

# *LAND BANK OF TAIWAN*

## *Annual Report 2021*



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## Report to Shareholders

While COVID-19 continued to disrupt activities in 2021, the global economy has bounced back from the outbreak haze. The global economy grew better than expected in the first half of 2021, with major economies growing significantly. However, since the pace of recovery was affected by the development of the epidemic and supply chain issues, the global economic expansion turned moderate in the second half of the year. This IMF estimated that the global economic growth rate for 2021 would be 5.9%, a great recovery from the negative growth rate in 2020. In addition, due to the increasing inflationary pressure, major countries have adopted tightened monetary policies in response which also caused volatility in the financial markets.

Affected by the epidemic, Taiwan's economy was different internally and externally. In terms of domestic demand, the spread of the epidemic in Taiwan in late May led the government to take strict measures to prevent the epidemic and aroused public concern, which impacted the performance of the domestic service sector. As for international exports, benefits from the resuming of economic activities in major economies and the recovery or even expansion of the US, China, and European economy, all of which have created the demand for products and, in turn, driven Taiwan's export performance. Regarding investments, corporate investment was more active than it was in 2020, and the monetary easing policies across countries also boosted the financial market, therefore both direct investment and financial investment performed well. Additionally, among the service sectors, freight forwarding, and financial services, which mainly provide product or financial related services, were less affected by the epidemic and continued to perform well. The above factors contributed to the stable expansion of Taiwan's economy throughout the year.

Owing to the contribution of the management team and employees, the Bank was able to report consolidated pre-tax profit of NT\$13.2 billion and NT\$1.54 per share for 2021. As for the asset qual-

ity by the end of 2021, the NPL ratio of 0.12% and a loan loss coverage ratio of 1,395.04% were both more favorable than the local bank average (0.17% and 776.24%), indicating sound asset quality and efficient operation. In addition, to support the governments industrial transformation program, the Bank actively promoted and launched the five-plus-two innovative industry-oriented loan program and SMEs loan business to continue to provide the capital funds required for business operation and expansion. In 2021, the Bank was awarded the "Excellent Performance Award - Level A" and "Special Award for Balanced Regional Development in the Southern Region" and other recognitions by the Financial Supervisory Commission (the "FSC") for its SME loans business. In response to other government policies, the Bank provided three major programs for investment in Taiwan, new southbound and green finance and other policy loans with the aim of assisting enterprises in obtaining the necessary capital for land acquisition, plant construction, and working capital. Furthermore, to be in line with the project loans of urban renewal and reconstruction of unsafe and old buildings, the Bank participated in the 4th Government Service Awards of the Ministry of Finance with the theme of "New Spring for Old Houses, Beautiful New Homes" and won the "Superior Award".

In response to the wave of the technology era, the Bank has been actively developing Financial Technology (FinTech) to continue to promote the transformation and upgrade of digital financial services and innovation, including mobile payments, mobile banking, digital deposits, online loan applications, mobile phone transfers, Taiwan Pay bonus point service, a single service platform for personal finance, etc. and continue to cooperate with various electronic payment institutions (e.g., JKOPAY, Line-Pay iPASS, icash, GAMA PAY, etc.) to provide customers with new options for mobile spending. We also hold regular meetings related to digital finance to track and control the implementation progress of various projects and to have a better understanding of the new development trend of FinTech in the

competent authorities and the industry in response to the challenges brought by the wave of FinTech, while actively building a patent portfolio with over 318 approved FinTech patents as of the end of 2021.

As Taiwan will progress into a hyper aged society in 2025, the government is encouraging financial institutions to develop financial products and services aimed at addressing the aging population, which the Bank has responded to with services such as "reverse mortgages", "retirement planning", and "nursing trusts" to accommodate the needs of the elderly population. By providing elders with a better lifestyle and wealth protection, the Bank was awarded the "Excellence in Trust Assets of Elderly and Disabled People" by the FSC. In terms of carrying out housing justice and assisting people with their home ownership needs, the Bank ranked first among eight (8) state-owned banks in the market share of "Youth Home Loans" in 2021. With regards to financial consumer protection and enhancement of customers' interest, the Bank not only ranked in the top 20% in FSC's Fair Customer Treatment Evaluation for Financial Service Providers - Banking Division for three consecutive years, but also is actively involved in social activities ranging from arts, culture, education, donation, to welfare trust. Having received the honor of "Sports Promoter Award - Sponsorship Category - Gold", "Sports Promoter Award - Sponsorship Category - Long-term Sponsorship", and "Sports Promoter Award - Promotion Category - Gold" from the Sports Administration, Ministry of Education which demonstrates a strong testament to the Bank's efforts to enforce inclusive



Chairperson

Hsieh, Chuan-Chuan

financing and corporate social responsibility.

We hereby describe the business results of 2021 and the 2022 business plan summary, future development strategies, external competition environment, regulatory environment, influences by the overall business environment, and credit ratings of the Bank as below:



## I. 2021 Business Performance

### (I) Re-organization Within the Bank

1. In consideration of overall business, the Bank terminated the operation of the Yuanshan Branch on March 15, 2021 and transferred its business to the Shilin Branch.
2. To expand our services to customers and provide a full range of local financial services in a fast and convenient manner, the Bank opened its Qingpu Branch on December 20, 2021 at No. 262, Section1, Gaotiezhanqian West Road, Taoyuan City.
3. To expand our services to customers, the Bank moved its Sanshia Branch to No. 229, Xueqin Road, Shulin District, New Taipei City on November 15, 2021.
4. To expand our services to customers, the Bank moved its New York Branch to 88 Pine Street 15th Floor, New York, NY 10005 U.S.A. on December 20, 2021.

### (II) Business Plans and Results

#### 1. Business Plans

In response to the changes in the overall financial environment and fierce market competition, our bank not only takes advantage of its strengths as a specialized real estate bank to provide various project loans and promote the development of the national economy, but also actively enhances its competitiveness and accelerates the internationalization process in order to develop into an all-around quality financial institution. In 2021 the Bank implemented its business development plan and achieved its financial budget targets with five strategic objectives: "business digitalization", "credit equalization", "profit diversification", "human resources qualification", and "corporate social responsibility implementation".

#### 2. Business Strategies Implementation Results

Unit: NTD millions; USD millions (for foreign currency); %

	Year	2021	2020	Growth Over the Previous Year (%)
Main Business Activities				
Deposits		2,765,714	2,583,798	7.04
Loans		2,167,211	2,061,340	5.14
Foreign Currency		92,998	97,557	-4.67
Trust		435,363	426,265	2.13
Guarantee		61,876	52,159	18.63
Securities Brokerage		712,688	402,813	76.93
Pre-tax Profit		13,241	11,113	19.15

Description: The business figures in this table are the business volume of each year.

### (III) Budget Executions

The Company reported NT\$2,765,714,100,000 of deposit volume (107.28% target attainment), NT\$2,167,210,650,000 of loan volume (108.63% target attainment), US\$92,998,440,000 of foreign currency volume (112.05% target attainment), and NT\$13,241,440,000 of pre-tax profit (136.28% target attainment) for 2021.

## (IV) Revenue, Expenses, and Profitability Analysis

The following is an analysis of major variations between 2021 audited figures and 2020 restated figures by the CPA in accordance with the amounts certified by the National Audit Office:

Unit: NTD millions; %

Item		2021	2020	Variation (%)
Net Interest Revenue		29,414	26,412	11.37
Non-interest Net Revenue		2,227	2,908	-23.42
Total Net Revenue		31,641	29,320	7.92
Loan Loss and Provision for Commitments and Liabilities		2,734	2,659	2.82
Operating Expenses		15,666	15,548	0.76
Pre-tax Profit		13,241	11,113	19.15
Current Net Income		10,639	8,708	22.18
Return on Assets	Before Tax	0.41	0.36	0.05
	After Tax	0.33	0.28	0.05
Return on Equity	Before Tax	7.34	6.47	0.87
	After Tax	5.90	5.07	0.83
After-tax Profit Margin		33.62	29.70	3.92
Pre-tax Earnings per Share (NTD)		1.54	1.29	0.25

Description: 1. 2020 figures have been restated by the CPA based on certified figures of the National Audit Office, whereas the 2021 figures are audited.

2. The increase in net interest income in 2021 compared to 2020 was mainly due to the rise in the lending-deposit spread, which resulted in more net interest income.
3. The decrease in net income other than interest in 2021 compared to 2020 was mainly due to the decrease in net exchange profit.

## (V) Research and Development

The Bank has a dedicated unit that analyzes economic, financial, and industry trends and conducts research on topics related to banking service, both on a regular and unscheduled basis. Significant R&D accomplishments in 2021 included: proprietary research reports (8 publications), domestic and foreign economic/financial trend reports (weekly and monthly), industry reports (monthly and quarterly), industry development overview reports (bi-monthly), economic/financial research reports of specific themes (10 publications), and domestic real estate market survey reports (12 publications). All of which were intended to provide references for sales personnel.

# II. Summary of 2022 Business Plan

## (I) Operating Strategies and Key Operating Policies

1. Continue to enhance asset quality, improve the deposit structure, establish the culture of legal compliance, reduce business risk, organization efficiency, information service efficiency and security protection; create a compliance culture that enhances operational health of the Bank.
2. Support financial policies and expand operations into multiple business activities for additional synergy.

3. Widen lending-deposit spread for increased net interest revenue, explore fee-based income, enhance investment returns and maximize utilization of existing assets, and increase the share of overseas profit for improved profitability.
4. Following the trend of digital finance, to promote digital finance integrate virtual and physical channels, offer customer-oriented solutions, and provide an excellent digital service to improve customer experiences and cultivate customer relations. Utilize big data analysis to develop digital marketing and nurture a financial innovation mindset.
5. Monitor international banking opportunities and create a cross-border corporate banking service network that enhances overseas business performance.
6. Strengthen corporate governance, establish a corporate culture of treating customers fairly, emphasize the protection of customer rights and interests, promote harmonious relationships between employers and employees, and fulfill corporate social responsibility.

## **(II) Projected Business Goals**

The main operating targets for 2022 have been reported to the competent authorities and transferred to the Executive Yuan for approval.

1. Deposit Volume: NT\$2,630 billion, representing an increase of 2.02% from the statutory target of NT\$2,578 billion in 2021.
2. Loan Volume: NT\$2,095 billion, representing an increase of 5.01% from the statutory target of NT\$1,995 billion in 2021.
3. Foreign Exchange Volume: USD 84 billion, representing an increase of 1.20% from the statutory target of USD 83 billion in 2021.
4. Net Profit Before Tax: NT\$9,813 million, representing an increase of 3.19% from the statutory target of NT\$9,510 million in 2021.

※ The Business Volume Above Represents: Cumulative average balance for deposits and loans, amount of transactions undertaken for foreign currency, and cumulative amount for pre-tax profit.



President  
**He, Ying-Ming**



### III. Business Strategies and Future Plans

- (I) Attract deposits from natural persons and SMEs for diversity and improved deposit structure. Adjust asset and liability structure progressively for enhanced capital adequacy and more robust management of liquidity risk and overall risks.
- (II) Cooperate with government policies to provide various project loans and green finance for promoting private investment, public construction, and sustainable development. Grow corporate lending services by exploring the lead arranger role in syndicated lending and security underwriting cases, strengthening financial services for SMEs, and helping them obtain capital needed for operations, expanding the scope of corporate banking through the introduction of digital cash flow services.
- (III) Set reasonable lending rates by taking into account the risk premium and overall contribution of customers and other factors for discriminatory pricing to enhance corporate deposits via lending business. Increase demand deposits to lower the average deposit interest rate and widen the lending-deposit spread to obtain more interest income.
- (IV) Develop customer-centric marketing strategies and provide employees with appropriate incentives to engage in active marketing for improved efficiency and productivity. Adopt joint marketing as a means to create synergy and aim to increase the percentage of fee-based, non-interest income relative to total revenues.
- (V) Develop mobile payments and promote online insurance business to expand the service scope, deepen customer relationships, and meet customers' diversified payment and receipt needs. Provide integrated and innovative financial technology services, integrate financial services into customers' daily lives, develop diverse ecosystem financial services, and create a win-win situation for cross-sector e-commerce. Leverage FinTech to digitize operational processes so as to enhance operation efficiency.
- (VI) Strengthen global competitiveness by actively training our overseas talent reserve, cultivating overseas markets, and gradually expanding our overseas presence; in line with the government's New Southbound Policy, broaden the scope of services offered and expand our overseas service network particularly in the Asia Pacific region.
- (VII) Promote sustainable financing by focusing on risk management of climate change; carry out the principle of fair treatment of customers; promote and develop diversified inclusive financial products to be in line with the government's social welfare policies and in response to the needs of the aging society; emphasize employee training and development, enhance human quality, actively take care of employee rights and interests, and promote industrial harmony; fulfill corporate social responsibility, strengthen corporate governance, and promote sustainable value.

## **IV. Impact of the External Competitive Environment, Regulatory Environment, and Overall Business Environment**

### **(I) The External Competitive Environment**

Under the booming FinTech, the emergence of pure online banks and digital financial service companies and the effect of the epidemic have intensified market competition and pushed the financial industry to accelerate the pace of digital transformation. FinTech business in the national banking industry is expected to grow rapidly.

In terms of interest rate, due to the easing monetary and low interest rate policies of various governments in response to the epidemic, global interest rates were relatively low in 2021. The financial environment in Taiwan is also at a low interest rate level, which makes it difficult to make profits in the domestic market and worsens the overall business challenges.

### **(II) The Regulatory Environment**

From December 7 to 31, 2020, the Central Bank adjusted its selective credit control measures four times to discourage speculation and prevent excessive capital from flowing into the real estate sector, so as to implement housing justice. The control measures for domestic corporate entities and natural persons included restrictions on the loan-to-value ratio for residential loans, land loans, loans for remaining houses and mortgage loans for idle land in industrial areas, elimination of the grace period for second home purchase loans in certain areas, etc. In addition, in January 2022 the Central Bank also required borrowers of the Land Purchase Loan to commence construction within a certain period of time, and further set out credit regulations. Any cases that fail to begin construction after a certain period of time, the Bank shall gradually claim back the loan in a reasonable proportion and increase the interest rate year by year. Although the above measures will suppress the momentum of mortgage loans, it is beneficial to the diversification of the lending assets of the Bank and avoids the impact on the real estate lending business during the downturn.

To strengthen the risk tolerance of banks, the FSC has increased the risk weights applicable to the cases such as new residential loans for corporate entities, residential loans for natural persons' third households and above (inclusive), loans for borrowers to purchase land, loans for remaining houses, and mortgage loans for idle land in industrial areas (including the renewal or refinancing of existing loans). The banks shall carefully control the risks associated with loans and appropriately assess to increase the allowance for doubtful accounts. This measure has risen the banks' capital charge for real estate risk exposure and increased the pressure on the cost of capital for the banking industry.

### **(III) The Overall Business Environment**

According to the Central Bank, the weighted average interest rates for domestic bank deposits and loans were 0.36% and 1.60%, respectively in the fourth quarter of 2021, with the interest rates for deposits and loans reaching a record low. In addition, the continued U.S.-China trade war and geopolitical tensions also increased the risk exposure of overseas credit.

Unfavorable factors also include that in view of the heavy global inflationary pressure, major central banks could tighten their monetary policies early which might trigger significant volatility in financial markets and a sharp tightening of the financial situation, as well as the reverse of asset prices; the risk of climate change has risen which might disrupt crude oil production and transportation and cause crop failures, leading to increased inflationary pressure.

However, there are favorable factors such as the mild growth in domestic private investment, manufacturers' continued investment in 5G communication and green energy, investment for improving production efficiency and energy-saving, and carbon-reducing equipment in response to ESG trends, as well as Taiwanese companies' continued returning investment. All of the above are beneficial to the development of the banking industry in Taiwan.

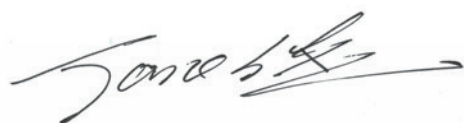
In conclusion, the favorable and unfavorable factors of the overall business environment are intertwined. However, due to the remaining uncertainty of the global epidemic and geopolitical tensions, coupled with the high global inflationary pressure, major central banks' change in monetary policies will affect the global financial market.

## V. Credit Rating of the Bank

The Bank's credit ratings by Taiwan Ratings, Standard & Poor's (S&P), and Moody's Investors Service (Moody's) are as following. Taiwan Ratings awarded the Bank a long-term rating of twAA+ and a short-term rating of twA-1+; S&P awarded a long-term rating of A and a short-term rating of A-1; Moody's awarded a long-term rating of Aa3 and a short-term rating of P-1; among the three rating agencies, Moody's concluded a positive outlook while the others concluded stable.

Rating Agency	Latest Rating Date	Rating Results		Other Rating-related Information
		Long-term Rating	Short-term Rating	
Taiwan Ratings	2021.6.29	twAA+	twA-1+	Outlook: Stable
S&P	2021.6.29	A	A-1	Outlook: Stable
Moody's	2021.11.29	Aa3	P-1	Outlook: Positive

Chairperson



President



# Bank Profile

## I. Establishment

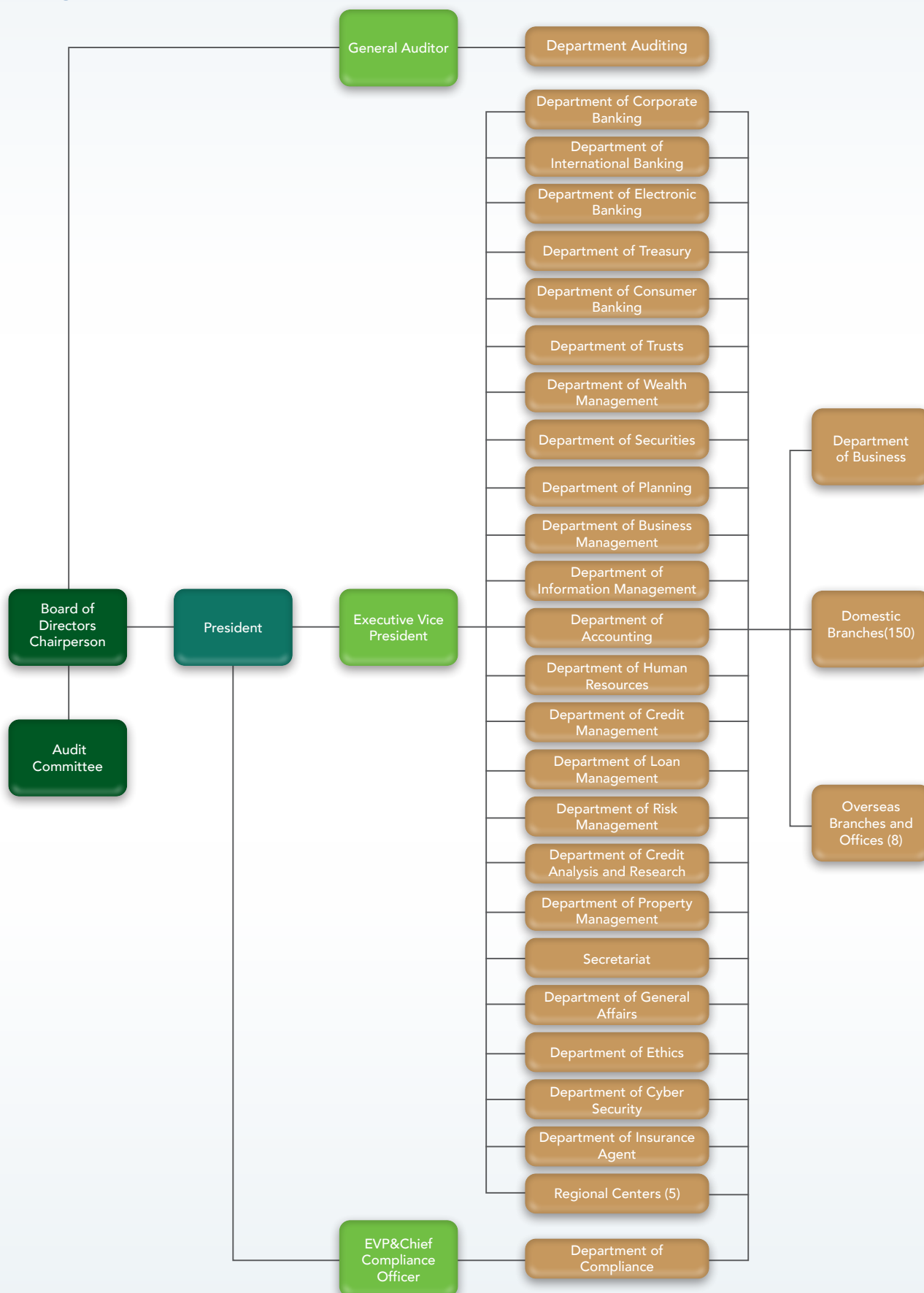
The “Land Bank of Taiwan” was founded on September 1, 1946 specifically for the purpose of enforcing the government’s land-related policies such as equalization of land rights and the Land-To-The-Tiller Program introduced in 1945. It was initially funded by the treasury and commenced operations in accordance with the laws of the Republic of China based on the five branches of the Kangyo Bank of Japan located at Taipei, Hsinchu, Taichung, Tainan, and Kaohsiung, making it the only bank within the nation to specialize in real estate-backed credit. The Bank became a corporate entity in accordance with Article 52 of the Bank Act in May 1985, turned into a state-owned enterprise on December 21, 1998 following the suspension of provincial government, re-organized into “Land Bank of Taiwan Co., Ltd.” on July 1, 2003, and transformed into a public company on May 21, 2004. The Bank established a subsidiary named Land Bank Insurance Brokerage Co., Ltd. on October 31, 2013 as a means to expand the scope of business activities and later merged Land Bank Insurance Brokerage Co., Ltd. into the organization on January 1, 2020 out of support for the government’s business merger incentive policies.

At the end of December 2021, the Bank had NT\$86.2 billion of share capital (100% owned by the Ministry of Finance) and gained 17.13% market share in construction loans and 10.02% market share in housing loans, making it the leader in real estate-backed lending among all the domestic banks.





## II. Organizational Chart



### III. Employees

Time of Data		End of March 2022	End of 2021	End of 2020
Number of Employees	Staff	5,326	5,386	5,355
	Workers	371	385	399
	Total	5,697	5,768	5,754
Average Age (excluding workers)		44.09	44.06	44.29
Average Years of Service (excluding workers)		16.43	16.39	16.73
Academic Qualifications Distribution	Doctoral Degree	8	7	7
	Master's Degree	1,608	1,587	1,477
	University (college)	3,712	3,788	3,852
	Senior High School	311	322	344
	Below Senior High School	58	64	74

### IV. Sources of Capital Stock

Year/ Month	Issued Price	Authorized Capital		Paid-up Capital		Note	
		Number of Shares	Amount	Number of Shares	Amount	Source of Share Capital	Others
March 2022	NT\$10	8.62 Billion Shares	NT\$86.2 Billion	8.62 Billion Shares	NT\$86.2 Billion	Contribution From Treasury and Cumulative Capitalizations	<ol style="list-style-type: none"> <li>1. NT\$25 billion contributed by the Treasury.</li> <li>2. Capitalized NT\$25 billion of capital reserve in 2009 (approved under Letter No. Jin-Guan-Zheng-Fa-0980068219 issued by the FSC on December 30, 2009, effective since December 30, 2009).</li> <li>3. Capitalized NT\$8.1 billion of special capital reserve in 2015 (approved under Letter No. Jin-Guan-Zheng-Fa-1040041402 issued by the FSC on October 23, 2015, effective since October 23, 2015).</li> <li>4. Capitalized NT\$4.494 billion of special capital reserve and retained earnings in 2016 (approved under Letter No. Jing-Shou-Shang-10501263840 issued by the Ministry of Economic Affairs on November 14, 2016).</li> <li>5. Capitalized NT\$10.606 billion of special capital reserve in 2019 (approved under Letter No. Jing-Shou-Shang-10801184460 issued by the Ministry of Economic Affairs on December 27, 2019).</li> <li>6. Capitalized NT\$13 billion of special capital reserve in 2021 (approved under Letter No. Jing-Shou-Shang-11001231150 issued by the Ministry of Economic Affairs on December 23, 2021).</li> </ol>



# Directors and Executives

## I. Directors

March 31, 2022

Title	Name	Date Elected/Appointed	Term	Legal Entity Represented
Chairperson (Managing Director)	Hsieh, Chuan-Chuan	2021.8.17	2022.10.24	Ministry of Finance
President (Managing Director)	He, Ying-Ming	2021.8.17	2024.8.16	Ministry of Finance
Managing Director	Chuang, Tsui-Yun	2021.8.17	2024.8.16	Ministry of Finance
Managing Director	Chu, Hsuan-Lien	2021.8.17	2024.8.16	Ministry of Finance
Director	Wang, Shu-Tuan	2021.8.17	2024.8.16	Ministry of Finance
Director	Li, Chien-Hsien	2021.8.17	2024.8.16	Ministry of Finance
Director	Wu, Yi-Lin	2021.8.17	2024.8.16	Ministry of Finance
Director	Yang, Chung-Hsien	2021.8.17	2024.8.16	Ministry of Finance
Director	Yang, Yeh-Cheng	2021.8.17	2024.8.16	Ministry of Finance
Director (Worker Director)	Tien, Chi-Tung	2021.8.17	2024.8.16	Labor Director
Director (Worker Director)	Wu, Chung-Shou	2022.3.4	2024.8.16	Labor Director
Managing Director (Independent Director)	Chen, Yue-Min	2021.9.29	2024.8.16	Independent Director
Director (Independent Director)	Lai, Ching-Chong	2021.8.17	2024.8.16	Independent Director
Director (Independent Director)	Chen, Fong-Yao	2021.8.17	2024.8.16	Independent Director

## II. Executives

March 31, 2022

Title	Name	Date Elected/Appointed
President	He, Ying-Ming	2021.3.24
Executive Vice President	Yu, Li-Ling	2019.10.28
Executive Vice President	Chiu, Tein-Sheng	2020.10.27
Executive Vice President	Tseng, Hsueh-chih	2021.6.28
Executive Vice President	Tang, Chin-Yung	2021.8.27
EVP&Chief Compliance Officer	Yang, Shu-Huan	2021.9.1
General Auditor	Cheng, Pei-Yu	2020.10.27

# Directors



Managing Director  
Chu, Hsuan-Lien

Chairperson  
Hsieh, Chuan-Chuan

Managing Director  
Chen, Yue-Min

Managing Director  
Chuang, Tsui-Yun

President  
He, Ying-Ming

# Management Team



EVP&Chief Compliance Officer  
Yang, Shu-Huan

Chairperson  
Hsieh, Chuan-Chuan

Executive Vice President  
Yu, Li-Ling

Executive Vice President  
Tang, Chin-Yung

General Auditor  
Cheng, Pei-Yu

Executive Vice President  
Chiu, Tein-Sheng

President  
He, Ying-Ming

Executive Vice President  
Tseng, Hsueh-chih



# Corporate Governance

## I. Discrepancies and its causes between Corporate Governance Best-Practice Principles for Banks and the Bank's Corporate Governance

Assess Criteria	Actual Governance			Deviation and Causes of Deviation From the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary Description	
I. Bank's Shareholding Structure and Shareholders' Rights			I	
(I) Has the bank implemented a set of internal procedures to handle shareholders' suggestions, queries, disputes and litigations?	V		(I) Dedicated personnel have been assigned to perform shareholder service and maintain proper communication.	No deviation was found.
(II) Is the bank constantly informed of the identities of its major shareholders and the ultimate controller?	V		(II) The Ministry of Finance is the Bank's sole shareholder, and given that the Bank has assigned dedicated personnel to perform shareholder service, the Bank is in control of the identity of its major shareholder and ultimate controller.	No deviation was found.
(III) Has the bank established and implemented risk management practices and firewalls for companies it is affiliated with?	V		(III) The Bank has implemented Land Bank of Taiwan "Subsidiary Management Guidelines" and "Guidelines on Appointment of Directors and Supervisors in Business Investments and Subsidiaries" for the supervision and management of subsidiaries.	No deviation was found.
II. Composition and Responsibilities of the Board of Directors			II.	
(I) Has the Board of Directors set up a diversification policy and specific management goals for its composition?	V		(I) The diversification policy of the Board of Directors' composition of the Bank is based on the Executive Yuan's "Gender Equality Policy Guidelines", and the related management objectives are in accordance with the FSC's "Regulations Governing Qualification Requirements and Concurrent Serving Restrictions and Matters for Compliance by the Responsible Persons of Banks".	No deviation was found.
(II) Apart from the Remuneration Committee and Audit Committee, has the bank assembled other functional committees at its own discretion?		V	(II) Apart from the Audit Committee assembled on December 19, 2014, the Bank currently has no other functional committee in place.	No deviation was found.

Assess Criteria	Actual Governance			Deviation and Causes of Deviation From the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary Description	
(III) Has the bank established a set of policies and assessment tools for evaluating Board performance, and conducted performance evaluation on a yearly basis? Are performance evaluation results reported to the Board of Directors and used as reference for compensation, remuneration, and nomination decisions?		V	(III) The Bank is not listed on the TWSE or TPEX. It compensates directors according to the "Guidelines for Ministry of Finance Appointing Persons-in-charge, Managers, Directors and Supervisors in State-owned and Private Institutions" and by having directors conduct annual self-assessments in accordance with the "Performance Evaluation Scorecard for Persons-in-charge, Managers, Directors and Supervisors Appointed by the Ministry of Finance in Public or Private Institutions" (performance indicators include: Board meeting attendance count, engagement in or reporting of significant matters, involvement in and contribution to state-owned enterprises, other specific good performance, etc.). Outcomes of performance self-assessments are reported to the Ministry of Finance before the end of February each year.	No deviation was found.
(IV) Are external auditors' independence assessed on a regular basis?		V	(IV) The Bank appoints financial statement auditors according to the procedures outlined in the Government Procurement Act, and requires auditors to issue a statement of independence in accordance with the "Statement of CPA Professional Ethics No. 10". Auditor appointments are raised for discussion and approved by the Audit Committee and Board of Directors, and are reported to the National Audit Office for final approval afterwards. The service agreement signed with the accounting firm contains a termination and dismissal clause that allows service arrangements to be reviewed on a yearly basis.	No deviation was found.
III. Has the bank allocated an adequate number of competent corporate governance staff and appointed a corporate governance officer to oversee corporate governance affairs (including but not limited to providing directors/supervisors with the information needed to perform their duties, assisting directors/supervisors with compliance issues, convention of Board meetings and shareholder meetings, and preparation of Board/shareholder meeting minutes)?		V	Corporate governance affairs of the Bank are handled by individual departments and divisions within the scope of their respective responsibilities. A "Corporate Governance Officer" position was created on May 24, 2019 under the Board of Directors' approval to further support the corporate governance system. This position is concurrently undertaken by an Executive Vice President who serves as the ultimate supervisor of corporate governance-related affairs and provides assistance to directors on relevant matters.	No deviation was found.

Assess Criteria	Actual Governance			Deviation and Causes of Deviation From the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary Description	
IV. Has the bank provided proper communication channels and created dedicated sections on its website to address corporate social responsibility issues that are of significant concern to stakeholders (including but not limited to shareholders, employees, customers and suppliers)?	V		The Bank has created a stakeholders section on its portal and uses management e-mails, customer grievance e-mails, a customer opinion box and customer satisfaction surveys as transparent and effective means of communication with stakeholders. The Intranet contains an employee complaint section, for which dedicated personnel have been assigned to address suggestions or disputes of customers, employees and concerned parties.	No deviation was found.
V. Information Disclosure			V.	
(I) Has the bank established a website to disclose financial, business, and corporate governance-related information?	V		(I) The Bank has created a portal and uses the website to disclose financial, business, and corporate governance information as instructed by the authority.	No deviation was found.
(II) Has the bank adopted other means to disclose information (e.g. English website, assignment of dedicated personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the bank's website)?	V		(II) The Bank has established an English website and disclosed relevant information on it. The Bank has established "Notes on News Release and Media Contact" as part of its spokesperson system, and appointed a dedicated spokesperson to communicate with the public on major decisions, policies, practices, and measures. The Public Relations Section, Secretariat, is responsible for gathering information and releasing news. Given that the Ministry of Finance is the Bank's sole shareholder, there is no need to convene investor seminars.	No deviation was found.
(III) Does the bank publish and make official filing of annual financial reports according to the Banking Act and Securities and Exchange Act within the required timeframe after the end of an accounting period, and publish/file Q1, Q2, and Q3 financial reports plus monthly business performance before the specified due dates?	V		(III) The Bank publishes and files annual and semi-annual financial reports within the specified due dates according to the Banking Act and Securities and Exchange Act. Monthly disclosures on revenue, endorsements, guarantees, and loans are published over the Market Observation Post System before the due date.	No deviation was found.



Assess Criteria	Actual Governance			Deviation and Causes of Deviation From the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary Description	
VI Does the bank have other information that enables a better understanding of its corporate governance practices (including but not limited to employee rights, employee care, investor relations, stakeholders' rights, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of a customer policy, insuring against liabilities of the bank's directors and supervisors, and donation to political parties, stakeholders and charity organizations)?	V		<p>VI.</p> <p>(I) The Bank has established the "Land Bank of Taiwan Corporate Governance Code of Conduct" based on Bankers Association's "Corporate Governance Best-Practice Principles for Banks" and related laws as an enhancement to its corporate governance framework and practices. Details of the code of conduct have been disclosed on the Bank's portal and Intranet.</p> <p>(II) Employee Rights and Care:</p> <p>1. Employee Welfare:</p> <p>(1) Benefits Offered by the Company: Preferred rate loans, leave subsidy, training, social gathering for singles, inter-branch table tennis, tennis, bowling, golf, badminton, chess and bridge competitions, hiking, talent shows and sport/recreational activities.</p> <p>(2) Benefits Arranged by the Employee Welfare Committee: Group insurance, festive cash, children's education subsidy, and employee hospitalization subsidy.</p> <p>2. Retirement System: Employee retirement, redundancy and pension are handled according to the "Regulations Governing Employee Retirement, Pension and Redundancy for Subordinate Financial and Insurance Institutions of the Ministry of Finance" and the "Labor Standards Act." The Bank maintains a registry of employees who are approaching the retirement age and enforces retirement when age is met.</p> <p>3. Terms Agreed Between Employer and Employees:</p> <p>(1) The Bank actively communicates with the union and employees to address their requests. In addition, meetings are convened to alleviate queries and establish consensus among the workforce.</p> <p>(2) Pursuant to Article 83 of the Labor Standards Act and Regulations for Implementing Labor-Management Meetings, the Bank takes the initiative in organizing labor-management meetings as a means to promote harmonic employment relationships and unite employees.</p> <p>4. Protection of Employees' Interests:</p> <p>(1) "The Land Bank of Taiwan Work Rules" has been established in accordance with Article 70 of the Labor Standards Act to outline rights and obligations between the employer and employees and to facilitate compliance of the two parties.</p>	No deviation was found.

Assess Criteria	Actual Governance			Deviation and Causes of Deviation From the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary Description	
			<p>(2) On November 18, 2019 the Bank completed the signing of the revised "Collective Agreement Between the Land Bank of Taiwan and Land Bank of Taiwan Union" with the corporate labor union, which helped stabilize labor relations. It also achieved the protection of labor rights and interests and promoted harmonious relations through adequate communication, coordination and cooperation, as well as adherence to the principles of honesty and trust.</p> <p>(3) "Employee Care": All internal units are reminded each year to take the initiative in caring for employees' needs, and shall assign dedicated personnel to provide counseling for newly recruited or newly transferred employees and help them familiarize and adjust to the new work environment and lifestyle, so that they may fit in to contribute skills and build a promising career within the Bank in the shortest time possible.</p> <p>(III) Investor Relations and Stakeholders' Interests:</p> <ol style="list-style-type: none"> <li>1. The Ministry of Finance is the Bank's sole shareholder, for which dedicated personnel have been assigned to carry out shareholder service.</li> <li>2. Directors' academic and career background and concurrent employment in other companies are disclosed in Annual Reports to serve as reference for stakeholders.</li> <li>3. To ensure compliance with the "Ethics Directions for Civil Servants", an "Ethical Incident Registration System" has been created on the Intranet and is being operated properly.</li> </ol> <p>(IV) Directors' Training - 2021:</p> <ol style="list-style-type: none"> <li>1. The Bank held two courses, "Advanced Seminar on Directors' and Supervisors' Practice (including Independent) - Course of Principle to Treat Clients Fairly for Directors and Supervisors" on March 26, 2021 and "Corporate Governance Forum - Corporate Social Responsibility (CSR) and Corporate Competitiveness for Sustainable Operation" on April 23, 2021, with a total of 6 hours of keynote speeches.</li> <li>2. Independent Director Lai Hung-Neng attended the "Advanced Seminar on Directors' and Supervisors' (including Independent) and Corporate Governance Officers' Practices - Case Studies on the Establishment of Directors' and Supervisors' Breach of Trust and Special Breach of Trust" held by the Securities and Futures Institute on February 26, 2021 for 3 hours and attended the "Corporate Governance Lecture - Fintech Series" held by the Taiwan Academy of Banking and Finance on March 4, 2021 for 3 hours.</li> </ol>	

Assess Criteria	Actual Governance			Deviation and Causes of Deviation From the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary Description	
			<p>3. Director Chen Hung-Hsi attended the "Corporate Governance Lectures - FinTech Series" held by the Taiwan Academy of Banking and Finance on March 4, 2021 for 3 hours.</p> <p>4. Managing Director Chuang Tsui-Yun attended the "Corporate Governance Lectures - FinTech Series" held by the Taiwan Academy of Banking and Finance on March 30, 2021 for 3 hours.</p> <p>5. Director Li Chien-Hsien attended the "Strengthen Board Functions Through Corporate Governance 3.0" held by the Taiwan Independent Director Association on March 23, 2021 for 3 hours and the "2021 Green Finance Leaders Roundtable - Climate Finance Trends and Risk Management" held by the Taiwan Academy of Banking and Finance on April 15, 2021 for 3 hours.</p> <p>6. Director Wu Yi-Ling attended the "Directors, Supervisors (including Independent), and Corporate Governance Officer's Practice Workshop - Taipei Class" held by the Securities and Futures Institute on October 19 and 20, 2021 for 12 hours.</p> <p>7. Managing Director (Independent Director) Chen Yu-Min attended the "Directors, Supervisors (including Independent), and Corporate Governance Officer's Practice Workshop - Taipei Class" held by the Securities and Futures Institute on October 19 and 20, 2021 for 12 hours.</p> <p>8. Director Yang Tsung-Hsien attended the "Advanced Seminar for Directors', Supervisors' (including Independent) and Corporate Governance Officer's Practices - Climate Mitigation and Adaptation for Sustainable Competitiveness" held by the Securities and Futures Institute on August 25, 2021 for 3 hours; the "Advanced Seminar for Directors', Supervisors' (including Independent) and Corporate Governance Officer's Practices - Early Warning and Type Analysis of Corporate Financial Crisis", and "Advanced Seminar for Directors', Supervisors' (including Independent) and Corporate Governance Officer's Practices - Case Studies on the Establishment of Directors' and Supervisors' Breach of Trust and Special Breach of Trust" held by the Securities and Futures Institute on August 27, 2021 for 3 hours respectively; and the "Advanced Seminar for Directors', Supervisors' (including Independent) and Corporate Governance Officer's Practices - Foundry and Advanced Packaging Technologies and Supply Chain Opportunities" held by the Securities and Futures Institute on September 8, 2021 for 3 hours.</p>	

Assess Criteria	Actual Governance			Deviation and Causes of Deviation From the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary Description	
			<p>9. Independent Director Chen Feng-Yao attended the "Advanced Seminar for Directors', Supervisors' (including Independent) and Corporate Governance Officer's Practices - Climate Mitigation and Adaptation for Sustainable Competitiveness" held by the Securities and Futures Institute on August 25, 2021 for 3 hours; the "Advanced Seminar for Directors', Supervisors' (including Independent) and Corporate Governance Officer's Practices - Corporate Governance 3.0 From the Perspective of Prosecution and Investigation" held by the Securities and Futures Institute on September 7, 2021 for 3 hours; the "Advanced Seminar for Directors', Supervisors' (including Independent) and Corporate Governance Officer's Practices - Discussion of Legal Responsibility of Directors and Supervisors in Cases of Inaccurate Financial Statements" held by the Securities and Futures Institute on October 28, 2021 for 3 hours; and the "2021 Green Finance Leaders Roundtable - Business Opportunities, Challenges, and Transformation Strategies Under ESG Trends" held by the Taiwan Academy of Banking and Finance on November 11, 2021 for 3 hours.</p> <p>10. Managing Director Chu Hsuan-Lian attended the "Training Courses for Directors, Supervisors (including Independent) and Corporate Governance Officer - ESG Management Practices That Matter to Institutional Investors" held by the Taiwan Investor Relations Institute on October 21, 2021 for 3 hours; the "Advanced Seminar for Directors', Supervisors' (including Independent) and Corporate Governance Officer's Practices - Discussion of Legal Responsibility of Directors and Supervisors in Cases of Inaccurate Financial Statements" held by the Securities and Futures Institute on October 28, 2021 for 3 hours; the "Corporate Governance, Board of Directors, and Salary and Compensation Committee Operation and Case Studies" held by the Corporate Operating and Sustainable Development Association on October 29, 2021 for 3 hours; and the "Analysis of Corporate Governance Evaluation and Board Performance Assessment" held by the Accounting Research and Development Foundation on November 3, 2021 for 3 hours.</p>	

Assess Criteria	Actual Governance			Deviation and Causes of Deviation From the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary Description	
			<p>(V) Implementation Status of Risk Management Policy and Risk Assessment Standards:</p> <p>The Bank's "Risk Management Committee" convened five meetings in 2021 to discuss risk monitoring reports and risk management issues. Measurement, monitoring, and reporting of credit, market, operational and other risks continued to be performed by the Department of Risk Management, and amendments were made to the following risk management policies during the year:</p> <ol style="list-style-type: none"> <li>1. The amended "Land Bank of Taiwan Risk Management Policies and Procedures" was issued according to the Letter dated on January 12, 2021.</li> <li>2. The amended "Liquidity Risk Management Indicator Limit Table" of the Bank was issued according to the Letter dated on January 15, 2021.</li> <li>3. The amended "The Table of Risk Weights Applicable to the Calculation of the Potential Future Risk Exposure for the Control of Derivatives Trading Quota" of the Bank was issued according to the Letter dated on April 8, 2021.</li> <li>4. The amended "The Management Guidelines for Interest Rate Risk" of the Bank was issued according to the Letter dated on April 13, 2021 and stipulated that the risk appetite for bank interest rate risks shall be expressed in risk indicators of both economic value and earnings.</li> <li>5. Amendments were made by approval to the "Land Bank of Taiwan List of Key Operational Risk Indicators" on May 21, 2021.</li> <li>6. The amended schedule of the "Price Reasonableness Checklist for Financial Instruments" of the "Notes on the Operation of Financial Instrument Transaction Price Reasonableness Check" of the Bank was issued according to the Letter dated on June 29, 2021.</li> <li>7. The amended meaning of the "Special Abnormal Incident" of operational risk was issued according to the Letter dated on September 2, 2021.</li> <li>8. The amended "Market Risk Management Guidelines" of the Bank was issued according to the Letter dated on September 23, 2021.</li> <li>9. The amended "Market Risk VaR Management Guidelines" of the Bank and its schedule "Market Risk VaR Limit Table" were issued according to the Letter dated on December 24, 2021.</li> </ol>	

Assess Criteria	Actual Governance			Deviation and Causes of Deviation From the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary Description	
			<p>(VI) Implementation of Customer Policy:</p> <ol style="list-style-type: none"> <li>1. In order to protect the rights of customers and enhance the protection of financial consumers, the Bank established the Customer Care Committee in December 2019 and held a total of four meetings in 2021, with important motions reported to the Board of Managing Directors to implement the principle of fair customer service and enhance the protection of financial consumers.</li> <li>2. The Bank continued to train its employees on "Fair Customer Treatment Principles - Theory and Practice"; 3 hours of training course were organized in 2021, and a total of 5,488 employees completed the training.</li> <li>3. All service announcements are made over the Bank's portal and are readily accessible by the general public.</li> <li>4. In addition to providing a variety of consultation channels, the Bank has set up a customer service center on the Bank's corporate website to provide 24-hour real-time consultation for a wide range of services such as mortgages, debit cards, and credit cards. Intelligent customer service can be accessed through the Bank's official website, Facebook Messenger, LINE, Personal Internet Banking, and the mobile banking App of the Land Bank of Taiwan, etc. Other than the 24-hour online business consultation services, a "Free Customer Complaint Line (0800-231590)" is available for customers to inquire about business and needs.</li> <li>5. All fees and standards are compiled into a comprehensive sheet and disclosed in a visible manner at all office locations and on the Bank's portal for the protection of consumers' interest.</li> <li>6. The portal and credit service section have been configured to display "Anti-fraud Alerts" to remind customers to exercise caution and protect themselves from fraud.</li> <li>7. The Bank caters for the rights and convenience of people with visual impairment, and offers them the option to apply for loans either by engaging a "public notary" (in accordance with "The Notary Act") or having a "witness" present (which can be spouse, blood relative, other relative, friend, or social worker).</li> </ol>	



Assess Criteria	Actual Governance			Deviation and Causes of Deviation From the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary Description	
			<p>8. To ensure protection of consumers' interest and in compliance with Article 47-1 of the Banking Act, the Bank has specified in its "International Credit Card Terms and Conditions" that credit card revolving interest rate shall not exceed 15% per annum. Furthermore, business units are instructed to ensure that terms and conditions are given to credit card applicants.</p> <p>9. The following actions were taken in 2021 to enforce the Bank's personal information protection policy:</p> <p>(1) The Bank engaged KPMG to conduct a special audit on personal information for the year 2020, and the audit results were later acknowledged by the Financial Supervisory Commission on April 28, 2021.</p> <p>(2) 9.5 hours of personal information protection training were organized in 2021, and a total of 1,156 people were trained.</p> <p>(3) The Personal Information Protection Promotion Committee convenes a meeting once a year on a regular basis. In 2021 the meeting was held on December 23, 2021. The amendment of the "Notes on the Personal Information Protection Operation" of the Bank was submitted to and approved by the Personal Information Protection Promotion Committee and recorded in the minutes of the meeting.</p> <p>(4) Internal policies were amended so that business administration units of the Head Office are responsible for the investigation, analysis, and improvement of incidents involving breach of personal information security. The Bank received no report of personal information breach in 2021.</p> <p>(5) Internal policies were amended so that business administration units of the Head Office are required to conduct drills on malfunction of the e-commerce service system. A total of 11 units completed the drill in 2021.</p> <p>(6) Internal policies were amended so that business administration units of the Head Office are required to conduct a review of the BIF and the inventory of personal information files once per year. In 2021 the review was completed on October 29, 2021.</p> <p>(VII) Insurance Against Directors' and Supervisors' Liability: The Bank is 100% state-owned and is neither listed on the TWSE nor TPEX. The Bank has not purchased such an insurance considering the limited yields it may provide (and the fact that the Bank of Taiwan, too, has not purchased such insurance so far).</p>	

Assess Criteria	Actual Governance			Deviation and Causes of Deviation From the Corporate Governance Best-Practice Principles for Banks
	Yes	No	Summary Description	
			(VIII) Donation to Political Parties, Stakeholders, and Non-profit Organizations: No donation was made to a political party or stakeholder. Driven by the motivation to care for the society and fulfill corporate social responsibilities, the Bank participates in charitable events and takes this opportunity to contribute to society, improve corporate image, and enhance the public's approval for the brand. Please refer to the implementation of sustainable development promotion.	
VII Please explain the improvements made and measures taken in response to the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center (not required if not evaluated): The Bank was not part of the evaluation, hence not required.				

## II. Promotion of Sustainable Development

Promotion Item	Implementation		
	Yes	No	Summary Description
I. Does the Bank establish an exclusive (or concurrent) governance structure to promote sustainable development and have the senior management appointed by the Board of Directors to be in charge, and what is the supervision status of the Board of Directors?	V		I. (I) The Board meeting held on April 23, 2021 approved the establishment guidelines and established the Sustainable Development Committee as the core unit for promoting ESG sustainable governance. The Committee is chaired by the Chairperson of the Board with the Executive Vice-President being the Vice Chairman, and the Executive Vice-President, the General Auditor, the EVP & Chief Compliance Officer, and the Corporate Governance Officer as members of the Committee. It consists of six executive groups, including "sustainable finance", "customer rights", "employee care", "corporate governance", "environmental sustainability", and "social participation". The Vice Chairman appoints the member who supervises the related business to be the convener of each group, and the Department of Planning acts as the secretary unit to summarize the implementation of each group's duties and to coordinate the management of the meeting.

