



Taishin Bank

2019 Annual Report

Published date: February 29, 2020

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

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



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

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Rating Agency	Date	Ratings	
Fitch Ratings	2019.11.19	Issuer L-Term	BBB+
		Issuer S-Term	F2
		Outlook	Stable
		Support	3
		National L-Term	AA- (tw)
		National S-Term	F1+ (tw)
Standard&Poors	2019.12.16	Issuer L-Term	BBB+
		Issuer S-Term	A-2
		Outlook	Stable
Taiwan Ratings	2019.12.16	National L-Term	twAA-
		National S-Term	twA-1+
		Outlook	Stable

I. Letter to Shareholders

Dear Shareholders,

The ongoing US-China trade dispute created uncertainties in the global economy in 2019. The economic growth momentum was weaker than it was in 2018. Out of the major economies, the United States, while continuing to expand, showed clear signs of slowing down. China's economic growth fell to 6.0%, the lowest in 30 years. Slowing demand in both China and the U.S. caused export declines for major exporters of manufactured goods, including Germany, Japan, and South Korea, for the year.

Taiwan's economy went in two extremes. Traditional industries, led by plasticization, chemical, steel, and machine industries, saw exports fall with the global economy. Meanwhile, the electronics industry benefited from the trade diversion effects caused by the US-China dispute, and exports of related products were pushed up as a result. In response to the US-China dispute, suppliers on the electronics supply chain made more fixed investments in Taiwan. Meanwhile, a strong demand for advanced semiconductor production products drove capital expenditure higher. As a result, Taiwan's economy achieved a strong 2.71% growth in 2019. Driven by rising stock prices in the electronics sector, TWSE closed at 11,997 at the end of 2019, a 23.3% YOY increase compared to 9,727 in 2018.

The financial sector in Taiwan benefited from rising domestic investment and a strong financial market. Overall earnings before tax for the financial sector amounted to NT\$634.1 billion, a 21.7% increase from 2018. Earnings before tax for the banking industry totaled NT\$407.1 billion, a 7.8% increase from 2018 and another all-time high. Looking forward, the ongoing COVID-19 pandemic is having an increasingly severe impact on the global outlook and creating more challenges for the banking sector. Given the 2003 SARS outbreak lasted for months and had short-term effects on the economy, it is expected that the COVID-19 pandemic will affect Taiwan's economic results in the first half of 2020. If the situation does not deteriorate, the economy may have a chance to regain momentum in the second half of the year.

We followed our operating budgets closely in 2019, and our core business delivered consistent profit growth on the whole. After-tax profit totaled NT\$11.8 billion for the year, 13.5% higher than the previous year. Meanwhile, the annual growth rates for net interest income and net fee income were 0.4% and 6.5%, respectively. At the end of 2019, the EPS was NT\$1.43, an ROE of 8.04% for common shareholders at a net value of NT\$18.58 per share. While asset quality was kept at a satisfactory level, the nonperforming loan (NPL) ratio at the end of 2019 was 0.17%, with NPL coverage ratio at 814.6%, both above the average of state-owned banks. In terms of capital structure, the capital adequacy ratio was 14.40%, the Tier 1 capital ratio was 11.60%, and the Core Tier 1 capital ratio was 9.79% at the end of 2019. The capital structure remained sound.

Taishin Bank received international long- and short-term credit ratings of BBB+ and F2, respectively, in a report issued by international credit rating agency Fitch Ratings in November 2019. Our national long- and short-term credit ratings were AA-(tw) and F1+(tw), respectively, and the outlook was "Stable". Our global long-term credit rating was upgraded from BBB to BBB+ while the global short-term credit rating held at A-2 in a report issued by S&P in December 2019. Meanwhile, our national long-term credit rating was upgraded from twA+ to twAA- and the national short-term credit rating from twA-1 to twA-1+ in a report issued by Taiwan Ratings Corp in December 2019. The outlook was "Stable" in both reports.

Regarding overseas business expansion, Taishin Bank actively forges its presence in the Chinese and Asia Pacific markets, and has to date established branches in Hong Kong, Singapore, Japan (Tokyo), and Australia (Brisbane) as well as local offices in Vietnam (Ho Chi Minh City) and Myanmar (Yangon). The application process to open the Labuan Branch and the Kuala Lumpur Marketing Office in Malaysia and one to open the Shanghai Office are both underway. The Shanghai Office in particular obtained approval from the Shanghai Office, China Banking and Insurance Regulatory Commission on April 20, 2020.

FinTech application: To accelerate innovation in services, Taishin Bank has built up a professional team dedicating to FinTech innovations, especially focusing in areas such as artificial intelligence and big data analytics on an ongoing basis. Our digital banking brand, Richart, is an established digital account leader by market share, and is well received by users. Meanwhile, Taishin Bank's "facial recognition app" won the highest award given by Gartner. Taishin Bank has implemented the facial recognition technology in various financial services such as Face ID login, Face-ID ATM, Facial Recognition VIP Guest Services, and Face ID enabled payment ahead of other banks. By effectively combining digital and banking innovations, Taishin Bank continues to build a better consumer experience.

1. Retail banking services

As of the end of 2019, the size of Taishin Bank's mortgage portfolio stood at NT\$518.9 billion, representing close to 7% in YOY growth; the auto loan balance amounted to NT\$47.9 billion, representing a 6% YOY growth, and again placing the bank at the top of the financial industry; we had 5.35 million credit cards in circulation, ranking 4th with a 11.3% market share; and lastly, Taishin Bank had 145,000 card accepting merchants nationwide, ranking first with a 22.8% market share.

Mobile payment marketing campaigns: Progress in FinTech is making consumers generally more open to mobile payment services. To give customers a better digital payment experience, Taishin Bank is the first bank in Taiwan to support all four contactless mobile payments (Apple Pay, Samsung Pay, Google Pay, and Taiwan Pay). It is also the first to concurrently support Alipay, WeChat Pay from China and payment tools used by the KEB Hana Bank. Furthermore, Taishin Bank teams up with FamilyMart to install the new "facial recognition payment" service. The service effectively introduces facial recognition technology into the everyday life.

Credit cards: In 2019, in addition to maintaining the popularity of @GoGo and Flygo cards, Taishin Bank partnered with e-payment leader Jkos Pay to launch the Taishin Jkos Pay credit card. The card combines everyday services provided by Jkos and creates a one-stop service for everyday needs. By bringing digital banking and payment service together, Taishin Bank launches the CARDaily app exclusively for its cardholders. The app offers access to monthly statements, offers, and events and to barcode and contactless payments.

Wealth management: Taishin Bank was first to open a wealth management flagship branch in 2003. Having followed a sophisticated customer segmentation process over the years, Taishin Bank is able to provide a wide range of exclusive financial services to meet the demand for "professional financial planning advice", "exclusive benefits and experiences" and other services. Meanwhile, following digital banking trends, Taishin Bank also combines real branches, mobile apps, internet banking and other online and offline services to provide personalized services. In 2019, our net fee income from wealth management services achieved a large 8.7% YOY growth. In particular, 69% and 14% of the fees came from bancassurance and fund investment, respectively.

2. Wholesale banking services

Corporate lending: Loans to state-owned and private enterprises totaled NT\$305.6 billion, or a 26.8% YOY growth, at the end of 2019. The annual growth rate of syndications was 12.7%, 7th by total amount as a lead arranger in the industry. In support of the government's initiative, Taishin Bank provides guarantees in compliance with policy to help SMEs acquire operating capital. Our lending to SMEs rose to NT\$161.9 billion by the end of 2019, a 17% YOY growth. We will continue to expand the scope of our cooperation with the SME Credit Guarantee Fund of Taiwan, help SMEs to upgrade their business, and provide relevant financing schemes in accordance with major governmental policies such as the 5+2 Industry Policy and the Welcoming the Return of Taiwanese Investment Initiative Action Plan.

Other wholesale banking services: Automated clearing house (ACH), developed in collaboration with Taiwan Clearing House for fulfilling the needs of corporate customers to allocate funds, was rated as the best payment service and second best debit collection service in the market. Taishin Bank remained the market leader in factoring services with a volume totaling NT\$231.3 billion in 2019. We provided share administration services to a total of 200 companies traded on the TWSE/TPEX and the Emerging Stock Market, ranking 3rd among peers.

System implementation: Taishin Bank teamed up with IBM again to launch the GB2B Global Digital Corporate Banking Network 2.0 in 2019. Integrated automatic delivery makes it possible to provide transactional funding and wholesale financing, and makes financial services significantly more efficient. Amid the waves of fintech, Taishin Bank continues to support fintech innovations. The bank started working with the first credit guarantee fund in January 2019 in the launch of the "Instant Credit Check" API program. The program connects the systems and automatically files financial and underwriting information on companies electronically into the system. The approval process is accelerated as a result. The real-time system helps not only the financial institutions in the country, but also the close to 120,000 small and medium sized businesses.

3. Financial market business

The Financial Markets Division provides a wide range of financial products, including exchange rate, interest rate, equity, credit, commodities, derivatives, and structured products, to meet different hedging or investment needs. The division offers up-to-date market information and professional advice. It uses a transaction platform with a complete line of financial products to help customers monitor market changes and assess risks and meet the financial needs of onshore/offshore institutional and retail clients.

In 2019, Taishin Bank was one of the leading banks in the country in terms of derivatives and bond underwriting with trading volume of NT\$9,721.3 billion and NT\$51.4 billion, respectively. Sales also showed significant growth. Furthermore, in response to the growing demand of overseas customers for access to financial transactions, the Overseas Finance and Financial Market Division was created in October 2018. The division oversees trading offices in Hong Kong, Tokyo, Singapore, and Brisbane, combines trading room resources at the head office, explores business opportunities in overseas markets, improves business performance in overseas markets, and strengthens the line of products and platforms in order to provide excellent international banking services.

In summary, Taishin Bank has been widely recognized for its achievements in various areas of the business. Taishin Bank won first prize at the 2019 Global Views Monthly FinTech Best Banking Service Award. The bank was first in five of the eight scoring criteria. Meanwhile, Taishin Bank's "facial recognition app" won the "Judges Choice Award" at the Business Next Future Commerce Awards. The app also brought home the Gartner Eye on Innovation Awards for Financial Services in Asia Pacific in 2019. By combining wealth management services and digital banking technologies, Taishin Bank won the Professional Wealth Management (PWM) Best Private Bank for Big Data analytics and Artificial Intelligence (AI) Award for a second time. The bank was named the Best Private Bank in Asia for Customer Service by PWM and an Outstanding Wealth Management Service for the Affluent by the Private Banker International (PBI). The Taishin Bank wholesale banking services support government policies, and Taishin Bank has been named an Excellent SME Credit Guarantee Partner Award winner by the Ministry of Economic Affairs for seven years in a row.

Future Prospects

An overview of the overall financial environment shows that the government has been working hard in recent years to encourage Taiwanese businesses to return to invest in the country and invigorate the local financial market. The FSC has announced its priorities to be "openness and innovation, financial inclusion, and international standards" in 2020. The FSC continues to encourage innovation in the banking sector and related industries and strengthened corporate governance, risk management, and compliance. The FSC supports international collaboration, and tries to create a friendly environment for international investors in order to push the banking sector up to the next level.

Looking forward, we will commit to achieving the goals of our existing business activities in accordance with the principle of "rigorous risk management and aggressive expansion" while supporting government policies and complying with applicable regulations. Our business strategies and plans include: taking advantage of the resources of Taishin FHC, creating multiple profit engines while balancing risk management and business growth, building up risk management capabilities on an ongoing basis, constructing IT infrastructures that facilitate business development, investing in digital banking, increasing the market share of Richart, and continuing to expand overseas, and developing international operations with a focus on Asian countries and Chinese communities around the world.

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

Chairman



April 2020

II. Company Profile

A. Date of establishment

February 25, 1992

B. Company history

In 1990, the current chairman, Thomas Wu, invited some of his closest friends and respected businessmen to join the effort of bringing the bank into reality. The bank was established in August 1991 with approval of the Ministry of Finance, and opened its door officially on March 23, 1992. A special shareholders meeting on December 7, 2001 passed a resolution to create "Taishin Financial Holding Co., Ltd." by share swap with "Dah An Commercial Bank Co., Ltd.". Meanwhile, new shares were issued as a result of the merger with "Dah An Commercial Bank Co., Ltd.". "Taishin Financial Holding Co., Ltd." was established officially on February 18, 2002.

The shareholders meeting on July 26, 2004 passed a resolution to assume all assets and liabilities of the "Tenth Credit Cooperative of Hsinchu". The legal proceedings were completed on October 18, 2004. In the interest of higher efficiency by integration of fund and resources among the subsidiaries of Taishin FHC, The merger of Taishin Bank into Taishin Bills Finance Corporation was completed on January 22, 2011. Both being subsidiaries of Taishin FHC, Taishin Bank and Taishin Bills Finance Corporation shared a very similar business philosophy and corporate culture. After the merger is completed, the two parties will be able to quickly integrate resources and systems for reduced cost and improved operating efficiency.

In terms of its business network, Taishin Bank is actively establishing branch offices in all major cities across the country. Meanwhile, to achieve financial globalization, Taishin Bank has created offshore banking units, as well as obtained the license for the Hong Kong Branch in February 2003. The Hong Kong Branch opened on June 25 of the same year. Taishin Bank received approval of the Ministry of Finance on September 21, 2004. Received approval from the State Bank of Vietnam to establish the representative office in Ho Chi Minh City on January 2005. The Singapore Branch was established on June 24, 2014. The Yangon Representative Office in Myanmar officially opened for business on January 21, 2016. The Tokyo Branch in Japan was established on October 27, 2016. Working with branches in two other financial hubs, Hong Kong and Singapore, this branch is able to provide Taiwanese businesses and customers from Greater China an operation and investment platform in Japan. The Brisbane Branch opened in Australia on July 31, 2017. It is Taishin Bank's fourth overseas branch after Hong Kong, Singapore, and Tokyo, Japan. The application process to open the Labuan Branch and the Kuala Lumpur Marketing Office in Malaysia and one to open the Shanghai Office are both underway. The Shanghai Office in particular obtained approval from the Shanghai Office, China Banking and Insurance Regulatory Commission on April 20, 2020. In the future, we will continue to expand our overseas presence by offering more comprehensive and higher quality international financial services to customers.

C. Honors of the company

Date	Issuing Organization	Awards / Rankings
◆ 2019.12	SME Administration, Ministry of Economic Affairs	The new product and service of social innovation Purchase Reward Program – The Second Prize
◆ 2019.12	RFPI and TRFP	Best Value Award – Wealth Management
◆ 2019.11	MANAGER today Magazine	Top 100 MVP Managers
◆ 2019.11	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-First Prize in the Most Popular Brand (Richart)
◆ 2019.11	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-First Prize in the Best Product (Taishin Omni-Payment Platform)
◆ 2019.10	Global Finance	Global Winner _ Best in Social Media Marketing and Services
◆ 2019.10	The Banker and PWM	Best Private Bank for customer service in Asia
◆ 2019.10	Gartner	Regional Winner_Gartner Eye on Innovation Awards for Financial Services in Asia Pacific
◆ 2019.10	Asian Banker	Best Data Analytics Initiative, Application or Programme in Taiwan
◆ 2019.10	Asian Banker	Digital Lending Product of the Year in Taiwan
◆ 2019.10	Wealth Magazine	Taiwan Financial Awards: Best Banking Product -Quality Award
◆ 2019.10	PBI (Private Banker International)	Outstanding Wealth Management Service for the Affluent
◆ 2019.10	IDC (International Data Corporation)	Operating Model Master in Taiwan
◆ 2019.10	Global Views	Best Bank in Digital Financial Services – First Prize
◆ 2019.09	Taiwan Next Magazine	Top Service Awards 2019 - Best Service Bank(3)
◆ 2019.09	The Digital Banker	Highly Acclaimed: Best Mobile Banking
◆ 2019.09	The Digital Banker	Highly Acclaimed: Excellence in Digital Wealth Management
◆ 2019.09	The Digital Banker	Highly Acclaimed: Credit Card of the Year
◆ 2019.09	The Digital Banker	Best Mobile Payments Service
◆ 2019.09	The Digital Banker	Best Digital Payments Initiative
◆ 2019.09	The Digital Banker	Best Open Banking Initiative
◆ 2019.09	The Digital Banker	Best Mass Affluent Bank Offering
◆ 2019.09	The Digital Banker	Best Retail Bank Taiwan
◆ 2019.09	The Asset	Best Nexgen Wealth Manager in Taiwan
◆ 2019.09	The Asset	Highly Commended: Best Wealth Manager in Taiwan

Date	Issuing Organization	Awards / Rankings
◆ 2019.08	TII (Taiwan Insurance Institute)	Talent Development Initiative_Silver Quality Award
◆ 2019.08	TCCDA (Taiwan Contact Center Development Association)	Best Trainer In Customer Service
◆ 2019.08	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Onsite Supervisor (Team Level)
◆ 2019.08	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Onsite Supervisor (District Level)
◆ 2019.08	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Representative
◆ 2019.08	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Team
◆ 2019.08	TCCDA (Taiwan Contact Center Development Association)	Best Practice of Smart Robot
◆ 2019.08	TCCDA (Taiwan Contact Center Development Association)	Best Social Media Community Company
◆ 2019.08	TCCDA (Taiwan Contact Center Development Association)	Best Internet Customer Service Company
◆ 2019.08	TCCDA (Taiwan Contact Center Development Association)	Best Innovation Company In Customer Service
◆ 2019.08	TCCDA (Taiwan Contact Center Development Association)	Best Customer Experience Company
◆ 2019.08	TCCDA (Taiwan Contact Center Development Association)	Best Customer Service Company
◆ 2019.08	Global Finance	Best in Social Media Marketing and Services in Asia-Pacific
◆ 2019.08	The Banker	Tech Projects of the Year 2019_Data Category
◆ 2019.07	Business Today	Best Wealth Management Award of Banks and Securities-Best Sustainable Development (3)
◆ 2019.07	Business Today	Best Wealth Management Award of Banks and Securities-Best Robo-Advisor (3)
◆ 2019.07	Business Today	Best Wealth Management Award of Banks and Securities-Best Digital Customer Experience (2)
◆ 2019.07	Business Today	Best Wealth Management Award of Banks and Securities-Best Risk Management (1)
◆ 2019.07	Asian Banking & Finance	Open Banking Initiative of the Year - Taiwan
◆ 2019.07	Asian Banking & Finance	Mobile Banking Initiative of the Year - Taiwan
◆ 2019.07	Asian Banking & Finance	Credit Card Initiative of the Year - Taiwan
◆ 2019.07	Asian Banking & Finance	Automobile Lending Initiative of the Year - Taiwan

Date	Issuing Organization	Awards / Rankings
◆ 2019.07	Asian Banking & Finance	Domestic Retail Bank of the Year - Taiwan
◆ 2019.07	Asian Banking & Finance	Taiwan Domestic Cash Management Bank of the Year
◆ 2019.07	Excellence Magazine	Best Wealth Management Team 2019
◆ 2019.07	Excellence Magazine	Excellence in Wealth Management 2019
◆ 2019.07	The Taiwan Banker	Best Diversified Services
◆ 2019.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Most Popular Brands (Richart)
◆ 2019.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Most Popular Brands (Mobile Banking)
◆ 2019.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Most Popular Brands-(Wealth Management)
◆ 2019.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Richart)
◆ 2019.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (pay+)
◆ 2019.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Taishin Omni-Payment Platform)
◆ 2019.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Face Identification Cash Withdrawal)
◆ 2019.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Wealth Management)
◆ 2019.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (FlyGo Card)
◆ 2019.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Cathay Pacific Card)
◆ 2019.06	Republic of China National Enterprise Competitiveness Development Association	The National Brand Yushan Award-The Best Products (Smart Travel Partner Service)
◆ 2019.06	Commercial Times	The Best Service in Taiwan: Silver Award in Best Domestic Bank
◆ 2019.06	Commercial Times	The Best Service in Taiwan: Best Guest Service Professional
◆ 2019.06	Commercial Times	The Best Service in Taiwan: Best Call Center
◆ 2019.06	The Banker and PWM	Best Private Bank for Big Data Analytics and AI - Asia
◆ 2019.05	The Stevie® Awards	Asia-Pacific Stevie® Awards- Award for Innovation in Human Resources Management, Planning & Practice- Silver Stevie Winners
◆ 2019.05	Asian Banker	Excellence in Retail Financial Services International Awards - Best Digital Distribution Network

Date	Issuing Organization	Awards / Rankings
◆ 2019.05	Global Finance	The Innovators - Cash Management
◆ 2019.05	The Digital Banker	Highly Acclaimed: Best Next-Generation Offering
◆ 2019.05	The Digital Banker	Highly Acclaimed: Outstanding Wealth Management Service for the Affluent
◆ 2019.05	The Digital Banker	Best Wealth Manager- Customer Experience
◆ 2019.05	The Digital Banker	Best Private Bank-North Asia
◆ 2019.04	Business Next	Best Business Model-Gold Award- Taishin Bank (Richart)
◆ 2019.04	Business Next	Critics' Choice Award (Face Identification Cash Withdrawal)
◆ 2019.04	Business Next	Best Experience Innovation-Silver Award (Face Identification Cash Withdrawal)
◆ 2019.04	Business Next	Best Technology Innovation-Silver Award (Face Identification Cash Withdrawal)
◆ 2019.04	Business Next	Best Technology Innovation-Silver Award (Hybrid Data: The AI Applications of Audio Data from Customer Service)
◆ 2019.04	Business Next	Best Management Innovation -Bronze Award (Richart)
◆ 2019.04	Business Next	Best Management Innovation -Bronze Award (Process Optimization in Mobile App)
◆ 2019.04	Celent	Lending Model Bank
◆ 2019.04	Celent	Customer Insight Model Bank
◆ 2019.04	The Asset	Best Digital Wealth Management Experience in Taiwan
◆ 2019.04	The Asset	Best Retail ATM Experience in Taiwan
◆ 2019.04	The Asset	Most Innovative Gamification Project in Taiwan
◆ 2019.04	The Asset	Most Innovative Banking Analytics Project in Taiwan
◆ 2019.03	Taiwan Clearing House	ACH Direct Credit Outstanding Award in Specific Business Entry
◆ 2019.03	Taiwan Clearing House	ACH Direct Credit Transaction Volume Award in Growth Excellence
◆ 2019.03	Taiwan Clearing House	ACH Direct Credit Merit Award in Business Promotion
◆ 2019.03	Taiwan Clearing House	ACH Direct Debit Outstanding Award in Specific Business Entry

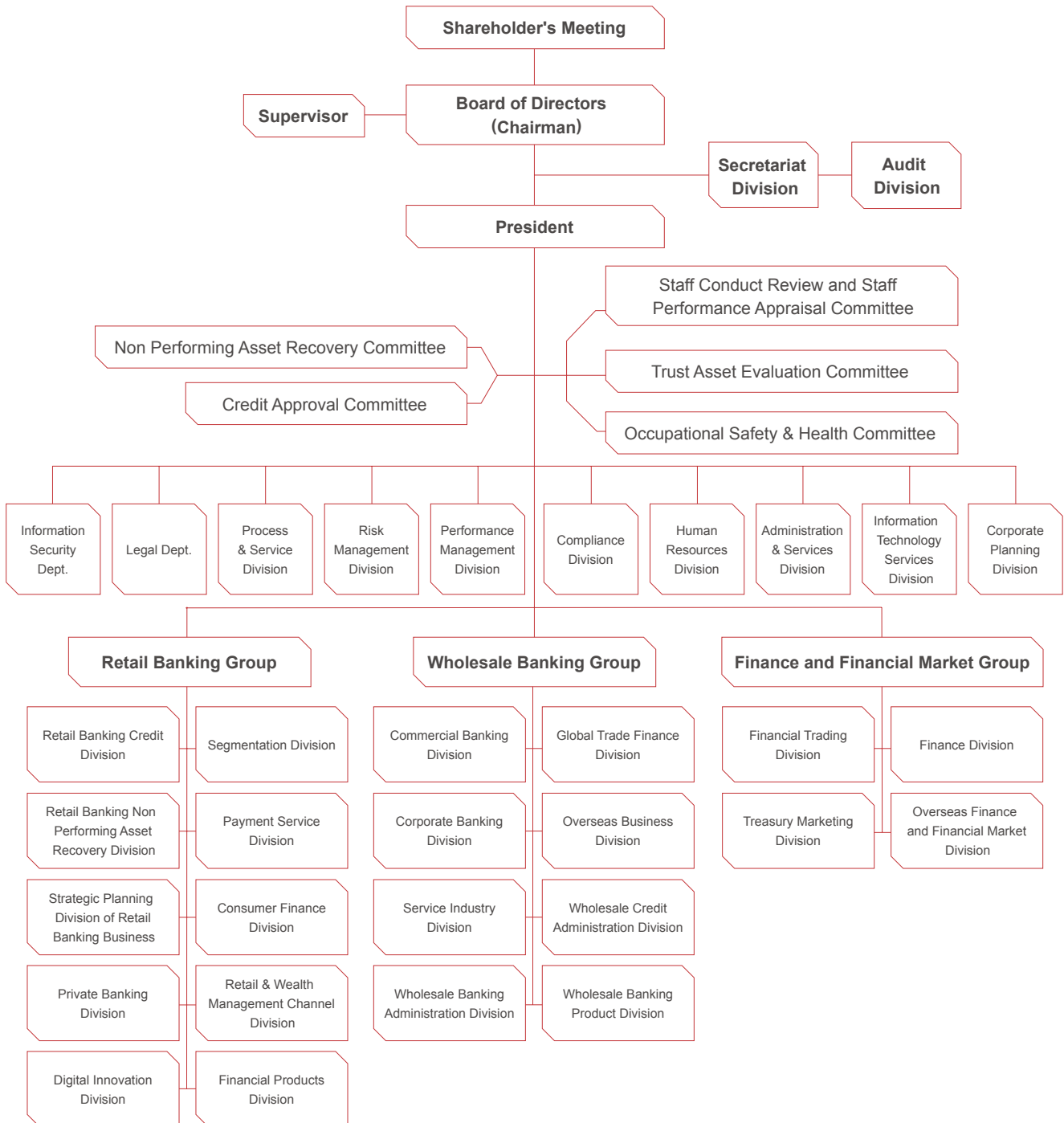
Date	Issuing Organization	Awards / Rankings
◆ 2019.03	Taiwan Clearing House	ACH Direct Debit Transaction Volume Award in Growth Excellence
◆ 2019.03	Taiwan Clearing House	ACH Direct Debit Merit Award in Business Promotion
◆ 2019.03	Tencent	Outstanding Performance Award in Taiwan
◆ 2019.03	Wealth Magazine	Wealth Management Award-Best Video Marketing
◆ 2019.03	Wealth Magazine	Wealth Management Award-Best Customer Recommendation
◆ 2019.03	Wealth Magazine	Wealth Management Award-Best Service
◆ 2019.03	Wealth Magazine	Wealth Management Award-Best Wealth Management
◆ 2019.03	Economic Affairs	Excellent Credit Managers
◆ 2019.03	Economic Affairs	Excellent Banks in Regional Development
◆ 2019.03	Economic Affairs	Excellent Banks in Package Credit Guarantee Financing
◆ 2019.03	Economic Affairs	Outstanding Banks in Credit Guarantee Financing
◆ 2019.03	Retail Banker International	Highly Commended: Best Credit Card Initiative
◆ 2019.03	Retail Banker International	Highly Commended: Excellence in Mobile Banking
◆ 2019.03	Retail Banker International	Best Payment Innovation
◆ 2019.03	Retail Banker International	Excellence in OmniChannel Integration
◆ 2019.03	International Data Corporation (IDC)	Asia's Most Intelligent Bank
◆ 2019.02	The Digital Banker	Highly Acclaimed for Excellence in Omni-Channel
◆ 2019.02	The Digital Banker	Best Customer Experience - Social Media
◆ 2019.02	The Digital Banker	Highly Acclaimed for Best Use of AI for Customer Experience
◆ 2019.02	The Digital Banker	Highly Acclaimed for Best Customer Loyalty Program
◆ 2019.02	The Digital Banker	Highly Acclaimed for Excellence in Next-Gen Customer Satisfaction
◆ 2019.02	The Digital Banker	Winner for Best Customer Experience - Cards
◆ 2019.02	The Digital Banker	Winner for Best User Experience - Internet
◆ 2019.02	The Digital Banker	Winner for Excellence in API Banking

III. Corporate Governance Report

A. Organization system

a. Organizational Chart

Base date : February 29, 2020



b. Responsibilities of the bank's major units

1. Corporate Planning Division

- (1) In charge of strategic planning, execution and evaluation of major strategic projects.
- (2) In charge of capital planning of the bank, analysis and management of BIS ratio and each financial and business data.
- (3) Long term planning, analysis and evaluation, and execution and management of long-term investments.
- (4) Negotiation and communication with regulator.
- (5) Communications and coordination for operation and management related affairs among various managerial units.
- (6) Organizational planning, establishment, execution and management.
- (7) Planning, execution, and management of business relating to corporate image and public affairs.
- (8) Coordination of corporate governance practices and supervision of implementation in the units.
- (9) Performance of credit rating procedures.
- (10) Design, tracking, and evaluation of balanced score cards.

2. Administration & Services Division

- (1) Drafting, formulation, and execution of common administrative and general-affairs regulations and system.
- (2) Acceptance and sending of external official documents.
- (3) Evaluation and implementation of operations related to major general affairs, construction and improvement, procurement, properties and offices.
- (4) Occupational health and safety operations and oversight and execution of the bank's guards and security systems.

3. Information Technology Services Division

- (1) Management and maintenance of the bank's computer systems, central equipment office, and equipments.
- (2) The formulation and execution of information security system.
- (3) The pushing of information programs.
- (4) Evaluation of need, planning and analysis, and evaluation, change, and maintenance of programs for the information systems of retail banking and corporate banking.

4. Performance Management Division

- (1) Management, analysis of, and recommendations for business performance.
- (2) Budget planning and execution and management of business targets.
- (3) Planning and management of performance management information system (MIS, budget (predicted)) and activity based costing/management system (ABC/M).
- (4) Planning and management of accounting and taxation affairs.
- (5) Compilation, analysis and reporting of financial information.

5. Compliance Division

- (1) Formulation, establishment, and implementation of compliance regulations and policies.

- (2) Bankwide analysis and promotion, advising, coordination, and communication of compliance regulations.
- (3) Implementation, supervision, and assessment of compliance practices.
- (4) Planning, management, and execution of compliance related legal affairs.
- (5) Management and supervision of compliance risk related affairs.
- (6) Establishment of the whistleblowing system and acceptance of whistleblowing reports.

6. Human Resources Division

- (1) Drafting, formulation, and execution of human resourced related regulations and policy.
- (2) Personal recruitment, appointment, management, ranking and performance evaluation.
- (3) Formulation and execution of employment conditions and welfare, and the establishment, pushing, and management of communications channels with employees.
- (4) Research, development, planning, revision, compilation and execution of employee-training courses and material, the establishment of teacher database, and evaluation and appointment of teachers.
- (5) Formulation, execution and management of human resources contracts involving foreign matters and other documents.

7. Risk Management Division

- (1) Measurement and Monitoring of credit risk, market risk, operation risk and the liquidity risk.
- (2) The evaluation of positions, report/table compilation, and risk disclosure.
- (3) Planning, management and overall risk control of AML/CTF operations.

8. Processing & Service Division

- (1) Drafting, formulation, and execution of operation- and service-related regulations and policy.
- (2) Planning of operational workflow and establishment, execution and management of centralized operation system.
- (3) Launch workflow reformed project and execution, evaluation and review the result.

9. Finance Division

- (1) Planning and management of the bank's liquidity risk and bankbook interest risk.
- (2) In charge of planning and management of assets/liabilities, fund allocation.
- (3) Planning and management of inter-branch interest calculation.
- (4) Planning, execution, and management of securitized assets business.

10. Financial Trading Division

- (1) Trading and position management of foreign exchange, interest rate, credit, equity, and commodity products and related derivatives.
- (2) Bills transaction, underwriting and trading.

11. Treasury Marketing Division

Planning, marketing, and execution of transactions involving foreign exchange, interest rate, credit, equity, and commodity products and related derivatives.

12. Wholesale Banking Product Division

In charge of corporate banking cash management, trade financing, planning and pushing of syndicated loans and structured funding.

13. Corporate Banking Division

- (1) Formulate short-, medium-, and long-term business objects and strategic planning for the financial businesses of medium- and large-sized manufacturing customer groups.
- (2) Coordinate the marketing, promotion, and the maintenance and management of account relations for medium- and large-scale manufacturing customer groups.

14. Service Industry Division

- (1) Formulate short-, medium-, and long-term business objects and strategic planning for the financial businesses of medium- and large-scale service customer groups.
- (2) Coordinate the marketing, promotion, and the maintenance and management of account relations for medium- and large-scale service customer groups.

15. Wholesale Banking Administration Division

- (1) Wholesale banking services and cash management.
- (2) Formulation and management of credit extension flow.
- (3) Execution and management of international banking business.
- (4) Delivery and clearance of financial products.
- (5) Planning and management of corporate banking service systems.
- (6) Credit risk control.
- (7) Formulation of related business regulations and operating flow.
- (8) Planning/Building/Maintaining/Optimizing WBS bank-wide foreign currency system and management systems.

16. Global Trade Finance Division

In charge of trade financing of unlisted small and medium enterprises, marketing and pushing of common credit extension, the maintenance and management of account relations.

17. Overseas Business Division

- (1) Study, planning, execution, and management of the establishment, move, dismantling, and change of overseas branches.
- (2) Strategic planning, pushing, and management of the business of overseas business.
- (3) Oversee the operation, performance, and general affairs management of overseas branches.
- (4) Informing of local laws/regulations, study, planning, and execution of countermeasures for overseas branches.

18. Wholesale Credit Administration Division

- (1) Credit extension policy and risk analysis and disclosure for corporate banking.
- (2) Inspection and review of corporate banking credit extension cases, and management of the asset quality of corporate banking credit extension, overdue loan and collection.

19. Commercial Banking Division

Provide cash management services, trade services, loans, foreign exchange and other financial services and CRM planning services for medium sized Taiwanese companies and SMEs and corporate clients in emerging markets.

20. Retail and Wealth Management Channel Division

- (1) In charge of planning and management of the business and channel of branches.
- (2) Deployment and management of branches.
- (3) Enforcement, pushing, and management for the operation and service quality of branches.
- (4) Operational management and sales promotion of retail banking.
- (5) Execution, facilitation and management of customer service center operations and service quality.

21. Financial Products Division

- (1) Oversee life insurance brokerage services and P&C insurance brokerage services provided throughout the bank.
- (2) Coordinate product development, policy administration, and business development under insurance brokerage operations.
- (3) Development and management of retail banking wealth management products and maintenance of the competitive edge of the bank's wealth management products.
- (4) Management of various property trust business and affiliated business.
- (5) The development of new trust products and service.
- (6) Planning and management of short-term securities and mutual fund investments by subsidiaries.
- (7) Integrate market trend and product feature, and offer analytical report and consulting for investments in domestic and foreign securities.

