

EXIMBANK

The Export-Import Bank of the Republic of China

Annual Report 2021





EXIMBANK

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Annual Report 2021 •

» **Vision** •

Strengthen Trade Finance and Assist External Trade

Supporting government economic and trade policies by providing financial services to assist manufacturers in developing foreign trade.

Participating in international financial activities so as to enhance international economic cooperation.

Participating in major domestic economic construction programs in order to facilitate industrial development and increase employment.

<https://www.eximbank.com.tw>

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I Summary of Operating Performance

NT\$ Million

Year	FY 2021	FY 2020
Total Operating Revenues	2,095	2,656
Total Operating Expenses	1,302	1,910
Net Income Before Tax	793	746
Profits per Employee Before Tax	3.38	3.23
Loans Outstanding (Average)	141,628	138,703
Guarantees Undertaken	28,069	26,501
Insured Amount of Export Credit Insurance	175,051	160,475
	(December 31, 2021)	(December 31, 2020)
Total Assets	151,254	150,750
Total Equity	34,940	34,789
Capital Adequacy Ratio (%)	29.58	29.55

* The final accounts of FY 2021 are subject to audit.

** Eximbank's fiscal year runs from January 1 to December 31.



II

Business Report

1. Mission

The Export-Import Bank of the Republic of China (Eximbank) is a specialized financial institution established in accordance with The Export-Import Bank of the Republic of China Act. Eximbank's vision is "to strengthen trade finance and assist foreign trade". In line with the government policies on economic, trade and finance, the primary objectives of Eximbank are to provide financial and export credit insurance services, help local firms expand foreign trade in order to enhance employment and maintain domestic economic growth. Eximbank provides various financing and guarantee facilities to help local firms expand exports of capital goods, undertake overseas construction projects, import precision machinery and essential industrial raw materials, and introduce foreign technology into Taiwan, etc., aiming to enhance the export competitiveness and promote industrial upgrading. It also provides several export credit and overseas investment insurance services to protect local enterprises against commercial or political risks while protect local in export trade or commercial investment.

In 2021, the world is still affected by the COVID-19 pandemic, and economic recovery is still difficult to predict. As the only state-owned specialized bank in

Taiwan, Eximbank continues to cooperate with the government policy to implement the upgraded "Got Your Back" program to support Taiwanese enterprises that have encountered operational difficulties due to the impact of the pandemic.

Eximbank's capital increase plan of NT\$20 billion started in 2016 has been completed by the end of 2021, and Eximbank's capital has reached NT\$32 billion. With the completion of the said plan, it will effectively reduce Eximbank's capital cost and expand Eximbank's financial assistance to its customers.

Meanwhile, as sustainable development is the core value that Taiwan attaches great importance to, Eximbank also extends ESG concepts to its suppliers and customers. It not only plays an important role in assisting manufacturers to expand external markets, but also creates a sound and sustainable development ecosystem to guide enterprises to pay attention to the environment, society and corporate governance issues, and promotes a virtuous circle of investment and industrial pursuit of sustainable development.

2. Key Operations Strategies and Achievements

Eximbank's average loans outstanding in 2021 totaled NT\$141,628 million, an increase of 2.11% from 2020, and guarantees totaled NT\$28,069 million, an increase of 5.92% from 2020. The insured amount of export credit insurance by Eximbank was NT\$175,050 million, a year-on-year growth rate of 9.08% from 2020. A summary of key operating strategies and achievements for 2021 is as follows:

(1) Consolidating Government Resources to Implement New Southbound Policy through Various Financial Services to Assist Domestic Enterprises in Global Layout

Eximbank has cooperated with the government to promote the New Southbound Policy, and incorporated the government's supportive policies, including the National Development Fund, the Small and Medium-Sized Enterprise Development Fund of the Ministry of Economic Affairs, the trade promotion fund of the Bureau of Foreign Trade, to provide corporates high-quality financial and hedging services, such as various loans and guarantee business plans, to provide competitive measures on insurance premiums, buyer credit checking fees to enhance financial support, fully assist enterprises in expanding their sales in the ASEAN countries, South Asia, New Zealand, and Australia markets. In 2021, for Eximbank's services under the new southbound policy, the loans approved amounted to NT\$32.892 billion (including the relending facility business), the amount of guarantee approved amounted to NT\$3.651 billion, and the amount of export credit insurance provided reached NT\$30.868 billion. The three services amounted to NT\$67.411

billion. In addition, in accordance with the key performance indicators set by the Executive Yuan's New Southbound Policy Work Plan, the achievement rate of the loan business was 103.38%, the guarantee business 100.47%, and 116.26% for export credit insurance. Therefore, Eximbank has actively achieved the policy targets.

(2) Actively Promoting Bailout Programs to Help Companies Cope with the Impact of the Pandemic

In order to help companies affected by the pandemic get over the difficulties, Eximbank proactively provided information on bailout programs launched by various ministries and committees to assist them in applying for applicable programs. In addition, in order to continue to assist Taiwanese enterprises in obtaining export orders and in meeting the capital needs for purchase of raw materials and machinery and equipment after receiving orders, Eximbank and the Ministry of Economic Affairs jointly launched the "Got Your Back" program in 2020, and continued to implement it in 2021, which provided enterprises with competitive loans and interest rate cuts to relieve their pressure for loan repayment, while providing competitive measures on credit checking fees and insurance premiums for export credit insurance. Eximbank also assisted exporters in controlling the risk of unrecoverable accounts receivable and collecting debts.

With Eximbank's active efforts, as of the end of 2021, the loan amount approved under the "Got Your Back" relief program to assist enterprises reached NT\$70.639 billion, and the number of export loan cases approved reached 549. The insured amount of export credit insurance reached NT\$26.243 billion, and the number of insurance cases processed was 5,668. In the evaluation program of "Rewards for Domestic Banks to Accelerate the Process of Bailout Loan Programs"

organized by the Financial Supervisory Commission, Eximbank was awarded the first prize of “Bailout Credit Balance to Total Credit Balance Ratio in the Public Sector” in the first and second term by the Premier of the Executive Yuan.

(3) In Response to the Impact of the US-China Trade Conflict, Launching Projects to Assist Overseas Taiwanese Companies in Returning to Taiwan for Investment and Conducting Industrial Transformation

In response to the impact of the US-China trade conflict and to call on overseas Taiwanese businesspeople to return to Taiwan to invest in real production activities or investments, Eximbank launched the “Competitive Loan, Guarantee, and Export Credit Insurance Project for Overseas Taiwanese Businesspeople to Return to Taiwan” to provide various loan, guarantee, and export credit insurance services for Taiwanese enterprises to help them reduce financing costs, expand domestic and overseas markets, and boost our country's economic development.

This project was aimed at Taiwanese companies who had invested in subsidiaries overseas for at least two years. When their overseas subsidiaries returned to Taiwan for investment or when the parent companies planned to expand investment in Taiwan, in order to satisfy their needs for funds for investment or purchase of machinery and equipment, Eximbank provided relevant financial support and financial services required for subsequent operations. With regard to export credit insurance, insurance premium, and buyer credit checking fees are calculated at competitive term to reduce the burden on companies substantive and to assist them with the management and control of the risks arising from accounts receivable.



Chair of the Board of Directors

Pei-Jean Liu

(4) Eximbank Follows the Government's "Forward-Looking Infrastructure Program" and Provides Domestic Companies with Financial Services to Assist Domestic Major Public Construction and Infrastructure Projects

In line with "Forward-Looking Infrastructure Program", Eximbank has actively assisted domestic enterprises involved with public construction projects with financing and guarantee services. In 2021, Eximbank undertook new domestic major public construction projects, including MRT system signal engineering, water environment construction projects, urban and rural construction projects, rail engineering projects, and MRT civil engineering projects. In addition, Eximbank also actively elevated the loan and guarantee credits to construction clients with the aim of increasing the capacity of undertaking major domestic public projects for those enterprises.

(5) In line with "Five-plus-Two Innovative Key Industries Plan", Carrying Out Various Financial Supports to Assist the Development of the Innovative Key Industries

- a. Aiming at building "Digital Country, Innovative Economy", the Executive Yuan has been actively promoting the "Five-plus-Two Innovative Key Industries Plan". The "Five-plus-Two" Industries include the five major innovative industries of Asia Silicon Valley, Biotechnology, Green Energy, Intelligent Machinery and National Defense, plus two industries of New Agriculture and Circular Economy.
- b. Eximbank has stepped up the "Five-plus-Two Innovative key Industries Plan" by providing enterprises with requisite financing and guarantees to enhance their international competitiveness

and help them expand overseas markets. Consequently, Eximbank has been committed to the "Encourage and Reward Program for Strengthening Domestic Banks' Loan Promotion for the Innovative Key Industries" promulgated by Financial Supervisory Commission, and the credit balance of industries was NT\$90.429 billion as of December 31, 2021.

(6) Implementing Government Policy to Boost Export Project, Strengthen the Promotion of Export Financing, Relending Facility and Export Credit Insurance As Well As Other Related Attractive Measures to Help Exporters Dominate Business Opportunities

- a. In order to help companies strengthen their export momentum, Eximbank and the Bureau of Foreign Trade, Ministry of Economic Affairs ("Bureau of Foreign Trade") jointly launched various policy-based export loan services, relending facilities, and export credit insurance, and provided related measures in the hope of assisting Taiwanese exporters in opening up the international market with complete financial support.
- i. To assist enterprises further, Eximbank has applied for NT\$6 billion in funding from the Ministry of Economic Affairs under the "Strengthening Trade Finance Loan Program" to support various Eximbank export credit services. The implementation period of the Program is 10 years from January 1, 2016 to December 31, 2025. In 2021, 60 loans were approved, 59 enterprises serviced and total amount of loan approved was NT\$5.953 billion, the export value estimated to grow by NT\$17.858 billion.

- ii. Since 2009, Eximbank has cooperated with BOFT for the promotion of the “New Cheng Ho Plan-San Pao Project” and assisted exportation and expanded overseas markets. Thereafter, BOFT has been continuously supporting Eximbank by providing NT\$1 billion in funding for “Promotion of Exportation by Relending Facility” to expand cooperation with global relending banks on attractive terms and encourage foreign importers to purchase Taiwanese commodities.
- iii. In 2021, Eximbank continued to implement the “Strengthened Export Credit Insurance Preparation Program” launched by the Bureau of Foreign Trade. The Trade Promotion Fund approved to provide manufacturers with competitive measures on export credit insurance premium and credit checking fees, to effectively assist businesses with export and expansion of foreign trade. In 2021, the total insured amount under this program was NT\$68.928 billion, an increase of 3.64% compared with 2020. It not only alleviated the burden on exporters but also transferred the risk of accounts receivable arising from international trade to Eximbank so as to help businesses to expand their trade.
- b. In order to effectively assist manufacturers to expand into emerging markets, Eximbank continued to actively implement the Executive Yuan’s “Promotion of Exporting Insurance Programs to Global Export Projects” with a total of 5,090 insured cases and insured amount of NT\$15.53 billion in 2021.

(7) Vigorously Engage In The Turnkey and Machinery Equipment Export Financing, and Cooperate with the National Development Fund of the Executive Yuan to Provide Medium and Long-term Financing to Help Manufacturers Dominate Overseas Business

- a. In order to achieve industrial integration of traditional and high-tech industries and industrial upgrading, assist manufacturers to enhance international competitiveness and invest overseas, explore international resources and establish international production and marketing channels, the National Development Fund of the Executive Yuan (hereinafter referred to as National Development Fund) provides funds for Eximbank to finance domestic manufacturers.
- b. Eximbank has been cooperating with the National Development Fund since May 10, 2006 to launch loan projects successively such as “Export Credit for Machinery and Equipment”, “Export Credit for Green Energy and Industrial Equipment” and “Overseas Investment Project Loans”. Eximbank is currently the manager bank of the aforementioned three loan projects, and other domestic banks are invited to participate in the financing program. Eximbank deals with the matters such as signing contracts with the lending banks, appropriation and repayment, applying to the National Development Fund for allocation of funds, etc. Up to the end of December 2021, Eximbank has handled 1,385 cases, and the approved loan amount is approximately NT\$135.053 billion.

- c. In order to promote the long and medium-term export of the turnkey project in Taiwan, Eximbank has set up a special task force for solving problems arising from the export financing demands of manufacturers. Eximbank customize and design loan terms and conditions under the current regulations to meet the requirements of the manufacturers and assist them exploring overseas markets.

(8) Cooperating with the Small and Medium Enterprise Development Fund of the Ministry of Economic Affairs and Small and Medium Enterprise Credit Guarantee Fund of Taiwan for Small and Medium Enterprise (SME) Financing Programs, and Implement Government Policy to Strengthen Financial Services to SME

- a. Eximbank used the funds of the Small and Medium-Sized Enterprise Development Fund of the Small and Medium Enterprise Administration, Ministry of Economic Affairs, and the guarantee services of the Small and Medium Enterprise Credit Guarantee Fund of Taiwan to actively finance small and medium-sized enterprises (SMEs) in order to help them obtain orders and expand the export market. At the end of 2021, the average balance of loans provided to SMEs reached NT\$8.926 billion, and the number of loans in this regard accounted for 30.29% of the total.
- b. Around 85% of the current insured customers of the Eximbank's export credit insurance business were SMEs. In 2021, the insured amount of export credit insurance for SMEs reached NT\$57.899 billion, an increase of 21.30% compared to 2020. In addition, in order to strengthen services for SMEs, Eximbank has set up a point of contact for SME export credit insurance service and worked with

more than 20 international credit checking agencies for a long-term cooperation to conduct buyer credit checking, and professional underwriters will analyze the content of credit reports to help companies avoid the possibility of credit risk in the international trade.

(9) Assisting Companies in Strengthening the Development of Service Trade and the Export of Service Industries

Eximbank has actively provided service trade loans and guarantee to strengthen enterprises' advantages and competitiveness in expanding service trade, thereby expanding the scale of the industry and the global market. From the launch to the end of 2021, Eximbank had approved a total of NT\$16.728 billion in service trade loans and a total of NT\$3.799 billion in the guarantee.

(10) Diversified Assistance to Enterprises for Developing Emerging Markets with Remarkable Results

- a. Eximbank has continued to provide comprehensive export loans, guarantee and export credit insurance mechanisms for the target countries of the New Southbound Policy to strengthen enterprises' competitiveness. The total amount of credit granted in 2021 (excluding relending facility) was NT\$36.542 billion, an increase of 1.41% from the previous (2020) year; the insured amount of export credit insurance was NT\$30.868 billion, an increase of 12.27% from the previous (2020) year.
- b. Eximbank has actively implemented various work frameworks set by the Ministry of Economic Affairs, and assisted Taiwanese enterprises in exploring business opportunities in emerging markets through various policy-based export credit, relending facilities, and export credit insurance. In 2021, the credit amount approved in cooperation

with the economic and trade policies and for exports to emerging markets was NT\$27.440 billion, accounting for 63.78% of Eximbank's total approved export credit amount. The insured amount in cooperation with economic and trade policies and for emerging markets was NT\$93.962 billion, accounting for 53.68% of Eximbank's insured amount of export credit insurance. The business expansion to Southeast Asia, Central and South America, Eastern Europe, Africa, and other emerging market regions, including Indonesia, Malaysia, Singapore, Thailand, the Philippines, Vietnam, India, and other countries, and Eximbank's services have been very effective in assisting enterprises in obtaining orders to expand business in emerging markets and diversifying risks.

(11) Eximbank Continues to Support and Provide Various Guarantee Services to Assist Domestic Enterprises to Strive for Domestic and Overseas Business Opportunities

Eximbank follows government policies to launch and provide various kinds of import and export guarantee services. In 2002, Domestic Major Public Construction and Infrastructure Projects Guarantee has been launched to provide enterprises with construction guarantee services in need to undertake construction projects. Nowadays, Domestic Major Public Construction and Infrastructure Projects Guarantee has become one of the most important guarantee services for Eximbank. In addition, in order to assist enterprises to expand overseas markets, Eximbank has not only continued to provide various import and export guarantees and Domestic Major Public Construction and Infrastructure Projects Guarantee, but also actively promoted overseas (especially the countries targeted by the New Southbound Policy) construction guarantee businesses with the aim of increasing the



President

Teng-Shan Tai

competitiveness of those enterprises intending to undertake overseas construction projects. In 2021, the amount of Eximbank's guarantee services provided to overseas construction projects and domestic major public construction and infrastructure projects was NT\$14.331 billion, an decrease of 0.64% compared to the same period in 2020.