Promotion Item	Implementation		
	Yes	No	Summary Description
			<p>(II) In response to FSC's "Corporate Governance 3.0 - Blueprint for Sustainable Development" and to be in line with the trend of sustainable financial development, the Bank has incorporated "implementing sustainable management" into its management policy as a strategic objective to achieve various sustainable development goals and fulfill its corporate social responsibility. In addition, in order to integrate the concept of sustainable management with our core business and refine sustainable governance, we have developed the Bank's "Environmental, Social and Corporate Governance (ESG) Promotion Blueprint", which sets out the tasks and short-, medium-, and long-term implementation plans and targets of each division in relation to ESG issues, all of which have been approved by the Sustainable Development Committee and notified each department by letter to actively cooperate. In addition to tracking the implementation status thereof quarterly, we also include the short-, medium-, and long-term ESG targets and the implementation results into the Sustainable Report, submit it to the Sustainable Development Committee for review, and report to the Board of Directors.</p> <p>(III) The "2020 CSR Report" of the Bank was approved by the Sustainable Development Committee and reported to the Second Session of the 7th Term of the Board of Directors on August 26, 2021, which not only presented the sustainable development vision and strategies of the Bank but also include the annual objectives and implementation results of the corporate social responsibilities.</p>
II. Has the bank conducted risk assessment on environmental, social, and corporate governance issues that are relevant to its operations, and implemented risk management policies or strategies based on principles of materiality?	V	II	<p>(I) Through a questionnaire, the Bank surveyed its stakeholders on sustainability issues and identified its material topics for 2021 based on international sustainability trends and material topics of benchmark peer companies to ensure that they are in line with the Bank's sustainability path and respond effectively to stakeholder expectations. The Bank conducts surveys on sustainability issues of concern to stakeholders through the Material Topics Assessment Questionnaire. The questionnaire is also distributed to the heads of internal units to determine the impact and influence of each topic on The Bank and to serve as a reference for ranking the material topics.</p> <p>(II) The Bank has identified eight material topics with medium to high impact on the Bank based on their internal impact and impact on stakeholders and has developed the following strategies:</p> <p>1. Environmental Aspect: Climate Change Strategy: To address the risks and opportunities associated with climate change, the Bank has established a Climate Change Management Team to develop a comprehensive regulation and strategy. In addition, the Bank has incorporated climate change risks into its risk management policy and signed up to support and integrate the TCFD framework.</p> <p>2. Social Aspect: (1) Talent Development and Cultivation: The Bank regularly prepares internal training plans according to the business needs of each management unit, organizes centralized training, regional lectures and digital learning, and plans a series of diversified training courses, including orientation training for new employees, professionalism development and supervisory training. The Bank also keeps its employees informed of courses offered by professional training institutions outside the Bank in a timely manner and sends them to domestic professional institutions for training to improve their professional knowledge and enhance the quality of talents.</p>

Promotion Item	Implementation		
	Yes	No	Summary Description
			<p>(2) Sustainable Finance: The Bank provides customers with sustainable products and services through its core business, tackles environmental and social problems, and sets out sustainable lending and responsible investment relevant policies to fulfill the social responsibility of the financial industry in the financial supply chain.</p> <p>(3) Information Security and Personal Information Protection: The Bank has established the "Cyber Security Promotion Team" and the "Personal Information Protection System Promotion Committee", formulated the "Cyber Security Policy", "Personal Information Protection Policy", "Management Guidelines for Personal Information Protection", and "Notes on Personal Information Protection Operations" to protect customer privacy and reduce the trust and information security crisis.</p> <p>(4) Digital Finance: In response to the global FinTech development trend, the Company continues to promote digital finance and strengthens virtual channel applications to provide convenient and efficient financial services and reduce over-the-counter transaction costs.</p> <p>3. Corporate Governance Aspect:</p> <p>(1) Operating Performance: The Bank creates long-term stable operating performance by strengthens its core business development, enhancing investment yields and the efficiency of the use of its own property.</p> <p>(2) Risk Management: The Bank defines the risk management responsibilities of each unit in a three-line defense approach. The Risk Management Committee is convened by the Chairperson concurrently with the President as the Vice Convener. The Bank adopts a proactive and preventive approach to risk management. If necessary, meetings will be held at any time to review bank-wide risk monitoring reports, risk control, and other related proposals.</p> <p>(3) Legal Compliance: The Bank conducts itself in accordance with the "Land Bank of Taiwan Implementation Guideline for Legal Compliance System" and supervises the management to adjust the business rules and regulations in a timely manner in accordance with the changes of the Act, so as to control the banking business in compliance with the Act.</p>
<p>III. Environmental Issues</p> <p>(I) Has the bank established environmental policies suitable for its industrial characteristics?</p>	V		<p>III.</p> <p>(I)</p> <p>1. The Bank has formulated its "Land Bank of Taiwan Environment Protection Policy" in accordance with the industry characteristics to carry out energy saving and carbon reduction, water saving and waste reduction, and green procurement and environmental training.</p> <p>2. The Bank has passed the Greenhouse Gas Inventory (Scope I and II) for the Head Office building and obtained the "ISO 14064-1: 2018 Greenhouse Gas Inventory" certificate on September 14, 2021.</p>

Promotion Item	Implementation		
	Yes	No	Summary Description
(II) Is the bank committed to achieving efficient use of energy and using renewable materials that produce less impact on the environment?	V		<p>(II) The Bank's specific acts for improving energy efficiency are as below:</p> <ol style="list-style-type: none"> <li>1. Accelerate the Replacement of Old Air Conditioning Systems: Completed 10 replacement cases including the Chiayi Branch, in 2021 and set up the completion of at least 12 cases as the target for 2022.</li> <li>2. Build Rooftop Solar Power Generation Systems: Completed the construction in the Yuanlin Branch and set up the completion of construction in 6 business locations as the target for 2022.</li> <li>3. Obtain the Green Building Label: The Bank has obtained the green building labels for five of its branches, namely Taiping, Shalu, Chupei, Nangang and Yilan Branches.</li> </ol>
(III) Does the bank assess potential risks and opportunities associated with climate change, and undertake counter-measures to climate issues?	V		<p>(III)</p> <ol style="list-style-type: none"> <li>1. The Bank established the Climate Change Management Team in June, 2021 and introduced the Task Force on Climate-related Financial Disclosures (TCFD) matters. It invited three consulting firms to share their experience and advice on TCFD consulting during November and December, 2021. In addition, the Bank also participated in four educational trainings on climate change risk management and the "Global Standard on Greenhouse Gas Accounting and Disclosure for the Financial Sector" conference on climate related financial disclosure issues conducted by the Bankers Association of the Republic of China.</li> <li>2. The "Preliminary Inventory Report of Climate Risk on the Bank's Assets" was completed and sent to all business units and related departments to facilitate their understanding of the impact of the flooding risk on the Bank's assets due to geographic location and the impact of transformation risk on lending customers in high carbon emission industries.</li> </ol>
(IV) Does the bank maintain statistics on greenhouse gas emission, water usage and total waste volume in the last two years, and implement policies aimed at reducing energy, carbon, greenhouse gas, water, and waste?	V		<p>(IV) The Bank's specific acts of energy saving and carbon reduction are as below:</p> <ol style="list-style-type: none"> <li>1. Annual utility costs and paper consumption: Set up a 2% reduction from the previous year as the target.</li> <li>2. We have given priority to replacing old air conditioning systems with high-efficiency energy-saving ones, and the lighting systems in the Bank's business halls and office premises have been completely replaced with LED energy-saving lighting.</li> <li>3. The Bank continues its plan to replace 10% of power-intensive equipment with energy-efficient alternatives on a yearly basis.</li> <li>4. We regularly educate our employees on measures to control the total amount of domestic waste and for resource recycling, sorting, and continuous reduction.</li> </ol>



Promotion Item	Implementation		
	Yes	No	Summary Description
IV. Social Issues			IV.
(I) Has the bank developed its policies and procedures in accordance with laws and the International Bill of Human Rights?	V		(I) 1. The Bank has established a set of work rules in accordance with Article 70 of the Labor Standards Act given its industry characteristics, which both the employer and employees are bound to obey.  2. Pursuant to Article 83 of the Labor Standards Act and Regulations for Implementing Labor-Management Meetings, the Bank takes the initiative in organizing labor-management meetings as a means to promote harmonic employment relationships and unite employees.
(II) Has the bank developed and implemented reasonable employee welfare measures (including compensation, leave of absence, and other benefits), and appropriately reflected business performance or outcome in employees' compensations?	V		(II) 1. To seek the welfare of all employees, the Bank has established the Employees' Welfare Committee, provides employees with life benefits, recreational activities and subsidies, as well as a complete insurance system for each employee. In addition to the Public Employee Insurance, Labor Insurance, National Health Insurance and full contribution to the pension fund, we also take out a bankers' blanket bond to provide employees with various protections. In addition, the Bank also takes care of the retirement life of employees and cares for the physical and mental health of retirees by providing recreational and cultural activities and organizing retirement social gatherings for employees whose careers have ended due to retirement.  2. To combine the bonus system with the unit operating performance and the extent to which the deviation of each employee's contribution for distributing the annual review bonus and performance bonus, the implementation status is as follows: (1) The Bank's "Notes on Performance Bonus Allocation" offers two month's worth of performance bonus, which includes bonus from annual evaluation and a work bonus up to one month of salary. A work bonus amounting to one month's salary may be granted as an incentive depending on employees' pro-activeness, sales/policy target accomplishments, rewards, discipline and attendance records. (2) The Bank's "Guidelines Regarding the Issuance of Performance Bonuses - Special Bonuses" combines the unit's operating performance, employee's annual evaluation results, and achievement of annual targets: ①The annual performance evaluation for the Head Office units, domestic business units, and overseas units are conducted in accordance with the "Performance Evaluation Guidelines of Head Office Departments", the "Operating Performance Reward and Punishment Guidelines of Business Units", and the "Operating Performance Reward and Punishment Guidelines of Overseas Branches" respectively, and different "unit performance weights" are assigned to each unit according to the ranking of the evaluation. ②Upon completion of the personal annual evaluation, employees are given different "personal evaluation weights" based on their evaluation results. ③The "unit performance weight" combined with the "personal evaluation weight" are used as the criteria for granting unit bonuses in the performance bonuses, and the system of rewarding employees according to their "performance and effort" and "contribution to the Bank" in the year is implemented.

Promotion Item	Implementation		
	Yes	No	Summary Description
(III) Does the bank provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	V		<p>(III)</p> <ol style="list-style-type: none"> <li>1. In order to effectively prevent occupational hazards and protect the safety and health of employees, the Bank has established the "Occupational Safety and Health Automatic Inspection Plan", "Occupational Safety and Health Work Rules", "Abnormal Workload Triggered Disease Prevention Plan", "Unlawful Assault in the Performance of Duty", and "Ergonomic Hazard Prevention Plan" in accordance with the regulations, and promoted the implementation of these plans throughout the Bank to prevent the occurrence of occupational hazards and disasters.</li> <li>2. Each unit of the Bank commissions an Operational Environment Monitoring Institute acknowledged by the Ministry of Labor to test the concentration of carbon dioxide every six months, prevents employees from exposure to hazards, and provides them with a healthy working environment; Every unit is equipped with a first aid kit to provide first aid and emergency disposal in the workplace; Holds the Occupational Safety and Health Committee meeting every three months to review, coordinate, and suggest safety and health relevant matters.</li> <li>3. In order to enhance employees' awareness of occupational safety and health, the Bank holds safety and health education and training and health consultation regularly, including occupational safety and health educational training for newly-hired and in-service employees, the establishment of occupational safety and health supervisors and first-aid personnel in each business unit who are qualified through safety and health education and training and take refresher training regularly in accordance with applicable regulations, and engages occupational medicine specialists for on-site health counseling regularly, and nursing staff provide monthly health education and promotion materials to enhance employees' health awareness.</li> <li>4. Provide employees with regular health checks and engage occupational medicine specialists for on-site health services throughout the Bank to take care of employees' physical and mental health, as well as be staffed with healthcare personnel dedicated to labor health services to provide professional medical consultation. The healthcare personnel also comply and provide health education and promotion materials on a monthly and irregular basis according to the common abnormalities in the health checkups of the employees and prevalent diseases, in order to enhance the health awareness of the employees and to promote health.</li> <li>5. In 2021, 27 employees (0.47% of the total number of employees) were involved in occupational accidents, including 21 traffic accidents and falls on the way to and from work, 4 falls and injuries at work, and 2 other cases. The Bank analyzes the reported type of occupational hazards and prepares preventive health promotion literature to improve the environment and performs internal promotion. In addition, a dedicated nurse will be assigned to care for the injuries and illnesses of the employees injured on the job, provide individual health education, and provide ongoing health follow-ups after returning to service.</li> </ol>

Promotion Item	Implementation		
	Yes	No	Summary Description
(IV) Has the bank implemented an effective training program that helps employees develop skills during their career?	V		(IV) To enhance employees' professional knowledge and skills and improve service performance, the Bank continues to plan internal training yearly according to the business needs of the management units, and holds centralized training, regional lectures, and e-learning within the Bank. In 2021 the Bank planned a series of diverse training courses such as new employee orientation, professional training, supervisory training, etc. The Bank also keeps its employees informed of courses offered by professional training institutions outside the Bank in a timely manner and sends them to domestic professional institutions for training to improve their professional knowledge. In addition, to encourage employees to improve their foreign languages and take on-the-job trainings to enhance the quality of talents, the Bank held internal centralized trainings with a total of 107 sessions and 32,914 participants in 2021. Moreover, according to business needs, the Bank also sent employees to domestic training institutions for professional trainings with a total of 435 sessions and 1,191 participants.
(V) Does the Bank comply with relevant regulations and international standards regarding customer health and safety, right to privacy, marketing and labeling of its products and services, and set up relevant consumer protection policies and complaint procedures?	V		(V) The Bank has developed its own "Financial Consumer Protection Policy" and "Fair Customer Treatment Principles" in accordance with the authority's instructions for the purpose of protecting financial consumers' interest and enforcing fair customer treatment; both of which have been duly enforced throughout the Bank's internal rules and business activities. For the protection of customers' interest, the Bank also has a "financial consumer dispute resolution system" in place to ensure fair, reasonable and efficient handling of financial consumer disputes and complaints between the Bank and its customers.
(VI) Has the bank implemented a supplier management policy that regulates suppliers' conduct with respect to environmental protection, occupational safety and health or work rights/human rights issues, and tracked supplier performance on a regular basis?	V		(VI) As a state-owned enterprise, the Bank fully supports the government's initiative toward open and transparent procurement, and adopts the practices outlined in the Government Procurement Act to maximize value, prevent fraud, and improve efficiency of its procurement activities. All procurement contracts and policies have been implemented in accordance with the Government Procurement Act.
V. Does the bank prepare sustainability reports or any report of non-financial information based on international reporting standards or guidelines? Are the above mentioned reports supported by assurance or opinion of a third-party certifier?	V		The Bank's "2020 CSR Report" was prepared in accordance with the GRI guidelines and has been certified by a third party institution, SGS Taiwan Ltd., that it meets the requirements of the core options of GRI Standards and the AA1000 Type I medium assurance level. Going forward, the Bank will prepare a Sustainable Report each year in accordance with the internationally accepted standards or guidelines for report preparation and will engage a third party to verify the reports.

Promotion Item	Implementation		
	Yes	No	Summary Description
VI If the Bank has established its Sustainable Development Principles based on the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, please describe the implementation and any deviations from the Principles: The Bank is not a TWSE/TPEX listed company listed company and does not have such principles.			
VII. Other information useful to the understanding of the implementation of promoting sustainable development: Below is a summary of charity events that the Bank took part of in 2021:			
(I) "Guanqian Art Corridor": The Bank has been hosting an open exhibition called "Guanqian Art Corridor" at the Head Office since 2005, in which local artists are invited to showcase their creations that carry "Land" and "Taiwan" as the main theme. There were two calligraphy and oil painting artists invited for exhibitions in 2021.			
(II) "Public Welfare Trust Donation" Ceremony: The Bank continued to cooperate with county (city) governments to promote the "Social Welfare Trust for Public Welfare" and invited the Political Deputy Minister of the Ministry of Interior, Mr. Hua, to the ceremony and signed an MOU for the social housing chartering and management business with the "Rental Housing Service Business Association of the R.O.C."			
(III) In line with the government's policy of Quintuple Stimulus Vouchers, we started the business of cashing the Vouchers to achieve the purpose of revitalizing merchants' income and revitalizing the economy.			
(IV) Support for United Way: Employees of the Bank have been actively supporting United Way by making discretionary donations since 1994. Their active contributions have enabled care to be extended to far corners of society.			
(V) Scholarship: In 2021 the Bank offered a total of NT\$1,018,000 in scholarship to 17 schools nationwide.			
(VI) "My Hong-Te" of the Environmental Protection Administration, Executive Yuan: To reduce the consumption of bottled beverages, from March 5, 2021 the Bank opened its drinking water facilities across 151 branches for people to bring their own containers to fill water bottles. The Bank took practical action to support environmental protection and plastic reduction, creating a model of green finance.			
(VII) Donated NT\$3 million and NT\$1.8 million respectively in the Bank's name in response to the fundraising events for the Taiwan Railway Taroko derailment and the Kaohsiung Chengzhongcheng fire.			
(VIII) "Support Mango Farmers to Combat Epidemic" Event: Due to the severe epidemic affecting the sale of mangoes, the Bank ordered 2.6 metric tons of Tainan mangoes and donated to social various welfare organizations in June 2021.			
(IX) "Support Pineapple Farmers" Event: To support the farmers, the Bank purchased 50 tons of Golden Diamond pineapples and donated them to various social welfare organizations, such as the Taiwan Fund for Children and Families, expressing the Bank's care and warmth.			
(X) Local Care: Donated seasonal fruit, rice, and other necessities to non-profit organizations including the Genesis Social Welfare Foundation, homes for disabled, children's homes, special schools, nursing centers and TFCF, etc. Meanwhile, employees have responded to the Bank's motivation by actively participating in blood donation and local charity events in their own capacity.			

### III. Fulfillment of Good faith and Integrity Policy

Item	Yes	No	Implementation
I. Establishment of Integrity Policies and Solutions			I
(I) Has the bank established a set of board-approved business integrity policies and stated in its Memorandum or external correspondence about the policies and practices it implements to maintain business integrity? Are the Board of Directors and the senior management committed to fulfilling this commitment?	V		(I) The Board has established a set of ethical behavior guidelines to regulate directors' and managers' conduct, and thereby enforce business integrity.
(II) Has the bank developed systematic practices for assessing integrity risks? Does the bank perform regular analyses and assessments on business activities that are prone to higher risk of dishonesty, and implement prevention against dishonest conduct that includes at least the measures mentioned in Paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies"?	V		(II) The Bank is not listed on the TWSE or TPEX. Being a 100% state-owned bank controlled by the Ministry of Finance, the Bank complies with the authority's instructions on related issues. 1. Employees of the Bank have duly followed the "Ethics Directions for Civil Servants" and "Notes on Logging and Inspection of Lobbying for Subordinate Institutions of the Executive Yuan" implemented by the Executive Yuan and the "Notes on Logging and Inspection of Lobbying for Subordinate Institutions of the Ministry of Finance" implemented by the Ministry of Finance, and are required to log occurrences on record. 2. The Bank has created an "Ethical Incident Registration System" on the Intranet and promotes employees' awareness of relevant issues during on-job training and orientation.
(III) Has the bank defined and enforced operating procedures, behavioral guidelines, penalties and grievance systems as part of its preventive measures against dishonest conduct? Are the above measures reviewed and revised on a regular basis?	V		(III) Same as above.
II. Enforcement of Business Integrity			II.
(I) Does the bank evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	V		(I) 1. The Bank has specified in its financial consumer protection policy that all financial products and services must be provided to financial consumers in a fair, reasonable, and mutually beneficial manner; furthermore, all contracts must be established on the basis of integrity and enforced under the duty of care of a prudent manager. 2. The Bank evaluates the legitimacy of all transactions with customers or counterparties prior to proceeding, and engages them in commercial activities in a fair and transparent manner.



Item	Yes	No	Implementation
(II) Does the bank have a unit that enforces business integrity directly under the Board of Directors? Does this unit report its progress (regarding implementation of the business integrity policy and prevention against dishonest conduct) to the Board of Directors on a regular basis (at least once a year)?	V		(II) The Company has a Department of Ethics that oversees issues concerning avoidance of conflicting interest and ethical conduct of its employees. Business integrity implementation has been included in the 2020 Corporate Social Responsibility Report and thoroughly reported by the Department of Planning during the Second Session of the 7th Term of Board of Directors dated August 26, 2021.
(III) Does the bank have any policy that prevents conflicts of interest and channels that facilitate the report of conflicting interests?	V		(III) The Bank is a state-owned bank; its employees are bound to comply with the "Act on Recusal of Public Servants Due to Conflicts of Interest" and recuse under applicable circumstances. The Bank also has units of relevant expertise available to offer consultation and recommendation in these situations.
(IV) Has the bank implemented an effective accounting policy and internal control system to maintain business integrity? Has an internal or external audit unit been assigned to devise audit plans based on the outcome of integrity risk assessment, and to audit employees' compliance with various preventions against dishonest conduct?	V		<p>(IV)</p> <ol style="list-style-type: none"> <li>1. The Bank has developed an effective internal control system based on the FSC's "Implementation Rules of the Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries"; each business administration unit is responsible for establishing detailed rules for the implementation of internal control systems within the scope of their responsibility.</li> <li>2. The Bank has established the "Land Bank of Taiwan Accounting Policy" based on the Accounting Act, Business Entity Accounting Act, International Financial Reporting Standards, Accounting Policy Template for Banks, and rules of the authority with the approval of its Board of Directors. This accounting policy was submitted to the Ministry of Finance and forwarded to the Director-General of Budget, Accounting and Statistics, Executive Yuan, for approval before implementation. The policy is currently disclosed on the Intranet and is being used as guidelines for accounting affairs.</li> <li>3. Pursuance to Paragraph 1, Article 28 of the "Implementation Rules of Internal Audit and Internal Control Systems of Financial Holding Companies and Banking Industries," the Bank is required to engage certified public accountants to perform audit on its internal control system, evaluate the control environment and main business risks, express opinions on the accuracy of the Bank's regulatory reports, enforcement of the internal control system and compliance officer system, and the appropriateness of the loss provisioning policy and issue an independent auditor's report when preparing annual financial statements.</li> </ol>

Item	Yes	No	Implementation
			<p>4. General audit reports, special audit reports, extraordinary occurrences and audits on issues instructed by the authority are presented to the Chairman and Audit Committee for review; the details of which are copied onto discs and distributed to independent directors. In addition, any inspection opinions raised by external auditors and any follow-up improvements made are reported to the Board of Directors and the Audit Committee for review.</p> <p>5. Internal audit units are required to submit an "Audit Progress Report" to the Board of Directors and Audit Committee every six months. The report addresses the audit tasks performed, any follow-ups on inspection opinions raised by internal/external auditors, performance of the compliance unit, compliance of the Bank as a whole, and any measures undertaken to enhance internal control and internal audit. All instructions given by directors in regards to the audit progress report are tracked by internal audit units until improvements are made.</p> <p>6. Directors regularly engage internal auditors in review meetings to discuss defects within the internal control system. Directors also issue instructions in regards to the implementation of internal control and internal audit.</p> <p>7. The Bank's "Annual Internal Audit Plan" is subject to the Audit Committee's review and the Board of Directors' approval before execution.</p> <p>8. Internal auditors are constantly monitored for violations against Article 13 of the "Implementation Rules of Internal Audits and Internal Control Systems of Financial Holding Companies and Banking Industries"; any personnel found to have committed a violation will be removed from current duty within one month after discovery.</p>
(V) Does the bank organize internal or external training on a regular basis to maintain business integrity?	V		(V) 9 sessions of internal training were held in 2021, and a total number of 619 people were trained.
<p>III. Whistleblowing System</p> <p>(I) Does the bank provide incentives and means for employees to report misconduct? Has the bank assigned dedicated personnel to investigate the reported misconduct?</p>	V		<p>III.</p> <p>(I)</p> <p>1. The Company has complied with the "Act of the Establishment and Management of the Government Employee Ethics Units and Officers" and the "Enforcement Rules" thereof by setting up a whistleblower hotline: (02)2371-4572, a physical mailbox: P.O. BOX 1541 Taipei Beimen, Taipei City, and e-mail: lbged@landbank.com.tw. Dedicated personnel have been assigned to handle reported misconduct.</p>

Item	Yes	No	Implementation
(II) Has the bank implemented any standard procedures for handling reported misconduct and subsequent actions and confidentiality measures to be undertaken upon completion of an investigation?	V		<p>2. The Bank has implemented the "Whistleblowing System Implementation Guidelines" along with an exclusive whistleblowing mailbox, e-mail, and hotline to facilitate misconduct reporting. Internal misconduct reports are handled by specialists of the Department of Compliance.</p> <p>(II)</p> <p>1. Investigation procedures for reported misconduct have been established according to the "Ethics Work Manual" published by the Ministry of Justice. Furthermore, the Bank follows Article 10 of the "The Anti-Corruption Informant Rewards and Protection Regulations" stipulated by the Executive Yuan for issues concerning confidentiality of reported misconduct.</p> <p>2. The Bank has established the "Whistleblowing System Implementation Guidelines" for the receipt and investigation of internal whistleblowing cases. The guidelines set out standard operating procedures, and also stipulates the confidentiality rules regarding the identity of the whistleblower and the information of the whistleblower case.</p>
(III) Has the bank adopted any measures to protect whistleblowers from retaliation for filing reports?	V		<p>(III)</p> <p>1. According to Article 12 of "The Anti-Corruption Informant Rewards and Protection Regulations" the Bank has the responsibility of providing protection for informants.</p> <p>2. According to the Bank's "Whistleblowing System Implementation Guidelines" the Bank shall ensure that the whistleblowers' identity information shall be kept confidential and no identifying information shall be divulged, and that whistleblowers are not subjected to adverse treatment of any kind, such as dismissal, relief of duty, demotion, salary cut, or loss of benefits that they are entitled to under laws, contracts or customary practices, as a result of the reports they raise.</p>
(IV) Enhanced Information Disclosure Has the bank disclosed its integrity principles and progress on its website and MOPS?	V		Information relating to business integrity has been disclosed in the "Corporate Governance Section" of the Bank's portal.
V. If the bank has established ethical corporate management best practice principles in accordance with "Ethical Corporate Management Best Practice Principles for the TWSE/TPEX Listed Companies", please describe its current practices and any deviations from the Best Practice Principles: None			
VI. Other important information that facilitates the understanding of implementation of the ethical corporate management best practice principles of the Bank (such as the status of reviewing and amendment to the Bank's ethical corporate management best practice principles): None.			

A hand holding a coin over a board with 'SINGAPORE' and 'TAX' text, and stacks of coins.

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NEW YORK

LOS ANGELES

TIANJIN

SHANGHAI

WUHAN

HONG KONG

KUALA  
LUMPUR

CHONGQING

CHENGDU



# Operational Overview

## I. Main Business

### (I) Deposits

Unit: NTD thousands; %

Item	2021.12.31		2020.12.31		Variation	Variation %
	Amount	Percentage %	Amount	Percentage %		
Demand Deposit	1,062,097,743	38.40	894,426,046	34.62	167,671,697	18.75
Time Deposit	1,524,331,662	55.12	1,532,875,372	59.33	-8,543,710	-0.56
Treasury Deposit	179,284,690	6.48	156,496,327	6.05	22,788,363	14.56
Total	2,765,714,095	100.00	2,583,797,745	100.00	181,916,350	7.04

### (II) Loans

Unit: NTD thousands; %

Item	2021.12.31		2020.12.31		Variation	Variation %
	Amount	Percentage %	Amount	Percentage %		
Discount	781,817	0.04	439,423	0.02	342,394	77.92
Short-term Loans and Overdrafts	141,589,211	6.53	143,605,753	6.97	-2,016,542	-1.40
Medium-term Loans	835,099,816	38.53	743,918,433	36.09	91,181,383	12.26
Long-term Loans	1,189,739,801	54.90	1,173,376,593	56.92	16,363,208	1.39
Total	2,167,210,645	100.00	2,061,340,202	100.00	105,870,443	5.14

### (III) Foreign Exchange Business

Unit: USD thousands; %

Item	2021		2020		Variation	Variation %
	Amount	Percentage %	Amount	Percentage %		
Exports	7,891,302	8.48	11,590,750	11.88	-3,699,448	-31.92
Imports	14,029,253	15.09	14,905,566	15.28	-876,313	-5.88
Currency Exchange	71,077,886	76.43	71,061,058	72.84	16,828	0.02
Total	92,998,441	100.00	97,557,374	100.00	-4,558,933	-4.67

### (IV) Trust Services

#### 1. Value of Trust Assets

Unit: NTD thousands; %

Item	2021	2020	Variation	Variation %
Securities Investment Trust	62,069,176	57,267,645	4,801,531	8.38

Item	2021	2020	Variation	Variation %
Real Estate Investment Trust	215,435,250	209,347,953	6,087,297	2.91
Asset Securitization	59,871,764	59,423,358	448,406	0.75
General Property Trust Service	5,302,135	4,728,278	573,857	12.14
Fund Custodian Service	92,684,563	95,498,042	-2,813,479	-2.95
Accessory Services	123,564,230	102,753,087	20,811,143	20.25
Total	558,927,118	529,018,363	29,908,755	5.65

## 2. Fee Income From Trust Services

Unit: NTD thousands; %

Item	2021		2020		Variation (%)
	Amount	As a Percentage of Bank-wide Service Fee income (%)	Amount	As a Percentage of Bank-wide Service Fee income (%)	
Securities Investment Trust	306,424	8.01	286,246	7.75	7.05
Real Estate Investment Trust	218,374	5.71	210,701	5.70	3.64
Asset Securitization	30,109	0.79	33,258	0.90	-9.47
General Property Trust Service	11,863	0.31	10,237	0.28	15.88
Fund Custodian Service	65,828	1.72	64,563	1.75	1.96
Accessory Services	12,255	0.32	12,651	0.34	-3.13
Total	644,853	16.86	617,656	16.72	4.40

Note: Bank-wide Service Fee Income, including securities brokerage and underwriting services, were reported at NT\$3,824,190,000 at 2021 year-end and NT\$3,695,214,000 at 2020 year-end.

## (V) Wealth Management

Unit: NTD thousands; %

Item	2021		2020		Variation (%)
	Amount	As a Percentage of Bank-wide Service Fee Income (%)	Amount	As a Percentage of Bank-wide Service Fee Income (%)	
Service Fee Income From Securities Investment Trust	306,424	8.01	286,246	7.75	7.05
Service Fee Income From Bank Bancassurance (including mortgage Life Insurance)	422,997	11.06	487,709	13.20	-13.27
Service Fee Income From Gold Account Service	2,979	0.08	6,212	0.17	-52.04
Total	739,010	19.32	784,252	21.22	-5.77

Note: Bank-wide Service Fee Income, including securities brokerage and underwriting services, were reported at NT\$3,824,190,000 at 2021 year-end and NT\$3,695,214,000 at 2020 year-end.

## (VI) Electronic Finance

### 1. Number of Electronic Finance Transactions

Item	2021 Number of Account Transfers	2020 Number of Account Transfers	Variation of Transaction Count	Variation %
Internet Banking	6,170,181	5,717,112	453,069	7.92
Mobile Banking	4,085,455	2,797,804	1,287,651	46.02
Enterprise Banking	3,018,800	2,751,672	267,128	9.71

Note: To enable comparison, the number of fund transfers completed over Internet banking in 2021 and 2020 exclude mobile banking transactions.

### 2. Fee Income From Electronic Finance Service

Unit: NTD thousands; %

Item	2021		2020		Variation %
	Amount	As a Percentage of Bank-wide Service Fee Income (%)	Amount	As a percentage of bank-wide Service Fee Income (%)	
Service Fee Income	116,339	3.04	106,186	2.87	0.17

Note: Bank-wide Service Fee Income, including securities brokerage and underwriting services, were reported at NT\$3,824,190,000 at 2021 year-end and NT\$3,695,214,000 at 2020 year-end.

## (VII) Securities Service

### 1. Securities Brokerage Volume

Unit: NTD thousands; %

Item	2021	2020	Variation	Variation %
Securities Brokerage Volume	712,687,936	402,812,922	309,875,014	76.93

### 2. Service Fee Income From Securities Brokerage and Underwriting

Unit: NTD thousands; %

Item	2021		2020		Variation %
	Amount	As a Percentage of Bank-wide Service Fee Income (%)	Amount	As a Percentage of Bank-wide Service Fee Income (%)	
Securities Brokerage and Underwriting	432,803	11.32	259,421	7.02	66.83

Note: Bank-wide Service Fee Income, including securities brokerage and underwriting services, were reported at NT\$3,824,190,000 at 2021 year-end and NT\$3,695,214,000 at 2020 year-end.

## (VIII) Investments

### 1. Securities Investment

Unit: NTD thousands; %

Item	2021.12.31	2020.12.31	Variation	Variation %
Government Bonds	146,266,394	148,544,989	-2,278,595	-1.53
Corporate Bonds	18,800,009	17,000,009	1,800,000	10.59
Shares (short-term investments)	5,627,880	3,128,968	2,498,912	79.86

## 2. Trading of Short-term Bills

Unit: NTD thousands; %

Item	2021	2020	Variation	Variation %
Amount of Outright Purchases Undertaken	296,822,653	281,640,102	15,182,551	5.39
Amount of Outright Sales Undertaken	0	0	0	0.00
Amount of Repurchase Agreements Undertaken	0	0	0	0.00

## 3. Proprietary Trading of Government Bonds

Unit: NTD thousands; %

Item	2021	2020	Variation	Variation %
Amount of Proprietary Trading - Government Bond Outright Purchases/Sales	5,479,580	12,357,693	-6,878,113	-55.66
Amount of Proprietary Trading - Government Bond Repurchase/Resale Agreements	87,127,839	87,597,267	-469,428	-0.54
Balance of Proprietary Trading - Government Bonds	21,413,854	24,268,613	-2,854,759	-11.76

## (IX) Credit Card Business

Unit: cards, NTD thousands

Item		2021	2020	Variation	Variation %
Card Issuance	Outstanding Cards	356,812	341,202	15,610	4.58
	Active Cards	146,964	153,738	-6,774	-4.41
	Amount Charged	8,956,478	9,325,896	-369,418	-3.96
	Revolving Credit Balance	354,302	387,915	-33,613	-8.67
Transaction Acquisition	Amount Transacted Through Offline Merchants, Online Merchants and ATM	26,891,427	29,430,305	-2,538,878	-8.63

## (X) Insurance Agency

## 1. Insurance Agency Volume

Unit: NTD thousands; %

Item	2021	2020	Variation	Variation %
Insurance Premium Revenue of Life Insurance	9,400,256	7,765,578	1,634,678	21.05
Insurance Premium Revenue of Property Insurance	550,673	523,621	27,052	5.17
Insurance Premium Revenue in Total	9,950,929	8,289,199	1,661,730	20.05

**2. Fee Income From Insurance Agency Service**

Unit: NTD thousands; %

Item	2021		2020		Variation %
	Amount	As a Percentage of Bank-wide Service Fee Income (%)	Amount	As a Percentage of Bank-wide Service Fee Income (%)	
Service Fee Income From Life Insurance	80,753	2.11	94,971	2.57	-14.97
Service Fee Income From Property Insurance	11,003	0.29	10,443	0.28	5.36
Service Fee Income From Insurance Agency Services in Total	91,756	2.40	105,414	2.85	-12.96

Note: Bank-wide Service Fee Income, including securities brokerage and underwriting services, were reported at NT\$3,824,190,000 at 2021 year-end and NT\$3,695,214,000 at 2020 year-end.

**(XI) Fee Income by Service Category as a Percentage of Net Revenue and Changes**

Unit: NTD thousands; %

Item	2021		2020	
	Amount	As a Percentage of Net Revenue (%)	Amount	As a Percentage of Net Revenue (%)
Net Interest Revenue	29,413,819	92.96	26,411,507	90.08
Net Fee Revenue	2,534,117	8.01	2,536,373	8.65
Net Gains on Financial Assets and Liabilities at Fair Value Through Profit and Loss	314,075	0.99	-2,805,209	-9.57
Realized Net Gain on Financial Assets at Fair Value Through Other Comprehensive Income	762,573	2.41	714,658	2.44
Loss on Disposal of Debt Instrument Investments Measured at Cost After Amortization	-	-	-20.00	-
Share of Profit or Loss of Subsidiaries Recognized Under the Equity Method	464,344	1.47	4,301,025	14.67
Net Exchange Gain	38,131	0.12	-27,540	-0.10
Net Gain on Property Transactions	158,716	0.50	349,009	1.19
Net Losses Other Than Interest	-2,044,897	-6.46	-2,159,917	-7.36
Total Net Revenue	31,640,878	100.00	29,319,886	100.00

Note: 2020 figures have been restated by the CPA based on certified figures of the National Audit Office, whereas the 2021 figures are audited.



## II. Market Analysis

### 1. Locations of Business Activity

The Bank is the only state-owned bank in Taiwan that specializes in real estate-backed credit. It offers corporate banking, personal banking, trusts, wealth management, foreign currency and e-banking services, and operates an extensive service network comprising 150 offices (including the Department of Business Management) and eight overseas branches in Los Angeles, Singapore, Hong Kong, Shanghai, New York, Tianjin and Wuhan, and one representative office in Kuala Lumpur. As a support to the government's new southbound expansion policy, the Bank applied and was granted the approval to establish branches in Australia (Brisbane) and representative offices in The Philippines (Manila) and Indonesia (Jakarta), which signified a progressive expansion of the Bank's network and services in Asia Pacific and a step toward becoming a reputable international financial institution.

### 2. Future Market Supply, Demand, and Growth

#### (1) Continuous Growth of Deposit and Loan Businesses

The Bank's deposits come from private enterprises, individuals, state-owned enterprises, government agencies, non-profit organizations, and financial institutions, etc. with certain stability. Despite the Bank's continued efforts to attract deposits from individuals, it places greater emphasis on the management of deposits from private enterprises, especially through the lending the funds to private enterprises to create more demand deposits from them, thus enabling the Bank's deposits to grow steadily. The loan market is expected to grow in line with the government's policies concerning the SMEs loans, innovative industry-oriented loans, three major programs for investment in Taiwan, loans to six core strategic industries, and various relief loans to enterprises and individuals affected by the COVID-19 pandemic.

#### (2) Potential of Urban Regeneration and Green Banking

The government's urban regeneration and old and dangerous buildings reconstruction policies and regulatory incentives should stimulate growth in urban regeneration and old and dangerous buildings reconstruction. Meanwhile, green banking, a rising global trend of financing green energy production, also presents immense potential.

### 3. Competitive Advantage

#### (1) Strong Professional Foundation

Founded in September 1, 1946, the Bank has more than 75 years of experience as the only state-owned bank in Taiwan that specializes in real estate-backed credit. Not only does the Bank possess extensive experience in real estate-backed credit, it has managed to expand its scope of service to real estate trusts and real estate securitization for more complete offerings of financial solutions. Today, the Bank remains the market leader in land financing, construction financing, housing loans, real estate trusts, and real estate securitization.

#### (2) Business Diversity

In addition to being a leader in real estate-related finance in Taiwan, The Bank's expertise is also fully utilized in overseas property purchase or real estate development projects for nationals. In recent years, in response to Taiwan's aging society and low birth rate issues, the Bank has cooperated with the government to promote loans for the elderly and loans for accelerated reconstruction of dangerous and old buildings, and has participated in the urban renewal market. At the same time, the Bank

is actively developing diversified businesses such as consumer finance, corporate finance, wealth management and trusts, as well as providing customers with diversified services by promoting SMEs loans, three major programs for investment in Taiwan and loans to six core strategic industries that are required.

### **(3) Electronic Finance Transformation**

In line with government policies and the development of digital FinTech, the Bank has initiated a number of projects to plan for big data applications, social network marketing, digital financial infrastructure, information security, information and digital talent training, intelligent services, online loan applications, optimization of the internet and mobile banking APP, mobile payments, mobile phone transfers, Taiwan Pay bonus point services, single service platforms for individual finance, online insurance services such as auto insurance and comprehensive travel insurance, etc. It also seeks opportunities of cross-industry alliances. At present, it has already aligned with many electronic payment institutions such as iPass, JKOPAY, icash Pay and Orange Pay for account-linked payment services, and will continue to actively develop strategic alliances with electronic payment institutions to provide customers with a variety of new mobile spending options. We also hold regular meetings related to digital finance to track and control the implementation progress of various projects and to have a better understanding of the new development trend of FinTech in the competent authorities and the industry in response to the challenges brought by the wave of FinTech.

## **4. Favorable and Unfavorable Factors to the Development Perspective and Countermeasures**

### **(1) Favorable Factors**

- ①The mild growth in domestic private investment, manufacturers' continued investment in 5G communication and green energy, investment for improving production efficiency and energy-saving and carbon-reducing equipment in response to ESG trends, and Taiwanese companies' continued return investment could all bring financing, such as plant and land purchase and equipment investment, and wealth management business opportunities, which is expected to boost the business volume of deposits, lending and wealth management of the banking industry in Taiwan.
- ②The Central Bank followed the U.S. Federal Reserve to fight inflation and raised interest rates by 0.25% in March 2022. As the market may enter a cycle of interest rate hikes in the future, it is expected to widen the spreads and boost the profitability of banks.
- ③Complexity of financial technologies, the popularity of mobile payment services, installation of multi-functional automated machines and the arrival of online-only banks will further complete the financial ecosystem and bring more business opportunities and growth potential to the banking industry.
- ④The addition of online-only banks will enable existing banks to engage businesses in more diverse collaboration to bring financial services to every aspect of consumers' lives, provide more comprehensive cash flow services to corporate customers, and create access to new opportunities and customers.

### **(2) Unfavorable Factors**

- ①In order to prevent the real estate industry from overheating, the competent authorities have implemented a number of control measures, coupled with the soaring costs of raw materials and labor shortages caused by the epidemic, which have affected the growth momentum of the real estate loan business.

- ② Due to customers unwillingness to come to the branch offices affecting the face-to-face sale of wealth management products, it is difficult to increase the Service Fee Income of wealth management business.
- ③ The continued spread of the global epidemic, the intensified inflationary pressure caused by the war in Ukraine and Russia, and the uncertainty of tightening monetary policies by major central banks have all increased the volatility of the stock and exchange markets in the global financial markets. It is expected that global investment risk will grow, and the domestic and overseas investment and lending risks remain high. Therefore, it will be more difficult to gain profit.

### (3) Response Strategies

- ① Expand businesses other than real estate loans, such as promoting SME loans and green financing to be in line with government policies to drive business growth. Adjust product structure policy to increase the proportion of life insurance sales, keep growing the business portfolio, explore fee-based services and raise treasury trading performance to improve the overall bank profitability.
- ② In response to the changes in the investment environment triggered by the Covid-19 epidemic, the Bank will not only provide customers with a more convenient trading environment to guide them to use the Bank's digital transactions to place orders and take out insurance, but also will enhance the promotion of fixed-term investments of mutual funds in wealth management products, and protection insurances (such as long term care insurance, medical insurance, high protection life insurance and mortgage life insurance) to be in line with government policies and in response to the aging population, and investment-linked insurance that combines protection and investment.
- ③ Implement a risk-based internal audit system and direct focus and increase audit intensity on areas that present significant risks, and are considered a more efficient way to conduct audit. The Bank will continue recruiting professional talents and developing a complete detection, reporting and processing system in accordance with external regulatory requirements, while at the same time enhance compliance education and raise compliance awareness among employees for the protection of the Bank and its customers. Furthermore, enhancements will be made to the Bank's information service and security protection in line with information security trends and FinTech risk management requirements for a proper balance between customer service and risk management.
- ④ Expand our overseas presence, actively participate in international syndicated loans to improve international competitiveness and overseas profit, as well as nurture the overseas talent reserve to explore overseas target customers and provide a complete range of cross-border banking services for enhanced relationships.
- ⑤ Given the impact of COVID-19, the Bank will support government policies by extending relief to businesses and individuals that are affected by the pandemic, and take this opportunity to enhance electronic finance services and off-site backup in order to minimize further impacts of the pandemic on business operations.

# Financial Overview and Risk Management

## I. Summary Balance Sheet and Statement of Comprehensive Income for the Last Five (5) Years

### (I) Summary Balance Sheet and Statement of Comprehensive Income

#### Summary Consolidated Balance Sheet

Unit: NTD thousands

Item	Year		Financial Information for the Last 5 Years (Note)				
	2021	2020	2019	2018	2017		
Cash, Cash Equivalents, Deposits at CBC and Interbank Lending				275,144,392	278,474,923		
Financial Assets at Fair Value Through Profit and Loss				5,253,684	3,243,418		
Financial Assets at Fair Value Through Other Comprehensive Income				102,542,129	0		
Debt Instrument Investments Measured at Cost After Amortization				587,049,258	0		
Available-for-sale Financial Assets				0	407,495,721		
Investment in Resale Bills and Bonds				389,212	8,029,166		
Receivables - Net				9,340,345	8,868,031		
Current Income Tax Assets				36,287	168,391		
Loans and Advances - Net				1,965,807,233	1,879,104,149		
Held-to-maturity Financial Assets				0	238,122,980		
Investments Accounted Using the Equity Method - Net				0	0		
Other Financial Assets - Net	Not Available	Not Available	Not Available	28,735	1,633,383		
Property, Plants and Equipment - Net	Not Available	Not Available	Not Available	22,625,687	22,954,513		
Right-of-use Assets - Net				0	0		
Investment Properties - Net				24,229,670	24,110,445		
Intangible Assets - Net				858,257	869,156		
Deferred Income Tax Assets - Net				2,653,432	2,901,012		
Other Assets				9,071,611	7,614,202		
Total Assets				3,005,029,932	2,883,589,490		
Deposits From CBC and Peer Banks				287,244,785	200,334,268		
Loans From CBC and Interbank Borrowing				1,939,909	2,040,692		
Financial Liabilities at Fair Value Through Profit and Loss				9,893,561	3,546,578		
Repurchase Bills and Bonds				9,740,281	15,157,816		
Payables				26,384,330	24,844,608		
Current Income Tax Liabilities				388,148	368,616		
Deposits				2,426,584,880	2,400,023,270		

Item \ Year		Financial Information for the Last 5 Years (Note)				
		2021	2020	2019	2018	2017
Bank Debenture Payables					59,592,857	66,691,640
Other Financial Liabilities					113,986	146,198
Liability Reserves					17,852,687	17,651,342
Lease Liabilities					0	0
Deferred Income Tax Liabilities					6,985,635	6,926,029
Other Liabilities					1,083,013	1,216,170
Total Liabilities	Before Distribution				2,847,804,072	2,738,947,227
	After Distribution	Not Available	Not Available	Not Available	2,847,804,072	2,738,947,227
Share Capital	Before Distribution				62,594,000	62,594,000
	After Distribution				62,594,000	62,594,000
Capital Reserve					21,748,869	21,748,869
Retained Earnings	Before Distribution				66,352,145	57,431,060
	After Distribution				66,352,145	57,431,060
Other Equity Items					6,530,846	2,868,334
Total Equity	Before Distribution				157,225,860	144,642,263
	After Distribution				157,225,860	144,642,263

Note: Figures for the period of 2017 to 2018 were made by the CPAs based on the audit result of the National Audit Office. Figures for 2019 were made by the CPAs based on the individual audit result of the National Audit Office, while figures for the period of 2020 to 2021 are based on the individual financial report, and are therefore not applicable.

## Summary Consolidated Statement of Comprehensive Income

Unit: NTD thousands

Item \ Year		Financial Information for the Last 5 Years (Note)				
		2021	2020	2019	2018	2017
Interest Revenue					48,684,757	43,449,692
Less: Interest Expenses					22,061,824	18,710,697
Net Interest Revenue					26,622,933	24,738,995
Non-interest Net Revenue					3,460,744	2,126,630
Net Revenue					30,083,677	26,865,625
Loan Loss and Provision for Commitments and Liabilities					3,173,158	492,992
Operating Expenses					14,686,061	14,491,104
Pre-tax Profit (loss) From Continuing Operations		Not Available	Not Available	Not Available	12,224,458	11,881,529
Income Tax Expenses					2,492,163	2,247,906
Current Net Income From Continuing Operations					9,732,295	9,633,623
Gains/Losses From Discontinued Operations					0	0
Current Net Income					9,732,295	9,633,623
Other Comprehensive Income					-756,668	281,180



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Item \ Year	Financial Information for the Last 5 Years (Note)				
	2021	2020	2019	2018	2017
Other Comprehensive Income - Current (net, after tax)	Not Available	Not Available	Not Available	-756,668	281,180
Total Current Comprehensive Income				8,975,627	9,914,803
Current Profit (loss) Attributable to Parent Company Shareholders				9,732,295	9,633,623
Current Profit (loss) Attributable to Non-controlling Shareholders				0	0
Current Comprehensive Income Attributable to Parent Company Shareholders				8,975,627	9,914,803
Current Comprehensive Income Attributable to Non-controlling Shareholders				0	0
Earnings per Share (NTD) (Note 2)				1.13	1.12

Note 1: Figures for the period of 2017 to 2018 were made by the CPAs based on the audit result of the National Audit Office. Figures for 2019 were made by the CPAs based on the individual audit result of the National Audit Office, while figures for the period of 2020 to 2021 are based on the individual financial report, and are therefore not applicable.

Note 2: The Bank increased its share capital to NT\$86.2 billion on November 30, 2021 and retrospective adjustments were made to the EPS in previous years.

### Summary Standalone Balance Sheet

Unit: NTD thousands

Item \ Year	Financial Information for the Last 5 Years (Note)				
	2021	2020	2019	2018	2017
Cash, Cash Equivalents, Deposits at CBC and Interbank Lending	265,884,052	184,159,613	222,953,062	275,141,211	278,474,520
Financial Assets at Fair Value Through Profit and Loss	4,557,150	3,899,451	4,437,143	5,253,684	3,243,418
Financial Assets at Fair Value Through Other Comprehensive Income	94,277,009	114,068,569	114,603,444	102,542,129	0
Debt Instrument Investments Measured at Cost After Amortization	749,877,368	660,807,717	597,723,140	587,046,111	0
Available-for-sale Financial Assets	0	0	0	0	407,495,721
Investment in Resale Bills and Bonds	2,033,693	1,145,103	6,218,350	389,212	8,029,166
Receivables - Net	8,541,961	8,851,799	8,613,679	9,324,614	8,853,716
Current Income Tax Assets	0	0	20,993	36,287	168,391
Loans and Advances - Net	2,213,981,336	2,079,869,366	1,986,505,361	1,965,807,233	1,879,104,149
Held-to-maturity Financial Assets	0	0	0	0	238,119,804
Investments Accounted Using the Equity Method - Net	0	0	40,000	40,000	40,000
Other Financial Assets - Net	36,604	37,294	38,764	28,735	1,633,383

Item	Year	Financial Information for the Last 5 Years (Note)				
		2021	2020	2019	2018	2017
Property, Plants and Equipment - Net		22,293,358	22,543,030	22,516,593	22,622,065	22,949,749
Right-of-use Assets - Net		1,029,873	945,186	1,136,090	0	0
Investment Properties - Net		23,657,897	23,738,479	23,937,743	24,229,670	24,110,445
Intangible Assets - Net		798,093	914,924	857,311	849,705	859,401
Deferred Income Tax Assets - Net		2,335,964	2,293,784	2,392,843	2,653,432	2,901,012
Other Assets		13,559,407	11,457,337	10,714,152	9,071,471	7,613,976
Total Assets		3,402,863,765	3,114,731,652	3,002,708,668	3,005,035,559	2,883,596,851
Deposits From CBC and Peer Banks		332,250,440	347,507,303	313,577,959	287,244,785	200,334,268
Loans From CBC and Interbank Borrowing		21,013,312	10,591,582	1,723,767	1,939,909	2,040,692
Financial Liabilities at Fair Value Through Profit and Loss		6,853,168	8,942,683	11,468,186	9,893,561	3,546,578
Repurchase Bills and Bonds		12,828,488	18,634,499	7,399,137	9,740,281	15,157,816
Payables		24,685,240	22,180,920	21,235,773	26,372,615	24,828,253
Current Income Tax Liabilities		810,714	857,677	1,185,886	374,278	363,132
Deposits		2,725,796,242	2,453,872,938	2,396,048,680	2,426,625,298	2,400,058,485
Bonds Payable		61,836,475	46,294,550	53,293,705	59,592,857	66,691,640
Other Financial Liabilities		75,950	86,637	95,094	113,986	146,198
Liability Reserves		22,249,483	20,662,942	18,953,270	17,843,101	17,645,044
Lease Liabilities		1,040,132	948,767	1,134,259	0	0
Deferred Income Tax Liabilities		6,907,923	6,914,019	6,914,019	6,985,635	6,926,029
Other Liabilities		1,398,458	1,782,351	1,448,542	1,083,393	1,216,453
Total Liabilities	Before Distribution	3,216,746,025	2,939,276,868	2,834,478,277	2,847,809,699	2,738,954,588
	After Distribution	3,217,746,025	2,939,276,868	2,834,478,277	2,847,809,699	2,738,954,588
Share Capital	Before Distribution	86,200,000	73,200,000	73,200,000	62,594,000	62,594,000
	After Distribution	86,200,000	73,200,000	73,200,000	62,594,000	62,594,000
Capital Reserve		21,748,869	21,748,869	21,748,869	21,748,869	21,748,869
Retained Earnings	Before Distribution	69,291,150	72,596,350	64,809,375	66,352,145	57,431,060
	After Distribution	68,291,150	72,596,350	64,809,375	66,352,145	57,431,060
Other Equity Items		8,877,721	7,909,565	8,472,147	6,530,846	2,868,334
Total Equity	Before Distribution	186,117,740	175,454,784	168,230,391	157,225,860	144,642,263
	After Distribution	185,117,740	175,454,784	168,230,391	157,225,860	144,642,263

Note: 2017-2020 figures were restated by CPAs based on certified figures of the National Audit Office, whereas the 2021 figures are audited.