22. Consumer Finance Division

- (1) Development, design, management, and promotion of retail banking products.
- (2) Development and design of business banking products and management and promotion.
- (3) The development, operating management, sales promotion, credit investigation, auditing, and customer maintenance for auto loans and products with repo condition.
- (4) Product planning, sales promotion, channel development, and performance management for state owned banks and payroll accounts.

23. Payment Service Division

- (1) In charge of planning and development, business management, marketing and sales, and customer maintenance of credit cards, debit cards, cash flows of business clients.
- (2) Management and promotion of consumer banking products.

24. Retail Banking Credit Division

- (1) In charge of the formulation of the credit policy to retail banking products.
- (2) Construction and utilization of retail banking credit risk models.
- (3) Risk management, estimate and management of bad debts and provisions.
- (4) Credit investigation and credit extension management for retail banking products.
- (5) Collateral appraisal management for retail banking real estate.

25. Retail Banking Non-Performing Asset Recovery Division

The management of NPL (nonperforming loan) collection, protection of non-performing assets, write-off of bad debts, and outsourcing of debt collection.

26. Segmentation Division

- (1) Analysis of customer groups, construction of statistical models, and testing of marketing campaigns.
- (2) The development, planning and trial execution of event marketing.
- (3) Integrating the marketing and media resources within the Bank.
- (4) Management of customer relation management and core technology R&D and marketing platform.

27. Strategic Planning Division of Retail Banking Business

- (1) Handling of first and second tier customer complaints.
- (2) Upgrade service quality and push overhaul of operating flow, so as to establish a continuously improving quality culture.
- (3) In charge of back-office and planning affairs for chief executive officer of retail banking.
- (4) Strategic planning and enforcement management for retail banking.
- (5) Personal finance budget planning and execution and management of business targets.
- (6) Management, analysis of, and recommendations for personal finance business performance.

28. Digital Innovation Division

- (1) Planning and execution of business strategies, targets, and plans of digital finance.
- (2) Planning, design, and maintenance of digital finance services and platforms.
- (3) Promotion and management of digital financial services.
- (4) Planning, management and execution of marketing campaigns for digital finance.
- (5) Planning, promotion and coordination of integration of real and virtual channels.
- (6) Research, planning and promotion of new technologies and innovative applications.

29. Overseas Finance and Financial Market Division

- (1) Formulating short-, medium-, and long-term business goals and strategies.
- (2) Promoting and implementing business policies on operations in overseas financial markets.
- (3) Planning/Building/Maintaining/Optimizing core and management systems for overseas financial markets.

30. Private Banking Division

- (1) Providing integrated financial services in investment planning, financing, and inheritance planning for high net worth clients around the world.
- (2) Coordinating private banking services, performance, and business management worldwide.
- (3) Implementing private banking processes and regulations.

31. Information Security Department

- (1) Information security risk management
- (2) Compliance and observation of financial information security regulations worldwide.
- (3) Management and maintenance of InfoSec systems
- (4) InfoSec awareness campaigns and training.

32. Legal Department

- (1) Formulation, establishment, and implementation of policies and regulations for legal affairs.
- (2) Analysis and consultation on matters involving the law across the bank.
- (3) Review and supervision of various contracts and correspondences.
- (4) Handling and management of litigation.

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

a. Board directors and supervisors

1. Information on board directors and supervisors

Title	Nationality	Name	Gender	Date of getting elected	Term	Date of first getting elected	Shareholding upon election		Current shareholding		
							Number of shares	Share of stake	Number of shares	Share of stake	
Chairman	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Wu, Tong-Liang	Male	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Kuo, Jui-Sung	Male	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Wu, Tong-Shung	Male	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Lin, Long-Su	Male	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Wang, Chu-Chan	Male	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Wu, Shang-Pin	Male	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100	
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Hsu, Teh-Nan	Male	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100	

Base date: Feb. 29, 2020 unit: %; share

	Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
	0	0	0	0	Chairman of Taishin Holdings, Shinkong Synthetic Fibers Corporation; Vice Chairman of TECO Electric and Machinery; Director of First Commercial Bank, Taipei Business Bank; Supervisor of Hua Nan Bank; Managing Director of Shin Kong Life Insurance, Shinkong Insurance; University of California, Los Angeles (UCLA), Master Of Business Administration	Note 1	Director Director	Kuo,Jui-Sung Lin, Long-Su Wu, Shin-Hau	Brother in law Brother in law Son	None
	0	0	0	0	Chairman of TECO Technology Foundation; Director of Taishin Holdings, International Bank of Taipei; Professor, Department of Information Science,Business School, Soochow University,Ph.D. in Physics, New Hampshire University.	Note 2	Chairman Director	Wu,Tong-Liang Lin,Long-Su	Brother in law Brother in law	None
	0	0	0	0	Practicing Accountant; Chairman of Taishin Asset Management,Taishin Real-Estate Management, Taishin Venture Capital, and MiTAC Construction and Development; Supervisor of Taishin Securities,Taishin Insurance Brokers Resident Supervisor of TECO Image Systems; Director of Taishin Holdings, Shin Kong Wu Ho-Su Memorial Hospital; Department of Accounting and Statistics, National Chengchi University	Note 3	None	None	None	None
	0	0	0	0	Honorary Consul to Nicaragua, Delegate to the National Assembly.; Associated Professor of Institute of Biochemical Sciences, National Taiwan University.; Chairman of Konig Foods.; Directo of Taishin Holdings.; Ph.D. in Chemistry, Virginia State Univer.	Note 4	Chairman Director	Tong-Liang Wu Jui-Sung Kuo	Brother in law Brother in law	None
	0	0	0	0	Director of Shin Kong Investment Trust, Taiwan Shin Kong Security, Jubang Venture Capital,and Taishin Holdings.; Director and Supervisor of The Great Taipei Gas Co.,; Kaohsiung Medical College Pharmaceutical epartment	Note 5	None	None	None	None
	0	0	0	0	Chairman of NSEnergy.; CEO of Tuntex Petrochemical Inc.; Director of TASCO Chemical Corporation and Grand Cathay Venture Capital.; Supervisor of Petrochemical Industry Association of Taiwan.; Supervisor of Taishin Bank.; Ph.D. in Applied Chemistry, Keio University (Japan).	Note 6	None	None	None	None
	0	0	0	0	Chairman of Taiwan Cooperative Bank, Bank of Taiwan Banking department.; Chairman of Bankers Association of the Republic of China.; National Chengchi University.	Note 7	None	None	None	None

Title	Nationality	Name	Gender	Date of getting elected	Term	Date of first getting elected	Shareholding upon election		Current shareholding	
							Number of shares	Share of stake	Number of shares	Share of stake
Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Wu, Shin-Hau	Male	2020.01.17	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100
Independent Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Lin, Yi-Fu	Male	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100
Independent Director	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Chang, Min-Yu	Female	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100
Standing Supervisor	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Tsay, Yang-Tzong	Male	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100
Supervisor	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Kao, Chih-Shang	Male	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100
Supervisor	R.O.C	Taishin Financial Holding Co., Ltd. Representative: Cheng, Chia-Chung	Male	2018.07.01	Three years	2002.01.28	6,956,026,888	100	8,255,711,853	100

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

Note 2 : Representative Kuo, Jui-Sung is concurrently acting as Chairman of Jui-Fang Co., Chairman of TECO Technology Foundation, Director of Taishin FHC, Director of An-Long Enterprise, Director of TECO Image Systems, Director of Century Development, Director of Shin-Hai Gas, and Director of Xing An Enterprise.

Note 3 : Representative Wu, Tong-Shung is concurrently acting as Chairman of Taishin, Chairman of MiTAC Construction and Development, Director of Taishin Real Estate Management Independent Director of Hua Eng Wire & Cable, Director of An-sin Real Estate Management, Director of Xiang-An Life Insurance Agency, Supervisor of Taishin Venture Capital, Supervisor of Taishin Securities, Supervisor of TECO Image Systems, and Supervisor of Pau Jar Group.

Note 4 : Representative Lin, Long-Su is concurrently acting as Chairman of Chun-Ying Interior Design, Director of MiTAC Construction and Development, Director of Nica-Orient Development, Director of International Advanced Music, Director of Music Duck, Director of Ennead Inc, Director of Ennead Leasing.

Note 5 : Representative Wang, Chu-Chan is concurrently acting as Chairman of Pan City Co., Chairman of Hsien-Shun Enterprise, Chairman of Santo Arden Co., Chairman of JX Fitness, Director of Taishin FHC, Supervisor of Tai-Wa Co., and Director of The Great Taipei Gas.

Note 6 : Representative Wu, Shang-Pin is concurrently acting as Chairman of NSEnergy, Director of TASCOCHEMICAL, Director of EXCEL Chemical, Director of Ming-Xing Chemical, Director of Taiwan Fieldrich, Director of Da-Chan Investment, Director of Tai-Ho Technology, Director of Tai-Ho

	Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
	0	0	0	0	Director of Shinkong Insurance, Shin Kong Life and Shin Kong Financial; Co-founder and CEO of Dynasty Holding International Limited; Investment Officer of Investment Department, Nan Shan Life; Deputy Manager of Finance Department, Citibank Taiwan MBA, Waseda University	Note 8	Chairman	Wu, Tong-Liang	Father	None
	0	0	0	0	Independent director of Taishin Holdings.; Minister of Ministry of Economic Affairs.; Standing Representative of WTO.; Advisor of Chinese National Association of Industry and Commerce, Taiwan Minister Without Portfolio of Executive.; Department of Accounting and Statistics, National Chengchi University	Note 9	None	None	None	None
	0	0	0	0	Executive CPA, Deloitte & Touche; Director, Chang Hwa Bank and Chi-tun Consulting; Supervisor, LEO Systems; Reorganizer, First International Telecom; Independent director of Taishin Holdings.; BA in accounting, Tamkang University	Note 10	None	None	None	None
	0	0	0	0	Director, Graduate School of Accounting, National Taiwan.; Standing Director of Bank of Taiwan Bank.; Standing Supervisor of Taishin Holdings.; Supervisor of Chang Hwa Bank and Taiwan Business Bank.; Certified Internal Auditor, USA.; University, Ph.D. in Business Management and Commerce, U. of Maryland.;	Note 11	None	None	None	None
	0	0	0	0	Chairman of I-Mei Foods, Dah An Commercial Bank, and An-Sin Real Estate Management.; Resident Supervisor of Chang Hwa Bank.; Supervisor of Taishin Holdings and Silks Hotel Group .; M.A., School of Public Administration, San Francisco State University, USA.	Note 12	None	None	None	None
	0	0	0	0	Supervisor of Taishin Holdings.; Director of Chang Hwa Bank; The Top Consultant of Want Want China Times Group.; Taishin Bank Culture and Arts Foundation.; Chairman of CtiTV.; Master in Economics, National Taiwan University.	Note 13	None	None	None	None

Investment, Director of Ho-Shin, Director of Tuntex Petrochemical, Director of SAFEWAY GAS, Director of Grand Cathay Venture Capital, Director of Ho-Cheng, Director of Chang-Fong Transportation, Director of TNS Logistics International, Director of the Orient Golf and Country Club.

Note 7 : Representative Hsu, Teh-Nan is not concurrently acting in any other capacity regarding the Bank or any other company.

Note 8 : Representative Hsu, Teh-Nan is not concurrently acting as Director of Taishin Securities Co. Ltd.

Note 9 : Representative Lin, Yi-Fu is concurrently acting as Independent Director of Taishin FHC, Independent Director of Swissray Global Healthcare Holding, Independent Director of Nan Ya Plastics, Independent Director of Pan German Universal Motors.

Note 10 : Representative Chang, Min-Yu is concurrently acting as Independent Director of Taishin FHC, Director of Taiwan Shin Kong Security, Independent Director of Shin Shin Natural Gas, Director of TAIPEIING, Supervisor of Creative Sensor, and Supervisor of Multilite International.

Note 11 : Representative Tsay, Yang-Tzong is concurrently acting as Independent Director of E-Ton Solar Technology, Independent Director of CyberLink Corp, Independent Director of Yung Zip Chemical, Independent Director of Electric Power Technology, and Supervisor of Shin Zu Shing.

Note 12 : Representative Kao, Chih-Shang is concurrently acting as Chairman of Taiwan Institute of Ethical Business and Forensics Chairman of Chinese International Economic Cooperation Association, Chairman of I-Mei Foods, Chairman of I-Mei, Chairman of I-Mei Organic Food, Chairman of Fu May, Chairman of Xiong May Food, Chairman of Ming Huang International Logistics, Chairman of Golden Saddle Machinery, Chairman of An-Sin Real Estate Management, Chairman of Tai-Yue Technical Advising, Chairman of Ray Ten Asset Management, Chairman of San Ho May Enterprise, Chairman of Chi Yue Investment, Chairman of I-Mei Biomedicine, Director of Kun Chi Venture Capital, Director of An-Sin Real Estate Management, Director of AVIS Taiwan, Director of Tse Hung, Supervisor of Formosa International Hotel, Supervisor of Van Den Invest, and Supervisor of I-Mei Dairy Director of Yuanju Construction.

Note 13 : Representative Cheng, Chia-Chung is concurrently acting as Chairman of Taishin Bank Foundation for Arts and Culture, Supervisor of Ambi Investment and Consulting Inc..

2. Major shareholders of institutional shareholders

April 14, 2020

Names of Institutional shareholders	Major shareholders of institutional shareholders
Taishin Financial Holding Co., Ltd.	TASCO Chemical Co., Ltd. 3.71% Taishin Leasing & Financing Co., Ltd 2.95% China Life Insurance Company, Ltd. 2.12% Fubon Life Insurance Co., Ltd 1.88% Farglory Life Insurance Co., Ltd. 1.61% JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds 1.60% Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds 1.32% Norges Bank 1.24% Shinkong Synthetic Fibers Corporation 1.18% Tong Shan Investment Co., Ltd. 1.18%

3. Major shareholders of major institutional shareholders

April 14, 2020

Names of Institutional shareholders	Major Shareholders of Institutional Shareholders
TASCO Chemical Co., Ltd.	Taiho Investment 58.20%、He-Cheng Invest Co., Ltd. 19.55%、Fong-He Development Co., Ltd. 9.32%、Da-Jan Invest Development Co., Ltd. 1.72%、He-Fong Invest Co., Ltd. 1.16%、Fong-He Invest Co., Ltd. 1.01%、Wu, Cheng-Ching 0.99%、Wu, Shang-Pin 0.99%、Wu, Pei-Jyuan 0.95%、Wu, Pei-Rong 0.93%
Taishin Leasing & Financing Co., Ltd.	Yun Teh Industrial Co., Ltd. 40.60%、Tong Shan Investment Co., Ltd. 26.00%、Pan Asian Plastics Corp 22.20%、Ruey-Shin Enterprise Co., Ltd. 7.06%、Ruey-Shiang Invest Co., Ltd. 4.07%、Chao Heng Enterprise Co., Ltd. 0.07%
China Life Insurance Co., Ltd.	China Development Financial Holding Corporation 26.16%, KGI Securities Co., Ltd. 8.66%, Cathay Life Insurance Co., Ltd. 3.04%, Videoland Television Network Co., Ltd. 2.42%, Government of Singapore Investment Corporation Fund under the custody of Citibank (Taiwan) 1.17%, New Labor Pension Funds 1.61%, Ling-Lang Zhan 1.24%, Norges Bank Investment Account under the custody of Citibank Taiwan Ltd. 1.12%, JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds 1.21%, Labor Pension Funds 1.03%
Fubon Insurance Co., Ltd	Fuban Financial Holding Co., Ltd 100%
Farglory Life Insurance Co., Ltd.	Sinyu Investment Co., Ltd. 19.00%, Fareast Land Company 12.48%, Yuanjian Investment Co., Ltd. 8.91%, Teng-Hsiung Chao 8.49%, Harvard International Investment Co., Ltd. 6.71%, Rueici Investment Co., Ltd. 6.43%, Farglory International Investment Co., Ltd. 6.43%, Chun-Yao Yeh 5.96%, Yu-Nu Chao 5.77%, Dongyuan Construction Co., Ltd. 5.63%
JPMorgan Chase Bank N.A., Taipei Branch in custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	N/A
Vanguard Emerging Markets Stock Index Fund under the trust of JPMorgan Chase Bank N.A. Taipei Branch	N/A
Designated Account for Norges Bank under the custody of Citibank Taiwan Ltd.	N/A
Shinkong Synthetic Fibers Corporation	Shin Kong Life Insurance Co., Ltd. 5.81%、Shin Kong Company Ltd. 5.22%、Sinsheng Investment Co., Ltd. 4.99%、Trust Account under the custody of Hwatai Bank Ltd. 4.66%、Shin Kong Textile Co.,Ltd. 3.47%、Shin Kong Insurance Co., Ltd. 3.04%、Julian Invest Co., Ltd. 2.37%、Toray Industries Inc. 2.20%、Yuan Bao Co., Ltd. 2.18%、Taiwan Life Insurance Co., Ltd 2.18%
Tong Shan Investment Co., Ltd.	Ruey-Shin Enterprise Co., Ltd. 78.75%、Wu, Guei-Lan (Note)3.125%、Eugene Wu 3.125%、Anthony Wu 3.125%、Thomas T.L.Wu 3.125%、Hsien-Hsien Hsu 2.50%、Ruo-Nan Sun 2.50%、Hsing-Hua Ho 1.875%、Eric Wu 1.875%

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

4. Information on board directors and supervisors

Feb 29, 2020

Qualifications	possession of over five-year working experience and the following professional qualifications			Compliance with independence (Note)												Number of other companies of public offering where the board director or supervisor serves as independent director
	Instructor or higher teaching positions at college departments of commerce, legal affairs, finance accounting, or others related to the bank's operation	Judge, prosecutor, lawyers, public certified accountant, or other professionals or technicians with national licenses related to the bank's operation	Working experience in commerce, legal affairs, finance, accounting, or other fields related to the bank's operation	1	2	3	4	5	6	7	8	9	10	11	12	
Name																
Wu, Tong-Liang			✓	✓	✓							✓		✓		0
Kuo, Jui-Sung	✓		✓	✓	✓							✓		✓		0
Wu, Tong-Shung	✓	✓	✓		✓	✓						✓	✓	✓		1
Lin, Long-Su	✓		✓	✓	✓							✓		✓		0
Wang, Chu-Chan			✓	✓	✓	✓						✓	✓	✓		0
Wu, Shang-Pin			✓	✓	✓		✓	✓			✓	✓	✓	✓		0
Hsu, Teh-Nan			✓		✓	✓	✓	✓			✓	✓	✓	✓		0
Wu, Shin-Hau			✓	✓	✓		✓	✓			✓	✓		✓		0
Lin, Yi-Fu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		3
Chang, Min-Yu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		2
Tsay, Yang-Tzong	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓		3
Kao, Chih-Shang			✓	✓	✓	✓	✓	✓			✓	✓	✓	✓		0
Cheng, Chia-Chung			✓		✓	✓					✓	✓	✓	✓		0

Note : Place a check (✓) if the director/supervisor meets the following conditions during the two years prior to election and at any time during service.

- (1) Not an employee of the bank or any of its affiliates.
- (2) Not a director or supervisor of the bank or any of its affiliates (except where the person is concurrently an independent director of the bank and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
- (3) Not a natural-person shareholder who, together with his/her spouse and underage children or in the name of another person, holds 1% or more of the outstanding shares in the bank, and not one of the bank's top ten shareholders.
- (4) Not a manager listed in (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship or closer to anyone listed in (2) or (3).
- (5) Not a director, supervisor or employee of an institutional shareholder who holds directly 5% or more of the bank's shares, is one of the top five shareholders, or is a representative appointed as director or supervisor of the bank pursuant to Paragraph 1 or 2, Article 27 of the Company Act (except where the person is concurrently an independent director of the bank and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
- (6) Not a director, supervisor or employee of another company that has the same directors as the bank or is controlled by the same person that has more than half of the voting power in the bank (except where the person is concurrently an independent director of the bank or its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
- (7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or person with the equivalent rank as the bank, or a spouse in one of these roles (except where the person is concurrently an independent director of the bank and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
- (8) Not a director, supervisor, manager or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the bank (except where that specific company or institution holds 20% or more but no more than 50% of the bank's shares and is concurrently an independent director of the bank and its parent company, a subsidiary, or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).
- (9) Not a professional who provides audit or received no more than NT\$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the bank or its affiliates, nor an owner, partner, director, supervisor, or manager of a sole proprietorship, partnership, company, or organization that provides such services to the bank or its affiliates; or the spouse of any of the above. However, exception applies to members of a remuneration committee, a take-over bid review committee, or a special committee for merger and acquisition exercising their authority pursuant to provisions of the Securities and Exchange Act or the Business Mergers and Acquisitions Act.
- (10) Not a spouse or relative within the second degree of kinship to any other directors.
- (11) Not been a person in any of the circumstances listed in Article 30 of the Company Act.
- (12) Not elected as a governmental or juridical person or its representative as defined under Article 27 of the Company Act.

b. Information on president, vice presidents, assistant vice presidents, and chiefs of units and branches

Feb 29, 2020 unit: %; share

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
President	R.O.C	Oliver Shang	Male	2018.02.07	0	0	0	0	0	0	Taishin Financial Holding Co., Ltd. Personal and Commercial Banking Group CEO; CEO of China Trust Global Personal Finance; University of Delaware, Master of Business Administration	-	None			
Chief Auditor	R.O.C	Amy Hsia	Female	2019.10.25	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Law, Chinese Culture University	-	None			
Chief Executive Officer, Wholesale Banking Group	R.O.C	Sharon Lin	Female	2018.01.12	0	0	0	0	0	0	Senior Vice President of KGI Bank; Director and CEO of Citi Bank; Florida International University Master of Banking and Finance	Director of Taishin Securities Investment Trust Co., Ltd	None			
Chief Executive Officer of the Finance and Financial Market Group	R.O.C	Eric Chien	Male	2018.03.09	0	0	0	0	0	0	Director and President of the Global Financial Markets Division, Crédit Agricole CIB; University of Exeter, Master of Finance and Investments	Chief Investment Officer of Taishin Financial Holding Co., Ltd.; Vice Chairman of Taishin Investment Trust Co., Ltd Director of Taishin Securities Investment Advisory Co., Ltd.	None			
Chief Executive Officer, Retail Banking Group	R.O.C	Wilson Chou	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Citybank University of Dallas, Master of Business Administration	Director of Easy Card Corp.	None			
Senior Executive Vice President	R.O.C	Carol Lai	Female	2018.08.01	0	0	0	0	0	0	Chief Investment Officer of Taishin Financial Holding Co., Ltd.; Senior Vice president of Chang Hwa Commercial Bank; Chief Financial Officer of Taishin Financial Holding Co., Ltd.; Department of Accounting National Taiwan University.	Chief Financial Officer of Taishin Financial Holding Co., Ltd.; Supervisor of Taishin Securities Co., Ltd.; Director of Cosmos Foreign Exchange Intl. Co., Ltd.	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Executive Vice President	R.O.C	Sam Lin	Male	2006.08.01	0	0	0	0	0	0	President of UBS Global Asset Management; Claremont McKenna College, Master of Accounting	Vice Chairman of Taishin Venture Capital Investment Co.,Ltd.; Director of Yungsheng Trade, Jin Ming Investment Ltd.	None			
Executive Vice President	R.O.C	Sam Chiang	Male	2009.04.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Statistics, National Cheng Kung University	Director of Dah Ching Bills Finance Corp.	None			
Executive Vice President	R.O.C	John Chiou	Male	2012.02.17	0	0	0	0	0	0	Senior Manager, Royal Bank of Canada, Taipei Branch; University of Dallas, Texas, Master of Business Administration	Director of Taishin Venture Capital Investment Co.,Ltd.	None			
Executive Vice President	R.O.C	Perry Huang	Male	2018.07.02	0	0	0	0	0	0	Senior Vice President of CTBC Bank; National Taiwan University, Master of Business Studies	Director of Taishin Securities Co., Ltd.	None			
Senior Vice President	R.O.C	Jey Chen	Male	2011.06.03	0	0	0	0	0	0	Vice President of the Asia Pacific Risk Management Division, KGI Securities; University of Texas at Austin, Doctor of Philosophy in Mathematics	Chief Risk Officer of Taishin Financial Holding Co., Ltd.	None			
Senior Vice President	R.O.C	Steve Sun	Male	2014.01.17	0	0	0	0	0	0	Senior Vice president of IBM china; Advanced Management Global Trade Group, EMBA, National ChengChi University	Chief Information Officer of Taishin Financial Holding, Co.,Ltd.	None			
Senior Vice President	R.O.C	David Chang	Male	2009.11.18	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Chung Hsing University, Master of Business Management	Senior Vice President of Taishin Financial Holding Co.,Ltd.; Supervisor of Hsiang Chao Investment, Weifeng Investment, Chiahao Investment, Yiheng Investment, Chingwei, Protrade Co.,Ltd. Director of Xiang- An Life Insurance Agency Co., Ltd.	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Frank Lin	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; University of Southern California, USA, Master of Public Administration	Senior Vice President of Taishin Financial Holding Co.,Ltd.	None			
Senior Vice President	R.O.C	Andy Chang	Male	2019.02.01	0	0	0	0	0	0	Assistant to the Chairman of the Guangdong Nanyue Bank (Bank Vice President Level); President of The Second Credit Cooperative of Keelung; Senior Vice President of Taishin Bank; Department of Accounting, Soochow University	Senior Vice President of Taishin Financial Holding Co.,Ltd.	None			
Senior Vice President	R.O.C	Maggie Pao	Female	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; San Francisco State University, Master of Business Administration	Director of Taiwan Mobile Payment Co.,Ltd.; Director of Lian An Services Co., Ltd.; Convener of the Electronic Payments Group of the Electronic Payment Services Committee of The Bankers Association Of The Republic Of China	None			
Senior Vice President	R.O.C	Shouna Liu	Female	2013.05.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Master of Management Program Management and Global Trade Group National ChengChi University	Director of Moozilee Co., Ltd	None			
Senior Vice President	R.O.C	Helen Liu	Female	2008.07.28	0	0	0	0	0	0	Senior Vice President of ABN AMRO Bank; University Of Wisconsin-Madison, Master of Business Administration-	-	None			
Senior Vice President	R.O.C	Albert Kuo	Male	2018.06.11	0	0	0	0	0	0	Senior Vice President of Taipei Fubon Bank; National Tsing Hua University, Master of Economics	-	None			
Senior Vice President	R.O.C	Joanna Su	Female	2018.06.01	0	0	0	0	0	0	Senior Vice President of KGI Bank; National Taiwan University, College of Management, Executive Master of Business Administration	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Steven Chang	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; University of Texas at Arlington, USA, Master of Business Administration	-	None			
Senior Vice President	R.O.C	Vivian Chou	Female	2012.09.28	0	0	0	0	0	0	Vice President of Citybank; Stanford University, Master of Science in Statistics	-	None			
Senior Vice President	R.O.C	Sylvia Chen	Female	2019.03.27	0	0	0	0	0	0	Head of Division, Commercial Bank Group, Citi Bank Taiwan Michigan State University Master of Economics Michigan State University Master of Economics	-	None			
Senior Vice President	R.O.C	Christy Shyy	Female	2012.03.16	0	0	0	0	0	0	Manager of United Overseas Bank; Western Michigan University, Master of Science in Accounting	-	None			
Senior Vice President	R.O.C	Benson Hsieh	Female	2019.05.30	0	0	0	0	0	0	Senior Vice President, Taipei Fubon Bank Metropolitan State University Bachelor of Science in Business Administration	-	None			
Senior Vice President	R.O.C	Nick Chou	Male	2018.10.01	0	0	0	0	0	0	Vice President of Citybank; Executive Vice President of UBS; National Central University, Master of Financial Management	-	None			
Senior Vice President	R.O.C	Min-Hsing Liu	Male	2011.03.01	0	0	0	0	0	0	Senior Vice President of ABN AMRO Bank; University of Illinois at Urbana-Champaign, Master of Business Administration	-	None			
Senior Vice President	R.O.C	Chih-Hsien Tai	Male	2018.04.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Economic, Soochow University	-	None			
Senior Vice President	R.O.C	Janice Liang	Female	2014.03.28	0	0	0	0	0	0	Senior Vice President of Taishin Bank; University of Southern California, USA, Master of Science in Education	Senior Vice President of Taishin Financial Holding Co., Ltd.	None			
Senior Vice President	R.O.C	Gordon Wu	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; MBA, National Chung Cheng University	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	LC Kuo	Male	2015.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Sun Yat Sen University, Executive Master of Business Administration	Director of Taishin Securities Investment Trust Co.,Ltd.; Director of the Taiwan Asset Management Corporation. Taishin Sec Independent Director of Phoenix Tours Int'l Inc.	None			
Senior Vice President	R.O.C	Jesse Han	Male	2014.06.24	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Master of Electronic Engineering and Master of Business Administration, State University of New York at Stony Brook, USA	-	None			
Senior Vice President	R.O.C	Vincent Tsai	Male	2018.08.24	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Accounting, Taiwan University	Senior Vice President of Taishin Financial Holding Co.,Ltd.; Supervisor of Taishin Securities Investment Trust Co.,Ltd.	None			
Senior Vice President	R.O.C	Peter Wei	Male	2017.02.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Tourism, Providence University	-	None			
Senior Vice President	R.O.C	Chi-Ying Sheng	Female	2016.02.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Financial Engineering and Actuarial Mathematics, Soochow University	Director of Taishin Securities Investment Trust Co.,Ltd.; Council Member of The Insurance Agency Association of the Republic of China; Representative Member of the Trust Association of the Republic of China. Representative Member of Pension Fund Association of the Republic of China .	None			
Senior Vice President	R.O.C	Cres Huang	Male	2018.01.12	0	0	0	0	0	0	Senior Vice President of Taishin Bank; MBA, Institute of Business and Management, National Chiao Tung University	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Tate Sun	Male	2019.11.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Master of Computer Science, National Tsing Hua University	-	None			
Senior Vice President	R.O.C	Evelyn Huang	Female	2018.12.17	0	0	0	0	0	0	Vice President and Chief Compliance Officer of HSBC Securities; Vice President and General Organization Chief Compliance Officer of HSBC (Taiwan) Commercial Bank; Master of International Affairs, Columbia University	-	None			
Senior Vice President	R.O.C	SJ Guo	Male	2018.08.15	0	0	0	0	0	0	Assistant in the Private Banking Section, Private Banking Operations Division, Cathay United Bank; Executive Director of UBS Ultra High Net Wealth(ED) Rotterdam School of Management, Erasmus University Master of Business Administration	-	None			
Senior Vice President	R.O.C	May Chen	Female	2019.9.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank Department of Urban Planning and Development, Chinese Culture University	-	None			
Senior Vice President	R.O.C	Vanessa Chen	Female	2019.9.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank Accounting program, EMBA, the College of Management, National Taiwan University	Senior Vice President of Taishin Financial Holding Co., Ltd.	None			
Senior Vice President	R.O.C	Jerry Yang	Male	2008.12.11	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of International Trade, Tamkang University	Supervisor of Sunlight Asset Management Co., Ltd.; Chairman, Consumer Finance Unsecured Debt Restructuring Program Committee, Bankers Association of the R.O.C.	Senior Vice President	You-Qing Xuan	Spouse	
Senior Vice President	R.O.C	Ahsien Chang	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA in International Finance, National Taipei University	-	None			

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					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Sabrina Chang	Female	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; College of Management, National Chung Hsing University	-	None			
Senior Vice President	R.O.C	Jack Yen	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA-Senior Management, Feng Chia University	-	None			
Senior Vice President	R.O.C	Clement Tai	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Accountancy, National Cheng Kung University	CEO of Xiang-An Life Insurance Agency Co.,Ltd.; Independent Director of Gia Tzong Enterprise Co., Ltd.	None			
Senior Vice President	R.O.C	John Liu	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Rensselaer Polytechnic Institute Master of Business Administration	-	None			
Senior Vice President	R.O.C	Chin-Neng Chen	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Sergeant Class, Central Police University	-	None			
Senior Vice President	R.O.C	John Wang	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA- Advanced Finance, National Chengchi University	-	None			
Senior Vice President	R.O.C	Jasmine Liu	Female	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of International Business, Tunghai University	-	None			
Senior Vice President	R.O.C	Jolene Ma	Female	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of International Trade, Chinese Culture University	-	None			
Senior Vice President	R.O.C	KC Chen	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Math and Statistics, Tamkang University	-	None			
Senior Vice President	R.O.C	Lewis Kuo	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Computer Science, Feng Chia University	-	None			
Senior Vice President	R.O.C	Andy Chao	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Computer Science, Tamkang University	-	None			

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					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Charles Chen	Male	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank Department of Economics, Fu Jen Catholic University	-	None			
Senior Vice President	R.O.C	Samantha Wei	Female	2015.05.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA-International Business Management, National Taiwan University	-	None			
Senior Vice President	R.O.C	Tracy Hsuan	Female	2016.06.23	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of International Business, Tamkang University	Senior Vice President of Xiang-An Life Insurance Agency Co.,Ltd.	Senior Vice President	Jerry Yang	Spouse	
Senior Vice President	R.O.C	Allen Day	Male	2017.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Stevens Institute of Technology, USA, Master of Science in Management	-	None			
Senior Vice President	R.O.C	Shawn Wang	Male	2018.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Taiwan University of Science and Technology, Industrial Management Department	-	None			
Senior Vice President	R.O.C	Ginger Hsiao	Female	2018.03.12	0	0	0	0	0	0	Senior Vice President of Entie Bank; Citrus college, Computer Information System	-	None			
Senior Vice President	R.O.C	Alice Hu	Female	2017.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Caotun Commercial & Industrial Vocational Senior High School Accounting and Statistics	-	None			
Senior Vice President	R.O.C	Angel Kuo	Female	2018.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Kaohsiung University of Applied Sciences, Graduate School of Finance and Information, Master's Degree	-	None			
Senior Vice President	R.O.C	Vicky Chen	Female	2018.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Taiwan University of Science and Technology, College of Management, Executive Master of Business Administration	-	None			