(12) Eximbank Participates in Domestic Syndicated Loans and Helps Companies Improve Productivity and Promote Industrial Upgrading through Financial Support

Eximbank has participated in domestic syndicated loan cases in a timely manner, such as assisting enterprises in importing precision machinery and important fuels through funding of loans, and which has helped Taiwanese enterprises achieve the goal of stable business operations. In line with the government's energy policy and to support the development of green energy industry in Taiwan, Eximbank participated in the domestic syndicated loans of power generation companies to assist them in importing important fuel of natural gas to maintain the stable operation of power plants and to enhance their operational competitiveness. Eximbank's export and import financing amount approved in 2021 was NT\$52.782 billion, an increase of 14.12% over the same period in 2020.

(13) Eximbank Has Established a Global Relending System to Assist Enterprises in Expanding Exports

In line with the government's economic and trade policies and market demand, Eximbank has continued to establish relending relations with reputable banks around the world. By granting credit facilities to domestic and foreign financial institutions for them to relend foreign importers to purchase products from Taiwan so as to strengthen the competitiveness of our

country's export products in the international market. As of the end of 2021, Eximbank had established relending relations in 29 emerging market countries, including Brazil, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Armenia, Belarus, Bulgaria, the Czech Republic, Russia, Turkey, Ghana, Nigeria, South Africa, Marshall Islands, Bangladesh, Cambodia, India, Indonesia, Mongolia, Philippines, Thailand, the Republic of Uzbekistan, and Vietnam, as well as the United States. The cooperative banks include a total of 76 financial institutions in the Americas, Europe, Oceania, Africa, and Asia, with a total granted credit line of US\$869 million.

(14) Eximbank Actively Participates in International Syndicated Loans with Financial Institutions as Borrowers to Expand Business and Enhance International Financial Collaboration

Eximbank has continued to actively participate in the international syndicated loan seminars and participated in loans based on risk assessment in order to increase Eximbank's international reputation and leverage its policy-based business functions. As of the end of 2021, the balance of the international syndicated loans in which Eximbank had participated was approximately US\$312 million, equivalent to approximately NT\$8.628 billion. The borrowers include 22 financial institutions in 13 countries and international organizations in Asia, Central and South America, Africa, and other regions. In addition, Eximbank assisted 10 financial institutions in 6 countries, including Panama, Qatar, Kuwait, Cambodia, Vietnam and South Africa, as well as other international organizations in obtaining US\$121 million for working capital. Participating in the international syndicated loan business has not only helped to increase Eximbank's annual revenue but also increased opportunities for collaboration

in other business projects through interaction with international financial institutions. For years, Eximbank has promoted the Relending Facilities by participating in international syndicated loans, and has successfully established relending partnerships with reputable banks in emerging markets in Southeast Asia, Eastern Europe, Central and South America, and Africa to assist enterprises in expanding into emerging markets.

(15) Pressing Ahead with Export Credit Insurance Service, Assisting Manufacturers to Enhance Order Receiving Ability and Avoid Trade Risks

a. To assist businesses in developing business in emerging markets, whether exported in the term of D/P, D/A, O/A, or L/C, they can utilize all types of export credit insurance products from Eximbank to seize business opportunities and reduce possibility of bad debts. In 2021, the total amount of export credit insurance reached

NT\$175.051 billion, an increase of 9.08% from 2020. In particular, Eximbank's main service is "GlobalSure Credit Insurance". With customized features, businesses are motivated to adopt a blanket insurance mechanism to enjoy competitive rates, and prevent manufacturers from Adverse Selection of export credit insurance and effectively increase the export credit insurance business volume. The total insured amount of the insurance products in 2021 reached NT\$130.677 billion, an increase of 3.49% from 2020.

b. Eximbank continues to strengthen the single point of contact service. Each account administrator of Eximbank can provide customers with financing and export credit insurance services to facilitate export businesses to manage trade risks and coordinate capital needs flexibly, while enhancing the cross-marketing effect of financing and export credit insurance businesses. Meanwhile, it has strengthened the debt collection



Minister of Finance Jain-Rong Su presents awarded recognizing banks with exceptional performance in collaborations with the insurance operations of the Eximbank in 2021, at the Seminar on State-Owned Businesses.

operations to assist export businesses and local negotiating banks in collecting debts from foreign letter of credit issuing banks or buyers to ensure Eximbank's rights and interests, and the outcome has been excellent.

(16) Make Good Use of Reinsurance and International Cooperation of Insurance Industry to Strengthen Underwriting Capability

- a. In view of the requirement in scale-up of insurance performance and the sound operating basis of export credit insurance, Eximbank has renewed a reinsurance contract with the reinsurance agencies to properly transfer risks to the reinsurance company in order to strengthen export credit insurance capability of Eximbank.
- b. As of the end of 2021, Eximbank had signed cooperation agreements with export credit institutions in 21 countries around the world, including Poland, the Czech Republic, Hungary, Japan, Slovakia, Turkey, Thailand, Indonesia, Malaysia,

Belarus, South Korea, Israel, Mainland China, Sweden, Sri Lanka, Hong Kong, India, Finland, Italy, Denmark, and Australia, etc., and signed reinsurance contracts with Japan and Sweden, with a view to assisting Taiwanese business in expanding into the global market.

(17) Expand Service Level through the Network of Cooperating Bank

- A. To simplify the loan procedures and strengthen the expansion of export financing business, Eximbank has continued to renew the cooperative promotion of foreign exchange business contract with designated domestic foreign exchange banks to entrusted them to review the export documents and handle the payment collection business for Eximbank's loans to accelerate the progress of loan appropriation and streamline the operating process. In 2021, Eximbank commissioned cooperating foreign exchange banks to review a total of 64 cases, which was extremely effective for the promotion of export loan business.



The National Credit Guarantee Administration was established, and officially began operations after being unveiled by Minister of Finance Jain-Rong Su, National Development Council Chairperson Ming-Hsin Kung, and the Eximbank's Chair of the Board Pei-Jean Liu.

- b. In addition, to strengthen collaboration with domestic commercial banks and foreign banks in Taiwan to promote export credit insurance, Eximbank has signed the cooperative promotion contract with 30 banks so that Eximbank can capitalize on the cooperating banks' marketing channels to promote its export credit insurance and to help its customers hedge the risk of uncollectible accounts receivables while indirectly protecting the security of the financing credit of the lending banks or negotiating banks.
- c. In response to the upgrade of international trade, businesses' needs, and the enhancement of asset quality, Eximbank has developed new products for financial institutions as policyholders, called "GlobalSure Credit Insurance for Factoring Business" and "L/C Insurance for Forfaiting Business". Through the two products, the Bank is able to strengthen the mutual cooperation relationship with commercial banks. In 2021, the Bank collaborated with financial institutions to promote export credit insurance, which totaled NT\$14.013 billion, an increase of 33.82% from last year.

(18) Gradually Increasing Capital to Amplify Business Undertaking Volume for Assisting Enterprises to Improve Their Competitiveness

Eximbank was approved by the Ministry of Finance to increase its capital by NT\$20 billion from 2016 to 2021. After the capital increase, the upper limit on the total credit balance for a single enterprise was raised to NT\$5.218 billion, and the upper limit on the unsecured credit was raised to NT\$1.739 billion, which could effectively increase Eximbank's financing provided to enterprises and improve its ability to undertake larger financing cases. Through the capital increase, Eximbank has not only succeeded in reducing export enterprises' cost of funds and avoiding trade risks but also driven the growth of overall export value, so as to leverage Eximbank's financial support function to assist enterprises in expanding exports. In addition, in order to cope with the adjustment of Taiwan's industrial structure, Eximbank has strengthened the mid and long-term loan and guarantee services to assist enterprises in improving their competitiveness in their industries, thereby facilitating the industrial upgrade.



(19) Enhancing the Cooperation with Domestic Economic and Trade Organizations to Promote Export Trade

In order to assist Taiwanese enterprises in expanding their export and strengthen the collaboration with economic and trade organizations, Eximbank has continued to co-organize business promotion activities with the Taiwan External Trade Development Council (TAITRA). In 2021, Eximbank had co-organized seminars with TAITRA and assigned its staff to promote its relevant financial services at important exhibitions held by TAITRA. This has strengthened business exchanges and collaboration between both parties, and both parties have set up corresponding points of contact to exchange business information so as to provide enterprises with information about their export expansion and trade and financial trends at any time to help them enhance their export competitiveness, expand their sales in overseas markets and gain business opportunities, and accelerate our country's economic development.

(20) Actively Participated in International Organizations to Assist Domestic Manufacturers Expanding Global Market

As a member of the Berne Union, international not-for-profit trade association, Eximbank participated in the online Spring Meeting from May 4 to May 10, 2021, to strengthen the collaboration with the members and to keep abreast of the latest global economic trends. Eximbank participated in "Risk Underwriting During the Pandemic" online meeting from May 26 to May 27, to obtain the latest global economic situation and underwriting practices carried out by other members. Eximbank participated in the "72nd RCG Online Meeting" on September 7 to strengthen the cooperation between the Asia-Pacific region members of the Berne Union and to stay updated with the latest global economic trends. Eximbank participated in the online "SME Specialist Meeting" on September 8 to learn about other ECA's assistance and measures for SMEs. In addition, Eximbank participated in the "8th



The Chair of the Board Pei-Jean Liu (2nd from left) attended Supplier Sustainability Management Conference hosted by First Financial Holding Company. The Conference is one of several implementation programs of the ESG Initiative Platform which was launched by the nine major state-run financial institutions.

Cross-Strait and Hong Kong Export Credit Insurance Seminar - Online Meeting” held by Hong Kong Export Credit Insurance Corporation (HKEC) on November 16, to understand the trend of export credit insurance markets in Taiwan, Hong Kong, and China.

(21) Implement Risk Management Mechanism, Improve Management System, and Enhance Risk Control Effectiveness

In view of the ever-changing international economic and trade situation, Eximbank has reinforced its assessment and monitoring of country risks and financial risks of business dealings, and submits the monitoring reports to executives, in particular on the change of risks in the higher risk areas and countries. In terms of industry and enterprise risks, Eximbank continuously monitors the change in risks of major industries, and carry out credit limit control on enterprises and various industries, in order to effectively master the dynamic development of enterprises and related industries and diversify the credit risk.

In order to enhance the effectiveness of risk control, Eximbank has continuously reinforced functions of risk management information system, and established database as well as the “Instant Notification System of Significant Information on Listed, OTC and Public Offering Companies” to master the risk dynamics of loan, guarantee and export credit insurance customers.

(22) Eximbank Plans and Implements Its Compliance Operations, and Supervises and Implements Anti-Money Laundering and Countering the Financing of Terrorism Measures

Eximbank has continued to observe the compliance status during business execution at each unit, reviewed the key points of the compliance assessment in a timely manner, promoted the effective implementation of various laws and regulations by each unit, and enhanced its business development. The audit unit has worked to strengthen the audit of the compliance, and the compliance unit has striven to increase the awareness of compliance at the entire Bank and to



Handover and swearing-in ceremony between the outgoing and new Eximbank President, hosted and overseen by the Chair of the Board Pei-Jean Liu. The new Eximbank President is former Vice President of the Taiwan Cooperative Eximbank, Teng-Shan Tai.

coordinate education and training, as well as evaluation operations. Each unit shall conduct effective control in each case and pay attention to the compliance with laws and regulations at all times.

Eximbank's Anti-Money Laundering Center has established a compliance and enhanced management mechanism for Eximbank's anti-money laundering and counter terrorism financing (AML/CTF), and amended Eximbank's internal regulations related to AML/CTF in accordance with the latest amendments to the laws and regulations. Eximbank completed the ad-hoc audit of AML/CTF and Eximbank's "Comprehensive Money Laundering and Terrorism Financing Risk Assessment Report" (including Eximbank's AML/CTF plan) in accordance with the timeline set by competent authorities and submitted it to the Financial Supervisory Commission for future reference.

(23) Vigorously Training Finance Professionals to Enhance Expertise

Eximbank formulated an annual training plan for employees, offered education and training to employees peers, actively trained financial professionals to enhance their business knowledge and capabilities, sent personnel to participate in seminars held by financial professional research and training institutions, while organizing training courses on specific topics with experts and scholars hired as lecturers. In 2021, Eximbank held 14 keynote speeches on professional competence and laws with a total of 964 participants. Eximbank has actively improved the staff's professional knowledge and competence to meet the needs of business development.

3. Credit Rating

- a. In order to expand funding source and save funding cost, Eximbank commissioned Fitch Ratings for credit rating and received their confirmed rating results as the highest IDR Rating among all banks in Taiwan. As the only state-owned special-



The Eximbank hosted seminar for Capturing Business Opportunities in Africa about Financing Support and Investment Taxes. Mr. Allan S.L. Chou (from left), Chairman of Ghana Taiwan Chamber of Commerce, Mr. Ibrahim Akopari Ahmed, Trade Commissioner of Nigeria Trade Office in Taiwan, Mr. Robert Seraki Matsebe, former Representative of the Liaison Office of South Africa in Taiwan, and Ms. Pei-Jean Liu, the Chair of the Eximbank, took a group photo at the seminar.

ized bank of export and import credit, Eximbank was given the IDR rating aligned with Taiwan's rating, which shows that the Bank has strong creditworthiness and high capability of honoring its debts.

b. Fitch Ratings has assigned Eximbank the following ratings on December 3, 2021:

- Long-Term Issuer Default Rating of 'AA'; Outlook Stable
- Short-Term Issuer Default Rating of 'F1+'
- National Long-Term Rating of 'AAA(twn)'; Outlook Stable

- National Short-Term Rating of 'F1+(tw)'
- Government Support Rating of 'aa'
- National Long-Term Rating on senior unsecured bonds of 'AAA(twn)'



Chairperson of the Financial Supervisory Commission Tien-Mu Huang issued the award to Eximbank for outstanding achievement of the Syndicated Loan Platform for System Integration, Turnkey Project and Engineering Industry Exports, and President Teng-Shan Tai received the award as a recognition for our assistance to Taiwanese companies in the development of overseas markets.





III Bank Profile

1. Brief Introduction

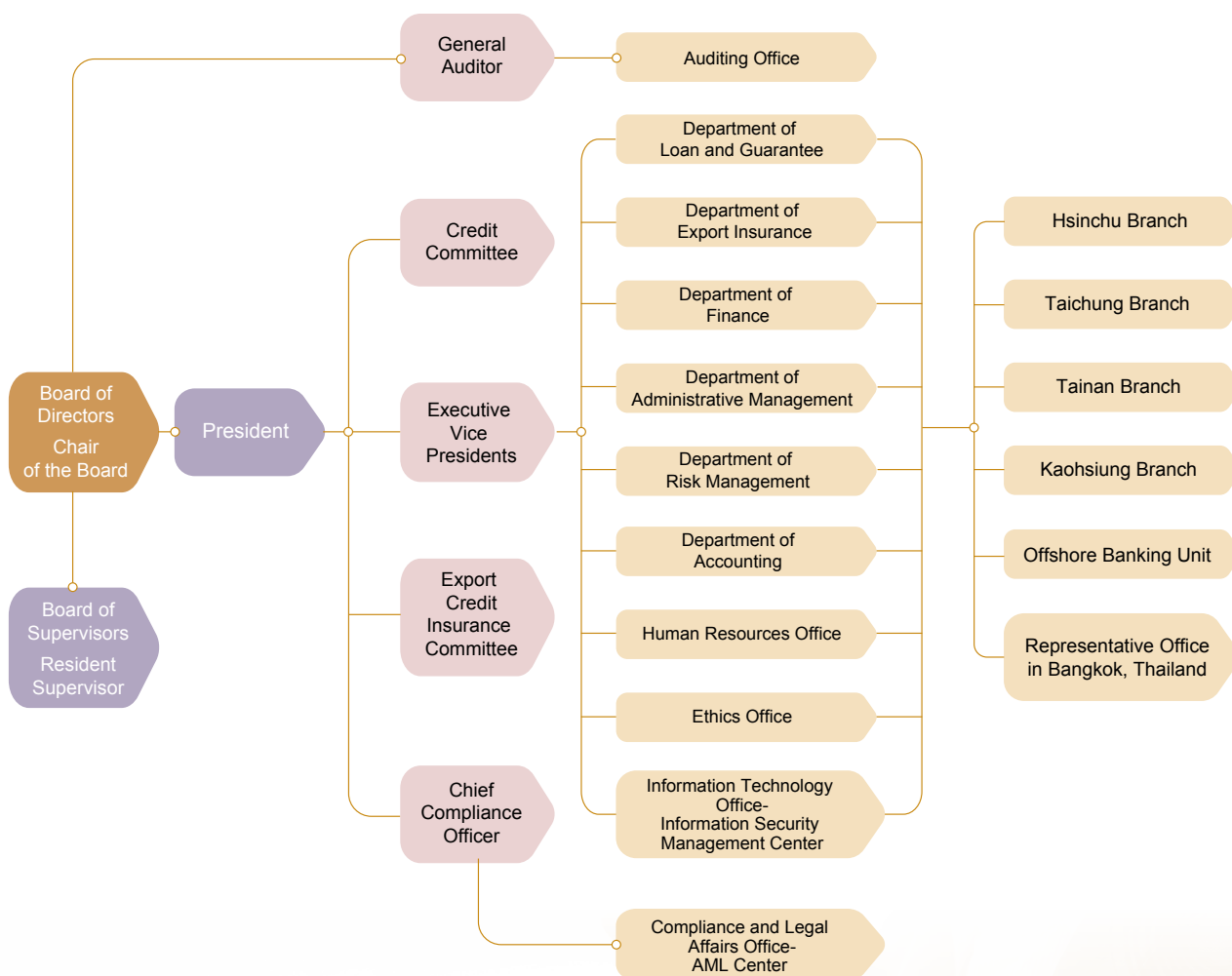
Eximbank was established on January 11, 1979 under the Statute of “The Export-Import Bank of the Republic of China Act”. As a state-owned specialized export and import financial institution, which is supervised by the Ministry of Finance and administered by the Financial Supervisory Commission, Eximbank’s mission is “to promote export and import trade and develop the economy”, and its business vision is “to Strengthen trade finance and assist external trade”. The main objective of Eximbank is to support government economic and trade policies by providing loans, guarantees, and export credit insurance to help enterprises expand external trade and overseas investments and increase international cooperation to

maintain the steady and continuous development of Taiwan economy.