Summary Standalone Statement of Comprehensive Income

Unit: NTD thousands

Item \ Year	Financial Information for the Last 5 Years (Note 1)				
	2021	2020	2019	2018	2017
Interest Revenue	41,288,142	42,617,177	51,461,783	48,684,017	43,449,443
Less: Interest Expenses	11,874,323	16,205,670	23,350,609	22,061,854	18,710,766
Net Interest Revenue	29,413,819	26,411,507	28,111,174	26,622,163	24,738,677
Non-interest Net Revenue	2,227,059	2,908,379	3,117,577	3,368,674	2,042,250
Net Revenue	31,640,878	29,319,886	31,228,751	29,990,837	26,780,927
Loan Loss and Provision for Commitments and Liabilities	2,734,172	2,659,125	2,907,339	3,173,158	492,992
Operating Expenses	15,665,263	15,547,863	15,302,374	14,615,896	14,423,934
Pre-tax Profit (loss) From Continuing Operations	13,241,443	11,112,898	13,019,038	12,201,783	11,864,001
Income Tax Expenses	2,602,576	2,404,893	2,952,442	2,469,488	2,230,378
Current Net Income From Continuing Operations	10,638,867	8,708,005	10,066,596	9,732,295	9,633,623
Gains/Losses From Discontinued Operations	0	0	0	0	0
Current Net Income	10,638,867	8,708,005	10,066,596	9,732,295	9,633,623
Other Comprehensive Income	24,089	-1,483,612	937,935	-756,668	281,180
Other Comprehensive Income - Current (net, after tax)	24,089	-1,483,612	937,935	-756,668	281,180
Total Current Comprehensive Income	10,662,956	7,224,393	11,004,531	8,975,627	9,914,803
Current Profit (loss) Attributable to Parent Company Shareholders	10,638,867	8,708,005	10,066,596	9,732,295	9,633,623
Current Profit (loss) Attributable to Non-controlling Shareholders	0	0	0	0	0
Current Comprehensive Income Attributable to Parent Company Shareholders	10,662,956	7,224,393	11,004,531	8,975,627	9,914,803
Current Comprehensive Income Attributable to Non-controlling Shareholders	0	0	0	0	0
Earnings per Share (NTD) (Note 2)	1.23	1.01	1.17	1.13	1.12

Note 1: 2017-2020 figures were restated by CPAs based on certified figures of the National Audit Office, whereas the 2021 figures are audited.

Note 2: The Bank increased its share capital to NT\$86.2 billion on November 30, 2021 and retrospective adjustments were made to the EPS in previous years.

## II. Financial Analysis for the Last Five (5) Years

### Consolidated Financial Analysis

Analysis		Year	Financial Analysis for the Last 5 Years				
			2021	2020	2019	2018	2017
Operating Efficiency	Loan-to-deposit Ratio					82.26	79.46
	Overdue Loan Ratio					0.19	0.19
	Interest Expenses as a % of Yearly Average Deposit Balance					0.72	0.67
	Interest Revenue as a % of Yearly Average Loan Balance					2.00	1.89
	Total Asset Turnover (times)					1.02	0.97
	Revenue per Employee					5,285.26	4,712.44
	Net Profit per Employee					1,709.82	1,689.81
Profitability	Return on Tier 1 Capital (%)					8.08	8.51
	Return on Assets (%)					0.33	0.35
	Return on Equity (%)					6.45	6.90
	Net Profit Margin (%)					32.35	35.86
	Earnings per Share (NTD)					1.13	1.12
Financial Position	Debt to Assets Ratio	Not Available	Not Available	Not Available		94.75	94.96
	Property, Plants and Equipment to Equity Ratio					14.39	15.87
Growth Rate	Asset Growth Rate					4.21	7.88
	Profit Growth Rate					2.89	-7.17
Cash Flow	Cash Flow Ratio					-4.15	35.98
	Cash Flow Adequacy Ratio					872.74	961.13
	Cash Flow Reinvestment Ratio					3,105.83	-13,459.07
Liquidity Reserve Ratio						27.45	25.87
Outstanding Secured Loans to Stakeholders (NTD thousands)						11,113,600	11,044,216
Outstanding Secured Loans to Stakeholders as a Percentage of Total Loan Balance (%)						0.61	0.63
Business Scale	Market Share of Assets					3.84	3.90
	Market Share of Equity					2.56	2.37

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Analysis \ Year		Financial Analysis for the Last 5 Years				
		2021	2020	2019	2018	2017
Business Scale	Market Share of Deposits	Not Available	Not Available	Not Available	5.83	5.91
	Market Share of Loans	Not Available	Not Available	Not Available	6.85	6.87

Note 1: Figures for the period of 2017 to 2018 were made by the CPAs based on the audit result of the National Audit Office. Figures for 2019 were made by the CPAs based on the individual audit result of the National Audit Office, while figures for the period of 2020 to 2021 are based on the individual financial report, and are therefore not applicable.

Note 2: Formulas of Financial Ratios:

1. Operating Efficiency
  - (1) Loan to Deposit Ratio = total loan/total deposit
  - (2) Overdue Loan Ratio = total overdue loan/total loan
  - (3) Interest Expense as a % of Yearly Average Deposit Balance = total interest expense on deposits/yearly average deposit balance
  - (4) Interest Revenue as a % of Yearly Average Loan Balance = total interest revenue from loans/yearly average loan balance
  - (5) Total Asset Turnover = net income/average total assets
  - (6) Revenue per Employee = net revenue/total employees
  - (7) Net Profit per Employee = net income/total employees
2. Profitability
  - (1) Return on Tier 1 Capital = profit before tax/average tier 1 capital
  - (2) Return on Assets = net income/average total assets
  - (3) Return on Equity = net income/average shareholders' equity
  - (4) Net Profit Margin = net income/net revenue
  - (5) Earnings per Share = (net income attributable to parent company shareholders - preferred share dividends)/weighted average outstanding shares
3. Financial Structure
  - (1) Debt to Asset Ratio = total liabilities/total assets
  - (2) Property, Plants and Equipment to Equity Ratio = net property, plant and equipment/shareholders' equity
4. Growth
  - (1) Asset Growth Rate = (current year total assets - previous year total assets)/previous year total assets
  - (2) Profit Growth Rate = (current year pre tax profit - previous year pre-tax profit)/previous year pre-tax profit
5. Cash Flow
  - (1) Cash Flow Ratio = net cash flow from operating activities/(interbank borrowing and overdraft + commercial papers payable + financial liability at fair value through profit and loss + repurchase agreements + accruals payable within one year)
  - (2) Cash Flow Adequacy Ratio = net cash flow from operating activities for the last 5 years/(capital expenditures + cash dividends) for the last 5 years
  - (3) Cash Flow Reinvestment Ratio = net cash flow from operating activities/net cash flow from investing activities
6. Liquidity Reserve Ratio = liquid assets mandated by the Central Bank/mandatory liquidity reserves
7. Business Scale
  - (1) Market Share of Assets = total assets/total assets of all financial institutions eligible to perform deposit and loan-related activities
  - (2) Market Share of Net Worth = net worth/total net worth of all financial institutions eligible to perform deposit and loan-related activities
  - (3) Market Share of Deposits = total deposits/total deposits of all financial institutions eligible to perform deposit and loan-related activities
  - (4) Market Share of Loans = total loans/total loans of all financial institutions eligible to perform deposit and loan-related activities

Note 3: Total liabilities are net of provision for guarantee, loss provision for bill trading and provision for accidental loss.

Note 4: Financial institutions eligible to perform deposit and loan-related activities include local banks, Taiwanese branches of Mainland banks, Taiwanese branches of foreign banks, credit cooperative associations, and credit departments of farmers/fishermen associations.

Note 5: The Bank increased its share capital to NT\$86.2 billion on November 30, 2021 and retrospective adjustments were made to the EPS in previous years.



## Standalone Financial Analysis

Analysis		Year	Financial Analysis for the Last 5 Years				
			2021	2020	2019	2018	2017
Operating Efficiency	Loan-to-deposit Ratio		82.59	86.17	84.23	82.25	79.45
	Overdue Loan Ratio		0.12	0.15	0.18	0.19	0.19
	Interest Expenses as a % of Yearly Average Deposit Balance		0.38	0.53	0.75	0.72	0.67
	Interest Revenue as a % of Yearly Average Loan Balance		1.63	1.71	2.05	2.00	1.89
	Total Asset Turnover (times)		0.97	0.96	1.04	1.02	0.96
	Revenue per Employee		5,485.59	5,095.57	5,396.36	5,297.80	4,722.43
	Net Profit per Employee		1,844.46	1,513.38	1,739.52	1,719.18	1,698.75
Profitability	Return on Tier 1 Capital (%)		6.82	6.03	7.89	8.07	8.50
	Return on Assets (%)		0.33	0.28	0.34	0.33	0.35
	Return on Equity (%)		5.90	5.07	6.19	6.45	6.90
	Net Profit Margin (%)		33.62	29.70	32.24	32.45	35.97
	Earnings per Share (NTD)		1.23	1.01	1.17	1.13	1.12
Financial Position	Debt to Assets Ratio		94.54	94.35	94.38	94.75	94.96
	Property, Plants and Equipment to Equity Ratio		12.04	12.85	13.38	14.39	15.87
Growth Rate	Asset Growth Rate		9.25	3.73	-0.08	4.21	7.88
	Profit Growth Rate		19.15	-14.64	6.70	2.85	-7.13
Cash Flow	Cash Flow Ratio		47.53	-30.95	-26.67	-4.15	35.98
	Cash Flow Adequacy Ratio		153.25	-2,276.98	49.59	873.07	1,037.92
	Cash Flow Reinvestment Ratio		-11,882.29	5,963.65	18,612.67	3,164.82	-13,498.30
Liquidity Reserve Ratio			26.08	25.73	27.34	27.45	25.87
Outstanding Secured Loans to Stakeholders (NTD thousands)			15,495,716	45,657,760	11,860,020	11,113,600	11,044,216
Outstanding Secured Loans to Stakeholders as a Percentage of Total Loan Balance (%)			0.74	2.32	0.63	0.61	0.63
Business Scale	Market Share of Assets		3.63	3.52	3.62	3.84	3.90
	Market Share of Equity		2.18	2.17	2.30	2.56	2.37
	Market Share of Deposits		5.36	5.17	5.52	5.83	5.91
	Market Share of Loans		6.46	6.53	6.63	6.85	6.87

Analysis of Financial Ratio Variation in the Last 2 Years (variations reaching 20% and above):

The decrease in ratio of interest expenses to annual average deposits balance in 2021 compared to 2020 was mainly due to the decrease in interest expense on deposits in 2021 compared to 2020.

The increase in 2021 profit per employee compared to 2020 was mainly due to an increase in net after-tax profit in 2021.

The increase in 2021 earnings per share (NTD) compared to 2020 was mainly due to an increase in net after-tax profit in 2021.

The increase in asset growth rate in 2021 compared to 2020 was primarily due to the increase in investments in debt instruments measured at amortized cost and discounts and loans in 2021.

2021 profit growth was higher compared to 2020 mainly due to an increase in pre-tax profit in 2021 compared to 2020.

# LAND BANK OF TAIWAN

## Annual Report 2021

Analysis	Year	Financial Analysis for the Last 5 Years				
		2021	2020	2019	2018	2017

The increase in cash flow ratio in 2021 compared to 2020 was mainly due to the increase in cash flow from operating activities in 2021 compared to 2019.

The increase in cash flow ratio in 2021 compared to 2020 was mainly due to the increase in cash flow from operating activities in 2021 compared to 2019, which resulted in an average net cash inflow from operating activities in the last five years. In addition, the decrease in cash adequacy ratio in 2021 compared to 2020 was mainly due to the net cash inflow from operating activities and net cash outflow from investing activities in 2021.

In 2021, the total credit extension balance and ratio of the stakeholder decreased significantly compared with those of 2020. It was mainly because the spouse of the Bank's manager retired as a director of Taiwan High Speed Rail on April 26, 2021. As of December 31, 2020, the credit balance was NT\$31,025,776,000.

Note 1: 2017-2020 figures were restated by CPAs based on certified figures of the National Audit Office, whereas the 2021 figures are audited.

Note 2: Formulas of Financial Ratios:

### 1. Operating Efficiency

(1) Loan to Deposit Ratio = total loans/total deposits

(2) Overdue Loan Ratio = total overdue loans/total loans

(3) Interest Expense as a % of Yearly Average Deposit Balance = total interest expense on deposits/yearly average deposit balance

(4) Interest Revenue as a % of Yearly Average Loan Balance = total interest revenue from loans/yearly average loan balance

(5) Total Asset Turnover = net income/average total assets

(6) Revenue per Employee = net revenue/total employees

(7) Net Profit per Employee = net income/total employees

### 2. Profitability

(1) Return on Tier 1 Capital = profit before tax/average tier 1 capital

(2) Return on Assets = net income/average total assets

(3) Return on Equity = net income/average shareholders' equity

(4) Net Profit Margin = net income/net revenue

(5) Earnings per Share = (net income attributable to parent company shareholders - preferred share dividends)/weighted average outstanding shares

### 3. Financial Structure

(1) Debt to Asset Ratio = total liabilities/total assets

(2) Property, Plants and Equipment to Equity Ratio = net property, plant and equipment/shareholders' equity

### 4. Growth

(1) Asset Growth Rate = (current year total assets - previous year total assets)/previous year total assets

(2) Profit Growth Rate = (current year pre tax profit - previous year pre-tax profit)/previous year pre-tax profit

### 5. Cash Flow

(1) Cash Flow Ratio = net cash flow from operating activities/(interbank borrowing and overdraft + commercial papers payable + financial liability at fair value through profit and loss + repurchase agreements + accruals payable within one year)

(2) Cash Flow Adequacy Ratio = net cash flow from operating activities for the last 5 years/(capital expenditures + cash dividends) for the last 5 years

(3) Cash Flow Reinvestment Ratio = net cash flow from operating activities/net cash flow from investing activities

### 6. Liquidity Reserve Ratio = liquid assets mandated by the Central Bank/mandatory liquidity reserves

### 7. Business Scale

(1) Market Share of Assets = total assets/total assets of all financial institutions eligible to perform deposit and loan-related activities

(2) Market Share of Net Worth = net worth/total net worth of all financial institutions eligible to perform deposit and loan-related activities

(3) Market Share of Deposits = total deposits/total deposits of all financial institutions eligible to perform deposit and loan-related activities

(4) Market Share of Loans = total loans/total loans of all financial institutions eligible to perform deposit and loan-related activities

Note 3: Total liabilities are net of provision for guarantee, loss provision for bill trading and provision for accidental loss.

Note 4: Financial institutions eligible to perform deposit and loan-related activities include local banks, Taiwanese branches of Mainland banks, Taiwanese branches of foreign banks, credit cooperative associations, and credit departments of farmers/fishermen associations.

Note 5: The Bank increased its share capital to NT\$86.2 billion on November 30, 2021 and retrospective adjustments were made to the EPS in previous years.

## Capital Adequacy

Unit: NTD thousands

Analysis			Year (Note 1)	Capital Adequacy Ratio for the Previous 5 Years (Note 2)				
			2021	2020	2019	2018	2017	
Capital	Common Share Equity		174,968,126	163,781,292	148,770,884	139,676,435	131,218,205	
	Tier 1 Non-common Share Equity		26,000,000	23,500,000	26,656,700	15,305,736	15,271,997	
	Tier 2 Capital		35,941,302	39,563,919	40,159,744	42,610,688	44,357,029	
	Equity Capital		236,909,428	226,845,211	215,587,328	197,592,859	190,847,231	
Risk Weighted Assets	Credit Risk	Standard Approach	1,718,430,284	1,678,232,260	1,613,839,876	1,557,243,212	1,455,622,817	
		Internal Ratings Based Approach						
		Asset Securitization						
	Operational Risks	Basic Indicator Approach						
		Standardized Approach/ Alternative Standardized Approach	55,075,223	53,293,052	52,002,585	51,132,125	50,300,796	
		Advanced Measurement Approach						
	Market Risk	Standard Approach	31,149,417	27,960,577	25,450,118	25,093,998	42,341,623	
		Internal Model Approach						
	Total Risk Weighted Assets		1,804,654,924	1,759,485,889	1,691,292,579	1,633,469,335	1,548,265,236	
	Capital Adequacy Ratio			13.13%	12.89%	12.75%	12.10%	12.33%
Tier 1 Capital as a % of Risky Assets			11.14%	10.64%	10.37%	9.49%	9.46%	
Common Share Equity as a % of Risky Assets			9.70%	9.31%	8.80%	8.55%	8.48%	
Leverage Ratio			5.70%	5.81%	5.64%	4.99%	4.90%	
Reasons for Changes in Capital Adequacy in the Last 2 Years (unnecessary if the variation was less than 20%)								

Note 1: Figures between 2017 and 2021 were audited by CPAs.

Note 2: Formulas of financial ratios or values:

(1) Capital = common share equity + tier 1 non-common share equity + tier 2 capital

(2) Total Risk Weighted Assets = credit risk weighted assets + required capital for (operational risk + market risk) × 12.5

(3) Capital Adequacy Ratio = capital/total risk weighted assets

(4) Tier 1 Capital as a % of Risk-weighted Assets = (common share equity + other tier 1 capital that is not common share equity)/total risk-weighted assets

(5) Common Share Equity as a % of Risk-weighted Assets = common share equity/total risk-weighted assets

(6) Leverage Ratio = net tier 1 capital/total risk exposure

### **III. Audit Committee's Report on the Review of the Latest Financial Statement**

#### **Land Bank of Taiwan** **Audit Committee's Review Report**

The Company's 2021 Business Report (January 1 to December 31, 2021), the Financial Statements (including the balance sheet, comprehensive income statement of profit and loss, equity changes and cash flow statements) were audited by CPAs Chen Chun-Guang and Yu Chi-Lung. The above statements and reports were reviewed in the Seventh Session of the 3rd Term of the Audit Committee on March 11, 2022, and no irregularities were found. The review report was issued in accordance with Article 14-4 of the Securities and Exchange Act.

#### **Audit Committee**

Independent Director: Chen, Yue-Min  
(Convener)

March 11, 2022

## IV. Financial Statements of Recent Years

### Independent Auditors' Report

To the Board of Directors of Land Bank of Taiwan Co., Ltd.:

#### Opinion

We have audited the financial statements of Land Bank of Taiwan Co., Ltd. (collectively, the “Bank”), which comprise the statement of financial position as of December 31, 2021 and 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year 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 at December 31, 2021 and 2020, and its financial performance and its cash flows for the year ended December 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

#### Basis for Opinion

We conducted our audit in accordance with the “Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants”, the approval letter Jin-Guan-Yin-Fa-Zi No.10802731571 and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company 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 of our opinion.

#### Emphasis of Matter

As mentioned in Note 4(b) and Note 12(b), financial statements of the Bank are subjected to the amounts approved by the National Audit Office. The Company’s consolidated financial statements for 2020 have been examined by the Directorate-General of Budget, Accounting and Statistics, Executive Yuan and the National Audit Office, and adjustments from this examination have been recognized accordingly in the financial statements. The relevant financial statements have been re-written in accordance with the instructions. There is no amendment of 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. The assessment of loan impairment

Please refer to Note 4(e) and (k) for the related accounting policy on loan impairment, Note 5(a) for the assessment on loan impairment of accounting assumptions and estimation uncertainty, and Note 6(g) and (ak) for the disclosure of the assessment on loan impairment.

How to address this matter in our audit

The main activity of the Bank is providing loan services. The Bank undertakes credit risk when a customer is not able to perform the repayment on schedule while providing loan services. Therefore, the assessment on loan impairment of accounting assumptions and estimation uncertainty were included as our key audit matters.

Our principal audit procedures included:

Our principal audit procedures included (i) analyzing the balance and structure of the loans and changes in bad debts to identify significant changes and understand their reasons. (ii) reviewing relevant credit files, overdue aging, collateral value, historical default and loss probability. (iii) reviewing whether the loan is subject to objective evidence of impairment. (iv) evaluating whether the classification and estimation method used were appropriate. (v) inspecting whether the amount of impairment was calculated in accordance with the provisions “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. (vi) assessing whether the items related to assessment on impairment allowance has been fairly disclosed in the financial report.

2. Valuation for fair value of financial assets

Please refer to Note 4(e) for the related accounting policy in the valuation for fair value of financial assets, Note 5(b) for the assessment on fair value of financial assets of accounting assumptions and estimation uncertainty and Note 6(aj) for the for the disclosure of the fair value of financial assets.

How to address this matter in our audit

Directly open market quotations are not applicable to some of the Bank's financial instruments. These instruments are evaluated by using observable input parameters; and the setting of some parameters involves the subjective judgment of the management. Since the amount of financial instrument is significant, the valuation for fair value of financial assets on accounting assumptions and estimation uncertainty were included as our key audit matters.

Our principal audit procedures included:

Our principal audit procedures included (i) testing the design and implementation of the internal control operation cycle. (ii) analyzing and evaluating the balance and structure of financial instruments. (iii) inspecting the evaluation parameters and access for obtaining the fair value of financial instruments. (iv) Issuing external investment confirmations to assess its existence, correctness and rights.

3. The assessment on the expected credit loss of financial instrument

Please refer to Note 4(e) for the related accounting policy of expected credit loss of financial instrument, Note 5(b) for the assessment on financial instrument impairment of accounting assumptions and estimation uncertainty, and Note 6(ak) for the disclosure on the assessment for financial instrument impairment.

How to address this matter in our audit

The assessments of expected credit loss of the financial assets at value through other comprehensive income and at amortized cost are calculated based on the market quotations by the management of the Bank. The valuation of expected credit loss involves accounting assumptions and estimation uncertainty, and was therefore, included as our key audit matters.

Our principal audit procedures included:

Our principal audit procedures included (i) reviewing the operating practices or the assessment on the expected credit loss. (ii) understanding the calculation process and assessing the fairness of the management's assessment on the expected credit loss of financial assets, including the definitions of important quotations, methodologies and references. (iii) testing and performing calculation of the expected credit loss to assess its correctness. (iv) assessing the appropriateness of the overall recognition of the expected credit loss.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 auditor's 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 Chen Chun-Guang and Yu Chi-Lung.

KPMG

Taipei, Taiwan (Republic of China)  
March 25, 2022

#### Notes to Readers

The accompanying 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 financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' audit report and the accompanying 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 financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)  
LAND BANK OF TAIWAN CO., LTD.

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	%
<b>Assets</b>					<b>Liabilities and Equity</b>				
Total cash and cash equivalents (note 6(a))	\$ 29,780,147	1	39,264,254	1	<b>Current liabilities:</b>				
Total due from the central bank and call loans to banks (note 6(b))	236,103,905	7	144,895,359	5	Total deposits from the central bank and banks (note 6(o))	\$ 332,250,440	10	347,507,303	11
Total financial assets at fair value through profit or loss (notes 6(c) and (ae))	4,557,150	-	3,899,451	-	Total due to the central bank and banks	21,013,312	1	10,591,582	-
Total financial assets at fair value through other comprehensive income (note 6(d)(ad) and 8)					Total financial liabilities at fair value through profit or loss (notes 6(c) and (aj))	6,853,168	-	8,942,683	-
Investment in debt instruments measured at amortized cost (notes 6(h) and 8)	94,277,009	3	114,068,569	4	Total notes and bonds issued under repurchase agreement (note 6(e))	12,828,488	-	18,634,499	1
Securities purchased under resell agreements, net (notes 6(e))	749,877,368	22	660,807,717	21	Total payables (note 6(p))	24,685,240	1	22,180,920	1
Receivables, net (notes 6(f) and 7)	2,033,693	-	1,145,103	-	Total current tax liabilities	810,714	-	857,677	-
Discounts and loans, net (notes 6(g), (ak) and 7)	8,541,961	-	8,851,799	-	Total deposits and remittances (note 6(q) and 7)	2,725,796,242	80	2,453,872,938	79
Other financial assets, net (note 6(i) and (aj))	2,213,981,336	65	2,075,869,366	67	Total bank debentures (notes 6(r) and (aj))	61,836,475	2	46,294,550	1
Property and equipment, net (note 6(i))	36,604	-	37,294	-	Total other financial liabilities (note 6(s) and (aj))	75,950	-	86,637	-
Right-of-use Assets (note 6(k))	22,293,358	1	22,543,030	1	Total provisions (note 6(u))	22,249,483	1	20,662,942	1
Investment property, net (note 6(l))	1,029,873	-	945,186	-	Lease liability (note 6 (t))	1,040,132	-	948,767	-
Intangible assets, net (note 6(m))	23,657,897	1	23,738,479	1	Total deferred income tax liabilities (note 6 (x))	6,907,923	-	6,914,019	-
Total deferred tax assets (note 6(x))	798,093	-	914,924	-	Total other liabilities (note 6(w))				
Other assets, net(note 6(n) and 8)	2,335,964	-	2,293,784	-	<b>Total liabilities</b>	1,398,458	-	1,782,351	-
	13,559,407	-	11,457,337	-	<b>Equity attributable to owners of parent: (note 6(y))</b>	3,217,746,025	95	2,939,276,868	94
					Common stock	86,200,000	2	73,200,000	3
					Total capital surplus	21,748,869	1	21,748,869	1
					Legal reserve	41,802,219	1	38,892,388	1
					Special reserve	19,469,945	1	28,594,807	1
					Total unappropriated earnings	7,018,986	-	5,109,155	-
						68,291,150	2	72,596,350	2
					Total other equity interest	8,877,721	-	7,909,565	-
					<b>Total equity</b>	185,117,740	5	175,454,784	6
					<b>Total liabilities and equity</b>	\$ 3,402,863,765	100	3,114,731,652	100
<b>Total assets</b>	\$ 3,402,863,765	100	3,114,731,652	100					

# LAND BANK OF TAIWAN

## Annual Report 2021

(English Translation of Financial Statements Originally Issued in Chinese)  
LAND BANK OF TAIWAN CO., LTD.

### Statements of Comprehensive Income

For the years ended December 31, 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2021		2020		Change
		Amount	%	Amount	%	%
<b>Interest incomes:</b>						
41000	Total interest income	\$ 41,288,142	130	42,617,177	145	(3)
51000	Gains: Total interest expenses	<u>11,874,323</u>	<u>37</u>	<u>16,205,670</u>	<u>55</u>	(27)
	Net income of interest (note 6(aa))	29,413,819	93	26,411,507	90	11
Net non-interest income						
49100	Net service fee income (note 6(ab))	2,534,117	8	2,536,373	9	-
49200	Gains (losses) on financial assets or liabilities measured at fair value through profit or loss (notes 6(c) and (ac))	314,075	1	(2,805,209)	(10)	111
49310	Realized gain on financial assets at fair value through other comprehensive income, net (note 6(ad))	762,573	2	714,658	2	7
53601	Losses on disposal of investment in debt instruments measured at amortized cost (note 6(h))	-	-	(20)	-	100
49600	Foreign exchange gain	464,344	1	4,301,025	15	(89)
49700	Reversal of loss on assets (impairment of loss on assets) (note 6(af))	38,131	-	(27,540)	-	238
49863	Net gain on disposal of property	158,716	1	349,009	1	(55)
49899	Other miscellaneous loss (note 6(ae))	<u>(2,044,897)</u>	<u>(6)</u>	<u>(2,159,917)</u>	<u>(7)</u>	5
		<u>31,640,878</u>	<u>100</u>	<u>29,319,886</u>	<u>100</u>	8
58200	Total bad debts expense and guarantee liability provision (note 6 (g))	<u>2,734,172</u>	<u>9</u>	<u>2,659,125</u>	<u>9</u>	3
<b>Operating Expenses:</b>						
58500	Total employee benefits expenses (note 6(ag))	9,509,397	30	9,411,664	32	1
59000	Total depreciation and amortization expense (note 6(ah))	1,527,311	5	1,475,158	5	4
59500	Total other general and administrative expense (note 6(ai))	<u>4,628,555</u>	<u>15</u>	<u>4,661,041</u>	<u>16</u>	(1)
		<u>15,665,263</u>	<u>50</u>	<u>15,547,863</u>	<u>53</u>	1
<b>Profit from continuing operations before tax</b>		<u>13,241,443</u>	<u>41</u>	<u>11,112,898</u>	<u>38</u>	<u>19</u>
61003	Less: Income tax expenses	<u>2,602,576</u>	<u>8</u>	<u>2,404,893</u>	<u>8</u>	<u>8</u>
<b>Profit</b>		<u>10,638,867</u>	<u>33</u>	<u>8,708,005</u>	<u>30</u>	<u>22</u>
65000	<b>Other comprehensive income:</b>					
65200	<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
65201	Losses on remeasurements of defined benefit plans	(971,994)	(3)	(835,024)	(3)	(16)
65204	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	3,057,786	10	(356,942)	(1)	957
65220	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-
		<u>2,085,792</u>	<u>7</u>	<u>(1,191,966)</u>	<u>(4)</u>	<u>941</u>
65300	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>					
65301	Exchange differences on translation of foreign financial statements (note 6 (y))	(375,681)	(1)	(1,467,250)	(5)	74
65308	Unrealized gains from investments in debt instruments measured at fair value through other comprehensive income	(1,686,022)	(5)	1,175,604	4	(243)
65320	Less: 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>(2,061,703)</u>	<u>(6)</u>	<u>(291,646)</u>	<u>(1)</u>	<u>(607)</u>
65000	<b>Other comprehensive income</b>	<u>24,089</u>	<u>1</u>	<u>(1,483,612)</u>	<u>(5)</u>	<u>102</u>
<b>Total comprehensive income</b>		<u>\$ 10,662,956</u>	<u>34</u>	<u>7,224,393</u>	<u>25</u>	<u>48</u>
Basic earnings per share (note 6(z))		<u>\$ 1.23</u>		<u>1.01</u>		



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LAND BANK OF TAIWAN CO., LTD.

Statements of Changes in Equity

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

	Total other equity interest						
	Ordinary shares	Capital surplus	Retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest
			Legal reserve	Special reserve			
<b>Balance at January 1, 2020</b>	\$ 73,200,000	21,748,869	36,556,295	19,780,018	(1,149,906)	9,622,053	168,230,391
Profit	-	-	-	-	-	-	8,708,005
Other comprehensive income	-	-	-	-	(1,467,250)	818,662	(648,588)
Total comprehensive income	-	-	-	-	(1,467,250)	818,662	(648,588)
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	2,336,093	-	-	-	-
Special reserve appropriated	-	-	-	8,814,789	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	86,006	-
<b>Balance at December 31, 2020</b>	73,200,000	21,748,869	38,892,388	28,594,807	(2,617,156)	10,526,721	175,454,784
Profit	-	-	-	-	-	-	10,638,867
Other comprehensive income	-	-	-	-	(375,681)	1,371,764	24,089
Total comprehensive income	-	-	-	-	(375,681)	1,371,764	996,083
Capital increase out of earnings or capital reserves	-	-	-	-	(375,681)	1,371,764	996,083
Appropriation and distribution of retained earnings:							
Legal reserve appropriated	-	-	2,909,831	-	-	-	-
Special reserve appropriated	-	-	-	3,879,775	-	-	-
Cash dividends	-	-	-	-	-	-	(1,000,000)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(27,927)	(27,927)
Disposal of special reserves transferred from land	-	-	-	(4,637)	-	-	-
<b>Balance at December 31, 2021</b>	\$ 86,200,000	21,748,869	41,802,219	19,469,945	(2,997,837)	11,870,558	185,117,740

# LAND BANK OF TAIWAN

## Annual Report 2021

(English Translation of Financial Statements Originally Issued in Chinese)  
LAND BANK OF TAIWAN CO., LTD.

### Statements of Cash Flows

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

	2021	2020
<b>Cash flows from (used in) operating activities:</b>		
Profit (loss) before tax	\$ 13,241,443	11,112,898
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,241,183	1,211,425
Amortization expense	328,853	306,450
Provision for bad debt expense	2,734,172	2,659,125
Interest expense	11,874,323	16,205,670
Interest income	(41,288,142)	(42,617,177)
Dividend income	(682,552)	(427,819)
Net change in provisions for guarantee liabilities	(406)	(2,091)
Net change in other provisions	(261)	(399)
Losses on disposal of property and equipment	292	335
Gains on disposal of investment properties	(158,716)	(349,009)
Impairment (gains) losses on assets	(38,131)	27,540
Other adjustments to reconcile profit	(525)	3,759
<b>Total adjustments to reconcile loss</b>	<b>(25,989,910)</b>	<b>(22,982,191)</b>
<b>Changes in operating assets and liabilities:</b>		
Increase in due from the central bank and call loans to banks	(7,066,022)	(3,429,437)
(Increase) decrease in financial assets at fair value through profit or loss	(657,699)	537,692
Decrease in financial assets at fair value through other comprehensive income	21,171,126	1,348,889
Increase in investments in debt instruments measured at amortised cost	(89,040,150)	(63,106,863)
(Increase) decrease in securities purchased under resell agreements	(888,590)	5,073,247
(Increase) decrease in receivables	205,554	(1,121,162)
Increase in discounts and loans	(136,659,792)	(95,792,225)
Decrease in other financial assets	14,813	1,402
Increase in other assets	(2,193,172)	(634,506)
<b>Total changes in operating assets</b>	<b>(215,113,932)</b>	<b>(157,122,963)</b>
Increase (decrease) in deposits from the central bank and banks	(15,256,863)	33,929,344
Decrease in financial liabilities at fair value through profit or loss	(2,089,515)	(2,525,503)
Increase (decrease) in notes and bonds issued under repurchase agreement	(5,806,011)	11,235,362
Increase in payable	2,329,449	2,608,913
Increase in deposits and remittances	271,923,304	57,824,258
Increase in provisions for employee benefits	495,225	799,293
Increase (decrease) in other liabilities	(58,530)	54,896
<b>Total changes in operating liabilities</b>	<b>251,537,059</b>	<b>103,926,563</b>
<b>Total adjustments</b>	<b>10,433,217</b>	<b>(76,178,591)</b>
Cash inflow (outflow) generated from operations	23,674,660	(65,065,693)
Interest received	41,385,452	43,541,816
Dividends received	682,552	427,819
Interest paid	(11,684,593)	(17,854,127)
Income taxes paid	(2,697,817)	(2,613,050)
<b>Net Cash flows used in operating activities</b>	<b>51,360,254</b>	<b>(41,563,235)</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of property and equipment	(507,744)	(729,736)
(Increase) decrease in refundable deposits	91,102	(108,679)
Acquisition of intangible assets	(212,173)	(364,101)
Acquisition of investment properties	(586)	-
Proceeds from disposal of investment properties	197,159	505,556
<b>Net cash flows used in investing activities</b>	<b>(432,242)</b>	<b>(696,960)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in due to the central bank and banks	10,421,730	8,867,815
Proceeds from issuing bank notes payable	23,037,490	-
Repayments of bank notes payable	(7,500,000)	(7,000,500)
Increase (decrease) in guarantee deposits received	(325,361)	278,913
Payment of lease liabilities	(445,701)	(467,796)
Decrease in other financial liabilities	(10,687)	(8,457)
Cash dividends paid	(1,000,000)	-
<b>Net cash flows from (used in) financing activities</b>	<b>24,177,471</b>	<b>1,669,975</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(450,381)</b>	<b>(1,664,125)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>74,655,102</b>	<b>(42,254,345)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>96,542,114</b>	<b>138,796,459</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 171,197,216</b>	<b>96,542,114</b>
<b>Composition of cash and cash equivalents:</b>		
Cash and cash equivalents reported in the statement of financial position	\$ 29,780,147	39,264,254
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	139,383,376	56,132,757
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	2,033,693	1,145,103
<b>Cash and cash equivalents at end of period</b>	<b>\$ 171,197,216</b>	<b>96,542,114</b>

(English Translation of Financial Statements and Report Originally Issued in Chinese)

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

**For the years ended December 31, 2021 and 2020**

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

**(1) Company history**

Land Bank Of Taiwan Co., Ltd. (the "Bank") is a wholly-owned government bank of the Republic of China ("R.O.C."). The government of the R.O.C. decided to take over the Nippon Kangyo Bank's Taipei branch along with other branches in Hsinchu, Taichung, Tainan and Kaohsiung to facilitate the implementation of such land policies as land-rights equalization and the land-to-tiller program. On September 1, 1946, these branches were reorganized and formed the Bank. According to the Banking Law, the Bank obtained the qualification of the legal person in May 1985. With the downsizing of the Taiwan Provincial Government on December 21, 1998, the Bank was transferred to the jurisdiction of the central government. On June 9, 2003, the Land Bank of Taiwan was approved by the Ministry of Finance, R.O.C. to change its organization to a limited Bank – Land Bank of Taiwan Co., Ltd., effective July 1, 2003. On May 21, 2004, it was further approved by authority to be a public Bank. The Bank is engaged mainly in the following operations:

- (a) Accepting deposits and handling remittances;
- (b) Issued credit debentures;
- (c) Extending loans and discounts;
- (d) Other related financial operations authorized by the Banking Law.

The Bank's head office is in Taipei, in addition to Department of Business, Department of Finance, Department of International Banking, Department of Trusts and Department of Securities, the Bank also has many domestic branches and overseas branches to expand various banking services. As of December 31, 2021 there were 150 domestic branches, an offshore banking branch and 7 overseas branches.

In order to integrate resources effectively, reduce operating costs, and improve operating efficiency and the Bank merged with Land Bank Insurance Brokers Co., Ltd. (the "Subsidiary") in accordance with Article 19 of the "Business Mergers and Acquisitions Act". The merger was approved by the Board of Directors (BoD) on August 23, 2019, with the base date set at January 1, 2020, wherein the Bank was the surviving company, and the subsidiary was the dissolved entity.

**(2) Approval date and procedures of the financial statements:**

These consolidated financial statements were authorized for issuance by the Bank's BoD on March 25, 2022.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of 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 Company's adoption of the new amendments beginning January 1, 2021 are as follows:

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

- (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 Company will apply policies on accounting for modifications to the additional changes.

The amendments also provide an exception to use a revised discount rate that reflects the change in interest rate when remeasuring a lease liability because of a lease modification that is required by interest rate benchmark reform.

Finally, the Phase 2 amendments provide a series of temporary exceptions from certain hedge accounting requirements when a change required by interest rate benchmark reform occurs to a hedged item and/or hedging instrument that permits the hedging relationship to be continued without interruption. The Company applied the following reliefs as and when uncertainty arising from interest rate benchmark reform was no longer present with respect to the timing and amount of the interest rate benchmark-based cash flows of the hedged item or hedging instrument:

- the Company amended the designation of a hedging relationship to reflect changes that were required by the reform without discontinuing the hedging relationship; and
- when a hedged item in a cash flow hedge was amended to reflect the changes that were required by the reform, the amount accumulated in the cash flow hedge reserve will be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

# LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

The details of the accounting policies are disclosed in Note 4 and Note 6(ak).

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

A one-year extension to the practical expedient is available to lessees when accounting for COVID-19-related rent concessions reduce the lease payments originally due on or before June 30, 2022. The related accounting policy is explained in Note 4(h).

(iii) Other amendments

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

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

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

The Company 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 following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of balance sheet, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.	January 1, 2023



**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

<b>Standards or Interpretations</b>	<b>Content of amendment</b>	<b>Effective date per IASB</b>
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other 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 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

**(4) Summary of significant accounting policies:**

**(a) Statement of compliance**

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Criteria Governing the Preparation of Financial Reports by Securities Firms, the related laws, and International Financial Reporting Standards, International Accounting Standards, and Interpretations endorsed by the FSC (hereinafter referred to as the IFRS endorsed by the FSC).

**(b) Basis of preparation**

**(i) Basis of measurement**

The financial statements have been prepared on a historical cost basis except for the following material items in the statement of financial position:

- 1) Financial instruments measured at fair value through profit or loss are measured at fair value (Derivative financial instruments included);
- 2) Financial assets at fair value through other comprehensive income;
- 3) The defined benefit liability is recognized as the present value of the defined benefit obligation, less, the net value of pension plan assets after adjusting the unrecognized actuarial gains and losses and unrecognized past service costs;
- 4) Parts of the properties and investment properties are recognized as deemed costs using the ROC Generally Accepted Accounting Principles (ROC GAAP) revaluations.

## LAND BANK OF TAIWAN CO., LTD.

### Notes to the Financial Statements

#### (ii) Functional and presentation currency

The functional currency of each Bank entities is determined based on the primary economic environment in which the entities operate. The Bank's financial statements are presented in New Taiwan Dollar, which is the Bank's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

#### (iii) General accounting affairs

The Bank is wholly-owned government Bank, and its accounting practices mainly follow the Budget Act, Financial Statement Act, and Uniform Regulations of Accounting System for Financial Institutions by the Ministry of Finance. The annual financial statements are audited by the Ministry of Audit to ensure that the Bank complies with the budget approved by the Legislative Yuan. The Bank's financial statements have been finalized after such an audit.

The accounts of the Bank as of and for the year ended December 31, 2020, have been examined by the Ministry of Audit, Control Yuan of R.O.C., and adjustments from this examination have been recognized in the accompanying financial statements for 2020, which have been restated. Please refer to note 12(b).

#### (iv) Basis of Preparation

The accompanying financial statements include the accounts of the head office, the OBU, and all domestic and overseas branches. All inter-branch and inter-office accounts and transactions have been eliminated.

#### (c) Foreign currency

##### (i) Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Bank entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to 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.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following differences which are recognized in other comprehensive income arising on the retranslation:

- 1) available-for-sale equity investment;
- 2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

3) qualifying cash flow hedges to the extent the hedge is effective.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to the Banks' the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Banks' the functional currency at exchange rates at the transaction dates. Foreign currency differences are recognized in other comprehensive income.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand, demand deposits, checking deposits, unrestricted time deposits that are readily convertible to known amounts of cash without impairing the principal, and highly liquid investments that are subject to an insignificant risk of changes in value. Due from the Central Bank, call loans to banks, and notes and bonds purchased under resell agreements which meet the definition in the International Accounting Standard 7 ("IAS 7"), are included as components of cash and cash equivalents for the purpose of stating the cash flows.

(e) Financial Instruments

Financial assets and financial liabilities are initially recognized when the Bank become a party to the contractual provisions of the instruments. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using trade date accounting.

(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).

The Bank shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) 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 derivative financial assets and accounts receivable, which is presented as accounts receivable. On initial recognition, the Bank may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces 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.

## LAND BANK OF TAIWAN CO., LTD.

### Notes to the Financial Statements

#### 2) Fair value through other comprehensive income (FVOCI)

Financial assets classified as FVOCI include the following:

- a) A debt investment is measured at FVOCI if it meets both of the following conditions:
  - 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 and interest on the principal amount outstanding.
- b) 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.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Bank's right to receive payment is established.

#### 3) Financial assets measured at amortized cost

A financial assets is measured at amortized cost if it meets both of the following conditions:

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

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Overdue loans represent outstanding loans whose principal or interest payments are more than three months past due and are not extended, or whose principal or interest payments are not past due but for which the Bank is engaged in litigation or have disposed of the collateral.

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

The overdue receivables are classified as delinquent receivables when they are overdue for more than six months. When the principal and the related interest receivable are transferred to delinquent receivables, interests accrual are ceased internally but continue to accrue externally and are recorded in the memo account. Interest received after the interest accrual is ceased and is recognized as revenue.

4) Repo and reverse repo transactions with notes and bonds

Repo and reverse repo transactions with notes and bonds are treated as financing transactions based on its transaction in practice. Interest revenue and expense are recognized on an accrual basis on the transaction date (when the notes and bonds are sold and purchased) and the agreed repurchased and resell date. Investments on repo and reverse repo transactions with notes and bonds are recognized on the date it is sold and purchased.

5) Impairment of financial assets

The Bank recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and debt investments measured at FVOCI. The loss allowance of debt investment measured at FVOCI should be recognized in other comprehensive income, instead of reducing the carrying amount of financial assets on the balance sheet.

(ii) Financial liabilities

The financial liabilities held by the Bank include financial liabilities measured at fair value through profit or loss and other financial liabilities.

1) Financial liabilities at fair value through profit or loss

A financial liability classified in this category includes held-for-trading and financial liabilities measured at fair value through profit or loss. Held-for-trading financial instruments are acquired principally for the purpose of selling or repurchasing in the short term. Derivative instruments are classified as financial instrument, except for derivative instruments that are designated as effective hedging instrument. This type of financial liability is measured at fair value at the time of initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, financial liabilities measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss. A regular way purchase or sale of financial assets shall be recognized and derecognized, as applicable, using the trade-date accounting.

2) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss (which comprise of due from banks, deposits, accounts payable and other payables) are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method.

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(iii) Derecognition of financial assets and liabilities

1) Derecognition of financial assets

The Bank derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Bank enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

2) Derecognition of financial liabilities

The Bank derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bank also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(iv) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Bank currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Interest Rate Benchmark Reform – the Phase 2 amendments (effective January 1, 2021)

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 Company will apply policies on accounting for modifications to the additional changes.



**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(f) Property and equipment

(i) Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost of property and equipment includes the acquisition price and expenditure that directly attributable to bringing the asset to the location and condition necessary for it to be capable of reaching its expected operations, initial estimate costs of dismantling and removing the item and restoring the site on which it is located.

When property and equipments comprised of different components, it is more appropriate to separately depreciate each component with a cost that is significant in relation to the total cost of the item using different depreciation rate and methods and considered each component (significant component) as individual item.

The difference between the net disposal proceeds and the carrying amount of the item shall be recognized as net profit or loss of property transactions.

(ii) Reclassification to investment property

When there is a change in use, the Bank treats the owner occupied property as investment property; the property shall be reclassified to investment property at carrying amount from then on.

(iii) Subsequent cost

Subsequent expenditures are only capitalized when their future economic benefits are likely to flow into the company.

(iv) Depreciation

Except for land, each significant part of an item of property and equipment is depreciated separately, unless, the useful life and the depreciation method of an item of property and equipment are the same as the useful life and depreciation method of another significant part of that same item. Leasehold improvements are depreciated based on its useful lives, as well as the shorter of lease terms by using the straight-line methods. The Bank will assess the remaining useful lives, depreciation methods, residual value and changes in remaining useful lives. The depreciation methods and residual value are accounted for as a change in an accounting estimates and are adjusted using deferral method.

The estimated useful lives of property and equipment are as follows:

- (i) Buildings: 10 to 65 years
- (ii) Machinery and equipment: 3 to 25 years
- (iii) Transportation equipment: 3 to 25 years
- (iv) Miscellaneous equipment: 3 to 25 years
- (v) Land improvements: 5 to 15 years

## LAND BANK OF TAIWAN CO., LTD.

### Notes to the Financial Statements

(vi) Leasehold improvements: The asset is depreciated over the shorter of the lease term and its useful life.

(vii) Air conditioning engineering: 8 years

(viii) Escalator engineering: 15 years

(ix) Renovation project: 10 years

#### (g) Investment in Real Estate

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and measured at cost, less, accumulated depreciation and accumulated impairment loss subsequently. Subsequent to initial recognition, depreciation charge of investment property, except for land, is calculated using the depreciable amount on a straight-line basis over its useful lives of 10~65 years. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of raw materials and direct labor, and any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs.

When the use of a property changes such that it is reclassified as plant and equipment, its fair value on the date of reclassification becomes its cost for subsequent accounting.

#### (h) Leases

At inception of a contract, the Company 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.

##### (i) As a lessee

The Company 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 interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company uses its incremental borrowing rate as the discount rate. Generally, the Company uses its three-year Time Deposit Floating Rate and Federal Funds Rate as the discount rate.

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or
- there is a change in the assessment of the underlying asset purchase option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, 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.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

From January 1, 2021, the lease will be remeasured due to the lease modification required by the Interest Rate Benchmark Reform. For lease liabilities, the Company uses a discount rate modified to reflect changes in interest rates.

The Bank chooses to adopt practical expedient practices for all leased real estate rent reductions that meet all the following conditions, and does not evaluate whether it is a lease modification :

- 1) Result from COVID-19 prevalent over the whole world
- 2) Changes in lease payments result in the revised consideration of the lease being almost the same or smaller than the consideration before the change

**LAND BANK OF TAIWAN CO., LTD.****Notes to the Financial Statements**

- 3) Any reduction in lease payments will only affect payments that were originally due before December 31, 2021
- 4) There is no substantial change in other terms and conditions of the lease

Under practical expedient practices, when rent reductions cause changes in lease payments, the amount of changes is recognized in profit or loss when the event or circumstance that initiates rent reductions occurs.

From January 1, 2021, when the basis for determining future lease payments changes as required by interest rate benchmark reform, the Company will remeasure the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

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;
- 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, December 31, 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.

(ii) As a lessor

When the Company 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 Company 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 Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(i) Intangible Assets

The Bank's intangible assets are initially recognized at cost. Subsequently, the intangible assets shall be carried at the costs, less, accumulated amortization and accumulated impairment losses. The depreciable amount is determined by the original cost, less, its residual value. Amortization is recognized as an expense on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

Intangible asset is computer software which is amortized by using the straight-line method over 3-5 years. The useful lives of intangible assets are as follows:

Computer software: 3~5 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each fiscal year-end. Any change shall be accounted for as changes in accounting estimates and adjusted by using deferral methods.

(j) Impairment of non-financial assets

The Bank assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the Bank shall estimate the recoverable amount of that asset and an impairment loss is recognized if the recoverable amount of an asset is less than its carrying value. The accumulated impairment loss recognized in prior periods for an asset other than goodwill shall be reversed if the impairment loss is no longer exists or may have decreased. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount, as a reversal of a previously recognized impairment loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount, less depreciation and amortization in prior years.

(k) Provision for bad debts and provision for guarantee liabilities

The ending balance of allowance for bad debts and guarantee liability provision on all credit assets in the balance sheets and off-balance sheets is in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans, with considerations of the status of loan collaterals and the length of time overdue. The Bank classifies credit assets into normal credit assets, assets that require special mention, assets that are substandard and assets that are doubtful. The allowance for doubtful debt for each credit assets are 1%, 2%, 10%, 50% and 100%, respectively. The allowance for doubtful debt on credit card receivables is in accordance with the Regulations Governing Institutions Engaging in Credit Card Business. The abovementioned regulations are the minimum standards on allowance for doubtful debts for credit assets in the balance sheets and off-balance sheets.

In addition, the Bank adopts the assessment of IFRS 9, which conforms to the definition of impairment loss in loans and receivables.