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					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Stanley Fan	Male	2018.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Central University, College of Management, Master of Finance	-	None			
Senior Vice President	R.O.C	Andy Liu	Male	2018.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National United University, Industrial Engineering and Management Department	-	None			
Senior Vice President	R.O.C	Book Chuang	Male	2018.03.22	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Chengchi University, Master of Economics	-	None			
Senior Vice President	R.O.C	Chin Yu Shen	Male	2019.03.14	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Human Sciences, Faculty of Letters, Keio University	-	None			
Senior Vice President	R.O.C	Sindy Chou	Female	2019.07.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, Department of Finance, National Kaohsiung University of Science and Technology	-	None			
Senior Vice President	R.O.C	Sonia Chang	Female	2019.07.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, National Sun Yat-sen University	I-	None			
Senior Vice President	R.O.C	Stella Hsieh	Female	Female 2019.07.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Master, the Department of Financial Operations, National Kaohsiung First University of Science and Technology	-	None			
Senior Vice President	R.O.C	Shine Pan	Female	2019.07.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Royal Roads University Master of Business Administration	-	None			
Senior Vice President	R.O.C	Yen Chi Chen	Male	2019.08.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, China Europe International Business School	-	None			
Senior Vice President	R.O.C	Jenyao Lee	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, The Department of International Business, National Dong Hwa University	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Leo Chang	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, the College of Management, National Cheng Kung University	-	None			
Senior Vice President	R.O.C	Chin-Mei Chang	Female	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Department of Industrial Engineering & Management, Kaohsiung Institute of Technology	-	None			
Senior Vice President	R.O.C	Amber Wei	Female	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; California State University, Fullerton, USA Master of Business Administration	-	None			
Senior Vice President	R.O.C	David Sun	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Advanced Management, EMBA, National ChengChi University	-	None			
Senior Vice President	R.O.C	Taiyo Chen	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; University at Albany, State University of New York Master of Business Administration	-	None			
Senior Vice President	R.O.C	Eric Tsai	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Advanced Management, EMBA, National ChengChi University	-	None			
Senior Vice President	R.O.C	Hank Chang	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Master in management sciences, the Graduate Institute of Management Sciences, Tamkang University	-	None			
Senior Vice President	R.O.C	Kuang-Shun Huang	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; MBA, the Department of Business Administration, National Cheng Kung University	-	None			
Senior Vice President	R.O.C	Alex Pei	Male	2020.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; EMBA, National Sun Tat-sen University	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Senior Vice President	R.O.C	Wei-Yi, Lin	Male	2019.01.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Chengchi University, Master of International Trade	-				
Senior Vice President	R.O.C	Yen-Chuan Wang	Male	2018.07.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; National Central University, Master of Business Management	-		None		
Vice President	R.O.C	Claire Chiang	Female	2019.09.01	0	0	0	0	0	0	Vice President of Taishin Bank; Master, Department of Accountancy, National Taipei University	-		None		
Vice President	R.O.C	Selina Chen	Female	2018.03.09	0	0	0	0	0	0	Vice President of Taishin Bank; Fu Jen Catholic University, Business Management Department	-		None		
Vice President	R.O.C	Hsiu Min Hsu	Female	2019.11.29	0	0	0	0	0	0	Vice President of Taishin Bank; Master, Department of Business Administration, Chinese Culture University	-		None		
Vice President	R.O.C	Daisy Tsao	Female	2011.03.04	0	0	0	0	0	0	Vice President of Taishin Bank; National Chengchi University, Banking Department	-		None		
Vice President	R.O.C	Chun-Ping Hsu	Male	2014.01.01	0	0	0	0	0	0	Vice President of Taishin Bank; Tatung University, College of Engineering, Business Operations Department	-		None		
Vice President	R.O.C	James Liu	Male	2019.01.01	0	0	0	0	0	0	Vice President of Taishin Bank; Department of Finance and Cooperative Management, National Chung Hsing University	-		None		
Branch Manager	R.O.C	Chang-Hsiu Fang	Male	2019.01.14	0	0	0	0	0	0	Vice President of Taishin Bank; Soochow University, Economics Department	-		None		
Branch Manager	R.O.C	Chia-Chi Yang	Male	2018.11.01	0	0	0	0	0	0	Vice President of Taishin Bank; University of Dallas, Master of Business Administration	-		None		
Branch Manager	R.O.C	Kai-Yin Huang	Female	2019.01.01	0	0	0	0	0	0	Vice President of Taishin Bank; University of Dallas, Master of Business Administration	-		None		

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Linda Fang	Female	2019.07.01	0	0	0	0	0	0	Vice President of Taishin Bank; Japanese Division, Department of Eastern Languages, National ChengChi University	-	None			
Branch Manager	R.O.C	Yun-Ching Wang	Female	2019.01.01	0	0	0	0	0	0	Assitant Vice President of Taishin Bank; Tamkang University, Finance Department	-	None			
Branch Manager	R.O.C	Shu-Fang Chou	Female	2011.04.01	0	0	0	0	0	0	Vice President of Taishin Bank; Aletheia University, School of Industrial Management, Industrial Management Department	-	None			
Branch Manager	R.O.C	Ching-I Ho	Female	2018.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Chung Hsing University, Law Department	-	None			
Branch Manager	R.O.C	Fu-Chu Wang	Male	2008.04.25	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Finance, Aletheia University	-	None			
Branch Manager	R.O.C	Eve Wang	Female	2019.01.01	0	0	0	0	0	0	Vice President of Taishin Bank; National Chengchi University, Risk Management and Insurance Department	-	None			
Branch Manager	R.O.C	Ching-Hui Tseng	Female	2015.06.19	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Yunlin University of Science and Technology, Business Administration Department	-	None			
Branch Manager	R.O.C	Han-Chin Chen	Male	2015.09.01	0	0	0	0	0	0	Assitant Vice President of Taishin Bank; Chung Hua University, Master of Business Management	-	None			
Branch Manager	R.O.C	Yi-Fang Wang	Female	2011.04.01	0	0	0	0	0	0	Vice President of Taishin Bank; Fu Jen Catholic University, Business Management Department	-	None			
Branch Manager	R.O.C	Rowena Chiu	Female	2017.07.28	0	0	0	0	0	0	Senior Manager of Taishin Bank; Woodbury University Master of Business Administration	-	None			
Branch Manager	R.O.C	Chen-Tien Chiang	Male	2019.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Taichung University of Science and Technology, Applied Business Department	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Yung-Chieh Chang	Male	2008.04.25	0	0	0	0	0	0	Vice President of Taishin Bank; National Taipei University, International Executive Master of Business Administration (International Finance)	-	None			
Branch Manager	R.O.C	Pei-Yi Cheng	Female	2019.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Yu Da University of Science and Technology, Finance Department	-	None			
Branch Manager	R.O.C	Bo-Jia Chen	Male	2018.11.23	0	0	0	0	0	0	Manager of Taishin Bank; National Taichung University of Science and Technology, International Trade Department	-	None			
Branch Manager	R.O.C	Chiun-Lun Lee	Male	2018.11.23	0	0	0	0	0	0	Manager of Taishin Bank; Department of International Trade, Tamkang University	-	None			
Branch Manager	R.O.C	Mi-Jr Shiu	Female	2018.11.23	0	0	0	0	0	0	Manager of Taishin Bank; Yu Da University of Science and Technology, Comprehensive Business Studies Department	-	None			
Branch Manager	R.O.C	Tzu-Hui Lu	Female	2015.06.19	0	0	0	0	0	0	Manager of Taishin Bank; Drexel University Master of Business Administration	-	None			
Branch Manager	R.O.C	Yu-Han Ho	Female	2018.10.01	0	0	0	0	0	0	Manager of Taishin Bank; I-Shou University, Master of Management	-	None			
Branch Manager	R.O.C	Bo-Yang Chen	Male	2017.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Ming Chuan University, Business Management Department	-	None			
Branch Manager	R.O.C	Shih-Chieh Weng	Male	2018.08.24	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Chengchi University, Financial Management Department	-	None			
Branch Manager	R.O.C	Kuoh-Siang Chou	Male	2017.04.21	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Taipei University, Master of Public Administration and Policy	-	None			
Branch Manager	R.O.C	Pei-Jan Chuang	Male	2018.08.24	0	0	0	0	0	0	Senior Manager of Taishin Bank; Lang Yang Institute of Technology, Electric Engineering Department, Electrical Machinery Division	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Cheng-Ta Chou	Male	2018.08.24	0	0	0	0	0	0	Senior Manager of Taishin Bank; Chung Hua University, Information Engineering Department	-	None			
Branch Manager	R.O.C	Ching-Han Wu	Male	2018.08.24	0	0	0	0	0	0	Manager of Taishin Bank; I-Shou University, Finance Department	-	None			
Branch Manager	R.O.C	Huei-Wen Chiu	Female	2014.12.26	0	0	0	0	0	0	Assitant Vice President of Taishin Bank; China University of Technology, International Trade Department	-	None			
Branch Manager	R.O.C	Yu-Hung Lin	Male	2018.08.24	0	0	0	0	0	0	Manager of Taishin Bank; National Taipei University of Technology, Master of Business Automation and Management	-	None			
Branch Manager	R.O.C	Chien-Pin Su	Male	2016.08.12	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Kaohsiung First University of Science and Technology, Risk Management and Insurance Department	-	None			
Branch Manager	R.O.C	Shang-Jung Tsai	Male	2018.07.02	0	0	0	0	0	0	Senior Manager of Taishin Bank; Yuan Ze University, Department of Industrial Engineering,	-	None			
Branch Manager	R.O.C	Yu-Lin Cho	Female	2011.06.10	0	0	0	0	0	0	Vice President of Taishin Bank; National Taichung University of Science and Technology, Business Management Department	-	None			
Branch Manager	R.O.C	Kang Chang	Male	2013.06.21	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Taiwan University of Science and Technology, Executive Master of Business Administration	-	None			
Branch Manager	R.O.C	Alan Chung	Male	2012.08.17	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Fu Jen Catholic University, International Trade Department	-	None			
Branch Manager	R.O.C	Tso-Ming Huang	Male	2015.05.01	0	0	0	0	0	0	Manager of Taishin Bank; Chaoyang University of Technology, Master of Finance	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Yu-Chen Lee	Female	2018.06.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Chengchi University, Chinese Literature Department	-	None			
Branch Manager	R.O.C	Nelson Kuo	Male	2018.06.01	0	0	0	0	0	0	Vice President of Taishin Bank; Providence University, International Trade Department	-	None			
Branch Manager	R.O.C	Chin-Tang Chang	Male	2011.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Taichung University of Science and Technology, Applied Business Department	-	None			
Branch Manager	R.O.C	Yin-Chi Chen	Female	2014.05.01	0	0	0	0	0	0	Vice President of Taishin Bank; Southern Taiwan University of Science and Technology, Finance Department	-	None			
Branch Manager	R.O.C	Hsiu-Chuan Lin	Female	2007.05.25	0	0	0	0	0	0	Vice President of Taishin Bank; Yuan Ze University, Master of Management	-	None			
Branch Manager	R.O.C	Jhen-Yi Sie	Female	2018.04.13	0	0	0	0	0	0	Senior Manager of Taishin Bank; Ching Yun University, International Trade Department	-	None			
Branch Manager	R.O.C	Show-Yuann Chiou	Female	2018.04.13	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Taipei University of Business, Applied Business Department	-	None			
Branch Manager	R.O.C	Man-Ling Hsieh	Female	2018.02.02	0	0	0	0	0	0	Senior Manager of Taishin Bank; Southern Taiwan University of Science and Technology, Marketing and Logistics Management Department	-	None			
Branch Manager	R.O.C	Kuo-Cheng Tsao	Male	2018.02.02	0	0	0	0	0	0	Senior Manager of Taishin Bank; Keuka College Master of Science	-	None			
Branch Manager	R.O.C	Shu-Chi Tsai	Female	2018.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of International Trade, Tamkang University	-	None			
Branch Manager	R.O.C	Jen-Shun Yu	Male	2018.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Chengchi University Department of Public Finance	-	None			
Branch Manager	R.O.C	Chun-Hung Lu	Male	2012.01.01	0	0	0	0	0	0	Vice President of Taishin Bank; Chinese Culture University, Economics Department	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Ying-Chien Liang	Female	2018.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Ling Tung University, Master of Finance	-	None			
Branch Manager	R.O.C	Cheng-Wei Lin	Male	2018.01.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; University of Durham Master of Arts in Financial Management	-	None			
Branch Manager	R.O.C	Pei-Shi Su	Male	2008.02.22	0	0	0	0	0	0	Vice President of Taishin Bank; Tunghai University, Economics Department	-	None			
Branch Manager	R.O.C	Pei-Fen Wu	Female	2012.05.01	0	0	0	0	0	0	Vice President of Taishin Bank; National Taiwan Ocean University, Shipping and Transportation Management Department, Master of Business Management	-	None			
Branch Manager	R.O.C	Po-Yu Huang	Male	2011.08.26	0	0	0	0	0	0	Vice President of Taishin Bank; Tunghai University, Law Department	-	None			
Branch Manager	R.O.C	Ming-Chu Hsu	Female	2011.06.28	0	0	0	0	0	0	Vice President of Taishin Bank; National Chung Hsing University, Executive Master of Business Administration (Business Operations)	-	None			
Branch Manager	R.O.C	Ming-Chi Liao	Male	2015.12.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Southern Taiwan University of Science and Technology, Business Administration Department	-	None			
Branch Manager	R.O.C	Yu-Hong Pan	Male	2016.08.12	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Soochow University, Sociology Department	-	None			
Branch Manager	R.O.C	Pin-Fu Chen	Male	2017.07.28	0	0	0	0	0	0	Senior Manager of Taishin Bank; Chihlee University of Technology, Finance Department	-	None			
Branch Manager	R.O.C	Hsiao-Chen Tang	Female	2017.06.02	0	0	0	0	0	0	Vice President of Taishin Bank; National Central University, College of Management, Master of Finance	-	None			
Branch Manager	R.O.C	Jheng-Yi Wang	Male	2017.05.19	0	0	0	0	0	0	Senior Manager of Taishin Bank; St. John's University, Finance Department	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Mei-l Tsai	Female	2017.05.19	0	0	0	0	0	0	Senior Manager of Taishin Bank; Far East University, Business Management Department	-	None			
Branch Manager	R.O.C	Pin-Chen Chen	Female	2017.04.21	0	0	0	0	0	0	Senior Manager of Taishin Bank; Tamkang University, Management Department, Executive Master of Business Administration	-	None			
Branch Manager	R.O.C	Su-Chen Tsai	Female	2014.09.26	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; National Taipei University of Business, Applied Business Department	-	None			
Branch Manager	R.O.C	Grace Chen	Female	2007.11.02	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Nan Ying Vocational High School of Business and Technology, Comprehensive Advanced Business Studies	-	None			
Branch Manager	R.O.C	Hui-Ching Teng	Female	2011.07.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Lan Yang Institute of Technology, International Trade Department	-	None			
Branch Manager	R.O.C	Shu-Ching Tien	Female	2014.11.14	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Kaohsiung University of Applied Sciences, Graduate School of Finance and Information, Master's Degree	-	None			
Branch Manager	R.O.C	Pau-Chung Hom	Male	2013.01.01	0	0	0	0	0	0	Vice President of Taishin Bank; Rensselaer Polytechnic Institute Master of Business Administration	-	None			
Branch Manager	R.O.C	Yu-Lin Kuo	Male	2015.02.13	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Tamkang University, Architecture Department	-	None			
Branch Manager	R.O.C	Shan-Yu Huang	Female	2012.11.02	0	0	0	0	0	0	Vice President of Taishin Bank; National Kaohsiung University of Applied Sciences, Graduate School of Finance and Information, Master's Degree	-	None			
Branch Manager	R.O.C	Chung-Hua Huang	Male	2017.01.01	0	0	0	0	0	0	Vice President of Taishin Bank; MBA, Management Feng Chia University	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Yin-Yu Chen	Male	2016.08.12	0	0	0	0	0	0	Senior Manager of Taishin Bank; Ming Chuan University, Business Management Department	-	None			
Branch Manager	R.O.C	Tsung-Han Mu	Male	2013.12.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; University of Illinois at Urbana-Champaign, Master of Finance	-	None			
Branch Manager	R.O.C	Hsin-Chan Wu	Male	2007.08.24	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; National Taipei University, Business Management Department, Executive Master of Business Administration	-	None			
Branch Manager	R.O.C	Yi-Ting Lin	Male	2009.03.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Taichung University of Science and Technology, Applied Business Department	-	None			
Branch Manager	R.O.C	Ming-Te Chang	Male	2016.07.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Ming Chuan University, Master of Finance	-	None			
Branch Manager	R.O.C	Ching-Ching Peng	Female	2011.07.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; National Taiwan Ocean University, Shipping and Transportation Management Department, Master of Business Management	-	None			
Branch Manager	R.O.C	Hsiao-Yun Chang	Female	2014.08.22	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Chinese Culture University, Tourism Department	-	None			
Branch Manager	R.O.C	Valerie Wang	Female	2016.05.27	0	0	0	0	0	0	Senior Manager of Taishin Bank; Tamkang University, French Studies Department	-	None			
Branch Manager	R.O.C	Che-Hsiang Chang	Male	2013.05.24	0	0	0	0	0	0	Senior Manager of Taishin Bank; Chinese Culture University, Business Management Department	-	None			
Branch Manager	R.O.C	Hsin-Hung Yeh	Female	2011.07.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Lughwa University of Science and Technology, International Trade Department	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	I-Lon Li	Male	2014.06.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Chinese Culture University, Business Management Department	-	None			
Branch Manager	R.O.C	Pai-Hui Kao	Female	2015.12.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Tunghai University, Business Management Department	-	None			
Branch Manager	R.O.C	Kang-Po Lin	Male	2014.11.14	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Fu Jen Catholic University, History Department	-	None			
Branch Manager	R.O.C	Wei-Jye Chang	Male	2009.09.01	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Ta Hwa University of Science and Technology, International Trade Department	-	None			
Branch Manager	R.O.C	Zen-Yen Tsang	Male	2015.09.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank ; Shu-Te University, Master of Finance and Risk Management	-	None			
Branch Manager	R.O.C	Ming-Lun Chuang	Male	2015.06.19	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Chung Cheng University, Economics Department	-	None			
Branch Manager	R.O.C	Wan-Ling Cheng	Female	2015.06.19	0	0	0	0	0	0	Senior Manager of Taishin Bank; National Kaohsiung University of Applied Sciences, Graduate School of Finance and Information, Master's Degree	-	None			
Branch Manager	R.O.C	Shun-Cheng Liao	Male	2014.09.12	0	0	0	0	0	0	Assistant Vice President of Taishin Bank ; Cheng Shiu University, Business Management Department	-	None			
Branch Manager	R.O.C	Hsieh-Ching Yu	Male	2013.05.17	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Kang Ning University, Real Estate Management Department	-	None			
Branch Manager	R.O.C	Yueh-Yun Lee	Female	2013.03.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Ming Chuan University, International Trade Department	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Su-Hung Liu	Female	2007.12.28	0	0	0	0	0	0	Senior Vice President of Taishin Bank; Meiho University, Taxation and Finance Department	-	None			
Branch Manager	R.O.C	Yu-Chang Chang	Male	2005.01.01	0	0	0	0	0	0	Assistant Vice President of Taishin Bank; Tunghai University, Mathematics Department	-	None			
Branch Manager	R.O.C	Yu-Ju Kung	Female	2019.12.16	0	0	0	0	0	0	Manager of Taishin Bank; Department of Finance, Jinwen University of Science and Technology	-	None			
Branch Manager	R.O.C	Yu-Hsiu Lin	Female	2019.12.16	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Banking and Insurance, National Kaohsiung Institute of Industry and Commerce	-	None			
Branch Manager	R.O.C	Jung-Li Chien	Male	2019.10.18	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Accounting, National Taipei College of Business	-	None			
Branch Manager	R.O.C	Liang-Hua Chen	Female	2019.10.18	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Business Administration, Ming Chuan University	-	None			
Branch Manager	R.O.C	Tzu-Yu Tseng	Male	2019.08.30	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of International Business, Tunghai University	-	None			
Branch Manager	R.O.C	Pei-Xuan Wu	Female	2019.07.19	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of International Business Administration, Chinese Culture University	-	None			
Branch Manager	R.O.C	Hsin-Nung Chang	Male	2019.05.31	0	0	0	0	0	0	Senior Manager of Taishin Bank; EMBA, School of Business, Ming Chuan University	-	None			
Branch Manager	R.O.C	Pei-I Chao	Female	2019.05.31	0	0	0	0	0	0	Manager of Taishin Bank; Department of Financial Taxation, Dahan Institute of Technology	-	None			

Title	Nationality	Name	Gender	Date of getting elected	Current shareholding		Stake of single, spouse and offspring before age of majority		Shareholding in the name of others		Education and working experience	Current jobs with the bank and other companies	Spouse or relatives within second-degree kinship who serve managerial posts or seats of board directors/ supervisors of the bank			Note
					Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake			Title	Name	Relationship	
Branch Manager	R.O.C	Chiu-Hua Kuo	Female	2019.05.31	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Finance, Tainan Woman's College of Arts & Technology	-	None			
Branch Manager	R.O.C	Yu-Shan Huang	Female	2019.05.31	0	0	0	0	0	0	Manager of Taishin Bank; Department of Information Management, Chien Hsin University of Science and Technology	-	None			
Branch Manager	R.O.C	Hsin-Nan Chen	Male	2019.04.26	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Finance, Shih Hsin University	-	None			
Branch Manager	R.O.C	Huei-Yuan Chang	Female	2019.3.01	0	0	0	0	0	0	Senior Manager of Taishin Bank; Department of Accounting, Chaoyang University Of Technology	-	None			

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

Consultants who are retired chairmen and presidents

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

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

1. Compensations for directors (including independent directors)

Dec. 31, 2019 Unit: NT\$1,000

Title	Name	Director remuneration								A+B+C+D as a percentage of after-tax net profit	
		Compensations (A)		Job-leaving and retirement payment (B)		Compensations from distribution of earnings (C)		Expense for business execution (D)			
		The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank	All companies in the financial statements
Chairman	Wu, Tong-Liang	21,775	21,855	-	-	-	-	4,537	4,647	0.22%	0.22%
Director	Wang, Chu-Chan										
Director	Wu, Shang-Pin										
Director	Hsu, Teh-Nan										
Director	Kuo, Jui-Sung										
Director	Wu, Tong-Shung										
Director	Lin, Long-Su										
Independent Director	Lin, Yi-Fu	1,380	1,380	-	-	-	-	975	975	0.02%	0.02%
Independent Director	Chang, Min-Yu										

(Continued)

Title	Name	Remuneration as an employee								Share of combination of A.B.C.D.E.F and G in after-tax net profit		Compensations from invested companies other than subsidiaries or Parent Company
		Salary, bonus, and special allowance (E)		Job-leaving and retirement payment (F)		Employee dividend-sharing (G)						
		The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank		All companies in the financial statements		The Bank	All companies in the financial statements	
						Cash	Stock	Cash	Stock			
Chairman	Wu, Tong-Liang	22,579	22,579	108	108	-	-	-	-	0.41%	0.42%	38,524
Director	Wang, Chu-Chan											
Director	Wu, Shang-Pin											
Director	Hsu, Teh-Nan											
Director	Kuo, Jui-Sung											
Director	Wu, Tong-Shung											
Director	Lin, Long-Su											
Independent Director	Lin, Yi-Fu	-	-	-	-	-	-	-	-	0.02%	0.02%	24,648
Independent Director	Chang, Min-Yu											

(Concluded)

Note 1: Compensation for chauffeurs is NT\$3,446,000.

Note 2: No actual retirement payment. The allocation or contribution to capitalized termination/retirement funds is NT\$108,000. None of the companies reported in the financial statements paid any termination/pension benefits, but allocation/contribution of NT\$108,000 is made to capitalized termination/retirement funds.

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

Note 4: Except as disclosed above, remuneration received by directors for last year for on-balance sheet services (e.g. acting as a non-employee consultant in last year) rendered to the companies reported in the financial statements: None.

Compensation brackets for directors

Dec. 31, 2019

Compensation brackets for directors of the Bank	Name of Directors			
	The combined compensation of (A+B+C+D)		The combined compensation of (A+B+C+D+E+F+G)	
	The Bank	All companies in the financial statements	The Bank	All companies in the financial statements
Lower than NT\$1M.	Wu, Tong-Shung/ Hsu, Teh-Nan	Wu, Tong-Shung/ Hsu, Teh-Nan		
NT\$1M. (inclusive)-NT\$2M. (exclusive)	Wang, Chu-Chan / Wu, Shang-Pin/ Kuo,Jui-Sung / Lin, Yi-Fu/ Chang, Min-Yu	Wang, Chu-Chan / Wu, Shang-Pin/ Kuo,Jui-Sung / Lin, Yi-Fu/ Chang, Min-Yu	Wang, Chu-Chan / Wu, Shang-Pin/ Kuo,Jui-Sung / Lin, Yi-Fu/ Chang, Min-Yu	Wang, Chu-Chan / Wu, Shang-Pin/ Kuo,Jui-Sung / Lin, Yi-Fu/ Chang, Min-Yu
NT\$2M. (inclusive)-NT\$3.5M. (exclusive)	Lin, Long-Su	Lin, Long-Su	Lin, Long-Su	Lin, Long-Su
NT\$3.5M. (inclusive)-NT\$5M. (exclusive)				
NT\$5M. (inclusive)-NT\$10M. (exclusive)			Hsu, Teh-Nan	Hsu, Teh-Nan
NT\$10M.(inclusive)-NT\$15M (exclusive)				
NT\$15M. (inclusive)-NT\$30M. (exclusive)	Wu, Tong-Liang	Wu, Tong-Liang	Wu, Tong-Liang / Wu, Tong-Shung	Wu, Tong-Liang / Wu, Tong-Shung
NT\$30M. (inclusive)-NT\$50M. (exclusive)				
NT\$50M. (inclusive)-NT\$100M. (exclusive)				
Over NT\$100M.				
Total	9	9	9	9

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

2. Compensations for supervisors

Dec. 31, 2019 Unit: NT\$1,000

Title	Name	Supervisors remuneration								A+B+C+D as a percentage of after-tax net profit		Compensations from invested companies other than subsidiaries or Parent Company
		Compensations (A)		Job-leaving and retirement payment (B)		Compensations from distribution of earnings (C)		Expense for business execution (D)		The Bank	All companies in the financial statements	
		The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank	All companies in the financial statements	The Bank	All companies in the financial statements			
Standing Supervisor	Tsay, Yang-Tzong											
Supervisor	Kao, Chih-Shang	9,660	9,660	-	-	-	-	1,819	1,819	0.10%	0.10%	8,239
Supervisor	Cheng, Chia-Chung											

Note1: Compensation for chauffeurs is NT\$1,637,000.

Note2: Note2: No actual collection of job-leaving or retirement payment.

Compensation brackets for supervisors

Dec. 31, 2019

Compensation brackets for supervisors of the Bank	Names of supervisors	
	Combined amount of (A+B+C+D)	
	The Bank	All companies in the financial statements
Lower than NT\$1M.	Cheng, Chia-Chung	Cheng, Chia-Chung
NT\$1M. (inclusive)-NT\$2M. (exclusive)		
NT\$2 M.(inclusive)-NT\$3.5 M. (exclusive)		
NT\$3.5M. (inclusive)-NT\$5M. (exclusive)	Kao, Chih-Shang	Kao, Chih-Shang
NT\$5 M. (inclusive)-NT\$10 M. (exclusive)	Tsay, Yang-Tzong	Tsay, Yang-Tzong
NT\$10 M. (inclusive)-NT\$15 M. (exclusive)		
NT\$15 M. (inclusive)-NT\$30 M. (exclusive)		
NT\$30 M. (inclusive)-NT\$50 M. (exclusive)		
NT\$50 M. (inclusive)-NT\$100 M. (exclusive)		
Over NT\$100 M.		
Total	3	3

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

3. Compensation for president and vice presidents

Title	Name	Salary (A)		Job-leaving and retirement payment (B)	
		The Bank	All companies in the financial statements	The Bank	All companies in the financial statements
President	Oliver Shang				
Chief Auditor	Amy Hsia				
Chief Executive Officer	Sharon Lin				
Chief Executive Officer	Eric Chien				
Executive vice president	Samuel Chiang				
Executive vice president	Sam Lin				
Executive vice president	Wilson Chou				
Executive vice president	Perry Huang				
Executive vice president	John Chiou				
Senior vice president	David Chang (2019.02.01 Resignation)				
Senior vice president	Bao-Yin Chen (2019.09.01 Resignation)				
Senior vice president	Helen Liu				
Senior vice president	Jey Chen (2019.06.12 On board)				
Senior vice president	Andy Chang (2019.02.01 On board/2019.09.01 Resignation)				
Senior vice president	Joanna Su				
Senior vice president	Albert Kuo				
Senior vice president	Nick Chou				
Senior vice president	Sylvia Chen (2019.03.27 On board)				
Senior vice president	Benson Hsieh (2019.05.30 On board)				
Senior vice president	Shang-Ming Tsai (2019.10.01 Resignation)				
Senior vice president	Janice Liang	158,656	158,656	17,247	17,247
Senior vice president	Chih-Hsien Tai				
Senior vice president	Gordon Wu				
Senior vice president	Maggie Pao				
Senior vice president	Christy Shyy				
Senior vice president	Cres Huang				
Senior vice president	LC Kuo (2019.10.01 On board)				
Senior vice president	Vincent Tsai				
Senior vice president	Frank Lin (2019.02.01 on board)				
Senior vice president	Steven Chang				
Senior vice president	Jesse Han (2019.10.01 on board)				
Senior vice president	Shouna Liu				
Senior vice president	Chi-Ying Sheng				
Senior vice president	Peter Wei				
Senior vice president	Vivian Chou				
Senior vice president	Alex Chen (2019.6.12 Resignation)				
Senior vice president	Jian-Ye Li (2019.02.01 Resignation)				
Senior vice president	Joseph Tseng (2019.11.01 Resignation)				
Senior vice president	Tony Ho (2019.04.12 Resignation)				
Senior vice president	SJ Guo				
Senior vice president	Evelyn Huang				
Senior vice president	Tate Sun(2019.11.01 on board)				

Note 1: Compensation for chauffeurs is NT\$3,920,000.

Note 2: The Bank paid NT\$13,927,000 in termination/retirement benefits. The allocation or contribution to capitalized termination/retirement funds is NT\$3,320,000. The companies reported in the financial statements paid a total of NT\$13,927,000 in termination/retirement benefits, and allocated/contributed NT\$3,320,000 to capitalized termination/retirement funds.

Dec. 31, 2019 Unit: NT\$1,000

	Bonus and special allowance (C)		Employee dividend-sharing(D)				A+B+C+D as a percentage of after-tax net profit		Compensations from invested companies other than subsidiaries or Parent Company
	The Bank	All companies in the financial statements	The Bank		All companies in the financial statements		The Bank	All companies in the financial statements	
			Cash	Stock	Cash	Stock			
	195,366	195,366	-	-	-	-	3.14%	3.14%	6,658

Compensation brackets for president and vice presidents

Dec. 31, 2019

Compensation brackets for president and vice presidents of the Bank	Names of president and vice president	
	The Bank	All companies in the financial statements
Lower than NT\$1M.	David Chang/ Jian-Ye Li/ Tony Ho	David Chang/ Jian-Ye Li/ Tony Ho
NT\$1M. (inclusive)-NT\$2M. (exclusive)	LC Kuo/ Jesse Han/ Alex Chen/ Tate Sun	LC Kuo/ Jesse Han/ Alex Chen/ Tate Sun
NT\$2M. (inclusive)-NT\$3.5M. (exclusive)	Joseph Tseng	Joseph Tseng
NT\$3.5M. (inclusive)-NT\$5M. (exclusive)	Bao-Yin Chen/ Jey Chen	Bao-Yin Chen/ Jey Chen
NT\$5M. (inclusive)-NT\$10M. (exclusive)	Amy Hsia/ Sam Chiang/ John Chiou/ Helen Liu/ Andy Chang/ Joanna Su/ Sylvia Chen/ Benson Hsieh/ Janice Liang/ Chih-Hsien Tai/ Gordon Wu/ Maggie Pao/ Christy Shyy/ Cres Huang/ Vincent Tsai/ Frank Lin/ Steven Chang/ Shouna Liu/ Chi-Ying Sheng/ Peter Wei/ Evelyn Huang	Amy Hsia/ Sam Chiang/ John Chiou/ Helen Liu/ Andy Chang/ Joanna Su/ Sylvia Chen/ Benson Hsieh/ Janice Liang/ Chih-Hsien Tai/ Gordon Wu/ Maggie Pao/ Christy Shyy/ Cres Huang/ Vincent Tsai/ Frank Lin/ Steven Chang/ Shouna Liu/ Chi-Ying Sheng/ Peter Wei/ Evelyn Huang
NT\$10M. (inclusive)-NT\$15 M. (exclusive)	Perry Huang/ Albert Kuo/ Nick Chou/ Vivian Chou/ SJ Guo	Perry Huang/ Albert Kuo/ Nick Chou/ Vivian Chou/ SJ Guo
NT\$15M. (inclusive)-NT\$30 M. (exclusive)	Oliver Shang / Sharon Lin / Eric Chien / Sam Lin/Wilson Chou / Shang-Ming Tsai	Oliver Shang / Sharon Lin / Eric Chien / Sam Lin/Wilson Chou / Shang-Ming Tsai
NT\$30M. (inclusive)-NT\$50 M. (exclusive)		
NT\$50M. (inclusive)-NT\$100 M. (exclusive)		
Over NT\$100M.		
Total	42	42

Note: Compensations disclosed in the table different from income for income tax law and therefore cannot be used as the basis for taxation.

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

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

e. Analytical comparison of the shares of compensation for directors, supervisors, president, vice presidents, and consultants in the after-tax net profits in last two years, as listed in the Company's financial statement and the consolidated financial statement, and explanation for the remuneration policy, standards, and makeup, the procedure for setting compensation, and its association with business performance and future risks.

1. In 2019, total compensation for directors, supervisors, president, and vice presidents accounted for 3.68% of the after-tax net profit and the share listed in the consolidated financial statement was 3.68%. In 2018, total compensation for directors, supervisors, president, and vice presidents accounted for 3.94% of the after-tax net profit and the share listed in the consolidated financial statement was 3.94%.

2. The company's compensation policy

Position Item	Directors / Supervisors	The Management
Remuneration policy	<p>Factors to be considered in determining the standards for actual annual compensation include the Company's performance, industry averages, the seniority of the corporate representative of the director or supervisor in question, and the extent of participation in the management of the Company's operations and the value of their contributions. The factors should encourage directors to improve the Company's image and uphold its reputation, and create a remuneration policy that exposes supervisors to the business risks for the Company.</p>	<p>The Company has established the Performance Evaluation and Bonus Guidelines to ensure a fair performance evaluation process. When setting performance targets, managers, in addition to financial benchmarks, will include nonfinancial benchmarks, such as improvement of corporate image, maintenance of corporate reputation and other social benchmarks, for the purpose of creating an all-win situation for the Company, its employees and shareholders.</p> <p>The remuneration of managers is based mainly on responsibilities, business performance of the Company, and personal performance, and takes into account industry averages and links to future risks at the same time in order to offer competitive remuneration to attract and retain talent.</p>
Structure	<p>Remuneration for directors and supervisors is described as follows:</p> <ol style="list-style-type: none"> 1. Remuneration: to be received for performing the duties of a director or supervisor of the Bank. 2. Business expenses: to be received to compensate for expenses incurred during business activities, including travel expenses for personally attending or be present at board meetings. 	<p>Remuneration for managers is described as follows:</p> <p>Salary: to be determined by responsibilities and market rates.</p> <p>Bonus: to be divided into a Chinese New Year bonus and a yearend bonus. The size of a bonus depends mainly on the Company's results, the corresponding division's results, and the individual's performance evaluation.</p> <p>Employee benefits: include the pension plan, the employee shareholding trust program, physical examinations, and allowances.</p> <p>Long term incentive plan: to avoid putting too much emphasis on short term performance and to encourage employees to develop long term relationships with the company and enjoy long term growth together, the company has designed a long term incentive plan that offers "employee stock options" and the "Taishin Stock Appreciation Rights Plan" as a means of employee retention.</p>

C. Status of corporate governance

a. Information on the operation of the board of directors

1.1 In the recent fiscal year (2019), the board of directors convened 48 times and status of attendance by directors and supervisors follows:

Title	Name	Actual attendance	Number of attendance by proxy	Actual rate of attendance (%)	Note
Chairman	Wu, Tong-Liang	43	5	89.58	
Director	Kuo, Jui-Sung	42	6	87.50	
Director	Wu, Tong-Shung	42	6	87.50	
Director	Lin, Long-Su	47	1	97.92	
Director	Wang, Chu-Chan	46	2	95.83	
Director	Wu, Shang-Pin	47	1	97.92	
Director	Hsu, Teh-Nan	47	1	97.92	
Independent Director	Lin, Yi-Fu	45	3	93.75	
Independent Director	Chang, Min-Yu	45	3	93.75	
Standing Supervisor	Tsay, Yang-Tzong	47	0	97.92	
Supervisor	Kao, Chih-Shang	43	0	89.58	
Supervisor	Cheng, Chia-Chung	36	0	75.00	

Note 1: All supervisors of the Bank are representatives from Taishin Financial Holding Co., Ltd.