In order to assist enterprises to export, Eximbank provides export credit and export credit insurance services, and successively establishes branches in Kaohsiung, Taichung, Hsinchu and Tainan, as well as Offshore Banking Unit. Eximbank established a representative office in Bangkok, Thailand in 2015. The Czech representative office in Prague and the Indonesia representative office in Jakarta have been approved by the Czech and Indonesian authorities on February 17, 2022 and April 26, 2022 respectively. Eximbank is currently promoting preparations for the opening of the relevant representative offices.

2. Bank Organization

(1) Organization Chart



(2) Board of Directors and Supervisors



✓ Pei-Jean Liu

Chair of the Board of Directors



✓ Teng-Shan Tai

Managing Director



✓ Ching-Hua Lee

Managing Director



✓ Chiung-Min Tsai

Director



✓ Wan-Jung Day

Director



✓ Wei-Kai Wang

Director



✓ Ju-Wan Chen

Director



✓ Jen-Hsiu Lu

Resident Supervisor



✓ I-Hui Lee

Supervisor



✓ Yao-Yuan Lin

Supervisor



✓ Chung-Yu Wang

Chief Compliance Officer

✓ Hsiu-Chuan Ko

Executive Vice President

✓ Fu-Hua Hsieh

General Auditor

Board of Directors		Board of Supervisors	
Pei-Jean Liu	Chair of the Board of Directors	Jen-Hsiu Lu	Resident Supervisor
Teng-Shan Tai	Managing Director	I-Hui Lee	Supervisor
Ching-Hua Lee	Managing Director	Yao-Yuan Lin	Supervisor
Chiung-Min Tsai	Director		
Wan-Jung Day	Director		
Wei-Kai Wang	Director		
Ju-Wan Chen	Director		

(3) Principal Managers and General Auditor

Name	Title
Teng-Shan Tai	President
Hsiu-Chuan Ko	Executive Vice President
Chung-Yu Wang	Chief Compliance Officer
Fu-Hua Hsieh	General Auditor
Shiu-Ru Cheng	(Senior Vice President and) General Manager, Department of Loan and Guarantee
Ting-Chieh Wang	(Senior Vice President and) General Manager, Department of Export Credit Insurance
Hwan-Min Chen	(Senior Vice President and) General Manager, Department of Finance and Offshore Banking Branch
Lih-Chin Hsieh	(Senior Vice President and) General Manager, Department of Administrative Management
Yu-Chyng Wang	(Senior Vice President and) General Manager, Department of Risk Management
I-Fang Tsai	(Senior Vice President and) General Manager, Department of Accounting
Shu-Lin Fann	(Senior Vice President and) General Manager Human Resources Office
Wen-Chuan Nieh	(Senior Vice President and) General Manager, Ethics Office
Jiang-Wen Hu	(Senior Vice President and) General Manager, Information Technology Office
Ming-Ti Chang	(Senior Vice President and) General Manager, Compliance and Legal Affairs Office



IV Operations Overview

1. Business Overview

Below is an overview of Eximbank loans, guarantees, and export credit insurance business in 2021:

(1) Loans

Eximbank's loans include "Medium and Long Term Export Credits", "General Export Credits", "Short Term Export Credits", "Medium and Long Term Import Credits", "Overseas Investment Credits", "Overseas Construction Credits", "Ship Building Credits", "International Syndicated Loans", "Relending Facilities", "Domestic Major Public Construction and Infrastructure Project Credits", etc.

Eximbank's loan portfolio mainly consists of medium and long-term loans. In 2021, the average balance of these loans totaled NT\$109,899 million, accounting for 77.60% of total loans.

(2) Guarantees

Eximbank's guarantee includes "Overseas Construction Guarantees", "Medium and Long Term Import Guarantees", "Export Guarantees", "Overseas Investment Guarantees", "Domestic Major Public Construction and Infrastructure Project Guarantees", and "Ship Building Guarantees", etc.

In the structure of Eximbank's guarantee business in 2021 (based on the proportion of amounts provided), the "guarantees for domestic major public works" accounted for 46.57%, "import guarantees" 42.71%, "export guarantees" 6.19%, "guarantees for overseas construction projects" 4.48%, and other guarantees 0.05%.

(3) Export Credit Insurance

Eximbank export credit insurance services include "Comprehensive Export Credit Insurance for D/P and D/A Transactions", "Comprehensive Export Credit Insurance for Open Account Transactions", "Export Credit Insurance for Small and Medium Enterprise", "Trade Credit Insurance for L/C Transactions", "Medium and Long-Term Deferred Payment Insurance", "Overseas Investment Insurance", "GlobalSure Credit Insurance", "GlobalSure Credit Insurance for Factoring Business", and "L/C Insurance for Forfaiting Business".

The total insured amount of export credit insurance was NT\$175,050 million in 2021, an increase of 9.08% from 2020.

2. Market Overview

(1) Domestic and Global Financial Conditions

The global economy has contracted by 3.1% in 2020 due to the outbreak of the COVID-19 for more than two years since 2019. The recession is far worse than that during the financial crisis. In early 2021, despite the uneven distribution of the global vaccine supply for COVID-19, there was a strong economic recovery in the first half of 2021 due to an increase in vaccination rates easing the pandemic and the low base period in 2020. The new variants such as Delta and Omicron have repeatedly brought about economic uncertainty, and the global inflation rose in the second half of 2021. The US Federal Reserve (Fed) will reduce bond purchases and signal a faster pace of rate increase in the future. This makes it more difficult for countries' governments to make policy decisions, and the space for applying strategies is limited. The IMF estimated that the global economy grew by 6.1% in 2021. In 2022, as the impact of the COVID-19 on the economy gradually reduces, the global economy is expected to recover continuously. However, the IMF estimates that the global economic growth rate will be 3.6% due to base period factors, a decline in the support of fiscal and monetary policies of various countries, inflationary pressures, a sharp increase in global debt, bottlenecks in supply chains and increase of transportation costs affecting global trade, and geopolitical conflicts.

America's various economic activities were stable and had a strong economic recovery. Due to the impact the COVID-19 pandemic has had on the supply chain, the GDP fell 2.3% in 2021 Q3, far below the 6.7% from Q2. Nonetheless, the global economy has seen a strong recovery despite the spread of the Omicron variant around the world. The GDP grew 6.9% in Q4, but the 2021 inflationary surge is the worst the world has seen in several decades. The IMF estimated that

the real GDP growth rate of America in 2021 was 5.7%. The Infrastructure Investment and Jobs Act was passed at the end of 2021. The pace of economic growth is expected to slow down slightly, and the IMF estimated that America's economic growth rate will be 3.7% in 2022 due to bottlenecks in supply chains, and the Fed will start raising interest rates to ease inflationary pressures in 2022.

In China, 2021 Q1 reflected the considerable contraction and low base period from the same period in the previous year (2020), caused by the start of the pandemic. Q1 GDP growth was 18.3%, the highest in record since China started disclosing economic growth data for each quarter. In 2021 Q2, there was an outbreak of COVID-19 in many places in China. The lockdown measures affected its economic performance, with a 7.9% GDP growth for Q2. Subsequently, due to the pandemic, floods, power rationing measures, and the government strengthening supervision of large technology companies and real estate companies, the GDP growth for Q3 and Q4 was 4.9% and 4%, respectively, a slump quarter over quarter. In 2021 Q2, there was an outbreak of COVID-19 in many places in China. The lockdown measures affected its economic performance. Subsequently, due to the pandemic, floods, power rationing measures, and the government strengthening supervision of large technology companies and real estate companies, the GDP growth has declined quarter by quarter. In 2021, the total value of trade imports and exports in Mainland China was at a record high. The growth in investment and domestic demands slowed down. The IMF estimated that the economic growth rate of Mainland China in 2021 is 8.1%. In 2022, as the zero-COVID policy in Mainland China affected its economic activities, and with the promotion of deleveraging in the real estate market, the economic growth slowed down. The IMF estimated that the real GDP growth rate of Mainland China in 2022 will be 4.4%.

In 2021, the European countries have made progress in vaccination, and countries have reopened their economies to effectively deal with risks such as bottlenecks in supply chains and the spread of new variants. However, rising costs of energy and raw materials and inflationary pressures have a negative impact on economic growth. The IMF estimated that the economic growth rate of the Eurozone is 5.3%. The economy is showing some signs of recovery despite impact from the pandemic. In February 2022, as Russia invaded Ukraine in eastern Europe, creating geopolitical tensions and the situation deteriorated sharply, the uncertainty and risks of potential threats to the economy increased.

In 2021, due to a huge difference in vaccination coverage among Southeast Asian countries and the infection of variants, the pace of economic recovery was uneven. The pandemic stabilized in the second half of 2021, and the benefits of rebuilding supply chains were seen. Many Southeast Asian countries have

demonstrated their potential for consumption and their ability to attract foreign investments. The IMF estimated that the economic growth rate of The Association of Southeast Asian Nations (ASEAN) (Indonesia, Malaysia, Philippines, Thailand, and Vietnam) in 2021 is 3.4%. In January 2022, the Regional Comprehensive Economic Partnership (RCEP) came into effect, which actively assisted regional economic recovery and prosperity through economic cooperation. For the economy to recover after the relaxation of pandemic prevention measures, many countries in Southeast Asia have planned quarantine-free measures and restarted the global tourism industry. The IMF estimates that the real GDP growth rate of the ASEAN in 2022 will be 5.3%.

In 2021, due to appropriate pandemic prevention measures adopted by Taiwan's government, people's lives continued as usual. Despite the pandemic, Taiwan demonstrated to be a reliable investment market, and its foreign trade, investment, and consumption all showed outstanding results. In 2021, the GDP per



In order to allow our employees to gain a deeper understanding of global financial and economic trends, and improve their business communication skills, the Eximbank arranged for employee training, including a motivational speech from the Chair of the Board Pei-Jean Liu to Eximbank employees.

capita exceeded US\$30,000 for the first time and the economic growth rate was 6.45%, showing that Taiwan's economy is more resilient during the pandemic. Looking forward to 2022, the economy is estimated to grow by 4.42% due to the pandemic control measures that have been gradually loosened and domestic demands and consumption gained momentum. The clustering effect of local investment in the supply chain was demonstrated, overseas Taiwanese businesses returning to invest in Taiwan have been implemented continuously, and the continuation of a trend in global digital transformation can be seen. Taiwan has once again shown brilliant results.

(2) Overview of Credit Market

In 2021, COVID-19 was still spreading around the world, but due to sufficient vaccines in major countries, people's lives gradually returned to normal, and the global economy recovered significantly. However, during the recovery process, key factors such as

semiconductors, logistics, and energy were still in short supply, and the uneven distribution of vaccines resulted in superior or inferior global economic performance. In terms of advanced economies, such as America, its economic growth rate in 2021 was 5.6%; the economic growth rate of emerging and developing economies was 6.3% in 2021. Regarding the domestic economic situation, due to the rapid increase in domestic vaccination coverage and the timely introduction of revitalization measures by the government, the economic growth rate of Taiwan in 2021 was 6.28%.

In order to help boost the domestic economy, Eximbank was committed to promoting the Key Innovative Industries in 2021 and strengthened the services of export financing, overseas construction project financing, major public work project financing, and mid and long-term import financing, overseas investment financing, and international corporate loans in line with the government's domestic public



Fair Friend Group President Zhi-Yang Zhu visited the Eximbank along with his employees, exchanging business information with the Eximbank and sharing his experience with cross-border mergers and acquisitions.

construction program. The performance in financing and guarantee services for 2021 increased by 2.11% and 5.92%, respectively, over the previous year.

(3) Overview on Export Credit Insurance Market

According to our country's customs import and export statistics, the total annual export trade volume in 2021 reached more than US\$446.4 billion, an increase of 29.36% from 2020. In terms of exportation, Asia remained the main export market of Taiwan. It was also the largest area of Eximbank's Export Credit Insurance business, accounted for 54.20% of total insured amount. As for industries, electronic products were the primary export goods of Taiwan, thus computer communication and audio video electronic products were the largest target of Eximbank's export credit insurance business, accounted for 30.67% of total insured amount. It reveals that the Eximbank's export credit insurance business is in line with the government policy as well as the export trade development trend of Taiwan. By providing enterprises financial instruments to mitigate trade credit risks and enhance export capability, Eximbank has assisted manufacturers in overcoming the difficulties encountered during the pandemic to achieve its strategic objectives of cultivating Taiwan, reaching out to the world, and diversifying export markets.

3. Sustainable Development in ESG

In recent years, ESG issues have become the focus on everyone. Since August 2020, the Financial Regulatory Commission has successively released the "Green Finance Action Plan 2.0" and "Corporate Governance 3.0 Blueprint for Sustainable Development". It is hoped that through the said financial mechanism, enterprises and investors will be guided to pay attention to ESG issues, and promote a virtuous

circle in which investments and industry pursue sustainable development. As a specialized financial institution focusing on trade finance, Eximbank has the obligations and responsibilities to extend ESG concepts to its suppliers and customers, and exert its own influence to implement sustainable development.

(1) Formulate Code of Practice for ESG and Set Up ESG Committee

Eximbank has formulated "Sustainable Development Best Practice Principles" for its' governance structure for sustainability development. Eximbank also set up a cross-departmental ESG committee which is directly under the Board of Directors to ensure Eximbank's future ESG implementation strategies and goals. It also assists Eximbank in conducting horizontal communication, ensures the set up and promotion of management measures, and optimizes Eximbank's operational constitution. While integrating sustainable thinking into Eximbank's business model, it has established a promotion framework that meets the expectations of stakeholders. This allows ESG risk management to play its strategic role and assist Eximbank in gaining sustainable competitive advantages.

(2) Strengthening Three Lines of Defense on Business, Risk Management/Compliance, and Internal Audit

Eximbank continued to promote the culture of three lines of defense of the internal control system. The first line of defense (self-inspection), the second line of defense (compliance and risk management), and the third line of defense (internal audit) ensures the design and operations of the internal control system are effectively executed. It also strengthens the awareness and observance on risk management, legal compliance, and internal control, as to ensure the rights and interests of customers and reduce the negative impact on corporate reputation.

(3) Refer to International Regulations to Compile Sustainability Reports

Starting from 2021, Eximbank has referred to the international regulations and relevant guidelines of the Financial Supervisory Commission year by year to compile its sustainability report, which will be verified by a third-party certification agency. The 2020 ESG Report is announced on Eximbank's website after completion at the end of November 2021.

(4) Improve Corporate Governance and Implement Talents Cultivation

Apart from operating business, Eximbank will strengthen corporate governance and improve regulatory compliance. Under the ESG governance structure, Eximbank ensures the implementation of the risk assessment system and makes sure that the decision-making process in the operation, risk control, and legal compliance teams' meetings and discussions are complemented and balanced. Simultaneously, Eximbank emphasizes the importance

of human resources management, protects the rights and interests of employees, and strives for harmonious labor-management relations to ensure that its employees can provide customers with the most professional services in a high-quality working environment.

(5) Eximbank Pays Attention to Environmental Protection and Implements Energy Conservation and Carbon Reduction to Strengthen Environmental Awareness

- a. In cooperation with the government's measures, such as "energy conservation and carbon reduction", "energy conservation and paper reduction", and "green procurement", Eximbank has formulated the "2020–2023 Energy Conservation Implementation Plan" in accordance with the Government Agencies and Schools Electricity Efficiency Management Plan and the Ministry of Finance Letter Tai-Cai-Bi No. 10806927170 dated December 18, 2019.



The Ambassador of the Republic of Guatemala Willy Alberto Gómez Tirado met with the Chair of the Board Pei-Jean Liu, besides expressing welcome, the Chair of the Board also introduced the Eximbank business to help expand bilateral economic and trade relations.