(l) Provisions

A provision is recognized if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The discounted amortization is recognized as interest expense.

## LAND BANK OF TAIWAN CO., LTD.

### Notes to the Financial Statements

(m) Interest income and interest expense

Except for financial assets and liabilities reported at fair value through profit or loss, all interests of 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. The effective interest rate refers to the interest rate used to discount the estimated future cash paid or received for the expected duration and the shorter of period, which is equivalent to the carrying amount of financial assets or liabilities. To calculate the effective interest rate, the Bank considers all the conditions in the contracts of financial instruments to estimate cash flows, except for future credit loss. The abovementioned calculation includes all expenses, transaction costs and other discounts or premiums that are received from and paid to the counterparty and which belong to parts of effective interest rates. Transaction costs include incremental costs that are attributable to acquisition, issuance or disposal of financial assets or financial liabilities.

(n) Commission fee revenue and expenses

Commission fee revenue and expenses are recognized when loans or other services are provided. Service fees on significant projects are recognized on project completion. Commission revenue and fees relating to subsequent loan services are amortized through service periods or included in the effective interest rate for loans and receivables. Whether to adjust the agreed interest rate of loans and receivables to its effective interest rate, the Bank should first consider the materiality of this effect. If it is insignificant, the Bank should use the original amount of loans and receivables for measurement.

(o) Employee benefit

(i) Short term employee benefit

When an employee has rendered service to an entity during an accounting period, the Bank shall recognize the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service.

(ii) Definite benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on bonds (market yields of high quality corporate bonds or government bonds) that have maturity dates approximating the terms of the Bank's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. At each reporting date, the defined benefit liability is recognized as the present value of the defined benefit obligation, less, the net value of pension plan assets after adjusting the unrecognized actuarial gains and losses and unrecognized past service costs.



**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

Remeasurements of the net defined benefit liability or asset comprise: a) actuarial gains and losses; b) return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset). The remeasurements of the net defined benefit liability or asset are recognized in other comprehensive income. The Bank and its subsidiary have elected to transfer the amount arising from remeasurement to retained earnings.

(iii) Defined contribution benefit

In accordance with the labor pension systems, the Bank has contributed 6% of salaries to individual pension accounts managed by the Bureau of Labor Insurance and recognized as employee benefit expenses for that period.

(iv) Preferential interest deposits

The Bank provides their employees the preferential interest deposits, including that for current employees and retired employees. The difference between the preferential interest rate and the market rate belongs to the employee benefit.

In accordance with the Regulations Governing the Preparation of Financial Reports by the Public Banks, for the preferential interest deposits paid for current employees, the Bank shall calculate the interest monthly on accrual basis. The different amount of the preferential interest rate and market interest rate is recognized under the preferential interest account in the comprehensive Income statement. When the employees retired, the Bank shall calculate the excess interest using actuarial method by adopting the IAS 19. However the actuarial assumptions shall follow the government's related regulations.

(p) Income Tax

Income tax expenses include both current taxes and deferred taxes. Except for expenses that are related to other comprehensive income directly or expenses recognized in equity and other related expenses, 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 tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and loss carry forward to the extent that it is probable to receive income tax in the future. Deferred income tax assets and liabilities are offset if they are related to income taxes levied by the same tax authorities or different tax authorities but intend to offset using the net settlement of current income tax liabilities and assets or the simultaneous realization in income tax liabilities and assets.

Current taxes and deferred tax for the year are calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as the tax adjustments related to prior years.

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

The Bank reviews the carrying amount of deferred tax assets at each reporting date. The carrying value of deferred tax asset is reduced if it is unlikely that there is sufficient income tax provided to profits realized in parts or entire deferred tax assets. If it is likely that there is sufficient income tax provided, the amount that is originally reduced in deferred tax asset is reversed within the range in which the profit is realized.

(q) Earnings per Share

The Bank discloses the Bank's basic earnings per share attributable to ordinary equity holders of the Bank. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Bank divided by the weighted-average number of ordinary shares outstanding.

(r) Operating Segments Information

An operating segment is a component of an entity 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 same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

The preparation of the financial statements in conformity with Regulations Governing the Preparation of Financial Reports by Public Banks, 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.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period, and the impact of the changes in the accounting estimates in the next period.

Determining the book value of the assets and the liabilities as the following that have significant effect on amounts recognized in the financial statements are influenced by accounting assumptions and judgments.

(a) Impairment loss on loans

The Bank reviews loan portfolio to assess expected credit loss periodically. In determining an expected credit loss should be recorded as the amount of 12-month ECL or lifetime ECL, the Bank makes judgments as to whether there has been significant increase in credit risk since initial recognition of the asset. When assessing ECL, the Bank takes Loss Given Default (LGD) into the consideration of Probability of Default (PD) of its clients, and multiplies it by Exposure at Default. The influence of time value of money must also be considered when estimating 12-month ECL and lifetime ECL. The Bank reviews its experience and forward-looking estimation to decide the assumptions and input value for ECL calculation on every report date.

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(b) Fair value and expected credit loss of financial instruments

(i) Fair value of financial instruments

The fair value of non-active market or non-quoted financial instruments is determined using valuation techniques. Such fair value is based on observable data of similar financial instruments or valuation model. If there are no observable market parameters, the fair value of financial instruments is evaluated based on appropriate assumptions. If fair value is determined by the valuation model, the model is calibrated to ensure that all output data and the results are reflected in the actual market price. This valuation model use only observable data as much as possible. As for credit risk (self-owned and the contractual parties), the managements shall estimate its correlations and its fluctuations.

(ii) Expected credit loss of financial instruments

The Bank should recognized the 12-month ECL of its financial instruments classified as at amortized cost or FVOCI at initial recognition, whether there is objective evidence of impairment. When the credit risk increases or there is objective evidence of impairment, the Bank increases the lifetime ECL. The Bank reviews its historical experience and forward-looking estimation to decide the assumptions and input values for impairment assessment on every report date.

**(6) Explanation of significant accounts:**

(a) Cash and cash equivalents

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash on hand	\$ 11,506,928	11,892,112
Checks for clearing	11,185,251	7,612,152
Due from banks	7,087,968	19,759,990
	<b>\$ 29,780,147</b>	<b>39,264,254</b>

The balance details of cash and cash equivalents in cash flow statement are as follow:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash and cash equivalents in the statement of financial position	\$ 29,780,147	39,264,254
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	139,383,376	56,132,757
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	2,033,693	1,145,103
Total	<b>\$ 171,197,216</b>	<b>96,542,114</b>

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Reserves for deposits - a/c B	\$ 70,760,708	62,806,094
Reserves for deposits - a/c A	47,844,341	23,010,481
Deposits in the Central Bank	26,000,000	26,000,000
Less: Accumulated impairment loss (note 6(af) and (ak))	(96)	(922)
Deposits in the authorities in the oversea	1,753,682	781,756
Call loans to banks	89,785,353	32,340,520
Less: Allowance for doubtful accounts (note 6(g))	(40,083)	(42,570)
	<b><u>\$ 236,103,905</u></b>	<b><u>144,895,359</u></b>

As required by law, the reserves for deposits in the Central Bank are calculated by applying the prescribed rates to the average monthly balances of various types of deposit accounts. The use of reserves for deposits - a/c B is restricted by the Central Bank.

As of December 31, 2021 and 2020, the due from the Central Bank and call loans to banks were not pledged as collateral for business reserves and guarantees to other parties, please refer to note 8.

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

(i) Financial assets measured at fair value through profit or loss were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial assets designated as at fair value through through profit or loss:		
Corporate bonds	\$ 553,946	575,674
Financial institution bond	304,509	728,385
Subtotal	858,455	1,304,059
Mandatorily measured at fair value through profit or loss:		
Commercial papers	1,112,846	419,844
Government bonds	83,250	-
Corporate bonds	27,941	111,390
Stocks	1,698,045	532,369
Futures margin	166	166
Beneficiary certificates	93,562	-
Options	1,137	1,259
Forward exchange contracts	4,674	6,281
Asset swap	449,463	785,971
Foreign-currency swap contracts	227,611	738,112
Subtotal	3,698,695	2,595,392
Total	<b><u>\$ 4,557,150</u></b>	<b><u>3,899,451</u></b>

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(ii) Financial liabilities at fair value through profit or loss (FVTPL):

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Designated as financial liabilities at FVTPL:		
Financial bonds	\$ 5,972,309	6,395,062
Available-for-sale financial liabilities:		
Forward exchange contracts	28,936	14,199
Foreign-currency swap contracts	841,342	2,490,388
Interest rate swap contracts	9,472	33,971
Assets swap	-	7,725
Options	1,109	1,338
Subtotal	880,859	2,547,621
Total	<b>\$ 6,853,168</b>	<b>8,942,683</b>

(iii) The contracts amount of derivative financial instruments is summarized as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Forward exchange contracts	\$ 5,951,865	3,265,729
Foreign-currency swap contracts	103,440,329	105,575,423
Interest rate swap contracts	857,305	1,277,500
Asset Swap	5,531,000	5,670,000
Options	132,744	259,390

(iv) The net losses on financial assets held for trading for the years ended December 31, 2021 and 2020 were \$1,385,493 and \$1,249,327, respectively. The net gains (losses) on financial liabilities held for trading for the years ended December 31, 2021 and 2020, were gains of \$1,699,568 and losses of \$1,555,882, respectively.

(v) No financial asset at fair value through profit and loss was pledged at December 31, 2021, and 2020.

(vi) The main purpose of the company's derivative financial products is to avoid the risk of the exchange rate and the interest rate.

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

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Debt instruments at FVOCI:		
Government bonds	\$ 31,453,192	40,250,074
Corporate bonds	4,803,520	7,106,981
Financial institution bonds	38,269,683	51,316,716
Negotiable certificates of deposit	829,227	851,719
Subtotal	<b>75,355,622</b>	<b>99,525,490</b>

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Equity instruments at FVOCI:		
Listed common shares- domestic company	11,166,205	8,815,509
Unlisted common shares- domestic company	<u>7,755,182</u>	<u>5,727,570</u>
Subtotal	<u>18,921,387</u>	<u>14,543,079</u>
Total	<u><b>\$ 94,277,009</b></u>	<u><b>114,068,569</b></u>

- (i) The Bank held the debt instruments for contractual cash flows and disposal of financial assets, and reported in Financial assets at fair value through other comprehensive income. The loss allowance of financial assets at FVOCI for the years ended December 31, 2021 and 2020 were \$1,061 and \$8,824, which are reclassified from "Other equity- loss allowance for financial assets at FVOCI" to loss, without impacts to the carrying amounts of financial assets at FVOCI so far. For the changes of loss allowance, please refer to note 6(ak)

- (ii) Equity investment at FVOCI

The Bank held the equity investment for long-term strategic investment instead of trade purpose, and therefore, designated them as at fair value through other comprehensive income.

For the years ended December 31, 2021 and 2020, the dividend income from the equity investment at FVOCI was \$649,177 and \$427,094.

For the years ended December 31, 2021 and 2020, the gains (losses) arising from disposal of equity investment at FVOCI were gains of \$27,927 and losses of \$86,006. The Bank has transferred the disposal gains (losses) from other equity to retain earnings.

- (iii) As of December 31, 2021 and 2020, the financial assets at FVOCI was pledged to other parties as collateral for business reserves and guarantees. Please refer to note 8.

- (e) Notes and bonds issued under repurchase/resell agreement

There is no note and bond issued under resell agreement in 2021 and 2020. Securities sold under repurchase agreements, and their buyback amounts using determined price were as follows:

Items	December 31, 2021			Repurchase Date
	Bond Book Value	Repurchase agreement	Repurchase Price	
Resell agreement:				
Commercial papers	<u>\$ 2,036,600</u>	<u>2,033,693</u>	<u>2,034,113</u>	Resell gradually before January 24, 2022
Repurchase agreement:				
Government bonds	<u>\$ 12,301,000</u>	<u>(12,828,488)</u>	<u>(12,834,811)</u>	Repurchase gradually before June 24, 2022



**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

December 31, 2020				
Items	Bond Book Value	Repurchase agreement	Repurchase Price	Repurchase Date
Resell agreement:				
Commercial papers	\$ <u>1,148,000</u>	<u>1,145,103</u>	<u>1,145,344</u>	Resell gradually before January 18, 2021
Repurchase agreement:				
Government bonds	\$ <u>17,728,900</u>	<u>(18,634,499)</u>	<u>(18,647,689)</u>	Repurchase gradually before July 5, 2021

(f) Receivables, net

	December 31, 2021	December 31, 2020
Accounts receivable	\$ 1,601,324	1,644,758
Client's Position - Debit	1,921,380	2,167,131
Earned income receivable	11,001	15,431
Interest receivable	3,639,706	3,737,016
Receivables from acceptance bills	988,590	1,011,866
Other receivables	<u>446,695</u>	<u>335,357</u>
Total	8,608,696	8,911,559
Less: Allowance for doubtful accounts (note 6(g))	<u>(66,735)</u>	<u>(59,760)</u>
Net	<u>\$ 8,541,961</u>	<u>8,851,799</u>

(g) Discounts and loans, net

	December 31, 2021	December 31, 2020
Import and export bills negotiated	\$ 767,095	280,037
Margin loans receivables	1,724,508	1,327,716
Discounted bills	1,003,808	556,339
Overdrafts	229,345	111,678
Secured overdrafts	386,029	457,348
Short-term loans	116,244,341	88,197,441
Short-term secured loans	41,306,424	41,772,637
Medium-term loans	299,125,268	250,901,153
Medium-term secured loans	586,208,788	540,923,589
Long-term loans	19,158,402	20,173,182
Long-term secured loans	1,182,708,347	1,166,811,705
Overdue loans	<u>2,413,037</u>	<u>2,899,804</u>
Total	2,251,275,392	2,114,412,629

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

	December 31, 2021	December 31, 2020
Less: Allowance for doubtful accounts	(37,303,700)	(34,549,864)
Add: Adjustment for discounts and premiums	9,644	6,601
Net	<u>\$ 2,213,981,336</u>	<u>2,079,869,366</u>

- (i) As of December 31, 2021 and 2020, the balances of loans for which accrual of interest revenues was discontinued were \$2,429,153, and \$2,915,724, respectively. The unrecognized interest revenues on these loans were \$39,595 and \$49,859 for the years ended December 31, 2021 and 2020, respectively.
- (ii) The changes in allowance for doubtful accounts on loans, receivables and call loans to Bank were as follows:

	2021	2020
Loans:		
Beginning balance	\$ 34,549,864	31,727,060
Provision for possible losses and doubtful accounts	2,621,635	2,612,588
Write off	(847,787)	(956,073)
Recoveries	1,053,799	1,350,657
Effects of changes in exchange rates	(73,811)	(184,368)
Ending balance	<u>\$ 37,303,700</u>	<u>34,549,864</u>
Receivables (including other financial assets):		
Beginning balance	\$ 134,653	144,447
Reversal of provision for possible losses and doubtful accounts	(6,747)	(1,538)
Write off	(20,616)	(24,889)
Recoveries	17,701	16,625
Effects of changes in exchange rates	(399)	8
Ending balance	<u>\$ 124,592</u>	<u>134,653</u>
Call loans to banks:		
Beginning balance	\$ 42,570	74,636
Reversal of provision for possible losses and doubtful accounts	(705)	(29,770)
Effects of changes in exchange rates	(1,782)	(2,296)
Ending balance	<u>\$ 40,083</u>	<u>42,570</u>

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(iii) Allowance for doubtful accounts in related accounts are as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Receivables	\$ 66,735	59,760
Discounts and loans	37,303,700	34,549,864
Other financial assets	57,857	74,893
Call loans to banks(note6(b))	40,083	42,570
Expected credit losses-financial instrument (note6 (b) 、 (h) and (ak))	4,076	34,290
Total	<u><u>\$ 37,472,451</u></u>	<u><u>34,761,377</u></u>

(iv) The summary of the provision for loan losses and credit related losses in comprehensive income statement for the years ended December 31, 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Provision for losses on discounts and loans	\$ 2,614,888	2,611,050
Provision for losses on guarantees	107,419	67,921
Provision for other	6,115	10,306
Provision (reversal of provision) for financial commitments	6,455	(382)
Reversal of provision for losses on call loans to banks	(705)	(29,770)
Total	<u><u>\$ 2,734,172</u></u>	<u><u>2,659,125</u></u>

(v) The analysis of impairment for financial assets is disclosed in note 6(ak).

(h) Debt investment at amortized cost

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Government bonds	\$ 150,937,495	145,693,373
Corporate bonds	22,375,001	21,576,352
Financial institution bonds	17,514,540	19,621,648
Commercial papers	45,724,312	28,189,712
Domestic negotiable certificates of deposit	513,330,000	445,760,000
	749,881,348	660,841,085
Less: Loss allowance	(3,980)	(33,368)
	<u><u>\$ 749,877,368</u></u>	<u><u>660,807,717</u></u>

(i) The Bank has assessed that these financial assets are held-to-maturity to collect contractual cash flows, which consist solely of payments of principal and interest on principal amount outstanding. Therefore, these investments were classified as financial assets measured at amortized cost.

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

- (ii) For the years ended December 31, 2021 and 2020, the disposal loss from disposing debt investment measured at amortized cost was \$0 and \$20.
- (iii) For the information of credit risk, please refer to note 6 (ak).
- (iv) As of December 31, 2021 and 2020, the debt investment measured at amortized cost was pledged to other parties as collateral for business reserves and guarantees. Please refer to note 8.

## (i) Other financial assets, net

	December 31, 2021	December 31, 2020
Overdue loans and others	\$ 94,461	112,187
Less: allowance for bad debt - Overdue loans and others (note 6(g))	(57,857)	(74,893)
	<u>\$ 36,604</u>	<u>37,294</u>

## (j) Property and Equipment, net

- (i) The cost, the accumulated depreciation, and the accumulated impairment of property and equipment were as follows:

Asset	December 31, 2021			
	Cost	Accumulated depreciation	Accumulated impairment	Net
Land	\$ 14,476,776	-	(1,026)	14,475,750
Land improvements	11,748	(11,748)	-	-
Buildings	12,295,542	(6,652,388)	-	5,643,154
Machinery and computer equipment	2,934,713	(1,546,979)	-	1,387,734
Transportation equipment	394,673	(289,770)	-	104,903
Miscellaneous equipment	821,557	(575,972)	-	245,585
Leasehold improvements	123,316	(69,963)	-	53,353
Construction in progress	45,284	-	-	45,284
Machinery on order	337,595	-	-	337,595
Total	<u>\$ 31,441,204</u>	<u>(9,146,820)</u>	<u>(1,026)</u>	<u>22,293,358</u>

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

Asset	December 31, 2020			
	Cost	Accumulated depreciation	Accumulated impairment	Net
Land	\$ 14,476,776	-	(1,026)	14,475,750
Land improvements	11,847	(11,847)	-	-
Buildings	12,226,937	(6,386,867)	-	5,840,070
Machinery and computer equipment	2,795,816	(1,601,522)	-	1,194,294
Transportation equipment	428,927	(359,966)	-	68,961
Miscellaneous equipment	825,033	(599,715)	-	225,318
Leasehold improvements	127,270	(76,017)	-	51,253
Construction in progress	44,342	-	-	44,342
Machinery on order	643,042	-	-	643,042
Total	<u>\$ 31,579,990</u>	<u>(9,035,934)</u>	<u>(1,026)</u>	<u>22,543,030</u>

(ii) The change of property and equipment were as follows:

	Land	Buildings	Others	Total
Cost:				
Balance at January 1, 2021	\$ 14,476,776	12,226,937	4,876,277	31,579,990
Additions	-	54,231	453,513	507,744
Disposals	-	-	(99)	(99)
Write-offs	-	(850)	(644,854)	(645,704)
Reclassification	-	15,224	(15,224)	-
Exchange rate changes and others	-	-	(727)	(727)
Balance at December 31, 2021	<u>\$ 14,476,776</u>	<u>12,295,542</u>	<u>4,668,886</u>	<u>31,441,204</u>
Balance at January 1, 2020	\$ 14,476,776	12,152,231	4,663,208	31,292,215
Consolidation adjustment	-	-	10,317	10,317
Additions	-	-	729,736	729,736
Write-offs	-	-	(448,112)	(448,112)
Reclassification	-	74,706	(74,706)	-
Exchange rate changes and others	-	-	(4,166)	(4,166)
Balance at December 31, 2020	<u>\$ 14,476,776</u>	<u>12,226,937</u>	<u>4,876,277</u>	<u>31,579,990</u>
Depreciation and Amortization:				
Balance at January 1, 2021	\$ 1,026	6,386,867	2,649,067	9,036,960
Depreciation	-	266,371	490,585	756,956
Disposals	-	-	(99)	(99)
Write-offs	-	(850)	(644,562)	(645,412)
Exchange rate changes and others	-	-	(559)	(559)
Balance at December 31, 2021	<u>\$ 1,026</u>	<u>6,652,388</u>	<u>2,494,432</u>	<u>9,147,846</u>

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Others</u>	<u>Total</u>
Balance at January 1, 2020	\$ 1,026	6,125,851	2,648,745	8,775,622
Consolidation adjustment	-	-	7,257	7,257
Depreciation	-	261,016	444,219	705,235
Write-offs	-	-	(447,777)	(447,777)
Exchange rate changes and others	-	-	(3,377)	(3,377)
Balance at December 31, 2020	<u>\$ 1,026</u>	<u>6,386,867</u>	<u>2,649,067</u>	<u>9,036,960</u>
Carrying amounts:				
December 31, 2021	<u>\$ 14,475,750</u>	<u>5,643,154</u>	<u>2,174,454</u>	<u>22,293,358</u>
December 31, 2020	<u>\$ 14,475,750</u>	<u>5,840,070</u>	<u>2,227,210</u>	<u>22,543,030</u>

(iii) No property and equipment was pledged at December 31, 2021 and 2020.

(iv) The Bank had no sale-leaseback at December 31, 2021 and 2020.

(k) Right-of-use assets

The Company leases many assets including land and buildings, vehicles, and machinery. Information about leases for which the Bank as a lessee was presented below:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Total</u>
Cost:				
Balance at January 1, 2021	\$ 7,741	1,711,311	7,982	1,727,034
Additions	782	555,957	-	556,739
Deduction	(828)	(328,954)	(4,789)	(334,571)
Effects of exchange rate change	-	(1,345)	(12)	(1,357)
Balance at December 31, 2021	<u>\$ 7,695</u>	<u>1,936,969</u>	<u>3,181</u>	<u>1,947,845</u>
Balance at January 1, 2020	\$ 7,126	1,533,594	7,874	1,548,594
Additions	985	278,356	1,263	280,604
Deduction	(370)	(93,868)	(1,118)	(95,356)
Effects of exchange rate change	-	(6,771)	(37)	(6,808)
Balance at December 31, 2020	<u>\$ 7,741</u>	<u>1,711,311</u>	<u>7,982</u>	<u>1,727,034</u>
Accumulated depreciation and impairment losses:				
Balance at January 1, 2021	\$ 3,685	772,694	5,469	781,848
Depreciation	2,538	437,741	1,223	441,502
Deduction	(828)	(298,981)	(4,810)	(304,619)
Effects of exchange rate change	-	(760)	1	(759)
Balance at December 31, 2021	<u>\$ 5,395</u>	<u>910,694</u>	<u>1,883</u>	<u>917,972</u>



**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

	<b>Land</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Total</b>
Balance at January 1, 2020	\$ 1,518	407,460	3,526	412,504
Depreciation	2,537	457,867	3,069	463,473
Deduction	(370)	(90,322)	(1,113)	(91,805)
Effects of exchange rate change	-	(2,311)	(13)	(2,324)
Balance at December 31, 2020	<u>\$ 3,685</u>	<u>772,694</u>	<u>5,469</u>	<u>781,848</u>
Carrying amounts:				
Balance at December 31, 2021	<u>\$ 2,300</u>	<u>1,026,275</u>	<u>1,298</u>	<u>1,029,873</u>
Balance at December 31, 2020	<u>\$ 4,056</u>	<u>938,617</u>	<u>2,513</u>	<u>945,186</u>

(l) Investment Property, net

- (i) The cost, the accumulated depreciation, and the accumulated impairment of investment property were as follows:

<b>December 31, 2021</b>				
<b>Assets</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Accumulated impairment</b>	<b>Carrying amounts</b>
Land	\$ 22,673,220	-	(99,393)	22,573,827
Buildings	1,889,331	(805,261)	-	1,084,070
Total	<u>\$ 24,562,551</u>	<u>(805,261)</u>	<u>(99,393)</u>	<u>23,657,897</u>

<b>December 31, 2020</b>				
<b>Assets</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Accumulated impairment</b>	<b>Carrying amounts</b>
Land	\$ 22,713,450	-	(101,180)	22,612,270
Buildings	1,888,745	(762,536)	-	1,126,209
Total	<u>\$ 24,602,195</u>	<u>(762,536)</u>	<u>(101,180)</u>	<u>23,738,479</u>

- (ii) The changes of investment property were as follows:

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
Cost:			
Balance at January 1, 2021	\$ 22,713,450	1,888,745	24,602,195
Additions	-	586	586
Disposals	(40,230)	-	(40,230)
Balance at December 31, 2021	<u>\$ 22,673,220</u>	<u>1,889,331</u>	<u>24,562,551</u>
Balance at January 1, 2020	\$ 22,870,360	1,888,745	24,759,105
Disposals	(156,910)	-	(156,910)
Balance at December 31, 2020	<u>\$ 22,713,450</u>	<u>1,888,745</u>	<u>24,602,195</u>

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

	Land	Buildings	Total
Depreciation and Amortization:			
Balance at January 1, 2021	\$ 101,180	762,536	863,716
Depreciation	-	42,725	42,725
Disposals	(1,787)	-	(1,787)
Balance at December 31, 2021	<u>\$ 99,393</u>	<u>805,261</u>	<u>904,654</u>
Balance at January 1, 2020	\$ 101,543	719,819	821,362
Depreciation	-	42,717	42,717
Disposals	(363)	-	(363)
Balance at December 31, 2020	<u>\$ 101,180</u>	<u>762,536</u>	<u>863,716</u>
Carrying amounts:			
December 31, 2021	<u>\$ 22,573,827</u>	<u>1,084,070</u>	<u>23,657,897</u>
December 31, 2020	<u>\$ 22,612,270</u>	<u>1,126,209</u>	<u>23,738,479</u>

- (iii) The investment property of the Bank is revalued every half year, starting from 2013. Buildings are revalued by professional valuer of each branch and land is assessed based on the land value set by the Department of Land Administration, M.O.I. As of December 31, 2021 and 2020, the fair values of investment properties are \$45,341,811 and \$44,758,569, respectively.
- (iv) The rental revenues of investment property for the years ended 2021 and 2020 were \$250,194 and \$251,925, respectively.
- (v) The depreciation expenses of investment property for the years ended 2021 and 2020 were \$42,725 and \$42,717, respectively.
- (vi) No investment property was pledged at December 31, 2021 and 2020.

## (m) Intangibles assets

Assets	December 31, 2021			
	Cost	Accumulated Amortization	Accumulated Impairment loss	Carrying amounts
Computer Software	<u>\$ 3,199,673</u>	<u>(2,401,580)</u>	<u>-</u>	<u>798,093</u>

Assets	December 31, 2020			
	Cost	Accumulated Amortization	Accumulated Impairment loss	Carrying amounts
Computer Software	<u>\$ 2,987,837</u>	<u>(2,072,913)</u>	<u>-</u>	<u>914,924</u>

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

The changes in intangible assets were as follows:

	<b>Computer Software</b>
Costs:	
Balance at January 1, 2021	\$ 2,987,837
Additions	212,173
Effects of changes in exchange rates	(337)
Balance at December 31, 2021	<u><u>\$ 3,199,673</u></u>
Balance at January 1, 2020	\$ 2,624,558
Additions	364,101
Effects of changes in exchange rates	(822)
Balance at December 31, 2020	<u><u>\$ 2,987,837</u></u>
Accumulated Amortization:	
Balance at January 1, 2021	\$ 2,072,913
Amortization	328,853
Effects of changes in exchange rates	(186)
Balance at December 31, 2021	<u><u>\$ 2,401,580</u></u>
Balance at January 1, 2020	\$ 1,767,247
Amortization	306,450
Effects of changes in exchange rates	(784)
Balance at December 31, 2020	<u><u>\$ 2,072,913</u></u>
Carrying amounts:	
December 31, 2021	<u><u>\$ 798,093</u></u>
December 31, 2020	<u><u>\$ 914,924</u></u>

(n) Other assets, net

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Prepayment	\$ 10,017,010	9,115,381
Refundable deposits	1,986,875	2,077,977
Operating bond	27,084	25,022
Temporary payments and suspense accounts	1,366,583	238,957
Project Funds	161,855	-
Total	<u><u>\$ 13,559,407</u></u>	<u><u>11,457,337</u></u>

For other assets pledged in reserves of business as of December 31, 2021 and 2020, please refer to note 8.

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

## (o) Due to the Central Bank and other banks

	December 31, 2021	December 31, 2020
Due to the Central Bank	\$ 460,472	738,557
Due to other banks	9,375,141	5,567,232
Due to Taiwan Post Co., Ltd.	234,048,728	234,483,519
Overdrafts from banks	1,497,399	641,310
Call loans from banks	86,868,700	106,076,685
Total	<u>\$ 332,250,440</u>	<u>347,507,303</u>

## (p) Payable

	December 31, 2021	December 31, 2020
Accounts payable	\$ 137,989	135,356
Brokering transactions credit balance	1,914,677	2,147,019
Accrued expenses	2,333,512	2,313,398
Accrued interest	2,890,811	2,715,940
Acceptances	1,052,386	1,241,654
Collection received on behalf of customers	1,231,393	860,003
Deposits received from securities borrowers	64,056	81,301
Guaranteed price deposits received from securities borrowers	69,891	88,658
Checks for clearing	11,542,560	8,591,616
Payable of compensation to land prices	89,436	86,012
Payable of short-term compensated absences	823,803	801,582
Other payables	2,534,726	3,118,381
Total	<u>\$ 24,685,240</u>	<u>22,180,920</u>

## (q) Deposits and remittances

	December 31, 2021	December 31, 2020
Check deposits	\$ 43,889,597	40,294,002
Government deposits	172,436,983	166,488,413
Demand deposits	550,041,057	456,344,588
Time deposits	790,497,481	660,957,867
Savings deposits	1,168,834,799	1,129,785,027
Remittances under custody	35	44
Remittances outstanding	96,290	2,997
Total	<u>\$ 2,725,796,242</u>	<u>2,453,872,938</u>

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(r) Bank debentures

	December 31, 2021	December 31, 2020
Senior secured bank debentures	\$ 13,050,000	-
Subordinated bank debentures	48,800,000	46,300,000
Less: unamortized issuance costs	(13,525)	(5,450)
Total	<u>\$ 61,836,475</u>	<u>46,294,550</u>

- (i) According to the approval letter Jin-Guan-Yin-Guo-Zi No. 10100346720 published by the Banking Bureau, Financial Supervisory Commission in 2012, the Bank can issue an annual-interest-payment, and a principle-payment-at-maturity subordinated bank debentures several times with a maximum amount of \$38,000,000. The Bank issued ten-year subordinated bank debentures totaling \$10,300,000 during the year 2012. The interest rate is based on the fixed rate of 1.55%. Maturity date is in December 2022.
- (ii) According to the approval letter Jin-Guan-Yin-Guo-Zi No. 10200314700 published by the Banking Bureau, Financial Supervisory Commission in 2013, the Bank can issue an annual-interest-payment, and a principle-payment-at-maturity subordinated bank debenture several times with a maximum amount of \$38,000,000. The Bank issued seven-year subordinated bank debentures totaling \$3,000,000 in December 2013 with the fixed rate of 1.72%. Bond to the maturity is in December 2020.
- (iii) According to the approval letter Jin-Guan-Yin-Guo-Zi No. 10300306340 published by the Banking Bureau, Financial Supervisory Commission in 2014, the Bank can issue subordinated bank debentures several times with a maximum amount of \$38,000,000. The Bank issued ten-year, annual-interest-payment and principle-payment-at-maturity subordinated bank debentures totaling \$18,000,000 in December 2014 with the fixed rate of 1.98%; The Bank issued \$7,500,000 in December 2014 with the maturity in December 2024. The Bank issued another perpetual, non-cumulative and annual-interest-payment subordinated bank debentures totaling \$20,000,000 with the fixed rate of 3.5%; The bank issued \$4,000,000 in December 2014 and the debentures had been redeemed in May 2020.
- (iv) According to the approval letter Jin-Guan-Yin-Guo-Zi No. 10400037690 published by the Banking Bureau, Financial Supervisory Commission in 2015, the Bank can issue thirty-year, principal-payment-and-interest-at-maturity senior unsecured bank debentures several times with a maximum amount of USD500,000. The Bank issued USD110,000 on April 10, 2015 with the maturity on April 10, 2045, and the debentures had been redeemed in April 2020; According to the approval letter Jin-Guan-Yin-Guo-Zi No. 10600097130 published by the Banking Bureau, Financial Supervisory Commission in 2017, the Bank can issue thirty-year, principal-payment-and-interest-at-maturity senior unsecured bank debentures several times with maximum amount of USD1,000,000. The bank issued USD200,000 on May 11, 2018. The Bank engaged in interest swap contracts in order to hedge its interest risk. The Bank designated the debenture as at fair value through profit or loss in order to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise, please see note 6(c).

**LAND BANK OF TAIWAN CO., LTD.****Notes to the Financial Statements**

- (v) According to the approval letter Jin-Guan-Yin-Guo-Zi No. 10400262760 published by the Banking Bureau, Financial Supervisory Commission in 2015, the Bank can issue ten-year term annual-interest-payment, and principle-payment-at-maturity subordinated bank debentures several times with a maximum amount of \$35,000,000. The Bank issued ten-year subordinated bank debentures totaling \$5,000,000 in December 2015. The interest rate is based on the fixed rate of 1.70%. Bond to maturity is in December 2025.
- (vi) According to the approval letter Jin-Guan-Yin-Guo-Zi No. 10500271640 published by the Banking Bureau, Financial Supervisory Commission in 2016, the Bank can issue perpetual, non-cumulative and annual-interest-payment subordinated bank debentures several times with a maximum amount of \$40,000,000. The Bank issued the subordinated bank debentures totaling \$7,500,000, which had been redeemed in December 2021, and \$4,500,000 in December 29, 2016 and June 29, 2017, respectively. The interest rate is based on the fixed rate of 3.15% and 2.95%.
- (vii) According to the approval letter Jin-Guan-Yin-Guo-Zi No. 10702244980 published by the Banking Bureau, Financial Supervisory Commission in 2018, the Bank can issue subordinated bank debentures by installments, with a maximum amount of \$10,000,000.
- (viii) According to the approval letter Jin-Guan-Yin-Guo-Zi No. 10702244980 published by the Banking Bureau, Financial Supervisory Commission in 2018, the Bank can issue senior unsecured bank debentures several times with a maximum amount of \$50,000,000. The Bank issued five-year debentures of \$1,000,000 in July 2021, with the fixed rate of 0.39% and the maturity date will be in July 2026; The Bank issued five-year, seven-year, and ten-year debentures of \$2,100,000, 4,500,000 and 2,400,000 in August 2021, with the fixed rate of 0.55%, 0.50%, and 0.55%. Bonds to the maturity are in August 2026, August 2028, and August 2031; the Bank issued three-year and five-year debentures of \$550,000 and \$2,500,000 in December 2021, with the fixed rate of 0.48% and 0.55%. Bonds to the maturity are in December 2024 and December 2026.
- (ix) According to the approval letter Jin-Guan-Yin-Guo-Zi No. 1080218109 published by the Banking Bureau, Financial Supervisory Commission in 2019, the Bank can issue perpetual, non-cumulative and annual-interest-payment subordinated bank debentures with the fixed rate of 1.58% by installments, with a maximum amount of \$20,000,000. In November 2019, the total issued perpetual subordinated bank debentures issued by the Bank amounted to \$11,500,000.
- (x) According to the approval letter Jin-Guan-Yin-Guo-Zi No. 1090235978 published by the Banking Bureau, Financial Supervisory Commission in 2021, the Bank can issue perpetual, non-cumulative and annual-interest-payment subordinated bank debentures with the fixed rate of 1.35% by installments, with a maximum amount of \$10,000,000. In November, 2021, the total issued perpetual subordinated bank debentures issued by the Bank amounted to \$10,000,000.



**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(s) Other financial liabilities

	December 31, 2021	December 31, 2020
Cumulative earnings on appropriated loan fund	\$ <u>75,950</u>	<u>86,637</u>

(t) Lease liabilities

The lease liabilities of the Bank were as follows:

	December 31, 2021	December 31, 2020
Current	\$ <u>1,040,132</u>	<u>948,767</u>

The amounts recognized in profit or loss were as follows:

	2021	2020
Interest on lease liabilities	\$ <u>10,424</u>	<u>13,964</u>
Variable lease payments not included in the measurement of lease liabilities	<u>8,805</u>	<u>8,825</u>
Expenses relating to short-term leases	\$ <u>7,527</u>	<u>5,914</u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ <u>7,102</u>	<u>6,506</u>

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

	2021	2020
Total cash outflow for leases	\$ <u>445,701</u>	<u>467,796</u>

(i) Real estate leases

As of December 31, 2021 and 2020, the Company leases land and buildings for its office space. The leases of office space typically run for 2 to 5 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

Some leases provide for additional rent payments that are based on changes in local price indices.

Some leases of office buildings contain extension options exercisable by the Bank. In which leasee is not reasonably certain to use an optional extended lease term, payments associated with the optional period are not included within lease liabilities.

(ii) Other leases

The Company leases vehicles and equipment, with lease terms of two to five years.

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(u) Provision

	December 31, 2021	December 31, 2020
Employee benefit (note 6(v))	\$ 21,514,020	20,046,801
Reserve for guarantee liabilities(Note 6(ak))	678,543	571,530
Reserve for loan commitment(Note 6(ak))	33,228	26,328
Other reserve-receivables from credit loan(Note 6(ak))	23,692	18,283
Total	<u>\$ 22,249,483</u>	<u>20,662,942</u>

(v) Employee benefit

(i) Defined Contribution Plan:

The Bank sets aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. The Bank sets aside a fixed amount to the Bureau of the Labor Insurance without the payment of additional legal or constructive obligations.

The Bank's pension expenses under defined contribution pension plan were as \$2,623 and \$2,808 for the years ended 2021 and 2020, respectively. Payment was made to the Bureau of the Labor Insurance.

(ii) Provision for employee benefit:

The Bank's employee benefits were as follows:

	December 31, 2021	December 31, 2020
Defined benefit plans	\$ 15,047,961	14,322,643
Employee benefit savings account	6,455,485	5,712,954
Three important festivals bonus	10,574	11,204
Total	<u>\$ 21,514,020</u>	<u>20,046,801</u>

1) Defined benefit plans

The Bank sets pension and severance pay to its employees that have retention year prior to December 31, 1981 and salaries between January 1, 1982 and April 31, 1997 in compliance with the Regulations Governing the pension and severance pay on personnel of Government-owned Financial Insurance Business. In accordance with the Regulations Governing the pension and severance pay on personnel of Government-owned Financial Insurance Business, the Bank will contribute 4%~8.5% of salaries and the employees will contribute an additional 3% of the salaries to the employees' personal accounts. Employees served after May 1, 1997 adopt the Labor Standard Act, where the Bank will contribute 8% of the monthly salaries to its employees' pension accounts.

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

In order to increase its pension fund, beginning from May 2017, the Company raised the contribution rate from 8% to 10%, and the excess of 8% of the salaries would be contributed by the Company's head office. Since 2017, the pension fund is contributed by the head office and each business unit, at 10% of salaries.

Employees who are employed after May 1, 1997 adopts the Labor Standard Act, and contribute pension funds based on this Act. Employees adopt Management Affairs of Executive Yuan Act prior to the adoption of the Labor Standard Act, where both acts are considered as defined contribution plan which contribute 8% of the salaries to pension account in Bank of Taiwan.

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

a) Composition of plan assets

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total present value of obligations	\$ 15,925,286	14,973,278
Fair value of plan assets	<u>(877,325)</u>	<u>(650,635)</u>
Recognized liabilities for defined benefit obligations	<u><b>\$ 15,047,961</b></u>	<u><b>14,322,643</b></u>

i) Composition of plan assets

The retirement fund of the Bank's Employee Retirement Fund Management Committee account balance amounted to \$459,058 at the end of reporting period.

The Banks allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to the utilization of the funds, minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with interest rates offered by local banks.

The Bank of Taiwan labor pension reserve account balance amounted to \$418,267 at the end of the reporting period. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

## ii) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligations on January 1	\$ 14,973,278	14,094,719
Current service costs and interests	869,309	861,604
Remeasurement of net defined benefit liabilities		
— Changes in financial assumption	617,207	407,955
— Experience adjustment	358,652	445,330
Benefits paid by the plan	(893,160)	(848,798)
Consolidation adjustments	<u>-</u>	<u>12,468</u>
Defined benefit obligations on December 31	<u>\$ 15,925,286</u>	<u>14,973,278</u>

## iii) Movements in the present value of the plan assets

The movements in the present value of defined benefit plan assets for the years ended 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Fair value of plan assets on January 1	\$ 650,635	649,653
Interest revenue	6,369	7,288
Remeasurement of net defined benefit liabilities (assets)		
— Expected returns on plan assets(exclude current interest)	4,371	20,540
Contributions made	1,095,832	808,328
Benefits paid by the plan	<u>(879,882)</u>	<u>(835,174)</u>
Fair value of plan assets on December 31	<u>\$ 877,325</u>	<u>650,635</u>

## iv) Expense recognized in profit or loss

Expense recognized in profit or loss for the years ended 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current service costs and interest cost	<u>\$ 862,940</u>	<u>854,316</u>

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

- v) Remeasurement of the net defined benefit liabilities (assets) - recognized in other comprehensive income

The remeasurements of the net defined benefit liability or asset recognized in other comprehensive income are as follows:

	<b>2021</b>	<b>2020</b>
Accumulated balance at January 1	\$ 3,327,462	2,494,717
Recognition	<u>971,488</u>	<u>832,745</u>
Accumulated balance at December 31	<u><b>\$ 4,298,950</b></u>	<u><b>3,327,462</b></u>

- vi) Actuarial assumptions

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	0.750 %	1.000 %
Expected return on plan assets	0.750 %	1.000 %
Future salary increases	2.000 %	2.000 %

The expected allocation payment made by the Bank to the defined benefit plans for the one year period after the reporting date was \$1,117,748.

The weighted average duration of the defined benefit plan is 5.5 to 17.0 years.

- vii) Sensitivity analysis

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

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Impact of defined benefit obligations</b>	
	<b>Add 0.25%</b>	<b>Less 0.25%</b>
December 31, 2021		
Discount rate	\$ (647,561)	726,241
December 31, 2020		
Discount rate	(608,789)	682,798

# LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

The above sensitivity analysis is based on the static risk structure of discount rate. The calculation methodology of sensitivity analysis is the same as the net defined benefit obligations of the balance sheet. The method and the assumption of the current sensitivity analysis is the same as the previous period.

### b) Employee benefit savings account

The present value of defined benefit obligations and the fair value adjustments of the employee benefit savings account plan assets for the Bank were as follows:

#### i) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligations on January 1	\$ 5,712,954	4,957,167
Current service cost and interest cost	1,715,918	1,367,558
Remeasurement of net defined benefit liabilities (assets)		
— Experience adjustment	335,582	695,824
Benefits paid by the plan	<u>(1,308,969)</u>	<u>(1,307,595)</u>
Defined benefit obligations on December 31	<u>\$ 6,455,485</u>	<u>5,712,954</u>

#### ii) Expense recognized in profit or loss

Expense recognized in profit or loss for the years ended 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current service cost and interest cost	\$ 1,715,918	1,367,558
Remeasurement of net defined benefit liabilities (assets)	<u>335,582</u>	<u>695,824</u>
	<u>\$ 2,051,500</u>	<u>2,063,382</u>



**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

iii) Actuarial assumptions

The main actuarial assumptions in financial reporting ending date were as follow:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	4.00 %	4.00 %
Expected rate of return on funds deposited	0.750 %	1.000 %
Probability of preferential deposit system changing (cancellation)	50.00 %	50.00 %
Pension preferential deposit withdraw ratio	1.00 %	1.00 %
Future salary increases	2.00 %	2.00 %

The weighted average duration of the defined benefit plan is 10.6 years.

iv) Sensitivity analysis

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

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Impact of defined benefit obligations</b>	
	<b>Add 0.25%</b>	<b>Less 0.25%</b>
December 31, 2021		
Discount rate	\$ (112,546)	128,268
December 31, 2020		
Discount rate	(99,594)	113,506

The above sensitivity analysis is based on the static risk structure of discount rate. The calculation methodology of sensitivity analysis is the same as the net defined benefit obligations of the balance sheet. The method and the assumption of the current sensitivity analysis is the same as the previous period.

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

## c) Three important festivals bonus

## i) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Defined benefit obligations on January 1	\$ 11,204	10,252
Current service costs and interests	105	119
Remeasurment of net defined benefit liabilities		
— Changes in financial assumption	224	235
— Experience adjustment	282	2,044
Benefits paid by the plan	<u>(1,241)</u>	<u>(1,446)</u>
Defined benefit obligations on December 31	<u>\$ 10,574</u>	<u>11,204</u>

## ii) Expense recognized in profit or loss

Expense recognized in profit or loss for the years ended 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Current service costs and interests costs	<u>\$ 105</u>	<u>119</u>

## iii) The remeasurements of net defined benefit liabilities (assets) recognized as other comprehensive income are as follows:

	<u>2021</u>	<u>2020</u>
Accumulated balance at January 1	\$ 32,904	30,625
Recognition	<u>506</u>	<u>2,279</u>
Accumulated balance at December 31	<u>\$ 33,410</u>	<u>32,904</u>

## iv) Actuarial assumptions

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Discount rate	0.750 %	1.000 %
Future salary increase	2.00 %	2.00 %

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

v) Sensitivity analysis

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

	<b>Impact of defined benefit obligations</b>	
	<b>Add 0.25%</b>	<b>Less 0.25%</b>
December 31, 2021		
Discount rate	\$ (180)	205
December 31, 2020		
Discount rate	(196)	218

The above sensitivity analysis is based on the static risk structure of discount rate. The calculation methodology of sensitivity analysis is the same as the net defined benefit obligations of the balance sheet. The method and the assumption of the current sensitivity analysis is the same as the previous period.

(w) Other Liabilities

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Revenue received in advance	\$ 417,080	510,256
Guarantee deposits	884,168	1,209,529
Temporary receipts and suspense accounts	67,005	43,539
Deferred revenue	30,205	18,945
Others	-	82
Total	<b>\$ 1,398,458</b>	<b>1,782,351</b>

(x) Income Tax Expenses

(i) The components of the income tax expenses were as follows:

	<b>2021</b>	<b>2020</b>
Current income tax expense		
current period	\$ 2,251,824	2,279,834
Overseas branches' income tax expense	399,028	26,000
	<u>2,650,852</u>	<u>2,305,834</u>
Deferred income tax expense		
Recognition and reversal of temporary differences	(39,315)	115,551
Overseas branches' income tax expense	(8,961)	(16,492)
	<u>(48,276)</u>	<u>99,059</u>
Income tax expense	<b>\$ 2,602,576</b>	<b>2,404,893</b>

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

The income tax expenses computed at the statutory tax rate that were reconciled with the income tax expense were as follows:

	<b>2021</b>	<b>2020</b>
Net income before income tax	<u><u>\$ 13,241,443</u></u>	<u><u>11,112,898</u></u>
Income tax expense before income tax at statutory rate 20%	\$ 2,648,289	2,222,580
Overseas branches' income tax expense	390,067	561,950
Tax-exempt gains and other	<u>(435,780)</u>	<u>(379,637)</u>
Income tax expense	<u><u>\$ 2,602,576</u></u>	<u><u>2,404,893</u></u>

## (ii) Deferred income tax assets and liabilities

## 1) Changes in the amount of deferred tax assets and liabilities for the years ended December 31, 2021 and 2020 were as follows:

## a) Deferred Tax Assets:

	<b>Defined benefit plans</b>	<b>Allowance for bad debts</b>	<b>Others</b>	<b>Total</b>
Balance at January 1, 2021	\$ 1,812,542	-	481,242	2,293,784
Recognized in profit or loss	<u>52,554</u>	<u>139,104</u>	<u>(149,478)</u>	<u>42,180</u>
December 31, 2021	<u><u>\$ 1,865,096</u></u>	<u><u>139,104</u></u>	<u><u>331,764</u></u>	<u><u>2,335,964</u></u>
Balance at January 1, 2020	\$ 1,960,787	-	432,056	2,392,843
Recognized in profit or loss	<u>(148,245)</u>	<u>-</u>	<u>49,186</u>	<u>(99,059)</u>
December 31, 2020	<u><u>\$ 1,812,542</u></u>	<u><u>-</u></u>	<u><u>481,242</u></u>	<u><u>2,293,784</u></u>

## b) Deferred Tax Liabilities:

	<b>Reserve for land value increment tax</b>	<b>Others</b>	<b>Total</b>
Balance at January 1, 2021	\$ 6,914,019	-	6,914,019
Recognized in profit or loss	<u>(6,375)</u>	<u>279</u>	<u>(6,096)</u>
December 31, 2021	<u><u>\$ 6,907,644</u></u>	<u><u>279</u></u>	<u><u>6,907,923</u></u>
December 31, 2020 (also Balance at January 1, 2020)	<u><u>\$ 6,914,019</u></u>	<u><u>-</u></u>	<u><u>6,914,019</u></u>

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

2) Unrecognized deferred income tax assets

As of December 31, 2021 and 2020 the Unrecognized deferred income tax assets were \$3,961,553 and \$3,784,508, respectively.

(iii) The income tax returns for the year 2019 have been assessed by the Tax Authorities.

(y) Stockholders' Equity

(i) Capital stock

On August 26, 2021, the Bank's BoD decided to transfer the special reserve of \$13,000,000 and accumulated earnings of \$13,000,000 to issue common stocks; the registration process had been completed.

On December 31, 2021 and 2020, authorized and outstanding capital were \$86,200,000 and \$73,200,000.

The Ministry of Finance is the single shareholder of the Bank. According to the Bank Act and the Bank's articles of incorporation, any resolution to be made during the shareholders' meeting shall be decided and approved by the Bank's BoD.

(ii) Capital reserve

According to the ROC Bank Act, the Bank shall use the capital reserve first to cover a deficit (or loss), and then, it may raise its capital or distribute cash dividends by using the capital reserve of the premium derived from the issuance of new shares received by the Bank. According to the "Regulations Governing the Offering and Issuance of Securities by Securities Issuers," the combined amount of any portions capitalized in any one year may not exceed 10% of issued common stock, and this shall not be executed in the registration year approved by the Ministry of Economics Affairs, which is to raise the Bank's capital.

At July 1, 2003, the former Land Bank of Taiwan, approved by the Ministry of Finance, R.O.C., changed its organization to a limited Bank-Land Bank of Taiwan, Co, Ltd. According to the regulations, the legal reserve, special reserve and capital reserve of the former Bank, which amounted to \$46,748,869 was transferred to the capital reserve-premium of the Land Bank of Taiwan Co., Ltd. at that day.