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

Other items which should be recorded

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

(a) For items listed in Article 14-3,

Board of Director	Agenda	Opinions of independent directors: None.	The company's responses to the independent directors' opinions: None.
03, Jan. 2019 approved by 11th Session of the 27th Meeting of the Board of Directors	Amendment of the AML/CTF Internal Control System	None	N/A
10, Jan. 2019 approved by 11th Session of the 28th Meeting of the Board of Directors	Purchase of Shin Kong Mitsukoshi gift certificates from Shin Kong Mitsukoshi Department Store Co., Ltd.	None	N/A
17, Jan. 2019 approved by 11th Session of the 29th Meeting of the Board of Directors	Approval for the number of months paid to directors and supervisors in 2018	None None	N/A N/A
21, Feb. 2019 approved by 11th Session of the 33th Meeting of the Board of Directors	Approval for the evaluation of performance of directors and supervisors in 2018	None None	N/A N/A
	Appointment and remuneration of auditors for 2019 financial statements	None	N/A
21, Mar. 2019 approved by 11th Session of the 36th Meeting of the Board of Directors	2018 Statement on the Internal Control System	None	N/A
	2018 Statement on AML/CTF Internal Control System	None	N/A

Board of Director	Agenda	Opinions of independent directors: None.	The company's responses to the independent directors' opinions: None.
28, Mar.2019 approved by 11th Session of the 37th Meeting of the Board of Directors	Adjustment of monthly remuneration for the chairman	None	N/A
02, May 2019 approved by 11th Session of the 41th Meeting of the Board of Directors	Amendment of the Internal Control System for Shareholder Agency Services	None	N/A
30, May 2019 approved by 11th Session of the 45th Meeting of the Board of Directors	Transfer of a NT\$600 million syndicated line of credit for Hongsheng Investment Limited to Taiwan Shin Kong Commercial Bank Co., Ltd.	None	N/A
06, Jun 2019 approved by 11th Session of the 46th Meeting of the Board of Directors	An issue of 705,940,605 shares against capitalized earnings	None	N/A
	Amendment of the Asset Acquisition or Disposal Procedures		
27, Jun.2019 approved by 11th Session of the 49th Meeting of the Board of Directors	Amendment of the AML/CTF Internal Control System	None	N/A
04, Jul.2019 approved by 11th Session of the 50th Meeting of the Board of Directors	Appointment of members to the first M&A Committee	None	N/A
01, Aug.2019 approved by 11th Session of the 54th Meeting of the Board of Directors	Assumption of the existing insurance agency business of Xiang-An Life Insurance Agency by transfer of business.	None	N/A
29, Aug.2019 approved by 11th Session of the 58th Meeting of the Board of Directors	Change of appointments of chief auditor and accounting officer	None	N/A
03, Oct.2019 approved by 11th Session of the 63th Meeting of the Board of Directors	Amendment of the Procedures for Conducting Financial Derivatives Business	None	N/A
21, Nov..2019 approved by 11th Session of the 69th Meeting of the Board of Directors	Underwriting (including firm commitment underwriting) of the first unsecured subordinated bond issued by Taishin Securities Co., Ltd. in 2019 (or 2020) as the lead underwriter	None	N/A
28, Nov..2019 approved by 11th Session of the 70th Meeting of the Board of Directors	Establishment of the Private Banking Guidelines for Managing Credit Risks in Derivative Trading Counterparties	None	N/A
26, Dec..2019 approved by 11th Session of the 69th Meeting of the Board of Directors	Purchase of Shin Kong Mitsukoshi gift certificates from Shin Kong Mitsukoshi Department Store Co., Ltd.	None	N/A

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

(2) For avoidance by directors for cases involving the interests of them, specify the name of the board director, contents of the case, reason for avoidance, and the status of their participation in voting:

Details of directors absencing themselves due to conflict of interest in 2019				
Board of Directors Date	Agenda	Director name	Reason for conflict of interest	Voting result
2019.01.10	Purchase of Shin Kong Mitsukoshi gift certificates from Shin Kong Mitsukoshi Department Store Co., Ltd.	Wu, Tong-Liang	The individual excused himself from the meeting pursuant to Article 178 of the Company Act according to Article 206 of the same act.	Directors with conflict of interest excused themselves in accordance with the law, and the remaining attending directors approved the proposals with a unanimous vote.
2019.01.17	Approval for the number of months paid to directors and supervisors in 2018	Wu, Tong-Liang/ Wu, Tong-Shung/ Kuo, Jui-Sung \ Lin, Long-Su \ Wang, Chu-Chan \ Wu, Shang-Pin \ Hsu, Teh-Nan \ Lin, Yi-Fu \ Chang, Min-Yu		Directors with conflict of interest excused themselves from discussions involving their own monthly remuneration in accordance with the law; and the remaining attending directors approved the proposal with a unanimous vote.
2019.02.21	Approval for the evaluation of performance of directors and supervisors in 2018	Wu, Tong-Liang/ Wu, Tong-Shung/ Kuo, Jui-Sung \ Lin, Long-Su \ Wang, Chu-Chan \ Wu, Shang-Pin \ Hsu, Teh-Nan \ Lin, Yi-Fu \ Chang, Min-Yu		Directors with conflict of interest excused themselves from discussions involving their own performance evaluation in accordance with the law; and the remaining attending directors approved the proposal with a unanimous vote.
2019.03.28	Adjustment of monthly remuneration for the chairman	Wu, Tong-Liang		Directors with conflict of interest excused themselves in accordance with the law, and the remaining attending directors approved the proposals with a unanimous vote.
2019.07.04	Appointment of members to the first M&A Committee	Lin, Yi-Fu/ Chang, Min-Yu		Directors with conflict of interest excused themselves from discussions involving their own appointments in accordance with the law; and the remaining attending directors approved the proposal with a unanimous vote.
2019.08.01	Assumption of the existing insurance agency business of Xiang-An Life Insurance Agency by transfer of business.	Wu, Tong-Shung		The price in this transaction was deemed fair and reasonable. Directors with conflict of interest excused themselves in accordance with the law, and the remaining attending directors approved the proposals with a unanimous vote.
2019.11.21	Underwriting (including firm commitment underwriting) of the first unsecured subordinated bond issued by Taishin Securities Co., Ltd. in 2019 (or 2020) as the lead underwriter	Wu, Tong-Shung		The terms in this transaction were not better than those offered to similar counterparties. Director Jeffrey T.S. Wu did not appoint a proxy to attend on his behalf. The attending directors approved the proposals with a unanimous vote.
2019.12.26	Purchase of Shin Kong Mitsukoshi gift certificates from Shin Kong Mitsukoshi Department Store Co., Ltd.	Wu, Tong-Liang		The terms in this transaction were deemed fair. Chairman Thomas T.L. Wu did not appoint a proxy to attend on his behalf. The attending directors approved the proposals with a unanimous vote.

- (3) Targets for strengthening the function of the board of directors in current year and the recent year and the evaluation of their execution: In order to strengthen the governance of the board of directors, the company already formulated rules of order to the meeting of the board of directors/supervisors, instituted independent directors since 2007, and took out liabilities insurance for board directors/supervisors and key executives in the end of 2007. Due to the existence of supervisors, the company decides not to establish auditing committee for the time being.

1.2 Evaluation of individual director/supervisor performance:

The bank evaluates the effectiveness of the board of directors, the overall performance of the organization, and performance of individual directors and supervisors in accordance with the Performance Evaluation Guidelines for Employees Reassigned to Subsidiaries every year. The results will have to be presented to the Remuneration Committee of Taishin Holdings after they are approved by the board of directors.

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

1. Information on the operation of auditing committee: Not established yet.
2. Status of communication of independent directors with in-house chief auditor and CPA (including communications regarding important matters with respect to the Bank's finance and business activities, means and results).

Status of communication between independent directors and in-house chief auditor:

- (1) The Bank's independent directors hold nonperiodic communication meetings with the chief auditor (at least once a year). The meeting minutes are submitted to the board of directors.
- (2) Independent directors and chief auditor of the bank attend the meetings of the board of directors and communicate with independent directors and chief auditor during and before the meetings over various affairs of the bank.
- (3) The bank's auditing division regularly submits Auditing report to the board of directors each months, with the contents of the report including the conducting of auditing operation and major audited items, both internal and external ones. Attending independent directors, therefore, can also understand the contents of the report.
- (4) The auditing reports for the bank and its subsidiaries of the bank's auditing division are submitted to independent directors for inspection.
- (5) Investigation reports on major incidents of the bank (such as irregularities, natural disaster, and major losses) are all submitted to independent directors.
- (6) Independent directors can communicate and discuss with chief auditor over the aforementioned affairs or other affairs anytime.

Status of communication between independent director and CPA:

The bank's independent director can discuss with CPAs over the company's finance, business status, and auditing findings of CPAs.

3. In the recent fiscal year (2019) the board of directors convened 48 times and status of attendance.

Title	Name	Actual number of attendance	Attendance rate (%)	Note
Standing supervisor	Tsai, Yang-Tzong	47	97.92	
Supervisor	Kao, Chih-Shang	43	89.58	
Supervisor	Cheng, Chia-Chung	36	75.00	

Other items which should be recorded

- (1) The makeup and responsibilities of supervisors:
 - (a) Communication between supervisors and employees/shareholders:

Supervisors can communicate with employees anytime in the exercise of their duties and employees can reflect and express their opinions to the Human Resources Division via the Company's internal website.

(b) Status of the communication of supervisors with in-house chief auditor and CPA.

a. Status of the communication between supervisors and in-house chief auditor.

- i. The Bank's supervisors hold periodic communication meetings with the chief auditor (at least once a year). The meeting minutes are submitted to the board of directors.
- ii. Supervisors and chief auditor of the bank attend the board of directors and communicate with directors during and before the meetings over various affairs of the bank.
- iii. The bank's auditing division regularly submits Auditing report to the board of directors each month, with the contents of the report including the conducting of auditing operation and major audited items, both internal and external ones. Attending supervisors, therefore, can also understand the contents of the report.
- iv. The auditing reports for the bank and its subsidiaries of the bank's auditing division are submitted to supervisors for inspection.
- v. Investigation reports on major incidents of the bank (such as irregularities, natural disaster, and major losses) are all submitted to supervisors.
- vi. Supervisors can communicate and discuss with chief auditor over the aforementioned affairs or other affairs anytime.

b. Status of the communications between supervisors and CPAs.

The bank's supervisors can discuss with CPAs over the company's finance, business status, and auditing findings of CPAs.

(2) Opinions expressed by supervisors in the board of directors which should be put on record, including the date and number of the meeting, contents of the case, resolutions of the meeting, and response of the board to the opinions: None.

c. Items disclosed comply with the guidelines for the practical corporate governance of the banking industry. However, for those already disclosed on the bank's website, it was sufficient to indicate the availability of the related information on the website at: <https://www.taishinbank.com.tw>

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

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
<p>1. Shareholding structure and shareholders' rights within the bank</p> <p>(1) Has the bank implemented a set of internal procedures to process shareholders' suggestions, queries, disputes and litigations?</p> <p>(2) Is the bank constantly informed of the identities of its major shareholders and the controlling stakeholder?</p> <p>(3) Has the bank established and implemented risk management and firewalls in companies?</p>		<p>✓</p> <p>✓</p> <p>✓</p>	<p>(1) The bank has only one shareholder, If there are any suggestions, queries, disputes or litigations, they will be handled immediately.</p> <p>(2) The bank has only one shareholder, Taishin Holdings, which owns 100% stake in the bank.</p> <p>(3) The Bank has implemented a risk management policy and mechanism in accordance with the Banking Act to ensure an effective risk management and firewall mechanism.</p>	<p>Although there is no internal procedure available, the Bank does not have any problem in communicating or handling shareholder's queries or suggestions because the Bank has only one shareholder. No deviation</p> <p>No deviation</p>
<p>2. Constitution and obligations of the board of directors</p> <p>(1) Apart from the Remuneration Committee and Audit Committee, has the bank assembled other functional committees at its own discretion?</p> <p>(2) Has the TWSE/TPEX listed bank established and implemented the rules and methods for board performance evaluation, and been conducting annual performance evaluation and submitting the results to the board of directors to provide a basis for director remuneration and nomination for another term? (Note 2)</p>	<p>✓</p> <p>✓</p>	<p>(1) Under the supervision of its board of directors, the Bank has established other functional committees to supervise and review various operational procedures within the company, including the Occupational Health and Safety Strategy Committee, Trust Asset Review Committee, Personnel Review Committee, Credit Assets Committee, and Credit Review Committee.</p> <p>(2) In order to implement corporate governance, the Board of Directors of Taishin Bank's parent company, Taishin FHC, passed the enactment of the "Board of Directors Performance Evaluation Guidelines" on December 22, 2016, and thereafter adopted the amendment to the "Board of Directors Performance Evaluation Guidelines" on November 28, 2019, where performance evaluation mechanisms for functional committees (including the Audit Committee, the Remuneration Committee, and the Risk Management Committee) are added. Such performance evaluation methods are categorized into two types, which are internal evaluation and external evaluation. An internal evaluation shall be conducted at least once a year, while an evaluation performed by external specialists shall be carried out every three years. The aforementioned performance evaluation result was reported to the Board of Directors of Taishin FHC on December 19, 2019, and has been served as a reference for meetings to decide whether improvement measures should be taken, and for the selection and nomination of Directors in the future, as well as for the determination of remuneration for each Director.</p>	<p>No deviation</p> <p>No deviation</p>	

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons																					
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(3) Does the bank conduct regular assessments on the independence of its financial statement auditors?	✓		<p>(3) Annual assessment of independence of Taishin's financial statement auditors was completed pursuant to the Guidelines for Assessing Independence and Suitability of Financial Statement Auditors. Assessment results were submitted to 33th meeting of the 11th board of directors on Feb 21, 2019.</p> <p>Having completed an assessment and obtained declarations of impartiality and independence from the auditors, Taishin Bank deems that CPA Jerry Gung and CPA Casey Lai of Deloitte Taiwan meet Taishin Bank's independence requirements (Note) and are sufficiently qualified to be Taishin Bank's financial statement auditors.</p> <p>Note:</p> <table border="1"> <thead> <tr> <th>Assessment area</th> <th>Result</th> <th>Independence</th> </tr> </thead> <tbody> <tr> <td>Not a stakeholder under Article 44 or 45 of the Financial Holding Company Act.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>No significant financial interest between Taishin Bank and the person and family that may affect independence.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not having served as a director or supervisor of Taishin Bank or held any other key positions at Taishin Bank in the last two years that may affect the audit services.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not performing concurrently routine work for Taishin Bank and receiving a regular salary.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not receiving any business related commissions.</td> <td>Yes</td> <td>Yes</td> </tr> <tr> <td>Not having served a term of more than seven years as Taishin Bank's financial statement auditor and not having returned to same position in two years after rotation or resignation.</td> <td>Yes</td> <td>Yes</td> </tr> </tbody> </table>	Assessment area	Result	Independence	Not a stakeholder under Article 44 or 45 of the Financial Holding Company Act.	Yes	Yes	No significant financial interest between Taishin Bank and the person and family that may affect independence.	Yes	Yes	Not having served as a director or supervisor of Taishin Bank or held any other key positions at Taishin Bank in the last two years that may affect the audit services.	Yes	Yes	Not performing concurrently routine work for Taishin Bank and receiving a regular salary.	Yes	Yes	Not receiving any business related commissions.	Yes	Yes	Not having served a term of more than seven years as Taishin Bank's financial statement auditor and not having returned to same position in two years after rotation or resignation.	Yes	Yes	No deviation
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3. Does the bank have in place an adequate number of qualified corporate governance officers and appoint a corporate governance supervisor to be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, handling business registration and any change of registration, and compiling minutes of board meetings and annual general meetings)?	✓		<p>Taishin Bank has in place an adequate number of qualified corporate governance officers. The board of directors passed a resolution to appoint Frank Lin, VP and the head of the Secretariat Division under the board of directors, to be the corporate governance supervisor and be responsible for corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, On June 27, 2019, Taishin Bank's Board of Directors passed the appointment of Senior Vice President Frank Lin, the head of the Secretariat Division under the Board of Directors, as the Chief Corporate Governance Officer to be responsible for corporate governance practices (including but not limited to providing information necessary for Directors and Supervisors to perform their duties, aiding Directors and Supervisors in complying with the laws, organizing board meetings and annual general meetings as required by law, and compiling minutes of board meetings and annual general meetings), so as to safeguard stockholders' rights and interests and strengthen functions of the Board of Directors. Mr. Lin has work experience related to the management of public companies' meeting procedures for more than three years.</p>	No deviation																					

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<p>4. Has the bank established channels for communicating with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a dedicated stakeholder section on the company website, as well as responded appropriately to important corporate social responsibility issues of concern to stakeholders?</p>	✓		<p>(1) The bank's parent company has implemented a "Stakeholder Information System" in which the company and its subsidiaries create stakeholder profiles and make them available for inquiry. Stakeholders are also reminded on a regular basis to verify the correctness of their information.</p> <p>(2) The bank's parent company complies with laws in the disclosure of financial, business and material information in the Market Observation Post System. This information is made publicly available simultaneously on the company's website. The company also has a designated spokes-person and investor relations mailbox available to serve as communication channels with stakeholders.</p> <p>(3) Taishin Bank's parent company has completed the Stakeholders Section on its website in 2015 as a means to communicate and consolidate queries from stakeholders (e.g. employees, suppliers, consumers, and customers), so that it can gain a better understanding of stakeholders' expectations and needs. Furthermore, the parent company has several teams responsible for communicating with stakeholders of different kinds and tending to issues that are of concern to them.</p>	No deviation
<p>5. Disclosure of information</p> <p>(1) Has the bank established a website that discloses financial, business and corporate governance-related information?</p> <p>(2) Has the bank adopted other means to disclose information (e.g. English website, assignment of specific personnel to collect and disclose corporate information, implementation of a spokesperson system, broadcasting of investor conferences via the company website)?</p> <p>(3) Does the bank disclose and file annual financial statements on time after the end of a fiscal year according to the Banking Act and the Securities and Exchange Act, and disclose and file the financial statements for the first, second, and third quarters and monthly business results by the specified deadlines?</p>	✓		<p>(1)</p> <p>a. The bank has disclosed finance, business information and corporate governance on its website and disclose major information on Market Observation Post System.</p> <p>b. The bank has established an English website and assigned various departments to gather and disclose information on a regular basis. In addition, a public information reporting system has also been created with personnel assigned to gather and disclose information via the system.</p> <p>(2)</p> <p>a. The bank has a spokesperson mechanism in place to facilitate external communications. All material information relevant to investors' interests is announced using the Market Observation Post System and press releases. The spokesperson provides further elaboration where deemed necessary.</p> <p>b. The bank's parent company prepares its corporate social responsibility report in both Chinese and English. This report has been made accessible at the company's website and on Market Observation Post System (MOPS).</p> <p>c. The bank's parent company holds quarterly investor conferences; conference proceedings are recorded and uploaded onto the company's website and MOPS on the same day.</p> <p>(3)</p> <p>a. The bank moved the release date for the 2019 financial statements ahead to within two months after the end of the fiscal year.</p> <p>b. The bank disclosed and filed all of the financial statements for the first, second, and third quarters of 2019 and monthly business results by the specified deadlines.</p>	No deviation

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6. Does the bank have other information that enables a better understanding of the company's corporate governance practices including but not limited to employee rights, employee care, (investor relations, stakeholders' rights, continuing education of directors / supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, insuring against liabilities of company directors and supervisors, and donation to political parties, stake-holders and charity organizations)	✓		(1) The bank offers competitive remuneration packages and benefits to retain talented employees. The bank also organizes team building activities and works with the Teacher Chang Foundation to provide employees with a joyful and healthy workplace. Taishin Bank respects employees' opinions and uses morning meetings and employee opinion surveys as a means of communication.	No deviation
	✓		(2) In addition to organizing quarterly corporate investors' conference and participating in domestic and overseas investor forums and road shows from time to time, the Bank's parent company also, through its Investor Relations Department, communicate with the investors via various channels including e-mail, telephone or face-to-face meetings. Information disclosure is made through the company's website in the meantime.	
	✓		(3) The bank's directors and supervisors have all achieved the required number of training hours and announced the progress of their training on the Market Observation Post System.	
	✓		(4) The bank has independent risk management units in place; it has also committed substantial resources to developing risk management systems, and managing credit, market and operational risks using both qualitative and quantitative means.	
	✓		(5) The bank has adopted stringent measures to protect customers' information and has implemented personal information management policies, information security policies, firewalls, and customer information confidentiality measures in accordance with the Financial Holding Company Act, Guidelines for Cross Marketing among Subsidiaries of Financial Holding Company, the Personal Information Protection Act and other relevant regulations stipulated by the competent authority.	
	✓		(6) The bank has taken out liability insurance for board directors and supervisors.	
7. Please describe improvements in terms of the results of the Corporate Governance Evaluation System in recent years and propose areas to be given priority where improvement will be needed (Optional for companies included in the evaluation.)	✓		Taishin Bank's parent company has always been ranked on top of the TWSE's "Corporate Governance Evaluation." In 2019, Taishin Bank's parent company was ranked among the top 5% of listed companies in the fifth term of Corporate Governance Evaluation and top10% in the Finance and Insurance Category (top four places), which demonstrates that Taishin FHC's efforts in corporate governance and performance therefrom are recognized. Taishin FHC has been constantly chosen as a component of the "TWSE CG100 Index."	No deviation

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

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

e. The information of duty and component on the operation of remuneration committee:

1. The parent company of Taishin International Bank, Taishin Financial Holding Co., Ltd. Company, has assembled its own Remuneration Committee in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter" on September 22, 2011.
2. Any matter regarding the remuneration of the directors, supervisors, and management of Taishin Bank that has to be approved by the board of directors of Taishin Holdings according to the rules regarding authority levels must be submitted to the Remuneration Committee of Taishin Holdings for review before being submitted to the board of directors of Taishin Holdings for discussion.

f. Fulfillment of social responsibilities:

Systems and measures embraced by the bank related to social responsibilities, including environmental protection, community participation, social service, social welfare, consumer interest, human right, security, and hygienic, and their environment.

Items	Operating status		Explanation	Deviation from the guidelines of the practical corporate governance of the banking industry and reasons		
	Yes	No				
1.Does the Company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies based on the principle of materiality?	✓		<p>In addition to having the Taishin FHC Risk Management Policy and the Green Finance Principles in place, Taishin reviews environmental, social, and corporate governance issues for Taishin FHC as a whole every year, and makes improvements. Taishin implements procedures specifically to identify and manage emerging risks, so as to strengthen the control and response of emerging risks. The Bank also prepares evaluation forms based on documents published by local and foreign institutions. All subsidiaries are required to assess emerging risks associated with their business activities to determine the possible impacts and establish response measures. The results are then consolidated and submitted by Taishin to facilitate ongoing observation on the effectiveness of risk control and mitigation measures.</p>	No deviation		
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<p>2. Does the bank have a unit that specializes (or is involved) in CSR practices? Is the CSR unit run by senior management and reports its progress to the board of directors?</p>	✓		<p>In 2014, the bank's parent company established the "Rules Governing the Establishment of Corporate Social Responsibility Committee" and the CSR Committee to oversee and formulate corporate social responsibility related decisions. The committee is chaired by the President of the parent company. The chairman of the committee appoints one deputy chairman, and President of the bank is one of the two deputy chairpersons. Starting in late 2018, the bank's executive officers are made members of six CSR teams based on their areas of business in order to ensure the bank fulfills its duties as a responsible corporate citizen. The CSR Committee, of which president of the bank is a member, held three meetings in 2019 to discuss corporate governance and CSR related proposals, and presented information on relevant businesses and proposals to the Board of Directors as needed. As part of the effort to achieve corporate sustainability, starting in 2018, performance reports or major plans will be discussed by the CSR Committee and then presented to the board of directors every year.</p>	No deviation
<p>3. Development of sustainable environment</p> <p>(1) Has the bank developed an appropriate environmental management system, given its distinctive characteristics?</p>	✓		<p>(1) In its formal organizational structure, the company has set up labor security and sanitation section, which adheres to the concept of "the premise for safety of environmental design and priority of precautionary measures" in order to create a sanitary, safe, and healthy environment for Taishin Bank. The labor security and sanitation section is in charge of various tasks, including pushing of tobacco-hazard prevention law and maintenance of the quality of working environment via semi-annual inspection of operating environment.</p>	No deviation
<p>(2) Is the bank committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?</p>	✓		<p>(2) Taishin Bank has dedicated to push e-office and paperless office; install stationery collection boxes to achieve more efficient utilization of resources. Promote "using love as energy" event, urging employees to ride bicycles, take public transportation vehicles, and embrace carpooling, so as to reduce carbon emission, enhance health, and fulfill the commitment to environmental protection. Demonstrate the respect of and care for the nature and actively rally employees, their families, and clients to "use love as energy and love the earth together."</p> <p>Regarding green operations, in addition to the purchase of renewable energy in 2016, the company demonstrated its support for renewable energy by installing solar power panels on its own buildings in Neihu and contributing to environmental sustainability. Moreover, water, electricity, and gasoline needed to conduct business activities are measured regularly. Various action plans have been implemented to reduce consumption. Garbage and general waste are processed in compliance with the regulations. Resources are sorted and recycled to reduce the impact on the environment. Suppliers and other partners are united through green procurement in the pursuit of sustainability and the effort to save the earth.</p> <p>Waste disposal: Taishin implements effective waste management. Waste is sorted, and bottles, paper, and equipment that can be recycled or reused are recycled and processed as appropriate by qualified professional cleaning service providers.</p>	No deviation

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(3) Does the Bank take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and draw up policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	✓		<p>Resource utilization: Regarding internal activities, in order to reduce the impact on the environment and the amount of waste, Taishin organizes environmental/educational campaigns and promotes environmental conservation measures. All employees are encouraged to get involved in ensuring waste is sorted and resource are recycled and reused so that the entire workforce develops good habits at home and at work and makes best efforts to ensure environmental sustainability. In terms of products and services, Taishin embraces the rise of green finance and campaigns for a number of FinTech products and services in order to reduce paper and energy consumption. Examples of its efforts include issuing virtual credit cards and encouraging the switch to mobile statements. Taishin also encourage customers to use mobile banking services and online applications in order to make environmental conservation a part of business development and work with customers to achieve the goal of being an environmentally friendly bank.</p> <p>(3) For environmental protection and anti-global warming, Taishin Bank has dedicated to the environmental protection and energy conservation. During summertime, it pushes "Cool Biz" event, asking employees to shed garment during office time and set air conditioning temperature at 26 Celsius degrees. In line with the measures of Taiwan power, terminate the function of air conditioning irregularly and regularly check the contract power capacity of various office buildings. During off hours, control the use of elevators to one side at various buildings, to cut power consumption. Install T5 energy-saving lighting fixtures for office lighting and regional power circuit, to reduce power consumption and achieve the goal of environmental protection.</p>	No deviation
(4) Does the Bank take inventory of its greenhouse gas emissions, water consumption, and the total weight of waste in the last two years, and draw up policies on energy efficiency and carbon reduction, greenhouse gas reduction, water reduction, or waste management?	✓		<p>(4) The Company has included its environmental protection measures and statistics, as well as its quantitative management targets for the coming years in the Taishin FHC CSR Report in accordance with Article 16 and Article 17 of the Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies. The report is made available on the Taishin FHC website (Taishin Holdings/CSR/). https://www.taishinholdings.com.tw/human/human_07.jsp</p>	No deviation
<p>4. Social issues</p> <p>(1) Has the bank developed its policies and procedures in accordance with laws and the International Bill of Human Rights?</p>	✓		<p>(1) Taishin is dedicated to upholding human rights. The organization shares the value of international human rights rules including Universal Declaration of Human Rights, International Labor Organization, The UN Guiding Principles on Business & Human Rights and Equator Principles, and complies with regulations of Taiwan and all locations Taishin operates in.</p>	No deviation

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(2) Does the Company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?	✓		<p>In addition to complying with the conventions and recommendations of the International Labor Organization (ILO) on prohibition of forced or compulsory labor, minimum age of admission to employment, regulation of working time, and weekly rest periods, Taishin devises reasonable work rules and employment guidelines in accordance with the Labor Standards Act, the Act of Gender Equality in Employment, the Employment Service Act and other labor laws promulgated by the competent authorities, and discloses the above rules after they are filed with the competent authorities in order to protect the rights of its employees. Taishin also takes steps to ensure that all overseas locations (including branches, offices and preparatory offices) are able to comply with local labor regulations and set reasonable work terms to protect the interests of local employees. Furthermore, Taishin not only ensures equality in pay, employment policy, training and promotion, but also implements measures to protect female employees and creates a friendly workplace of equality. In addition, Taishin takes action to support international human rights regulations by releasing employment and human right protection statements on its private and public websites and providing real or virtual training courses. It aims to raise awareness of human rights and gender equality in the workplace.</p> <p>(2) The Bank participates in market-wide salary surveys annually and designs a fair and incentive compensation system. Each year, the Bank plans year-end bonuses based on the Bank's performance and individual performance to reward employees for their effort and contributions. In addition, to avoid putting too much emphasis on short-term performance, and to encourage employees to develop long-term collaboration and enjoy long-term growth together, the Bank utilizes long-term incentive plans - Employee Share Ownership Program and Taishin Stock Appreciation Rights Program - as a means of employee retention. Meanwhile, the Bank provides benefits above the requirements of the Labor Standards Act. These benefits include an employee stock ownership trust, physical examinations, and rank-based holidays superior to statutory requirements. The Bank offers competitive compensation and comprehensive welfare packages as rewards for employees' contributions.</p>	No deviation
(3) Does the bank give employees a safe and healthy work environment and provide regular health and safety training?	✓		<p>(3) Taishin Bank has a safety and health policy in place that complies with relevant laws. In terms of environmental safety, safety of the work place is inspected twice a year, fire equipment and exits are serviced yearly, and public safety is inspected every two years. Occupational health nurses and qualified standard first aiders and health and safety supervisors are assigned, and first-aid kits and AEDs are installed. Taishin Bank has also certified with AED Safty Location.</p>	No deviation
(4) Has the bank implemented an effective training program that helps employees develop skills over the course of their career	✓		<p>(4) New recruits are given a complete orientation upon arrival; Subsequently, each division will arrange respective courses and training that employees are expected to attend. For career development, the bank has an individual development program (IDP) and a training credit system that employees may utilize to improve the skills required.</p>	No deviation

Items	Operating status		Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No		Explanation
(5) Does the Company comply with relevant laws and international standards in relation to customer health and safety, customer privacy, marketing, and labeling of products and services, and does it establish relevant consumer protection policies and grievance procedures?	✓		<p>(5) To protect the rights of financial consumers and create a corporate culture that pays attention to financial consumer protection, Taishin Bank has established the Fair Customer Treatment Policy and the Fair Customer Treatment Strategy in accordance with the Fair Customer Treatment Principles for Financial Institutions released by the Financial Supervisory Commission. In addition to complying with the principles and rules of “fairness and integrity in contracts”, “authenticity in advertising”, “product or service suitability”, and “informed consent and disclosure” when providing financial products or services, all employees of Taishin Bank are required to follow the principle of client protection in grievance. In other words, a consumer dispute resolution system, including the scope of consumer dispute, acceptance method, processing procedure and time, status inquiry, and regular review, is implemented to ensure the fair customer treatment principle is upheld.</p> <p>To ensure legitimate collection, processing and use of customers' personal data and to keep personal data safe, Taishin Bank has implemented a personal information protection policy in accordance with the Financial Supervisory Commission Personal Information File Security Regulations for Designated Non-Governmental Institutions. This policy is constantly reviewed and revised in line with changes in regulation. In addition to conducting regular inspections on the security of personal information, Taishin also assesses possible personal information risks and uses the findings to establish proper management practices, responses, reporting channels and preventions for incidents such as theft, alteration, destruction, loss or leakage of personal information, and thereby enforce the personal information protection system of the organization.</p> <p>The board of directors of Taishin Bank passed a resolution to implement the Fair Customer Treatment Policy and to create a consumer dispute resolution system according to the policy, which covers the implementation of the “Consumer Dispute Resolution System”, the “Instructions on First Level Customer Complaint Processing Operations”, and the “Instructions on Second Level Customer Complaint Processing Operations” and sets the processing procedures and time. In particular, second level telephone cases have to be resolved in 3 working days, second level written and FCPA assessment cases in 7 working days, and official FCPA documents/Telephone cases in 15 working days. Customers wishing to make a complaint may do so by asking for a customer feedback form in a branch, call the customer feedback hotline or the 24-hour customer service, or leave a comment under the Contact Us section on the official website so Taishin Bank may provide further assistance. When a customer makes a complaint to an outside party, Taishin Bank has a full-time department where the person handling the case will call the customer on the day after the complaint is received to identify and clarify details of the complaint and help the customer resolve the issue.</p> <p>Taishin Bank has been able to resolve 100% of the disputes received in the last few years on time. “First contact resolution” (FCR) was added in 2019. Taishin Bank reduces repeat complaints by responding actively and effectively. The target FCR rate was 90% (actual rate 94.1%) in 2019. The same target is set for 2020. The goal is to improve the service quality in handling customer complaints and the effectiveness of complaint resolution.</p>

Items	Operating status		Explanation	Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No		
(6) Does the Company establish supplier management policies, which require suppliers to observe relevant regulations on environmental protection, occupational safety and hygiene, or labor and human rights? If so, describe the implementation results.	✓		(6) Supplier selection and the tender process of Taishin are governed by the Supplier Maintenance and Management Guidelines to ensure products and quality consistently meet the requirements. Regarding the selection of suppliers in major procurement projects, Taishin may take into consideration a supplier's CSR commitments and their fulfillment. In addition, Taishin may ask suppliers to complete a self-assessment questionnaire to provide a basis for evaluation. Only suppliers that comply with the requirements can be certified and registered as Taishin's qualified vendors to provide services or products to the Company. The Company has formulated a set of Supplier Management Guidelines to make sure that suppliers comply with commitments and fulfill their corporate social responsibilities for the benefit of stakeholders. Priority will be accorded to local suppliers in order to avoid resources being wasted on excessive transportation. When choosing suppliers, the Company will take into consideration whether the prospect has duly complied with the Labor Standards Act, particularly with regards to child labor, forced labor, work hours, compensation, non-discrimination, freedom of association, and negotiation. Health and safety have also been included as part of the assessment criteria. In addition to the above, suppliers are also evaluated on how their business activities impact society and the environment, as well as the moral guidelines and risk management policies they have adopted.	No deviation
5. Does the Company prepare corporate social responsibility reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the Company obtain third-party assurance or qualified opinion for the reports above?	✓		5. The most recent Corporate Social Responsibility (CSR) Report of Taishin FHC was prepared in accordance with the latest GRI Standards published by the Global Reporting Initiative (GRI), and received AA1000 Type 2 Accountability Principles and Performance Information certification in May 2020, issued by a professional certification agency, British Standards Institution (BSI). Certification by a certification agency contributes to the credibility and transparency of sustainability information and has helped the Company become one of the first financial institutions to incorporate sustainability into their business practices. The independent assurance statement is disclosed in the Company's 2019 Corporate Social Responsibility Report.	No deviation
6. Description of deviation of the bank's ethical corporate management guidelines from the "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies": N/A				