- b. Through awareness-raising activities by Eximbank, employees have cooperated with various measures, such as saving water, electricity, oil, and paper, and Eximbank has also improved relevant equipment. This year's electricity consumption, water consumption, and oil consumption were reduced by 8.16%, 15.27%, and 30.7%, respectively from the energy saving targets. Paper consumption was the same as in 2015 (the base year). All energy sources reached the energy-saving targets.
- c. Eximbank actively cooperated with the government's green procurement promotion program, and also has implemented waste sorting and resource recycling in the office and adopted office supplies with environmental protection labels to create a society where resources can be used sustainably. This year's designated procurement items for green procurement have achieved 100%, with a total score of 95.46%, meeting the annual standards.

(6) Eximbank Actively Conducted Public Welfare Activities to Enhance its Image and Fulfill its Social Responsibility

As people around the world gradually get vaccinated against the pandemic in 2021, the pandemic that has ravaged the world for more than a year finally shows a glimmer of light. Apart from continuing to assist enterprises through bailout programs and implementing "Got Your Back 4.0" for credit and export credit insurance customers, Eximbank has also been doing good deeds. The actions of Eximbank for the whole year are as follows:

- a. Purchased handmade products from welfare organizations such as Children Are Us Foundation, Yu-Cheng Social Welfare Foundation, Syin-Lu Social Welfare Foundation, and Changhua County Joyce-Polio Care Association as gifts to customers to promote business.



The Hondurian ambassador visited the Chair of the Board Pei-Jean Liu. The two discussed issues which concern both parties, and the Chair introduced the Eximbank's operations to the ambassador in an effort to boost trade relations between the two countries.

- b. Sympathized with the hard work of farmers, assisted them in resolving the imbalance between production and marketing, and actively purchased local agricultural products in Taiwan:
 - i. From several Farmers' Associations' ordering platforms, Eximbank purchased pineapples from Taiwan Chiayi Farmers' Association, mangoes from Tainan City Yu-Ching District Farmers' Association, and sugar apples from Taitung County Farmers' Association as gifts to customers to promote business.
 - ii. Eximbank also gave pineapples to the Bethany Children's Home in Taipei City, Mu Hsiang Sweet Home in Taoyuan City, and Funchao Education and Nursing Institution in Taoyuan City as a gift, hoping to contribute to social welfare while promoting economic development.
- c. According to the regulations of the "Procurement Manual for Social Welfare Organizations Entrusted by Authorities" and "Government Procurement Act", office cleaning is handled by the "Taiwan Association of Welfare Promotion for Persons with Disabilities" to provide disadvantaged groups with job opportunities, hoping to improve their living skills and be able to support themselves in the society.
- d. According to the "Regulation for Obligated Purchasing Units / Institutions to Purchase the Products and Services Provided by Disabled Welfare Institutions, Organizations or Sheltered Workshops", Eximbank has successively purchased several office supplies and services from Equal Cultural and Creative Print -Sheltered Workshop, Hefeng, New Taipei City Wecare Creative Printing Shelter Factory, and Development Center for the Spinal Cord Injured.
- e. As the COVID-19 infections rose in May, the number of blood donors plummeted due to the avoidance of mass gatherings, resulting in a rapid decline in blood reserves and was in a state of blood shortage. In response to this, Eximbank and the Taiwan Blood Services Foundation have jointly organized an event entitled "Blood Donation with Love, Passion, and Support" on August



- 19, calling on colleagues, neighboring institutions, and enthusiastic people to join this event and to roll up their sleeves to donate blood.
- f. Eximbank participated in a charity concert held by Taipei Kuanyin-Line Psychological and Social Service Association in June to raise funds to continue to provide various social services. It also helped disadvantaged families to settle down, accompanied the elderly to give them peace of mind, and made the society more harmonious and peaceful.
 - g. Considering the level 3 epidemic alert, most schools that adopted distance teaching have faced difficulties in resources and funding. After checking out old computers that have reached their time for replacement in November, Eximbank has selected those that still performed well and donated them to Hsinchu County Datong Elementary School. This fulfilled several goals such as the reuse of resources and increased teaching resources and anti-epidemic materials, which narrowed the gap between urban and rural resources.
 - h. To strengthen employees' awareness of environmental protection, Eximbank held a "Half-Day Mountain Clean Up at Fuyang Eco Park" event in December. In addition to picking up garbage to complete the task of mountain clean up, apart from work and rest, it also encouraged colleagues to exercise and relax in the mountains. By this means, it allows colleagues to acquire the concept of cherishing the environment.
 - i. As the pandemic gradually stabilized in December, Eximbank sponsored the Taiwan Disability-Free Association to hold the "Charity Road Running and End-of-Year Gas Station with Materials Donated with Love" event, hoping to encourage persons with disabilities to go outdoors to exercise and to provide them with more assistance through the materials donated with love.



The Eswatini ambassador led a team to visit the Chair of the Board Pei-Jean Liu (middle) and discussed future business collaborations.

4. Prospects

The Export-Import Bank of the Republic of China is the only state-owned professional trade financial institution in our country. Shouldered with the policy-oriented mission of assisting businesses in expanding the overseas markets, Eximbank continuously cooperates with the government to promote various major policies, and keeps abreast of economic and trade changes, such as supply chain transfers, brought about by the US-China trade conflict. Eximbank provides complete trade and financial services as a strong backing for enterprises to expand overseas markets, thereby assisting domestic enterprises in achieving the overall adjustment to and transformation of the economic and industrial structure.

After the impact of the pandemic and international political and economic turmoil in 2021, the global economic trends will still be hampered by the pandemic. In the face of international pandemic, inflation, U.S. fiscal expenditures, trade and technological wars, central bank monetary policy, and other variables, as well as the chaotic and uncertain economic situation, Eximbank will continue to control risks steadily and strictly and continue to

cooperate with the government's various economic and trade policies and actively seek the support of the government's economic and trade departments based on the principle of "strengthening trade finance and facilitating export trade". As such, Eximbank will be able to provide various financing competitive measures to strengthen our export businesses' export competitiveness, assist Taiwanese businesses in expanding to the global market, increase domestic employment through exports, thereby increasing income, creating consumer demand, and then achieving the goal of promoting economic growth.

In addition, according to the Executive Yuan's 2022 policy directions, the government will continue to promote forward-looking infrastructure. On the foundation of the "Five plus two" innovative industries plan, the government will promote the "Six Core Strategic Industries" and build a complete supply chain to make Taiwan a key role in the global economy. Simultaneously, investments in Taiwan accelerates to activate the force of innovation economy and economic growth, and continue to promote the "New Southbound Policy" to explore potential markets and assist industries in expanding businesses in foreign markets and increase global business opportunities.



Financial Overview

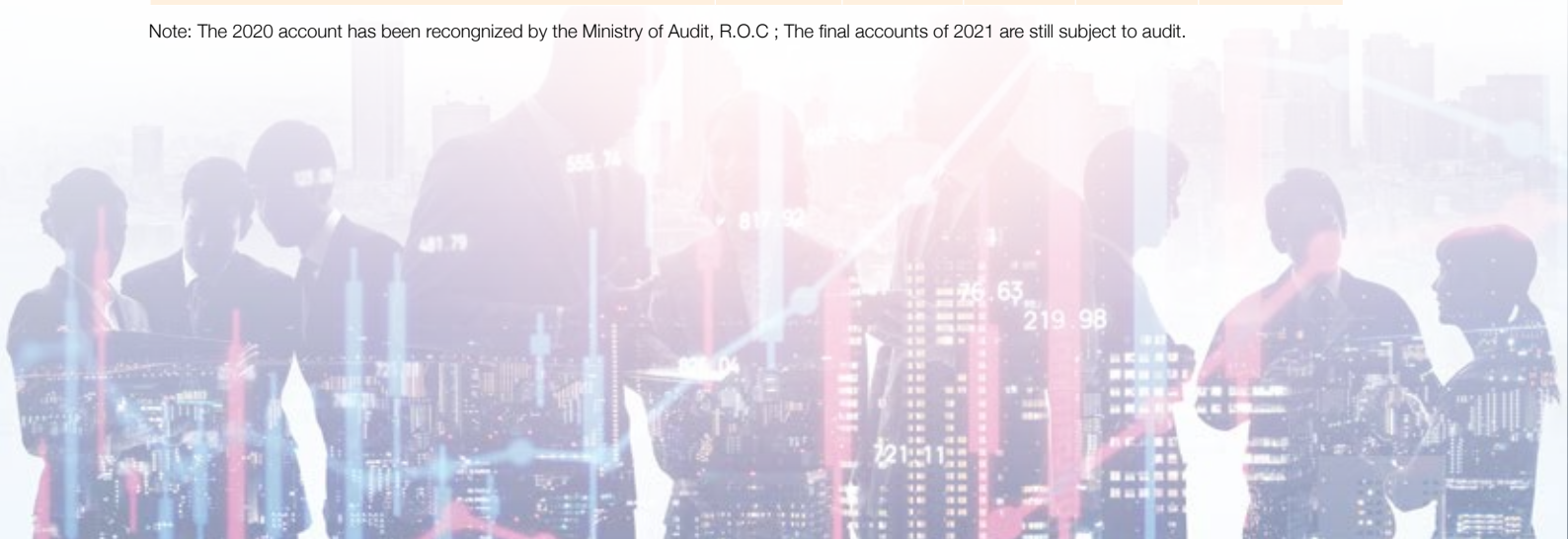
1. Balance Sheets

NT\$ Thousand

Item	Notes	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Assets					
Cash and Cash Equivalents	Note 7(1)	231,884	0.15	289,218	0.19
Due from the Central Bank and Call Loans to Other Banks	Note 7(2)	1,860,392	1.23	79,343	0.05
Financial Assets at Fair Value through Profit or Loss	Note 7(3)	6,034	0.00	25,803	0.02
Financial Assets at Fair Value through Other Comprehensive Income	Note 7(4)	338,744	0.22	382,997	0.25
Investments in Debt Instrument at Amortized Cost	Note 7(5)	7,700,000	5.09	7,600,000	5.04
Receivables-Net	Note 7(6)	207,312	0.14	322,916	0.22
Discounts and Loans-Net	Note 7(7)	139,999,951	92.56	141,050,127	93.57
Other Financial Assets-Net	Note 7(8)	144,444	0.10	249,109	0.17
Property and Equipment-Net	Note 7(9)	507,985	0.34	510,235	0.34
Right-of-use Assets-Net	Note 7(10)	2,960	0.00	787	0.00
Intangible Assets-Net	Note 7(11)	85,136	0.06	79,798	0.05
Deferred Income Tax Assets-Net		128,564	0.08	111,331	0.07
Other Assets-Net	Note 7(12)	40,748	0.03	48,722	0.03
Total Assets		151,254,154	100.00	150,750,386	100.00

Item	Notes	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
Liabilities					
Due to the Central Bank and Other Banks	Note 7(13)	18,840,269	12.46	26,464,900	17.55
Borrowed Funds from the Central Bank and Other Banks	Note 7(14)	31,803,085	21.03	29,952,450	19.87
Financial Liabilities at Fair Value through Profit or Loss	Note 7(15)	29,488,194	19.49	23,861,500	15.83
Payables	Note 7(17)	296,424	0.20	327,939	0.22
Current Tax Liabilities		72,343	0.05	42,069	0.03
Financial Debentures Payable	Note 7(17)	2,999,123	1.98	6,898,334	4.58
Other Financial Liabilities	Note 7(18)	30,040,551	19.86	25,635,327	17.00
Provisions	Note 7(19)	1,340,698	0.89	1,363,694	0.90
Lease Liability		2,973	0.00	807	0.00
Deferred Tax Liabilities		53,159	0.03	46,793	0.03
Other Liabilities	Note 7(20)	1,376,838	0.91	1,367,097	0.91
Total Liabilities		116,313,657	76.90	115,960,910	76.92
Equity					
Capital		32,000,000	21.16	31,711,187	21.04
Retained Earnings					
Legal Reserve		1,839,626	1.21	1,550,340	1.03
Special Reserve		1,891,958	1.25	2,044,169	1.35
Undistributed Earnings				41,219	0.03
Other Equity		-791,087	-0.52	-557,439	-0.37
Total Equity		34,940,497	23.10	34,789,476	23.08
Total Liabilities and Equity		151,254,154	100.00	150,750,386	100.00

Note: The 2020 account has been recongnized by the Ministry of Audit, R.O.C ; The final accounts of 2021 are still subject to audit.



2. Statements of Comprehensive Income

NT\$ Thousand

Item	Notes	January 1, 2021- December 31, 2021		January 1, 2020- December 31, 2020		Percentage change (%)
		Amount	%	Amount	%	
Interest Revenue		1,440,248	97.44	2,020,257	127.55	-28.71
Minus: Interest Expenses		147,249	9.96	551,637	34.83	-73.31
Net Interest Income		1,292,999	87.48	1,468,620	92.72	-11.96
Non-Interest Income						
Net Fees and Commissions	Note 7(21)	59,063	4.00	64,537	4.07	-8.48
Gains (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss	Note 7(22)	-63,316	-4.28	-20,430	-1.29	-209.92
Gains From Sale of Financial Assets at Fair Value through Other Comprehensive Income		24,483	1.65	22,971	1.45	6.58
Foreign Exchange Gains (Losses)		-740	-0.05	-3,254	-0.21	77.26
Net Export Credit Insurance Income	Note 7(23)	227,670	15.40	142,638	9.01	59.61
Other Non-Interest Income	Note 7(24)	-62,084	-4.20	-91,161	-5.75	31.90
Net Operating Income		1,478,075	100.00	1,583,921	100.00	-6.68
Bad Debts Expense, Commitment and Guarantee Liability Provision	Note 7(25)	82,925	5.61	250,920	15.84	-66.95
Operating Expenses						
Employee Benefits Expenses		373,362	25.26	372,950	23.55	0.11
Depreciation and Amortization		48,431	3.28	43,635	2.75	10.99
Other General and Administrative Expenses		180,040	12.18	170,553	10.77	5.56
Net Income (Loss) Before Tax		793,317	53.67	745,863	47.09	6.36
Income Tax (expense)		-64,701	-4.38	-69,419	-4.38	6.80
Net Income (Loss)		728,616	49.29	676,444	42.71	7.71
Other Comprehensive Income						



Item	Notes	January 1, 2021- December 31, 2021		January 1, 2020- December 31, 2020		Percentage change (%)
		Amount	%	Amount	%	
Items not to be Reclassified into Profit or Loss:						
Re-measurements of the Defined Benefit Plans		-6,187	-0.41	-43,696	-2.76	85.84
Gains (Losses) Valuation of Equity Instrument at Fair Value through Other Comprehensive Income		-48,945	-3.31	19,268	1.22	-354.02
Income Tax Related to Items not to be Reclassified		786	0.05	5,432	0.34	-85.53
Items that May be Subsequently Reclassified into Profit or Loss:						
Exchange Differences Caused by Translation of Financial Statements of Offshore Branches		-184,703	-12.50	-687,276	-43.39	73.13
Other Comprehensive Income (After Tax)		-239,049	-16.17	-706,272	-44.59	66.15
Total Comprehensive Income		489,567	33.12	-29,828	-1.88	
Earnings per Share						
Basic and Diluted		0.23		0.21		

Note: 1. In the year of 2020, capital increased by cash of NT\$626,411 thousand and the recapitalization of special reserves was amount of NT\$484,776 thousand. After the capital increase, the paid-in capital was changed to NT\$31,711,187 thousand.

2. On December 1, 2021, the recapitalization of the special reserve was NT\$288,813 thousand. After the capital increases, the paid-in capital changed to NT\$32 billion. The amount of capital transferred from the recapitalization of the special reserves was adjusted retrospectively and accounted for under earnings per share for 2020.

3. Eximbank is a non-company entity. For ease of analysis, the number of shares is calculated based on a hypothetical value of NT\$10 per share.