On November 6, 2009, the BoD resolved to transfer capital surplus in the amount of \$25,000,000 to common capital stock. After this transition, the capital reserve of premium amounted to \$21,748,869.

(iii) Retained earnings and appropriation of earnings

1) Legal reserve

Under the ROC Bank Act, the Bank must retain its earnings as legal reserve until such retention equals the amount of the total capital. According to the ROC Bank Act, the Bank may, in pursuant to a resolution by a shareholders' meeting, capitalize the amount of its reserve that exceeds 25% of the share capital by issuing new shares or by distributing a cash dividend when it incurs no loss. In addition, under the ROC Banks

# LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

Act, the Bank shall retain 30% of its after-tax earnings as the legal reserve before distributing them. Before the amount of legal reserves reaches the amount of the total capital, the maximum amount of distributing earnings in cash shall not exceed 15% of the total capital. Also, according to the amendment of the ROC Banking Act article 50 item 2, the legal reserve after distribution has to exceed 75% of total capital in order to meet with the criterion of a bank in a sound financial condition. This restriction is not applied if the amount of legal reserves equals the amount of the total capital, or if the Bank is in a sound financial condition and when it complies the ROC Bank Act.

### 2) Special reserve

a) The special reserves are summarized as follows:

	December 31, 2021	December 31, 2020
Provision for the purpose of strengthening the self-owned capital	\$ 12,423,875	21,544,100
Reserve for losses on trading securities and default losses transferred to special reserve	246,298	246,298
First-time application of IFRS for provision of special reserve	6,914,954	6,914,954
Revisal of the disposed land to special reserve	(115,182)	(110,545)
	<u>\$ 19,469,945</u>	<u>28,594,807</u>

### b) Reserve for losses on trading securities and default losses

In compliance with the Jin Guan Zheng Quan Zi No.0990073857 issued by Securities and Futures Bureau of the FSC dated January 11, 2011, regarding the revision of the “Regulations Governing Securities Firms”, the reserve for losses on trading securities and the reserve for default losses are no longer required since January 1, 2011. The remaining balance should be reclassified as special reserve in 2011 according to the Jin Guan Zheng Quan Zi No. 09900738571 issued by Securities and Futures Bureau of the FSC dated January 13, 2011. The special reserve may be used at any time to offset the accumulated deficit, if any. Once the legal reserve reaches one-half of the paid-in capital, up to 50% of the special reserve may be transferred to capital stock. The Bank reclassified the reserve for losses on trading securities and the reserve for default losses amounting to \$246,298 to special reserve according to the abovementioned modification of regulations.



**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

- c) First-time adoption of IFRS for provision of special reserve and reversal of the disposed land to special reserve

In compliance with the Jin Guan Zheng Fa Zi No. 1010012865 issued by FSC dated on April 6, 2012, the Bank elected not to apply IFRS 1 in recognizing reserve for assets revaluation and credit balance of cumulative translation adjustments under the stockholders' equity. In addition, the Bank reclassified the above accounts amounts to retained earnings, which was also the special reserve's provision amounts the Bank could recognized. However, due to the first adoption of IFRSs, if gain on retained earnings is less than the provision on the date of transition; the Bank can only increase the provision for retained earnings which is generated from the adoption IFRSs on the date of transition. Subsequently, the Bank can reverse the distribution surplus in proportion to the original provision for special reserve when using, disposing or reclassifying relating assets.

In accordance with IFRS 1 as agreed by the FSC, the Bank elected to apply the exemptions and reclassify the reserve for assets revaluation of \$7,870,779 under stockholders' equity to unappropriated earnings on January 1, 2012. In addition, adjustments for IFRS 1, examined by MOA, used December 31, 2012 as the basis for calculation, where the unappropriated earnings as a results of this adjustment increased by \$6,914,954. The incremental unappropriated earning is contributed to special reserve.

For the year ended December 31, 2021 and 2020, the Bank disposed a part of the abovementioned assets so as to reverse the distribution surplus in proportion to the original provision for special reserve decreased by \$4,637 and \$0, respectively.

According to Executive Yuan, the increase in retained earnings as a result of first adoption of IFRS in government-owned enterprises is recorded as adjustments in first adoption of IFRS. The originally accumulated loss should not be deducted and should not be presented in special reserve.

3) Appropriation of earnings

Annual net income, after making up prior years' losses, if any, shall be distributed in the following order:

- a) 30% as legal reserve and 20% to 40% as special reserve,
- b) Dividend, and extra-bonus to shareholders,
- c) Retained earnings.

The Bank is a wholly-owned government Bank of R.O.C. According to the Budget Act, its earnings have been appropriated to the government in the corresponding year. In order to enhance its capital structure in 2015, the earnings and over-budget earnings have not yet been appropriated to the government.

# LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

The total available for distribution surplus is \$15,752,659, including undistributed surplus of \$5,109,155 as of December 31, 2020, and net income after tax \$10,638,867 and special reserve on disposal of land \$4,637 of 2021. The Bank distributed as follows: Filled the retained surplus loss of \$944,067 (determined loss of the welfare plan \$971,994 and the gain of equity instruments measured at fair value through other comprehensive gains of \$27,927), recognized the provision of statutory surplus reserve of \$2,909,831, the special surplus reserve of \$3,879,775, the dividends distribution of \$1,000,000, and left an undistributed surplus of \$7,018,986 as of December 31, 2021.

### (iv) Other equity

	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at FVOCI	Total
Balance as of January 1, 2021	\$ (2,617,156)	10,526,721	7,909,565
Exchange differences on translation of foreign financial statements	(375,681)	-	(375,681)
Unrealized gains or losses on financial assets at FVOCI	-	1,371,764	1,371,764
Disposal of equity instrument at FVOCI	-	(27,927)	(27,927)
Balance as of December 31, 2021	<u>\$ (2,992,837)</u>	<u>11,870,558</u>	<u>8,877,721</u>

	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at FVOCI	Total
Balance as of January 1, 2020	\$ (1,149,906)	9,622,053	8,472,147
Exchange differences on translation of foreign financial statements	(1,467,250)	-	(1,467,250)
Unrealized gains or losses on financial assets at FVOCI	-	818,662	818,662
Disposal of equity instrument at FVOCI	-	86,006	86,006
Balance as of December 31, 2020	<u>\$ (2,617,156)</u>	<u>10,526,721</u>	<u>7,909,565</u>

### (z) Earnings per share

Basic earnings per share (New Taiwan dollars):

	2021	2020
Net income	<u>\$ 10,638,867</u>	<u>8,637,119</u>
Weighted-average number of shares outstanding (thousand shares)	<u>8,620,000</u>	<u>7,320,000</u>
Basic earnings per share (New Taiwan dollars)	<u>\$ 1.23</u>	<u>1.01</u>

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(aa) Net interest

	<b>2021</b>	<b>2020</b>
Interest revenue:		
Discounts and loans	\$ 35,338,635	35,171,593
Due from the banks and call loans to banks	804,858	1,381,135
Bonds and notes	4,776,038	5,629,810
Others	368,611	434,639
Subtotal	<u>41,288,142</u>	<u>42,617,177</u>
Interest expenses:		
Deposits	(10,454,566)	(13,791,580)
Due to the Central Bank and call loans from banks	(388,164)	(1,300,373)
Bonds and notes	(1,015,553)	(1,094,160)
Others	(16,040)	(19,557)
Subtotal	<u>(11,874,323)</u>	<u>(16,205,670)</u>
Total	<u><u>\$ 29,413,819</u></u>	<u><u>26,411,507</u></u>

(ab) Service fees income, net

	<b>2021</b>	<b>2020</b>
Service fees income:		
Agency of housing loans	\$ 96,292	119,881
Agency of insurance	449,034	560,399
Guarantee	362,278	325,739
Syndicated Loans	440,822	430,378
Trust	573,655	546,799
Credit card	496,404	557,413
Start-up	173,068	166,091
Custodian	143,623	143,491
Others	636,001	597,769
Subtotal	<u>3,371,177</u>	<u>3,447,960</u>
Service fees:		
Credit card	(506,400)	(586,273)
Interbank	(152,741)	(158,185)
Foreign exchange	(62,417)	(60,965)
Trust	(29,567)	(27,839)
Others	(85,935)	(78,325)
Subtotal	<u>(837,060)</u>	<u>(911,587)</u>
Total	<u><u>\$ 2,534,117</u></u>	<u><u>2,536,373</u></u>

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

(ac) Losses on financial assets and liabilities at fair value through profit or loss

	2021	2020
Realized gains (losses) on financial assets and liabilities at fair value through profit or loss:		
Government bonds	\$ 7,824	4,240
Corporate bonds	54,317	23,519
Listed companies' stocks	217,962	125,206
Financial liability	569	103
Forward exchange contracts	(29,431)	(103,735)
Foreign-currency swap contracts	(1,117,418)	(2,187,598)
Interest rate swap contracts	(24,205)	(14,406)
Asset swap	255,291	320,607
Options	(1,551)	178
Beneficiary certificate	19,532	20,628
Subtotal	<u>(617,110)</u>	<u>(1,811,258)</u>
Revaluation gains (losses) on financial assets and liabilities at fair value through profit or loss:		
Government bonds	781	3
Corporate bonds	(30,327)	26,685
Listed companies' stocks	10,778	(28,555)
Forward exchange contracts	(16,344)	11,863
Foreign-currency swap contracts	1,137,803	(743,594)
Interest rate / assets swap	(304,659)	4,146
Unsubordinated financial bonds	333,753	9,773
Other	(7,185)	(7,172)
Subtotal	<u>1,124,600</u>	<u>(726,851)</u>
Interest revenue on financial assets at fair value through profit or loss	41,160	46,480
Dividend income from financial assets at FVTPL	33,375	725
Interest expense on financial assets at fair value through profit or loss	<u>(267,950)</u>	<u>(314,305)</u>
Total	<u>\$ 314,075</u>	<u>(2,805,209)</u>

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(ad) Realized gains on financial assets at FVOCI

	<b>2021</b>	<b>2020</b>
Dividend income	\$ 649,177	427,094
Gains on disposal of financial assets at FVOCI:		
Bonds	137,044	323,177
Others	74,307	22,289
Subtotal	<u>211,351</u>	<u>345,466</u>
Losses on disposal of financial assets at FVOCI:		
Bonds	(97,955)	(47,675)
Others	-	(10,227)
Subtotal	<u>(97,955)</u>	<u>(57,902)</u>
Total	<u><u>\$ 762,573</u></u>	<u><u>714,658</u></u>

(ae) Other miscellaneous loss

	<b>2021</b>	<b>2020</b>
Brokerage	\$ 349,048	200,383
Lease	98,161	99,921
Agency	(1,947)	(2,928)
Interest Employee benefit savings account	(2,357,056)	(2,373,353)
Depreciation of investment property	(42,725)	(42,717)
Others	(90,378)	(41,223)
Total	<u><u>\$ (2,044,897)</u></u>	<u><u>(2,159,917)</u></u>

(af) Reversal of loss on assets (impairment of loss on assets)

	<b>2021</b>	<b>2020</b>
Beginning balance	\$ 43,114	15,732
Provision (reversal of provision) for possible losses and doubtful accounts	(38,131)	27,540
Effects of changes in exchange rates and others	154	(158)
Ending balance	<u><u>\$ 5,137</u></u>	<u><u>43,114</u></u>
	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Debt instrument at FVOCI (note 6(d))	\$ 1,061	8,824
Financial assets measured at amortized cost (note 6(h))	3,980	33,368
Deposits in Central Bank (note 6(b))	96	922
Ending balance	<u><u>\$ 5,137</u></u>	<u><u>43,114</u></u>

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## Notes to the Financial Statements

## (ag) Employee benefits expenses

	2021	2020
Salaries	\$ 8,163,438	8,094,041
Labor and health insurance	372,378	350,560
Pension	867,628	858,824
Director's remuneration	2,995	3,000
Others	102,958	105,239
Total	<u>\$ 9,509,397</u>	<u>9,411,664</u>

## (ah) Depreciation and amortization expenses

	2021	2020
Depreciation- Property and Equipment	\$ 756,956	705,235
Depreciation- Right-of-use asset	441,502	463,473
Amortization	328,853	306,450
Total	<u>\$ 1,527,311</u>	<u>1,475,158</u>

## (ai) Other general and administrative expenses

	2021	2020
Taxes	\$ 2,164,736	2,250,058
Rental	181,225	173,803
Insurance	471,192	444,600
Professional service	242,136	241,681
Postage and phone	189,898	191,460
Marketing	226,179	216,569
Utilities	123,853	121,526
Outsourcing	179,394	145,878
Others	849,942	875,466
Total	<u>\$ 4,628,555</u>	<u>4,661,041</u>

## (aj) Fair value and hierarchy information of financial instruments

## (i) Fair value information of financial instruments

Due to the relatively short period of time between the original and the expected realization, the carrying values of the short-term financial instruments approximate their fair values; and they include cash and cash equivalents, the one due from Central Bank and call loans to banks, Securities bought under resell agreements, receivables, refundable deposits, the one due to Central Bank and call loans from banks, funds borrowed from Central Bank and other banks, securities sold under repurchase agreements, payables, other financial liabilities and guarantee deposits received. Besides the above financial assets and liabilities, the other carrying amounts and estimated fair values on December 31, 2021 and 2020 are as follows:



**LAND BANK OF TAIWAN CO., LTD.**  
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	December 31, 2021		December 31, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:	3,062,729,467	3,068,697,405	2,858,682,397	2,873,875,577
Derivative financial assets at FVTPL, net	683,051	683,051	1,531,789	1,531,789
Non-derivative financial assets at FVTPL, net	3,874,099	3,874,099	2,367,662	2,367,662
Financial assets at FVOCI	94,277,009	94,277,009	114,068,569	114,068,569
Financial assets at amortized cost	749,877,368	755,845,306	660,807,717	676,000,897
Loans and receivables	2,213,981,336	2,213,981,336	2,079,869,366	2,079,869,366
Other financial assets	36,604	36,604	37,294	37,294
Financial Liabilities:	69,805,725	69,805,725	56,272,637	56,272,637
Derivative financial liabilities at FVTPL	880,859	880,859	2,547,621	2,547,621
Non-derivative financial liabilities at FVTPL, net	5,972,309	5,972,309	6,395,062	6,395,062
Bank debentures	61,836,475	61,836,475	46,294,550	46,294,550
Other financial liabilities	75,950	75,950	86,637	86,637
Lease liability	1,040,132	1,040,132	948,767	948,767

(ii) The methodologies and assumptions used by the Bank to estimate the above fair value of financial instruments are summarized as following:

- 1) Quoted market price, if available, are utilized as estimates of the fair values of financial instruments at fair value through profit or loss, available-for-sale financial instruments and held-to-maturity financial assets. If no quoted market prices exist for certain of the financial instruments, the fair value of such instruments has been derived based on pricing models. A pricing model incorporates all factors that market participants would consider in setting a price.
- 2) Discounts and loans are interest-bearing financial assets, the book value is equivalent to the current fair value.
- 3) The value of debt securities with no active market and financial assets carried at cost are determined by pricing models. A pricing model incorporates all factors that market participants would consider in setting a price. If fair value of equity security could not reliable measurement, fair value is equal to carrying value.
- 4) Bank debentures refer to the convertible corporate bonds and financial bonds issued by the Bank and its subsidiary. Their coupon rates are almost equal to the market interest rate, so it is reasonable to use the discounted present values of the expected future cash flow to estimate their fair values. The present values are almost equal to the carrying amounts.
- 5) If there is a quoted market price in an active market, the quoted market price of derivative financial instruments is regarded as fair value. Otherwise, if the market for a derivative financial instrument is not active, the Bank assesses fair value by using pricing models.

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

(iii) Determination of fair value and fair value hierarchy:

December 31, 2021				
Financial instruments measured at fair value	Total	Level 1 (Note 1)	Level 2 (Note 2)	Level 3 (Note 3)
<b><u>Non-derivative financial instruments</u></b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss:				
Stocks	\$ 1,698,045	1,698,045	-	-
Bonds	969,646	-	969,646	-
Others	1,206,408	-	1,206,408	-
Subtotal	3,874,099	1,698,045	2,176,054	-
Financial assets at fair value through other comprehensive income:				
Stocks	18,921,387	11,166,205	-	7,755,182
Bonds	75,355,622	-	75,355,622	-
Subtotal	94,277,009	11,166,205	75,355,622	7,755,182
<b>Liabilities:</b>				
Designation as at fair value through profit or loss	\$ 5,972,309	-	5,972,309	-
<b><u>Derivative financial instruments</u></b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss	683,051	-	683,051	-
<b>Liabilities:</b>				
Financial liabilities at fair value through profit or loss	880,859	-	880,859	-
December 31, 2020				
Financial instruments measured at fair value	Total	Level 1 (Note 1)	Level 2 (Note 2)	Level 3 (Note 3)
<b><u>Non-derivative financial instruments</u></b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss:				
Stocks	\$ 532,369	532,369	-	-
Bonds	1,415,449	-	1,415,449	-
Others	419,844	-	419,844	-
Subtotal	2,367,662	532,369	1,835,293	-

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Financial instruments measured at fair value	December 31, 2020			
	Total	Level 1 (Note 1)	Level 2 (Note 2)	Level 3 (Note 3)
Financial assets at fair value through other:				
Stocks	14,543,079	8,815,509	-	5,727,570
Bonds	99,525,490	-	99,525,490	-
Subtotal	114,068,569	8,815,509	99,525,490	5,727,570
<b>Liabilities:</b>				
Designation as at fair value through profit or loss	6,395,062	-	6,395,062	-
<b><u>Derivative financial instruments</u></b>				
<b>Assets:</b>				
Financial assets at fair value through profit or loss	1,531,789	-	1,531,789	-
<b>Liabilities:</b>				
Financial liabilities at fair value through profit or loss	2,547,621	-	2,547,621	-

Note 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 includes all of the following conditions:

- 1) The products traded in the market are homogeneous;
- 2) willing parties are available anytime in the market;
- 3) price information is available for the public.

Note 2: Fair value measurement for a financial instrument classified in Level 2 is determined as the observable price other than 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). Examples of observable price are as follows:

- 1) The quoted price for an identical financial instrument in an active market; this means the fair value from the market transaction prices for 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 market transaction prices for an identical financial instrument, wherein the quoted price does not represent the fair value at the measurement date. It also includes the difference in transaction terms for financial instruments, transaction prices involving related parties, and the relationship between the observable transaction prices of identical financial instruments and the market price of held financial instruments.

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

- 2) The quoted market price of the same or identical financial instruments in an inactive market.
- 3) The fair value is estimated on the basis of the results of a valuation technique, and the market inputs (i.e., interest rate, yield curve, and volatility rate) used were based on data obtainable from the market. An observable input can be derived from market data and reflects the expectation of market participants when it is used in evaluating the prices of financial instruments.
- 4) A majority of inputs derived from observable market data, or the input correlation can be tested based on observable market data.

Note 3: Input for a fair value measurement for a financial instrument classified in Level 3 is not based on obtainable data from the market. An unobservable input, such as volatility for a share option derived from the share's historical price, does not generally represent current market expectations about future volatility.

- (iv) For the years 2021 and 2020, the gains from changes in fair value of the Bank's financial instruments, for instance, derivative financial instruments that are determined using the valuation techniques amounting to gains \$816,667 and losses \$727,418, respectively are recognized as profit or loss for that period.
- (v) As of December 31, 2021 and 2020, there was no transfer of financial instruments between Level 1 and Level 2. As of December 31, 2021 and 2020, there were no transfer to Level 3.
- (vi) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Equity instrument without public quotation
January 1, 2021	\$ 5,727,570
Recognized as other comprehensive income	2,022,817
Purchase	4,795
December 31, 2021	<u>\$ 7,755,182</u>
January 1, 2020	\$ 5,308,621
Recognized as other comprehensive income	414,580
Purchase	4,369
December 31, 2020	<u>\$ 5,727,570</u>

For the years ended December 31, 2020 and 2019, total gains and losses that were presented in unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	2021	2020
Total gains and losses recognized		
In other comprehensive income, and presented in unrealized gains and losses from financial assets at FVOCI	\$ 2,022,817	414,580

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- (vii) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Bank's financial instruments that use Level 3 inputs to measure fair value are financial assets measured at fair value through other comprehensive income - equity instruments. The Bank used evaluation method to estimate the fair values of the equity instrument without an active market. Significant unobservable inputs were considered in the fair value estimation process, and were independent to one another.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI—equity instrument without an active market	Comparable listed company approach	· Lack of marketability discount (7.10%~35.05% as of December 31, 2021 and 8.93%~34.79% as of December 31, 2020)	· The estimated fair value would decreased if the lack of market liquidity discount was higher;
	Discount cash flow approach	· Discount rate ( 10.32%~12.18% as of December 31, 2021 and 8.26%~11.47% as of December 31, 2020) · Sustainable growth rate ( 0%~1.36% as of December 31, 2021 and 0%~1.58% as of December 31, 2020)	· The estimated fair value would decreased if the discount rate was higher; · The estimated fair value would increased if the sustainable growth rate was higher;
	Net asset value approach	· Lack of marketability discount ( 21.23% as of December 31, 2021 and 20.93% as of December 31, 2020)	· The estimated fair value would decreased if the lack of marketability discount was higher

- (viii) Fair value measurements in Level 3 –sensitivity analysis of reasonably possible alternative assumptions

The Bank's assessment for fair values of financial instruments was reasonable, whereas different evaluation models and assumptions may lead to different results of evaluation. For fair value measurement in Level 3, changing one or more of the assumptions would have the following effects:

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	Input	Variation	Profit or loss		Other comprehensive income	
			Favorable	Unfavorable	Favorable	Unfavorable
December 31, 2021						
Financial assets at fair value through profit or loss						
Financial assets at FVOCI	Non-public transaction equity discount	±2.5%	-	-	227,538	226,417
	Discount rate	±1%	-	-	18,920	14,490
	Sustainable growth rate	±0.1%				
December 31, 2020						
Financial assets at FVOCI	Non-public transaction equity discount	±2.5%	-	-	148,544	149,420
	Discount rate	±1%	-	-	29,840	22,447
	Sustainable growth rate	±0.1%				

The Bank's favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(ix) Evaluation process of fair value measurement in Level 3

The Bank uses unobservative inputs to measure its fair value in Level 3. The sources of the inputs included using the market liquidity discount rate of the comparable listed company approach, the discount cash flow rate of discount cash flow approach, and sustainable growth rate of discount cash flow approach.

(ak) Financial risk management

(i) Overview

The main risks in which the Bank is exposed to include credit risks, market risks (including interest rate risks, exchange rate risk and risks on equity securities), and liquidity risks in on- and off- balance sheet items. To build an independent effective risk management system, the Bank has set regulations such as Risk Management Policies and Procedures, Key Elements of Risk Management, Key Elements of Market Risk Management and Key Elements of Liquidity Risk Management to assess and control the ability of the Bank in sustaining risks, status of risks sustained, strategies to cope with the risks and the conformity with the risk management procedures.

(ii) Risk management structure

The Bank's risk management structure includes the BoD, risk management committee, internal audit department, risk management department, executive of each business unit, all treasury departments, and all operating units.



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The Bank defined the duties of each risk management using three-lines of defence model:

- 1) First line of defense (Risk production or bearing units):
  - a) Each business units and treasury department are responsible for compliance with risk principles, policies and limit established by the Bank.
  - b) All department executives in the head office should identify, assess and control the risk of existing and new businesses or financial instruments, establish and implement regulations and systems on risk management in all business units and conduct self-assessment on risk indices of all business units.
- 2) Second line of defense (Risk Controlling Units): The Risk Controlling Unit plays an independent and dedicated role, and is responsible for assessing, overseeing, controlling, reviewing and reporting the overall operating risks in the Bank.
- 3) Third line of defense (Internal Audit): Internal audit is responsible for auditing the design and implementation of risk management systems, providing independent assessment, reviewing the set-up process of the entire risk management model, the appropriateness, reliability and status of compliance act of the risk management information systems.

(iii) Credit risk

1) Sources and definition of credit risk

Credit risk is the risk of financial loss to the Bank if a customer or counterparty fails to meet its contractual obligations. Credit risk arises from balance sheet and off- balance sheet items. The sources of credit risk balance sheet mainly comes from discounts and loans, credit card businesses, due from and call loans to Bank, debt investments and derivative instruments, while the source of credit risk exposure from off-balance sheet items include letters of credit and loan commitments.

2) Management policy of credit risk

To ensure the credit risk is in a tolerable range, the Bank should analyze in details the products provided and its business operations to identify the existing and embedded credit risks. Prior to the release of new products and businesses, the Bank should examine and verify the related credit risk in compliance with the regulations on operations. For a more complex credit business, such as accounts receivable without resources, credit derivative instrument, the Bank should establish risk control systems based on the standards and operations of the related business management.

In addition, the assessment and provision loss of the asset quality in the OBU should be in compliance with the regulations of the Financial Supervisory Institute and the standards and operations of the related business management

a) Due from the Central Banks and call loans to banks

The Bank will assess the creditworthiness and the domestic and international credit rating of the financial institutions before entering into transactions with the counterparty, and set credit risk limits based on the level of creditworthiness.

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### Notes to the Financial Statements

#### b) Debt investments and financial derivatives instruments

In managing the credit risk of debt investment, the Bank identified its credit risk through the assessment of external institute on the credit rating, credit quality, geographical status and risk of counterparty of debt investment.

When the Bank trades derivative instruments with other bank, limits are granted based on the world ranking, capital adequacy ratio, credit ratings and other factors. When derivative instruments are traded with other counterparties, the Bank will only trade with counterparties if the credit rating of the counterparties has reached certain level.

#### 3) Risk measurement - loans and receivables

The Bank classified its financial assets into Stage 1, Stage 2, and Stage 3, based on the credit risk assessment, and calculated the expected loss of credit assets with factors including the decided probability of default, loss given default, exposure at default and forward-looking factors adjustments.

##### a) Probability of default (PD)

Probability of default (PD) is the likelihood of a default over a particular time horizon. PD includes at least the historical data of the past seven years. The number of defaulted households in each subsequent year is divided by the number of normal credits at the beginning of each year, and the probability of default in each subsequent year is calculated. The estimation of PD is updated at least once a year.

##### b) Loss given default (LGD): loss given default (LGD) is the magnitude of the likely loss if there is a default. The method of calculating LGD rate depends on the source of the data, as explained below:

- i) (1-adjusted recovery rate): the adjusted recovery rate refers to the value of the recovery rate after discounting the weighted average effective interest rate of the loans and receivables of Stage 1 and 2 and 3. The recovery rate refers to the recovery rate of each of five years, which is calculated by the percentage of the net recoverable amount of each year from the date of occurrence, if there is objective evidence of credit impairment over the loan balance at the time of default, assessing the screening of the samples collected by the most recent processed cases at the time of assessment. The “most recent period” refers to the case that has been processed recently from the date of the impairment assessment; “processing completion” means unsecured loans and receivables that have been procured for more than two years or have been suspended, or the collateral of guaranteed loans and receivables has been disposed. The estimate of recovery should be updated at least once a year.
- ii) (1-Moody’s recovery rate): the Bank calculates LGD based on the recovery data of each type of financial instrument and guarantee situation, classified in the Annual Default Study issued by Moody’s.

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- c) Exposure at default (EAD): the amount of each item's EAD is defined as follows:
- i) Loans, accounts receivables and receivables for securities margin financing: interest receivable plus outstanding principal.
  - ii) Other receivables, contractual assets and lease receivable: carrying amount.
  - iii) Credit card: current balance plus undisbursed amount.
  - iv) Commitment and financial guarantee : Multiplying the credit limit by the credit risk conversion factor based on the Regulations Governing the Capital Adequacy and Capital Category of Bank.

- d) Forward-looking factors adjustment

In accordance with IFRS 9, the measurement of expected credit loss shall reflect the reasonable and supportable information relevant to future economics condition. The Bank adjusts the probabilities of default for domestic corporate finance, domestic individual finance, and offshore branch based on the monitoring signal released by National Development Council, Unemployment Rate released by Directorate-General of Budget, Accounting and Statistics, and World Economic Outlook Report released by the International Monetary Fund, respectively, to reflect the forward-looking influence.

- i) Monitoring Indicators: the Bank assumes the economy is getting better if the current signal is red or the signal of consecutive 6 months is red-yellow, and decrease the probability of default by at most 1 standard deviation; if the economy is considered to be flat with the green signal, the probability of default will not be adjusted. With the current signal to be blue or the signal of consecutive 6 months to be yellow-blue, the Bank assumes the economy is getting worse and therefore increase the probability of default by at most 1 standard deviation.
- ii) Unemployment Rate: adopting unemployment rate published in the most recent month as the benchmark, and the average unemployment rate in the past 7 years as comparative, the Bank adjusts the forward-looking factors by -1~1 standard deviation based on the difference between the benchmark and the comparative( greater than zero or less than zero).
- iii) World Economic Outlook Report released by the International Monetary Fund (IMF): the Bank increases 1 standard deviation if the expected real GDP growth rate is less than the average real GDP growth rate in the past 7 years.

- 4) Credit risk measurement—financial instruments

The Bank assesses the impairment of its debt investment at amortized at cost and financial assets at fair value through other comprehensive income.

Investments that are debt securities should give priority to the evaluation of securities. If there is no such rating, the guarantor rating and issuer rating will be used in order. For non-debt investors, the counterparty will be evaluated.

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If there are multiple qualified external credit rating agencies and the rating is inconsistent, it will be determined according to the lower rating. If the issuer is a local government, it is determined by the subordinate level of rating applied by the central government of the country.

The financial assets to which these precautions are applied shall be classified into the following three stages on the reporting date, based on the change in credit risk after the original recognition date:

- a) Stage 1 (credit risk does not increase significantly or the credit risk is low) means:
  - i) there is no change of credit rating; or
  - ii) the credit rating has been lowered by 2 (inclusive), but it is not C/D/D/twD/D(twn); or
  - iii) the credit rating has been lowered by 3 or above , but it is still Baa2/BBB/BB/twA/A+ (twn) and above.
- b) Stage 2 (credit risk increases significantly) means that the credit rating has been lowered by 3 (inclusive) and the rating is below the Baa3/BBB-/BBB-/twA/A(twn) (inclusive) level and Ca/SD/RD/twSD/RD ( Twn) (inclusive).

The calculation structure for measuring expected credit losses is a combination of default probability, default loss rate, and default risk amount. The previous parameters are taken from information published by qualified external credit rating agencies, or other historical data and should be adjusted to reflect forward-looking information. The fixed-rate and floating-rate financial assets that are subject to the considerations are calculated using the cash flow method and the current casualty amount method, respectively, and the amount of allowance for the financial assets is measured in the following manner according to the following stages and interest income:

- a) Stage 1 (credit risk does not increase significantly or the credit risk is low): the amount of expected credit loss is equal to the 12-month ECL, and the interest income is recognized under total interest method.
- b) Stage 2 (credit risk increases significantly): the amount of expected credit loss is equal to the lifetime ECL, and the interest income is recognized under total interest method.
- c) Stage 3 (credit-impaired): the amount of expected credit loss is equal to the lifetime ECL, and the interest income is recognized under net interest method.
- d) Qualified external rating institutions: refer to five credit rating agencies such as Moody's, Standard & Poor's, Fitch International, China Credit Rating Co., Ltd., and Fitch Ratings International Credit Rating Co., Ltd. Taiwan Branch.
- e) The long-term evaluation of qualified external credit rating agencies is detailed in the attached table, and those who do not have the qualifications of qualified external credit rating agencies are rated as Baa3.

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- f) Probability of default: the likelihood of a default. The breach of contract defined by the purpose of the act to determine the risk of default is consistent with the definition of the use of financial assets for internal credit risk management purposes.
  - g) Loss given default: the extent of the loss caused by default.
  - h) Original Effective Interest Rate: The interest rate of the financial asset or financial liability book value is exactly the same as the expected future duration of the financial asset or the appropriate shorter period, after the future payment or cash collection of the contract is discounted.
  - i) Credit loss: the difference between the cash flow receivable from the contract and the cash flow expected to be received (i.e. all short cash receipts), discounted at the original effective interest rate.
- 5) Mitigation or hedging of risk
- a) Collateral

In respect to credit business, the Bank has set a series of policies and procedures to mitigate credit risk, where one of the common methods used is the claim for collateral from borrowers. The Bank has established the range of permitted collateral provided, procedures on collateral valuation, management and disposals based on management of collateral assessment and calculation of secured loans to secure its debt. Also, the credit agreement has outline credit security, conditions of collateral, conditions for debt write-offs, which specifically defines that when a credit default has occurred, limits are reduced, terms on borrowings are shortened or considered as expired and all deposits within the Bank are offset against its debt in order to reduce credit risks.

Except for asset securitization and other similar assets, which are collateralized as one asset portfolio, collateral of other businesses, excluding the credit business are set based on the characteristics of financial instruments.

- b) Credit risk limits and concentration of risk control

To prevent excessive concentration, the Bank has set limits on transaction with a single counterparty or single organization in credit-related standards. Also, to control the concentration of risk, the Bank has set credit limits by industry, corporation and country, monitor risk concentration in each asset and integrate in systems to monitor the risk concentration in a single counterparty, organization, related-party, industry, country and others.

# LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

- 6) The Bank's maximum exposures at credit risk of financial assets (irrevocable exposure without considering loss allowance, collaterals, and other credit-enhancing instruments):

The Bank's maximum exposures at credit risk of financial assets as of December 31, 2021 were as follow:

	December 31, 2021				
	12-month ECL	Life time ECL — unimpaired	Life time ECL — impaired	Credit loss from initial purchase — impaired	Loss allowance
On-balance sheet items					Total
Loans and receivables (Note1)	\$ 2,225,242,987	10,156,411	15,875,994	-	(37,303,700)
Debt investments as FVOCI (Note2)	75,355,622	-	-	-	-
Debt investments at amortized cost	775,881,348	-	-	-	(4,076)
Accounts receivables and other financial assets	8,603,735	23,952	75,470	-	(124,592)
Total	<u>\$ 3,085,083,692</u>	<u>10,180,363</u>	<u>15,951,464</u>	<u>-</u>	<u>(37,432,368)</u>
Off-balance sheet items					
Receivables from guarantees and commercial letter of credits	\$ 77,556,899	98,001	933	-	(702,235)
Loan commitments	32,105,660	17,250	1,382	-	(33,228)
Total	<u>\$ 109,662,559</u>	<u>115,251</u>	<u>2,315</u>	<u>-</u>	<u>(735,463)</u>

Note 1: It excludes the unamortized discounts and/or premiums on loans of \$9,644.

Note 2: The loss allowance of investments in debt instruments measured at FVOCI, amounting to \$1,061, was reclassified from other comprehensive income to profits and losses and does not reduce the carrying amount of such financial assets.



LAND BANK OF TAIWAN CO., LTD.  
Notes to the Financial Statements

The Company's maximum exposures at credit risk of financial assets as of December 31, 2020 were as follow:

	December 31, 2020				
	12-month ECL	Life time ECL — unimpaired	Life time ECL — impaired	Credit loss from initial purchase — impaired	Loss allowance
On-balance sheet items					Total
Loans and receivables (Note 1)	\$ 2,079,332,409	23,952,066	11,128,154	-	(34,549,864)
Debt investments as FVOCI (Note 2)	99,525,490	-	-	-	99,525,490
Debt investments at amortized cost	686,841,085	-	-	-	(34,290)
Accounts receivables and other financial assets	8,983,719	10,001	30,026	-	(134,653)
Total	\$ 2,874,682,703	23,962,067	11,158,180	-	(34,718,807)
Off-balance sheet items					2,875,084,143
Receivables from guarantees and commercial letter of credits	\$ 64,957,037	137,952	38,363	-	(589,813)
Loan commitments	30,940,128	15,076	1,672	-	(26,328)
Total	\$ 95,897,165	153,028	40,035	-	(616,141)
					95,474,087

Note 1: It excludes the unamortized discounts and/or premiums on loans of \$6,601.

Note 2: The loss allowance of investments in debt instruments measured at FVOCI, amounting to \$8,824, was reclassified from other comprehensive income to profits and losses and does not reduce the carrying amount of such financial assets.

a) Reconciliation of loss allowance for loans and receivables

ii) The following table reconciles the beginning amount of loss allowance for loans and receivables to the ending amount as of December 31, 2021:

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Notes to the Financial Statements

The following table reconciles the beginning amount of loss allowance for loans and receivables to the ending amount as of December 31, 2020:

	12-month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non- purchased or initially impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Impairment under IFRS 9	Difference with the impairment under Regulations Governing the Procedures for Banking institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans	Total
January 1, 2020	\$ 22,317,478	2,352,719	-	7,056,863	-	31,727,060	-	31,727,060
Changes from financial instruments recognized at the beginning of period:								
— transfer to life time ECL	(29,210)	145,449	-	(44,656)	-	71,583	-	71,583
— transfer to impaired financial assets	(7,597)	(137,484)	-	2,566,045	-	2,420,964	-	2,420,964
— transfer to 12-month ECL	25,210	(317,059)	-	(260,838)	-	(552,687)	-	(552,687)
— derecognition	(3,279,134)	(377,083)	-	(2,448,860)	-	(6,105,077)	-	(6,105,077)
Initial or purchased financial assets	4,556,352	524,210	-	1,697,243	-	6,777,805	-	6,777,805
Write off	-	-	-	(956,073)	-	(956,073)	-	(956,073)
Recoveries	-	-	-	1,350,657	-	1,350,657	-	1,350,657
Effects of changes in exchange rates and others	(865,741)	236,427	-	444,946	-	(184,368)	-	(184,368)
December 31, 2020	\$ 22,717,358	2,427,179	-	9,405,327	-	34,549,864	-	34,549,864

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

ii) The following table reconciles the beginning carrying amount of loans and receivables to the amount as of December 31, 2021:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non-purchased or initially credit- impaired financial assets)	Life time ECL (purchased or initially impaired financial assets)	Total
January 1, 2021	\$ 2,079,332,409	23,952,066	-	11,128,154	-	2,114,412,629
Individual financial asset transfers to life time ECL	(2,668,705)	3,000,864	-	(488,441)	-	(156,282)
Individual financial asset transfers to credit-impaired financial assets	(4,620,397)	(2,532,333)	-	6,628,263	-	(524,467)
Individual financial asset transferred from credit-impaired financial asset	7,955,393	(7,845,287)	-	(580,176)	-	(470,070)
Derecognition	(450,629,480)	(2,704,792)	-	(2,809,957)	-	(456,144,229)
Initial or purchased loans and receivables	679,721,118	4,870,025	-	1,959,471	-	686,550,614
Write off	-	-	-	(847,787)	-	(847,787)
Others	(83,847,351)	(8,584,132)	-	886,467	-	(91,545,016)
December 31, 2021	\$ 2,225,242,987	10,156,411	-	15,875,994	-	2,251,275,392

LAND BANK OF TAIWAN CO., LTD.  
Notes to the Financial Statements

The following table reconciles the beginning carrying amount of loans and receivables to the amount as of December 31, 2020:

	12-month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non-purchased or initially credit- impaired financial assets)	Life time ECL (purchased or initially impaired financial assets)	Total
January 1, 2020	\$ 1,983,645,944	24,491,125	-	10,085,056	-	2,018,222,125
Individual financial asset transfers to life time ECL	(2,037,696)	2,040,964	-	(98,515)	-	(95,247)
Individual financial asset transfers to credit-impaired financial assets	(1,129,063)	(2,912,113)	-	3,631,943	-	(409,233)
Individual financial asset transferred from credit-impaired financial asset	1,772,286	(1,639,006)	-	(572,009)	-	(438,729)
Derecognition	(437,086,878)	(5,854,707)	-	(4,286,775)	-	(447,228,360)
Initial or purchased loans and receivables	695,457,940	6,636,558	-	1,043,098	-	703,137,596
Write off	-	-	-	(956,073)	-	(956,073)
Others	(161,290,124)	1,189,245	-	2,281,429	-	(157,819,450)
December 31, 2020	\$ 2,079,332,409	23,952,066	-	11,128,154	-	2,114,412,629

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

- b) Reconciliation of loss allowance for debt investment at fair value through other comprehensive income
- i) The following table reconciles the beginning amount of loss allowance for debt investment at fair value through other comprehensive income to the ending amount as of December 31, 2021:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non- purchased or initially credit- impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Impairment under IFRS 9	Total
January 1, 2021	\$ 8,824	-	-	-	-	8,824	8,824
Changes from financial instruments recognized at the beginning of period:							
— derecognition	(1,434)	-	-	-	-	(1,434)	(1,434)
Initial or purchased financial assets	293	-	-	-	-	293	293
Effects of changes in exchange rates and others	(6,622)	-	-	-	-	(6,622)	(6,622)
December 31, 2021	\$ 1,061	-	-	-	-	1,061	1,061

LAND BANK OF TAIWAN CO., LTD.  
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The following table reconciles the beginning amount of loss allowance for debt investment at fair value through other comprehensive income to the ending amount as of December 31, 2020:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non- purchased or initially credit- impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Impairment under IFRS 9	Total
January 1, 2020	\$ 4,205	-	-	-	-	4,205	4,205
Changes from financial instruments recognized at the beginning of period:							
— transfer to 12-month ECL	2	-	-	-	-	2	2
— derecognition	(537)	-	-	-	-	(537)	(537)
Initial or purchased financial assets	1,125	-	-	-	-	1,125	1,125
Effects of changes in exchange rates and others	4,029	-	-	-	-	4,029	4,029
December 31, 2020	\$ 8,824	-	-	-	-	8,824	8,824



**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

- ii) The following table reconciles the beginning carrying amount of debt investment at fair value through other comprehensive income to the amount as of December 31, 2021:

	12-month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non-purchased or initially credit-impaired financial assets)	Life time ECL (purchased or initially credit-impaired financial assets)	Total
January 1, 2021	\$ 99,525,490	-	-	-	-	99,525,490
Derecognition	(26,525,645)	-	-	-	-	(26,525,645)
Initial or purchased financial assets	6,593,504	-	-	-	-	6,593,504
Others	(4,237,727)	-	-	-	-	(4,237,727)
December 31, 2021	\$ 75,355,622	-	-	-	-	75,355,622

LAND BANK OF TAIWAN CO., LTD.  
Notes to the Financial Statements

The following table reconciles the beginning carrying amount of debt investment at fair value through other comprehensive income to the amount as of December 31, 2020:

	12-month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non-purchased or initially credit-impaired financial assets)	Life time ECL (purchased or initially credit-impaired financial assets)	Total
January 1, 2020	\$ 99,516,017	-	-	-	-	99,516,017
Derecognition	(24,142,676)	-	-	-	-	(24,142,676)
Initial or purchased financial assets	29,834,731	-	-	-	-	29,834,731
Others	(5,682,582)	-	-	-	-	(5,682,582)
December 31, 2020	\$ 99,525,490	-	-	-	-	99,525,490

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

c) Reconciliation of loss allowance for debt investment at amortized cost

i) The following table reconciles the beginning amount of loss allowance for debt investment at amortized cost to the ending amount as of December 31, 2021:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non- purchased or initially credit- impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Impairment under IFRS 9	Total
January 1, 2021	\$ 34,290	-	-	-	-	34,290	34,290
Changes from financial instruments recognized at the beginning of period:							
— derecognition	(23,637)	-	-	-	-	(23,637)	(23,637)
Initial or purchased financial assets	27,942	-	-	-	-	27,942	27,942
Effects of changes in exchange rates and others	(34,519)	-	-	-	-	(34,519)	(34,519)
December 31, 2021	\$ 4,076	-	-	-	-	4,076	4,076

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Notes to the Financial Statements

The following table reconciles the beginning amount of loss allowance for debt investment at amortized cost to the ending amount as of December 31, 2020:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non- purchased or initially credit- impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Impairment under IFRS 9	Total
January 1, 2020	\$ 11,527	-	-	-	-	11,527	11,527
Changes from financial instruments recognized at the beginning of period:							
— derecognition	(11,890)	-	-	-	-	(11,890)	(11,890)
Initial or purchased financial assets	19,903	-	-	-	-	19,903	19,903
Effects of changes in exchange rates and others	14,750	-	-	-	-	14,750	14,750
December 31, 2020	\$ 34,290	-	-	-	-	34,290	34,290

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

- ii) The following table reconciles the beginning carrying amount of debt investment at amortized cost to the amount as of December 31, 2021:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non-purchased or initially credit-impaired financial assets)	Life time ECL (purchased or initially credit-impaired financial assets)	Total
January 1, 2021	\$ 686,841,085	-	-	-	-	686,841,085
Derecognition	(6,347,379,670)	-	-	-	-	(6,347,379,670)
Initial or purchased financial assets	6,440,322,081	-	-	-	-	6,440,322,081
Others	(3,902,148)	-	-	-	-	(3,902,148)
December 31, 2021	\$ 775,881,348	-	-	-	-	775,881,348

LAND BANK OF TAIWAN CO., LTD.  
Notes to the Financial Statements

The following table reconciles the beginning carrying amount of debt investment at amortized cost to the amount as of December 31, 2020:

	12-month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non-purchased or initially credit-impaired financial assets)	Life time ECL (purchased or initially credit-impaired financial assets)	Total
January 1, 2020	\$ 628,734,350	-	-	-	-	628,734,350
Derecognition	(3,780,801,766)	-	-	-	-	(3,780,801,766)
Initial or purchased financial assets	3,840,970,010	-	-	-	-	3,840,970,010
Others	(2,061,509)	-	-	-	-	(2,061,509)
December 31, 2020	\$ 686,841,085	-	-	-	-	686,841,085

dd) Reconciliation of guarantee liability provision and other provision

- ii) The following table reconciles the beginning carrying amount of guarantee liability provision and other provision of receivables from guarantees and commercial letter of credits to the amount as of December 31, 2021:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non- purchased or initially credit- impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Impairment under IFRS 9	Difference with the impairment under Regulations Governing the Procedures for Banking institutions to Evaluate Assets and Deal with Non-performing / Non-acrual Loans	Total
January 1, 2021	\$ 140,693	5,004	-	15,512	-	161,209	428,604	589,813
Changes from financial instruments recognized at the beginning of period:								
— transfer to life time ECL	(47)	1,967	-	-	-	1,920	-	1,920
— transfer to credit-impaired financial assets	(46)	-	-	10,083	-	10,037	-	10,037
— transfer to 12-month ECL	(66)	(551)	-	-	-	(617)	-	(617)
— derecognition	(53,977)	(2,360)	-	-	-	(56,337)	-	(56,337)
Initial or purchased financial assets	100,812	599	-	-	-	101,411	-	101,411
Difference with the impairment under Regulations Governing the Procedures for Banking institutions to Evaluate Assets and Deal with Non-performing / Non- accrual Loans	-	-	-	-	-	-	58,239	58,239
Effects of changes in exchange rates and others	(4,237)	(952)	-	2,958	-	(2,231)	-	(2,231)
December 31, 2021	\$ 183,132	3,707	-	28,553	-	215,392	486,843	702,235



LAND BANK OF TAIWAN CO., LTD.  
Notes to the Financial Statements

The following table reconciles the beginning carrying amount of guarantee liability provision and other provision of receivables from guarantees and commercial letter of credits to the amount as of December 31, 2020:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non- purchased or initially credit- impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Impairment under IFRS 9	Difference with the impairment under Regulations Governing the Procedures for Banking institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans	Total
January 1, 2020	\$ 104,191	20,997	-	15,293	-	140,481	373,221	513,702
Changes from financial instruments recognized at the beginning of period:								
— transfer to life time ECL	(23)	244	-	-	-	221	-	221
— derecognition	(47,719)	(15,692)	-	-	-	(63,411)	-	(63,411)
Initial or purchased financial assets	86,012	22	-	-	-	86,034	-	86,034
Difference with the impairment under Regulations Governing the Procedures for Banking institutions to Evaluate Assets and Deal with Non-performing / Non- accrual Loans	-	-	-	-	-	-	55,383	55,383
Effects of changes in exchange rates and others	(1,768)	(567)	-	219	-	(2,116)	-	(2,116)
December 31, 2020	\$ 140,693	5,004	-	15,512	-	161,209	428,604	589,813

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

- ii) The following table reconciles the beginning carrying amount of receivables from guarantees and commercial letter of credits to the amount as of December 31, 2021:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non-purchased or initially credit-impaired financial assets)	Life time ECL (purchased or initially credit-impaired financial assets)	Total
January 1, 2021	\$ 64,957,037	137,952	-	38,363	-	65,133,352
Derecognition	(35,420,852)	(187,848)	-	-	-	(35,608,700)
Initial or purchased financial assets	62,437,061	14,275	-	18,803	-	62,470,139
Others	(14,415,115)	86,797	-	(10,640)	-	(14,338,958)
December 31, 2021	\$ 77,558,131	51,176	-	46,526	-	77,655,833

LAND BANK OF TAIWAN CO., LTD.  
Notes to the Financial Statements

The following table reconciles the beginning carrying amount of receivables from guarantees and commercial letter of credits to the amount as of December 31, 2020:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL ( non-purchased or initially credit-impaired financial assets)	Life time ECL ( purchased or initially credit-impaired financial assets)	Total
January 1, 2020	\$ 58,449,626	517,008	-	39,062	-	59,005,696
Derecognition	(28,620,939)	(751,934)	-	(1,471)	-	(29,374,344)
Initial or purchased financial assets	46,095,431	548	-	-	-	46,095,979
Others	(10,967,081)	372,330	-	772	-	(10,593,979)
December 31, 2020	\$ 64,957,037	137,952	-	38,363	-	65,133,352

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Notes to the Financial Statements

The following table reconciles the beginning carrying amount of provisions for loan commitments to the amount as of December 31, 2020:

	12-month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non- purchased or initially credit- impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Impairment under IFRS 9	Difference with the impairment under Regulations Governing the Procedures for Banking institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans	Total
January 1, 2020	\$ 22,752	3,437	-	895	-	27,084	-	27,084
Changes from financial instruments recognized at the beginning of period:								
— transfer to life time ECL	(2)	174	-	-	-	172	-	172
— transfer to credit-impaired financial assets	-	(2)	-	39	-	37	-	37
— transfer to 12-month ECL	2	(178)	-	-	-	(176)	-	(176)
— derecognition	(802)	(100)	-	(79)	-	(981)	-	(981)
Initial or purchased financial assets	553	12	-	-	-	565	-	565
Effects of changes in exchange rates and others	(316)	(31)	-	(26)	-	(373)	-	(373)
December 31, 2020	\$ 22,187	3,312	-	829	-	26,328	-	26,328

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

ii) The following table reconciles the beginning carrying amount of loan commitments to the amount as of December 31, 2021:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non-purchased or initially credit-impaired financial assets)	Life time ECL (purchased or initially credit-impaired financial assets)	Total
January 1, 2021	\$ 30,940,128	15,076	-	1,672	-	30,956,876
Individual financial assets transfer to life time ECL	(17,649)	13,509	-	-	-	(4,140)
Individual financial assets transfer to credit-impaired financial assets	(1,089)	-	-	557	-	(532)
Individual financial assets transfer from credit-impaired financial assets	11,982	(10,678)	-	-	-	1,304
Derecognition	(28,140,868)	(13,731)	-	(2,349)	-	(28,156,948)
Initial or purchased financial assets	30,940,128	15,076	-	1,672	-	30,956,876
Others	(1,626,972)	(2,002)	-	(170)	-	(1,629,144)
December 31, 2021	\$ 32,105,660	17,250	-	1,382	-	32,124,292

LAND BANK OF TAIWAN CO., LTD.  
Notes to the Financial Statements

The following table reconciles the beginning carrying amount of loan commitments to the amount as of December 31, 2020:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non-purchased or initially credit-impaired financial assets)	Life time ECL (purchased or initially credit-impaired financial assets)	Total
January 1, 2020	\$ 32,129,635	20,288	-	2,090	-	32,152,013
Individual financial assets transfer to life time ECL	(14,619)	12,413	-	-	-	(2,206)
Individual financial assets transfer to credit-impaired financial assets	(1,355)	(76)	-	714	-	(717)
Individual financial assets transfer from credit-impaired financial assets	18,218	(14,139)	-	-	-	4,079
Derecognition	(5,921,173)	(10,081)	-	(1,836)	-	(5,933,090)
Initial or purchased financial assets	3,012,098	1,168	-	-	-	3,013,266
Others	1,717,324	5,503	-	704	-	1,723,531
December 31, 2020	\$ 30,940,128	15,076	-	1,672	-	30,956,876



## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

- f) Reconciliation of debt allowance for accounts receivables ( other financial assets included)
- i) The following table reconciles the beginning carrying amount of debt allowance for accounts receivables ( other financial assets included) to the amount as of December 31, 2021:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non- purchased or initially credit- impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Impairment under IFRS 9	Difference with the impairment under Regulations Governing the Procedures for Banking institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans	Total
January 1, 2021	\$ 12,284	8,450	-	111,036	-	131,770	2,883	134,653
Changes from financial instruments recognized at the beginning of period:								
— transfer to life time ECL	51	(4,861)	-	-	-	(4,810)	-	(4,810)
— transfer to credit-impaired financial assets	2	-	-	(862)	-	(860)	-	(860)
— transfer to 12-month ECL	(12)	1,495	-	22	-	1,505	-	1,505
— derecognition	(3,349)	(380)	-	(4,044)	-	(7,773)	-	(7,773)
Initial or purchased financial assets	2,535	1,266	-	3,047	-	6,848	-	6,848
Difference with the impairment under Regulations Governing the Procedures								

LAND BANK OF TAIWAN CO., LTD.  
Notes to the Financial Statements

The following table reconciles the beginning carrying amount of debt allowance for accounts receivables ( other financial assets included) to the amount as of December 31, 2020:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non- purchased or initially credit- impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Impairment under IFRS 9	Difference with the impairment under Regulations Governing the Procedures for Banking institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans	Total
January 1, 2020	\$ 12,472	7,942	-	119,233	-	139,647	4,800	144,447
Changes from financial instruments recognized at the beginning of period:								
— transfer to life time ECL	18	(1,246)	-	-	-	(1,228)	-	(1,228)
— transfer to credit-impaired financial assets	1	15	-	(523)	-	(507)	-	(507)
— transfer to 12-month ECL	(7)	986	-	10	-	989	-	989
— derecognition	(1,283)	(131)	-	(2,010)	-	(3,424)	-	(3,424)
Initial or purchased financial assets	1,038	882	-	2,629	-	4,549	-	4,549
Difference with the impairment under Regulations Governing the Procedures for Banking institutions to Evaluate Assets and Deal with Non-performing / Non-accrual Loans	-	-	-	-	-	-	(1,917)	(1,917)
Write off	-	-	-	(24,889)	-	(24,889)	-	(24,889)
Recoveries	-	-	-	16,625	-	16,625	-	16,625
Effects of changes in exchange rates and others	45	2	-	(39)	-	8	-	8
December 31, 2020	\$ 12,284	8,450	-	111,036	-	131,770	2,883	134,653

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

- ii) The following table reconciles the beginning carrying amount of accounts receivables ( other financial assets included) to the amount as of December 31, 2021:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non-purchased or initially credit-impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Total
January 1, 2021	\$ 8,983,719	10,001	-	30,026	-	9,023,746
Individual financial assets transfer to life time ECL	(9,626)	13,708	-	-	-	4,082
Individual financial assets transfer to credit-impaired financial assets	(801)	-	-	1,861	-	1,060
Individual financial assets transferred from credit-impaired financial assets	4,758	(7,905)	-	(48)	-	(3,195)
Derecognition	(32,794,369)	(29,450)	-	(25,082)	-	(32,848,901)
Initial or purchased financial assets	33,000,466	37,871	-	107,153	-	33,145,490
Write off	-	-	-	(20,616)	-	(20,616)
Others	(580,413)	(273)	-	(17,823)	-	(598,509)
December 31, 2021	\$ 8,603,734	23,952	-	75,471	-	8,703,157

LAND BANK OF TAIWAN CO., LTD.  
Notes to the Financial Statements

The following table reconciles the beginning carrying amount of accounts receivables ( other financial assets included) to the amount as of December 31, 2020:

	12- month ECL	Life time ECL (collective assessment)	Life time ECL (individual assessment)	Life time ECL (non-purchased or initially credit-impaired financial assets)	Life time ECL (purchased or initially credit- impaired financial assets)	Total
January 1, 2020	\$ 8,679,395	37,169	-	80,326	-	8,796,890
Individual financial assets transfer to life time ECL	(12,681)	13,747	-	-	-	1,066
Individual financial assets transfer to credit-impaired financial assets	(1,033)	(121)	-	2,462	-	1,308
Individual financial assets transferred from credit-impaired financial assets	9,620	(17,095)	-	-	-	(7,475)
Derecognition	(27,554,110)	(37,421)	-	(55,715)	-	(27,647,246)
Initial or purchased financial assets	26,325,205	1,376	-	9,882	-	26,336,463
Write off	-	-	-	(24,889)	-	(24,889)
Others	1,537,323	12,346	-	17,960	-	1,567,629
December 31, 2020	\$ 8,983,719	10,001	-	30,026	-	9,023,746

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

## 8) Maximum exposure credit risk

Without taking 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 of credit risk of off-balance sheet financial instruments were as follows:

	December 31, 2021	December 31, 2020
Irrevocable loan commitments	\$ 3,652,126	3,332,996
Unused credit card	28,472,166	27,623,880
Letters of credit	11,726,126	8,748,684
Guarantees	65,929,707	56,384,668

The Bank believes the adopting stringent selection processes and conducting regular review afterwards are the reasons why they can continuously control and minimize the credit risk exposure of their off-balance sheet items.