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
7. Other key information conducive to the understanding of the operation of corporate social responsibility:				
			<p>(1) Labor security</p> <p>In 2010, Taishin Bank set up "Taishin Charity Foundation," mainly for engagement in public-service and charity events, including assistance for underprivileged groups to enhance their skills for livelihood and improve life, and sponsorship for the events of other public-service groups and seminars for society-related issues, and other social welfare-related charity events, with the goal of helping underprivileged groups achieve "independence in economy and daily life." After its establishment, the foundation rolled out "your ballot decides the strength of love" event, the first online public-service event in Taiwan. Under the event, small and medium social-welfare institutions were invited to put forth proposals online for voting by online social groups, in deciding the recipients of donations. Taishin has been reaching into more areas and segments of the society every year. The rise of social enterprises has also prompted it to invite a number of strategic partners to join the effort. In 2019, social enterprise awards were expanded to include three new areas, agriculture, social welfare, and reablement design. The addition brought greater support for social enterprises. The 10th "Your Ballot Decides the Strength of Love" event received overwhelming response. In addition to charity partners, the event also received donations from Taishin managers, employees, clients, and the general public. The fund contributed more than NT\$34.55 million. A total of 971 organizations benefited from the donations over the nine years. The charity fund has reached a cumulative total of NT\$202.91 million. In addition to "Your Ballot Decides the Strength of Love", the Taishin Charity Foundation uses its platform to combine and connect Taishin FHC's resources and partners interested in offering resources to organize a string of similarly themed events. Such events have included Financial Education Camp, holiday gift boxes in support of charitable causes, Arts for Charity Programs, Power of Love Workshop, Glimmering Project, Charity on Campus Program, and resources matching. Taishin tries to connect opportunities and community resources and match small and medium sized social welfare groups with resources available in the society to become self-dependent.</p>	
			<p>(2) Arts and Culture Development</p> <p>Taishin Bank donated to establish "Taishin Bank Culture and Art Foundation" in 2001, with the theme of "Promoting cultural life quality and strengthening the artistic development environment." It supports arts as a nonprofit institution, intensifies exchanges between artistic innovation and private industry, and realizes the corporate social responsibility of payback to the society. The Taishin Arts Award was created by the foundation and rewards modern artistic creativity in various fields in Taiwan that inspires interest in culture and reflects the time while demonstrating artistic mastery and technical excellence. 58 arts award winners have received more than NT\$46 million in total over the last 18 years. The award not only commends Taiwanese artists for the professional creations, but also serves as a platform for connecting local creators with the rest of the world. Meanwhile, the Lunchtime Concerts, which started in 2006, take place 23 to 25 times a year. As a medium to introduce music into the community and into the relationships with customers and employees, the concerts welcomed close to 6500-7,000 people a year in the last three years. A total of 333 concerts have taken place so far.</p> <p>For years, Taishin has been providing sizable sponsorships for arts and cultural events in Taiwan and abroad. It has invested close to NT\$231 million in this area and attracted 5.72 million participants since 2006. To promote arts and cultural activities, Taishin FHC so far has organized a total of 68 arts exhibits in the open space in the main lobby on the ground floor of Taishin headquarter by 2019. In addition, a special website has been set up to promote modern art. A total of 2.1 million visitors have browsed the website by 2019. The content guides the audience to ponder the phenomenons of modern culture. Moreover, the Employee Art Courses are provided every year. The subjects include art appreciation, introduction to theater, parent-child interaction, and cultural movies. In 2019, a total of 16 sessions were provided to help Taishin employees become more culturally sophisticated and develop appreciation for modern art and innovative thinking.</p>	
			<p>(3) Sports sponsorship</p> <p>Taishin is a long term supporter of sports. It started supporting the Nantou Teenage Karate Team in 2008 (calling upon its customers through PayEasy, to join the campaign and raising more than NT\$93 million in small donations/receipts). Its sponsorship for female professional golfers has reached NT\$100 million since 2011. In addition, Taishin started hosting charity golf tournaments in 2011. The tournaments have welcomed 446 participants and raised more than NT\$16.5 million in donations. Furthermore, Taishin started sponsoring a wider range of projects, including basketball, baseball, marathons, and e-sports, in 2017.</p>	
			<p>(4) Academic exchange</p> <p>Taishin is always keen to get involved in major academic communities with the hope that through communications and exchanges between industry professionals, government officials, and academics sound development of Taiwan's financial sector and the financial market as a whole can be achieved. Regarding industry-academia cooperation, since 2012, Taishin has been cooperating with universities, technology institutions and vocational schools to design industry-academia cooperation programs that offer students internships and the opportunity to learn and gain practical experience outside school. In 2019, a total of 443 students were recruited into an internship program to develop practical experience and professional skills. As part of its commitment to the community and talent development, Taishin offers scholarships and summer internships for National Taiwan University students from financially disadvantaged backgrounds. Furthermore, Taishin teamed up with National Sun Yat-sen University and launched the Financial Innovation Masters Program in 2017.</p>	

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

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
<p>1. Policies and schemes established to ensure business integrity</p> <p>(1) Has the bank stated in its Memorandum or external correspondence about the polices and practices it implements to maintain business integrity? Are the board of directors and the management committed in fulfilling this commitment?</p> <p>(2) Does the Bank have mechanisms in place to assess the risk of unethical conduct and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business? Does the Bank implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(3) Does the Bank have any measures in place against dishonest conduct? Are these measures supported by proper procedures, behavioral guidelines, disciplinary actions, and complaint systems? Does the Bank review and revise the aforementioned measures on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) In order to develop a corporate culture based on honesty and integrity, the Bank's parent company has established the "Taishin Financial Holding Co., Ltd.-Ethical Corporate Management Best Practice Principles", which applies to the financial holding company as well as all of its subsidiaries. The Principles have been disclosed publicly.</p> <p>(2) The Bank adheres to its core values of "Integrity, Commitment, Innovation, and Cooperation" and observes the "Ethical Corporate Management Best Practice Principles" established by its parent company. In addition, the Bank has fully implemented all relevant guidelines for preventing dishonest conduct, including operational procedures, code of conduct, disciplinary rules, and employee grievance systems.</p> <p>(3) To ensure full implementation of the "Ethical Corporate Management Best Practice Principles" set forth by its parent company, the Bank has established relevant codes of conduct and prevention measures for business activities that are more likely to involve dishonest conduct, e.g., offering or taking of bribes; making illegal political donations, inadequate sponsorship or charity donations; and providing or receiving improper gifts, treatments, or other unjustified benefits.</p>	No deviation
<p>2. Implementation of integrity Management</p> <p>(1) Does the bank evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?</p> <p>(2) Does the Bank have a unit responsible for business integrity on a full-time basis under the Board of Directors, which will report the business integrity policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations?</p> <p>(3) Does the bank have any policy that prevents conflict of interest, and channels that facilitate the report of conflicting interests?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(1) For the selection of suppliers and public bidding for various procurements, the bank follows the "measures governing procurement and supplier management," so as to assure products have stable quality and meet the requirements. Suppliers meeting the conditions can undertake evaluation and register as the bank's qualified suppliers to provide services or products to the bank.</p> <p>(2) The Bank observes the "Ethical Corporate Management Best Practice Principles" set forth by its parent company. The Compliance Department is designated to handle the planning, management, and execution of all issues related to compliance and other matters pertaining to ethical corporate management. The Compliance Department also reports to the Board of Directors and supervisors at least once every six months on the implementation status of all relevant business.</p> <p>(3) The bank establishes the guidelines for avoiding conflict of interest in compliance with the parent company's Employee Code of Conduct, and has reporting channels in place to accept verbal and written reports of violations.</p>	<p>No deviation</p> <p>No deviation</p> <p>No deviation</p>

Items	Operating status		Deviation from the guidelines of the practical corporate governance of the banking industry and reasons	
	Yes	No		Explanation
(4) Does the Bank have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or engage CPAs to perform the audits?	✓		<p>(4)</p> <p>a. Accounting System The bank's accounting system follows "Securities and Exchange Act" "Commercial Accounting Law, "Guidelines for The Compilation of Financial Statement of Securities Issuers," Guidelines for The Compilation of Banks with Public Share Offering, " and common accounting criteria, as well as Sample for Banking. Industry's Accounting System" issued by Bankers Association. It features faithful and complete chronicling of the bank's various operations, effectively manifests the function of international subversion, and mirror the bank's financial status and management results, so that it can serve as a reference for decision making.</p> <p>b. Internal control system Apart from continuing to draft and prepare yearly audit plans in accordance with the competent authority's requirements, focal points for supervision, focal points for financial inspection and the establishment and dissolution of units, this bank also focuses on inspection and approval of certain cases according to the results of internal audit, cases of punishment and extraordinary incidents. These are additionally subjected to case by case approval, to prevent non-compliance and breaches of good faith. The bank's internal control system follows article 45-1 of the "Bank Law" and article 6 of "the Measures Governing Internal Control and Auditing System of Financial Holding Company and Banking Industry".</p> <p>The system covers the company's business activities, formulation and proper revision of the corporate charter, and organizational charter and various business norms and handling manuals. For major irregularities resulting from violation of the regulations of the system or coverage auditing results due to inadequate internal management, related persons should bear the responsibility or be penalized, in serious cases, according to proper procedure.</p>	No deviation
(5) Does the bank organize internal or external training on a regular basis to maintain business integrity?	✓		<p>(5) Each year, the Bank arranges regular or ad-hoc training courses on corporate governance for its directors, supervisors, risk management, accounting/finance staff and auditors. Mandatory courses for new employees include corporate ethics, banking regulations and code of conduct, etc.</p>	No deviation

Items	Operating status			Deviation from the guidelines of the practical corporate governance of the banking industry and reasons
	Yes	No	Explanation	
3. Whistleblowing policy				
(1) Does the bank provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate the reported malpractices?	✓		(1) Taishin has implemented the Taishin International Bank Co., Ltd. Whistleblowing Policy to establish the whistleblowing channels and procedures. All reports are handled and investigated by dedicated units. Any individual in or outside the bank who discovers any potentially criminal, corrupt, or illegal conduct may report the case by following the whistleblowing procedures. A report may be filed by any of the following means: 1. By mail: Whistleblowing Mailbox, No. 118, Section 4, Renai Road, Taipei City 2. By E-mail: whistling@taishinbank.com.tw 3. By telephone: (02)2325-6135	No deviation
(2) Does the bank have in place standard operating procedures for investigating and processing report as well as follow-up actions after the investigations?	✓		(2) All reports that Taishin receives should be investigated by the appropriate units as stated in the investigation procedures. The identity of the whistleblower should be kept strictly confidential. No information sufficient to identify the whistleblower may be released.	
(3) Does the company assure employees who reported on malpractices that they will not be prosecuted for making such reports?	✓		(3) Taishin's whistleblowing policy states explicitly that the following measures should be taken to protect whistleblowers. 1. The identity of the whistleblower shall be kept confidential. Information sufficient to identify a person shall not be disclosed. 2. Taishin shall not take any report made by a whistleblower and use it against said whistleblower as cause for dismissal, discharge, demotion, pay reduction, damage to the rights to which said whistleblower is entitled by law, contract, or convention, or any other detrimental treatment.	
4. Strengthen information disclosure				
Has the bank disclosed the content and implementation progress of its own ethical corporate principles on its website and Market Observation Post System(MOPS)?	✓		The "Taishin Financial Holding Co., Ltd.-Ethical Corporate Management Best Practice Principles" is accessible through the website of the bank's parent company and MOPS.	No deviation
5. If the Bank has established its own ethical corporate management principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSMListed Companies", please describe any discrepancy in the Bank's implementation of the principles and explain why: N/A.				
6. Other key information conducive to the understanding of the implementation of integrity management (e.g.: declaration of the bank's commitment to business integrity to vendors, policies and training programs, reviews over the bank's business integrity principles etc): In 2017, Taishin started providing CSR education and training for tier-1 suppliers to raise awareness of sustainability and to enable suppliers to understand Taishin's commitment to ethics, environmental conservation, labor rights, charitable involvement, and risk management and its requirements in these areas.				

h. Banks with corporate-governance guidelines and related regulations must disclose their methods for inquiry:

Please visit the bank's parent company's website or the Market Observation Post System for more information.

i. Other important information conducive to the understanding of the corporate governance of the bank

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

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

1. Statement of internal control

Taishin International Bank co., Ltd
Statement of Internal Control System

March 19, 2020

I. On behalf of Taishin International Bank co., Ltd.(the Company), we hereby declare that, for the fiscal year of 2019, the Company has established internal control system and implemented risk management system in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries". The system and practices are also inspected by the independent Audit Division which reports regularly to the Company's Board of Directors and Supervisors. For the securities business operations, the Company has evaluated the effectiveness of related internal control system in accordance with "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets".

After prudent evaluation, we hereby declare that the Company complies with all related laws and regulations, and the internal controls are implemented effectively, except for the items which had been improved or are continuous improvement listed on the attachment. This statement will be the main content of the Company's annual report and prospectus, and shall be disclosed to the public.

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

II. Insurance agent business


1. The Company determines the effectiveness of the design and implementation of internal control system in accordance with "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies" (the Regulations). The criteria for an effectiveness of internal control system, according to the Regulations, shall contain at least the following components: (1) Control environment; (2) Risk assessment; (3) Control activities; (4) Information and communication; and (5) Monitoring activities.
2. The Company has adopted aforesaid criteria to examine the effectiveness of the design and implementation of internal control system.
3. Based on the results of the examination above, the Company deems the design and implementation of the internal control system (including the awareness of soundness of business operations, reliability of reporting, and compliance with all related laws and regulations), within the aforesaid period, were effective and able to reasonably ensure accomplishment of the goals above.
4. This declaration will be the main content of the Company's annual report and prospectus, and shall be disclosed to the public. Any illegal misrepresentation or omission relating to the public statement above is subject to the legal consequences under Articles 20, 32, 171, and 174 of the "Securities and Exchange Act" or other regulations related to the act.
5. This statement has been passed by the board of directors of the Company on March 19, 2020.

Sincerely yours.


Chairman

吳東亮 


President

向瑞強 

Chief Auditor

夏敏南 

Compliance Officer

黃允治 

Taishin International Bank co., Ltd
Improvement Plan of Internal Control System
(As of December 31, 2019)

Items for Improvement	Improvement Measures	Scheduled Date of Completion
1. The Management incompetence and violations of related regulations of insurance agency business	<p>(1) We had reinforced the ability of solicitor regarding the training of investment-linked insurance products and the disclosure of related risk.</p> <p>(2) We had strengthened the training and education of signatories and examined the reasons of customers who engaged in purchasing several insurance policies through different insurance company, and verified the motivation of third party payment and even the source of insurance premiums. We also conducted a random inspection on cases signed by signatories and recorded the result every day.</p> <p>(3) A checking system for the source of insurance premium has been established. Cases where the source of premium is from loans will not be accepted.</p>	Completed.
2. The case of branch personal banker misappropriated client funds	<p>(1) Had strengthened the operation monitoring of non- over-the-counter service, bank statement and employee behavior.</p> <p>(2) Had added the function of branch foreign currency withdrawal control.</p> <p>(3) A monitoring mechanism for abnormal transactions of employees' personal funds has been established.</p> <p>(4) The general cases reviewing policy has been completed.</p>	Completed.
3. The process for "OBU Account Opening" and "Short-Term Trade Finance" is not comprehensive enough, and requires further modification.	<p>(1) The customer review has been fully processed and the "OBU Account Opening & KYC Evaluation Form " is also completed. Furthermore, the frequency of relevant "Self-Assessment" has been adjusted from semi-annually to quarterly.</p> <p>(2) For "Short-Term Trade Finance", other than acquiring international trade documents to ensure the authenticity of the transaction, the Company will also request for other transaction- related documents deemed necessary according to the client/geographic risk and examine document data based on red flags for suspicious transaction .</p> <p>(3) The relevant training courses have been completed at first quarter of 2020.</p>	<p>(1) Completed.</p> <p>(2) Completed.</p> <p>(3) March 26, 2020.</p>
4. The Company was fined with one million NTD in 2019 due to partial misinterpretation of the regulation' s definition on the cash transaction exceeding certain amount in 2017.	Those transactions were filed immediately after the finding.	Completed.
<p>5. Partial items relating to AML/ CFT should be enhanced :</p> <p>(1) Some of business units accepted customers without inquiring their AML/CFT risk and a high risk product unit accepted customers without acquiring wealth or source of fund.</p> <p>(2) Some transaction monitor scenarios such as duplicate addresses are only monitored for high risk OBU customers and suspicious transactions of customers.</p>	<p>(1) It has been reiterated that business units should conduct timely inquiries customer AML/CFT risk in accordance with regulations, and plan to optimize system in order to collecting customer's wealth or source of fund to enhance management.</p> <p>(2) The Company conducts transaction monitor management on duplicate addresses by risk-based approach as following:</p> <ul style="list-style-type: none"> • OBU's high-risk customers are comprehensively checked and regularly inspected; • When suspicious transactions occur, the addresses of customer's related parties shall be checked synchronously; • Plan to build system verification to avoid omissions. 	<p>(1) The reiteration is expected to be completed by the end of March, 2020. The system optimization is expected to be completed by the end of April, 2020.</p> <p>(2) System verification is expected to be completed by the end of September, 2020.</p>

Statement on Internal Control for AML/CFT

Date: 2020/3/19

On behalf of Taishin International Bank co., Ltd. (the Bank), we hereby undertake that from 2019/01/01 to 2019/12/31 the Bank has duly complied with relevant regulations governing anti-money laundering and countering the financing of terrorism in establishing an internal control system, implementing risk management, designating an independent and objective internal unit to conduct audit, and submitting the audit report periodically to the Bank's Board of Directors and Supervisors/Audit Committee/Board of Supervisors. Following prudent evaluation, it is found that except for items listed in the attached "Enhancement Items and Improvement Plan for AML/CFT Internal Control System", each unit of the Bank has effectively implemented internal controls for anti-money laundering and countering the financing of terrorism during the year.


To
Financial Supervisory Commission

Undersigned:

Chairman:

吳東亮 


President:

向瑞強 

Chief Auditor:

夏敏南 

Chief AML/CFT Officer:

陳世杰 

Enhancement Items and Improvement Plan for AML/CFT Internal Control System

Items for Improvement	Improvement Measures	Planned Completion Date
1. The bank was fined with one million NTD in 2017 due to partial misinterpretation of the regulation's definition on the cash transaction exceeding certain amount in 2016.	Those transactions were filed immediately after the finding.	Improvements have been completed.
2. Partial items should be enhanced: (1) Some of business units accepted customers without inquiring their AML/CFT risk and a high risk product unit accepted customers without acquiring wealth or source of fund. (2) Some transaction monitor scenarios such as duplicate addresses are only monitored for high risk OBU customers and suspicious transactions of customers.	It has been reiterated that business units should conduct timely inquiries customer AML/CFT risk in accordance with regulations, and plan to optimize system in order to collecting customer's wealth or source of fund to enhance management. Taishin conduct transaction monitor management on duplicate addresses by risk-based approach as following: • OBU's high-risk customers are comprehensively checked and regularly inspected; • When suspicious transactions occur, the addresses of customer's related parties shall be checked synchronously; • Plan to build system verification to avoid omissions.	The reiteration is expected to be completed by the end of March, 2020. The system optimization is expected to be completed by the end of April, 2020. System verification is expected to be completed by the end of September, 2020.

2. Auditing report of certified public accountant

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Agreed-Upon Procedures Report

April 24, 2020

To Taishin International Bank Co., Ltd.

I performed the procedures agreed with you with respect to the accuracy of information filed by Taishin International Bank Co., Ltd. with the competent authorities, performance of the internal control system and compliance system, and appropriateness of the allowance for bad debt. The sufficiency of these procedures is solely your responsibility. Consequently, I make no representation regarding the sufficiency of the procedures. This agreed-upon procedures engagement was conducted in accordance with the Statements on Auditing Standards No. 34: Engagements to Perform Agree-Upon Procedures Regarding Financial Information for the purpose of assisting you in the assessment of compliance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries promulgated by the Financial Supervisory Commission. Compliance of the regulations above is the responsibility of your management team. The procedures I performed and my findings are described as follows.

Given the procedures performed will not constitute an audit in accordance with generally accepted auditing standards, I do not provide any level of assurance with respect to the accuracy of information filed by Taishin International Bank Co., Ltd. with the competent authorities, performance of the internal control system and compliance system, or appropriateness of the allowance for bad debt. Had I performed additional procedures or an audit in accordance with generally accepted auditing standards, other matters might have come to my attention that would have been reported.

This report is intended solely for the purpose described in the first paragraph and is not to be used for any other purpose or to be distributed to any other parties.

Certified Public Accountant-Tza Li Gung

Deloitte & Touche Taiwan

Notice to Readers

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the original Chinese version shall prevail.

Auditing Report of Certified Public Accountant

April 24, 2020

Attached is a statement regarding effectiveness of the design and execution of its internal control system (including reports filed with the Taiwan Insurance Institute pursuant to the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies) as of December 31, 2019 provided by the Insurance Broker Division (the "Division") of Taishin International Bank Co., Ltd. (the "Insurance Broker Division of Taishin Bank") on March 19, 2020. We have audited part of this company's compliance system (regarding whether to appoint compliance officers and the adequacy of such appointments). It is the management's responsibility to establish and maintain an effective internal control system and evaluate its effectiveness. Our responsibility is to provide an auditor's opinion on effectiveness of a company's internal control system and the aforesaid statement on internal control according to the results of our audit.

We conducted our audit in accordance with the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies. The procedure involved understanding the company's internal control system, evaluating the management's process of evaluating overall effectiveness of the internal control system, testing and assessing effectiveness of the design and execution of the internal control system, and performing other audit procedures that we deemed necessary. We believe that the audit procedures provide a reasonable basis for our opinion.

An internal control system is always subject to inherent limitations. Therefore, the possibility remains that the aforesaid internal control system implemented by the Insurance Broker Division of Taishin Bank are unable to prevent or detect an error or fraud that has already occurred. Furthermore, circumstances may change in the future and render compliance with the internal control system less effective. Therefore, it does not necessarily follow that an internal control system that is effective in the current period will be effective in the future.

In our opinion, according to the criteria for effective design and execution of an internal control system under the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies, the design and execution of the internal control system regarding the Insurance Broker Division of Taishin Bank and its financial reporting (including reports filed with the Taiwan Insurance Institute pursuant to the regulations) and asset protection (to prevent assets from being acquired, used and disposed without authorization) can remain effective in all material respects as of December 31, 2019. The statement that the design and execution of the aforesaid financial reporting and asset protection related internal controls (including reports filed with the Taiwan Insurance Institute pursuant to the Regulations and compliance measures) have been evaluated and deemed effective as of December 31, 2019 provided by the Insurance Broker Division of Taishin Bank on March 19, 2020 is a fair representation in all material respects.

Certified Public Accountant-Tza Li Gung

Deloitte & Touche Taiwan

Notice to Readers

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the original Chinese version shall prevail.

Personal Information Protection Assurance Report

April 9, 2020

To Taishin International Bank co., Ltd.:

I have performed the necessary procedures with respect to the design and implementation of the internal control system for personal information protection as noted in the Statement on Internal Control System of Taishin International Bank Co., Ltd ("Company") for the year 2019.

Underlying Subject and Applicable Criteria

The underlying subject ("Underlying Subject") of this assurance report is the statement that the design and implementation of the internal control system for personal information protection are effective as noted in the Statement on Internal Control System of your Company for the year 2019.

The applicable criteria used to measure or assess the Underlying Subject are the Personal Information Protection Act, the Enforcement Rules of the Personal Information Protection Act, the Regulations Governing Security Measures of the Personal Information File for Non-government Agencies Designated by Financial Supervisory Commission, the Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies, and the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries.

Inherent Limitations

An internal control system for personal information protection is subject to inherent limitations. Therefore, the possibility remains that the aforesaid internal control system adopted by your Company is unable to prevent or detect an error or fraud that has occurred. Furthermore, to the extent that circumstances may change in the future and the level of compliance with the internal control system may be compromised, it does not necessarily mean that an internal control system that is effective in the current period will be effective in the future.

Responsibilities of Management

It is the responsibilities of management to establish relevant policies and procedures, as well as internal control system in accordance with relevant rules and regulations on personal information protection, subject to audits conducted by an impartial and independent audit department and periodical report to the board of directors, to ensure that the internal control system for personal information protection is implemented effectively.

Responsibilities of Accountants

My responsibilities are to comply with the Statement of Assurance Principles No. 1: Audit and Review of Non-financial Information and perform the necessary procedures on the Underlying Subject in order to obtain reasonable assurance and express an opinion on the adequacy of the Underlying Subject in all material respects.

Independence and Quality Control Guidelines

My firm and I complied with the independence and other ethical requirements in the Professional Ethics Standards, in which the first principles are integrity, impartiality and objectivity, professional competence and due care, confidentiality, and professional attitude. Furthermore, my firm complies with the Statements on Auditing Standards No. 46: Quality Control For Firms and maintains a well established system of quality control, including compliance with written policies and procedures established by the Professional Ethics Standards, professional guidelines, and applicable laws and regulations.

Summary of Procedures

I planned and executed the necessary procedures based on my professional judgment in order to obtain evidence of the Underlying Subject. The procedures which I executed include an assessment of the control environment and risks regarding protection of personal information in your Company and testing, examination, observation or inquiry of related records.

Conclusion

In my opinion, the statement that the design and execution of the internal control mechanisms for personal information protection are effective in the 2019 Statement on Internal Control from your Company is a fair representation in all material respects.

Miscellaneous

I am not responsible for updating this assurance report after it is issued.

Access Requirements

This assurance report is for the use of your Company in completing the filing procedure with the competent authority pursuant to the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries. This assurance report must not be used for any other purpose or distributed to any third party.

Deloitte, Taiwan
Accountant Jerry Gung

Notice to Readers

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the original Chinese version shall prevail.

INDEPENDENT AUDITOR'S ASSURANCE REPORT

April 9, 2020

To Taishin International Bank Co., Ltd.:

We have performed an assurance engagement on the Internal Control System Statement on Personal Information Protection of Taishin International Bank co., Ltd. ("the Bank") for the year ended December 31, 2019.

Subject Matter Information and Applicable Benchmarking

The subject matter information is the Internal Control System Statement on Personal Information Protection of the Bank for the year ended December 31, 2019 ("the subject matter information").

The following laws and regulations are used to measure or evaluate the subject matter information:

Personal Information Protection Act, Enforcement Rules of the Personal Information Protection Act, the Regulations Governing Security Measures of the Personal Information File for Non-government Agencies Designated by Financial Supervisory Commission, Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies, and Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries.

Inherent Limitations

Because of the inherent limitations of any internal control system over Personal Information Protection, there is an unavoidable risk that even some material misstatements may remain undetected. Besides, historic evaluation of effectiveness is not relevant to future periods due to the risk that internal control may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Responsibilities of Management

The Bank's management should establish effective internal control system based on Personal Information Protection laws and regulations. Independent Internal Audit Department should conduct the audit on the internal control system and routinely report the results to the Board of Directors in order to ensure the effective operation of internal control system over Personal Information Protection.

Responsibilities of Auditor

We conducted our work on the subject matter information in accordance with Statement of Assurance Engagements Standard No. 1 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" to get a reasonable assurance on the preparation, in all material respects, of the subject matter information.

Independence and Quality Controls

We have complied with the independence and other ethical requirements of the Norm of Professional Ethics for Certified Public Accountant in the Republic of China, which contains integrity, objectivity, professional competence and due care, confidentiality and professional behavior as the fundamental principles. In addition, the firm applies Statement of Auditing Standard No. 46 "Quality Control for Public Accounting Firms" in the Republic of China and, accordingly, maintains a comprehensive system of quality controls, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Summary of Procedures

We applied professional judgment in the planning and conduct of our work to obtain evidence supporting the reasonable assurance. The procedures we performed include understanding and evaluation of the Bank's business and industry environment and the design and operation of the entity's Internal Control System on Personal Information Protection by examining documents and records, observing activities and inquiring from concerned personnel.

Conclusion

In our opinion, the subject matter information present fairly, in all material respects.

Others

We are not responsible to update our report after we have issued.

Use Limitations

This report is intended solely for filing to the competent authority in compliance with the Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries, and should not be used for any other purpose.

Certified Public Accountant-Tza Li Gung
Deloitte & Touche Taiwan

Notice to Readers

If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the original Chinese version shall prevail.

k. Penalties for violation of law, major defects, and improvement in recent two years and as of the date of the publication of the annual report

Disclosure items	Cases and values	Status of improvement
I. Indictment of executives or staffers by prosecutors for job-related crimes.	None	
II. For a fine imposed by the FSC for violation of a law or regulations, or any matters in which sanctions were imposed by the FSC in accordance with Article 61 of the Act, or a punishment made by the Bank to its internal personnel violating against its internal control system, where the punishment result may have significant impacts on shareholders' rights and interests or securities price, the punishment contents, major deficiencies, and status of improvements shall be clearly described.	(I) The case involved misconduct in concurrent operations of insurance brokerage services, for which Taishin was given a 1-month notice for improvement and fined NT\$200,000 by the Financial Supervisory Commission under Letter No. Financial-Supervisory-Insurance-Comprehensive-1080456062 dated January 7, 2019.	<ol style="list-style-type: none"> 1. Taishin has reinforced training on investment-linked insurance products and implemented a new risk disclosure statement for more effective disclosure on risks involved in investment-linked insurance products. 2. Taishin has strengthened signatory training. Random checks are performed on statements on a daily basis, and the results are recorded. 3. Regarding the use of multiple smaller insurance policies to disguise large purchases and policies paid by third parties and the motives behind such policies, a system has been established to examine insurance premium source mechanisms. Cases involving loans as the source of premiums are not accepted.
	(II) The case involved a failure to report large-amount currency transactions, for which Taishin was fined NT\$1 million by the FSC under Letter No. Financial-Supervisory-Banking-Control-10702232741 dated February 26, 2019.	<ol style="list-style-type: none"> 1. The transactions have been filed and all other records of the Bank have been thoroughly checked by February 2018. 2. An auto inspection feature has been added to the Large-amount Transaction Approval System since January 11, 2018. 3. Taishin continues to provide training and raise awareness, and has included the requirement in the self-inspection list.
	(III) A financial advisor at the Xinzhuang Branch was found to have embezzled funds from customers. Taishin was fined NT\$8 million and given a notice for improvement by the FSC under Letter No. Financial-Supervisory-Banking-Holding-10802721965 dated August 7, 2019, and as of the effective date of sanction, the Xinzhuang Branch was suspended from handling monetary trust services for new customers for three months.	<ol style="list-style-type: none"> 1. Taishin has strengthened control measures on counter transactions in which customers are not present, monthly statements, and employee conduct supervision. 2. A control mechanism has been added to the in-branch foreign currency withdrawal process. 3. Mechanisms have been established to monitor irregular cash flows in the personal accounts of Taishin employees. 4. System review and inspection have been completed.

Disclosure items	Cases and values	Status of improvement
	(IV) Handled the case that involved OBU account opening and foreign currency loans for short-term trade financing, for which the bank was corrected by the FSC in Letter No. Financial-Supervisory-Banking-Holding-10801064170 dated December 9, 2019.	<ol style="list-style-type: none"> 1 Taishin has completed customer review and filled in the "OBU Account Opening and KYC Checklist", and has made adjustments to carry out this self-check procedure on a quarterly basis rather than every 6 months. 2. Regarding short-term trade financing loans, Taishin not only requests foreign transaction documents to verify the authenticity of a transaction, but also requests relevant transaction invoices depending on customers and their geographical risks, and checks invoice information based on suspicious transaction characteristics. 3. Relevant training courses have been completed in the first quarter of 2020.
III. For cases where the individual losses or total loss for the year due to fraud, rare but significant events (fraud, theft, embezzlement and property theft, falsified transactions, forged certificates and securities, accepting bribes, losses due to natural disasters, losses due to external forces, hacker attacks and information theft, and unauthorized disclosure of trade secrets and customer information), or safety incidents caused by failure to follow the Guidelines for Security Maintenance for Financial Institutions, exceeds NT\$50 million, the nature and the amount of loss should be disclosed.	A material contingency was reported on November 1, 2018. A former financial advisor at Xinzhuang Branch was found to have embezzled funds from customers.	<ol style="list-style-type: none"> 1. Taishin has strengthened control measures on counter transactions in which customers are not present, monthly statements, and employee conduct supervision. 2. A control mechanism has been added to the in-branch foreign currency withdrawal process. 3. Mechanisms have been established to monitor irregular cash flows in the personal accounts of Taishin employees. 4. System review and inspection have been completed.
VI. Other items designated by FSC for mandatory disclosure.	None	None

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

- 2019.01.17 Passed changes in management responsibilities of certain managers (Nan-Shing Chang as the head of the Corporate Planning Division, Frank Lin as the head of Secretariat Division of the Board of Directors, and Shu-Chen Lin concurrently as the head of the Commercial Finance Division).
- 2019.01.31 Passed the application to the competent authority for relocation of Fengyuan Branch.
- 2019.02.14 Passed the proposal to permit the board of directors to discuss distribution of employee remuneration for 2018 on behalf of the shareholders' meeting.
- 2019.02.14 Passed the 2018 financial statements.
- 2019.03.21 Passed the appointments of Bo-Ru Chen as the head of the Industrial Finance Division and Shih-Min Chiang as the head of the Commercial Finance Division.
- 2019.05.02 Passed the appointment of Min-Gui Xie as the head of the Financial Marketing Department.
- 2019.05.30 Passed the appointments of Shi-Jie Chen as the head of the Risk Management Division and AML/CFT officer, Jing-Yu Shen as the head of the Tokyo Branch, and Zhen-Guo Liu as the head of the Ho Chi Minh City office in Vietnam and the Yangon office in Myanmar.
- 2019.06.06 Passed the proposal to permit the board of directors to recognize the 2018 financial statements, business reports, and dividend distribution proposal on behalf of the shareholders' meeting.
- 2019.06.06 Passed the proposal to permit the board of directors approve an issue of 705,940,605 shares against capitalized earnings on behalf of the shareholders' meeting.
- 2019.06.06 Passed the proposal to permit the board of directors to approve an amendment of the Asset Acquisition or Disposal Procedures on behalf of the shareholders' meeting.
- 2019.06.27 Passed the appointment of the head of Secretariat Division of the Board of Directors, Frank Lin, as the corporate governance officer.
- 2019.07.04 Passed the establishment of the M&A Committee Charter.
- 2019.07.04 Passed the appointments of Yi-Fu Lin as an independent director, Min-Yu Chang as an independent director, and Wen-Yu Wang as a member of the first M&A Committee.
- 2019.07.18 Passed the application to the competent authority for relocation of Jiali Branch.
- 2019.08.08 Passed the application for the establishment of the Labuan Branch and the Kuala Lumpur Marketing Office in Malaysia and the appointment of Hai-Min Zhu as the intended responsible person.
- 2019.08.29 Passed the appointments of Min-Lan Hsia as the chief auditor and the head of the Audit Division, Janice Liang as the head of the Administration Division, Mei-Ju Chen as the head of the Human Resources Division, Vincent Tsai as the head of the Corporate Planning Division, Yun-Nien Chen as the head of the Performance Management Division, Xiao-Ling Jiang as the head of accounting, Li-Cheng Kuo as the head of the Service Industry Division, and Chi-Chao Han as the head of the Corporate Banking Marketing Division.
- 2019.09.26 Passed the amendment to the "Organizational Charter".
- 2019.10.03 Passed the establishment of the Private Banking Guidelines for Credit Evaluation and Approval and the Procedures for Handling Concurrent Bond Operations.