4. Earnings per share are denominated in New Taiwan Dollars.

3. Statements of Cash Flows

NT\$ Thousand

Item	January 1, 2021- December 31, 2021		January 1, 2020- December 31, 2020	
	Subtotal	Total	Subtotal	Total
Cash Flows from Operating Activities:				
Profit Before Tax		793,317		745,863
Adjustments:		-7,755,445		-12,233,417
Adjustments to Reconcile Profit		-887,127		-913,767
Bad Debts Expense, Commitment and Guarantee Liability Provision	138,316		284,826	
Depreciation Expense	20,104		19,550	
Amortization Expense	27,891		23,916	
Interest Income	-1,440,248		-2,020,257	
Interest Expense	305,189		656,789	
Loss (Gain) on Disposal of Assets	157		57	

Item	January 1, 2021 - December 31, 2021		January 1, 2020 - December 31, 2020	
	Subtotal	Total	Subtotal	Total
Other Adjustments	61,464		121,352	
Changes in Operating Assets and Liability		-6,868,318		-11,319,650
(Increase) Decrease in Loans and Discounts	719,109		-9,647,119	
(Increase) Decrease in Receivables	111,858		95,105	
(Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	19,769		-22,757	
(Increase) Decrease in Other Assets	8,042		-1,525	
Increase (Decrease) in Due to the Central Bank and Other Banks	-7,624,631		-1,678,650	
Increase (Decrease) in Payables	-28,394		-8,479	
Increase (Decrease) in Financial Liabilities at Fair Value through Profit or Loss	-73,306		-47,712	
Increase (Decrease) in Other Liabilities	-765		-8,513	
Interest Paid		-307,326		-649,355
Interest Received		1,443,354		2,193,964
Income Tax Paid		-44,507		-85,553
Net Cash Inflows from (Used in) Operating Activities		-5,870,607		-10,028,498
Cash Flows from Investing Activities				
Purchase of Property and Equipment	-17,394		-16,368	
Sale of property and equipment	32			
Decrease (Increase) in Other Financial Assets	-4,692		-4,275	
Decrease (Increase) in Other Assets	-33,297		-47,241	
Dividend Received	24,483		22,971	
Net Cash Inflows from(Used in) Investing Activities		-30,868		-44,913
Cash Flows from Financing Activities				
Capital Increase (Decrease)			626,411	
Increase (Decrease) in Borrowed Funds from the Central Bank and Other Banks	1,850,634		642,464	
Increase (Decrease) in Financial Debentures Payable	-3,900,000		-4,400,000	
Increase (Decrease) in Other Financial Liabilities	10,105,224		13,138,993	
Increase (Decrease) in Other Liabilities	9,956		5,614	
Distribution of Cash Dividends	-338,735			
Principal Repayment of Lease Liability	-1,136		-1,354	

Item	January 1, 2021- December 31, 2021		January 1, 2020- December 31, 2020	
	Subtotal	Total	Subtotal	Total
Net Cash Flows from (Used in) Financing Activities		7,725,943		10,012,128
Effect of Exchange Rate changes		-753		-5,285
Increase (Decrease) in Cash and Cash Equivalents		1,823,715		-66,568
Cash and Cash Equivalents at Beginning of Period		7,968,561		8,035,129
Cash and Cash Equivalents at End of Period		9,792,276		7,968,561
Composition of Cash and Cash Equivalents				
Cash and Cash Equivalents Reported in the Balance Sheet		231,884		289,218
Due from the Central Bank and Call Loans to Banks Qualifying for Cash and Cash Equivalents Under the Definition of IAS 7		1,860,392		79,343
Securities Under Resell Agreements to Qualifying for Purchased Cash and Cash Equivalents Under the Definition of IAS 7		7,700,000		7,600,000
Cash and Cash Equivalents at End of Period		9,792,276		7,968,561



The Eximbank hosted the Capturing Business Opportunities in Africa - Seminar on Financing Support and Investment Taxes. In the seminar, the Eximbank introduced its financing and export insurance operations designed to help businesses expanding into Africa obtain financing and avoid risks, promoting exchanges and collaborations between different businesses.

4. Statements of Changes in Equity

January 1, 2020-December 31, 2021

NT\$ Thousand

Item	Attributable to Owners of the Controlling Equity						Total
	Capital	Retained Earnings			Other Equity Items		
		Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statement	Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	
Balance, January1, 2020	30,600,000	1,295,068	2,154,465	33,930	-161,844	272,413	34,194,032
Capital Increase by Cash, June1, 2020	626,411						626,411
Recapitalization of Special Reserve on June 1, 2020	484,776		-484,776				
Provision for Legal Reserve		255,272		-255,272			
Provision for Special Reserve			374,480	-374,480			
Appropriation for Official Dividends				-1,139			-1,139
Net Income for FY 2020				676,444			676,444
Other Comprehensive Income for FY 2020				-38,264	-687,276	19,268	-706,272
Balance, December 31, 2020	31,711,187	1,550,340	2,044,169	41,219	-849,120	291,681	34,789,476
Recapitalization of the Special Reserves on June 1, 2021	288,813		-288,813				
Provision for Legal Reserve		289,286		-289,286			
Provision for Special Reserve			136,602	-136,602			
Appropriation for Official Dividends				-338,546			-338,546
Net Income for FY 2021				728,616			728,616
Other Comprehensive Income for FY 2021				-5,401	-184,703	-48,945	-239,049
Balance, December 31, 2021	32,000,000	1,839,626	1,891,958		-1,033,823	242,736	34,940,497

5. Financial Analysis

NT\$ Thousand ; %

Item (Note 2)		year	FY2021	FY2020
Operating Ability	Non-performing Loan Ratio		0.032%	0.036%
	Ratio of Interest Income to Annual Average Loans		0.97%	1.40%
	Total Asset Turnover (Times)		0.98	1.08
	Average Operating Income per Employee		6,290	6,857
	Average Profit per Employee		3,100	2,928
Profitability	Return on Tier 1 Capital		2.40%	2.29%
	Return on Assets		0.48%	0.46%
	Return on Equity		2.09%	1.96%
	Net Income to Net Operating Income		49.29%	42.71%
	Earnings per Share (NT\$)		0.23	0.21
Financial Structure	Ratio of Liabilities to Assets		76.75%	76.77%
	Ratio of Property and Equipment to Equity		1.45%	1.47%
Growth Rate	Asset Growth Rate		0.33%	5.94%
	Profit Growth Rate		6.36%	5.65%
Cash Flow	Cash Flow Ratio		-12.07%	-19.80%
	Cash Flow Adequacy Ratio		-6,753.84%	-9,190.15%
	Cash Flow Sufficiency Ratio		19,018.42%	22,328.72%
Liquid Reserve ratio			157.69%	60.54%
Total Secured Loans to Interested parties			-	-
Total Secured Loans to Interested Parties as a Percentage of Total Loans			-	-
Operating Scale	Market Share of Assets		0.26%	0.27%
	Market Share of Net Worth		0.82%	0.84%
	Market Share of Loans		0.42%	0.46%

Analysis of Major Financial Ratio Changes Over the Past Two Fiscal Years:

1. The decrease in the non-performing loan ratio in 2021 was mainly because of bad debts written off.
2. The decrease in ratio of interest income to annual average loans balance in 2021 was mainly because of the substantial decrease in interest rates despite the growth of Eximbank's loan business.
3. The decrease in asset growth rate in 2021 was mainly because of the decrease in the growth of loan balance resulting in a decrease in the degree of asset growth.
4. The increase in cash flow ratio in 2021 was mainly because of the smaller increase in loans and discounts this year, resulting in a decrease in net cash outflow from operating activities.
5. The increase in the cash flow adequacy ratio in 2021 was mainly because of the decrease in the average number of loans and discounts in the last five years, which resulted in a decrease in net cash outflow from operating activities.
6. The decrease in the cash flow sufficiency ratio in 2021 was mainly because of the smaller increase in the average number of loans and discounts this year, resulting in a decrease in net cash outflow from operating activities.
7. The increase in the liquid reserve ratio in 2021 was mainly caused by the decrease in NTD interbank borrowing.

Note 1: The 2020 account has been recognized by the Ministry of Audit , R.O.C .The final accounts of 2021 are still subject to account.

Note 2: Financial Formulae

1. Operating Ability

- (1) Non-Performing Loan Ratio = Non-Performing Loans / Total Loans Outstanding
- (2) Ratio of Interest Income to Annual Average Loans = Total Interest Income for Extended Credit / Annual Average Loans
- (3) Total Assets Turnover = Net Operating Income / Average Total Assets
- (4) Average Operating Income per Employee (Note 3) = Net Operating Income / Number of Employees
- (5) Average Profit per Employee = Net Income / Number of Employees

2. Profitability

- (1) (1) Return on Tier 1 Capital = Net Income before Tax / Average Total Tier 1 Capital
- (2) Return on Assets = Net Income / Average Total Assets
- (3) Return on Equity = Net Income / Average Net Equity
- (4) Net Income to Net Operating Income = Net Income / Net Operating Income
- (5) Earnings per Share = (Net Income Attributable to Owners of the Controlling Entity – Dividends from Preferred Stocks)/ Weighted Average Outstanding Shares (Note 4)

3. Financial Structure

- (1) Ratio of Liabilities to Total Assets = Total Liabilities (Note 5) / Total Assets
- (2) Ratio of Property and Equipment to Equity = Net Property and Equipment / Net Equity

4. Growth Rates

- (1) Asset Growth Rate = (Total Assets for Current Year – Total Assets for Previous Year) / Total Assets for Previous Year
- (2) Profit Growth Rate = (Net Income before Tax for Current Year – Net Income before Tax for Previous Year) / Net Income before Tax for Previous Year

5. Cash Flows (Note 6)

- (1) Cash Flow Ratio = Net Cash Flows from Operating Activities / (Due to Banks + Commercial Papers Payable + Financial Liabilities at Fair Value through Profit or Loss + Securities Sold Under Agreements to Repurchase + Payables Within One Year)
- (2) Cash Flow Adequacy Ratio = Net Cash Flows from Operating Activities for the Past Five Years / (Capital Expenditures + Cash Dividends) for the Past Five Years
- (3) Cash Flow Sufficiency Ratio = Net Cash Flows from Operating Activities / Net Cash Flows from Investing Activities

6. Liquid Reserve Ratio = Central Bank Liquid Asset Requirements / Liabilities Requiring the Provision of Liquid Reserves

7. Operating Scale

- (1) Market Share of Assets = Total Assets / Total Assets of All Financial Institutions Available for Deposits and Loans (Note 7)
- (2) Market Share of Net Worth = Net Worth / Total Net Worth of All Financial Institutions Available for Deposits and Loans
- (3) Market Share of Loans = Total Loans / Total Loans of All Financial Institutions Available for Deposits and Loans

Note 3: Net operating income refers to the sum of interest income and non-interest income.

Note 4: 1. On December 1, 2021, the recapitalization of the special reserve was NT\$288,813 thousand. After the capital increases, the paid-in capital changed to NT\$32 billion. The amount of capital transferred from the recapitalization of the special reserves was adjusted retrospectively and accounted for under earnings per share for 2020.

2. Eximbank is a non-company entity. For ease of analysis, the number of shares is calculated based on a hypothetical value of NT\$10 per share.

Note 5: Liabilities exclude guarantee reserve and reserve for accident losses.

Note 6: Comments on Measuring Cash Flow Analysis:

- 1. Net cash flows from operating activities refer to the same item in the statements of cash flows.
- 2. Capital expenditures refer to cash outflows required for capital investments each year.
- 3. Cash dividends include cash dividends for common stock and preferred stock.

Note 7: Financial institutions handling deposits and loans include domestic banks, the local branches of Mainland China's banks and foreign banks, credit cooperatives, and credit departments of farmers' and fishermen's associations.

6. Capital Adequacy

NT\$ Thousand; %

Analyzed Item			Year	FY 2021	FY 2020
Self-Owned Capital	Common Equity			33,099,060	32,999,979
	Additional Tier 1 Capital of Non Common Equity			-	-
	Tier 2 Capital			1,562,611	1,565,200
	Self-Owned Capital			34,571,671	34,565,179
Total Risk Weighted Assets	Credit Risk	Standardized Approach		113,749,298	113,956,445
		Internal Ratings-Based Approach		-	-
		Assets Securitization		-	-
	Operational Risk	The Basic Indicator Approach		3,113,579	2,982,923
		The Standardized Approach/The Alternative Standardized Approach		-	-
		Advanced Measurement Approach		-	-
	Market Risk	Standardized Approach		19,203	35,768
		Internal Models Approach		-	-
	Total Risk-Weighted Assets				116,882,080
Capital Adequacy Ratio				29.58%	29.55%
Tier 1 Risk-Based Capital Ratio				28.24%	28.21%
Common Equity to Risk-Based Capital Ratio				28.24%	28.21%
Leverage Ratio				19.69%	19.81%

Note: 1. Under the Ministry of Finance Circular Tai-Tsai-Rong (2) No. 89774873, Eximbank's balance sheets, income statements, statements of changes in equity, and statements of cash flows are exempt from verification by a certified public accountant.

2. Self-owned capital, total risk-weighted assets, and exposure measurement were calculated in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and related instructions for capital adequacy calculations.

3. The following financial formulae are used in calculations on this table:

(1) Self-Owned Capital = Common Equity + Additional Tier 1 Capital + Tier 2 Capital

(2) Total Risk-Weighted Assets = Credit-Risk-Weighted Assets + Capital Charge of (Operational Risk + Market Risk) x 12.5

(3) Capital Adequacy Ratio = Self-Owned Capital / Total Risk-Weighted Assets

(4) Tier 1 Risk-Based Capital Ratio = (Common Equity + Additional Tier 1 Capital) / Total Risk-Weighted Assets

(5) Common Equity to Risk-Based Capital Ratio = Common Equity / Total Risk-Weighted Assets

(6) Leverage Ratio = Total Tier 1 Capital / Exposure Measurement

7. Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies and Measurement Bases

(1) Declaration of Compliance

Eximbank is a state-owned enterprise. Its financial statements are prepared based on Eximbank's accounting policies made in conformity with "Regulations Governing the Preparation of Financial Reports by Public Banks" announced by the competent authority, the International Financial Reporting Standards, International Accounting Standards, explanations/interpretations approved by the Financial Supervisory Commission (FSC), and in accordance with the provisions specified in the Budget Act, the Financial Statement Act, and the Accounting Act.

(2) Preparation Bases

a. Measurement Bases

Except for the gains and losses at fair values of financial instruments (including derivative financial instruments), Eximbank's financial statements are prepared based on historical costs.

b. Functional Currency and Presentation Currency

The functional currency of each operational office of Eximbank is the primary currency of the economy where the office is located. The functional currency of Eximbank's domestic operational institutions is NTD, and functional

currency for the offshore banking branch and the overseas representative office are USD. The presentation currency in the financial statements is NTD.

(3) Foreign Currency Transactions

a. Foreign Currency Transactions

Foreign currency transactions are recorded in original currencies used. Income or expenses generated from foreign currency transactions are converted to the functional currencies at the closing exchange rates on the day or at the end of the month in which the transactions occur.

Foreign currency assets and liabilities held by Eximbank are monetary items, the values of which may be adjusted subject to the closing foreign exchange rates on the balance sheet date, and exchange differences will be recorded under current gains and losses.

b. Translation of Foreign Currency Financial Statements

The functional currency of Eximbank's offshore banking branch and overseas representative office is USD. The assets and liabilities stated as part of the financial status and operational results are converted to the presentation currency at the closing foreign exchange rates on the balance sheet date, while the gains and losses are converted to the presentation currency at the average exchange rates in the current period. All exchange differences generated from the conversion are recorded as other comprehensive income and loss. Exchange differences generated from the conversion of the net investment in foreign operations are recorded as other comprehensive income and loss in the Eximbank's financial statement.

(4) Financial Instruments

Financial assets and financial liabilities are recorded when Eximbank becomes one of the parties entering into a financial instrument contractual agreement. According to International Financial Reporting Standard 9 and the Competent Authority's "Regulations Governing the Preparation of Financial Reports by Public Banks", all financial assets and liabilities of Eximbank, including derivatives, are recognized on the balance sheet and measured according to their classification.

a. Financial Assets

Financial assets are initially recognized at fair value. Those that are not measured at fair value through profit or loss are measured at the transaction cost directly attributable to the obtaining of the financial asset. The subsequent value is measured based on fair value or amortized cost.

i. Financial Assets at Fair Value through Profit or Loss:

- (i). Shall mean financial assets that are not measured at amortized cost or measured at fair value through other comprehensive income.
- (ii). Financial assets measured at fair value through amortized cost or through other comprehensive income can be designated as financial assets measured at fair value through profit or loss in accordance with International Financial Reporting Standard 9. That is, only those who can provide more information through the designation that can eliminate or significantly reduce accounting inconsistency can be designated as financial assets measured at fair value through profit or loss.

The initial recognition is measured at fair value, and the change in fair value shall be included in the current profit and loss.

ii. Financial Assets at Fair Value through Other Comprehensive Income:

(i). Debt instrument investments that meet the following conditions:

1. The financial asset is held under a business model for the purpose of collecting contractual cash flows and selling.
2. The contractual terms of the financial assets generate cash flows on a specific date, which are solely for the payment of principal and interest on the outstanding principal amount.

(ii). An irrevocable option is made in initial recognition to present changes in fair value to other comprehensive income for equity instrument investment that are not held for trading. This option is made on an item by item basis.

Financial assets measured at fair value through other comprehensive income are measured at fair value and presented in other comprehensive income. When Eximbank derecognize the above equity instruments investment, the accumulated benefits or losses presented in other comprehensive income are transferred directly to retained earnings and are not reclassified to profit or loss.

iii. Debt Instrument Investments Measured at Amortized Cost

- (i). The financial assets are held in a business model for the purpose of collecting contractual cash flows.
- (ii). The contractual terms of the financial assets generate cash flows on a specific

date, which are solely for the payment of principal and interest on the outstanding principal amount.