## 9) Concentration of credit risk

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

Credit risk concentration can arise in a Bank's assets, liabilities, or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credit, loan and deposits, call loan to Bank, investment, receivables and derivatives. The Bank maintains a diversified portfolio, limits its exposure on a continuous basis. The Bank's most significant concentrations of credit risk are summarized as follows:

## a) By industry (excluding inward and outward documentary bills and overdue loans)

(in thousands of New Taiwan dollars)

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Private enterprises	\$ 845,575,504	37.61	786,858,471	37.27
Government owned enterprises	36,083,917	1.61	24,698,865	1.17
Government	39,687,272	1.77	3,696,897	0.18
Non-profit organizations	797,905	0.04	548,812	0.03
Individual	1,227,154,935	54.59	1,193,405,259	56.53
Others	98,795,727	4.38	102,024,484	4.82
Total	<u>\$ 2,248,095,260</u>	<u>100.00</u>	<u>2,111,232,788</u>	<u>100.00</u>

LAND BANK OF TAIWAN CO., LTD.

Notes to the Financial Statements

- b) By geographic region (excluding inward and outward documentary bills and overdue loans)

(in thousands of New Taiwan dollars)

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Domestic	\$ 2,105,128,413	93.64	1,970,464,821	93.33
Foreign	142,966,847	6.36	140,767,967	6.67
Total	<u>\$ 2,248,095,260</u>	<u>100.00</u>	<u>2,111,232,788</u>	<u>100.00</u>

- c) By collateral (including inward and outward documentary bills and overdue loans)

(in thousands of New Taiwan dollars)

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Non-collateral	\$ 348,908,338	15.50	276,671,482	13.08
Collateral				
Financial collateral	6,302,564	0.28	6,732,793	0.32
Receivables	1,122,751	0.05	1,448,137	0.07
Property	1,718,522,347	76.34	1,650,848,690	78.08
Guarantee	75,455,234	3.35	64,539,924	3.05
Other	100,964,158	4.48	114,171,603	5.40
	<u>\$ 2,251,275,392</u>	<u>100.00</u>	<u>2,114,412,629</u>	<u>100.00</u>

- 10) Disclosures required in the Regulations Governing the Preparation of Financial Reports by Public Banks

- a) Asset quality of non-performing loan and overdue credits

(in thousands of New Taiwan dollars)

Period			December 31, 2021				
Items			Non-performing Loans (Note 1)	Loans	Ratio of Non- performing Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate	Secured		1,146,826	774,527,229	0.15 %	12,391,621	1,080.51 %
Banking	Unsecured		130,425	394,035,121	0.03 %	10,136,324	7,771.76 %
Consumer Banking	Mortgage loans (Note 4)		910,414	913,150,436	0.10 %	14,258,065	1,566.11 %
	Cash card		123	6,713	1.83 %	351	284.79 %
	Small-scale credit loans (Note 5)		11,692	2,505,585	0.47 %	15,036	128.60 %
	Other (Note 6)	Secured	450,037	125,069,500	0.36 %	440,083	97.79 %
		Unsecured	24,509	41,980,808	0.06 %	62,220	253.87 %
Total loans			2,674,026	2,251,275,392	0.12 %	37,303,700	1,395.04 %
			Non-performing Receivables	Receivables	Ratio of Non- performing Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			3,300	1,313,016	0.25 %	45,655	1,383.48 %
Factored accounts receivable without recourse (Note 7)			-	-	-	-	-

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

Period			December 31, 2020				
Items			Non-performing Loans (Note 1)	Loans	Ratio of Non- performing Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate	Secured		988,882	738,935,960	0.13 %	11,324,887	1,145.22 %
Banking	Unsecured		88,146	318,123,000	0.03 %	8,595,347	9,751.23 %
Consumer	Mortgage loans (Note 4)		1,558,700	895,281,000	0.17 %	14,005,941	898.57 %
	Cash card		209	10,299	2.03 %	526	252.14 %
Banking	Small-scale credit loans (Note 5)		7,842	2,250,299	0.35 %	9,397	119.83 %
	Other (Note 6)	Secured	570,043	118,547,000	0.48 %	535,295	93.90 %
		Unsecured	30,232	41,265,071	0.07 %	78,471	259.56 %
Total loans			3,244,054	2,114,412,629	0.15 %	34,549,864	1,065.02 %
			Non-performing Receivables	Receivables	Ratio of Non- performing Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			2,779	1,353,798	0.21 %	42,015	1,511.87 %
Factored accounts receivable without recourse (Note 7)			-	-	-	-	-

Note 1: Non-performing loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming / Non-accrued Loans."

Non-performing credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of non-performing loans: Non-performing loans ÷ Outstanding loan balance.

Ratio of non-performing credit card receivables: Non-performing credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans.

Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Non-performing credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower or the spouse or the minor children of the borrower.

Note 5: Based on the Banking Bureau's letter dated December 19, 2005 (Ref. No. 09440010950), small-scale credit loans are unsecured, involve small amounts, and exclude credit cards and cash cards.

Note 6: Other consumer banking loans refer to secured or unsecured loans that exclude housing mortgages, cash cards, credit cards and small-scale credit loans.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 094000494), factored accounts receivable without recourse are reported as non-performing receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

## b) Exemption of non-performing loans and overdue receivables

(in thousands of New Taiwan dollars)

	December 31, 2021		December 31, 2020	
	Amount exempted from reporting as non-performing loans	Amount exempted from reporting as overdue account receivable	Amount exempted from reporting as non-performing loans	Amount exempted from reporting as overdue account receivable
Amounts of executed contracts on negotiated debts not reported (Note 1)	33,662	1,347	14,532	1,748
Amounts of executed debt settlement program and rehabilitation program not reported (Note 2)	1,903	27,028	2,085	26,266
Total	35,565	28,375	16,617	28,014



**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

Note 1: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements is based on the Banking Bureau letter dated April 25, 2006 (Ref. No. 09510001270).

Note 2: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau letter dated September 15, 2008 (Ref. No. 09700318940)

c) Concentration of credit extensions

(in thousands of New Taiwan dollars)

<b>December 31, 2021</b>			
<b>Rank</b>	<b>Business Groups' Standard Industrial Classification and Symbol</b>	<b>Total Amount of Credit Endorsement or Other Transactions</b>	<b>Percentage of the Group's Equity (%)</b>
1	A Company- Rail Transportation Industry	29,219,776	15.78
2	B Group- Real Estate Development Industry	28,548,039	15.42
3	C Group- Real Estate Development Industry	18,595,897	10.05
4	D Group- Real Estate Development Industry	17,650,948	9.53
5	E Group- Real Estate Development Industry	15,266,791	8.25
6	F Group-Smelting and Refining of Iron and Steel Industry	13,851,083	7.48
7	G Group- Air Transportation Industry	13,688,355	7.39
8	H Group-Smelting and Refining of Iron and Steel Industry	11,356,868	6.13
9	I Group- Real Estate Development Industry	10,848,139	5.86
10	J Group- Real Estate Development Industry	10,843,397	5.86

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

December 31, 2020			
Rank	Business Groups' Standard Industrial Classification and Symbol	Total Amount of Credit Endorsement or Other Transactions	Percentage of the Group's Equity (%)
1	A Company- Rail Transportation Industry	31,025,776	17.68
2	B Group- Real Estate Development Industry	27,437,412	15.64
3	G Group- Air Transportation Industry	16,742,510	9.54
4	D Group- Real Estate Development Industry	13,297,310	7.58
5	F Group-Smelting and Refining of Iron and Steel Industry	12,797,739	7.29
6	J Group- Real Estate Development Industry	12,547,185	7.15
7	K Group- Liquid Crystal Panel Industry	11,474,073	6.54
8	C Group- Real Estate Development Industry	10,104,941	5.76
9	E Group- Real Estate Development Industry	8,939,308	5.09
10	L Group- Other Retail Sale of General Merchandise Industry	8,906,861	5.08

Note 1: Ranked by the total amount of credit, endorsement, or other transactions; list excludes government-owned or state-run enterprises. If the creditor is a Group enterprise, the Group would express the amount of credit by aggregating the total credit of this Group enterprise, indicated with the symbol of the enterprise and industrial classification. The Group would further identify the industry in which the Group enterprise has the most exposure. The industrial classification refers to the Industrial Classification Standard of the Directorate General of Budget, Accounting and Statistics (DGBAS).

Note 2: Group enterprise refers to a Group of corporate entities as defined by Article 6 of the "Supplementary Provisions to the Taiwan Stock Exchange Corporation's Rules for Review of Securities Listings."

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

Note 3: The total amount of credit, endorsement, or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans, and overdue loans), exchange bills negotiated, factored accounts receivable without recourse, acceptances, and guarantees.

(iv) Liquidity risk

1) The source and definition of liquidity risk

Liquidity risk refers to the risks of bearing financial loss because of the inability to liquidate assets or obtain financing to provide funds to meet the financial obligation, such as early termination of deposits, deteriorating of the source and condition of financing from banks influenced by specific market, abnormal recover of funds due to default from borrowers, inability to liquidate financial instruments. The aforementioned situation may reduce cash flows from loans, transactions and investment.

2) Management policy of liquidity risk

- a) The aim of the liquidity risk management is to conduct appropriate allocation on assets and liabilities, and plan the source of fund in portfolio to cope with liquidity needs, ensure the liquidity of the Companys, accomplish a balance in retained earnings and risk, stabilize its development and continue as going concern after considering its cost benefit analysis.
- b) The principles of liquidity risk management are as follows:
  - i) The principles of the source of funds include diversification, stabilization, reliance and cost-effective to prevent excessive concentration on same maturities, same procurement instrument and same counterparty.
  - ii) The application of funds should be diversified and should pay attention to the 3 principles: liquidity, safety and profitability.
  - iii) The internal pricing, performance measurement and approval of new products launched by the main businesses should consider the liquidity costs, benefits and risks of each product and should be in consistent with the policies of liquidity risk management in the Companys.
- c) The Companys should maintain appropriate liquid funds and set a limit on liquidity risk management indices of funds denominated in New Taiwan Dollars and foreign currencies. Early warning system is designed for adoptions of appropriate measures when necessary.
- d) To strengthen the diversification of debt and the ability to adjust capital funding immediately, the Companys have maintained a close relationship with the Ministry of Finance, R.O.C., Central Bank and other large-scale bank, which benefit the Banks to raise capital funds when liquidity is insufficient. Also, procedures on capital movements during emergency (including back-up channels) and the related procedures are set to access to capital funds during emergency.

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

- 3) To manage liquidity risk and non-financial assets held by maturity analysis for derivative financial liabilities

- a) To manage liquidity risk of financial assets held

The financial assets include cash and assets that are of highly liquid and have high quality for the purpose of paying liabilities and accessing to capital in the market during emergency. The assets held for managing liquidity risk include cash and equivalents, CDs issued by CBC, government bonds, commercial paper and corporate bonds

- b) Maturity analysis for non-derivative financial liabilities

The tables below represent the cash outflow analysis of non-derivative financial liabilities according to the unexpired term of the contracts. The disclosed amounts presented are based on contractual cash flows, whereby parts of the disclosed items do not correspond to the accounts in the financial statements.

(in thousands of New Taiwan dollars)

December 31, 2021	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Due to the Central Bank and call loans from banks	96,526,895	163,618,469	69,717,322	2,387,754	-	332,250,440
Funds borrowed from the Central Bank and other banks	-	-	62,887	19,798,548	1,151,877	21,013,312
Non-derivative financial liability at fair value through profit or loss	-	-	-	-	5,972,309	5,972,309
Securities sold under repurchase agreements	5,843,951	6,168,158	816,379	-	-	12,828,488
Payables	4,926,669	1,638,569	2,391,961	6,501,250	9,226,791	24,685,240
Deposits and remittances	546,380,256	643,490,310	673,532,444	802,059,530	60,333,702	2,725,796,242
Bank debentures	-	-	-	10,299,999	51,536,476	61,836,475
Other financial liabilities	700	1,351	2,027	4,176	67,696	75,950
Lease liability	50,695	82,787	57,765	119,667	729,218	1,040,132
Total	653,729,166	814,999,644	746,580,785	841,170,924	129,018,069	3,185,498,588

December 31, 2020	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Due to the Central Bank and call loans from banks	166,394,876	133,412,478	37,566,515	6,231,952	3,901,482	347,507,303
Funds borrowed from the Central Bank and other banks	-	15,311	63,899	9,214,124	1,298,248	10,591,582
Non-derivative financial liability at fair value through profit or loss	-	-	-	-	6,395,062	6,395,062
Securities sold under repurchase agreements	11,668,558	4,764,526	1,597,448	603,967	-	18,634,499
Payables	5,322,604	1,379,245	1,893,863	5,472,245	8,112,963	22,180,920
Deposits and remittances	492,557,424	543,709,344	588,082,697	780,814,356	48,709,117	2,453,872,938
Bank debentures	-	-	-	-	46,294,550	46,294,550
Other financial liabilities	3,998	1,231	7,837	13,126	60,445	86,637
Lease liability	30,486	58,863	32,774	76,946	749,698	948,767
Total	675,977,946	683,340,998	629,245,033	802,426,716	115,521,565	2,906,512,258

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

4) Maturity analysis of derivative financial liabilities

a) The derivative instruments that are subject to master netting agreements

The derivative instruments that are subject to master netting agreements include:

Interest rate derivatives: interest rate swaps, forward rate agreements and other interest rate contracts.

The valuation of maturity date of a contract is essential for presenting the financial instruments on the balance sheet. The amount disclosed in the balance sheet is prepared based on the contractual cash flows, whereby parts of the disclosed amount deviate from the balance sheet. The maturity analysis of the derivative financial liabilities on a net settlement basis is as follows:

(in thousands of New Taiwan dollars)

<b>December 31, 2021</b>	<b>0~30 days</b>	<b>31~90 days</b>	<b>91~180 days</b>	<b>181 days ~ 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
Derivative financial liabilities at FVTPL						
— Interest rate derivatives	3,307	7,583	(266,251)	19,404	(204,033)	(439,990)
<b>Total</b>	<b>3,307</b>	<b>7,583</b>	<b>(266,251)</b>	<b>19,404</b>	<b>(204,033)</b>	<b>(439,990)</b>

<b>December 31, 2020</b>	<b>0~30 days</b>	<b>31~90 days</b>	<b>91~180 days</b>	<b>181 days ~ 1 year</b>	<b>Over 1 year</b>	<b>Total</b>
Derivative financial liabilities at FVTPL						
— Interest rate derivatives	9,020	8,600	(264,848)	16,108	(521,073)	(752,193)
<b>Total</b>	<b>9,020</b>	<b>8,600</b>	<b>(264,848)</b>	<b>16,108</b>	<b>(521,073)</b>	<b>(752,193)</b>

b) Gross settlement derivative instruments

The derivative instruments with gross settlement include:

- i) Foreign exchange derivatives: foreign exchange option, foreign exchange swap;
- ii) Interest rate derivatives: cross-currency swap, cash settled interest rate swaps and other interest rate contract.

The table below shows the gross settlement derivative instruments based on the remaining time between the reporting date and the contractual period.

The valuation of the maturity date of the contracts is essential for presenting the financial instruments on the balance sheet. The amount disclosed in the balance sheet is prepared based on the contractual cash flows, whereby parts of the disclosed amount deviate from the balance sheet. The maturity analysis of the derivative financial liabilities on a gross settlement basis is as follows:

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

(in thousands of New Taiwan dollars)

December 31, 2021	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Derivative financial liabilities at FVTPL						
— Cash outflow	37,257,977	6,223,564	3,963,238	20,624,891	13,991,165	82,060,835
— Cash inflow	36,695,825	6,204,030	3,942,739	20,485,392	13,908,511	81,236,497
Net cash flow	(562,152)	(19,534)	(20,499)	(139,499)	(82,654)	(824,338)

December 31, 2020	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Derivative financial liabilities at FVTPL						
— Cash outflow	13,204,607	18,712,411	9,309,670	33,910,806	8,868,556	84,006,050
— Cash inflow	12,786,460	17,957,001	8,949,584	32,769,866	8,763,086	81,225,997
Net cash flow	(418,147)	(755,410)	(360,086)	(1,140,940)	(105,470)	(2,780,053)

## 5) Maturity analysis of off-balance sheet items

The table below shows the maturity analysis of the off-balance sheet items based on the remaining time between the reporting date and the contractual period. For the issued financial guarantee contracts, the maximum guaranteed amount included in the guarantee may be required to be fulfilled in the earliest period. The disclosures in the table below are prepared based on the contractual cash flows. Therefore, the partial accounts illustrated below may not match with the corresponding accounts on the balance sheets.

(in thousands of New Taiwan dollars)

December 31, 2021	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Undrawn loan commitments	136,616	8,403	213,821	128,915	3,164,371	3,652,126
Undrawn credit cards commitments	69,458	620,804	1,229,189	2,215,907	24,336,808	28,472,166
Undrawn letters of credit	2,074,653	6,312,676	1,321,627	1,797,828	219,342	11,726,126
Guarantees	10,529,407	11,240,901	2,732,853	10,221,594	31,204,952	65,929,707
Total	12,810,134	18,182,784	5,497,490	14,364,244	58,925,473	109,780,125

December 31, 2020	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Undrawn loan commitments	133,956	16,638	223,401	665,014	2,293,987	3,332,996
Undrawn credit cards commitments	19,509	844,302	2,113,719	2,243,787	22,402,563	27,623,880
Undrawn letters of credit	1,133,491	4,663,309	1,169,452	803,865	978,567	8,748,684
Guarantees	9,401,412	6,912,996	4,051,515	10,138,750	25,879,995	56,384,668
Total	10,688,368	12,437,245	7,558,087	13,851,416	51,555,112	96,090,228

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

6) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a) Maturity analysis of assets and liabilities

(in thousands of New Taiwan dollars)

December 31, 2021	0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Main capital inflow on maturity	239,081,468	383,611,403	155,406,840	159,837,085	227,208,923	1,952,699,326	3,117,845,045
Main capital outflow on maturity	101,835,263	208,544,067	568,868,653	671,473,189	948,933,342	1,170,947,471	3,670,601,985
Gap	137,246,205	175,067,336	(413,461,813)	(511,636,104)	(721,724,419)	781,751,855	(552,756,940)

December 31, 2020	0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Main capital inflow on maturity	219,054,566	279,348,311	155,887,180	117,866,467	196,886,074	1,879,959,369	2,849,001,967
Main capital outflow on maturity	113,350,984	274,621,727	476,057,008	567,753,526	903,591,230	1,075,335,203	3,410,709,678
Gap	105,703,582	4,726,584	(320,169,828)	(449,887,059)	(706,705,156)	804,624,166	(561,707,711)

b) Maturity analysis of assets and liabilities in US Dollars

(in thousands of U.S. dollars)

December 31, 2021	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Main capital inflow on maturity	5,518,490	1,656,206	1,545,394	1,532,841	3,682,082	13,935,013
Main capital outflow on maturity	6,466,327	3,464,723	2,570,290	1,410,945	1,353,592	15,265,877
Gap	(947,837)	(1,808,517)	(1,024,896)	121,896	2,328,490	(1,330,864)

December 31, 2020	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year	Total
Main capital inflow on maturity	3,094,882	1,859,494	1,752,182	934,476	5,938,267	13,579,301
Main capital outflow on maturity	4,878,263	4,173,593	2,113,058	1,085,316	2,257,130	14,507,360
Gap	(1,783,381)	(2,314,099)	(360,876)	(150,840)	3,681,137	(928,059)

(v) Market risk

1) Sources and definition of market risk

Market risk is defined as an unfavourable change in market prices (such as interest rates, stock prices and foreign exchange rates) which may cause a potential loss on or off balance sheets. This includes interest rate risks, equity investments risks, foreign exchange rate risks and product risks.

The main market risks of the Bank are equity investment risk, interest rate risk and exchange rate risk. The equity investment risks mainly arose from domestic public listed stocks and mutual funds; the interest rate risks mainly arose from notes and bonds; the exchange rate risks mainly arose from all position denominated in foreign currency held by the Bank.



## LAND BANK OF TAIWAN CO., LTD.

### Notes to the Financial Statements

#### 2) Management policies of market risk

When the Bank is engaged in businesses in relation to market risks, the Bank has to assess the severity of possible losses and adopt risk avoidance, risk mitigation or transfer, risk control and strategies on risk bearing, for instance, avoid financial instruments with high leverage, high fluctuation and incurred significant loss personally or adopt close out, selling or hedging strategies. The Bank should effectively control the market risk and oversee the entire risk exposure and results of risk measurement based on the related regulations on limits management, stop loss systems, treatment of limit-exceeding positions and status of risk sustained to ensure its effectiveness.

#### 3) Procedure of market risk management

##### a) Identification and Measurement

- i) Identification: Personnel of treasury departments and risk management should fully understand all market risk factors of financial instruments held by the Bank. Personnel of risk management should identify all risk factors that may cause market risk and ensure the accuracy and appropriateness of the valuation methods on financial instruments.
- ii) Measurement: Development of quantifiable models measured the market risk and is combined with daily management of risk limits. The valuation of financial instruments is assessed based on market valuation methods, model assessment, external sources and external or independent stock price verification.

##### b) Monitor and Report

- i) Monitor: Treasury department will monitor the instant and entire transactions based on the limits of each department to ensure all transactions are conducted within the scope of authorization and limits. The Bank has to ensure that the contents, including transaction modes, purposes, processes, parts and movements in profit or loss of all financial instruments are in compliance with regulations and are traded with the scope of authorization and limits. The risk management department monitors and analyzes the information produced from risk measurement models on a daily basis. If any significant risk exposure that affect the financial, business status or law compliant was found, it should be reported to general managers and BoD immediately.
- ii) Report: The risk management department reports the Bank's market risk management reports to the risk management committee on a regular basis, including the market risk exposure of the Bank, conditions of risk exposure, profit or loss status, the use of limits and the conformity with the regulations on market risk management. In addition, in compliance with principles of public disclosures, information of market risk management should be disclosed regularly based on the regulations of the authorities.

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

4) Management policies of trading book risk

The trading book refers to the financial instruments held for trading or hedging. The positions held for trading means the intention to sell the positions held in the short-term or the positions that are held to earn profit from the changes in actual or expected short-term pricing or arbitrage trading. The positions that are not classified in this category are classified as banking book.

a) Strategy

To conduct effective control on market risk and ensure that the trading strategies executed by all business units have sufficient flexibility, assessments and controls in all business units are implemented.

b) Policies and procedures

The Bank formulates “Key Element on Market Risk Management” as important guideline for holders of trading book to comply with.

c) Valuation policy

The positions that are directly attributable to trading book are evaluated on a daily basis and managed actively based on the limit of each unit.

d) Measurement method

The Bank adopts the  $\beta$  value, DVO1, Delta, duration, analysis on differences, scenarios simulation methods to present the market risk of financial assets denominated in New Taiwan Dollars and other foreign currencies, and implement stress testing on a regular basis.

5) Interest rate risk management for trading book

a) Definition of interest rate risk

The interest rate risk includes factors in relation to the issuers and the changes of interest rate that lead to changes in price of securities. The former is classified as respective risk and the latter is classified as market risk.

b) Procedures of interest rate risk management

The Company set quota and stop-loss points for the trading related to interest rate, including quota on trading personnel, trading instruments, etc. that are based on operating strategies and market conditions should be reported to the top management and BoD for approval.

c) Measurement method

The Bank uses DVO1 and duration methods to measure the extent in which the investment portfolio will be affected by the interest rate risk. Stress testing is conducted and reported to the Risk Management Committee on a regular basis.

## LAND BANK OF TAIWAN CO., LTD.

### Notes to the Financial Statements

#### d) Interest Rate Benchmark Reform

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Company replaced LIBOR with TAIFX3, EURIBOR, TIBOR or the company's published foreign currency credit rate on the reporting date.

The Company is in the process of promoting the LIBOR discontinuation, as of December 31, 2021, some joint loan cases have not been completed contract conversion and the Calypso transaction system expansion function update is still in progress, in accordance with the letter of the Association of Banks, it is planned to continue to count the exposure amount until December 31, 2022, and USD LIBOR until June 30, 2023.

The Company expects that the change of interest rate index will affect some operations, because the main risk faced by the change of interest rate index is the risk of operation, like by renegotiating the loan contract with the counterparty, implementing new contingency clauses with counterparties in derivatives, updating contract terms, and revising operational controls related to changes. Financial risk is mainly limited to the interest rate risk.

The Company established a LIBOR discontinuation team in November 2020, which is responsible for monitoring and managing the progress of alternative rate conversion, allocating work and resources to relevant business units, ensuring that LIBOR conversion risks, risk mitigation plans and relevant response measures, and regularly reporting interest rate risk, risks arising from changes in interest rate indicators, and the progress of conversion plans to the BoD or the executive BoD of the Company. The transition plan and schedule for LIBOR's exit have been submitted to the executive Managing Director of the Board report in January 2021.

The Company regards contracts whose interest rates will still be affected by changes in interest rate indicators as contracts that have not been converted to another alternative benchmark interest rate. Even if the contract may contain a contingency clause for the exit of the existing interest rate index (hereinafter referred to as the "unchanged contract"), the Company regularly reviews the contract amount that has not been converted to another benchmark rate and the contract amount that incorporates appropriate contingency clauses to monitor the conversion to the progress of the new benchmark interest rate.

The following table shows the total amounts of unreformed contracts and those with appropriate fallback language on January 1, 2021 and on December 31, 2021. The amounts of financial assets and financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(in thousands of New Taiwan Dollars)

	USD LIBOR		EUR LIBOR		JPY LIBOR	
	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause	Total amount of unreformed contracts	Amount with appropriate fallback clause
<b>December 31, 2021</b>						
<b>Financial assets</b>						
Loan	107,790,692	64,190,445	84,597	25,100	35,940	35,940
Bond	33,901,824	24,756,334	-	-	-	-
<b>Derivatives</b>						
Derivatives	6,388,310	6,388,310	-	-	-	-
<b>December 31, 2020</b>						
<b>Financial assets</b>						
Loan	118,499,691	45,694,281	382,147	-	282,990	-
Bond	41,382,069	10,193,962	-	-	-	-
<b>Derivatives</b>						
Derivatives	6,491,000	-	-	-	-	-

6) Interest rate management for banking book

The main management purpose is to strengthen interest rate risk management, increase the effectiveness of capital usage and improve business operations.

a) Strategy

To conduct effective control on interest rate risk, the Bank reduced interest rate risk through the adjustments of asymmetry positions in the balance sheets, mainly on interest rate sensitive assets and liabilities, which allows the interest rates of assets and liabilities to correspond on repricing dates for the purpose of offsetting and hedging against interest rate risk. Also, the Bank adopts strategies in relations to risk management, for instance risk avoidance, risk mitigation or transfer, risk reduction or control and strategies on risk bearing, after considering the operational strategy and the contents of assets and liabilities portfolio.

b) Management procedures

- i) Identification: The main source of interest rate risk is repricing risk that arises from assets and liabilities asymmetry when the assets and liabilities are repriced. This includes yield curve risks, basis risk and risks of embedded options.
- ii) Measurement: The Bank adopts repricing gap analysis methods to measure repricing risks on interest rates. Consider interest rate repricing risk, yield curve risk, basis risk and implied option risk, assess the impact of interest rate risk exposure on retained earnings and economic value. The Bank also conducts scenario analysis and stress testing on a regular basis to assess the possible loss on future retained earnings and economic value.

## LAND BANK OF TAIWAN CO., LTD.

### Notes to the Financial Statements

- iii) Monitor: The Bank monitor the interest rate risk based on the limits of the interest rate risk management index on a monthly basis.

The risk management department will monitor the Bank's interest rate risk based on the information provided by each business unit. If any significant limit-exceeding position is found, the risk management department will report to general managers immediately and the related departments (finance department, offshore operating units) have to provide improvements measures. If any significant risk exposure that affect the financial, business status or law compliant was found, it should be reported to the general managers and BoD immediately.

- iv) Report: The risk management department reports the interest rate risk management reports to the asset-liability committee and BoD on a regular basis to communicate information on interest rate risk exposure and control, which enhances the decision-making on interest rate risk management.

- c) Measurement method

The interest rate risk of the Bank mainly arise from repricing risk, that is caused as a results of differences in maturity dates or repricing dates of the banking book's assets, liabilities and off- balance sheet items. In order to stabilize long-term profitability and stimulate business growth, the Bank has set an index on interest rate sensitivity assets and liabilities for specific dates and implements stress testing.

- 7) Exchange rate risk management

- a) Definition of exchange rate risk

Exchange rate risk refers to the profit or loss resulted from two different currencies transferred at different times. The main sources of exchange rate risk in the Bank include spot, forward exchange and FX swaps on derivative instruments. As the Bank adopts the principle of liquidating the customers' position on the same day for its FX transactions, exchange rate risk is insignificant.

- b) Management policies and procedures and measurement method of exchange rate risk

To control the exchange rate risk, the Bank sets different quotas and stop-loss point for traders with different levels and ensures losses are controlled within tolerable range.

The Bank has set scenarios for the fluctuations of the main currencies, conduct stress testing and report to risk management committee on a monthly basis.

- 8) Management of equity security price risk

- a) Definition of equity security price risk

The market risk of equity securities held includes the respective risk arising from the market price changes of respective equity security and general market risk, resulting from the entire market price changes.

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

b) Purpose of equity security price risk management

The purpose of equity security price risk management is to avoid high fluctuation in equity security price, which will worsen the financial status of the Company and incur a loss in retained earnings. This management also increases the effectiveness of capital usage and improves the business operations.

c) Procedures of equity security price risk management

The Bank has set investment quotas and stop-loss points. The Bank uses  $\beta$  value to measure the extent in which the investment portfolio will be affected by systematic risk. Investments that have reached the stop-loss points and are not for sale in each investing units should be approved by top management.

d) Measurement method

To control the equity security price risk, the Company sets different quotas and stop-loss point for traders with different levels and ensures losses are controlled within tolerable range.

The Bank has set scenarios for the fluctuations of the equity securities, conduct stress testing and report to risk management committee on a monthly basis.

9) Market risk valuation techniques

a) Stress testing

i) Stress testing is used to measure the maximum possible losses from a portfolio of risky assets under stressed conditions. The scenarios used in stress testing are in compliance with the scenarios stipulated by the Financial Supervisory Committee for implementation of stress scenario set by Basel II-Supervisory Review, and the risk management department performs the stress testing every quarter.

ii) The risk management department of the company conducts market risk stress tests based on its own stress scenarios, according to significant events in domestic and international, which is approved by the top management on the monthly basis.

b) Sensitivity analysis

i) Interest rate risk

The Bank assumes that if the yield curve of security market increases by 150bps, while other risk factors remain constant, the profit or loss as of December 31, 2021 and 2020 will decrease by \$10,310 and \$144, respectively, while the other comprehensive statement of income will decrease by \$2,833,843 and \$3,959,491, respectively. If the yield curve of security market decreases by 150 bps, the profit or loss as of December 31, 2021 and 2020 will increase by \$8,976 and \$47, respectively, while other comprehensive income or loss will increase \$1,708,275 and \$1,173,088, respectively.

# LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

### ii) Exchange rate risk

The Bank assumes other risk factors remain constant, if USD against TWD depreciates by 5%, the profit or loss as of December 31, 2021 and 2020 will decrease by \$39,753 and increase by \$14,391, respectively; if EUR against TWD depreciates by 5%, the profit or loss as of December 31, 2021 and 2020 will decrease by \$861 and \$2,677; if JPY against TWD depreciates by 5%, the profit or loss as of December 31, 2021 and 2020 will decrease by \$1,501 and increase by \$1,473, respectively; if CNY against TWD depreciates by 5%, the profit or loss as of December 31, 2021 and 2020 will decrease by \$1,658 and \$6,489, respectively, and vice versa.

### iii) Equity securities price risk

The Bank assumes that if the equity security price decreases by 15%, while other risk factors remain constant, the profit or loss as of December 31, 2021 and 2020 will decrease by \$272,932 and \$87,841, respectively, while items other comprehensive income or loss will decrease by \$522,739, and \$336,024, respectively, and vice versa.

### iv) Summary of sensitivity analysis is as follows:

(in thousands of New Taiwan dollars)

December 31, 2021			
Main Risk	Sensitivity to change	Amount	
		Equity	Equity
Currency Risk	USD/TWD increase 5%	-	39,753
	EUR/TWD increase 5%	-	861
	JPY/TWD increase 5%	-	(1,501)
	CNY/TWD increase 5%	-	1,658
Currency Risk	USD/TWD decrease 5%	-	(39,753)
	EUR/TWD decrease 5%	-	(861)
	JPY/TWD decrease 5%	-	1,501
	CNY/TWD decrease 5%	-	(1,658)
Interest Risk	Yield curve increase 150BPS	(2,833,843)	(10,310)
Interest Risk	Yield curve decrease 150BPS	1,708,275	8,976
Equity securities price risk	Price of equity securities increase 15%	522,739	272,932
Equity securities price risk	Price of equity securities decrease 15%	(522,739)	(272,932)



**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

December 31, 2020			
Main Risk	Sensitivity to change	Amount	
		Equity	Equity
Currency Risk	USD/TWD increase 5%	-	(14,391)
	EUR/TWD increase 5%	-	2,677
	JPY/TWD increase 5%	-	1,473
	CNY/TWD increase 5%	-	6,489
Currency Risk	USD/TWD decrease 5%	-	14,391
	EUR/TWD decrease 5%	-	(2,677)
	JPY/TWD decrease 5%	-	(1,473)
	CNY/TWD decrease 5%	-	(6,489)
Interest Risk	Yield curve increase 150BPS	(3,959,491)	(144)
Interest Risk	Yield curve decrease 150BPS	1,173,088	47
Equity securities price risk	Price of equity securities increase 15%	336,024	87,841
Equity securities price risk	Price of equity securities decrease 15%	(336,024)	(87,841)

10) Concentration of currency risk information

The table below summarized the carrying value of financial instruments in foreign currency assets and liabilities, which are being classified based on different currencies.

(in thousands of New Taiwan dollars)

December 31, 2021	(USD)	(JPY)	(EUR)	(AUD)	(CNY)	Other	Total
Foreign currency financial assets							
Cash and cash equivalents	2,713,749	223,659	617,529	124,111	3,704,668	205,041	7,588,757
Due from the Central Bank and call loans to banks	79,266,501	-	-	-	14,418,123	178,800	93,863,424
Financial assets at fair value through profit or loss	949,808	-	-	-	41	-	949,849
Financial assets at fair value through other	29,930,150	-	282,224	14,368,667	607,740	(26,744)	45,162,037
Loans and discounts	153,814,752	1,000,914	1,849,497	1,469,691	25,111,033	3,214,509	186,460,396
Receivables	94,123,759	3,686,437	2,861,886	1,094,057	558,759	1,571,647	103,896,545
Held-to-maturity financial assets	19,591,258	-	-	4,981,736	4,271,531	4,189,565	33,034,090
Other financial assets	116	-	-	-	-	-	116
Other assets	184,570	21,797	770	-	1,747,598	267,411	2,222,146
Total assets	380,574,663	4,932,807	5,611,906	22,038,262	50,419,493	9,600,229	473,177,360

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

December 31, 2021	(USD)	(JPY)	(EUR)	(AUD)	(CNY)	Other	Total
Foreign currency financial liabilities							
Due to the Central Bank and call loans to banks	95,524,886	70,958	470,700	9,432,255	16,829,176	632,781	122,960,756
Deposits and remittances	212,478,977	3,841,787	2,961,936	4,220,266	22,727,093	4,647,848	250,877,907
Financial liabilities at fair value through profit or loss	21,773	-	-	-	-	-	21,773
Payables	36,687,260	610,663	751,637	8,330,748	862,588	3,459,918	50,702,814
Other liabilities-Refundable deposits	15,139,960	7,010	78,802	54,981	4,721,245	30,708	20,032,706
Total liabilities	359,852,856	4,530,418	4,263,075	22,038,250	45,140,102	8,771,255	444,595,956

Note: As of December 31, 2021 the exchange rates of different currencies against the TWD are as follows: USD/TWD:27.655; JPY /TWD: 0.2405; EUR /TWD: 31.38; AUD /TWD: 20.090; CNY /TWD: 4.341.

December 31, 2020	(USD)	(JPY)	(EUR)	(AUD)	(CNY)	Other	Total
Foreign currency financial assets							
Cash and cash equivalents	8,750,364	355,603	1,155,031	648,827	9,156,811	428,352	20,494,988
Due from the Central Bank and call loans to banks	41,541,845	-	553,440	-	22,201,596	155,813	64,452,694
Financial assets at fair value through profit or loss	867,870	-	87	-	-	405,809	1,273,766
Financial assets at fair value through other	38,542,131	-	311,017	20,553,556	1,234,788	237,555	60,879,047
Loans and discounts	145,878,791	556,888	2,829,280	1,920,030	22,068,096	3,475,635	176,728,720
Receivables	96,379,388	1,826,122	957,786	46,754	1,742,355	811,369	101,763,774
Held-to-maturity financial assets	17,296,601	-	-	4,614,412	5,347,478	5,021,364	32,279,855
Other financial assets	1,407	-	-	-	-	-	1,407
Other assets	284,834	-	849	-	1,741,643	292,192	2,319,518
Total assets	349,543,231	2,738,613	5,807,490	27,783,579	63,492,767	10,828,089	460,193,769
Foreign currency financial liabilities							
Due to the Central Bank and call loans to banks	89,798,246	13,146	1,205,932	19,236,025	20,538,883	2,029,796	132,822,028
Deposits and remittances	182,638,111	2,173,855	2,695,719	5,257,967	32,148,822	5,235,039	230,149,513
Financial liabilities at fair value through profit or loss	267,181	-	121	-	-	-	267,302
Payables	50,751,609	348,284	944,964	3,211,426	1,042,401	2,741,364	59,040,048
Other liabilities-Refundable deposits	10,622,639	34,829	146,962	78,055	2,962,693	112,422	13,957,600
Total liabilities	334,077,786	2,570,114	4,993,698	27,783,473	56,692,799	10,118,621	436,236,491

Note: As of December 31, 2020 the exchange rates of different currencies against the TWD are as follows: USD/TWD:28.100; JPY /TWD: 0.2725; EUR /TWD: 34.590; AUD /TWD: 21.650; CNY /TWD: 4.325.

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

11) Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks.

a) The analysis table of interest rate sensitivity in New Taiwan Dollars

(in thousands of New Taiwan dollars)

<b>December 31, 2021</b>					
<b>Items</b>	<b>1 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Interest-rate-sensitive assets	\$ 2,657,964,513	55,540,912	48,790,466	178,511,157	2,940,807,048
Interest-rate-sensitive liabilities	1,122,329,881	1,294,976,266	262,347,147	78,857,035	2,758,510,329
Interest rate sensitivity gap	1,535,634,632	(1,239,435,354)	(213,556,681)	99,654,122	182,296,719
Net worth					185,117,740
Ratio of interest-rate-sensitive assets to liabilities (%)					106.61
Ratio of interest rate sensitivity gap to net worth (%)					98.48

<b>December 31, 2020</b>					
<b>Items</b>	<b>1 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 Days to 1 Year</b>	<b>Over 1 Year</b>	<b>Total</b>
Interest-rate-sensitive assets	\$ 2,434,097,298	27,929,139	32,580,929	195,754,903	2,690,362,269
Interest-rate-sensitive liabilities	1,070,771,602	1,107,365,547	258,271,932	60,551,527	2,496,960,608
Interest rate sensitivity gap	1,363,325,696	(1,079,436,408)	(225,691,003)	135,203,376	193,401,661
Net worth					175,454,784
Ratio of interest-rate-sensitive assets to liabilities (%)					107.75
Ratio of interest rate sensitivity gap to net worth (%)					110.23

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank excluded contingent assets and contingent liabilities.

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

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

# LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

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

b) The analysis table of interest rate sensitivity in U.S. Dollars

(in thousands of U.S. dollars)

December 31, 2021					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest-rate-sensitive assets	\$ 10,017,717	1,458,066	1,014,419	560,394	13,050,596
Interest-rate-sensitive liabilities	9,156,494	2,335,381	800,221	200,050	12,492,146
Interest rate sensitivity gap	861,223	(877,315)	214,198	360,344	558,450
Net worth					6,693,825
Ratio of interest-rate-sensitive assets to liabilities (%)					104.47
Ratio of interest rate sensitivity gap to net worth (%)					8.34

December 31, 2020					
Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest-rate-sensitive assets	\$ 9,056,240	1,549,884	518,138	525,596	11,649,858
Interest-rate-sensitive liabilities	7,943,484	1,955,170	959,235	222,000	11,079,889
Interest rate sensitivity gap	1,112,756	(405,286)	(441,097)	303,596	569,969
Net worth					6,243,942
Ratio of interest-rate-sensitive assets to liabilities (%)					105.14
Ratio of interest rate sensitivity gap to net worth (%)					9.13

Note 1: The above amounts included only U.S. dollar amounts held by the Bank, excluded contingent assets and contingent liabilities.

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

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

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

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

12) Offsetting of financial assets and liabilities

The Bank holds the financial instruments which meet Section 42 of the IAS 32 endorsed by the FSC. Therefore, the financial instrument will be offset on the balance sheet.

Although the Bank do not engage in transactions that meet the offsetting condition in IFRSs, they have signed the net settlement contracts of similar agreements with their counterparties, such as global master repurchase agreement, global securities lending agreement and similar repurchase agreement or reverse-repurchase agreement. If both parties choose to net settle, the abovementioned executable net settlement contracts or similar agreements will be allowed to be settled in net amount after offsetting the financial assets and liabilities. Otherwise, the transaction will be settled in gross amount. However, if one party defaults, the other party could opt for net settling.

The offsetting information of financial assets and liabilities is shown below:

December 31, 2021						
Financial assets regulated by offset or enforceable net settlement agreement or similar agreement						
	Total amount of recognized financial assets (a)	Total amount of recognized offsetting financial liabilities in balance sheet (b)	Net amount of recognized financial assets in balance sheet (c)=(a)-(b)	The related amount not set off in balance sheet (d)		net amount (e)=(c)-(d)
				Financial instrument (Note)	cash collateral received	
Derivative financial assets	\$ 842,975	393,512	449,463	-	-	449,463
Reverse and Securities lending agreement	2,033,693	-	2,033,693	2,033,693	-	-
Total	<u>\$ 2,876,668</u>	<u>393,512</u>	<u>2,483,156</u>	<u>2,033,693</u>	<u>-</u>	<u>449,463</u>

December 31, 2021						
Financial liabilities regulated by offset or enforceable net settlement agreement or similar agreement						
	Total amount of recognized financial assets (a)	Total amount of recognized offsetting financial liabilities in balance sheet (b)	Net amount of recognized financial assets in balance sheet (c)=(a)-(b)	The related amount not set off in balance sheet (d)		net amount (e)=(c)-(d)
				Financial instrument (Note)	cash collateral received	
Derivative financial liabilities	\$ -	-	-	-	-	-

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

December 31, 2020

Financial assets regulated by offset or enforceable net settlement agreement or similar agreement						
	Total amount of recognized financial assets (a)	Total amount of recognized offsetting financial liabilities in balance sheet (b)	Net amount of recognized financial assets in balance sheet (c)=(a)-(b)	The related amount not set off in balance sheet (d)		net amount (e)=(c)-(d)
				Financial instrument (Note)	cash collateral received	
Derivative financial assets	\$ 858,436	72,465	785,971	-	-	785,971
Reverse repurchase and securities borrowing agreement	1,145,103	-	1,145,103	1,145,103	-	-
Total	\$ 2,003,539	72,465	1,931,074	1,145,103	-	785,971

December 31, 2020

Financial liabilities regulated by offset or enforceable net settlement agreement or similar agreement						
	Total amount of recognized financial assets (a)	Total amount of recognized offsetting financial liabilities in balance sheet (b)	Net amount of recognized financial assets in balance sheet (c)=(a)-(b)	The related amount not set off in balance sheet (d)		
				Financial instrument (Note)	cash collateral received	net amount (e)=(c)-(d)
Derivative financial liabilities	\$ -	-	-	-	-	-

Note: Including net settlement contracts and non-cash collateral.