- 2019.10.17 Passed the promotion of Wei-Tsung Sun to the head of the Information Technology Services Division and reassignment of Min-Xing Liu to the head of the Hong Kong Branch.
- 2019.11.28 Passed the change of registered address of DBU with concurrent proprietary securities trading and underwriting operations.
- 2019.11.28 Passed the appointment of Xiu-Min Xu as the head of underwriting and the head of underwriting for the OBU.
- 2020.01.09 Passed the 2020 operating plans and budgets.
- 2020.02.20 Passed the proposal to permit the board of directors to discuss distribution of employee remuneration for 2019 on behalf of the shareholders' meeting.
- 2020.02.20 Passed the 2019 financial statements.
- 2020.02.27 Passed the appointments of Vincent Tsai as the head of the Performance Management Division and Nan-Shing Chang as the head of the Corporate Planning Division.

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

n. Statement (including chairman, president, financial chief, accounting chief, and internal chief auditing) in the recent year and as of the date of the publication of the annual report:

Title	Name	Employment Start Date	Employment End Date	Reason for Resignation or Dismissal
Auditor executive	Bao-Yin Chen	2015.02.09	2019.09.01	Change of responsibilities
Accounting executive	Hung-Han Tsai	2017.10.01	2019.09.01	Change of responsibilities

D. Information on CPA fee

Name of accounting firm	Name of CPA		Audit period	Note
Deloitte & Touche	Tza-Li Gung	Kwan-Chung Lai	2019.01.01-2019.12.31	None

Amount bracket		Items of fee	Auditing fee	Non-auditing fee	Total
1	Under NT\$2M				
2	NT\$2M(inclusive)-NT\$4M				
3	NT\$4M(inclusive)-NT\$6M				
4	NT\$6M(inclusive)-NT\$8M				
5	NT\$8M(inclusive)-NT\$10M		✓		
6	Over NT\$10M(inclusive)			✓	✓

- a. **Mandatory disclosure of the auditing and non-auditing fees and the contents of non-auditing service of CPAs, their accounting firms, and affiliates whose non-auditing fee exceeds one fourth of the auditing fee.**

Unit: NT\$1,000

Name of accounting firm	Name of CPA	Auditing fee	Non-auditing fee				Whether the auditing covers the entire fiscal year or not (note 1)	Note	
			System design	Business registration	Human resources	Others (note 2)			Sub-total
Deloitte & Touche	Tza-Li Gung Kwan-Chung Lai	9,820		635		14,529	15,164	2019.01.01-2019.12.31	Non-audit remuneration - other consists mainly of AML/CTF project audits, internal control audits, digital forensics, tax services, IT security assessment projects, cyber defense projects, and the in-house credit card advisor.

- b. **Replacement of accounting firm and the auditing fee for the replacement year decreases from the previous year which requires mandatory disclosure of the auditing fees of the two years and provision of reasons: N/A.**

- c. **Auditing fee decrease over 15% from the previous year which requires mandatory disclosure of the reduction amount, percentage, and reason: N/A.**

E. Replacement of CPA

- a. **Concerning former CPA**

Replacement date	Mar. 22, 2018		
Reason for replacement and explanation	In line with the job rotation of Deloitte & Touche Accounting Firm, the CPAs for the bank's financial statement were changed from Tza-Li Gung and Qin-zhen Yang to Tza-Li Gung and Kwan-Chung Lai Since first quarter in 2018.		
Explain consignor or termination or refusal of consignment by CPA	Status of related parties	CPA	Consigner
	Active terminate consignment	N/A	N/A
	Refusal to accept (continue) consignment	N/A	N/A
Certification auditing report other than report without reserved opinions in the recent two years and reason	N/A		
Existence of different opinions with the bank	Yes	N/A	Accounting principle or practical affairs
		N/A	Disclosure of financial report
		N/A	Auditing scope or procedure
		N/A	Others
	No		
Other disclosed items (Items which should be disclosed according to item 6-1-4, article 10 of the criteria			

- b. **Concerning succeeding CPA: N/A.**

- c. **Reply of former CPA to item 6-1 and item 6-2-3, article 10 of the criteria: N/A.**

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

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

a. Changes in shareholdings

Title	Name	2019		Feb. 29, 2020	
		Changes in shareholding	Changes in pledged shareholding	Changes in shareholding	Changes in pledged shareholding
Director/ Supervisor (Major shareholder)	Taishin Financial Holding Co., Ltd.	705,940,605	0	0	0

b. Information of shareholding transfer : None.

c. Information of shareholding pledge: None.

H. Information on the relationship of the 10 largest shareholders

Feb. 29, 2020 unit: %; share

Name	Own shareholding		Shareholding of spouse and offspring before the age of majority		Total shareholding in the names of others		Names and relationship of the 10 largest shareholders who are related parties according to Financial Accounting Criteria		Note
	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake	Name	Relationship	
Taishin Financial Holding Co., Ltd. Representative: Wu, Tong-Liang	8,255,711,853	100	0	0	0	0	None	None	

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

Dec.31, 2019 unit: % , share

Equity investment	Investment by the bank		Investment by the company directly or indirectly controlled by the bank and the bank's directors, supervisors, presidents, vice presidents, assistant vice presidents, and branch chiefs		General investment	
	Number of shares	Share of stake	Number of shares	Share of stake	Number of shares	Share of stake
Taishin D.A. Finance Co., Ltd.	128,878,395	100.00	0	0.00	128,878,395	100.00
Xiang-An Life Insurance Agency Co., Ltd.	2,622,040	87.40	0	0.00	2,622,040	87.40
Chang Hwa Commercial Bank	26,533,256	0.27	2,251,500,943	22.55	2,278,034,199	22.81
Taishin Real Estate Management Co., Ltd.	12,000,000	60.00	8,000,000	40.00	20,000,000	100.00
An-Sin Real Estate Management Co., Ltd.	4,500,000	30.00	0	0.00	4,500,000	30.00
Sunlight Asset Management Co., Ltd.	1,092,317	18.21	0	0.00	1,092,317	18.21
Dah Chung Bills Finance Co., Ltd.	82,428,695	18.29	2,439,377	0.54	84,868,072	18.83
Taiwan Future Exchange Company Co., Ltd.	3,408,559	0.96	1,806,082	0.51	5,214,641	1.47
Taipei Foreign Exchange Company Co., Ltd.	160,000	0.81	0	0.00	160,000	0.81
Financial Information Service Co., Ltd.	12,238,317	2.34	0	0.00	12,238,317	2.34
Taiwan Asset Management Co., Ltd.	6,000,000	0.57	0	0.00	6,000,000	0.57
Taiwan Financial Asset Service Co., Ltd.	5,000,000	2.94	0	0.00	5,000,000	2.94
Taiwan Mobile Payment Co., Ltd.	1,800,000	3.00	0	0.00	1,800,000	3.00
Li Yu Venture Capital Co., Ltd.	174,455	1.49	0	0.00	174,455	1.49
Harbinger Venture Capital Co., Ltd.	6,636	3.35	0	0.00	6,636	3.35
Kun Chi Venture Capital Co., Ltd.	160,650	3.33	0	0.00	160,650	3.33
Taiwania Capital Buffalo Fund Co.,Ltd.	200,000,000	4.30	0	0.00	200,000,000	4.30
Taiwania Capital Buffalo II Bioventures, LP	-	6.78	-	-	(Note)	6.78
Easy Card Investment Holding Co., Ltd.	2,499,874	2.40	0	0.00	2,499,874	2.40
Kaohsiung Rapid Transit Co., Ltd.	643,031	0.23	0	0.00	643,031	0.23
Da Chiang International Co.,Ltd	8,620,690	4.31	0	0.00	8,620,690	4.31
Lien An Service Co.,Ltd.	125,000	5.00	0	0.00	125,000	5.00
Alliance Digital Tech Co., Ltd.	900,000	2.16	0	0.00	900,000	2.16

Note: The institution is a limited partnership that does not issue shares. The shareholding percentage is based on the percentage of capital contribution.

IV. Capital Overview

A. Capital and shares

a. Sources of capital

Feb. 29, 2020 Unit: share ; NT\$

Month year	Issuing price	Registered capital		Paid-in capital		Note	
		Number of shares	Value	Number of shares	Value	Source of Capital	Others
Jan.2019	19	8,500,000,000	85,000,000,000	Common shares 7,549,771,248	Common shares 75,497,712,480	Cash capital increment	Letter Jing-Shou-Shang No. 10701163420 dated Jan.04, 2019 (Note 1)
Aug.2019	10	8,500,000,000	85,000,000,000	Common shares 8,255,711,853	Common shares 82,557,118,530	Issuance of new shares from earnings	Letter Jing-Shou-Shang No. 10801116740 dated Aug. 28, 2019 (Note 2)

Note 1: The Bank made a private placement of 227,578,947 common shares, each with a face value of NT\$10, against cash at NT\$19 per share. A sum of NT\$4,323,999,993 was raised from the private placement.

Note 2: The Bank issued 705,940,605 ordinary shares from earnings.

Feb. 29, 2020 Unit: share

Type of share	Registered capital			Note
	Outstanding shares	Unissued shares	Total	
Common shares	8,255,711,853	244,288,147	8,500,000,000	Unlisted shares

b. Shareholders' structure

Feb. 29, 2020 Unit:%,share

Makeup of shareholders Amount	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions and foreigners	Total
	Number	0	1	0	0	0	1
Number of shares	0	8,255,711,853	0	0	0	8,255,711,853
Share of stake	0	100	0	0	0	100

c. Distribution of shareholding

Ordinary shares
at a face value of NT\$10

Feb. 29, 2020 Unit: %,share

Grades of shareholding	Number of shareholders	Number of shares owned	Share of stake
1-999	0	0	0
1,000-5,000	0	0	0
5,001-10,000	0	0	0
10,001-15,000	0	0	0
15,001-20,000	0	0	0
20,001-30,000	0	0	0
30,001-50,000	0	0	0
50,001-100,000	0	0	0
100,001-200,000	0	0	0
200,001-400,000	0	0	0
400,001-600,000	0	0	0
600,001-800,000	0	0	0
800,001-1,000,000	0	0	0
1,000,001-	1	8,255,711,853	100
Total	1	8,255,711,853	100

2. Preferred shares: None

d. List of major shareholders

Feb. 29, 2020 Unit: %,share

Names of major shareholders	Shares	Number of shares owned	Share of stake
Taishin Financial Holding Co., Ltd		8,255,711,853	100

Note: Taishin bank is a subsidiary 100% owned by Taishin Financial Holding Co., Ltd.

e. Information on market price, net worth per share, earnings, and dividends in the most recent fiscal two years

Item	Year	2018	2019	Feb. 29, 2020 (Note 3)
		Market price per share (note 1)	Highest	N/A
	lowest	N/A	N/A	N/A
	Average	N/A	N/A	N/A
Book value per share (note 2)	Weighted average shares (1,000 shares)	18.62	18.58	18.94
	Earning per share (NT\$)	16.17	(Note 2)	N/A
Earnings per share	Weighted average shares (1,000 shares)	7,749,222	8,255,712	8,255,712
	Earning per share (NT\$)	1.34	1.43	0.29
Dividend per share	Cash dividend (NT\$)	-	(Note 2)	N/A
	Allotment by retained earnings (NT\$)	0.93	(Note 2)	N/A
	Allotment by legal reserves (NT\$)	-	(Note 2)	N/A
	Accumulated undistributed dividend (NT\$1,000) (Note 3)	-	-	-
Analysis of investment returns (note1)	Price to earnings ratio	N/A	N/A	N/A
	Price to dividends ratio	N/A	N/A	N/A
	Cash dividend yield	N/A	N/A	N/A

Note 1: Due to unlisted bank, there is no market price.

Note 2: The board of directors has not adopted, on behalf of shareholder's meeting, the proposal for distribution of 2019 profits.

Note 3: Financial figures as of Feb. 29, 2020 are not certified by CPA.

f. Information on market price, net worth per share, earnings, and dividends in the most recent fiscal two years

1. Dividend policy

According to the company's corporate charter, earnings in the final accounts, should it exist, should be used to pay tax and duties, with the remainder being used to cover loss of previous year first. If there is still surplus, the company shall either provide a legal reserve and a special earnings reserve from the surplus, or reverse existing special earnings reserves into the opening balance of undistributed earnings. For the balance, pay out stock dividend and bonus to preferred shares. The remaining surplus should be combined with retained earnings at the beginning of the period, for payout of stock dividend and bonus for common shareholders in part or in entirety.

As a subsidiary of Taishin Holdings, the bank should support the need of the operating fund of the parent company. Under the principle of maintaining the bank's capital adequacy ratio at the reasonable level, except the payout of dividend and bonus of preferred shares, the dividend and bonus pay-out for common shareholders should be made in the form of cash dividend in principle. The company should keep the policy of stock dividend and cash payout in stable.

If the bank fails to achieve a reasonable capital rate, except the payout of stock dividend and bonus for preferred shares, payout of stock dividend and bonus for common shares should be made in the form of 50% cash dividend and 50% stock dividend in principle. The ratio, however, can be adjusted according to the status of profits, corporate funds, capital accumulation, and dilution effect of stock-dividend. The dilution effect of stock-dividend payout should not exceed 20% for estimated after-tax earnings per share after the issuance of new shares.

2. Earning distribution Proposal

The dividend of 2019 proposed to distribute is NT\$8,214,683,926. In which cash dividend is NT\$3,814,683,926 and stock dividend is NT\$4,400,000,000.

g. The effects of stock dividends proposed by shareholders' meeting, on the operational performance and earning per share: Not applicable.

h. Compensations for employees, directors and supervisors

1. Percentages and scope of compensations for employees, directors and supervisors:

0.01% of any profit made by the Bank in a year shall be allocated as employee bonus, and the board of directors shall decide to distribute the bonus as shares or cash, which can also be distributed to employees of affiliated companies that meet the criteria specified in the Company Act. A sum shall be set aside in advance to pay down any outstanding cumulative losses before employee bonus can be allocated according to the above percentage. Employee bonus proposals shall be presented to the shareholders meeting.

2. Basis for estimating the amount of remuneration of employees, directors and supervisors, basis for calculating the number of shares to be distributed as employee bonus and the actual distributed amount for the current period. The accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount.

Employee bonuses for the current period have been estimated based on the criteria laid out in the bank's Articles of Incorporation. Should the actual amount differ from the amount estimated, the difference will be treated as changes in accounting estimates. The estimated amount of employee bonus for the current period does not deviate from the actual amount decided by the board of directors.

3. Remuneration distribution passed by the board of directors.

- (1) Employee, director and supervisor remuneration will be distributed in cash or stocks. In case of any discrepancy between the amounts and the amortized estimates for the year, the differences, reasons, and responses should be disclosed.

Employee bonus is NT\$1,329,210. The estimated amount of employee bonus for the current period does not deviate from the actual amount decided by the board of directors. The estimated amount of employee remuneration for the current period is NT\$ 3,009 lower than the actual amount decided by the board of directors. The deviation was attributed to changes in accounting estimates, and will be recognized in the 2020 profit and loss.

- (2) The amount of employee bonus to be paid in stocks out of the current company-level financial statement in terms of the sum of net profit after tax and employee bonus: Not applicable as the board of directors has decided to distribute employee bonus in cash this time.

4. Remuneration report and results at the shareholders meeting: Presented at the shareholders meeting on Feb. 20, 2020.

5. Actual distribution of employee bonus and compensations for board directors and supervisors of previous year (including dividend shares, amount and stock price), discrepancies if any from the amount of employees' bonus and directors'/supervisors' remuneration previously recognized, and the causes and treatments for the discrepancies:

The employee bonus of the previous year was NTD1,140,999. There is no difference between the actual amount of employee bonus and the recognized amount.

i. Repurchase of the bank's shares: None.

B. Issuance of bank debenture

Issuance of bank debenture-1

Feb. 29.2020

Types of bank debentures	1st subordinated bank debenture in 2012	2nd subordinated bank debenture in 2012
Date and serial No. approved by authority	FSC No. 10100301840, September 24, 2012	FSC No. 10100301840, September 24, 2012
Issuing date	October 19, 2012	December 14, 2012
Face value	NT\$ 50 M	NT\$ 50 M
Issuing and trading	R.O.C.	R.O.C.
Currency	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value
Total amount	NT\$5.6 bn (Bond A:NT\$1.1 bn; Bond B: NT\$4.5 bn)	NT\$6.1 bn (Bond A:NT\$3.8 bn; Bond B: NT\$2.3 bn)
Coupon	Bond A: Fixed interest rate at 1.53% per annum Bond B: Fixed interest rate at 1.65% per annum	Bond A: Fixed interest rate at 1.53% per annum Bond B: Fixed interest rate at 1.65% per annum
Maturity	Bond A: 7 years from the issue date. Maturity on October 19, 2019 (Redemption) Bond B: 10 years from the issue date. Maturity on October 19, 2022	Bond A: 7 years from the issue date. Maturity on December 14, 2019(Redemption) Bond B: 10 years from the issue date. Maturity on December 14, 2022
Rank	Subordinated	Subordinated
Guarantor	None	None
Trustee	None	None
Underwriter	None	None
Certified lawyer	None	None
Certified CPA	Qin-zhen, Yang	Qin-zhen, Yang
Certified financial institution	N/A	N/A
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 4.5bn	NT\$ 2.3 bn
Paid-in capital in the previous year	NT\$49,157,526 (thousand)	NT\$49,157,526 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$57,550,558 (thousand)	NT\$57,550,558 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	None	None
Conditions for conversion or exchange	N/A	N/A
Restrictive terms	None	None
Use of proceeds	Strengthen capital structure, improve capital adequacy ratio and redeem financial bonds issued earlier.	Strengthen capital structure, improve capital adequacy ratio and redeem financial bonds issued earlier.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	53.17	63.77
Eligible capital and type	Yes, Tier II	Yes, Tier II
Name of rating agency, issue date, and the rating	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on October 9, 2012.	"A+(twn)" issued by Fitch Ratings, Taiwan Branch on December 7, 2012.

Issuance of bank debenture-2

Feb.29, 2020

Types of bank debentures	3rd subordinated financial bonds in 2014
Date and serial No. approved by authority	FSC No. 10300054050, March 10, 2014
Issuing date	May 16, 2014
Face value	NT\$ 50 M
Issuing and trading	R.O.C.
Currency	New Taiwan dollar
Issuing price	At par value
Total amount	NT\$3 bn
Coupon	Fixed rate at 1.95% per annum
Maturity	10 years from the issue date. Maturity on May 16, 2024
Rank	Subordinated
Guarantor	None
Trustee	None
Underwriter	None
Certified lawyer	None
Certified CPA	Peter Tsai
Certified financial institution	N/A
Repayment	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$3 bn
Paid-in capital in the previous year	NT\$49,157,526 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$61,067,093 (thousand)
Default status	Normal
The terms and conditions for redemption or early liquidation	None
Conditions for conversion or exchange	N/A
Restrictive terms	None
Use of proceeds	Strengthen capital structure, enhance the Capital Adequacy Ratio.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	45.85
Eligible capital and type	Yes, Tier II
Name of rating agency, issue date, and the rating	"twA-" issued by TaiwanRatings on May 5, 2014.

Issuance of bank debenture-3

Feb.29, 2020

Types of bank debentures	1st subordinated financial bonds in 2015	2nd subordinated financial bonds in 2015	3rd subordinated financial bonds in 2015
Date and serial No. approved by authority	FSC No. 10400093940, May 07, 2015	FSC No. 10400093940, May 07, 2015	FSC No. 10400093940, May 07, 2015
Issuing date	Jun. 10, 2015	Sep. 18, 2015	Sep. 22, 2015
Face value	NT\$ 50 M	NT\$ 50 M	NT\$ 50 M
Issuing and trading	R.O.C.	R.O.C.	R.O.C.
Currency	New Taiwan dollar	New Taiwan dollar	New Taiwan dollar
Issuing price	At par value	At par value	At par value
Total amount	NT\$9.1 bn(Bond A: NT\$4.25 bn; Bond B: NT\$4.85 bn)	NT\$6 bn	NT\$4.9 bn(Bond A: NT\$0.7 bn; Bond B: NT\$4.2)
Coupon	Bond A: Fixed interest rate at 2.15% per annum Bond B: Fixed interest rate at 2.45% per annum	Fixed rate at 2.25% per annum	Bond A: Fixed interest rate at 2.15% per annum Bond B: Fixed interest rate at 2.45% per annum
Maturity	Bond A: 10 years from the issue date. Maturity on Jun. 10, 2025 Bond B: 15 years from the issue date. Maturity on Jun. 10, 2030	12 years from the issue date. Maturity on Sep. 18, 2027	Bond A: 10 years from the issue date. Maturity on Sep. 22, 2025 Bond B: 15 years from the issue date. Maturity on Sep. 22, 2030
Rank	Subordinated	Subordinated	Subordinated
Guarantor	None	None	None
Trustee	None	None	None
Underwriter	None	None	None
Certified lawyer	None	None	None
Certified CPA	Peter Tsai	Peter Tsai	Peter Tsai
Certified financial institution	N/A	N/A	N/A
Repayment	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$ 9.1 bn	NT\$ 6 bn	NT\$ 4.9 bn
Paid-in capital in the previous year	NT\$52,025,626 (thousand)	NT\$52,025,626 (thousand)	NT\$52,025,626 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$82,083,307 (thousand)	NT\$82,083,307 (thousand)	NT\$82,083,307 (thousand)
Default status	Normal	Normal	Normal
The terms and conditions for redemption or early liquidation	None	None	None
Conditions for conversion or exchange	N/A	N/A	N/A
Restrictive terms	None	None	None
Use of proceeds	Strengthen capital structure, enhance the Capital Adequacy Ratio.	Strengthen capital structure, enhance the Capital Adequacy Ratio.	Strengthen capital structure, enhance the Capital Adequacy Ratio.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	51.29	58.60	64.57
Eligible capital and type	Yes, Tier II	Yes, Tier II	Yes, Tier II
Name of rating agency, issue date, and the rating	"AA-(tw)" issued by Fitch Ratings, Taiwan Branch on Nov. 17, 2014.	"AA-(tw)" issued by Fitch Ratings, Taiwan Branch on Nov. 17, 2014.	"AA-(tw)" issued by Fitch Ratings, Taiwan Branch on Nov. 17, 2014.

Issuance of bank debenture-4

Feb.29, 2020

Types of bank debentures	1st issue of unsecured senior financial debenture of Taishin Bank in 2018	2nd issue of unsecured senior financial debenture of Taishin Bank in 2018
Date and serial No. approved by authority	FSC No.10702077250, May 02, 2018	FSC No.10702077250, May 02, 2018
Issuing date	July 05,2018	July 05,2018
Face value	US\$1M	US\$1M
Issuing and trading	R.O.C.	R.O.C.
Currency	US dollar	US dollar
Issuing price	At par value	At par value
Total amount	US\$80M	US\$20M
Coupon	Issued as zero coupon bond with an IRR of 4.75%	Issued as zero coupon bond with an IRR of 4.75%
Maturity	30 years from the issue date. Maturity on July 05, 2048	30 years from the issue date. Maturity on July 05, 2048
Rank	Senior	Senior
Guarantor	None	None
Trustee	None	None
Underwriter	None	None
Certified lawyer	None	None
Certified CPA	Tza-Li Gung	Tza-Li Gung
Certified financial institution	N/A	N/A
Repayment	The Bank may exercise its redemption rights and redeem the bond early. If the Bank has not exercised its redemption rights by maturity, the Bank will make a lump sum repayment of principal plus accrued interest on the maturity date.	The Bank may exercise its redemption rights and redeem the bond early. If the Bank has not exercised its redemption rights by maturity, the Bank will make a lump sum repayment of principal plus accrued interest on the maturity date.
Outstanding balance	US\$80M	US\$20M
Paid-in capital in the previous year	NT\$68,845,983 (thousand)	NT\$68,845,983 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$130,009,331 (thousand)	NT\$130,009,331 (thousand)
Default status	Normal	Normal
The terms and conditions for redemption or early liquidation	On the 5th anniversary of the bond issue and annually thereafter(or extended to the next business but not the next month if falling on a holiday), the Bank may exercise its redemption rights at 100% of the price plus accrued interest. To exercise the early redemption right, the Bank will make a public announcement 5 business days prior to the intended redemption date, and then make a full redemption at par value plus accrued interest.	On the 5th anniversary of the bond issue and every 2 year thereafter (or extended to the next business but not the next month if falling on a holiday), the Bank may exercise its redemption rights at 100% of the price plus accrued interest. To exercise the early redemption right, the Bank will make a public announcement 5 business days prior to the intended redemption date, and then make a full redemption at par value plus accrued interest.
Conditions for conversion or exchange	N/A	N/A
Restrictive terms	None	None
Use of proceeds	Addition to the working capital	Support for green loans and investments.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	32.89	32.89
Eligible capital and type	N/A	N/A
Name of rating agency, issue date, and the rating	"AA-(tw)" issued by Fitch Ratings, Taiwan Branch on Nov. 16, 2017.	"AA-(tw)" issued by Fitch Ratings, Taiwan Branch on Nov. 16, 2017.

Issuance of bank debenture-5

Feb.29, 2020

Types of bank debentures	1st issue of unsecured senior financial debenture of Taishin Bank in 2018
Date and serial No. approved by authority	FSC No. 10701220530, Jan 24, 2019
Issuing date	March 28, 2019
Face value	NT\$ 50 M
Issuing and trading	R.O.C.
Currency	New Taiwan dollar
Issuing price	AT par value
Total amount	NT\$5 bn
Coupon	Fixed rate at 2.45% per annum
Maturity	Prepetural (issuer with call right)
Rank	Subordinated to holders of Tier- 2 capital, deposit holders and other general creditors
Guarantor	None
Trustee	None
Underwriter	None
Certified lawyer	None
Certified CPA	Tza-Li Gung
Certified financial institution	N/A
Repayment	By self-owned capital or refinancing bank debentures
Outstanding balance	NT\$5 bn
Paid-in capital in the previous year	NT\$75,497,712 (thousand)
Net book value on the date of balance sheet in the previous fiscal year	NT\$140,546,894 (thousand)
Default status	Normal
The terms and conditions for redemption or early liquidation	Taishin Bank may redeem the debts in whole at their aggregate principal amount, together with any interest payment five years and one month after the issuing date subject to regulators' approval, provided that the bank's post-redemption BIS is above legal requirement.
Conditions for conversion or exchange	N/A
Restrictive terms	<p>1. The Bank may not pay interest if it produces no earnings and distributes no common share dividends (including cash and stock dividends) for the first half of the year; however this restriction does not apply in circumstances where the balance of cumulative undistributed earnings less amortized losses on sale of non-performing loans is greater than the amount of payable interest, and provided that the payment results in no changes to the terms of interest. Non-payment of interest due to the above will not be accumulated or deferred in later periods.</p> <p>2. The Bank shall defer interest and principal payments in situations where its capital adequacy ratio fails to meet the minimum level specified in Article 5, Paragraph 1 of the Regulations Governing the Capital Adequacy and Capital Category of Banks; in which case, deferred interest may not accrue any late interest.</p>
Use of proceeds	Strengthen capital structure, enhance the Capital Adequacy Ratio.
The total amount of the issuance and outstanding bonds in the percentage of the book value of previous year (%)	30.42%
Eligible capital and type	Yes, Tier I
Name of rating agency, issue date, and the rating	"AA-(tw)" issued by Fitch Ratings, Taiwan Branch on Oct. 23, 2018

C. Issuance of preferred shares: None.

D. Issuance of global depository receipt: None.

E. Issuance of employees' stock option and restricted right shares

1. Issuance of employees' stock option for employees: None.
2. Issuance of employees' restricted right shares for employees: None.

F. Merger or transfer other financial institutions

1. Mandatory disclosure of the opinions of certified public accountant on the propriety of share-swap ratio for the acquisition of or sell to other financial institutions in the recent one year: N/A
2. Mandatory disclosure of the acquisition of or sell to other financial institutions by a bank listed on the centralized or over-the-counter market in the recent five years and of the opinions of underwriting securities firms for the cases conducted via the issuance of new shares: N/A
3. Mandatory disclosure of the execution of the acquisition of or sell to other financial institutions via issuance of new shares by a bank not listed on the centralized or over-the-counter market and its effect on the interest of shareholders: None.
4. Mandatory disclosure of the execution of the resolution passed by the board of directors for acquiring or selling to other financial institutions via the issuance of new sharers and the basic information on the financial institutions in the recent year and as of the date of the publication of the annual report:

By resolution of the Board of Directors on 1 August, 2019, this bank will generally assume the existing insurance agency business of Xiang-An Life Insurance Agency by transfer of business. The proposal designates 2 November, 2019 as the date of assignment and 4 November, 2019 as the date of completion.

Table of Basic Information for Acquired and Transferred Financial Institutions

Unit: NT\$ thousand

Name of financial institution		Xiang An Life Insurance Agency Co. Ltd.
Address of financial institution		3F, No. 44, Section 2 Zhongshan North Road, Zhongshan District, Taipei City
Person in charge		Steve S.F. Shieh
Paid-in capital		30,000
Scope of business		Life insurance agency
Primary products		
Ratio infor	Total assets	795,099
	Total liabilities	420
	Total shareholder equity	794,678
	Business income	20,348
	Operating margin	11,647
	Operating profit and loss	(1,243)
	Current profit and loss	(16,908)
	Earnings per share	(5.64)

5. For undergoing merger and the acceptance of new shares floated by other financial institutions, disclose their execution and the effect on the interest of shareholders: None.

G. Status of the execution of fund-utilization plan

As of the end of the quarter preceding the date of the publication of the annual report, the bank had completed the execution of the fund utilization plan for the issuance of securities or bond debentures either by public or private placement and there is no fund utilization plan in the recent three years whose execution has been completed but has yet to manifest its benefits or which fails to achieve the goal in execution schedule or benefits.

a. Contents of plan

Analysis of previous offerings or private placements of securities and financial debentures that haven't been completed, and the expected benefits of the fund utilization plan over the past three years that haven't been realized: None.

b. Status of execution

As of the quarter preceding the publish date of the annual report, here are reasons why the fund utilization plan of previous offerings or private placements of securities and financial debentures hasn't been completed, or the fund utilization plan over the past three years has been completed but the expected benefits haven't been realized, or the implementation progress or benefits fall short of expected targets: None.

V. Operating Status

A. Business contents

a. Growth by business area and changes

1. Wealth Management

Taishin Bank's wealth management operation offers a variety of services for different customer segments such as individuals, households, and business owners. Tailored financial planning and consulting services are available as a combination of TWD and foreign currency deposits, investment products, short- and medium term insurance policies, and consumer loans and one-stop tax and asset allocation advisory services, all of which are aimed at building stronger customer relationships. Given its three advantages, "a team of professional specialists, a diverse range of products, and excellent benefits for top customers", Taishin Bank is a leader of wealth management services with a steadily growing number of customers. For instance, Private Banker International's (PBI) 2020 Outstanding Wealth Management Service for the Affluent, The Banker and PWM's Best Private Bank for Customer Service in Asia, Wealth Magazine's and Excellence Magazine's Best Wealth Management Awards.

2. Retail Banking

Taishin Bank's retail banking operations cover consumer loans (mortgage, auto loan, unsecured loan, and subordinated mortgage), micro corporate loans, and credit card for individual customers and payment processing services for merchants. The development of financial products follows market differentiation and the needs of various customer groups. The outstanding balance of retail loans increased by 7% in 2019; the number of credit cards in circulation increased by 15.3%; and the credit card spending increased by 22.7%.

3. Digital Banking

As part of its commitment to develop digital banking services, Taishin Bank was first to launch a digital banking brand, Richart. This is a product that is 100% built to improve the user experience. It has inspired more new ideas in banking and won more than 60 domestic and international awards. As a leader in digital banking, Taishin Bank is constantly striving for innovation. It was first to enable customers to use facial recognition service and implement such technology on ATMs, payment, branches and apps. This creates an innovative technology experience for customers. The facial recognition technology also obtained utility model patents and was awarded the 2019 Gartner Eye on Innovation Award for financial services in Asia Pacific.

Mobile payment services: Taishin Bank is the first bank in Taiwan to support all four contactless mobile payments (Apple Pay, Samsung Pay, Google Pay, and Taiwan Pay). It is also the first to concurrently support Alipay, WeChat Pay from China and payment tools used by the KEB Hana Bank. The Bank has close to 30,000 points of service in duty-free stores, department stores, major shopping districts, and night markets. Furthermore, the bank continues to promote this service to other stores. This year, through our comprehensive and mature payment system, we build CARDaily with credit card as basis and a collection app for the convenience of the stores (Taishin payment), which allows intuitive payment and convenient collection and payment.

4. Wholesale Banking Services

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

5. Financial Market Services

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

6. Trust Services

- (1) Regarding fund services, the Bank continues to build a comprehensive product line. In response to greater volatility and increasingly fast-paced financial markets, the Bank has been the first to introduce new and innovative funds with specific focuses for product diversification. Customers will have more options when markets are volatile. For high net worth customers, Taishin Bank takes an active approach to making products more unique. It works with domestic and international securities investment trust enterprises and asset management firms to launch private equity funds available exclusively through Taishin Bank as a new investment vehicle for high net worth customers. Taishin Bank sets itself to utilize a line of funds with both depth and width and helps customers construct core and opportunity assets in order to achieve optimal portfolios and create more flexibility and better protection in asset allocation.
- (2) Regarding offshore fixed income products, offshore premium bank debentures, corporate bonds, and government bonds in various currencies (including RMB) and various terms and credit ratings will be offered on an ongoing basis to provide more asset allocation choices for customers who prefer to hold fixed income in their portfolios. In addition, Taishin continues to provide offshore structured products available only to professional investors. Besides short-, medium-, and long-term principal protected products, Taishin is first among its peers to introduce products with innovative structures. Risk diversification is achieved through a wide range of underlying securities. Equity linked products without principal protection are offered alongside market opinions and underlying securities selected to track opportunities in market volatility. The real-time trading system for foreign ETFs, foreign stocks, and other foreign securities gives customers an easier-to-use trading platform that is more instant and responsive. The foreign securities investment advisory service also helps customers stay updated on their investments.