The initial recognition is measured at the transaction price plus the transaction cost, and the subsequent evaluation is measured at the amortized cost of the effective interest method, and the gain or loss is recognized when it is derecognized, impaired or amortized.

iv. Loans and Receivables

Loans and receivables include bank-originated and non- bank-originated. Bank-originated loans and receivables refer to those that are generated when Eximbank provides money, goods or services to the debtors. Non-bank-originated loans and receivables refer to all the loans and receivables that are not originated by Eximbank. The initially recognized fair value, (generally the transaction price), major transaction costs, major paid or received fees, discounts and premium of loans and receivables are considered for accounting and

subsequently measured based on the effective interest method in accordance with relevant regulations. However, according to Paragraphs 7 and 10 of Article 10 of the “Regulations Governing the Preparation of Financial Reports by Public Banks”, loans and receivables that have minimal effect on discounting can be measured at the original amount.

v. Securities Traded under Repurchase or Resale Agreements

Securities traded by Eximbank under repurchase or resale agreements are managed as financing transaction according to its substance of transaction. For the securities traded under repurchase or resale agreements, the interest expenses or interest incomes are recognized as occurred at the date of sale and purchase as well as the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.



The Eximbank hosted the Support the New Southbound Policy and Create New Economic Growth Together seminar, an online seminar on taking advantage of the business opportunities offered by the New Southbound Policy. Chaired by President Teng-Shan Tai, the seminar shared how the Eximbank's financing support services can be used to invest in and expand into Southbound markets.

vi. Impairment of Financial Assets

(i). The scope of application of Eximbank's impairment assessment.

All of the financial instruments measured at the post-amortization cost, the debt instruments measured at fair value through other comprehensive income, or the loan commitments and financial guarantee contracts applicable to the impairment requirements in accordance with IFRS 9 are included.

(ii). Eximbank uses the expected credit loss model to assess the impairment of financial assets.

1. If the credit risk of the financial asset has not increased significantly since the initial recognition, the allowance for the financial asset shall be measured by the 12-month expected credit loss amount on the reporting date.

2. If the credit risk of the financial asset has increased significantly since the initial recognition, the allowance for the financial asset shall be measured against the expected credit loss during the duration of each reporting period.

3. In determining whether the credit risk has increased significantly, the risk of default on the financial assets of the reporting date and the risk of default on the financial assets on the initial recognition date should be compared, and the reasonable and provable information showing the significant increase in credit risk since the initial recognition should be considered.

(iii). If the financial instrument measured at the amortized cost is recognized as impairment after the assessment method, the impairment loss is recognized. If the amount of the impairment loss decreases



The Eximbank attended the Eighth Cross-Strait and Hong Kong Seminar on Credit Insurance for Exports, strengthening collaboration within the industry and exchanging market information. Through these information exchanges, we gained a deeper understanding of the market and improved our ability to make risk assessments, allowing the Eximbank to offer more in-depth and wider-ranging export insurance services.

in the subsequent period, it will be reversed and recognized as the current profit and loss. The amount of the reversal shall not cause the book value to be greater than the amortized cost of the unrecognized impairment.

- (iv). When debt instrument investments that are measured at fair value through other comprehensive income are recognized as impairments in the assessment, the impairment loss shall be recognized in profit or loss and adjusted and accumulated in other comprehensive income (not classified as allowance). If the amount of the impairment loss is reduced, it will be reversed and recognized as the current profit and loss, and reversed the adjustment in other comprehensive income. The amount of the reversal shall not make the book value greater than the amortized cost of the unrecognized impairment.
- (v). To measure the financial assets other than loans and the expected credit losses of interest receivable, if the risk of credit losses assessed is extremely low according to Eximbank's credit risk management procedures, the nature of the transaction, the short period of commitment and historical experience, etc., it may not be accounted for temporarily because it is not significant; however, the qualitative assessment will be adopted periodically to check whether the assumptions have changed.

vii. Derecognizing Financial Assets

A financial asset shall be derecognized when Eximbank's contractual rights to the cash flows of the financial assets have expired or are transferred through transactions where nearly all the risks and rewards of the ownership (of the financial assets) are also transferred.

b. Financial Liabilities

Except for derivatives with negative fair value and certain financial bonds issued with matching derivatives for risk management, in order to reflect its economic hedging and reduce the improper accounting ratio, they are designated as "financial liabilities measured at fair value through profit or loss", in accordance with the International Financial Reporting Standards 9, Eximbank's other financial liabilities are recognized as financial liabilities measured at amortized cost.

i. Financial Liabilities at Fair Value through Profit or Loss

Including derivatives with a negative fair value and financial bond designated at fair value through profit or loss when initially recognized.

ii. Financial Liabilities Measured at Amortized Cost

Financial liabilities that are not classified as "financial liabilities at fair value through profit or loss" are measured at amortized cost. Interbank deposits, accounts payables, due from the Central Bank and call loans to banks and debt securities issued that are not classified as financial liabilities at fair value through profit or loss are also included in this category.

(3) Derecognizing Financial Liabilities

Financial liabilities are derecognized when Eximbank's contractual obligations are fulfilled, canceled, or expired.

(5) Property and Equipment

- a. Eximbank's property and equipment are stated at historic cost less accumulated depreciation. Historic cost includes all expenses directly attributable to acquisition of the assets.
- b. Land is not affected by depreciation. Depreciation of other assets is calculated

using the straight-line method over service life to derive the residual value. Estimated service life, residual value, and depreciation methods are reviewed at the end of the reporting period. Any changes in estimates shall be applied prospectively.

- c. Gains or losses incurred at sale or disposal of property and equipment are measured as the difference between disposal price and book value of assets and are recorded in gains or losses.

(6) Lease (applicable from January 1, 2019)

Eximbank is the Lessee. For lease of short-term or low value asset, Eximbank elect to account for lease payments as expenses on a straight-line basis over the lease term. Other than the above mentioned, the lease will be recognized as Right-of-use Asset and Lease Liability upon lease commencement.

- a. Right-of-use Asset: Upon lease commencement, the Right-of-use Asset is initially measured at cost model, and subsequently recognize depreciation on a straight-line basis to the end of asset durability or lease term, whichever earlier.
- b. Lease Liability: Upon lease commencement, the unpaid lease payments are discounted to the present value as the initial measurement. If the implied interest rate of the lease is easy to determine, the lease payment is discounted by the interest rate; if the interest rate is not easy to determine, the Eximbank incremental borrowing rate shall apply. Subsequently, interest on Lease Liabilities and variable

lease payments that are not included in the measurement of the Lease Liability are recognized in profit or loss.

(7) Intangible Assets

Eximbank's intangible assets are all computer software recognized at cost. Amortization of intangible assets is calculated using the straight-line method over the economic service life, with a maximum estimated service life of five years. Subsequent measurements are based on the cost model Eximbank applies. Residual value, amortization periods and amortization methods are reviewed at the end of the reporting period, and any changes in estimates will be applied prospectively.

(8) Non-Financial Asset Impairment

The asset applicable to "Impairment of Assets" in the IAS 36, when there is any indication that an asset may be impaired; Eximbank will evaluate the asset or its cash generating unit. An impairment loss is recognized when the recoverable amount (the higher of the fair value or of the value in use) is found to be less than the book value. On the end of reporting date, if the evaluation produces evidence indicating the recognized impairment loss of an asset in the prior year has no longer existed or has reduced, the recoverable amount should be re-measured. Reversal of impairment loss is recognized when the recoverable amount of the asset has increased. However, the book value after the reversal should not exceed the depreciated or amortized book value of the asset assuming no impairment loss was recognized.

(9) Allowance for Bad Debt, Provision of Reserve for Loan Commitment and Guarantee Liability

a. Loans

In accordance with the definition of impairment loss of loans and accounts receivables specified in IAS 9, the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans” announced by the FSC, and Eximbank’s “Guidelines for Asset Evaluation and Loss Reserve”, Eximbank evaluates the debtors’ collateral, length of time overdue and allocates an appropriate allowance for bad debt on the balance sheet date according to the higher one of the two at the time.

b. Guarantee Reserve

Eximbank’s guarantee business focuses mainly on performance obligations, which are not classified as “Financial Guarantee Contracts”.

The reserve for guarantees is allocated in accordance with IAS 37 and the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans” released by the competent authority (FSC), whichever higher shall apply.

c. Loan Commitment Reserve

The reserve for loan commitment is allocated based on the provisions of International Financial Reporting Standard 9.

(10) Related Reserve and Liability for Export-Credit Insurance

a. Unearned Premium Reserve and Loss Reserve

Eximbank allocates a reserve in accordance with the “Regulations Governing Insurance Reserves” released by the competent authority and other relevant regulations.



Chairman Jie-Fu Sun of the Taiwan-Africa Business Association and the Director of the Ghana Taiwanese Chamber of Commerce Allan Chou visited the Eximbank, thanking the Eximbank for the various financial services it provided to support export businesses, promote foreign trade, and expand into the African market.

b. Liability Adequacy Reserve

In accordance with IFRS 4, Eximbank carries out liability adequacy tests annually, and will allocate an additional reserve to make up for any insufficiencies found in the test.

c. Export Credit Insurance Reserve (or Funds Appropriations for Export-Credit Insurance)

In order to promote Eximbank's export credit insurance business, the Ministry of Finance and the National Trade Bureau of the Ministry of Economic Affairs allocated reserve to Eximbank.

(11) Employee Benefits

a. Short-Term Employee Benefits

Undiscounted payment for short-term employee benefits during their service period are expensed as incurred.

b. Retirement Benefits

i. Pensions: For employees covered by the old labor pension scheme, Eximbank calculates the actuarial net pension costs annually in accordance with the provisions specified in the "Regulations for the Allocation and Management of Workers' Retirement Reserve Funds" and relevant specification specified in the IAS 19, and recognizes the costs under the item "pension and resignation pay". Meanwhile, Eximbank contributes (calculated as total payroll of the year times actuarial contribution ratio) to Eximbank's "Pension Fund Supervisory Commission" for the use of staff and the designated account in Eximbank of Taiwan, "Pension Fund Supervisory Commission", for the use of workers and security personnel. For employees covered by the new labor pension scheme, Eximbank makes contributions (6% of the employees' salary) to the employees' individual pension accounts at the Bureau of Labor Insurance,

and recognizes the contribution costs under the item "Employee and Worker Pension Fund and Resignation Pay".

- ii. Eximbank recognizes pension liabilities on the balance sheet after calculating the actuarial present value of defined benefit obligations less the fair value of the pension fund and adjusts for unrecognized net gains and losses of pension and the net amount after recognizing service costs in the prior period. The defined benefit obligations are measured annually by actuaries applying the Projected Unit Credit Method. The actuarial present value of defined benefit obligations are the discounted amount of estimated future cash flows calculated by actuaries, taking into consideration the currency of the retirement benefit obligations and the yields of high quality corporate bonds with same maturity dates. According to the defined benefit plan actuarial report, the total defined benefit obligation of Eximbank as at the end of 2021 is NT\$ 720,990 thousand. The amount of the allocated plan asset is NT\$ 336,814 thousand. The amount of employee benefit reserve liability is NT\$ 385,167 thousand (including the amount payable to the Chair and President amounting to NT\$ 991 thousand).
- iii. Actuarial gains or losses are recognized as other comprehensive income as incurred. Service costs from the prior period are recognized as current gains and losses.

c. Employee Preferential Deposit

- i. Eximbank provides employee preferential deposits, including fixed amount preferential deposits for employees in-service and fixed amount preferential retirement deposits for retired and in-service employees. The excess interest of these preferential deposits is part of the employee benefits.

- ii. The excess interest Eximbank pays to the preferential deposits for employees in-service is calculated on an accrual basis monthly and recognized as “Interest of Preferential Deposit” of “Non-operating Expenses”. According to Article 30 of the “Regulations Governing the Preparation of Financial Reports by Public Banks”, the excess interest paid to the preferential retirement deposits apply to the provisions on confirmed benefit programs specified in the IAS 19 . The actuarial estimation regarding the mentioned benefit program is in accordance with the competent authority’s regulations. However, the reported values of the program are estimated. Therefore, in future cases where the amounts Eximbank pays are different from the estimated value of retirement benefit obligations, the difference is viewed as changes in accounting estimates and will be recognized in gains and losses in the year when the changes occur.

(12) Recognizing Income and Expenses

a. Interest Revenue and Expenses

Except for the financial instruments that are classified as financial instruments at fair value through profit or loss, all the interest revenue and expenses generated by the interest-bearing financial instruments are calculated using the effective interest method and recognized as “Interest Revenue” or “Interest Expenses” in the comprehensive income statement.

b. Fee Income

Fee income is recognized once upon completion of services. Eximbank’s guarantee fee is on an accrual basis and is recognized during the period that the services are provided.

c. Dividend Income

Cash dividend income is recognized when Eximbank’s right to collect the payment is established.

(13) Income Tax

a. Current Income Tax

The income tax payable (receivable) shall be calculated in accordance with provisions of tax laws and regulations announced by the government, except that the transactions or items directly recognized as other comprehensive profits and losses or as equity directly, and the relevant current income tax shall be recognized in other comprehensive profits or losses or as equity directly, the others shall be recognized as income or expense and included in the current profits and losses.

b. Deferred Income Tax

The deferred income tax assets and liabilities shall be measured based on the estimated tax rates at the expected future time when the assets are realized or the tax rates during the payment period of the liabilities. Calculation of tax rates shall be based on the tax rates which have been

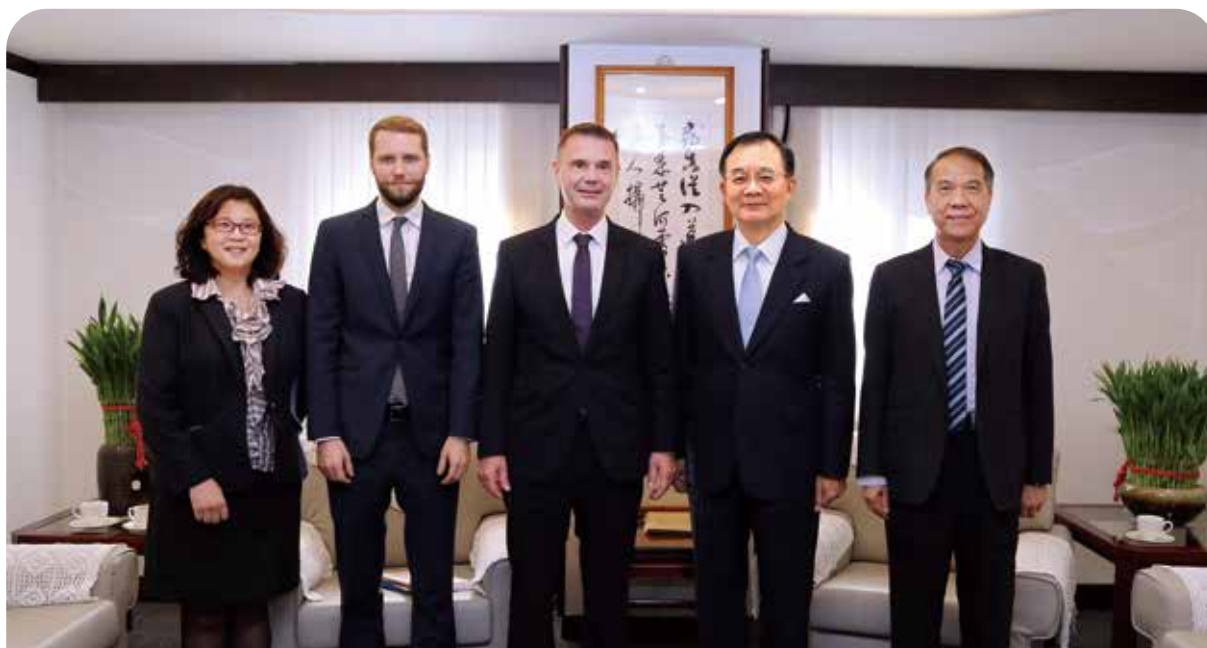


legalized or substantially legalized on the balance sheet date. Temporary differences between the carrying amounts and tax basis of assets and liabilities in the balance sheet are calculated using the balance sheet method and recognized as deferred income tax. The temporary differences of Eximbank are mainly due to the unrealized value of certain financial instruments (including derivatives), reserve and deferring of pensions and other retirement benefits. For the originally recognized assets and liabilities, if not caused by the corporate mergers, and the transaction was not affecting the accounting profits or taxing for income (loss) at that time, then the deferred income tax caused by the assets or liabilities shall not be recognized. Deductible temporary differences that are likely to offset taxable income are recognized as deferred income tax assets. The items recognized by Eximbank under other comprehensive profits and losses, the impact of their income tax are also recognized under other comprehensive income.