## 13) Transfers of Financial Assets

The transferred financial assets of the Bank that are not qualified for de-recognition in the daily operation are mainly debt securities under repurchase agreements. Since the right to receive cash flow is transferred and it reflects the associated liabilities to repurchase transferred financial assets at a fixed price in the future period, the Bank and its subsidiary cannot use, sell or pledge these transferred financial assets during the valid transaction period. However, since the Bank still bears the interest rate risk and credit risk, their transferred financial assets are not completely derecognized. The analysis of the financial assets that are not completely derecognized and the associated liabilities are as follows:

December 31, 2021

Financial asset classes	Book value of transferred financial assets	Book value of associated financial liabilities	Fair value of transferred financial assets	Fair value of associated financial liabilities	Fair value net position
Available-for-sale financial assets					
Repurchase agreement	\$ 12,834,811	12,828,488	12,834,811	12,828,488	6,323

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

December 31, 2020					
Financial asset classes	Book value of transferred financial assets	Book value of associated financial liabilities	Fair value of transferred financial assets	Fair value of associated financial liabilities	Fair value net position
Available-for-sale financial assets					
Repurchase agreement	\$ 18,640,229	18,634,499	18,640,229	18,634,499	5,730

(al) Capital management

(i) Introduction

Objectives for managing capital are as follows:

- 1) The objective of capital management is to ensure there is sufficient capital to support the overall operating risks in accordance with Risk Management Policies and Procedures.
- 2) If the self-owned capital is sufficient to buffer the risk exposure of businesses, using ratio of regulatory capital to risk-weighted assets (common equity Tier 1 ratio, Tier 1 capital ratio and capital adequacy ratio) as a measurement index.

The abovementioned ratio should not be lower than the minimum ratio set in Article 5 of Regulations Governing the Capital Adequacy and Capital Category of Groups. The capital adequacy ratio of the Bank has reached the legal ratio and an additional 2% is set as an objective to the Bank.

(ii) Capital management procedures

The self-owned capital of the Banks is managed by risk management department. Based on Regulations Governing the Capital Adequacy and Capital Category of Groups, the self-owned capital is classified into Tier 1 and Tier 2 capital:

- 1) Tier 1 capital comprises of common equity and other Tier 1 capital.
  - a) Common equity: The common equity of the Bank includes common stock, capital reserve (stock premium on common stock), legal reserve, special reserve, accumulated surplus and other equities and should be deducted from the project, including intangible assets, deferred income tax assets that depend on the future status of the bank, increase in retained earnings as a result of revaluation surplus of real estate in the first-time adoption of IFRS, unrealized gains (losses) of financial assets measured at fair value through profit and loss (non-financial related business capital instruments and TLAC debt instruments), and other amounts of statutory adjustment items specified in the "Instructions and Forms for Calculation of Bank's Own Capital and Risky Assets".
  - b) Other Tier 1 capital: The Bank's other Tier 1 capital mainly includes non-cumulative sub-sequence bonds with no maturity date, and the amount of deductible items specified in the "Instructions and Forms for Calculation of Bank's Own Capital and Risky Assets" must be deducted.



# LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

- 2) Tier 2 capital comprises of long-term subordinated debts, increase in retained earnings as a result of revaluation surplus of real estate in the first-time adoption of IFRS, 45% of unrealized gains (losses) of financial assets measured at fair value through profit and loss (non-financial related business capital instruments and TLAC debt instruments), provisions for operations and provision for bad debts, and the amount of deductible items specified in the "Instructions and Forms for Calculation of Bank's Own Capital and Risky Assets" must be deducted.

### (iii) Capital adequacy ratio

The following table shows the Bank's capital, risk-weighted assets and the calculation of capital adequacy ratio. The calculation of capital adequacy ratio is in accordance with the Grouping Bureau letter No. 10902745641 Regulations Governing the Capital Adequacy and Capital Category of Group. The capital adequacy ratio as of December 31, 2021 and 2020 are in compliance with regulations of local authorities.

(in thousands of New Taiwan dollars)

Items		Year	December 31, 2021	December 31, 2020
Eligible Capital	Common equity tier 1 capital		174,968,126	163,781,292
	Additional tier 1 capital		26,000,000	23,500,000
	Tier 2 capital		35,941,302	39,563,919
	Eligible capital		236,909,428	226,845,211
Risk- weighted Assets	Credit risk	Standardized approach	1,718,430,284	1,678,232,260
		Internal rating-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach/Alternative standardized approach	55,075,223	53,293,052
		Advanced measurement approach	-	-
	Market risk	Standardized approach	31,149,417	27,960,577
		Internal model approach	-	-
	Risk-weighted assets		1,804,654,924	1,759,485,889
Capital adequacy ratio			13.13	12.89
Ratio of common stock equity to risk-weighted assets (%)			9.70	9.31
Ratio of tier 1 capital to risk-weighted assets (%)			11.14	10.64
Leverage (%)			5.70	5.81

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

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

Note 2: For the annual report, both current and last year's capital adequacy rates should be included. For the semiannual report, in addition to current and last six-month period's capital adequacy rates, last year's capital adequacy rate should also be included.

Note 3: Formulas used were as follows:

- 1) Eligible capital = Common equity capital + Other tier 1 capital excluding common stock equity + Tier 2 capital.
- 2) Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5.
- 3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
- 4) Ratio of tier 1 capital to risk-weighted assets = (Common equity capital + additional tier 1 capital) ÷ Risk-weighted assets.
- 5) Ratio of common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.
- 6) Leverage = Tier 1 capital ÷ Exposure measurement.

(am) Investing and financing activities not affecting current cash flow

The Bank's investing and financing activities which did not affect the current cash flow in the years ended December 31, 2021 and 2020, were as follows:

	January 1, 2021	Cash flows	Acquisition	Non-cash changes		December 31, 2021
				Foreign exchange movement	Fair value changes	
Lease liabilities (note 6(t))	\$ 948,767	(445,701)	556,739	10,424	(30,097)	1,040,132
	January 1, 2020	Cash flows	Acquisition	Non-cash changes		December 31, 2020
				Foreign exchange movement	Fair value changes	
Lease liabilities (note 6(t))	\$ 1,134,259	(467,796)	280,604	13,964	(12,264)	948,767

**(7) Related-party transactions:**

(a) Name and relation of related parties

Name of related parties	Relationship
Key management personnel	Director, managers of the Bank and their relatives.

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

## (b) Transactions with Key Management Personnel

Key management personnel compensation comprised:

	2021	2020
Short-term employee benefits	\$ 19,620	19,922
Post-employment benefits	339	20,477
	<u>\$ 19,959</u>	<u>40,399</u>

## (c) Significant account balances and transactions with the related parties

## (i) Deposits

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Key management personnel	<u>\$ 928,103</u>	<u>0.03</u>	<u>1,086,948</u>	<u>0.04</u>

Interest rates charged on deposits with related parties are similar to those with third parties, except in the case of employees of the Company where preferential rates are used within stipulated term and limit.

## (ii) Loans

	December 31, 2021		December 31, 2020	
	Amount	%	Amount	%
Key management personnel	<u>\$ 677,156</u>	<u>0.03</u>	<u>513,567</u>	<u>0.02</u>

Interest rates charged on loans with related parties are similar to those with third parties, except in the case of employees of the Bank where preferential rates are used within stipulated term and limit. The Banks' transactions with its related party are presented on an aggregate basis if the total transaction amounts with the individual related party do not exceed certain percentages of that transaction.

(in thousands of New Taiwan dollars)

December 31, 2021							
Type (Note 1)	Account Volume	Highest Balance	Ending Balance	Loan classification		Collateral (note2)	Differences in Transaction Terms from Those for Unrelated Parties
	(Number of Names)			Normal Loans	Non- performing loans		
Consumer loans for employees	46	\$ 21,618	20,330	20,330	-	Credit etc.	None
Private housing mortgage loan	97	401,489	401,489	401,489	-	Real estate	None
Other loans	70	259,322	255,337	255,337	-	Real estate etc.	None

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

(in thousands of New Taiwan dollars)

December 31, 2020							
Type (Note 1)	Account Volume  (Number of Names)	Highest Balance	Ending Balance	Loan classification		Collateral (note2)	Differences in Transaction Terms from Those for Unrelated Parties
				Normal Loans	Non- performing loans		
Consumer loans for employees	40	\$ 20,121	17,899	17,899	-	Credit etc.	None
Private housing mortgage loan	87	319,231	314,854	314,854	-	Real estate	None
Other loans	51	192,045	180,814	180,814	-	Real estate etc.	None

Note 1: The consumer loans for employees and the private housing mortgage loan can be disclosed by summary. In addition, the other loans are disclosed by the name of the related parties.

Note 2: The types of collateral which were filled in the table are classified into different categories, such as real estate, short-term notes, government bonds, secured corporate bonds, unsecured corporate bonds, publicly quoted stocks, stocks not listed on the Exchange and OTC in Taiwan and other chattels, etc. If the category belongs to "other chattels", it shall further illustrate its contents.

**(8) Pledged assets:**

Pledged assets	December 31, 2021	December 31, 2020	Guarantee pledged
Government bonds (recorded as financial assets at FVOCI)	\$ -	845,900	Guarantee of court leave or guarantee
Government bonds (recorded as debt investment at amortized cost)	183,432	1,038,048	Guarantee of court leave or guarantee
Negotiable certificate of time deposits (recorded as financial assets at FVOCI)	553,373	564,084	Operating guarantees of U.S. FINRA
Negotiable certificate of time deposits (recorded as debt investment at amortized cost)	5,000,000	4,660,000	Guarantee for settlement funds from Central Bank and other banks
Government bonds (recorded as debt investment at amortized cost)	49,884	49,884	Operating guarantees of securities
Government bonds (recorded as debt investment at amortized cost)	19,954	19,954	Reserve for the Electronic Bond Trading System
Government bonds (recorded as debt investment at amortized cost)	255,039	255,270	Operating guarantees of securities
Government bonds (recorded as debt investment at amortized cost)	329,799	310,712	Reserve for trust business losses
Negotiable certificate of time deposits (recorded as debt investment at amortized cost)	18,000,000	18,000,000	Operating guarantees of U.S. FINRA
Reserves Account B	30,000,000	20,000,000	Reservation for Project Financing from Central Bank
Refundable deposit-other	160,399	256,834	Guarantees for asset exchange valuation
Refundable deposit-other	1,736,400	1,730,000	Certificate of deposit for CNY overdraft
Total	<u>\$ 56,288,280</u>	<u>47,730,686</u>	

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

## (9) Commitments and contingencies:

- (a) As of December 31, 2021, the Bank has the following contingent liabilities and commitments, which are not included in the above-mentioned financial statements:

	December 31, 2021	December 31, 2020
Loan commitments	\$ 3,652,126	3,332,996
Unused credit card	28,472,166	27,623,880
Unused commercial letters of credits	11,726,126	8,748,684
Guarantees	65,929,707	56,384,668
Trust liabilities	435,240,234	426,137,938
Trust liabilities	15,443,962	14,763,187
Property under custody for customers	871,113	456,586
Collections for customers	55,488,412	49,014,628
Agency loans	37,872,477	40,983,656
Government bond under custody for customers	163,401,500	169,127,500
Consigned manager of bills	83,902,277	62,818,877
Consigned manager of bonds	179,621	361,926
Consigned sales of goods	10,973	10,291
Securities sold under repurchase agreement	12,834,811	18,647,689
Total	<u>\$ 915,025,505</u>	<u>878,412,506</u>

- (b) Balance sheet, income statement and details of assets under trust

According to rule 17 of the Trust Law, the balance sheets of trust accounts, trust property list, and statements of income on trust accounts shall be disclosed as follows:

## Trust Balance Sheet

December 31, 2021 and 2020

(in thousands of New Taiwan dollars)

Trust Assets	December 31, 2021	December 31, 2020
Cash in bank	\$ 37,765,618	39,752,540
Bond	1,748,549	1,703,982
Stock	1,546,419	1,330,355
Mutual funds	60,327,751	55,568,336
Beneficial securities	950,411	1,188,086
Asset-backed securities	5,314,560	5,324,723
Structured products	20,465	22,761
Receivable account	243,398	147,782
Prepaid account	17,685	18,328
Real property	228,967,873	219,960,768
Intangible assets	5,403,531	5,373,143
Other assets	249,411	249,092
Securities under custody	92,684,563	95,498,042
Total trust assets	<u>\$ 435,240,234</u>	<u>426,137,938</u>

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

<b>Trust Liabilities</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Accounts payable	\$ 47,433	227,691
Borrowed	2,949,599	2,658,801
Advance receipts	7,027	7,009
Tax payable	49	61
Guarantee deposits received	1,059,222	1,068,078
Withholding	3,218	3,088
Other liabilities	1,169,887	1,153,956
Trust capital	335,562,978	323,923,173
Reserve account	310,266	286,608
Accumulated loss	290,263	260,572
Net income	1,155,729	1,050,859
Securities under custody	92,684,563	95,498,042
Total trust liabilities	<u>\$ 435,240,234</u>	<u>426,137,938</u>

**Trust Property List**

**December 31, 2021 and 2020**

**(in thousands of New Taiwan dollars)**

<b>Trust Assets</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Cash in bank	\$ 37,765,618	39,752,540
Bond	1,748,549	1,703,982
Stock	1,546,419	1,330,355
Mutual funds	60,327,751	55,568,336
Beneficial securities	950,411	1,188,086
Asset-backed securities	5,314,560	5,324,723
Structured products	20,465	22,761
Receivable products	243,398	147,782
Prepaid account	17,685	18,328
Real property	228,967,873	219,960,768
Intangible assets	5,403,531	5,373,143
Other assets	249,411	249,092
Securities under custody	92,684,563	95,498,042
Total	<u>\$ 435,240,234</u>	<u>426,137,938</u>

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

## Statements of Income on Trust Accounts

For the years ended December 31, 2021 and 2020

(in thousands of New Taiwan dollars)

	For the years ended December 31	
	2021	2020
Revenues		
Interest revenues	\$ 473,180	471,106
Rental revenues	1,500,612	1,439,953
Revenues from cash dividend	13,507	10,886
Other revenues		
Realized gains on investment	59,492	18,137
Others	28,699	22,641
Total	2,075,490	1,962,723
Expenses		
Interest fees	419,003	414,288
Insurance fees	21,963	23,195
Management and maintenance fees		
Management fees	136,740	135,202
Maintenance fees	68,051	67,396
Service charges	5,491	4,452
Levies	127,023	124,899
Other expenses		
Realized losses on investment	-	9,731
Others	141,490	132,701
Total	919,761	911,864
Income before income tax	1,155,729	1,050,859
Income tax expense	-	-
Net income	\$ 1,155,729	1,050,859

Note: The above statements of income are for the business of the trust division, and the amounts are not included in the profit and loss of the Bank.

The clients should bear the profit or loss generated from trusts which are provided by the Bank. The financial information above is summarized based on the statements provided by clients and audited by other accountants. As to foreign currency investments, partly are recognized at their book values which were suggested by other accountants in the audit report.

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None



**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

**(12) Other:**

(a) Personnel, depreciation, and amortization expenses are summarized by functions as follows:

	2021			2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Personnel expenses						
Salaries	-	8,163,438	8,163,438	-	8,094,041	8,094,041
Insurance	-	372,378	372,378	-	350,560	350,560
Pension	-	867,628	867,628	-	858,824	858,824
Employee benefit saving account	-	2,995	2,995	-	3,000	3,000
Other employee benefits expenses	-	102,958	102,958	-	105,239	105,239
Depreciation expenses	42,725	1,198,458	1,241,183	42,717	1,168,708	1,211,425
Amortization expenses	-	328,853	328,853	-	306,450	306,450

For 2020 and 2019, the Bank has 5,711 and 5,754 employees, respectively.

The information of the Bank's salary policy(include Chairman of the board、General manager and employees.) is as follow：

The Bank is the government-owned bank which Ministry of Finance has 100% share equity. Therefore, the Bank's salary policy is according to Act issued by Ministry of Finance.

**(b) Government audit adjustments**

The financial statements for 2020 have been examined by the DGBAS and MOA, and adjustments from this examination have been recognized accordingly in the financial statements; the details are as follows:

Item	Audited financial statements December 31, 2020	Adjustments- Increase (Decrease)	Accounts examined by the MOA December 31, 2020
Balance sheet			
Total Asset	\$ <u>3,114,717,006</u>	<u>14,646</u>	<u>3,114,731,652</u>
Total liability	\$ 2,939,336,419	(59,551)	2,939,276,868
Total Equity	<u>175,380,587</u>	<u>74,197</u>	<u>175,454,784</u>
Total Liability and Equity	\$ <u>3,114,717,006</u>	<u>14,646</u>	<u>3,114,731,652</u>

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

Item	Audited financial statements December 31, 2020	Adjustments- Increase (Decrease)	Accounts examined by the MOA December 31, 2020
Income statement			
Interest income	\$ 29,303,359	16,527	29,319,886
Total bad debts expense and guarantee liability provision	2,827,050	(167,925)	2,659,125
Operating expense	15,547,562	301	15,547,863
Profit from continuing operations before tax	10,928,747	184,151	11,112,898
Income tax expense	2,291,628	113,265	2,404,893
Profit	<u>\$ 8,637,119</u>	<u>70,886</u>	<u>8,708,005</u>

The financial statements for 2020 have been examined by the DGBAS and MOA, and adjustments from this examination have been recognized accordingly in the financial statements; the details are as follows:

- (i) National Audit Office adjusted the Bank's overseas branches from this examination that result in interest income increased \$16,527, total bad debt expense and guarantee liability provision decreased \$167,925, operating expense increased \$301, income tax expense increased \$113,265, and net income increased \$70,886 in statement of comprehensive income in 2020. In addition, related adjustments effected asset increased \$14,646, liability decreased \$59,551 and equity increased \$74,197 in balance sheet in 2020.
- (ii) Equity increased \$74,197, mainly due to net income of the year increased \$70,886, exchange differences on translation of the year increased \$5,073, debt instrument at fair value through other comprehensive income of the year decreased \$1,762. According to the Budget Act, National Audit Office followed the regulations of "Guidelines for Dividends or Bonus or Profits to Be Paid to The National Treasury of The National Business organizations" adjusting the income distribution in 2020 retroactively, result in retained earning of the income distribution decreased \$49,620, legal reserve of the income distribution increased \$21,266, and special reserve of the income distribution increased \$28,354.
- (c) Assets and liabilities-average balance and average interest rates
  - (i) Assets and liabilities-average balance and average interest rates

(in thousands of New Taiwan dollars)

	December 31, 2021		December 31, 2020	
	Average balance	Average rates (%)	Average balance	Average rates (%)
Interest-earning assets:				
Due from the Central Bank	\$ 137,229,396	0.25	127,651,166	0.31
Due from banks and call loans to banks	84,130,950	0.56	105,701,613	0.94
Loans	2,167,512,744	1.63	2,061,506,518	1.71

**LAND BANK OF TAIWAN CO., LTD.**  
**Notes to the Financial Statements**

	<b>December 31, 2021</b>		<b>December 31, 2020</b>	
	<b>Average balance</b>	<b>Average rates (%)</b>	<b>Average balance</b>	<b>Average rates (%)</b>
Financial assets at fair value through profit or loss	2,100,978	1.96	2,096,443	2.22
Securities bought under resale agreements	1,297,195	0.24	2,947,995	0.43
Financial assets at fair value through other	85,533,769	1.02	96,504,381	1.47
Debt instruments invest at amortised cost	676,867,465	0.58	599,274,819	0.70
Interest-bearing liabilities:				
Due to banks and call loans from banks	164,101,773	0.23	184,640,038	0.69
Funds borrowed from the Central Bank and other banks	15,375,414	0.11	4,624,740	0.49
Demand deposits	465,910,802	0.07	366,384,347	0.08
Time deposits	712,876,209	0.48	714,041,824	0.84
Due to Taiwan Post Co., Ltd.	234,238,243	0.44	221,059,781	0.50
Saving deposits	1,146,567,045	0.66	1,100,596,299	0.74
Government deposits	179,284,690	0.27	156,496,327	0.36
Bank debentures	51,410,411	1.92	50,851,913	2.07

(ii) Net Position of Main Foreign Currencies

(in thousands of New Taiwan dollars)  
(in thousands of Original Currency)

<b>December 31, 2021</b>			<b>December 31, 2020</b>		
<b>Currency</b>	<b>Original currency amount</b>	<b>TWD amount</b>	<b>Currency</b>	<b>Original currency amount</b>	<b>TWD amount</b>
(USD)	\$ 524,436	14,503,270	(USD)	344,000	9,666,392
(CNY)	1,081,970	4,696,832	(CNY)	685,016	2,962,692
(SGD)	10,061	206,058	(SGD)	10,740	228,433
(EUR)	1,863	58,455	(ZAR)	39,232	75,364
(AUD)	2,468	49,587	(AUD)	3,271	70,814

Note 1: All foreign currencies were translated into TWD currency. The currencies above have been selected based on the highest net position.

Note 2: All foreign currencies' positions were shown as absolute amounts.

(iii) Profitability

<b>Items</b>		<b>December 31, 2021</b>	<b>December 31, 2020</b>
Return on total assets	Before income tax	0.41	0.36
	After income tax	0.33	0.28
Return on equity	Before income tax	7.34	6.47
	After income tax	5.90	5.07
Net income ratio		33.62	29.70

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

## LAND BANK OF TAIWAN CO., LTD.

### Notes to the Financial Statements

Note 2:  $\text{Return on equity} = \text{Income before (after) income tax} / \text{Average equity}$ .

Note 3:  $\text{Net income ratio} = \text{Income after income tax} / \text{Total net revenues}$ .

Note 4: Income before (after) income tax was the income from January to the quarter's ending revenue amount.

#### (13) Other disclosures:

(a) Information on significant transactions:None

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for The Bank:

- (i) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 10% of the capital stock:None
- (ii) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 10% of the capital stock:None
- (iii) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 10% of the capital stock:None
- (iv) Service charge discounts on transactions with related parties in an aggregate amount of NT\$5 million or more:None
- (v) Receivables from related parties with amounts exceeding the lower of NT\$300 million or 10% of the capital stock:None
- (vi) Information on NPL disposal transaction:None
  - 1) Summary table of NPL disposal:None
  - 2) Disposal of a single batch of NPL up to NT\$1 billion and information on each transaction:None
- (vii) Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information:None
- (viii) Other significant transactions that may have substantial influence upon the decisions made by financial report users:None

(b) Information on investees:None

## LAND BANK OF TAIWAN CO., LTD.

### Notes to Consolidated Financial Statements

(c) Information on investment in mainland China:

- (i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2021	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Taiwan Land Bank Shanghai Branch	Banking business approved by local government	4,688,702	( 3 )	4,688,702	-	-	4,688,702	196,055	100.00%	196,055	5,655,569	-
Taiwan Land Bank Tianjin Branch	Banking business approved by local government	4,861,745	( 3 )	4,861,745	-	-	4,861,745	173,739	100.00%	173,739	5,261,839	-
Taiwan Land Bank Wuhan Branch	Banking business approved by local government	5,141,281	( 3 )	5,141,281	-	-	5,141,281	192,127	100.00%	192,127	5,086,796	-

Note: number(1) of investment method is to go to the mainland for investment directly.

Note 1 : Investment methods are divided into the following three types, just indicate the types

- (1) Direct investment in Mainland China.
- (2) Reinvest in Mainland China through a company in a third region ( please specify the investment company in the third region ).
- (3) Other methods : increase overseas branches.

Note 2 : The investment gains and losses recognized in the current period are self-settled by branches.

Note 3 : The relevant figures in this table should be presented in New Taiwan Dollars.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
14,691,728	19,160,728	111,070,644

Note1: In response to Shanghai Branch, Tianjin Branch and Wuhan Branch, the Bank remitted CNY3,000,000 equivalent to USD475,937, which was approved by Investment Board of the Ministry of Economic Affairs.

Note2: According to “Regulations Governing the Examination of Investment or Technical Cooperation in Mainland China”, the investment limit is 60% of net value.

## LAND BANK OF TAIWAN CO., LTD.

## Notes to the Financial Statements

## (14) Segment information:

For management purposes, the Bank is organized into business units based on its products and service. The Bank adopted IFRS8 “Operating Segments” to present its operating segment information as follows:

- (a) Business of Treasury: The department mainly manages the funds of New Taiwan dollars and foreign currencies used in operating, financing and investing activities.
- (b) Business of Corporate Banking: The department mainly provides plans for corporate banking; researching, developing and marketing of its products; and establishing and managing its own regulations.
- (c) Business of Consumer Banking: The department mainly provides plans for consumer banking; researching, developing and marketing of its products; and establishing and managing its own regulations.
- (d) Business of Business Management: The department mainly provides service of wealth management and deposits planning.
- (e) Other: The assets, liabilities, revenues and expenses which cannot be attributed to only one operating business may be Bank under this category.
- (f) Segment Financial Information

	For the year ended December 31, 2021					
	Department of Treasury	Department of Corporate Banking	Department of Consumer Banking	Department of Business Management	Other	Total
Net interest income	\$ 3,961,478	15,976,562	15,031,364	(9,451,687)	3,896,102	29,413,819
Net segment profit (loss)	(2,907,613)	(8,187,097)	(8,159,035)	18,745,509	508,236	-
Net fee income (loss)	(27,138)	920,038	295,076	157,647	1,188,494	2,534,117
Net other income (loss)	(506,640)	-	-	(103,158)	302,740	(307,058)
Net operating income	520,087	8,709,503	7,167,405	9,348,311	5,895,572	31,640,878
Operating expenses	-	-	-	-	(15,665,263)	(15,665,263)
Bad debt expense and guarantee liability provisions	-	-	-	-	(2,734,172)	(2,734,172)
Inter expenses allocated	(106,911)	(3,017,880)	(4,369,844)	(6,036,912)	13,531,547	-
	<u>\$ 413,176</u>	<u>5,691,623</u>	<u>2,797,561</u>	<u>3,311,399</u>	<u>1,027,684</u>	<u>13,241,443</u>

**LAND BANK OF TAIWAN CO., LTD.**

**Notes to the Financial Statements**

For the year ended December 31, 2020

	Department of Treasury	Department of Corporate Banking	Department of Consumer Banking	Department of Business Management	Other	Total
Net interest income	\$ 4,287,024	14,962,593	14,899,529	(10,862,414)	3,124,775	26,411,507
Net segment profit (loss)	(3,161,382)	(7,932,361)	(8,749,761)	20,222,529	(379,025)	-
Net fee income (loss)	(27,259)	822,920	302,488	161,913	1,276,311	2,536,373
Net other income (loss)	(925,109)	-	-	(103,604)	1,400,719	372,006
Net operating income	173,274	7,853,152	6,452,256	9,418,424	5,422,780	29,319,886
Operating expenses	-	-	-	-	(15,547,863)	(15,547,863)
Bad debt expense and guarantee liability provisions	-	-	-	-	(2,659,125)	(2,659,125)
Inter expenses allocated	(100,828)	(2,752,113)	(4,205,747)	(5,910,736)	12,969,424	-
	<u>\$ 72,446</u>	<u>5,101,039</u>	<u>2,246,509</u>	<u>3,507,688</u>	<u>185,216</u>	<u>11,112,898</u>

The Company was in accordance with IFRS 8, not reported in Segment Information, because of the Company made a decision by assets and liabilities volume indexes, and the informations were not relevant at decision epoch.

(g) Region

<u>Areas type</u>	<u>2021</u>	<u>2020</u>
Net revenue:		
Taiwan	\$ 29,157,641	27,037,282
U.S.A	963,283	941,221
Singapore	234,714	182,864
Hong Kong	232,758	254,223
China	1,052,482	904,296
Total	<u>\$ 31,640,878</u>	<u>29,319,886</u>

(h) Main customer information

There is no transaction with any individual consumer that constitutes 10% of the Banks' revenues.



## V. Risks Management

### (I) Qualitative and Quantitative Risk Information by Category

#### 1. Credit Risk Management System and Required Capital

##### (1) Credit Risk Management System (2021)

Item	Summary
1. Credit Risk Strategies, Goals, Policies and Procedures	<p>1. Credit Risk Management Strategy: To ensure effective use and allocation of capital, the Bank shall adopt a credit risk management strategy that takes into account factors such as the overall economy, its business strategies, composition and quality of the credit portfolio, cost of risk, returns, and uses of credit risk mitigation tools including collateral, netting settlement, and third-party guarantee as a means of credit risk reduction/transfer.</p> <p>2. Credit Risk Management Goals: The goal of the Bank's credit risk management is to maintain adequate capital while maximizing risk-adjusted returns under tolerable levels of credit risk. In addition to credit risk of individual transactions, the Bank shall also manage credit risk of the entire credit portfolio and its investment activities as a whole.</p> <p>3. Credit Risk Management Policy:</p> <p>(1) The Bank shall establish operational rules for credit risk management within the confines of the "Risk Management Policy and Procedures", "Credit Risk Management Guidelines", "Credit and Investment Policies", and risk management strategies and guidelines approved by the Board of Directors, and within the scope of the Basel Capital Accords and rules of the authority to serve as a means of compliance.</p> <p>(2) To ensure effective use of capital, the Bank shall develop credit risk strategies and operational rules within the confines of the Basel Capital Accords and rules of the authority after taking into account the overall economy, its business strategies, cost of risk and returns, and review/adjust on a regular basis. These strategies and rules must be submitted to the Board of Directors/senior management for approval before implementation.</p> <p>4. Credit Risk Management Procedures: Business administration departments/divisions of the Head Office, regional centers and business units are required to identify, measure, monitor, report, control, assess and examine possible credit risks associated with their credit and investment services, and thereby facilitate credit risk management on the bank level.</p>
2. Credit Risk Management Framework and Organization	<p>The Bank's credit risk management/control framework and organization comprises the Board of Directors, Risk Management Committee, Department of Auditing, Department of Risk Management, business administration units, treasury trading units and business units in three lines of defense:</p> <p>1. The First Line of Defense (the department that generates or bears the risk): Each unit within the Bank shall bear risks arising from routine activities that are relevant to their functions. Units that are prone to credit risk shall serve as the first line of credit risk defense, and are responsible for designing and implementing effective internal control procedures covering all relevant business activities depending on the nature of risks involved. These units are also required to exercise control over risks associated with business activities in accordance with laws and internal rules using various credit risk tools as deemed appropriate.</p> <p>2. The Second Line of Defense (Department of Risk Management): The second line of defense (Department of Risk Management and all business administration units) are required to assist and supervise the first line of defense in the identification, measurement and management of credit risks.</p> <p>(1) The Department of Risk Management undertakes an independent and specialized role to assess, supervise, control, review and report overall business risks for the entire bank.</p> <p>(2) Other business administration units shall identify, assess and control credit risks associated with all existing and new services or financial products under management, establish and execute credit risk management policies and systems, supervise risk tolerance and monitor current risk level, and exercise appropriate authority.</p>

Item	Summary
	3. The Third Line of Defense (internal audit unit): The Department of Auditing is responsible for auditing and assessing the effectiveness of the credit risk management system designed and executed by the first and second lines of defense. The department shall also follow up on rectifications and improvements made to weaknesses in credit risk management, and offer improvement suggestions whenever deemed appropriate.
3. Scope and Features of credit Risk Reporting and Measurement System	<p>1. Credit Risk Reporting:</p> <p>(1) Scope: Information covered in regular credit risk monitoring reports submitted to the management include asset quality and exposure by country, industry, group, large borrowers and collateral.</p> <p>(2) Features: The system enables dynamic monitoring of credit risk. Any significant change or breach of limit will be circulated to the appropriate business administration unit and escalated to senior management for effective control of credit risk.</p> <p>2. Credit Risk Measurement System:</p> <p>(1) Scope: The Bank currently uses the standard approach to calculate required capital for credit risk. The risk management system generates monthly statements, based upon which monitoring reports are prepared and presented to senior managers, the Risk Management Committee and the Board of Directors. The Bank also adopts the use of internal credit rating models to facilitate more advanced method of credit risk measurement. PD models such as a mortgage application scorecard, mortgage behavior scorecard, consumer loan scorecard, credit card scorecard and corporate banking scorecard have been developed to enable borrower risk segregation, whereas the mortgage LGD model is currently used to assist approval decisions. The Bank will continue introducing quantitative credit risk models for other services to enhance overall credit risk management capacity.</p> <p>(2) Features: By interfacing relevant information systems (such as the credit rating system, credit assessment system, etc.), the Bank has access to comprehensive credit risk data that can be used to monitor credit risk limits. Customers can then be segmented by default level for enhanced credit risk management.</p>
4. Credit Risk Avoidance or Mitigation Policies, and Strategies and Procedures for Monitoring the Effectiveness of Risk Mitigation Tools	<p>1. Credit Risk Avoidance or Mitigation Policies:</p> <p>(1) To prevent losses in the event of a borrower's or counterparty's default, the Bank may request collateral, a guarantor or seek risk-sharing from a credit guarantee institution to mitigate risks of a particular credit case.</p> <p>(2) According to the Basel Capital Accord and rules of the authority, the Bank may configure its information systems to take into account credit risk mitigations (such as: eligible collaterals, guarantee institutions, etc.) to accurately calculate credit risks net of mitigation.</p> <p>2. Strategies and Procedures for Ensuring the Effectiveness of Credit Risk Monitoring, Avoidance and Mitigation Tools: Through post-lending management and credit review, the Bank conducts regular examination of borrowers' financial position, collateral condition, guarantors' credit standing, and whether credit-guaranteed cases continue to satisfy conditions set forth by the Bank and guarantee institution, and thereby ensure the effectiveness of risk mitigation.</p>
5. Methods for Calculating Capital Requirements	Standard approach for credit risk.

## (2) Risk Exposure Amount and Accrued Capital After Risk Mitigation Under the Credit Risk Standardized Approach

December 31, 2021

Unit: NTD thousands

Exposure Type	Exposure Net of Risk Offset	Capital Requirement (Note)
Sovereignty	841,302,132	0
Non-government Public Organization	33,721,443	539,543
Banks (includes multilateral development banks)	165,347,510	4,730,249
Corporations (includes securities brokerage and insurance companies)	415,169,987	25,926,056
Retail Loans	97,522,508	3,773,859
Real Estate Loans	1,773,043,044	96,279,452
Investment in Equity Securities	15,125,136	1,210,011
Other Assets	79,055,196	4,803,103
Total	3,420,286,957	137,262,272

Note: Capital requirement is calculated by multiplying exposure net of risk offset with the statutory minimum capital adequacy ratio.

## 2. Policies, Exposures, and Capital Requirements Relating to Securitized Assets

## (1) Risk Management System for Securitized Assets (2021)

Item	Summary
1. Asset Securitization Management Strategies and Procedures	<p>1. Asset Securitization Management Strategy: The Board of Directors has approved the "Notes on Investment in Beneficiary Securities and Asset-backed Securities", "Notes on Foreign Currency Transactions", and "Notes on Short-term Bill Service" to serve as a means of compliance for the Bank's investment in beneficiary securities, asset-backed securities (not as the originator), or involvement as an underwriter (originating bank) for asset-backed commercial paper.</p> <p>2. Asset Securitization Management Procedures:</p> <p>(1) The Bank's "Notes on Investment in Beneficiary Securities and Asset-backed Securities" and "Notes on Short-term Bill Service" state that if the Bank invests in any beneficiary securities or asset-backed securities (not as the originator) or serves as an underwriter (originating bank) for asset-backed commercial paper, the underlying investment must satisfy the minimum credit rating requirement, and levels of approval authority must be established in advance. If the underlying investment is downgraded by the credit rating agency, the "Security Investment Team" shall convene a meeting immediately to discuss countermeasures and seek approval from the President.</p> <p>(2) According to the Bank's "Notes on Foreign Currency Transactions", business units that have a need to purchase convertible bonds, securitized assets or credit-linked notes (e.g. CDO, SIV) using foreign currency funds for business-related purposes are required to submit for review by the "Investment Review Committee" and seek approval of the Board of Directors or managing directors before purchasing.</p>
2. Asset Securitization Management Framework and Organization	<p>A risk management framework and organization involving the Board of Directors, Risk Management Committee, Department of Risk Management, business administration units of the Head Office, business (trading) units and Department of Auditing in three lines of defense has been established:</p> <p>1. The First Line of Defense (the department that generates or bears the risk): Units involved in asset securitization (including but not limited to the Department of Treasury and treasury trading units) are required to identify, assess, control and assume risks arising from asset securitization that are relevant to their functions, and report related risk management information according to policy.</p>

Item	Summary
	<p>2. Second Line of Defense (Department of Risk Management): The Department of Risk Management and all business administration units are required to assist and supervise the first line of defense in the identification, measurement and management of asset securitization risks.</p> <p>(1) The Department of Risk Management undertakes an independent and specialized role to assess, supervise, control, review and report asset securitization risks for the entire bank.</p> <p>(2) Other business administration units shall identify, assess and control risks associated with securitized assets under management, establish and execute risk management policies and systems for securitized assets under management, supervise risk tolerance and monitor current risk level, and exercise appropriate authority over securitized assets under management.</p> <p>3. The Third Line of Defense (internal audit unit): The Department of Auditing is responsible for auditing and assessing the effectiveness of the asset securitization risk management system designed and executed for the first and second lines of defense. The department shall also examine the appropriateness, reliability and compliance of such system.</p>
3. Asset Securitization Risk Reporting, System Coverage, and Features	<p>1. Asset Securitization Risk Reporting:</p> <p>(1) Scope: Information covered in regular asset securitization investment reports submitted to the management include the category, amount, credit rating and valuation of individual investments.</p> <p>(2) Features: The Bank has developed loss controls and relevant countermeasures to facilitate risk management over investments in real estate investment trust beneficiary securities, domestic beneficiary securities, asset-backed securities and foreign currency-denominated asset securitization instruments.</p> <p>2. Asset Securitization Measurement System:</p> <p>(1) Scope: According to the Bank's "Notes on Investment in Beneficiary Securities and Asset-backed Securities", exposure of securitized instruments (such as credit rating, fulfillment of conditions, market information, etc.) is monitored manually on a regular basis with capital requirement calculated.</p> <p>(2) Features: Outcomes from the above are compiled into regular risk monitoring reports and presented to the Board of Directors/Risk Management Committee. If any major abnormality is observed, business administration units are required to report to the senior manager for discussion of appropriate countermeasures.</p>
4. Risk Avoidance or Mitigation Policies Relating to Asset Securitization, and Strategies and Procedures for Monitoring the Effectiveness of Risk Mitigation Tools	<p>1. Hedging or Risk Mitigation Policies for Asset Securitization: According to the Basel Capital Accord and rules of the authority, the Bank may take into account eligible credit risk mitigation tools (such as: credit enhancements, risk transfers, etc.) to accurately calculate exposure of asset securitization instruments net of mitigation.</p> <p>2. Asset Securitization Control Avoidance and Strategies and Processes for the Continued Effectiveness of Risk Mitigation Tools: The Bank monitors changes in the credit rating and asset pool of beneficiary securities and asset-backed securities that it invests in, both on a regular and unscheduled basis. Stop-loss instructions are executed when necessary with the approval of the senior manager for effective management of risks associated with asset securitization instruments.</p>
5. Methods for Calculating Capital Requirements	Standard approach for asset securitization.

(2) Involvement in Asset Securitization: None.

(3) Exposure and Required Capital of Asset Securitization: None.

(4) Information on Securitized Instruments: None.

### 3. Operational Risk Management and Capital Requirement

#### (1) Operational Risk Management System (2021)

Disclosures	Summary
1. Operational Risk Management Strategies and Procedures	<p>1. Operational Risks Management Strategy: To ensure effective control over the frequency and severity of operational losses within tolerance, the Bank shall take the initiative in identifying, measuring and monitoring risks associated with its business activities and processes, and develop and implement operational risk management tools on an ongoing basis.</p> <p>2. Operational Risk Management Procedures:</p> <p>(1) The Bank has established business policies, internal control systems and standard operating procedures for all products offered and all business activities engaged. They serve as a means of compliance and are intended to guide business units through the identification, measurement, monitoring, reporting, control, assessment and review of all major operational risks within the Bank.</p> <p>(2) Emergency response and recovery plans (business continuity plan) have been implemented to ensure that the Bank remains operational in the event of severe natural or manmade disasters. The Bank also has policies in place to regulate outsourcing.</p>
2. Operational Risk Management Framework and Organization	<p>The Bank's operational risk management framework and organization comprises the Board of Directors, Risk Management Committee, Department of Auditing, Department of Risk Management, business administration units (including Head Office and regional centers), treasury trading units and business units.</p> <p>The Bank adopts three lines of defense to segregate operational risk management responsibilities between internal units:</p> <p>1. The First Line of Defense (risk-generating or risk-taking unit):</p> <p>(1) Each unit within the Bank shall bear operational risks arising from routine activities that are relevant to their functions. Units characterized as the first line of defense are responsible for the identification and management of such risks, and shall design and implement effective internal control procedures covering all relevant business activities depending on the nature of risks involved. These units are also required to exercise control over operational risks in accordance with laws and internal rules using various tools as deemed appropriate, and shall make operational risk management reports to the appropriate business administration unit according to rules.</p> <p>(2) The first line of defense is responsible for ongoing management of operational risks that arise from business activities, including the following:</p> <p>① Identification, measurement, assessment, control and mitigation of operational risks arising from business activities, and ensuring that business activities are consistent with the Bank's goals and missions.</p> <p>② The first line of defense should be able to control operational risks within tolerance. Exposure should be reported to the second line of defense if necessary.</p> <p>③ Execution of operational risk management procedures and maintain effective internal control.</p> <p>④ Improvement plans should be proposed immediately if procedures and controls are deemed inadequate for the purpose.</p> <p>(3) The first line of defense should be self-evaluated for the above issues either regularly or on an unscheduled basis to ensure adequate control of operational risks.</p> <p>2. The Second Line of Defense (risk management unit, namely Department of Risk Management and business administration units):</p> <p>(1) The purpose of the second line of defense is to assist and supervise the first line of defense in the identification, measurement and management of operational risks within the scope of responsibility, and to monitor progress of self-evaluations.</p>

Disclosures	Summary
	<p>(2) The Department of Risk Management undertakes an independent and specialized role to assess, supervise, control, review and report operational risks for the entire bank.</p> <p>(3) Other business administration units shall identify, measure, assess and monitor risks associated with business activities, products, operations, processes, information systems and any new services or financial products that are within their areas of responsibility. These units are required to develop appropriate risk management policies and systems in order to monitor risk tolerance and exposure given their business activities. Training programs should also be implemented so that employees of all levels may have an adequate understanding of the roles they have in regards to operational risk management, given the scope of their responsibilities.</p> <p>3. The Third Line of Defense (Department of Auditing):</p> <p>(1) The Department of Auditing serves as the third line of defense; its responsibilities are to audit and assess the effectiveness of the operational risk management system designed and executed for the first and second lines of defense, and to recommend improvements at an appropriate time.</p> <p>(2) The Department of Auditing is responsible for inspecting the effectiveness of operational risk control, performing audit on the execution of operational risk management practices, and following up on operational risk defects, rectifications and improvements across all units within the Bank.</p>
3. Scope and Features of Operational Risk Reporting and Measurement Systems	<p>1. Operational Risk Reporting:</p> <p>(1) Scope: Operational risk monitoring reports are made to the management on a regular basis.</p> <p>①Monthly Information: Operational risk loss by category, overall operational risk exposure, key risk indicators developed by business administration units, alerts, recommendations and trend analysis.</p> <p>②Yearly Information: Operational risk self-assessment for main business activities.</p> <p>(2) Features: Dynamic risk monitoring reports are generated whenever major operational risk issue arises. Any internal or external change of circumstance that affects risk exposure, control or assessment is also disclosed in operational risk monitoring reports.</p> <p>2. Operational Risk Management System:</p> <p>(1) Scope: Tools such as incident loss management have been adopted in accordance with the Basel Capital Accords, rules of the authority and business requirements to help identify, measure and assess operational risks associated with the Bank's products, operations, processes and information system. By analyzing the cause of risk, form of risk and business activities concerned, the Bank is able to develop a risk overview for the entire organization, and by interfacing management tools available at their disposal, the Bank is able to develop an operational risk database that supports accurate calculation of capital requirement as well as adoption of more advanced risk measurement methodology.</p> <p>(2) Features: Data on internal losses can be gathered to develop a database for operational risk losses. For quantifiable risks, key risk indicators (KRI) can be introduced with alert levels set to help identify operational risks associated with the Bank's main products and operating activities. For risks involving qualitative measurements, practices such as operational risk control self assessment (RCSA) are adopted to facilitate control of operational risks associated with main operating activities.</p>
4. Operational Risk Avoidance or Mitigation Policies, and Strategies and Procedures for Monitoring the Effectiveness of Risk Mitigation Tools	<p>1. Operational Risk Avoidance or Mitigation Policies</p> <p>(1) The Bank analyzes the frequency and severity of operational risk incidents in order to determine the proper response and strategy for the product and business activity involved. The Bank applies the following decision-making process to determine whether to avoid, transfer, mitigate, reduce, control, undertake or otherwise address the risks it has identified:</p> <p>①Risks characterized by low frequency and high potential loss should be controlled by limit, transferred, or prevented and mitigated as part of the business continuity plan.</p>

Disclosures	Summary
	<p>②Risks characterized by high frequency and low potential loss should be managed through means such as internal control, insurance, outsourcing, KYC, compliance, ethics management and enhanced training.</p> <p>③Risks characterized by high frequency and high potential loss should be avoided, and all business activities that have the potential to cause such incidents shall be avoided.</p> <p>④Risks characterized by low frequency and low potential risk can be accepted.</p> <p>(2) Outsourced processes (such as data processing, credit card production, cash transportation, internal audit, etc.) are carried out in accordance with the "Land Bank of Taiwan Policy on Process Outsourcing" and "Land Bank of Taiwan Notes on Data Process Outsourcing" in order to prevent operational risks that may arise as a result of the outsourcing arrangement. These internal policies serve as operational risk mitigation measures.</p> <p>(3) The Bank purchases fidelity bonds, cash insurance, safety deposit box insurance, theft insurance, public liability insurance, fire insurance and electronic equipment insurance to mitigate risks associated with its operations. Insurance coverage is treated as an operational risk mitigation tool.</p> <p>2. Strategies and Procedures for Monitoring the Effectiveness of Operational Risk Avoidance and Mitigation Tools</p> <p>(1) Each business administration unit is required to perform regular examination of the policies and standard operating procedures concerning their business activities. They shall also conduct operational risk self-assessments to determine whether there are any risks that have yet to be identified or if there is any control point that is not duly enforced.</p> <p>(2) The Department of Risk Management regularly examines operational risk control and related issues within the Bank, and offers suggestions at times deemed appropriate. Areas of inadequate risk control are monitored and tracked on an ongoing basis with appropriate measures taken to minimize operational risks.</p> <p>(3) Each unit is required to perform regular reviews on the insurance coverage purchased in order to ensure ongoing validity of the insurance contracts.</p>
5. Methods for Calculating Capital Requirements	Standard approach for operational risk.

## (2) Capital Requirement for Operational Risks

Unit: NTD thousands

Year	Gross Profit	Capital Requirement
2019 (Note)	32,019,325	
2020	31,168,727	
2021	33,875,857	
Total	97,063,909	4,406,018

Note: Since the Bank has recovered the investment of its subsidiary Land Bank Insurance Brokerage Company, since 2020 there is no longer any subsidiary under the Bank. According to the regulations of the single reporting window of the FSC on capital adequacy ratio reporting: if the calculation of the consolidated capital adequacy ratio is not required, the individual figures should still be reported in the consolidated items, and the two figures should be consistent. After consulting with the FSC, the Bank's gross profit for 2019 has been reported as consolidated gross profit since 2020.



#### 4. Market Risk Management System and Capital Requirement

##### (1) Market Risk Management System (2021)

Item	Summary
1. Market Risk Management Strategies and Procedures	<p>1. Market Risk Management Strategy: The Bank manages market risk by assessing the possibility and severity of losses before/after transactions or whenever there is a significant change in the economic environment. The Bank may choose to avoid, mitigate, transfer, control or assume the risks it has identified, for example: financial instruments characterized by high leverage, high volatility and high potential losses are avoided, closed, sold or hedged. The Bank also has rules in place to regulate limits, stop-loss, excess and risk undertaking for effective market risk management. Overall exposure and risk measurement outcomes are constantly monitored to ensure the effectiveness of existing practices.</p> <p>2. Market Risk Management Procedures:</p> <p>(1) Product management guidelines, new product/service approval guidelines and market risk identification, measurement, evaluation, monitoring and reporting guidelines and procedures have been implemented in this respect.</p> <p>(2) Market Risk Identification: Treasury trading units and risk managers are expected to possess full knowledge of market risk factors pertaining to each financial instrument. Risk managers should try to identify all factors that may give rise to market risk, and verify the accuracy and appropriateness of various approaches taken to value financial instruments.</p> <p>(3) Market Risk Measurement: Quantitative models have been developed to measure market risk, and the models have been linked to daily risk limit management.</p> <p>(4) Market Risk Valuation: Financial instruments held in hand are valued using the market price approach, valuation models, external sources, or based on independent valuers' opinions.</p> <p>(5) Market Risk Monitoring: The treasury trading unit performs real-time and total monitoring of trade positions using various limits as part of its routine activities, and ensures that transactions are executed within authorized limits. Apart from limit breach, other trade details to be monitored include the trade model, the underlying asset, the transaction process, outstanding position and gains or losses. The Department of Risk Management monitors and analyzes data generated from risk assessment models on a daily basis. Any major exposure that poses a threat to financial position, business performance or compliance must be escalated immediately to the President and reported to the Board of Directors.</p> <p>(6) Market Risk Reporting: The Department of Risk Management submits market risk management reports and statements to the Risk Management Committee on a regular basis. Information covered by the submitted reports/statements include the Bank's market risk exposure, holding position, position gains/losses, limit utilization and compliance with market risk management rules. The department also discloses market risk management information to the public in accordance with principles of public disclosure and rules of the authority.</p>
2. Market Risk Management Framework and Organization	<p>A market risk management framework and organization involving the Board of Directors, Risk Management Committee, Department of Auditing, Department of Risk Management, business administration units of the Head Office and treasury trading units in three lines of defense has been established:</p> <p>1. The First Line of Defense (treasury trading units): Each treasury trading unit is required to comply with the Bank's market risk management rules and establish relevant policies to facilitate management of market risks and holding positions. They shall also exercise active monitoring over existing limits and report relevant information to the appropriate business administration unit or Department of Risk Management.</p> <p>2. The Second Line of Defense (Department of Risk Management and business administration units at the Head Office):</p> <p>(1) The Department of Risk Management operates independently in the management of market risks within the Bank. It serves as a central mid-office and is responsible for the planning and implementation of board-approved market risk management framework and procedures. The department consolidates and discloses market risk information and management practices throughout the Bank; it makes regular reports and suggestions to the Risk Management Committee and Board of Directors, and serves as the communication hub for market risk management knowledge and culture.</p>

Item	Summary
	<p>(2) Business administration units of the Head Office are required to follow the Bank's risk management policies, guidelines and rules and identify, assess, supervise and control market risks that arise in relation to their business activities. They shall also assist the Department of Risk Management in bank-wide market risk management, and develop relevant processes, limits, risk controls and guidelines for products under management.</p> <p>3. The Third Line of Defense (Department of Auditing): The Department of Auditing is responsible for auditing and assessing the effectiveness of the market risk management system designed and executed for the first and second lines of defense. The department shall also follow up on rectifications and improvements made to weaknesses in market risk management, and offer improvement suggestions whenever deemed appropriate.</p>
3. Scope and Features of Market Risk Reporting and Measurement Systems	<p>1. Market Risk Reporting:</p> <p>(1) Scope: The scope of content covered in regular market risk monitoring reports submitted to the management include equity security risk, interest rate risk on fixed income securities, exchange rate risk, derivative risk, overseas securities risk, NTD and foreign currency liquidity/interest rate risk and monitoring of investment limits.</p> <p>(2) Features: The market risk report currently presents market risk for NTD and foreign currency assets throughout the Bank using a number of methods including VaR, <math>\beta</math>, DVO1, duration, gap analysis and simulation. The report not only reflects market risk exposure, but also provides the management with an overview of profitability, limit utilization, investment performance, market trends, etc., and thereby facilitate adjustments to the market risk management policy, procedures and limits.</p> <p>2. Market Risk Measurement System:</p> <p>(1) Scope: The Bank currently uses a VaR assessment system to measure individual VaR, VaR by market factor, and component VaR for shares, funds, bonds, bills and foreign currency positions.</p> <p>(2) Features: Through statistical analysis, the VaR assessment system evaluates maximum losses at the given probability over a period of time, which provides a reasonable estimate to market risk exposure in shares, funds, bonds, bills, foreign currencies and the Bank as a whole. The system is also capable of presenting VaR by factors such as interest rate, exchange rate and securities for more in-depth measurement of market risks by factor. This insight provides the management the basis for adjusting such as investment strategy and risk tolerance.</p>
4. Market Risk Avoidance or Mitigation Policies, and Strategies and Procedures for Monitoring the Effectiveness of Risk Mitigation Tools	<p>1. Market Risk Avoidance or Mitigation Policies:</p> <p>(1) The Bank has trade limit, risk limit, maturity limit, stop-loss and hedging derivatives available to manage and avoid market risk for each financial product.</p> <p>(2) For fixed rate foreign currency securities held in hand, the trading unit assesses market rate trends and undertakes interest rate swap to eliminate risk of interest rate variation. Several alerts have been established before the stop-loss threshold, and the system notifies the relevant party via e-mail whenever an alert is reached, so that actions can be taken to control and avoid market risks. The Bank engages in forward exchange contracts primarily to cover customers' international trade payment or funding requirements, whereas currency swaps are also held primarily to cover customers' currency swap or forward exchange positions. Since both instruments are held mainly for hedging, market risk is considered to be within control.</p> <p>2. Strategies and Procedures for Ensuring the Effectiveness of Market Risk Monitoring, Avoidance and Mitigation Tools: The Bank examines VaR, notional principal, stop-loss threshold and trading strategies both on a regular and ad-hoc basis. In the event of an emergency or limit breach, the trading unit is required to take immediate actions by reducing position, cutting losses or adopting hedges to prevent losses from escalating.</p>
5. Methods for Calculating Capital Requirements	Standard approach for market risk.