- (3) Regarding collective investment accounts, the Taishin Global Premium Portfolio Collective Trust Account has shifted its portfolio from focusing on bonds to adopting a portfolio allocation approach so that it is better equipped to make sound investment decisions in an increasingly volatile and fast-changing market. Meanwhile, Taishin Bank works hard to expand foreign currency denominated collective investment services in order to provide more channels through which customers are able to make foreign currency denominated investments. The Bank also works with international investment firms to achieve better returns. The effort not only brings quality services for customers, but also strengthens the investment teams.
- (4) With respect to structured trust services, Taishin Bank offers a complete line of trust planning services for personal banking customers. Meanwhile, money trusts remain the star product for high net worth customers, and securities trust will serve to satisfy clients in need of tax planning or income generated by lending shares. Taishin Bank also offers retirement trusts that can be used to accumulate or preserve assets or provide retirement care for seniors and the physically challenged. Moreover, to attract offshore funds, the government has implemented a law for inward remittances of overseas funds to provide a complete range of trust services for returning investors. To satisfy wholesale banking customers' diverse needs for trust services, Taishin Bank has also been active in promoting trust services as solutions to employee remuneration, such as trusts for shares, employee stocks, and restricted new shares, to help companies provide incentives and retain top talents.
- (5) Regarding custody services, the custody services for foreign investors enable foreign individuals and institutions to gain access to growth opportunities in Taiwan's stock market. In addition, the custody services for foreign/Chinese employee investment accounts for domestic TWSE/TPEX listed companies and primary listed companies in Taiwan provide corporate customers a complete range of employee reward planning services.

7. Insurance broker services

Taishin Bank is committed to operating its insurance brokerage business as an open platform dedicated to provide the best insurance brokerage services for its customers. As of the end of 2019, Taishin Bank has agreements with 27 insurance companies, including 17 life insurers and 10 property insurers, to provide service and satisfy different insurance needs of its customers.

Taishin Bank's life insurance partners	Nan Shan Life 、Shin Kong Life 、Cathay Life 、China Life 、BNP PARIBAS 、Chubb Life 、Taiwan Life 、Fubon Life 、Yuanta Life 、American International Assurance 、Transglobe Life 、MassMutual Mercuries Life 、Prudential Life 、Far Glory Life 、Cigna Taiwan Life 、Allianz Taiwan Life 、First Life
Taishin Bank's property insurance partners	Shinkong Insurance 、Nan Shan General Insurance 、Insurance Company of North America Taipei Branch 、Union Insurance 、Hotai Insurance 、Taian Insurance 、Tokio Marine Nawa Insurance 、Fubon Financial Holding 、Chung Kuo Insurance 、The First Insurance

Taishin Bank's insurance brokerage service is widely praised by the customers. The bank invests a lot of resources in training to help employees enhance their professional knowledge and skills. The mission is to give customers the most up-to-date and market leading insurance services. Taishin Bank won the Taiwan Insurance Institute Taiwan Insurance Excellent Performance Award - Talent Development Silver Award in August 2019.

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

Net profit percentage	2019	2018
Retail banking	66%	68%
Wealth management	36%	36%
Consumer finance	22%	24%
Credit card	8%	8%
Wholesale banking	34%	32%
Total	100%	100%

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

b. Business plan for the current year

1. Wealth Management

- (1) The Taishin Bank brand is built on “Expert-driven Decisions” and “Dedication”. The Bank offers a diverse range of localized and personalized customer services. Taishin Bank is constantly in pursuit of innovation and stronger customer relationships, aided by its outstanding digital services that establish the Bank as an Intelligent Partner of its customers.
- (2) As part of its commitment to sustainable development and customer-centric values, Taishin Bank offers appropriate asset allocation, regular investment checkups, and after-sales services in risk management and market analysis reports, all of which are designed to help customers achieve consistent returns and asset growth in the markets.
- (3) To meet the need for integrated services for personal accounts and household accounts, Taishin Bank has introduced the family-based wealth management service. The feature extends the scope of personal wealth management to include a family, and offers financial advice for members of the family at different stages and benefits for the entire family. It is an excellent choice for customers with inheritance concerns.

2. Retail Banking

- (1) Actively develop a new customer base for the consumer banking business in order to steadily grow the outstanding loan amount and increase interest spread; integrate sales teams and create marketing synergy for the purpose of boosting cross-selling ratio and penetration ratio of products.
- (2) Constantly deepen the utilization of FinTech and strengthen the online functions of consumer banking products. Auto loan online applications were launched in 2019, shortening the time of loan applications and expanding the amount of online customers.
- (3) Combine digital footprints, increase the efficiency of loan applications, advance digital procedures, and optimize user experiences, so as to increase customer satisfaction.
- (4) Secure existing cobranded cards, integrate digital products, and continue to seek opportunities for new cobranded cards in order to bring new customers for Taishin FHC.
- (5) Constantly expand the range of diverse, easy-to-use digital channels for credit card application for better user experience.

3. Digital Banking

(1) Richart digital banking

- ◆ The first financial institution to adopt agile development, the first digital banking brand that is 100% customer experience oriented and mobile app oriented.
- ◆ The only digital bank in the market to offer integrated products and services that combine “savings, payment, financial planning, foreign currency, insurance, loan, and time deposit” to deliver simple, convenient, transparent and intuitive service, to help younger generations easily access financial services.
- ◆ Through interviews combined with big data analysis, Richart will continue to create better, smoother service and user experience.
- ◆ In 2019, Richart received multiple prestigious international awards including “The Asian Banker International Excellence in Retail Financial Services Awards 2019” and “Global Finance 2019 World's Best Digital Bank Awards”.

(2) New payment tools

- ◆ Supporting government policies to increase the percentage of electronic payment as a payment mode; and implementing a multi-payment service model to help traditional markets or merchants adopt digital services.
- ◆ Expanding acquiring services for affiliated merchants to create an all-in-one platform that supports various electronic wallets and makes it easier for merchants to handle different payment modes.
- ◆ Continuing to work with offshore third party payment service providers and seeking potential partnerships in Hong Kong, Japan, South Korea, and Southeast Asia.
- ◆ Provide the CARDaily app to credit card users, allowing them to enjoy the convenience of digital payment; Provide Taishin Payment App (for collection of payment by stores) to stores in collaboration with Taishin, allowing stores to more conveniently collect payments from barcode payments.

(3) Electronic banking services

- ◆ Making extensive use of biometrics, artificial intelligence and other innovative technologies to enable customers to access financial services such as logging into their accounts, making withdrawals, deposits and transfers at Face-ID ATMs, or making payments in convenient stores by face scans, with the greatest ease in the shortest time possible.
- ◆ In October 2019, Richart rose above 200 financial institutions from around the world with its unique face recognition technology and become the winner of the Gartner Eye on Innovation Award in Asia Pacific.
- ◆ Collaborate with other banks to launch short-term beta services for inter-bank transfers by mobile phone number free of handling fee to promote mobile phone number linkage with account function. To create a new ecosystem for the financial industry.
- ◆ For customers with Discover and Diners Club International (“Diners Club”), the a globally exclusive service is launched for ATMs, allowing customers to withdraw cash and make account balance inquiries at any time, thus providing a friendly and convenient environment for foreign tourists visiting Taiwan.
- ◆ Apart from continuing collaboration with three major chains of convenience stores to maintain ATM points of service, this bank is also expanding collaborations with different industries to develop new types of points of service (such as hospitals, traditional markets, pharmaceutical chains and pet store chains)
- ◆ In order to become part of the customers’ everyday lives and satisfy the cash requirements of different groups of customers.

4. Wholesale Banking Services

- (1) Building on strengths in product innovation and service development to provide one-stop financial services and increase customer loyalty.
- (2) Introducing integrated NTD and foreign currency cash management; promoting cash services (collection and payment) as means of sourcing current deposits; anchoring customer relationship and minimizing credit risks.
- (3) Taking advantage of local branches to develop close ties with local customers; trying to expand the customer base in small- and medium-sized enterprises; and targeting high net worth customers in Asia Pacific.
- (4) Focusing more on niche export businesses and high net worth enterprises with an emphasis on asset products and financial planning services in order to build an image of a regional bank.
- (5) Taishin Bank actively lays out plans for China and Asia-Pacific markets. Currently, it owns branches in Hong Kong, Singapore, Tokyo in Japan, and Brisbane in Australia. It also has representative offices in Ho Chi Minh City, Vietnam, and Yangon, Myanmar. The Bank has begun to apply for the establishment of branches in Long An, Vietnam, and Labuan, Malaysia, a marketing office in Kuala Lumpur, and a representative office in Shanghai.
- (6) Improving the lending process and strengthening risk management in order to maintain sound asset quality.
- (7) Investing more in training and job rotation mechanisms in response to the growing momentum in overseas operations, and building an overseas talent database.

5. Financial Market Services

- (1) The Bond Market Department was created in July 2018. It provides planning and management of underlying onshore and offshore bonds in underwriting cases. The department is an active participant in bond issuance and financing planning for onshore and offshore companies, and brings in diverse cases with overseas issuers and provide Taiwanese investors with diverse options.
- (2) Develop new products and platforms to increase product range, to provide customers with diverse financial products and increase adhesion of customers.

6. Trust Services

Its expansion strategy is to offer diversified products and rapidly respond to market changes. The followings are its product development focuses:

- (1) The line of onshore/offshore funds have been extended to better reflect changes in market dynamics. New type products are introduced to meet customer needs for asset allocation.
- (2) Continuing to develop more fund functions in the digital banking app, which lowers the investment threshold for certain funds and attracts more customers with more user friendly functions.
- (3) Continuing to incorporate market and product information services into the online trading platform to create more friendly financial planning services.
- (4) Introducing multi-themed funds and building personalized services in response to market trends for different customer segments and characteristics.
- (5) introducing by private placement funds not yet filed with the competent authority in the country or flagship products offered by foreign private banks in order to use products to develop stronger relationships with high net worth customers.

- (6) Special discounts for certain funds are offered from time to time to attract more investors.
- (7) Attracting more customers of custody services and securing assets under management (AUM) for funds while generating more stable income from the AUM base.
- (8) Introducing multi-themed foreign ETFs, thereby offering customers suitable instruments to invest in under any market condition.
- (9) The real-time trading system for foreign ETFs, foreign stocks, and other foreign securities gives customers an easier-to-use trading platform that is more instant and responsive.
- (10) Various types of bonds are available, including premium overseas bank debenture, corporate bonds, and government bonds in different currencies and different maturities.
- (11) The Bank continues to accept trade orders from professional investors for offshore structured products available only to professional investors. Short-, medium, and long-term principal protected products are available. Risk diversification is achieved through a wide range of underlying securities. Equity linked products without principal protection are offered alongside market opinions and underlying securities selected to track opportunities in market volatility to meet the demands of high net worth professional investors.
- (12) Well-constructed post-investment management mechanisms are implemented to support a complete range of financial planning services.
- (13) Focusing on “securities trust products and being an active participants in securities lending, while targeting potential customers among securities settlement account holders and creating income for customers from securities lending. Helping customers keep their assets in the family through succession planning and family trusts and satisfying the need for explicitly stated distribution of family assets.
- (14) Expand the “money trust” services that offer trust agreements tailored to satisfy a broad variety of needs such as children's education, business ventures, retirement planning, and care of family members with physical or mental disabilities. Work with the government's policy for tax haven jurisdictions, and provide a complete range of trust services for returning investors.
- (15) Establishing Taishin Bank as a leading brand for employee welfare trust by advocating the employee welfare trust for businesses looking to retain or reward their employees; developing stronger relationships with wholesale banking customers through a diverse range of trust products; and exploring employees' needs for personal wealth management services.
- (16) Offering custody services for foreign/Chinese employee investment accounts. Given the success of Taiwanese businesses and their extensive global networks and considering the trend of adopting international standards among local businesses, Taishin Bank supports the government's policy to encourage overseas Taiwanese businesses to obtain primary listing in Taiwan, and works with the wholesale banking sales team to target these international companies and explore potential customers for the custody services for foreign/Chinese employee investment accounts.

7. Insurance broker services

- (1) Support the competent authority's policies, and continue to promote transformation of insurance products and advertise protection oriented products that meet the customers' needs. Introduce new and suitable life insurance products into the market, and maintain a diversified product portfolio by including death, health, and accident benefits to cover medical, long term care, and disability needs. The bank builds on the channel strengths of the existing branches, and try to increase the percentage of customers holding insurance in their portfolios.
- (2) Meanwhile, to satisfy the demand for financial planning and protection focused products, investment-linked insurance policies that combine investment returns and protection are offered to provide protection with the life insurance element while allowing more flexible asset allocation with international standard compliant and innovative structures or guarantees introduced on an ongoing basis.
- (3) Develop digital channels for insurance distribution. To be closer to digital natives, the Taishin Bank online policy application service offers simple auto insurance and travel insurance, and has made plans to launch interest sensitive annuities this year. The bank will combine the resources of its own and those from partner insurers to explore new customer bases, develop new products with hooks, and create a sharper competitive edge by differentiation.

c. Market analysis

1. Wealth Management

(1) Supply and demand and growth potential:

- ◆ New data related technologies show rapid development. There are a large number of external sources and the data collection barriers have become lower.
- ◆ Customer behaviors are changing as the female customer base and new customer groups become very active. There are also a growing number of aboriginal customers on the Internet.

(2) Competitive niche:

- ◆ Family-based wealth management services have been introduced as an excellent choice for customers with inheritance concerns and address personal and household financial planning needs at the same time.
- ◆ A complete line of products is available to customize financial plans and asset allocation advice to suit each customer's needs.
- ◆ The advantages of quick and efficient response to market development and experienced marketing and analysis experts are deployed in combination with integrated databases and big data analytics in order to analyze customer behaviors by CRM. The results are an extensive knowledge of the needs of different customers and the ability to provide personalized services.
- ◆ The Bank continues to win more awards than competitors by maintaining advantages in professionalism and innovation. The awards also reflect an excellent brand image and reputation.

(3) Favorable factors for development outlook:

- ◆ The big data platform offers insight into market movements and customer demand.
- ◆ Integration of virtual channels and physical branch services creates a services platform that offers more business advantages and higher efficiency.

(4) Unfavorable factors for development outlook:

- ◆ Customers at the top of the pyramid are the targeted base for wealth management services. Their needs are complex and unpredictable, making it more challenging to manage the business.
- ◆ Competitors are investing more and more resources, such as technology, big data platform, and data mining experts, into the area, creating an increasingly competitive market.

(5) The bank's countermeasures:

- ◆ The personal advisory service enables timely response to market movements and develops financial plans best suited for the customers.
- ◆ The Bank maintains strong customer relationship with consumer households and business owners and continues to refine its data mining capabilities. The Bank also explores potential customer bases by following customers' needs and business activities more closely.
- ◆ A peer support system is implemented to keep training new talent and to strengthen professional training.
- ◆ The virtual platform offers a variety of innovative services and analytics technology in order to create more contact points and expand the customer base.
- ◆ The Bank deploys innovative services and creative marketing strategies to enhance its reputation by utilizing the advantages of social media.

2. Retail Banking

(1) Supply and demand and growth potential:

[Loans]

- ◆ Taiwan's housing market reported a volume of 300,000 homes transferred in 2019, which was a close to 7% growth compared to 2018. The volume has risen for three years in a row since 2016 due to slowing housing price adjustments and more buyers looking to buy for their own self-occupation. As for the prospects for 2020, originally expectations were that the housing market would continue its bounce back from last year. However, due to the impact of COVID-19, the willingness of customers to purchase homes will depend on the severity and duration of the epidemic. Currently, estimates suggest that the adjustment of volume and price will follow the current market trend. There is hope that the trading volume will be unchanged or will gradually grow.
- ◆ Regarding the auto loan market, 440,000 new vehicles were sold in 2019. The 1.1% increase compared to 2018 is attributed mainly to the elimination of the reasons for disruption of the auto market (the election and U.S.-China trade war) and promotions offered by the car vendors. As for the prospects for 2020, the incentive to replace old cars with new ones offered by the government will only last until the end of the year. In addition, many car brands expect to launch promotions of new cars, thus the sales of the overall auto market is expected to remain steady.

【Credit cards】

- ◆ Major co-brand channels remain in the hands of the six largest card issuing banks, who together hold an over 60% market share in terms of the number of cards in circulation.
- ◆ As of the end of December 2019, there were 33 card issuers in the market with a total of 47.39 million cards in circulation and a total of 31.92 million active cards. The average is more than 4 cards per capita.
- ◆ The cumulative annual spending at the end of December 2019 increased by NT\$339.1 billion on an year-over-year basis, which translated to a 11.8% growth rate. Consumer spending continued to grow at a steady pace.

(2) Competitive niche:

- ◆ Taishin Bank offers a large variety of consumer banking products through a full range of channels, as well as a professional sales team to provide customers with the most suitable financing services. Through collaboration with real estate agencies and car dealers, the bank actively develops new channels and entire batches of property development cases to acquire customers.
- ◆ Continue to optimize the online loan application experience. Furthermore, after policy deregulation, expand the scope of services by developing online applications for mortgages and auto loans and increase the efficiency of loan applications. Combine diverse channels of communication (such as ATMs, customized text messages and EDMs) to achieve precise marketing.
- ◆ Taishin Bank uses digital technologies and social media to offer consumer banking products through more channels. The bank also tries to move further into the daily lives of its customers in order to establish itself as a more competitive lender.
- ◆ While working on proposals for resource integration within Taishin FHC, Taishin Bank also tries to create opportunities to cooperate with leading companies in different industries.
- ◆ By staying the leading acquiring bank in the number of merchants, Taishin Bank is able to actively promote online and mobile payment services.

(3) Favorable factors for development outlook:

- ◆ Through continuous and timely communication channels both online and offline, with the assistance of big data customer analysis, which is helpful for increasing marketing precision and penetration of consumer banking products, the existing customer base of this bank will continue its steady growth, as well as new group of digital customers will be developed.
- ◆ The government continues to promote finance digitalization (such as the Open Banking API, My Data, digital platforms connecting to the government's data, etc.), which enhances the efficiency of online loan applications and also facilitates public acceptance for online loan applications, online trial calculations, online verification, and other similar tools.
- ◆ In response to the development of digital banking, the bank actively utilizes new technology (such as block chain and big data), develops platforms of automated systems, and enhances information security measures in order to increase efficiency of service.
- ◆ Government agencies are actively promoting the electronic payment sector. Traditional cash-based industries (e.g., medical institutions and night markets) have gradually started to accept electronic payment tools.
- ◆ FinTech is rapidly developing. To solidify member loyalty, merchants are vigorously promoting membership apps with integrated payment functions, which not only increases checkout efficiency, but also increases consumers' willingness to use electronic payment tools to make payments.

(4) Unfavorable factors for development outlook:

- ◆ The combination of increasingly saturated financial markets and persistent low interest rates leads to highly homogeneous products and creates challenges in maintaining profitability.
- ◆ The financial markets are gradually becoming saturated. Price competition and copying successful business models in the financial industry have made raising profits difficult.
- ◆ The continuous updates in FinTech and supervision-related regulations make it necessary to find a balance between convenience in the user experience and following regulations regarding information security.
- ◆ Due to the development of FinTech, large chain merchants have incorporated the financial systems of different card-issuing banks to negotiate lower handling fees, which will have long-term impacts on income from payment services.

(5) The bank's countermeasures:

- ◆ Internally, encourage members of Taishin FHC to work more closely together and increase penetration of consumer banking products to achieve synergy within the group; while externally, form cross industry alliances and engage in exchange advertising to attract customers through different channels and increase customer acquisition.
- ◆ Continue to ensure effective KYC procedures and, provided the appropriate risk controls are in place, issue loans to micro businesses.
- ◆ Apart from optimization of existing loan products and processes, develop new types of loan products on the basis of customer orientation to expand the customer base. In addition, continue to optimize the system to improve operation efficiency and provide customers with diverse experiences.
- ◆ Continue to strengthen the frameworks of different payment systems, provide customized services for merchants, and increase the number of credit card members through the merchants' channels.
- ◆ Expand the ecosystem by integrating different types of merchants and card holders through Taishin's data analysis abilities, to create a triple-win situation for card holders, merchants, and Taishin Bank.
- ◆ Evaluate regularly the competitiveness of Taishin Bank credit cards and resource distribution.

3. Digital Banking

(1) Supply and demand and growth potential:

- ◆ According to the 2019 Taiwan Internet Report published by the Taiwan Network Information Center, there are more than 20 million Internet users in Taiwan, with more than 85% of the population using the Internet overall. It is an inevitable future trend that banking services will be able to be accessed via the Internet, cellphone, ATMs, or other automated facilities in the future.
- ◆ In 2015, the FSC announced the goal to double the use of electronic payment services in five years, from 26% at the time to 52% by 2020 (usage has exceeded 41% as of the end of 2019).

(2) Competitive niche:

- ◆ Provide digital customers with the best product portfolio that comprehensively covers demand deposit, time deposit, payment, foreign currency, insurance, and loans, which is different from the traditional banking, where customers have to combine different financial products by themselves.
- ◆ Chatbots and smart customer services currently answer 95% or more of the questions with very high accuracy and ease of use.
- ◆ Constantly hold several wealth management lectures on campus and give lectures on digital banking at forums organized by the competent authority or associated with FinTech, which helps raise the awareness and acquire the brand recognition of the young generation, and overturn the young generation's stereotype of investments coming with a high threshold.

- ◆ Build on advantages of merchants affiliated with the bank and strength in the number of card accepting merchants and play an active role in the government's pilot programs for new payment tools in order to identify customers' needs before competitors.

(3) Favorable factors for development outlook:

- ◆ Implement effective agile development to enable the bank to launch new financial services ahead of competitors.
- ◆ Build on “customer experience” and have open platforms and cross industry partners bring in new products and services in a way that reduces costs and responds more quickly to market demand.
- ◆ Awarded multiple invention and utility model patents: money saving credit card, login preview, cardless withdrawal, Proximity Transfer, Easy Transfer, One-stop Fund Transfer, and facial recognition. Patented technologies are applied in the daily lives of customers to establish everyday financial scenarios.
- ◆ Combine AI and biometric identification technologies to develop facial recognition for services such as opening an account, making a payment, withdrawal or transfer, identifying VIP in branch and making payments by facial recognition. Achieve the vision of complete digital banking.

(4) Unfavorable factors for development outlook:

- ◆ The entry barrier to copying financial services is low and the sandbox policy for the banking sector is still in the early stage. There has not been much major development in the area.
- ◆ The product cycles for diverse new types of payment solutions (e.g. NFC, barcode scanning, Bluetooth, sound wave, and biometric identification) are becoming shorter, and it is uncertain which solution(s) will become mainstream. For the time being, this area requires more IT and marketing resources.

(5) The bank's countermeasures:

- ◆ The bank continues to engage the digital customer base via virtual channels and to organize marketing campaigns in response to popular topics on the internet.
- ◆ Nonfinancial big data are introduced in combination with internal behavior analysis to correctly predict customers' needs and recommend suitable products.
- ◆ The bank works with startups to branch out into different industries.

4. Wholesale Banking Services

(1) Supply and demand and growth potential:

As for the prospects of 2020, the on-going trade war between the US and China continues to take a toll on the world economy; in addition, the impacts from the recent spread of COVID-19 means that the expectations for economic growth in the first half of the year may need to be lowered. However, there is still for expansion for emerging economies. Nonetheless, it is necessary to keep an eye on the political and economic prospects in China and the debt crisis in emerging markets. These elements will affect economic prospects for the second half of the year. In terms of the domestic market, whether the policies of the government to encourage Taiwanese businesses to invest and set up plants here in Taiwan can truly help the domestic financial industry amidst a slow-down in the global economy remain to be seen. Consequently, there will be many challenges in 2020. In addition, an excessively large number of banks and homogeneous competition in Taiwan make it very difficult for banks to maintain profit growth. The government is actively supporting banking deregulation, innovative measures, and the New Southbound Policy to encourage banks to enter emerging countries in Southeast Asia and expand their overseas network. Such expansion will help banks increase the percentage of overseas profits and diversify their profit sources. In addition, another focal point for this bank is the supply chain that will benefit from the establishment of infrastructure for 5G in Taiwan. Overall, 2020 will be filled with challenges and uncertainties. Generally speaking, the wholesale banking service will be focused on risk management and control of volatility in its business environment while pursuing growth.

(2) Competitive niche:

- ◆ Ability to integrate a multitude of products offered under the financial holding group; commitment to financial product/service innovation; attention to customers' multidimensional needs; and the ability to deliver one-stop financial shopping experience.
- ◆ Outstanding cash management and E-banking platforms that can be used to offer cash collection/payment services.
- ◆ Excellent risk control mechanisms help ensure sound asset quality.

(3) Favorable factors for development outlook:

- ◆ Given the ongoing liberalization and rapid economic growth of Asian emerging markets, there is going to be substantial growth in demand for overseas banking services.
- ◆ Possess plural product resources and development capability of the financial holding firm to provide one-stop-shopping financial services to customers.
- ◆ The government encourages financial institutions to adopt new technologies and expand overseas, both of which contribute to the scope of business.

(4) Unfavorable factors for development outlook:

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

(5) The bank's countermeasures:

- ◆ Make proper use of group resources. Provide differentiated services and products to different client segments, so as to create service value.
- ◆ The Bank continues to expand its business abroad while developing domestic and international customer bases.
- ◆ Accelerate the application for the establishment of branches in Long An, Vietnam, and Labuan, Malaysia, a marketing office in Kuala Lumpur, and a representative office in Shanghai for the purpose of expanding its business territory and boosting overseas income.

5. Financial Market Services

(1) Supply and demand and growth potential:

- ◆ As monetary policies around the world are gradually relaxed and through the stimulation of fiscal policies, as well as easing tensions in the trade environment as China and the U.S. reached a phase 1 trade agreement, the economy has gradually recovered from the slow-down. However, uncertainties such as the U.S. presidential election in 2020 and geopolitical conflicts still exist. The financial market remains volatile, which means increased uncertainty for future economic prospects.
- ◆ The benefits from the transfer of orders due to the trade war, overseas Taiwanese businesses returning to Taiwan, and the project aimed at funds transferred from overseas can help with the economic prospects of the industry, create jobs and stimulate the domestic economy.

(2) Competitive niche:

- ◆ A large variety of consumer banking products, comprehensive offerings, and closely integrated investment planning and marketing channels allow quick adjustment of sales and investment strategies in response to market changes in order to achieve synergy.

- ◆ Financial market research, daily market commentary, real-time macroeconomic analysis and interest/exchange rate reports are provided to help customers follow market developments. One-stop financial portfolios are offered to help customers make choices most suitable for their financial goals.
- ◆ Utilizing the resources of the head office to capture business opportunities overseas, build up a presence in overseas markets and develop closer relationships with local customers.

(3) Favorable factors for development outlook:

- ◆ Proprietary trading of foreign currency bonds can be expanded to enlarge the customer base and generate more revenue.
- ◆ Life insurance companies are subject to foreign currency investment limits. The excess turns into a demand for NTD denominated products and creates business opportunities for the bank.
- ◆ As the monetary policies in Taiwan and major players in the world economy are relaxed, interest rates and credit spread remain relatively low, which will encourage the issuance of bonds by both onshore/offshore companies, thus benefiting the development of bond underwriting services.

(4) Unfavorable factors for development outlook:

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

(5) The bank's countermeasures:

- ◆ Increase sources of foreign capital and diversify investment targets, to increase the return on investment and liquidity of the capital. Increase flexibility and expand the sources of regular income.
- ◆ Develop new and more varied products, optimize sale processes and platforms to satisfy customers' needs for wholesale banking, institutional investment and wealth management.
- ◆ Strengthen compliance, self audit, and market and operational risk management; develop better internal control systems; and adhere strictly to the compliance rules and other applicable laws and regulations.

6. Trust Services

(1) Supply and demand and growth potential:

- ◆ According to SITCA statistics, subscriptions of onshore and offshore funds through special-purpose money trusts continue to increase and have consistently shown positive growth in the last five years. It suggests that more consumers are paying attention to financial planning. In addition, the Internet is making real time market information more readily available, and banks are improving their investment platforms to cater to more investors.
- ◆ Offering products that satisfy customer needs is a crucial part of the wealth management services. An increasingly diversified and aging society means that more and more customers are looking to include trusts in their portfolios. Customers who have family members suffering from bad physical or mental health or have reached an age to find it difficult to care for themselves would particularly benefit from making plans for keeping their assets secure and receiving sufficient care in the long term. Therefore, consumers are becoming more open to care trusts that are aimed to provide care for specific beneficiaries.

(2) Competitive niche:

- ◆ Personalized financial services are offered to different customer groups based on different characteristics. Products with various themes are introduced in response to market trends.

- ◆ The line of onshore/offshore funds has been extended. The Bank, by careful screening, is the first to introduce new and innovative products with specific focuses.
- ◆ Database analysis helps the Bank get a deep understanding of needs of different customers so that the Bank can provide personalized services and send updates on market development to customers.
- ◆ Market information and product information services are incorporated into the online fund trading platform. A smart investment platform is developed to offer intelligent investment portfolios.
- ◆ Innovative fund apps are developed to significantly lower the investment threshold for certain funds, thereby attracting more customers with more user friendly functions.
- ◆ The Bank has extensive experience in trust services. Customers only need to complete the simplest process possible to set up customized trust plans and asset allocation.

(3) Favorable factors for development outlook:

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

(4) Unfavorable factors for development outlook:

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

(5) The bank's countermeasures:

- ◆ Service quality is enhanced for both physical branches and digital channels in order to create an integrated business model and explore innovative cross industry alliances.
- ◆ New type products and private placements are introduced to reflect changes in market dynamics and meet customer needs for asset allocation.
- ◆ The Bank endeavors to build strong relationships with wealth management customers. Honesty, integrity, and sincerity are the Bank's watchwords in understanding customer needs and providing suitable products.
- ◆ Resources under Taishin Holdings are combined to achieve synergy through cross selling. The Bank provides one-stop services so that customers are able to make complete various transactions under one roof.
- ◆ Professional trust services are one of the cornerstones of the wealth management business. These services are aimed to satisfy the demand for trust services and generate investment income.

7. Insurance broker services

(1) Supply and demand and growth potential:

- ◆ According to LIA statistics, domestic life insurers reported a total of NT\$1,099.5 billion in first year premium in 2019. The decline, 6.1% compared to 2018, was the largest in the last 8 years. Given the FSC had required life insurers to start adopting IFRS 17, life insurers started adjusting declared interest rates in April 2018. The change led to a more than 9% decline compared to 2018 in first year premium from interest sensitive life insurance products, which were one of the best selling products in 2019. Meanwhile, first year premium from investment-linked policies fell by 18.7% compared to 2018. It was attributed mainly to a lack of buyer interest due to volatile capital markets, the recording requirement for senior customers, and a crowding out effect from changes made to saving oriented products.
- ◆ Looking forward to 2020, there will be fewer and fewer saving oriented products under the FSC's current policy. Given the aging population and other social trends, more attention will be given to protection oriented products, health and long term care insurance, and annuities to meet a wide range of insurance needs.

(2) Competitive niche:

- ◆ The bank adopts an “open platform” model that targets different customer attributes and tries to provide suitable financial planning services for customers with different responsibilities and financial objectives in different life stages.
- ◆ The Insurance Broker Division of Taishin Bank excels at adapting quickly to constantly changing market conditions and aligning different trends and developments to introduce various insurance products as needed.
- ◆ Familiarity with international markets enable the bank to help customers review their policies and taxation, retirement planning, and estate planning needs, and then offer comprehensive policy planning and asset allocation advice.

(3) Favorable conditions for future development:

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

(4) Unfavorable conditions for future development:

- ◆ In the interest of stability of insurance operations and in anticipation of the adoption of IFRS 17, valuation interest rates are expected to stay low in the long term. It may lead to higher premiums and affect consumer willingness to purchase policies.
- ◆ As more and more different financial planning products are launched into the market, products become more homogenous and less differentiated. It is easy for these products to fall into a competing position against insurance products.

(5) Response strategies:

- ◆ Take advantage of strong physical channels, step up development of digital channels, and combine resources in the financial holding company to develop O2O marketing.
- ◆ Align with the market, and develop first-of-its-kind or exclusive new-type products to satisfy different needs of customers in different life stages.

- ◆ Strengthen relationships with existing wealth management customers and explore extensively customer needs in order provide suitable products.
- ◆ Analyze credit card holders or customers coming through other digital channels, explore new customer bases, and achieve synergy.

d. R&D of financial products and business development status

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

[Loans]

- (1) The outstanding balance of mortgage loans reaches NT\$518.9 billion and is growing at 7% per year.
- (2) The outstanding balance of auto loans reaches NT\$47.9billion and is growing at 5.7% per year, again placing the bank in a leading position in the financial industry.
- (3) The outstanding balance of personal loans reaches NT\$65.7 billion and is growing at 10.9% per year.
- (4) The outstanding balance of micro corporate loans reaches NT\$5.6 billion and is growing at 4.7% per year.

[Credit cards]

- (1) 5.35 million credit cards outstanding, ranking fourth with a 11.3% market share.
- (2) 3.79 million active credit cards, ranking fourth with a 11.9% market share.
- (3) NT\$354.7 billion in annual card purchases, ranking fourth with a 11.0% market share.
- (4) 145,000 card accepting merchants in total, ranking first with a market share of 22.8%.

2. Major financial products and scale of Digital Banking in recent two years

(1) Digital banking brand -Richart

The main customer base is those aged 20 to 40. Products such as foreign exchange, AI investing, and NTD and foreign currency time deposits are also included in 2018. To encourage more students and those with limited assets to start using Richart for financial planning, the bank introduced the Richart debit card with auto top-up enabled EasyCard in May 2018.

Launched the “account analysis” function in May 2019, to help users understand and effectively manage their monthly accounts and provide wealth management suggestions to facilitate efficient use of funds.

(2) Electronic banking services

In 2019, Taishin Bank was the first in the industry to introduce facial recognition payment that uses biometrics and artificial intelligence to create an innovative facial recognition payment technology experience for customers.

Updated and upgraded the official website, mobile banking services and Internet banking services in 2019. Adopting a “user-centric” approach in the design and explore in depth users’ experiences with digital banking services, in order to create a friendly interface design and service functions, and providing customers with a brand new user experience.

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

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

With equal emphasis on risk management and business development, the bank's outstanding of loans for

state and private enterprises reached NT\$305.6 billion at the end of 2018, ranking 12th place among 36 domestic financial institutions and represented a 26.8% growth over the previous year, compared to the peer average growth of 2.8%.

(2) Outstanding of loans for small and medium enterprises

Owing to its support of the government's credit extension policy for small and medium enterprises and success in developing its own customer base, Taishin Bank reported an outstanding balance of SME loans up to NT\$161.9 billion at the end of 2019, which was a 17% YOY growth.

(3) L/C and export negotiation

With the influence of the US-China trade war and a decline in exports, Taishin Bank's export bills negotiation was US\$958 million in 2019, though down 14% from the previous year, yet outperforming domestic competitors (the market saw a 16% decline).