Note 2. Main Sources of Significant Accounting Judgments and Estimation Uncertainty

(1) Impairment Losses on Loans

Eximbank estimates possible impairment on loans and receivables every month and determines whether the items shall be recognized as loss mainly based on observable evidence of possible impairment. The evidence may include observable data indicating adverse changes in the payment status of the borrower or the national/local economic conditions related to the default of payments. The analysis by the management level of expected cash flows is based on past experience of losses on assets with similar credit risk characteristics. Eximbank reviews the method and assumptions of expected cash flows and the timing every month in order to reduce the difference between the estimated and the actual amount of losses.



Mr. Patrick Rumlar, Representative (middle) together with Mr. Milan Horak, Head of Economic and Trade Section of the Czech Economic and Cultural Office (CECO) visited the Eximbank, expressing welcome for setting up a Representative Office in the Czech Republic.

(2) Fair Value of Financial Instrument

The fair value of a financial instrument without an active market or if the quote is unavailable is determined using valuation techniques. In this case, the fair value is estimated based on observable data or models of similar financial instruments. When there is no observable market parameter, the fair value of the financial instrument is estimated based on appropriate assumptions. When determining the fair value using valuation models, all models shall be adjusted to ensure that the results reflect the actual data and market price.

(3) Income Tax

The final amount of tax payments is determined through various transactions and calculations. Differences might emerge with some transactions and calculations due to differences between the definitions of the tax authorities and Eximbank,

leading to differences between the final actual tax amount and the estimates. Eximbank recognizes the related income tax and deferred income tax items based on an estimation of whether an additional tax might be incurred due to the transaction or calculation. The differences between the final tax amount and the original amount recognized will affect the recognized income tax and deferred tax.

(4) Post-Employment Benefits

- a. The present value of retirement benefit obligations is based on actuarial calculations with several assumptions. Any changes in these assumptions will affect the carrying value of retirement benefit obligations.
- b. Assumptions used for determining the net pension cost (income) include discount rates. Eximbank determines the appropriate discount rates at the end of each year, and



Negotiator Feng-Jing Lu from the Executive Yuan's Office of Trade Negotiations led a team to visit the Eximbank and discussed the Eximbank newly-launched financing services to support the New Southbound Policy.

the rates are used to estimate the present value of future cash flows of retirement benefit obligation payments. To determine the appropriate discount rates, Eximbank shall consider the yields of high-quality corporate bonds or government bonds and that is in the same currency used to pay the retirement benefits and with maturity in the same period of relevant pension liabilities.

- c. In estimating the excess interest gained by retired employees via preferential deposits (of retirement benefit obligations), the actuarial assumptions are in accordance with Order Letter Jin Guan Yin Fa No. 10110000850, i.e. discount rate shall be at least 4% or above, withdrawal rate of pension preferential deposit shall not be lower than 1%, and the probability of changes in preferential deposit programs is assumed is 50%. In future cases where the amount paid are different from the estimated value of retirement benefit obligations, the difference is viewed as changes in accounting estimates and will be recognized in gains and losses of the year when the changes occur.

Note 3. Disclosure of Significant Commitments, Contingent Assets, and Contingent Liabilities

- (1) The following are not recognized on the balance sheet but are addressed in the footnotes: assets (liabilities) under trust, agency, and guarantee of NT\$22,103,038 thousand, including guarantee receivables of NT\$ 21,877,928 thousand,

custodial collections receivables of NT\$ 165,864 thousand, joint loans receivables memo account of NT\$ 58,705 thousand, and collateral of NT\$ 540 thousand.

- (2) No bills receivable (or payable).
- (3) Undisbursed loan commitments of NT\$42,718,772 thousand.

Note 4. Major Transaction with Related Individual or Related Entity

- (1) In accordance with the definition of “Related (Interested) Party Disclosures” in International Accounting Standards 24, the related (interested) party refers to an individual or entity who has a relationship with Eximbank:
 - a. A person or a close member of that person’s family is related to Eximbank if that person:
 - i. has Control or joint control over Eximbank;
 - ii. has significant influence over Eximbank;
 - iii. is a member of the key management personnel of Eximbank.
 - b. An entity is related to Eximbank if any of the following conditions applies:
 - i. The entity and Eximbank are members of the same group (which means each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member.

- iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is controlled or jointly controlled by a person identified in (1) I.
 - vi. A person identified in (1) I. (i) has significant influence over the entity or is a member of the key management personnel of the entity.
- (2) Following entities are related to Eximbank:
- a. Bank of Taiwan (related party in substance)
 - b. Mega International Commercial Bank Co., Ltd. (related party in substance)
 - c. First Commercial Bank (related party in substance)
- (3) Types of transaction include due from banks, call loans to banks, call loans from banks and foreign exchange.

Note 5. Financial Information of the Operating Segments

Eximbank's results of operating segments are periodically reviewed by the management level in order to develop the policies regarding resource allocation and performance assessment. The information used is classified by the nature of the business activities in which it is engaged in accordance with the provisions specified in the IFRS 8 "Operating Segments". The reporting operating segments are the Credit Business Segment and the Export Credit Insurance Business Segment.

Eximbank Financial Information of Operating Segments

Fiscal Years 2021 and 2020

NT\$ Thousand

	FY 2021			FY 2020		
	Credit Business	Export Credit Insurance	Total	Credit Business	Export Credit Insurance	Total
Net Interest Income	1,281,070	11,929	1,292,999	1,455,282	13,338	1,468,620
Non-Interest Income	-30,536	215,612	185,076	-17,442	132,743	115,301
Net Fees and Commissions	61,372	-2,309	59,063	60,843	3,694	64,537
Gains (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss	-63,316		-63,316	-20,430		-20,430
Gain From Sale of Financial Assets at Fair Value through Other Comprehensive Income	24,483		24,483	22,971		22,971
Foreign Exchange Gains (Losses)	-740		-740	-3,254		-3,254
Net Export Credit Insurance Income		227,670	227,670	□	142,638	142,638
Other Non-Interest Income	-52,335	-9,749	-62,084	-77,572	-13,589	-91,161
Net Operating Income	1,250,534	227,541	1,478,075	1,437,840	146,081	1,583,921
Bad Debts Expense, Commitments and Guarantee Liability Provision	82,925		82,925	250,920		250,920
Operating Expenses	452,891	148,942	601,833	444,381	142,757	587,138
Net Income (Losses) Before Tax	714,718	78,599	793,317	742,539	3,324	745,863

Note: As Eximbank provides only the amount of loans and the export insurance business volume for the evaluation of assets and liabilities, evaluation of the assets is zero as per the 2010 Ji-Mi-Zi No.151 Directive from the Accounting Research and Development Foundation interpretation.

Note 6. Interest Rate Benchmark Reform

(1) In July 2017, the Financial Conduct Authority publicly announced that it would no longer require quoting banks to provide the London Interbank Offered Rate (LIBOR) quoted rate starting from late 2021. It was found upon review that the Bank's LIBOR-linked products are loans and Central bank refinancing. In response to the LIBOR phaseout, we established a cross-departmental task force in 2020. The Supervising Executive Vice President acts as its convener to gather relevant departments of the Bank in regular consultation meetings and complete the transition plan jointly. The relevant impacts on six major aspects, "Business and profit", "Contract documents",

"Customer communication", "Risk management and assessment", "Business processes and system tasks", and "Finance and taxation", will be evaluated and response measures will be formulated to reduce the impact and risk of the LIBOR Transition on the Bank.

(2) The risk exposure situation of the Bank from LIBOR-linked products in 2021 is as follows:

a. Assets:

i. The amount of LIBOR-linked loan agreements is NT\$69.732 billion.

b. Liabilities:

ii. The amount of LIBOR-linked Central bank refinancing agreements is NT\$31.691billion.



Edward Hsu, Director, Taipei branch of the Bank of New York Mellon, visited the Eximbank and was received by President Teng-Shan Tai. Both sides exchanged views on the current financial situation, and discussed future collaboration opportunities.

Note 7. Details of Significant Accounts

(1) Cash and Cash Equivalents

Date \ Item	December 31, 2021	December 31, 2020
Cash on Hand	3	4
Petty Cash & Revolving Funds	271	271
Checks for Clearance	0	139
Due from Banks	231,610	288,804
Total	231,884	289,218

(2) Due from the Central Bank and Call Loans to Other Banks

Date \ Item	December 31, 2021	December 31, 2020
Due from the Central Bank	10,392	5,843
Call Loans to Other Banks	1,850,000	73,500
Total	1,860,392	79,343

(3) Financial Assets at Fair Value through Profit or Loss

Date \ Item	December 31, 2021	December 31, 2020
Valuation Adjustments of Financial Assets at Fair Value through Profit or Loss	6,034	25,803
Total	6,034	25,803

(4) Financial Assets at Fair Value through Other Comprehensive Income

Date \ Item	December 31, 2021	December 31, 2020
Financial Assets at Fair Value through Other Comprehensive Income	96,008	91,316
Valuation Adjustment of Financial Assets at Fair Value Through Other Comprehensive Income	242,736	291,681
Total	338,744	382,997

(5) Debt Instrument Investments Measured at Amortized Cost

Date \ Item	December 31, 2021	December 31, 2020
Financial Assets Measured at Amortized Cost	7,700,000	7,600,000
Total	7,700,000	7,600,000

(6) Receivables-Net

Date \ Item	December 31, 2021	December 31, 2020
Earned Revenue Receivable	592	543
Interest Receivable	173,676	178,137
Accounts Receivable for Factoring without Recourse	0	63,619
Premium Receivable	0	40
Other Receivable	36,570	84,818
Total	210,838	327,157
Allowance for Losses	-3,526	-4,241
Net Amount	207,312	322,916

(7) Loans and Discounts-Net

Date \ Item	December 31, 2021	December 31, 2020
Short-Term Loans	33,913,222	30,030,107
Short-Term Secured Loans	229,758	145,980
Medium-Term Loans	70,368,876	75,907,043
Medium-Term Secured Loans	864,646	1,474,196
Long-Term Loans	757,644	977,199
Long-Term Secured Loans	35,941,799	34,441,510
Overdue Loans	45,485	50,793
Total	142,121,430	143,026,828
Allowance for Losses	-2,118,509	-1,972,375
Discount of Premium	-2,970	-4,326
Net Amount	139,999,951	141,050,127

(8) Other Financial Assets-Net

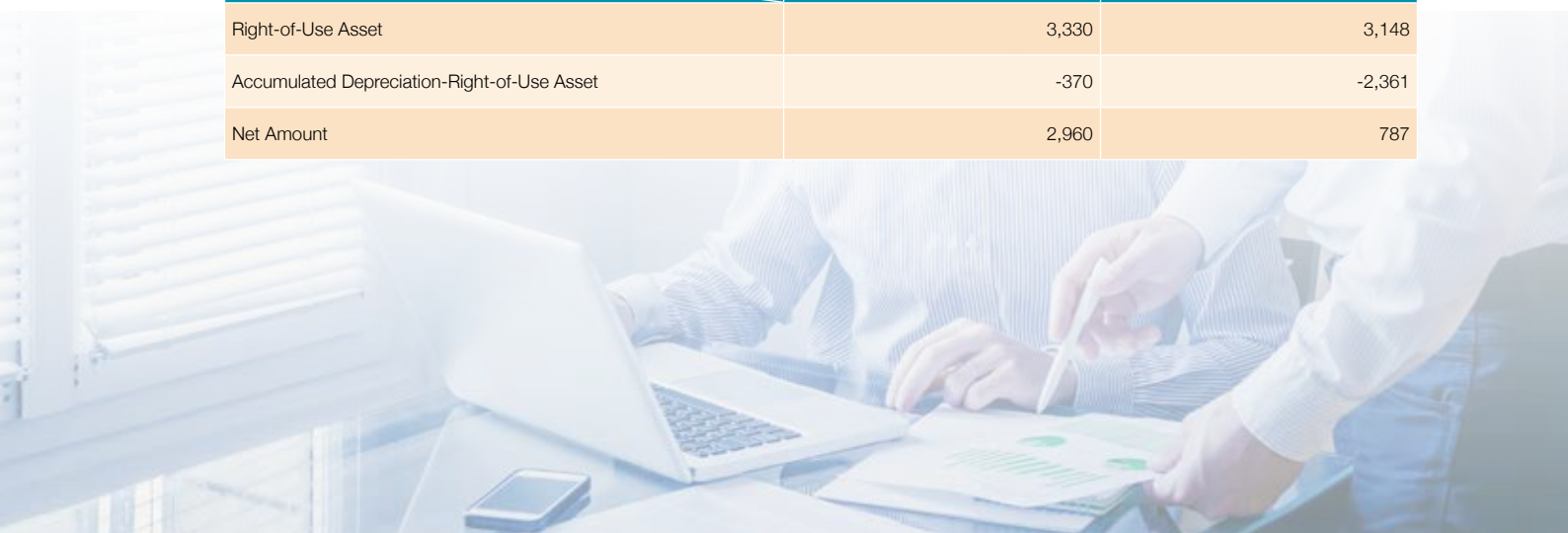
Date / Item	December 31, 2021	December 31, 2020
Reinsurance Reserve Assets	144,444	249,109
Net Amount	144,444	249,109

(9) Property and Equipment-Net

Date / Item	December 31, 2021	December 31, 2020
Land	103,279	103,279
Revaluation Increments-Land	174,791	174,791
Buildings	410,626	409,670
Accumulated Depreciation- Building	-220,416	-212,938
Machinery and Computer Equipment	76,012	67,209
Accumulated Depreciation - Machinery and Computer Equipment	-51,513	-44,859
Transportation Equipment	11,111	10,819
Accumulated Depreciation - Transportation Equipment	-7,491	-8,145
Miscellaneous Equipment	39,136	36,952
Accumulated Depreciation - Miscellaneous Equipment	-27,550	-26,543
Leasehold Improvements	873	988
Accumulated Depreciation- Leasehold Improvements	-873	-988
Net Amount	507,985	510,235

(10) Right-of-Use Asset

Date / Item	December 31, 2021	December 31, 2020
Right-of-Use Asset	3,330	3,148
Accumulated Depreciation-Right-of-Use Asset	-370	-2,361
Net Amount	2,960	787



(11) Intangible Assets-Net

Date \ Item	December 31, 2021	December 31, 2020
Software	85,136	79,798
Total	85,136	79,798

(12) Other Assets-Net

Date \ Item	December 31, 2021	December 31, 2020
Inventory of Supplies	245	274
Prepaid Expenses	32,990	41,006
Other Prepayments	261	258
Temporary Payments and Suspense Accounts	621	1,182
Refundable Deposits	6,631	6,002
Total	40,748	48,722

(13) Due to the Central Bank and Other Bank

Date \ Item	December 31, 2021	December 31, 2020
Call Loans From Banks	18,840,269	26,464,900
Total	18,840,269	26,464,900

(14) Borrowed Funds from the Central Bank and Other Banks

Date \ Item	December 31, 2021	December 31, 2020
Borrowed Funds From the Central Bank	31,803,085	29,952,450
Total	31,803,085	29,952,450



(15) Financial Liabilities at Fair Value through Profit or Loss

Date / Item	December 31, 2021	December 31, 2020
Valuation Adjustment of Financial Liabilities Held for Trading	147,639	45,355
Designated as Financial Liabilities at Fair Value through Profit or Loss	29,600,000	23,900,000
Designated as Valuation Adjustment of Financial Liabilities at Fair Value through Profit or Loss	-259,445	-83,855
Total	29,488,194	23,861,500

(16) Payables

Date / Item	December 31, 2021	December 31, 2020
Accrued Expenses	114,112	111,598
Accrued Interest	89,207	92,139
Other Tax Payable	7,302	7,669
Custodial Collections Payable	593	723
Commissions Payable	0	252
Stock (Official) Dividends Payable	950	1,139
Reinsurance Benefits Payable	2,383	9,816
Other Payable	81,877	104,603
Total	296,424	327,939

(17) Financial Debentures Payable

Date / Item	December 31, 2021	December 31, 2020
Financial Debentures Payable	3,000,000	6,900,000
Discount on Financial Debentures Payable	-877	-1,666
Total	2,999,123	6,898,334



(18) Other Financial Liabilities

Date \ Item	December 31, 2021	December 31, 2020
Commercial Papers Payable	0	0
Discount on Commercial Papers Payable	0	0
Funds Appropriated for Loans	30,040,551	25,635,327
Total	30,040,551	25,635,327

(19) Provisions

Date \ Item	December 31, 2021	December 31, 2020
Guarantee Liability Reserve	218,779	227,955
Unearned Premium Reserve	90,324	102,944
Claim Reserve	646,428	653,107
Employee Benefits Liability Reserve	385,167	379,688
Total	1,340,698	1,363,694

(20) Other Liabilities

Date \ Item	December 31, 2021	December 31, 2020
Unearned Premiums	126	1,253
Unearned Revenues	47,676	47,315
Refundable Deposits	3,367	3,551
Custodial Deposits	2,182	2,232
Temporary Receipts and Suspense Accounts	108,847	83,245
Funds Appropriated for Export Credit Insurance	1,214,640	1,229,501
Total	1,376,838	1,367,097

(21) Net Fees and Commissions

Date \ Item	January 1, 2021-December 31, 2021	January 1, 2020-December 31, 2020
Revenue from Fees and Commissions	90,714	99,191
Expenses from Fees and Commissions	31,651	34,654
Net Amount	59,063	64,537



The Eximbank was committed to upholding its corporate social responsibilities and pursuing philanthropy. President Teng-Shan Tai led employees of the Eximbank on a visit to Da-Tong Elementary School in Hsinchu County, donating second-hand computers to elementary school children.