(2) Market Risk Capital Requirement

December 31, 2021

Unit: NTD thousands

Risk Category	Capital Requirement
Interest Rate Risk	1,366,676
Equity Security Risk	759,844
Foreign Currency Risk	364,618
Commodity Risk	
Options Accounted For Using the Simple Method	815
Total	2,491,953

5. Liquidity Risk Disclosure

(1) Table of the Maturity Period Structure of the New Taiwan Dollar (December 31, 2021)

Unit: NTD thousands

	Total	Amount by Remaining Period to Maturity					
		0 to 10 days	11 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	Beyond 1 year
Major Maturing Fund Inflow	3,117,845,045	239,081,468	383,611,403	155,406,840	159,837,085	227,208,923	1,952,699,326
Major Maturing Fund Outflow	3,670,601,985	101,835,263	208,544,067	568,868,653	671,473,189	948,933,342	1,170,947,471
Period Gap	-552,756,940	137,246,205	175,067,336	-413,461,813	-511,636,104	-721,724,419	781,751,855

Note: For the bank part, it refers to the NTD amount of the entire bank.

(2) Table of the Maturity Period Structure of the U.S. Dollar (December 31, 2021)

Unit: USD thousands

	Total	Amount by Remaining Period to Maturity				
		0 to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	Beyond 1 year
Major Maturing Fund Inflow	13,935,013	5,518,490	1,656,206	1,545,394	1,532,841	3,682,082
Major Maturing Fund Outflow	15,265,877	6,466,327	3,464,723	2,570,290	1,410,945	1,353,592
Period Gap	-1,330,864	- 947,837	-1,808,517	-1,024,896	121,896	2,328,490

Note 1: For the bank part, it refers to the USD amount of the entire bank.

(3) Liquidity Risk Management Measure

The Bank upholds the principles of diversification, stability, reliability, and low cost for its funding source and avoids over-concentration on the same maturity date, the same dispatch instrument, the same counterparty, etc. To effectively manage the Bank's liquidity risk, the Bank sets limits for liquidity

risk management indicators to maintain appropriate liquidity. In addition, the Bank also has general and contingency measures for dealing with liquidity shortages or liquidity crises.

## (II) Financial Impacts in the Event of Change in Local and Foreign Regulations, and Counter-measures:

Taiwan's real estate market has been undergoing correction in the last few years, and in the absence of investors, the market is starting to see a rise in demand from real home owners. Meanwhile, the ongoing China-USA trade war has caused many overseas Taiwanese businesses to return home, which increases demand for industrial and residential properties. The low interest environment combined with local banks' eagerness in promoting mortgage services will intensify market competition, making it more challenging for the Bank to grow housing loans against controlled risks.

Summary of Countermeasures:

1. One-stop Real Estate Service and Access to Mortgage Customers: By maintaining interaction with reputable developers, the Bank hopes to gain access to potential mortgage customers with or without existing construction loans.
2. Attention to Core Business and Dynamic Adjustment of Mortgage Terms: The Bank will be revising the "Land Bank of Taiwan Notes on Personal Mortgage LTV and Grace Period" for improved competitiveness and more robust control of credit risk, and secure its No. 1 market share in housing loans. Mortgage terms will be adjusted flexibly to meet the market's demands and ensure that housing loan offerings stay competitive.
3. Support Government Policies and Contribute Expertise in Real Estate Banking: The Bank will continue promoting government-subsidized loans such as the "Youth Home Loan" and actively tender for policy lending to improve its reputation as a professional real estate bank.
4. Customer Loyalty Enhancement and Prevention of Balance Transfer: By monitoring monthly changes in mortgage balance, the Bank will instruct business units to take the initiative in learning the causes for customers' early repayment, and accept existing customers' request for interest rate reduction after taking into account credit risk, revenue, operating costs and customer contribution.
5. The Bank will be changing its balance transfer policies to encourage acquisition of real estate-backed loans from peers, and thereby secure the Bank's market share in housing loans while satisfying customers' diverse borrowing requirements. These policy revisions will focus on loosening income and debt restrictions for special-purpose loans such as urban regeneration, reconstruction, reverse mortgages and bank employee mortgages.
6. Tightened Control of Mortgage Credit and Diversification of Mortgage Collateral: The Bank will adhere to the Central Bank's rules on the real estate mortgage business of financial institutions, thereby preventing an impact on credit quality following an adverse movement in the real estate market. Additional attention will be directed toward property transactions and market demand in particular locations, and the mortgage policy will be adjusted flexibly to reduce concentration of mortgage collateral.
7. Enhanced Post-lending Management for Reduced Overdue Mortgages: For high-risk customers that score 7, 8 or 9 on the mortgage scorecard, the Bank will conduct more thorough assessments to evaluate potential credit risks. Any decision to continue a relationship with such customers must be supported by reasons with payment records tracked once every two months from disbursement to one year after the end of the grace period for more robust control of credit risk and credit quality.

8. Implement the Verification of Real Estate Registration Information to Protect the Bank's Claim: Any transaction of property above historical prices shown on the system will have to be supported by a checklist and evaluation worksheet. If the business unit considers the transaction to be detrimental to the Bank's interest, the Bank may proceed to make partial recovery, shorten the loan tenor or demand full repayment as a means of debt security.
9. In response to the decline of traditional single premium life insurance products, we have been offering diversified portfolios such as Taiwan dollar and foreign currency investment products to meet the needs of customers who seek interest distribution and protection; we have been actively training insurance salespersons and providing related financial courses through digital learning or external training institutions to enhance the professionalism of insurance salespersons; we have been optimizing system functions to simplify manual work and cooperating with related units to provide comprehensive insurance services to enhance the competitiveness of our insurance business and expand our customer base, thereby driving further business growth.

### **(III) Financial Impact and Countermeasures in the Event of Technological Change (including cyber security risk) and Industrial Change**

Technological advancements have brought revolutionary changes to the financial industry. Given the increasing popularity of mobile communication, social media, big data and cloud technology, it is necessary for financial services to evolve with time and incorporate the latest innovations to bring convenience to consumers. Today, banks are faced with the common challenge of building customer-centric electronic finance services for improving competitiveness. To expand the scope and raise the quality of its services, the Bank has been actively undertaking digital transformation and strengthening cybersecurity protection to achieve the goals of safety, convenience, and uninterrupted operation, as well as technology innovations and risk management. Summary of Countermeasures:

1. An online pre-approval system will be implemented so that customers may preview the limit for mortgages and credit loans, interest rates and lending terms online. The system will also be linked to an application webpage where customers may submit the official application.
2. Continue to refine online services and complete the consumer banking online service platform: Integrates various consumer banking services such as products browsing, credit limit calculations, online credit card application, consumer loan and credit card-related transactions on a single consumer banking platform, allowing both new and existing customers to apply for consumer banking services online via the applicable multiple identity verification mechanism without going to a branch for the whole process, thus enhancing the customer experience and expanding the customer base.
3. Develop new types of digital financial services and strengthen the functions of various electronic channel services:
  - (1) In order to provide customers with a more convenient transaction experience, the Bank offers cell phone number transfer service. Customers can set their cell phone numbers to correspond to their current deposit accounts through internet banking or mobile banking, so that the remitter can complete the transfer by simply entering the payee's cell phone number instead of having to enter a long list of account numbers every time when making a transfer to ensure convenience, simplicity and accuracy.
  - (2) In response to the competent authorities' policy to increase the domestic e-payment penetration rate, the Bank continues to promote Taiwan Pay and establish the Taiwan Pay bonus point service in order to strengthen customers' recognition and loyalty to the Taiwan Pay brand through the bo-

nus point spending reward mechanism, so as to increase and popularize the usage rate and usage of mobile payment.

- (3) To meet customers' one-stop cash withdrawal needs in Taiwan dollars and foreign currencies, the Bank provides ATMs with withdrawal functions for Taiwan dollars and foreign currencies to provide a more complete and convenient financial service.
4. Cross-industry cooperation to build a financial ecosystem and continue to promote the open banking:
  - (1) In order to provide customers with more diverse and convenient payment service options, and to strengthen the adhesion with young customers, we continue to make strategic alliances with various electronic payment institutions, adding icash Pay and GAMA PAY to link to the Bank's Account Link payment service.
  - (2) In order to expand the scope of financial services, the Bank has actively invested in the R&D and application of Open API. The Bank has completed the first phase of the "Public Information Inquiry" of Open API, and is planning to promote the second phase of the "Consumer Information Inquiry". It will cooperate with third-party TSP operators to provide customers with richer account integration services.
5. To create a barrier-free digital financial environment:
 

To enhance the digital experience of the disabled and to implement financial inclusion, the Bank provides barrier-free internet banking for non-designated transfer functions and barrier-free APP non-designated transfer functions, and continues to review and optimize to build a more complete financial friendly service environment.
6. Customize the card machine to create a mobile payment environment:
 

In order to increase the penetration rate of mobile payment in Taiwan, improve the infrastructure, expand the application, and create a mobile payment environment, the Bank's card readers not only support contactless payment and mobile credit cards, but also have modular functions such as "LINE Pay" and "QR Code", as well as the Dynamic Currency Conversion (DCC) service to deal with the demand for foreign currency payment. The Bank can customize various functions for the merchants and will keep enhancing the function of the credit card machine to upgrade our service quality.
7. Actively invite diverse merchants and source new merchants for collaborative opportunities:
 

The Bank provides credit card acquiring services coupled with deposit and loan services to establish a closer relationship with corporate customers. In addition to the construction companies that used land and construction financing loans in the past, the Bank has actively diversified categories of merchants in recent years, including hotels, hospitals, large malls, and chain stores, and in the future, will target small and medium-sized merchants to increase the Service Fee Income of acquiring services. In addition, since the Bank's credit card equipment can support the function of electronic invoice carriers, it intends to cooperate with the tax authorities to promote the merchants. When the regional taxation bureaus know that other merchants need this function, they will refer the Bank as their acquirer bank, so as to expand the Bank's acquiring business.
8. In line with the trend of financial development and cultivate FinTech talent:
 

Due to the development of FinTech, digital finance, and the opening of internet-only banks, consumers' expectations for financial services are gradually shifting from offline to online. The Bank will continue planning for employees to undergo professional training, and encourage them to take FinTech courses organized by external institutions, where they can familiarize themselves with e-banking security controls and requirements of the Personal Information Protection Act and Financial Consumer

Protection Act, and contribute to information security and consumer protection over the course of the Bank's transition toward Open Banking.

9. Apply AI to expand the intelligent customer service system:

In order to provide customers with better inquiry services, the Bank engaged a professional customer service team, combining service experience and technology application, to create a diversified financial language database. Customers can access online business inquiries 24 hours a day via an "intelligent customer service". In addition to a quick menu for credit card bill inquiries and reissues, exchange rate conversions, exchange rate inquiries, branch inquiries and other convenient services, the AI software with autonomous learning capabilities can provide customers with recommendations for answers to frequently asked questions, satisfying a full range of financial service inquiries.

10. In compliance with the financial cyber security action plan to strengthen cyber security protection and carry out a cyber security monitoring mechanism:

- (1) According to the financial cyber security action plan of the FSC, the Bank enhances its financial cyber security protection from four perspectives, including strengthening cyber security supervision, deepening cyber security governance, refining cyber security resilience, and utilizing cyber security joint defense, so as to provide customers with reliable financial services.
- (2) The Bank established various protection systems such as computer antivirus, email screening, data leakage prevention, DDoS attack prevention, intrusion prevention, and installed a multi-layers internet firewall framework to block unauthorized access and ensure the security of information systems and the fluency of operations.
- (3) The Bank will cooperate with the coordination of the Financial Security Operations Center (F-SOC) and strengthen the monitoring mechanism of cyber security. We will continue to monitor abnormal network connections, pay attention to external cyber security incidents, and formulate countermeasures against known hacker threats and attacks to enhance the response speed and response capability to cyber security incidents.

#### **(IV) Impacts on Crisis Management in the Event of a Change in Corporate Image and Countermeasures**

The Bank is the only state-owned bank in Taiwan that specializes in real estate-backed credit. In addition to supporting the government in policy lending, the Bank also contributes expertise in real estate, personal banking, corporate banking, foreign currency, trusts, securities to wealth management to provide customers with the most comprehensive range of financial services. Motivated by progress, harmony, passion and innovation, the Bank actively contributes to charitable causes with the goal of giving back to society, and for which it has earned the recognition of the general public. The Bank sees itself as a member of society, and has assigned dedicated personnel and implemented policies to address various situations.

#### **(V) Expected Benefits of Planned Mergers or Acquisitions, the Potential Risks Involved, and Countermeasures: None.**

#### **(VI) Expected Benefits of Business Office Expansion, the Potential Risks Involved, and Countermeasures**

1. Branch establishment, relocation and consolidation plans are made to maximize efficiency of re-



source allocation and overall performance, and these decisions take into account various factors such as the performance of existing branches, business potential, number of local financial institutions, population per bank, number of businesses and changes in the financial environment before execution. By providing customers with accessible financial services, the Bank aims to secure a solid foundation for its growth.

2. Overseas expansion not only increases market exposure and reduces concentration to the domestic market, but also opens up opportunities to serve Taiwanese enterprises operating in the local area. Overseas office expansion may be prone to political, economic, financial and compliance risks, which is why the Bank will be targeting cities that are characterized by a strong presence of Taiwanese enterprises and present the potential of being a regional financial center. Factors such as local politics, economic prospect and on-site inspection will all affect the outcome of the Bank's future branch establishment.

## (VII) Business Concentration Risks and Countermeasures

The Bank has imposed limits and percentages on various types of credit risk exposure to prevent concentration. These limits and percentages are adjusted flexibly to accommodate changes in terms of economic environment, industry prospect, credit policy and growth requirement. The following is a summary of the countermeasures adopted in this regard:

1. Industry credit limits have been implemented to regulate the percentage of exposure to each industry (including real estate). These limits are reviewed once every six months.
2. The Bank has "Group Borrower Limits" in place to control credit exposure to group borrowers. These limits are reviewed at least once a year.
3. Construction Loans: Limits and percentages have been imposed on collateral location (county/city), region and group association, which are reviewed once every six months.
4. Concentration of real estate-backed loans is controlled using relevant measures and monitoring systems, which are reviewed at least once a year.

(VIII) Impacts on the Bank With a Change of Management, the Risks Involved, and Countermeasures: None.

(IX) Impacts on the Bank Following a Major Transfer of Shareholding by Directors, Supervisors, or Shareholders With More Than 1% Ownership Interest, the Risks Involved, and Countermeasures: None.

(X) Major Litigations, Non-contentious Cases, or Administrative Litigations Involving the Bank or Any Director, Supervisor, President, or Major Shareholder With More Than 1% Ownership Interest, Whether Concluded or Pending Judgment, That are Likely to Pose Significant Impact to Deposit Holders or Shareholders or Security Prices of the Bank. Disclose the Nature of the Dispute, the Amount Involved, the Date the Litigation First Started, the Key Parties Involved, and Progress as of the Publication Date of This Annual Report: None.



## **216 Head Office and Global Branches**

216 I. Domestic Head Office and Branches Units

222 II. Overseas Units







# Head Office and Global Branches

## I. Domestic Head Office and Branches Units

Branch	Address	Telephone	FAX	SWIFT
HEAD OFFICE				
Department of Securities	No.81, Yanping S. Rd., Zhongzheng District, Taipei City 10043, Taiwan (R.O.C.)	(02)23483962	(02)23891864	
Department of Trusts	No.53, Huaining St., Zhongzheng District, Taipei City 10046, Taiwan (R.O.C.)	(02)23483456	(02)23754092	
Department of International Banking	No.46, Guanqian Rd., Zhongzheng District, Taipei City 10047, Taiwan (R.O.C.)	(02)23483456	(02)23317322	LBOTTWTP088
Department of Business	No.46, Guanqian Rd., Zhongzheng District, Taipei City 10047, Taiwan (R.O.C.)	(02)23483456	(02)23752716	LBOTTWTP041
Department of Insurance Agent	No.53, Huaining St., Zhongzheng District, Taipei City 10046, Taiwan (R.O.C.)	(02)23484100	(02)23755255	
DOMESTIC BRANCHES				
Taipei City				
Offshore Banking Branch	No.46, Guanqian Rd., Zhongzheng District, Taipei City 10047, Taiwan (R.O.C.)	(02)23483456		
Nankang Branch	No.364 Sec. 1, Nangang Rd., Nangang District, Taipei City 11579, Taiwan (R.O.C.)	(02)27834161	(02)27820454	LBOTTWTP004
Taipei Branch	No.72, Bo-ai Rd., Zhongzheng District, Taipei City 10043, Taiwan (R.O.C.)	(02)23713241	(02)23752122	LBOTTWTP005
Minquan Branch	No.26, Minquan W. Rd., Zhongshan District, Taipei City 10449, Taiwan (R.O.C.)	(02)25629801	(02)25616053	LBOTTWTP006
Kuting Branch	No.125, Sec. 3, Roosevelt Rd., Da-an District, Taipei City 10647, Taiwan (R.O.C.)	(02)23634747	(02)23632118	LBOTTWTP007
Changan Branch	No.52, Sec. 2, Chang-an E. Rd., Zhongshan District, Taipei City 10456, Taiwan (R.O.C.)	(02)25238166	(02)25434262	LBOTTWTP008
Shihlin Branch	No.689, Sec. 5, Zhongshan N. Rd., Shilin District, Taipei City 11145, Taiwan (R.O.C.)	(02)28341361	(02)28313863	LBOTTWTP009
Hoping Branch	No.15, Sec. 3, Heping E. Rd., Da-an District, Taipei City 10670, Taiwan (R.O.C.)	(02)27057505	(02)27015459	LBOTTWTP045
Jenai Branch	No.29, Sec. 3, Ren-ai Rd., Da-an District, Taipei City 10651, Taiwan (R.O.C.)	(02)27728282	(02)27110884	LBOTTWTP057
Chunghsiao Branch	No.129, Sec. 1, Fuxing S. Rd., Da-an District, Taipei City 10666, Taiwan (R.O.C.)	(02)27312393	(02)27313649	LBOTTWTP058
Sungshan Branch	No.2, Sec. 1, Dunhua S. Rd., Songshan District, Taipei City 10506, Taiwan (R.O.C.)	(02)25774558	(02)25780590	LBOTTWTP063
Neihu Branch	No.156, Sec. 6, Minquan E. Rd., Neihu District, Taipei City 11490, Taiwan (R.O.C.)	(02)27963800	(02)27963961	LBOTTWTP064
Tunhua Branch	No.76, Sec. 2, Dunhua S. Rd., Da-an District, Taipei City 10683, Taiwan (R.O.C.)	(02)27071234	(02)27066470	LBOTTWTP074
Hinyi Branch	No.436, Sec. 1, Keelung Rd., Xinyi District, Taipei City 11051, Taiwan (R.O.C.)	(02)27585667	(02)27582282	LBOTTWTP079
Fuhsin Branch	No. 234, Fuxing North Road, Songshan District, Taipei City 10480, Taiwan (R.O.C.)	(02)25090888	(02)25160825	LBOTTWTP090
Wenshan Branch	No.206, Jingxing Rd., Wenshan District, Taipei City 11669, Taiwan (R.O.C.)	(02)29336222	(02)29335279	LBOTTWTP093
Tungtaipei Branch	No.107, Songde Rd., Xinyi District, Taipei City 11075, Taiwan (R.O.C.)	(02)27272588	(02)27285721	LBOTTWTP099

Branch	Address	Telephone	FAX	SWIFT
Changchuen Branch	No.156, Changchun Rd., Zhongshan District, Taipei City 10459, Taiwan (R.O.C.)	(02)25681988	(02)25683261	LBOTTWTP102
Chunglun Branch	No.26, Dongxing Rd., Songshan District, Taipei City 10565, Taiwan (R.O.C.)	(02)27477070	(02)27471762	LBOTTWTP106
Wanhua Branch	No.205, Sec. 2, Xiyuan Rd., Wanhua District, Taipei City 10864, Taiwan (R.O.C.)	(02)23322778	(02)23323391	LBOTTWTP116
Shihu Branch	No.185, Gangqian Rd., Neihs District, Taipei City 11494, Taiwan (R.O.C.)	(02)26599888	(02)26593659	LBOTTWTP120
Dah An Branch	No.37, Sec. 2, Da-an Rd., Da-an District, Taipei City 10667, Taiwan (R.O.C.)	(02)23256266	(02)23259819	LBOTTWTP123
Tienmu Branch	No.122, Sec. 2, Zhongzheng Rd., Shilin District, Taipei City 11148, Taiwan (R.O.C.)	(02)28767287	(02)28767257	LBOTTWTP133
Dongmen Branch	No.165, Sec.2, Jinshan S. Rd, Da-an District, Taipei City 10644, Taiwan (R.O.C.)	(02)23911188	(02)23960209	LBOTTWTP138
Chengtung Branch	No.46-2, Sec. 2, Zhongshan N. Rd., Zhongshan District, Taipei City 10448, Taiwan (R.O.C.)	(02)25676268	(02)25217239	LBOTTWTP140
Sungnan Branch	No.130, Songshan Rd., Xinyi District, Taipei City 11090, Taiwan (R.O.C.)	(02)27631111	(02)27669933	LBOTTWTP141
Yuanshan Branch	No.91, Sec. 4, Chengde Rd., Shilin District, Taipei City 11166, Taiwan (R.O.C.)	(02)28866379	(02)28866556	LBOTTWTP155
DaZhi Branch	No.289, Lequn 2nd Rd., Zhongshan Dist., Taipei City 10462, Taiwan (R.O.C.)	(02)85025868	(02)85026786	LBOTTWTP160
NanJing Donglu Branch	1F, No.70, Sec.3, NanJing E.Rd., ZhongShan District, Taipei City10489, Taiwan (R.O.C.)	(02)25036345	(02)25035643	LBOTTWTP165
New Taipei City				
Chungho Branch	No.323, Jingping Rd., Zhonghe District, New Taipei City 23577, Taiwan (R.O.C.)	(02)29461123	(02)29440419	LBOTTWTP003
Sanchung Branch	No.1-8, Sec. 2, Chongxin Rd., Sanchong District, New Taipei City 24147, Taiwan (R.O.C.)	(02)89712222	(02)29848053	LBOTTWTP010
Yungho Branch	No.33, Zhulin Rd., Yonghe District, New Taipei City 23441, Taiwan (R.O.C.)	(02)89268168	(02)89268181	LBOTTWTP049
Panchiao Branch	No.143, Sec. 1, Wunhua Rd., Banqiao District., New Taipei City 22050, Taiwan (R.O.C.)	(02)29689111	(02)29667278	LBOTTWTP050
Hsintien Branch	No.309, Sec. 1, Beixin Rd., Xindian District, New Taipei City 23147, Taiwan (R.O.C.)	(02)29151234	(02)29178333	LBOTTWTP061
Luchou Branch	No.100, Zhongshan 1st Rd., Luzhou District, New Taipei City 24748, Taiwan (R.O.C.)	(02)22859100	(02)22858983	LBOTTWTP076
Tucheng Branch	No.127, Sec. 1, Zhongyang Rd., Tucheng District, New Taipei City 23664, Taiwan (R.O.C.)	(02)22651000	(02)22667858	LBOTTWTP080
Tanshui Branch	No.42, Sec. 1, Zhongshan N. Rd., Danshui District, New Taipei City 25157, Taiwan (R.O.C.)	(02)26219691	(02)26219695	LBOTTWTP081
Hsinchuang Branch	No.221, Siyuan Rd., Xinzhuang District, New Taipei City 24250, Taiwan (R.O.C.)	(02)29973321	(02)29973320	LBOTTWTP086
Shuangho Branch	No.120, Sec. 2, Zhongshan Rd., Zhonghe District, New Taipei City 23555, Taiwan (R.O.C.)	(02)22425300	(02)22425495	LBOTTWTP087
Tungpanchiao Branch	No.212, Minzu Rd., Banqiao District, New Taipei City 22065, Taiwan (R.O.C.)	(02)29633939	(02)29633931	LBOTTWTP095
Shulin Branch	No.82, Bao-an 2nd St., Shulin District, New Taipei City 23860, Taiwan (R.O.C.)	(02)26845116	(02)26845115	LBOTTWTP098
Hsisanchung Branch	No.88, Sec. 1, Chongyang Rd., Sanchong District, New Taipei City 24161, Taiwan (R.O.C.)	(02)29846969	(02)29859842	LBOTTWTP100
Huachiang Branch	No.2, Alley 1, Lane 182, Sec. 2, Wunhua Rd., Banqiao District, New Taipei City 22044, Taiwan (R.O.C.)	(02)22518599	(02)22517665	LBOTTWTP107

# LAND BANK OF TAIWAN

## Annual Report 2021

Branch	Address	Telephone	FAX	SWIFT
Nanhsinchuang Branch	No.288-23, Xinshu. Rd., Xinzhuang District, New Taipei City 24262, Taiwan (R.O.C.)	(02)22066080	(02)22066372	LBOTTWTP111
Sanshia Branch	No. 229, Xueqin Road, Shulin District, New Taipei City	(02)86711010	(02)86711033	LBOTTWTP112
Hsichih Branch	No.306-3, Sec. 1, Datong Rd., Xizhi District, New Taipei City 22146, Taiwan (R.O.C.)	(02)26498577	(02)26498666	LBOTTWTP115
Kuangfu Branch	No.148, Sec. 2, Sanmin Rd., Bangqiao District, New Taipei City, 22069 Taiwan (R.O.C.)	(02)89522345	(02)89522395	LBOTTWTP129
Taishan Branch	No.168, Sec. 3, Mingzhi Rd., Taishan District, New Taipei 24354, Taiwan (R.O.C.)	(02)29018899	(02)29014174	LBOTTWTP134
Xike Branch	No.93, Sec. 1, Xintai 5 th Rd., Xizhi District, New Taipei City 22175, Taiwan (R.O.C.)	(02)26972858	(02)26972601	LBOTTWTP148
Beisanchong Branch	No. 99, Sec. 4, Chongyang Rd., Sanchong District, New Taipei City 24145, Taiwan (R.O.C.)	(02)89821919	(02)89819492	LBOTTWTP157
Yuantong Branch	No.192, Liancheng Rd., Zhonghe District, New Taipei City 23553, Taiwan (R.O.C.)	(02)22497071	(02)22497701	LBOTTWTP158
Baozhong Branch	No.94-3, Baozhong Rd., Xindian District, New Taipei City 23144, Taiwan (R.O.C.)	(02)29111898	(02)29111737	LBOTTWTP163
Keelung City				
Keelung Branch	No.18, Yi 1st Rd., Zhongzheng District, Keelung City 20241, Taiwan (R.O.C.)	(02)24210200	(02)24224407	LBOTTWTP002
Chengping Branch	No.652, Zhongzheng Rd., Zhongzheng District, Keelung City 20248, Taiwan (R.O.C.)	(02)24621111	(02)24627214	LBOTTWTP073
Taoyuan City				
Taoyuan Branch	No.75, Zhongzheng Rd., Taoyuan District, Taoyuan City 33041, Taiwan (R.O.C.)	(03)3379911	(03)3379976	LBOTTWTP013
Chungli Branch	No.190, Zhongshan Rd., Zhongli District, Taoyuan City 32041, Taiwan (R.O.C.)	(03)4253140	(03)4253674	LBOTTWTP014
Shihmen Branch	No.49, Beilong Rd., Longtan District, Taoyuan City 32552, Taiwan (R.O.C.)	(03)4792101	(03)4708934	LBOTTWTP015
Pingchen Branch	No.5, Shanding Sec., Zhongfeng Rd., Pingzhen District, Taoyuan City 32463, Taiwan (R.O.C.)	(03)4699111	(03)4699119	LBOTTWTP091
Nanknag Branch	No.16, Luoyang St., Luzhu District, Taoyuan City 33845, Taiwan (R.O.C.)	(03)3526556	(03)3527099	LBOTTWTP096
Nantaoyuan Branch	No.835, Zhongshan Rd., Taoyuan District, Taoyuan City 33059, Taiwan (R.O.C.)	(03)3786969	(03)3786984	LBOTTWTP114
Bade Branch	No.702, Sec. 1, Jieshou Rd., Bade District, Taoyuan City 33450, Taiwan (R.O.C.)	(03)3667966	(03)3669900	LBOTTWTP121
Peichungli Branch	No.400, Huanbei Rd., Zhongli District, Taoyuan City 32070, Taiwan (R.O.C.)	(03)4250011	(03)4223230	LBOTTWTP124
Peitaoyuan Branch	1F.-1, No.1071, Zhongzheng Rd., Taoyuan District, Taoyuan City 33045, Taiwan (R.O.C.)	(03)3566199	(03)3565406	LBOTTWTP131
Dayuan Branch	No. 55, Zhongzheng E. Rd., Dayuan District, Taoyuan City 33756, Taiwan (R.O.C.)	(03)3850805	(03)3856625	LBOTTWTP136
Yangmei Branch	No.116, Daping St., Yangmei District, Taoyuan City 32643, Taiwan (R.O.C.)	(03)4881215	(03)4881217	LBOTTWTP137
Linkou Branch	No.109, Wunhua 2nd Rd., Guishan District, Taoyuan City 33377, Taiwan (R.O.C.)	(03)3182128	(03)3183719	LBOTTWTP143
Neili Branch	No.33, Huanzhong E. Rd., Zhongli District, Taoyuan City 32071, Taiwan (R.O.C.)	(03)4612666	(03)4613868	LBOTTWTP145
Qingpu Branch	No. 262, Section 1, Gaotiezhanqian West Road, Zhongli District, Taoyuan City	(03)2876911	(03)2876922	LBOTTWTP167

Branch	Address	Telephone	FAX	SWIFT
Hsinchu City				
Hsinchu Branch	No.1, Zhongyang Rd., Hsinchu City 30041, Taiwan (R.O.C.)	(03)5213211	(03)5233693	LBOTTWTP016
Tungshsinchu Branch	No.22, Beida Rd., Hsinchu City 30044, Taiwan (R.O.C.)	(03)5353998	(03)5353923	LBOTTWTP103
Hsinchu County				
Chutung Branch	No.10, Donglin Rd., Zhudong Township, Hsinchu County 31047, Taiwan (R.O.C.)	(03)5961171	(03)5961175	LBOTTWTP017
Hukou Branch	No.102, Sec. 1, Zhongzheng Rd., Hukou Township, Hsinchu County 30342, Taiwan (R.O.C.)	(03)5996111	(03)5901987	LBOTTWTP052
Chupei Branch	No.130, Xianzheng 9th Rd., Zhubei City, Hsinchu County 30251, Taiwan (R.O.C.)	(03)5532231	(03)5532308	LBOTTWTP108
Hsingong Branch	No.76, Zhonghua Rd., Hukou Township, Hsinchu County 30353, Taiwan (R.O.C.)	(03)5981969	(03)5985373	LBOTTWTP118
ITRI Branch	No.195, Sec. 4, Zhongxing Rd., Zhudong Township, Hsinchu County 31040, Taiwan (R.O.C.)	(03)5910188	(03)5910199	LBOTTWTP156
Miaoli County				
Miaoli Branch	No.402, Zhongzheng Rd., Miaoli City, Miaoli County 36043, Taiwan (R.O.C.)	(037)320531	(037)329215	LBOTTWTP020
Toufen Branch	No.932, Zhonghua Rd., Toufen Township, Miaoli County 35159, Taiwan (R.O.C.)	(037)667185	(037)667188	LBOTTWTP021
Tunghsiao Branch	No.85, Zhongzheng Rd., Tongxiao Township, Miaoli County 35741, Taiwan (R.O.C.)	(037)756010	(037)756014	LBOTTWTP084
Chunan Branch	No.62, Zhongzheng Rd., Zhunan Township, Miaoli County 35047, Taiwan (R.O.C.)	(037)551022	(037)551090	LBOTTWTP146
Taichung City				
Fengyuan Branch	No.508, Zhongshan Rd., Fengyuan District, Taichung City 42044, Taiwan (R.O.C.)	(04)25242191	(04)25283716	LBOTTWTP022
Tachia Branch	No.40, Zhenzheng Rd., Dajia District, Taichung City 43746, Taiwan (R.O.C.)	(04)26877181	(04)26860142	LBOTTWTP023
Taichung Branch	No.1, Sec. 2, Ziyue Rd., Central District, Taichung City 40045, Taiwan (R.O.C.)	(04)22235021	(04)22204961	LBOTTWTP024
Hsitaichung Branch	No.2-4, Wuquan Rd., West District, Taichung City 40355, Taiwan (R.O.C.)	(04)22289151	(04)22276621	LBOTTWTP055
Taiping Branch	No.131, Sec. 3, Zhongshan Rd., Taiping District, Taichung City 41169, Taiwan (R.O.C.)	(04)22780788	(04)22783488	LBOTTWTP072
Peitaichung Branch	No.79, Sec.1, Zhongping Rd., Beitun District, Taichung City 40458, Taiwan (R.O.C.)	(04)22016902	(04)22014766	LBOTTWTP077
Chungkang Branch	No.598, Sec.2, Wenxin Rd., Xitun District, Taichung City 40758, Taiwan (R.O.C.)	(04)23288800	(04)23287958	LBOTTWTP094
Nantaichung Branch	No.81, Guoguang Rd., South District, Taichung City 40254, Taiwan (R.O.C.)	(04)22240323	(04)22201390	LBOTTWTP101
Shalu Branch	No.407, Zhongshan Rd., Shalu District, Taichung City 43350, Taiwan (R.O.C.)	(04)26651717	(04)26651256	LBOTTWTP113
Wujih Branch	No.535, Sec.1, Zhongshan Rd., Wuri District, Taichung City 41443, Taiwan (R.O.C.)	(04)23360311	(04)23360321	LBOTTWTP119
Beituen Branch	No.232, Sec. 4, Wenxin Rd., North District, Taichung City 40462, Taiwan (R.O.C.)	(04)22915678	(04)22913636	LBOTTWTP122
Jhongke Branch	2F.-1, No.6, Zhongke Rd., Daya District, Taichung City 42881, Taiwan (R.O.C.)	(04)25658228	(04)25658255	LBOTTWTP135
Situn Branch	No. 286, Shizheng North 2nd Road, Xitun District, Taichung City 40756, Taiwan (R.O.C.)	(04)22593111	(04)22580129	LBOTTWTP144
Dali Branch	No.405, Sec. 2, Guoguang Rd., Dali District, Taichung City 41266, Taiwan (R.O.C.)	(04)24061679	(04)24061579	LBOTTWTP150



# LAND BANK OF TAIWAN

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Branch	Address	Telephone	FAX	SWIFT
Nantun Branch	No.65, Wenxin S. Rd., Nantun District, Taichung City 40854, Taiwan (R.O.C.)	(04)24723568	(04)24727911	LBOTTWTP161
Zhongcing Branch	No.358 Sec.2, Jhongcing Rd., Beitun District, Taichung City 40676, Taiwan (R.O.C.)	(04)22956677	(04)22956776	LBOTTWTP164
Nantou County				
Nantou Branch	No.202, Zhongshan St., Nantou City, Nantou County 54057, Taiwan (R.O.C.)	(049)2222143	(049)2221833	LBOTTWTP025
Tsaotun Branch	No.601-7, Zhongzheng Rd., Caotun Township, Nantou County 54241, Taiwan (R.O.C.)	(049)2330573	(049)2353647	LBOTTWTP082
Changhua County				
Yuanlin Branch	No.100, Sec. 2, Zhongshan Rd., Yuanlin City, Changhua County 51052 Taiwan (R.O.C.)	(04)8323171	(04)8330634	LBOTTWTP026
Changhua Branch	No.98, Guangfu Rd., Changhua City, Changhua County 50045, Taiwan (R.O.C.)	(04)7230777	(04)7242934	LBOTTWTP047
Fuhsing Branch	No.399, Sec. 7, Zhanglu Rd., Fuxing Township, Changhua County 50661, Taiwan (R.O.C.)	(04)7785566	(04)7789933	LBOTTWTP142
Yunlin County				
Touliu Branch	No.72, Zhongshan Rd., Douliu City, Yunlin County 64051, Taiwan (R.O.C.)	(05)5323901	(05)5334295	LBOTTWTP027
Peikang Branch	No.90, Minzhu Rd., Beigang Township, Yunlin County 65142, Taiwan (R.O.C.)	(05)7836111	(05)7835525	LBOTTWTP028
Huwei Branch	No.490, Sec. 1, Linsen Rd., Huwei Township, Yunlin County 63243, Taiwan (R.O.C.)	(05)6327373	(05)6320297	LBOTTWTP056
Chiayi City				
Chiayi Branch	No.309, Zhongshan Rd., Chiayi City 60041, Taiwan (R.O.C.)	(05)2241150	(05)2283540	LBOTTWTP029
Chiasing Branch	No.28, Ziyong Rd., Chiayi City 60093, Taiwan (R.O.C.)	(05)2810866	(05)2810882	LBOTTWTP110
Chiayi County				
Minhsiung Branch	No.126, Sec. 3, Jianguo Rd., Minxiong Township, Chiayi County 62157, Taiwan (R.O.C.)	(05)2200180	(05)2214643	LBOTTWTP066
Tainan City				
Hsinying Branch	No.79, Zhongshan Rd., Xinying District, Tainan City, 73045, Taiwan (R.O.C.)	(06)6322441	(06)6357300	LBOTTWTP030
Yungkang Branch	No.20, Zhongshan S. Rd., Yongkang District, Tainan City, 71075, Taiwan (R.O.C.)	(06)2321171	(06)2324144	LBOTTWTP031
Tainan Branch	No.28, Zhongzheng Rd., West District, Tainan City 70048, Taiwan (R.O.C.)	(06)2265211	(06)2240057	LBOTTWTP032
Peitainan Branch	No.128-7, Gongyuan Rd., North District, Tainan City 70448, Taiwan (R.O.C.)	(06)2210071	(06)2256036	LBOTTWTP062
Tungtainan Branch	No.261, Sec. 3, Dongmen Rd., East District, Tainan City 70172, Taiwan (R.O.C.)	(06)2902789	(06)2906946	LBOTTWTP083
Hsuehchia Branch	No.303, Zhongzheng Rd., Xuejia District, Tainan City 72641, Taiwan (R.O.C.)	(06)7832166	(06)7836743	LBOTTWTP085
Paiho Branch	No.395, Sanmin Rd., Baihe District, Tainan City 73242, Taiwan (R.O.C.)	(06)6855301	(06)6852545	LBOTTWTP089
Hsinshih Branch	No.10, Fusing Rd., Xinshi District, Tainan City 74444, Taiwan (R.O.C.)	(06)5997373	(06)5990799	LBOTTWTP104
Anping Branch	No.23, Sec. 2, Zhonghua W. Rd., Anping District, Tainan City 70844, Taiwan (R.O.C.)	(06)2933555	(06)2933666	LBOTTWTP109
Annan Branch	No.47, Sec. 3, Haidian Rd., Annan District, Tainan City 70966, Taiwan (R.O.C.)	(06)2568669	(06)2569778	LBOTTWTP147
Dawan Branch	No.1062, Sec. 2, Yongda Rd., Yongkang District, Tainan City, 71080, Taiwan (R.O.C.)	(06)2071200	(06)2071250	LBOTTWTP151

Branch	Address	Telephone	FAX	SWIFT
Kaohsiung City				
Kaohsiung Branch	No.131, Dayong Rd., Yancheng District, Kaohsiung City 80343, Taiwan (R.O.C.)	(07)5515231	(07)5510428	LBOTTWTP033
Kangshan Branch	No.285, Gangshan Rd., Gangshan District, Kaohsiung City 82041, Taiwan (R.O.C.)	(07)6216102	(07)6213119	LBOTTWTP034
Meinung Branch	No.65, Sec. 1, Zhongshan Rd., Meinong District, Kaohsiung City 84348, Taiwan (R.O.C.)	(07)6813211	(07)6813111	LBOTTWTP035
Cingnian Branch	No.281, Sec. 2, Qingnian Rd., Fengshan District, Kaohsiung City 83048, Taiwan (R.O.C.)	(07)7808700	(07)7805166	LBOTTWTP038
Chungshan Branch	No.87, Wufu 3rd Rd., Qianjin District, Kaohsiung City 80148, Taiwan (R.O.C.)	(07)2519406	(07)2518154	LBOTTWTP048
Fengshan Branch	No.15, Caogong Rd., Fengshan District, Kaohsiung City 83064, Taiwan (R.O.C.)	(07)7460121	(07)7436569	LBOTTWTP051
Hsinhsing Branch	No.480, Qixian 1st Rd., Xinxing District, Kaohsiung City 80053, Taiwan (R.O.C.)	(07)2355111	(07)2355118	LBOTTWTP054
Chungcheng Branch	No.158, Zhongzheng 3rd Rd., Xinxing District, Kaohsiung City 80052, Taiwan (R.O.C.)	(07)2352156	(07)2352140	LBOTTWTP059
Shanming Branch	No.657, Jiangong Rd., Sanmin District, Kaohsiung City 80778, Taiwan (R.O.C.)	(07)3861301	(07)3891941	LBOTTWTP065
Tashe Branch	No.369, Zhongshan Rd., Dashe District, Kaohsiung City 81547, Taiwan (R.O.C.)	(07)3520779	(07)3529804	LBOTTWTP067
Chiencheng Branch	No.241, Yixin 1st Rd., Qianzhen District, Kaohsiung City 80606, Taiwan (R.O.C.)	(07)3329755	(07)3313296	LBOTTWTP069
Luzhu Branch	No.18, Guochang Rd., Luzhu District, Kaohsiung City 82150, Taiwan (R.O.C.)	(07)6972131	(07)6973834	LBOTTWTP070
Wuchia Branch	No.256, Wujia 2nd Rd., Fengshan District, Kaohsiung City, 83083, Taiwan (R.O.C.)	(07)7715176	(07)7715170	LBOTTWTP071
Lingya Branch	No.18, Zhongxiao 2nd Rd., Lingya District, Kaohsiung City 80241, Taiwan (R.O.C.)	(07)3328477	(07)3356471	LBOTTWTP078
Chienkuo Branch	No.458, Jianguo 1st Rd., Sanmin District, Kaohsiung City 80760, Taiwan (R.O.C.)	(07)2250011	(07)2250077	LBOTTWTP097
Poi Branch	No.300, Bo-ai 1st Rd., Sanmin District, Kaohsiung City 80757, Taiwan (R.O.C.)	(07)3150301	(07)3226961	LBOTTWTP105
Shiaokang Branch	No.336, Hongping Rd., Xiaogang District, Kaohsiung City 81268, Taiwan (R.O.C.)	(07)8065606	(07)8018837	LBOTTWTP117
Zuoying Branch	No.1237, Huaxia Rd., Zuoying District, Kaohsiung City 81361, Taiwan (R.O.C.)	(07)3436168	(07)3433321	LBOTTWTP130
Nanzi Branch	No.318, Lanchang Rd., Nanzi District, Kaohsiung City 81168, Taiwan (R.O.C.)	(07)3621199	(07)3621099	LBOTTWTP149
Dafa Branch	No.272, Fonglin 4th Rd., Daliao District, Kaohsiung City 83150, Taiwan (R.O.C.)	(07)7869169	(07)7869189	LBOTTWTP153
Renwu Branch	No.85 Renyong Rd., Renwu Dist., Kaohsiung City 81458, Taiwan (R.O.C.)	(07)7322678	(07)7327978	LBOTTWTP166
Pingtung County				
Pingtung Branch	No.78, Fongjia Rd., Pingtung City, Pingtung County 90075, Taiwan (R.O.C.)	(08)7325131	(08)7322236	LBOTTWTP036
Chaozhou Branch	No.12, Xinsheng Rd., Chaozhou Township, Pingtung County 92046, Taiwan (R.O.C.)	(08)7884111	(08)7881972	LBOTTWTP046
Kaoshu Branch	No.99, Nanxing Rd., Gaoshu Township, Pingtung County 90641, Taiwan (R.O.C.)	(08)7963399	(08)7966333	LBOTTWTP125
Fangliao Branch	No.111, Longshan Rd., Fangliao Township, Pingtung County 94049, Taiwan (R.O.C.)	(08)8781533	(08)8786282	LBOTTWTP126
Donggang Branch	No.27, Sec. 2, Guangfu Rd., Donggang Township, Pingtung County 92847, Taiwan (R.O.C.)	(08)8332255	(08)8325399	LBOTTWTP132

## LAND BANK OF TAIWAN

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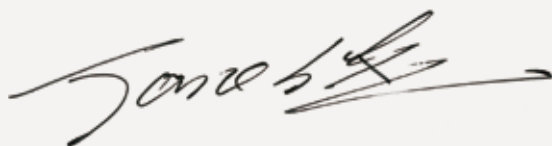
Branch	Address	Telephone	FAX	SWIFT
Yilan County				
Ilan Branch	No. 43, Guangfu Road, Yilan City, Yilan County 26043, Taiwan (R.O.C.)	(03)9361101	(03)9323692	LBOTTWTP011
Lotung Branch	No.158, Gongzheng Rd., Luodong Township, Yilan County 26550, Taiwan (R.O.C.)	(03)9571111	(03)9571117	LBOTTWTP012
Suao Branch	No.17, Taiping Rd., Su'ao Township, Yilan County 27048, Taiwan (R.O.C.)	(03)9961100	(03)9965334	LBOTTWTP053
Hualien County				
Hualien Branch	No.356, Zhongshan Rd., Hualien City, Hualien County 97050, Taiwan (R.O.C.)	(03)8312601	(03)8320482	LBOTTWTP018
Yuli Branch	No.51, Sec.2, Zhongshan Rd., Yuli Township, Hualien County 98142, Taiwan (R.O.C.)	(03)8886181	(03)8882320	LBOTTWTP019
Taitung County				
Taitung Branch	No.357, Sec. 1, Zhonghua Rd., Taitung City, Taitung County 95046, Taiwan (R.O.C.)	(089)310111	(089)310100	LBOTTWTP037
Penghu County				
Penghu Branch	No.20, Sanmin Rd., Magong City, Penghu County 88050, Taiwan (R.O.C.)	(06)9262141	(06)9278371	LBOTTWTP040
Kinmen County				
Kinmen Branch	No.34, Minsheng Rd., Jincheng Township, Kinmen County 89345, Taiwan (R.O.C.)	(082)327300	(082)327305	LBOTTWTP039
Kincheng Branch	No.6, Minsheng Rd., Jincheng Township, Kinmen County 89345, Taiwan (R.O.C.)	(082)311981	(082)311986	LBOTTWTP128

## II. Overseas Units

Branch	Address	Telephone	FAX	SWIFT
Los Angeles Branch	Suite 1900, 811 Wilshire Boulevard Los Angeles, California 90017 U.S.A.	(1)213-532-3789	(1)213-532-3766	LBOTUS66
Hong Kong Branch	Unit 3101-6 & 12, Tower 1, The Gateway, 25 Canton Road, Tsimshatsui, Kowloon., H.K.	(852)2581-0788	(852)2581-0777	LBOTHKHH
Singapore Branch	80, Raffles Place, #34-01 UOB Plaza 1, Singapore	(65)6349-4555	(65)6349-4545	LBOTSGSG
Shanghai Branch	Room 1703-1704, No. 99 Fucheng Road (Aurora Plaza), Free Economic Pilot Zone, Shanghai, China	(86)21-5037-2495	(86)21-5037-2497	LBOTCNBH
New York Branch	88 Pine Street 15th Fl., New York, NY 10005 U.S.A.	(1)917-542-0222	(1)917-542-0288	LBOTUS33
TianJin Branch	Room 3701-3702, Xin Silver Building, No.28, Zeng Jin Dao, Hexi District, TianJin, China	(86)22-2837-1115	(86)22-2837-1113	LBOTCNBT
Wuhan Branch	Unit 01-03, 41F, Wuhan Wanda Center, No.96 Linjiang Avenue, Jiyuqiao, Wuchang District, Wuhan, China	(86)27-59606939	(86)27-59606936	LBOTCNBW
Kuala Lumpur Representative Office (Chief Representative : Yang Chih Chun)	Lot 11-03A, Level 11 Menara Hap Seng 2, Plaza Hap Seng, No. 1, Jalan P Ramlee 50250 Kuala Lumpur, Malaysia	(60) 3 20221188	(60) 3 20223777	

臺灣土地銀行  
LAND BANK OF TAIWAN

Chairperson





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