.O.C.)	(03)4657799	(03)4655511
North Taoyuan Branch	No.449, Jingguo Rd., Taoyuan Dist., Taoyuan City, Taiwan (R.O.C.)	(03)3167377	(03)3165229
Hsinchu Branch	No.56, Zihciang S. Rd., Jhubei City, Hsinchu County, Taiwan (R.O.C.)	(03)6581588	(03)6580189
Miaoli Branch	No.39, Zhongzheng Rd., Tongluo Township, Miaoli County, Taiwan (R.O.C.)	(037)985366	(037)985775
Taichung Branch	No.556, Sec. 1, Wunsin Rd., Nantun Dist., Taichung City, Taiwan (R.O.C.)	(04)23267799	(04)23266029
North Taichung Branch	No.186, Sec. 4, Wunsin Rd., North Dist., Taichung City, Taiwan (R.O.C.)	(04)22961798	(04)22961885
Chiayi Branch	No.298, Jhongshan Rd., West Dist., Chiayi City, Taiwan (R.O.C.)	(05)2279045	(05)2291649
Tainan Branch	No.189, Chongming Rd., East Dist., Tainan City, Taiwan (R.O.C.)	(06)3368799	(06)3361287
Chenggong Branch	No.457, Chenggong Rd., West Central Dist., Tainan City, Taiwan (R.O.C.)	(06)2113999	(06)2112388
Xiaokang Branch	No.213, Erling Rd., Xiaogang Dist., Kaohsiung City, Taiwan (R.O.C.)	(07)8011161	(07)8023727
Xinxing Branch	No.65, Zhongzheng 4th Rd., Xinxing Dist., Kaohsiung City, Taiwan (R.O.C.)	(07)2413168	(07)2514088
Qianzhen Branch	No.421, Rueilong Rd., Cianjhen Dist., Kaohsiung City, Taiwan (R.O.C.)	(07)7513176	(07)7513380
Yangming Branch	No.178, Jyuemin Rd., Sanmin Dist., Kaohsiung City, Taiwan (R.O.C.)	(07)3865111	(07)3828199
Kaoxinzhuang Branch	No.485, Xinzhuangzai Rd., Zuoying Dist., Kaohsiung City, Taiwan (R.O.C.)	(07)3412621	(07)3416142
Yanchao Branch	No.761, Zhongmin Rd., Yanchao Dist., Kaohsiung City, Taiwan(R.O.C.)	(07)6169558	(07)6169006