(22) Gains (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss

Date	Item	January 1, 2021-December 31, 2021	January 1, 2021-December 31, 2020
	Gain on Disposal of Financial Assets (+)	39,753	15,180
	Gain (+)/Loss (-) on Valuation of Financial Assets	-19,429	22,497
	Interest Expenses of Financial Liabilities (-)	-157,940	-105,153
	Loss on Disposal of Financial Liabilities (-)	-296	-666
	Gain (+)/ Loss (-) on Valuation of Financial Liabilities	74,596	47,712
	Net Amount	-63,316	-20,430

(23) Net Export Credit Insurance Income

Date	Item	January 1, 2021-December 31, 2021	January 1, 2021-December 31, 2020
	Export Credit Insurance Income	514,802	473,314
	Premium Income	412,809	360,314
	Reinsurance Commissions Income	73,138	64,331
	Claims Recovered from Reinsurers	22,071	48,669
	Unearned Premium Reserve Collected	6,784	0
	Export Credit Insurance Costs	287,132	330,676
	Reinsurance Premium	165,525	148,336
	Commission Expenses	2,745	2,860
	Insurance Claims Payments	26,712	65,944
	Provision for Unearned Premium Reserve	0	3,262
	Provision for Claim Reserve	92,150	110,274
	Net Amount	227,670	142,638



(24) Other Non-Interest Income

Date	Item	January 1, 2021-December 31, 2021	January 1, 2021-December 31, 2020
Other Non-Interest Income		4,863	2,612
Miscellaneous Income		4,863	2,612
Other Non-Interest Losses		66,947	93,773
Loss on Disposal of Fixed Assets		172	56
Preferential Deposit Interest in Excess		66,775	93,717
Net Amount		-62,084	-91,161

(25) Bad Debts Expense, Commitment and Guarantee Liability Provision

Date	Item	January 1, 2021-December 31, 2021	January 1, 2021-December 31, 2020
Bad Debt Expenses for Loans		92,779	217,623
Bad Debt Expenses for Account Receivables Factoring		-631	-529
Guarantee Liability Provisions		-9,151	34,364
Bad Debt Expenses for Other Account Receivables		-72	-538
Total		82,925	250,920





VI Risk Management

1. Credit Risk Management System and Capital Requirement

(1) Credit Risk Management System

FY 2021

Item	Contents
Credit Risk Strategy, Objective, Policy and Procedure	<p>Eximbank is a specialized, state-owned bank established to support export and import trade. Its main assets are used to provide loans. As a result, its major risks are credit risks of loans. Primary risk management goals are to strengthen credit risk management and to avoid risk from becoming too concentrated. Strategies include conducting risk analyses and assessments on countries, banks, groups, and enterprises while determining their internal credit ratings. To ensure that risk is properly diversified, Eximbank sets limits on country risk, bank risk, industry risk, group/enterprise risk and the risk associated with each client.</p> <p>The credit risk management process includes identifying, evaluating, monitoring and reporting risk. Its range extends to credit risk both inside and outside the balance sheet items (including the existing and the potential ones).</p> <p>Whenever Eximbank undertakes daily business or starts new Financial products, it must first determine the related credit risks. Also, when conducting business with associated credit risks, it needs to assess the potential losses for each loan, investment or trade thoroughly. Appropriate countermeasures, including risk avoidance, transfer, offset, control and acceptance, are required.</p>
Organization Structure of Credit Risk Management	<p>The Board of Directors is the supreme decision-making level of Eximbank's credit risk management. The Credit Committee is responsible for reviewing the credit risk of cases at and above the level of executive vice presidents' authorization. The Non-Performing/ Non-Accrual Loans Committee is responsible for supervising and evaluating disposal of non-performing/non-accrual loans. The Department of Risk Management is in charge of Eximbank's overall credit risk management. Each business unit supervises and monitors the credit risk implementation of its subordinate units, which shall all follow the relevant regulations and provisions of credit risk management.</p>

Item	Contents
Scope and Characteristics of the Credit Risk Reporting and Evaluation System	<p>Eximbank has established a customer data integration system, a risk assessment system, a credit registry system and a risk management system in order to manage risks associated with its credit extension business and to monitor loans to all borrowers' credit portfolios. The customer data integration system wherein is used to compile basic data for individual clients, the credit system is used for approving and granting loans, and an objective analysis must be executed using the risk assessment system before credit is granted. The risk management system runs up daily exposure for analysis and for executives to use for decision-making purposes.</p> <p>Risk management includes monthly reporting on domestic and international economic conditions, exposure changes in countries where loans are granted, and Financial and industrial risks. Eximbank compiles data on relevant country risks, exposure associated with key credit risks, and risk limit management. This information is reviewed by the Board of Directors and is used for risk management and credit policymaking.</p> <p>Based on the regulations prescribed by the competent authority, Eximbank discloses qualitative and quantitative data associated with its credit risks on the website.</p>
Credit Risk Hedging and Risk Mitigation Policies / Strategies and Procedures of Monitoring Instruments for Hedging and Risk Mitigation	<p>Eximbank has also established "Country Risk", "Financial Risk" and "Corporate Credit Risk" early warning indicators. For each debtor, it established a rating system and sought assistance from international credit agencies. For relatively high risk countries (Level C- and below), financial institutions (Level C- and below), or credit customers (Level C or below), or when there were recent negative reports about a particular country or a bank, Eximbank analyzed warning indicators to interpret risks and to strengthen risk management as a reference when considering to extend its business.</p> <p>To lower credit risk, export financing cases such as medium or long-term export loans for turn-key factory equipment or full line equipment exceeding USD 1 million shall be taken under technical evaluations and should produce reports along with credit evaluation reports for reference. In addition, for relatively high-risk financial cases, clients are requested to arrange export credit insurance through Eximbank to mitigate risk.</p> <p>In order to monitor the risk concentration, Eximbank's risk management system sends email to the Executives and staff of departments related to sales and risk management, disclosing the countries, banks, or industries that reached 85% of their risk limit for early response.</p> <p>In addition to strengthening the prior review and approval process, Eximbank conducts follow-up measures after crediting to well grasp the information about clients' financial status and to ensure the creditor's rights when handling the lending operations.</p>
Method Applied for Legal Capital Requirement	Eximbank has applied the capital requirement for credit risk based on the "Standardized Approach" of the Basel III Capital Accord.



(2) Credit Risk Exposures and Capital Requirement Regulated by Standardized Approach after Mitigation

December 31, 2021

NT\$ Thousand

Type of Exposure	Credit Risk Exposures after Mitigation	Capital Requirement
Sovereign	32,692,391	523,078
Public Sector Entities/ Non-Central Government	-	-
Banks (including Multilateral Development Banks)	14,945,787	867,526
Corporate (including Securities and Insurance Corp.)	105,984,757	7,329,342
Regulatory Retail Portfolios	1,735,744	108,529
Real Estate Exposure	1,333,086	159,970
Rights of Securities Investment	338,744	27,100
Other Assets	862,137	84,399
Total	157,223,715	9,099,944



In order to implement social initiatives, fulfill its corporate social responsibilities, and improve employee awareness of environmental protection issues, the Eximbank's employees and their family members collectively took part in picking up litter at the Fuyang Eco Park. Apart from cleaning up the environment, this activity also encouraged employees to embrace nature, recharging them both physically and mentally.

2. Operational Risk Management System and Capital Requirement

(1) Operational Risk Management System

FY 2021

Item	Contents
Operational Risk Strategy and Procedure	<p>Eximbank's operational risk strategy includes strengthening internal controls, ensuring that employees abide by regulations, conducting training and displaying standard operating procedures on an internal website for staff to refer to and comply with. In addition, Eximbank has also established "Guidelines for Decentralization of Responsibility and Detailed List" expressing division of authority and responsibility as well as facilitating daily operations.</p> <p>Operational risk management includes determining and evaluating risk along with monitoring and reporting. It establishes operational risk management mechanisms of major products, business activities, operating procedures and other relevant systems. Before launching new products, business activities, procedural changes or system promotions, it is necessary to ensure that operational risk evaluations have been completed.</p> <p>Operational risk management is objective, consistent, transparent, complete and comprehensive.</p>
Organizational Structure of Operating Risk Management	<p>Operational risk management involves the entire organization. The Board of Directors serves as the highest policy making body that determines operational risk management standards and important policies. The Department of Risk Management is responsible for evaluating the entire bank's operational risk management strategies and procedures to build management mechanisms. When all units of the head office determine operational management rules, each unit should adhere to these rules and actively control the operational risks for which they are responsible.</p>
Scope and Characteristics of Operational Risk Reporting and Evaluation System	<p>Eximbank complies with the systems in charge, operates a risk self-assessment approach and internal auditing systems to manage and mitigate operational risk pursuant to the decrees.</p> <p>Data shall be gathered and reported to related units and supervisors who then should formulate response measures when major losses occur to any unit.</p> <p>Eximbank discloses qualitative and quantitative data associated with its operational risks on the website based on the regulations provided by the competent authority.</p>
Operational Risk Hedging and Risk Mitigation Policies / Strategies and Procedures of Monitoring Instruments for Hedging and Risk Mitigation	<p>Eximbank's "operational risk management standards" expressed the processing method of risk identification, assessment, monitoring and control / offset. By means of measures of insurance, outsourcing and other risk transfer, it achieved the effect of risk mitigation and fully implemented operational risk management.</p> <p>Eximbank expressly prescribed the authorization scope of the business, division of responsibilities and reporting lines in order to clarify the responsibilities incumbent upon all sectors in accordance with "Guidelines for Decentralization of Responsibility".</p> <p>To avoid litigation, all units of Eximbank shall handle the legal compliance pursuant to the "Directions for Implementation of Legal Compliance Control System for The Export-Import Bank of the Republic of China".</p> <p>Eximbank has established Information Security Protection Mechanism and provided an emergency response plan to ensure that the business is enabled and the losses are controlled to the minimum in event of an emergency.</p> <p>It is required to strengthen the risk management education and training in order to enhance operational risk awareness and to improve operational risk management environment.</p>
Method Applied for Legal Capital Requirement	<p>Eximbank has applied the capital requirement for operational risk based on the "Basic Indicator Approach" of the Basel III Capital Accord.</p>

(2) Operational Risk-Based Capital Requirement

December 31, 2021

NT\$ Thousand

FY	Gross Profit	Capital Requirement
2019	1,692,857	
2020	1,675,083	
2021	1,540,159	
Total	4,908,099	245,405



In order to fulfillment of its corporate social responsibility, Eximbank worked with the Taiwan Blood Services Foundation for the campaign "Blood Donation with Love". Our President Teng-Shan Tai and Vice President Hsiu-Chuan Ko, jointly hosted this heart-warming event.

3. Market Risk Management System and Capital Requirement

(1) Market Risk Management System

FY 2021

Item	Contents
Market Risk Strategy and Procedure	<p>Eximbank is an official export credit institution and policy bank. Since most of its financial operations focus on hedging risk, it must keep its exposure to market risks small while adopting prudent market risk management policies. It carefully evaluates trade content while managing risks.</p> <p>Procedure of market risk management includes risk identification, assessment, measuring, monitoring, control and reporting.</p> <p>For all types of financial products, Eximbank must identify the portfolio of potential market risks on which to be based for measuring. Eximbank also builds effective evaluation mechanisms for risk monitoring as part of its day-to-day operations. Its monitoring contents include transaction units as well as overall and individual transaction process of commodities undertaken to ensure that the transaction's objectives, model, position, and flexible loss and profit are underway subject to authorized limitations.</p> <p>Market risk management should be independent, objective, consistent, transparent, comprehensive and timely in principle.</p>
Organizational Structure of Market Risk Management	<p>The Board of Directors is the supreme decision-making level of Eximbank's market risk management and it takes the ultimate liability for market risk. The Department of Risk Management plays the role of mediator for managing market risk and passing its findings on to the Board of Directors. Meanwhile, the Department of Finance, which also oversees the Offshore Banking Unit, controls operational risks, emphasizes further monitoring on limits and conducts position management.</p>
Scope and Characteristics of the Market Risk Reporting and Evaluation System	<p>Eximbank's market risk system is part of its funding system. It provides real-time control over transaction position amounts. Eximbank also established a daily control mechanism to observe changes in exchange market transaction positions and foreign exchange gains or losses.</p> <p>When a unit undertakes a transaction, it shall report to the supervising authority and ensure that the information is accurate and valid. If limits are surpassed, major market changes occur, or irregular situations arise, relevant units must provide prompt reports.</p> <p>To effectively manage market risks, Eximbank regularly reports on how it controls market exposures, positions and amounts to the Board of Directors. The information serves as a reference for policy-making.</p> <p>Eximbank discloses on its website qualitative and quantitative data associated with its market risks based on the regulations prescribed by the financial supervisors.</p>
Market Risk Hedging or Risk Mitigation / Strategies and Procedures of Monitoring Instruments for Hedging and Risk Mitigation	<p>To lower market risks, Eximbank has established various transaction limits and stop-loss mechanisms. Additionally, during working hours, when major events that could affect Eximbank's profits or losses occur in domestic or global financial markets, the Head of related Department should immediately report to the President for immediate responses.</p> <p>Related units should be consulted and evaluations should be conducted as a due diligence before establishing a transaction position.</p>
Method Applied for Legal Capital Requirement	<p>Eximbank has applied the capital requirement for market risks based on the "Standardized Approach" of the Basel III Capital Accord.</p>

(2) Market Risk-Based Capital Requirement

December 31, 2021

NT\$ Thousand

Risk	Capital Requirement
Interest Risk	-
Equity Position Risk	-
Foreign Exchange Risk	1,536
Commodity Risk	-
Total	1,536

4. Liquidity Risk

(1) Duration Analysis of Prime Assets and Liabilities

Term Structure Analysis of TWD-Denominated Assets and Liabilities

December 31, 2021

NT\$ Thousand

	Total	Amount by Time Remaining Before Maturity					
		0-10 days	11-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Major Inflows of Matured Funds	95,523,883	5,088,890	6,662,230	7,679,567	16,402,371	22,094,815	37,596,010
Major Outflows of Matured Funds	123,974,681	6,234,190	6,114,140	6,243,502	5,030,127	28,330,505	72,022,217
Gap	-28,450,798	-1,145,300	548,090	1,436,065	11,372,244	-6,235,690	-34,426,207

Note: The table refers to New Taiwan Dollar amounts held in head office and domestic branches excluding foreign currencies.

Term Structure Analysis of USD-Denominated Assets and Liabilities

December 31, 2021

USD Thousand

	Total	Amount by Time Remaining Before Maturity				
		0-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Inflows of Matured Funds	2,068,936	25,393	35,496	104,119	149,159	1,754,769
Major Outflows of Matured Funds	2,485,786	550,371	63,090	63,033	155,877	1,653,415
Gap	-416,850	-524,978	-27,594	41,086	-6,718	101,354

Note:1. The table includes assets and liabilities denominated in United States Dollars held in head office, domestic branches, and Offshore Banking Branch.

Note:2. If overseas assets comprise at least 10 percent of total assets (held in head office, domestic branches, and Offshore Banking Branch), supplementary disclosure is required.

(2) Management of Asset Liquidity and the Funding Gap

Eximbank seeks to diversify funding sources and to maintain funding stability. It refrains from over-concentrated use of remaining funds and embraces earning assets with liquidity. As for management of liquidity risks, Eximbank not only complies with related requirements of the competent authority, but also stipulates liquidity risk management indicators in “Guidelines for Eximbank’s Management of Liquidity Risks and Interests Risks”. These include limits to liquidity gaps for various periods, strategies to obtain funds in an emergency, and early warning mechanisms so as to ensure adequate liquidity.



Deputy General Manager of the British Standards Institution Iven Cheng (7th from left) delivered a speech on the sustainable finance issues. The speech focused on how to harness the power of finance to make ESG impact.



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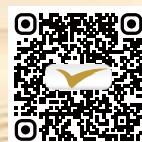
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The Export-Import Bank of the Republic of China



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