(4) Factoring business

For factoring, Taishin Bank takes a balanced approach in credit risk, customer relationship management, and market price while considering credit risk concentration and geographical diversification. In 2019, Taishin Bank undertook NT\$231.3 billion in factoring, down 0.9% from the previous year.

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

- (1) January 2018-Taipei Exchange NTD-denominated IRS Competition, 2017 H2 group champion.
- (2) June 2018 CBC Government Bond Dealer Evaluation, 2nd place.
- (3) September 2018-4th TAIEX Futures Diamond Awards - Trading Volume Diamond Award for Banks, 1st place.
- (4) Was awarded first place in January 2019 in the team competition of the "Trading Competition of the New Taiwan Dollar Interest Rate Exchange Trading System" for the second half of 2018.
- (5) Was awarded first place in January 2020 in the team competition of the "Trading Competition of the New Taiwan Dollar Interest Rate Exchange Trading System" for the second half of 2019.
- (6) Was awarded "The best government bond market makers" selected by the Taipei Exchange for the one and second half of 2019.

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

unit: million

Project	2018	2019
Special-purpose money trusts investing in domestic/ foreign securities	167,309	170,679
Securities investment trust funds under administration	84,334	104,894
Other money trusts	26,410	41,967
Employee benefits trust	751	1,098
Securities trust	19,750	31,202
Collective investment trust account	367	631
Discretionary - specify separate accounts	11	0
Real estate trust	32,349	36,235
Money and securities	-	774

6. R&D achievements in recent two years

(1) Credit cards

Date	R&D Project	R&D Project Results
2018.04	LinkPay	New online payment tool (LinkPay) is developed to make it easier and safer to make/receive payments for merchants and cardholders. Taishin Bank received an Annual National Brand Yushan Award in the Best Product Category in July 2018. It received Cards International and Electronic Payments International Awards 2018 - Best Merchant Product Offering in August 2018.
2019.10	Promotion of mobile SMS statements	To protect the environment and save the Earth, Taishin Bank launched mobile SMS statements in July 2017, and started promoting mobile statements in January 2018 in collaboration with DOMI Earth. In December 2018, Taishin Bank was awarded the first prize and special prize in the "Buying Power-New Product and Service of Social Innovation Purchase Reward Program" from the Small and Medium Enterprise Administration, MOEA. Taishin Bank was further awarded second prize in October 2019, and also won the Social Harmony Award from TAISE.

(2) Digital Banking

Date	R&D Project	R&D Project Results
2018.03	Garmin Pay wearable mobile payment services	The first wearable mobile payment tool was launched in March 2018. The launch offers attracted thousands of Taishin Bank cardholders to link their cards and use the tools to make payments.
2018.04	Mobile ATM card	International mobile payment services started allowing ATM cards in April 2018
2018.05	Fitbit Pay wearable mobile payment services	The first wearable mobile payment tool was launched in May 2018. The launch offers attracted thousands of Taishin Bank cardholders to link their cards and use the tools to make payments.
2018.08	Pay+ payment module	First bank in Taiwan to enter department stores and convenience stores in August 2018, thereby boosting the active credit card count and doubling the mobile payment activation rate.
2018.10	Collection app	First bank to launch an app in October 2018 to increase merchant stickiness. App is scheduled to be made available to small and medium merchants in 2019.
2018.12	Integrated report service	First bank in Taiwan to introduce the service to help merchants with cash flows while satisfying their implicit needs.
2019.03	CARDaily App Updated and launched	2019.03 Added functions "LETSPAY", "login preview" and "coupons on the front page" under the existing credit card inquiry functions.
2019.08	Pay+ payment module optimized and upgraded	2019.01-2019/11 Continued to develop new markets, collaborate with wholesale outlets, department stores, transport and medical industries to expand the scenarios for the use of payment tools.
2019.10	Launch of Taishin's electronic gift voucher platform	2019.10 Collaborated with FamilyMart on digitalization. Created gift voucher accounts for FamilyMart members through Taishin services.
2019.11	Innovative experiments on transfers via AMIS and the application of payment tools	2019.11 Collaborate with Taipei Fubon Bank on projects of "inter-bank transfers via AMIS and financial innovative technology experiments of the application of payment tools" and launched the experiment online.

(3) Financial Market

- ◆ Started offering "callable structured products (principal protected) with foreign currency principal linked interest rate swap, foreign currency interest rate swap option, foreign currency stock option or foreign currency foreign exchange rate option) (as approved in CBC Tai-Yang-Wai-Qi No. 1070021335 dated June 8, 2018)"
- ◆ Started offering "structured products (non-principal protected) with gold account linked gold option) (as approved in CBC Tai-Yang-Wai-Qi No. 1070041089 dated November 15, 2018)"
- ◆ Started offering "Foreign securities for its own account which is neither an investment of proprietary funds nor done to meet hedging needs" (as approved in CBC Tai-Yang-Wai-Qi No. 1080007064 dated February 19, 2019).

- ◆ Started offering “Concurrent securities by an offshore banking branch” (Letter No. Financial-Supervisory-Securities-1080307195 issued by the Financial Supervisory Commission on March 22, 2019).
- ◆ Started offering “callable structured notes (principal protected) with foreign currency principal linked interest rate swap, foreign currency interest rate swap option and foreign currency stock option” (as approved in CBC Tai-Yang-Wai-Qi No. 1080026167 dated July 16, 2019)

7. Future R&D plan

(1) Wealth Management

- ◆ The Bank combines resources under Taishin FHC and focuses on serving individuals, households, and business owners by providing a complete line of financial planning services and increasing customer satisfaction toward wealth management services.
- ◆ The Bank invests in FinTech and applies big data analytics and CRM techniques, provide customization in order to manage customer relationships more effectively.

(2) Retail banking

- ◆ Collaboration between financial and non-financial service providers, sharing data, partnering with different industries to develop APIs and new customers, integrate the resources of Taishin FHC and inter-department collaboration for developing new projects to provide customers with diverse services.
- ◆ Continue to optimize the lending process, enhance the functionality of online application for loan products, make the entire lending process less time consuming, reduce costs, and improve customer satisfaction. For younger audiences, design small loans to expand the line of loan products and meet the demand for funding.
- ◆ Continue to launch new loan products, such as beneficiary right of money trust, as the competent authority moves toward deregulation.
- ◆ Combine traditional payment services and digital banking resources to better reflect developments in the industry and trends in technological advancements; and continue to develop new payment tools that achieve both speed and security in order to provide more friendly services for merchants and cardholders that push for a cashless society.

(3) Digital Banking

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

(4) Wholesale banking

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

(5) Financial Market Services

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

(6) Trust Services

- ◆ Continue to introduce or develop new types of products to expand the product lines.
- ◆ Engage business partners and counterparties on a deeper level to develop stronger business relationships.
- ◆ Follow the trends in digital and smart technologies and enhance trading platforms and processes to create a better user experience.

(7) Insurance broker services

- ◆ Continue to introduce first-of-its-kind or exclusive new-type products and expand product lines to satisfy different needs of customers in different life stages.
- ◆ Strengthen relationships with existing wealth management customers, identify and provide insurance products that meet customer needs, and increase the percentage of customers holding insurance products and raise awareness of sufficient coverage among customers.
- ◆ Following the rise of fintech, Taishin invests in development and management of digital channels, and provides a wide range of insurance products and enrollment channels for customers.

e. Short-and long-term business development plans

1. Wealth management

(1) Short-term business development plan

- ◆ Apply precision data analysis and integrate resources throughout Taishin Holdings to enable customized marketing and maximize cost effectiveness. Provide customers with tailor-made finance and debt solutions which iturn result in greater satisfaction and higher AUM.
- ◆ Serve the needs of individuals, households, and business owners with consistent financial planning across physical and digital channels; and provide a complete line of wealth management services.
- ◆ Build customer relationships as a local business and assign customers to nearby branches by work address. Observe customers' transactions on a regular basis and change the corresponding branches accordingly.
- ◆ The rise of a new generation makes it necessary to follow changes in younger customers' behaviors, revamp financial services and create a new customer service experience in order to effectively attract younger generations.
- ◆ Combine big data analytics and digital footprint to track the needs of wealth management clients and provide integrated financial planning services.

(2) Long-term business development plan

- ◆ A well established digital banking system is constructed by collecting external data from various sources, improving CRM modeling techniques, and achieving more precise segmentation with an integrated real and virtual platform.
- ◆ Integrate real and virtual channels, including internet banking services, mobile banking services, official websites, customer service centers, ATMs, and branches, to provide a premium financial service experience.
- ◆ Continue to build a stronger team and a wider range of products and instant services; and incorporate premium wealth management membership benefits to create one-stop wealth management services for customers.

2. Retail Banking

(1) Short-term business development plan

- ◆ Adopt customer-oriented thinking, optimize the functionality of online mortgage, auto loan and credit loan applications.
- ◆ Provide timely loan application services through precise analysis of the data of customers' behavior in handling their accounts and the bank via AI technology, combined with loan products and digital channels.
- ◆ Attract consumers of various industries to develop new customer groups and actively promote consumption, target different audiences and consumption patterns and promote suitable credit cards.
- ◆ Target merchants of various sizes and provide them with suitable products, maintain friendly relations with co-brand partners and enhance the business collaborations.

(2) Long-term business development plan

- ◆ Integrating FinTech, continuously develop new products and services to provide customers with the best loan experience to become the number one brand in consumer loans.
- ◆ Continue to expand collaborations with different industries, and increase the customer base through exchanges of resources.
- ◆ The Bank is a leader of micro corporate loans by continued investment in product development, customer analysis, distributor relationship management and enhanced risk management mechanisms.
- ◆ Monitor closely trends in traditional and electronic payment services as well as technology development; and offer safer and more friendly solutions for merchants and cardholders on an ongoing basis to increase the percentage of electronic payments.

3. Digital Banking

(1) Short-term business development plan

- ◆ Introduce new payment modules as ease, fast, and integrated payment solutions for the retail market.
- ◆ Pay+ payment module: provide apps/web pages to perform encryption for linking payment information and tokenization so to enable merchants to turn their own apps into electronic wallets for their members and consumers to make payments by having barcodes on their mobile phones scanned.
- ◆ ONE Code Platform and payment app: help merchants receive and complete payments regardless of the size of business and needs. The technology behind the ONE Code platform offers flexibility and supports merchants' payment apps. The platform is a welcome addition to Taishin's barcode payment services. It is able to optimize the quality of payment systems for large merchants on an ongoing basis while remaining accessible to more small and medium merchants.
- ◆ Conceive, design and collaborate with channels and merchants to develop various digital payment tools electronic gift voucher platform, digitalize the bank's existing services and proceed to develop brand new payment solutions.

(2) Long-term business development plan

- ◆ The bank works with startups to branch out into different industries.

4. Wholesale Banking

(1) Short-term business development plan

- ◆ Implement customer relationship management by segmentation, improve product dimensions, and strengthen relationships with customers.

- ◆ Enforce group-wide limit control to ensure optimal allocation of credit risk among subsidiaries.
- ◆ Expand relationships with securities customers through cash flow services and demand deposit privileges; increase the percentage of customers' demand deposits for lower funding costs.
- ◆ Combine channel resources within the bank; cater to local customers and expand the SME customer base; and focus equally on profitability and quality.
- ◆ Increase the number of branches in China and Asia and build an integrated cross border platform that embodies the policy to serve Taiwanese businesses worldwide and position the bank as a global business.
- ◆ Build the bank's overseas talent pool through regular job rotation, in order to accommodate growing businesses.
- ◆ Support the government's lending policy for SMEs and startups which includes the Asian Silicon Valley project, intelligent machinery, biomedicine, green energy technology, national defense and aerospace, a circular economy, and a new agricultural paradigm, and provide financing for potential businesses, while in the meantime paying close attention to risk control.
- ◆ While the Southeast Asian economies continue to grow, the need for financing infrastructure in the region grows. The government's New Southbound Policy offers benefits for investment and therefore benefits for the bank's operations in Southeast Asia.
- ◆ Offer "Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" in line with the government's policy to assist returning businesses to obtain funds for construction of plants and relevant facilities, purchase of equipment and provide working capital via loans.
- ◆ In support of the government's policy to encourage the return of overseas Taiwanese businesses and stimulate economic growth in Taiwan, the Bank offers "Loan for Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan".

(2) Long-term business development plan

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

5. Financial Market

(1) Short-term business development plan

- ◆ Continue to improve the financial structure, reduce the cost of funds, increase investment returns and transaction margin, and create more sources of regular income.
- ◆ Continue to explore new customer bases while strengthening existing customer relationships; and seek opportunities for wholesale banking, institutional investment, wealth management, and private banking services in domestic and international markets in order to generate more domestic and foreign income.
- ◆ Enforce self audit, develop better internal control systems, and adhere strictly to the compliance rules and other applicable laws and regulations.
- ◆ Recruit and retain talent, build up human capital, provide training, and create a stronger talent database.

(2) Long-term business development plan

- ◆ Continue to develop innovative financial products and services in order to optimize sale process and

platforms and satisfy customers' needs for investment and wealth management to create mutual benefit for the bank and the customer.

- ◆ Implement and promote the use of electronic platforms, and improve the quality and efficiency of products and services.
- ◆ Strengthen market and operational risk management to monitor risks with more precision.

6. Trust Services

(1) Short-term business development plan

- ◆ Retirement trusts designed to help seniors and persons with physical or mental disabilities make plans and achieve wealth accumulation, asset preservation, and retirement security.
- ◆ Continue to find new corporate customers, and seek out customers looking for wholesale money services and employee stock ownership trusts. As the laws are changed and restrictions lifted, eligibility for employee stocks and restricted new shares has been extended. In addition, foreign/Chinese employee investment accounts for domestic TWSE/TPEX listed companies and primary listed companies in Taiwan provide corporate customers a complete range of employee reward planning services.
- ◆ Customers of structured trust services are provided with easy-to-use transactions and electronic services to suit every need. to improve customer service.
- ◆ The employee welfare trust is developed as another trust option for wholesale banking customers and to explore employees' needs for wealth management services.
- ◆ The Bank has developed a digital banking environment with more convenient services such as electronic account opening and transaction services.
- ◆ The Bank advertises heavily the idea of asset allocation to increase product sales and total AUM. Customers are encouraged to use limited order platforms for foreign ETF, foreign stock, and other foreign securities and place orders by number of shares. ETFs following specific sectors will be introduced regularly to help customers respond more quickly to market development.
- ◆ Customers are encouraged to use limited order platforms for foreign ETF, foreign stock, and other foreign securities. A foreign securities investment advisory service is available, and ETFs following specific sectors are introduced regularly to help customers respond more quickly to market development.
- ◆ International premium bank debentures, corporate bonds, and government bonds in various currencies will be offered with information sessions on an ongoing basis to provide more investment services and asset allocation choices for customers who prefer to hold fixed income in their portfolios.
- ◆ The Bank will continue to offer offshore structured investments suited for professional investors and OBU customers as part of the commitment to improve customer service and provide more attractive investment products.
- ◆ Potential customer bases are explored and offered financial publication and information. Investment seminars and promotional events are organized to increase AUM.
- ◆ The Bank, by careful screening, is the first to introduce new products with specific focuses to suit different financial planning and asset allocation needs.
- ◆ A rich variety of online financial information is available for one-stop online financial planning services.
- ◆ The idea of regular fixed-amount investment is matched to investment objectives of customers at various stages of their lives to encourage customers to accumulate wealth, thereby increasing AUM for the Bank.

(2) Long-term business development plan

- ◆ Develop various types of trust services, such as trust planning for retirement care, succession and other specific purposes, in order to increase Taishin Bank's market share and secure a leading position.
- ◆ The bank continues to work with the wholesale banking division, the payroll division, and Taishin Securities to design employee welfare trusts and construct a complete employee welfare trust platform.

Another platform will be constructed at the same time to allow employee welfare trust holders to make investment choices in response to the Labor Pension Plan, now allowing workers to select their own investment options.

- ◆ Continue concerning about change in regulations, so as to develop new trust business.
- ◆ In promoting financial product, it is necessary to periodically review new or revised announced by the government.
- ◆ Continue introducing a diverse range of new products and services intended to deliver consistent returns for investors in bearish markets.
- ◆ Promote asset allocation and regular fixed investment, and aim to increase product sales and total AUM.
- ◆ Track product performance regularly and continue to improve risk indicators to monitor product performance and risks for customers.
- ◆ Continue introducing a variety of new funds or flagship products offered in other countries for high net worth customers; and innovative means of investment to meet the demand for financial planning and investment efficiency.

7. Insurance broker services

(1) Short-term business development plan

- ◆ Provide suitable protection oriented products for customers on an ongoing basis, and introduce a wide range of life insurance products to increase the percentage of customers holding insurance policies in their portfolios.
- ◆ Introduce investment-linked insurance products with innovative structures or guarantees on an ongoing basis to meet different needs for financial planning and protection.
- ◆ Expand the range of insurance products available over the internet, and introduce products with hooks for more effective differentiation marketing.
- ◆ Continue to work with partner insurers in developing a mobile enrollment service that will give customers a digital experience and create a paperless process.

(2) Long-term business development plan

- ◆ Check regularly changes in the competent authority's policies and regulations, and respond promptly to the latest guidelines while promoting new type insurance products and services.
- ◆ Introduce different insurance products and services on an ongoing basis to enable one-stop insurance shopping.

B. Employee

a. Employee information in the recent two years and as of the date of the publication of the annual report.

Feb. 29, 2020 Units: years ; people

Year		2018	2019	Current year as of February 29, 2020
Numbers of employee	Male	2,976	3,006	2,977
	Female	4,558	4,569	4,534
	Total	7,534	7,575	7,511
Average age		38.0	38.1	38.2
Average service years		8.5	8.8	8.9

Shares of education degrees	Doctor	0.07%	0.07%	0.07%
	Master	18.93%	20.17%	20.57%
	College	74.42%	74.35%	74.20%
	Senior high	6.49%	5.33%	5.09%
	Under Senior high	0.09%	0.08%	0.08%
Kinds of professional certificates owned by employees and their numbers	Test for trust business	4,062	4,098	4,084
	Basic test for internal control	4,040	4,080	4,074
	Qualification test for property insurance staffers	3,595	3,562	3,547
	Investment-type insurance policy staffers.	1,751	1,743	1,725
	Life insurance staffers	3,731	3,722	3,693
	Future business staffers	435	414	411
	Securities investment analysis	20	25	25
	Senior securities staffers	440	437	437
	Investment trust and consulting staffers	558	566	564
B-type laws and regulations for investment trust and consulting (including professional ethical code)	1,988	2,010	1,991	

b. Employee training and development

To support continuous business growth, personal training and development has been the consistent insistence of Taishin Group. In 2019, the company's training efforts received the highest level of subsidy from the Ministry of Labor under its "Corporate Talent Improvement Program." The total number of trainees reached more than 379,000 people/attendances and the average annual training hours per person reached more than 79hours. The following talent training measures have been adopted to maintain the organization's competitiveness:

1. Taishin University

Utilize the integration of Taishin University and CTMS training management system, each of the courses offered had been associated to various managerial roles and general roles within the organization, so that every staffer can take advantage of systematic and structured course design and system function to carry out plural learning. The platform features "transparent learning information," "diversified learning channel," "and integrated learning resources." Furthermore, a number of digital banking and language courses were provided in 2019 in support of the trends in fintech and the company's overseas expansion strategies.

2. Talent Inventory Program

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

3. Individual Development Program

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

C. Corporate responsibility and code of ethics

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

a. Charity and welfare

1. "Caring Taiwan" series

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

In 2008, the "Caring Taiwan" Project extended its reach into rice production in Taiwan. To ensure the continuity of Taiwan's agriculture and the population's access to 100% locally grown rice, Taishin Holdings and PayEasy.com created an innovative platform for the production and marketing of Taiwanese rice. The programs "My One Acre of Farm" for corporations and "My Family's One Acre of Farm" for households helped bring Taiwanese rice into households. They not only provided healthy choices for consumers, but generated income for rice farmers, which in turn created more jobs on rice farms in Taiwan. In total, Taishin Holdings purchased more than 160 units and funded close to 80 hectares of paddy field. More than 10,000 clients and employees consumed close to 280,000kg of premium Taiwanese rice. The total investment reached NT\$29.03 million, which benefited rice farmers and provided excellent advertising for Taiwanese rice.

2. Power of Love

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

The rise of social enterprises has also prompted Taishin Bank to invite a number of strategic partners to join the effort. In 2019, social enterprise awards were expanded to include three new areas, agriculture, social welfare, and reablement design. The addition brought greater support for social enterprises. The 9th "Your Ballot Decides the Strength of Love" event received overwhelming response. In addition to charity partners, the event also received donations from Taishin managers, employees, clients, and the general public. The fund contributed more than NT\$34.55 million. A total of 971 organizations benefited from the donations over the nine years. The charity fund has reached a cumulative total of NT\$202.91 million.

In addition to “Your Ballot Decides the Strength of Love”, the Taishin Charity Foundation uses its platform to combine and connect Taishin FHC’s resources and partners interested in offering resources to organize a string of similarly themed events. Such events have included Financial Education Camp, holiday gift boxes in support of charitable causes, Arts for Charity Programs, Power of Love Workshop, Glimmering Project, Charity on Campus Program, and resources matching. Taishin tries to connect opportunities and community resources and match small and medium sized social welfare groups with resources available in the society to become self-dependent.

b. Arts and Culture Development

1. Contemporary art

Taishin Bank donated to establish “Taishin Bank Culture and Art Foundation” in 2001, with the theme of “promoting cultural life quality and strengthening artistic-development environment”. It supports arts as a nonprofit institution, intensifies exchanges between artistic innovation and private industry, and realizes the corporate social responsibility of payback to the society. The Taishin Arts Award was created by the foundation and rewards modern artistic creativity in various fields in Taiwan that demonstrates growth potential and reflects the society and local cultures. 58 winners have received the award and more than NT\$46 million in prize money over 18 years. The award not only commends Taiwanese artists for the professional creations, but also serves as a platform for connecting local creators with the rest of the world.

In addition, Taishin has been using the first floor lobby of Taishin Tower regularly as an exhibition space for contemporary art since 2006. By the end of 2019, a total of 68 arts exhibits have occupied the space. The special website, set up to promote modern art, has received a total of 2.1 million visitors by the end of 2019. The content guides the audience to ponder the phenomenons of modern culture.

2. Public art

The Lunchtime Concerts, which started in 2006, take place 23 to 25 times a year. The concerts welcomed 6,500- 7,000 people a year in the last three years. A total of 333 concerts have taken place so far. Taishin has invested close to NT\$231 million in arts and cultural sponsorships in Taiwan since 2006. The events together attracted 5.72 million participants.

3. Employee arts courses

“Employee arts courses” have been introduced with themes ranging from arts appreciation, theatrical performance, parental activities, to human culture. A total of 16 arts courses were organized in 2019 to a total participant count of 885. These arts courses help Taishin employees develop cultural quality and character, whereas exposure to contemporary arts and aesthetics also inspires creative thinking.

c. Sports sponsorship

Taishin is a long term supporter of sports. It started supporting the Nantou Teenage Karate Team in 2008 (calling upon its customers through PayEasy, one of its affiliates, to join the campaign and raising more than NT\$93 million in small donations/receipts). Its sponsorship for female professional golfers has reached NT\$165 million since 2011. Taishin started sponsoring a wider range of projects, including basketball, baseball, marathons, and gaming, in 2017.

d. Academic exchange

Taishin is always keen to get involved in major academic communities with the hope that through communications and exchanges between industry professionals, government officials, and academics sound development of Taiwan's financial sector and the financial market as a whole can be facilitated. To encourage cross strait exchange between top performing students, we have signed a memorandum of understanding (MOU) with Guanghua School of Management, Peking University and created the "Peking University Crossstrait Academic Fund" in 2012. The two institutions have been arranging academic and practical exchanges on a yearly basis. Taishin works also with National Taiwan University, National Chengchi University and other top universities in Taiwan. The project has successfully invited 65 professors and students from Peking University to engage and share their ideas with their counterparts in Taiwan. "Application trends of artificial intelligence in the finance industry" was a key topic of discussion in 2019. Under the intensive brainstorming and discussion between students, guidance from teachers of the two universities, and contribution of practical experience from Taishin managers, a final report was produced for the researched topic, which makes this program a constructive way of facilitating crossstrait interactions.

Regarding industry-academia cooperation, since 2012, Taishin has been cooperating with universities, technology institutions and vocational schools to design industry-academia cooperation programs that offer students internships and the opportunity to learn and gain practical experience outside school. In 2019, a total of 433 students were recruited into an internship program, and 300 openings were offered. Given the uprise of financial technologies, Taishin has even launched a number of postgraduate internship programs that aimed to explore potential talents in relevant fields such as digital banking, data mining, data analysis and Fintech development.

As part of its commitment to the community and talent development, Taishin offers scholarships and summer internships for National Taiwan University students from financially disadvantaged backgrounds. Furthermore, Taishin teamed up with National Sun Yat-sen University and launched the Financial Innovation Masters Program in 2017.

e. Environmental Protection

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

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

Unit:NT\$1,000; people

Number of People/Amount	Year	
	2019	2018
Number of Employees	6,474	6,368
Average salary	1,233	1,165
Median salary	985	942

E. Information system

a. Major information systems

Item number	System name	Hardware	Software	Name of service
1	NT\$ core system (B@NCS)	◆ HP Superdome2	◆ HP-UX ◆ ORACLE	◆ B@NCS NT\$ application system ◆ B@NCS NT\$ reports system ◆ General ledger
2	ATM front end processor (FEP)	◆ IBM P750	◆ IBM AIX ◆ IBM MQ	◆ ATM front end processor system ◆ Clearing system
3	Integrated database system (ODS)	◆ HP BL870C ◆ HP BL890C	◆ HP-UX ◆ ORACLE	◆ Operational database system(ODS) ◆ Data warehouse(DW/DM)
4	Sales force automation system (SFA)	◆ HP Superdome ◆ Oracle SUN T4-4 ◆ MS Windows	◆ HP-UX ◆ Solaris ◆ Weblogic ◆ ORACLE ◆ MS Windows ◆ MS SQL	◆ Sales force automation system(SFA) ◆ Financial planning system
5	Personal finance (Internet banking)	◆ Oracle SUN T5-2 ◆ X86 Server ◆ IBM S822	◆ Solaris ◆ Weblogic ◆ ORACLE ◆ IBM AIX	◆ NT\$/foreign currency transaction inquiries, funds, trust services, credit cards, insurance, shares
6	Digital banking system	◆ IBM S822 ◆ IBM S814 ◆ X86 Server	◆ IBM AIX ◆ Weblogic ◆ ORACLE	◆ Richart digital banking ◆ E-wallet system ◆ OTP electronic platform ◆ NTD/FCY transaction inquiry, funds, trust services, and credit cards
7	Corporate banking network (B2B)	◆ HP BL680C ◆ IBM P570	◆ MS Windows ◆ IBM AIX ◆ Websphere ◆ ORACLE	◆ Corporate banking portal inquiries, NT\$ / foreign currency transactions, collections (ACH/ convenience stores/post office), realtime batch transfers, gift voucher delivery guarantee, Cash Deposit Machine(coins- acceptable) ◆ NTD/FCY deposit and remittance, collection and payment transfer, wholesale financing, corporate financial planning, broker service, Hong Kong deposit and remittance, and Hong Kong wholesale financing

Item number	System name	Hardware	Software	Name of service
8	Trust Investment Platform system (TIPS)	◆ HP BL620C	◆ MS Windows ◆ MS SQL	◆ A trading system for funds, ETF, offshore structured instruments, offshore bonds, ADR, and preferred shares
9	Credit card merchant acquiring system (NCPS)	◆ IBM S822	◆ IBM AIX ◆ ORACLE	◆ Merchant acquisition of credit card transactions
10	Foreign currency system (WBS)	◆ IBM S922 ◆ IBM S814 ◆ IBM S822 ◆ IBM P6-550 ◆ IBM P5-550	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ Limit control, guarantor and collateral management ◆ Import/export/loans/Deposits/ Remittance ◆ Price negotiation/Media reporting
11	Image process management system (IPMS)	◆ HP RX2800 ◆ HP RP4440 ◆ Oracle T4-1 ◆ Oracle S7-2 ◆ Dell R740 ◆ HP BL620C	◆ Solaris ◆ HP/Unix ◆ Weblogic ◆ SOA ◆ UCM ◆ Linux ◆ Docker	◆ Management of imaged processes such as NTD services (account/remittance/ applications/ account opening/negotiable instruments/KYC/ CIF update/official correspondence), merchant acquiring application, debt collection (attestation letters/ property ownership/household transcript/ overdue documents), retail mortgage/ unsecured credit/ auto loans, case submission app, corporate banking (debt entitlement certificates/scorecards) etc. ◆ Management of credit card application review and other imaging processes
12	Factoring management system (OAEFB)	◆ IBM P710	◆ IBM AIX ◆ Oracle ◆ IBM Websphere	◆ Accounts receivable system
13	Trade finance system (Murex)	◆ Oracle SUN X3-2 ◆ Oracle SUN X5-2	◆ Solaris ◆ Murex ◆ TAS ◆ Oracle ◆ MS SQL	◆ Financial trading (FX and MM) system ◆ Trading risk control system
14	Structured product sales system (SDS)	◆ Dell 2950 Server ◆ X86 Server	◆ MS Windows ◆ Oracle Forms and Reports	◆ DCI/ELI transactions ◆ SI transactions ◆ Spot orders ◆ Gold trading
15	Singapore trade finance system (SGFITAS)	◆ IBM AS/400	◆ IBM OS400 ◆ FITAS	◆ Import/Export/Currency exchange Deposits/Loans
16	Singapore wholesale banking system (SGWBS)	◆ IBM P710	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ CIF, limit control, guarantor and collateral management
17	Mobile office	◆ HP Blade Server ◆ HP X86 Server	◆ MS Windows ◆ VMware	◆ A mobile office based on cloud technology ◆ Software development tools based on cloud technology
18	Japan wholesale banking system (JPWBS)	◆ IBM P720	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ CIF, Limit control, guarantor and collateral management ◆ Import/Export/Loans/Deposits/Remittance ◆ Funding/Spot/Forward/Swap
19	Bankwide anti-money laundering control system (AML)	◆ HP DL380 Server	◆ MS Windows ◆ MS SQL ◆ PATRIOT OFFICER	◆ Anti-money laundering control systems for head office and overseas branches
20	Brisbane wholesale banking system (AUWBS)	◆ IBMP720	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ CIF, Limit control, guarantor and collateral management ◆ Import/Export/Loans/Deposits/Remittance ◆ Funding/Spot/Forward/Swap
21	Hong Kong wholesale banking system (HKWBS)	◆ IBM S814	◆ IBM AIX ◆ Weblogic ◆ Oracle	◆ CIF, limit control, guarantor and collateral management ◆ Import/Export/Loans/Deposits/Remittance
22	Global Digital Banking Network (gB2B)	◆ LENOVO x3650 ◆ LENOVO x86	◆ IBM AIX ◆ Weblogic ◆ Oracle ◆ MS Windows ORACLE	◆ NTD/FCY deposit and remittance, collection and payment transfer, wholesale financing, corporate financial planning, broker service, Hong Kong deposit and remittance, and Hong Kong wholesale financing

b. Future development or installation plan

1. Apply cloud technology to achieve resource integration; and maximize use of IT resources to improve service quality.
2. Upgrade the mail system Exchange and replace old servers.
3. Assist with construction of IT systems for overseas branches - Hong Kong, Vietnam, and Singapore.
4. Proceed with the mobile banking app revamp, and continue to expand the application services for mobile devices.
5. Construct a new generation of wholesale banking website, the global digital banking network, to improve on the quality of online wholesale banking services, respond to market trends, and comply with internal and external IT regulations.
6. Expand the range of mobile banking applications to provide more internet-enabled services on iPhone, iPad, Android and other mobile devices.
7. Improve stability of the personal banking online systems and develop Internet banking microservice frameworks.
8. WBS bank-wide FCY system A++ upgrade - dual network framework and shared folders A-A.
9. Expand introduction of tapeless backup technology to reduce the total cost of backup systems and enhance service capability of systems.
10. Develop the latest generation of the IT environment monitoring system to enable instant alerts, shorten processing of anomalies, and improve system stability.
11. Install automatic application monitoring mechanisms to supervise system performance effectively.
12. Continuous replacement and upgrade of customer service system; implement local and off-site support; improve efficiency and service capability of customer service personnel.
13. Develop the engine for LBPS loan product specifications, optimize integration of IPMS lending processes, and replace the process engine with Activiti. Provide a stable system that ensures business as usual.
14. Replace the WBS bank-wide foreign currency system and improve system performance.
15. Implement new tapeless backup technology to reduce the total cost of backup systems and enhance service capability.
16. The wholesale banking network is extended to include connection by mobile device.
17. Build a new credit card information system with an open structure in anticipation of new types of businesses and technological advancement in the future.
18. Expand use of the personalized real-time computing platform and continue to introduce credit card and NTD transactions, ATM, mobile banking app, Internet banking, and other channels to give customers the best personalized experience across channels.
19. Develop the wholesale e-Banking transaction system and offline smart forms to give customers access to fax transaction services and make the Bank more competitive.
20. Construct an overseas wholesale banking website to improve the quality of services provided by the overseas branches, responding to market trends while complying with internal and external information security regulations.

21. Proceed with the revamp of the credit card and CARDaily apps, and study and develop payment scenarios in everyday environments.
22. Proceed to expand the EAI platform for financial information, and expand the capacity and efficiency for processing electronic messages.
23. Proceed with the Taishin FHC website revamp to make it mobile-ready and reader-friendly.
24. Proceed with the digital banking (Richart) capacity expansion project, and maintain the growth momentum in the business and customer appeal.
25. Develop a new assets and liabilities system and complete Basel III integration.
26. Build a big data platform to provide data storage frameworks suitable for new structured and unstructured data, and improve the company's ability to stay competitive and provide services in the age of big data.

c. Emergent backup and security protection system

1. Implement standardized data management practices and systems in accordance with the Personal Information Protection Act for added protection.
2. Comply with ISO 27001 ISMS standards. Ensure proper protection to data operations and information systems. Prevent incidents such as data corruption, theft, leakage, alteration, abuse, and infringement. Enhance the confidentiality, completeness and usability of stored information.
3. Introduce the use of infiltration tools to scan for network weaknesses.
4. Improve off-site support to accommodate business requirements.
5. Develop an information security action plan, promote each implement plan.
6. Implement Mobile Device Management for enhanced security in accessing business-related information.
7. Build network access control (NAC) for better network access security.
8. Create an ATM white list management system for better ATM security.
9. Taishin Bank assesses computer system security by following the security guidelines on computer systems for financial Institutions in order to improve security of its computer system and website.
10. Install distributed denial-of-service (DDoS) attack prevention mechanisms so that all network traffic will be filtered through DDoS protection to ensure proper functioning of Taishin Bank's network.
11. Install double advanced persistent threat (APT) detection mechanisms that are capable of detecting unknown attacks and preventing hacker attacks on internal trading systems.
12. Install endpoint protection to enable detection of and defense against irregularities as a result of hacker attacks on endpoints.
13. Create an information security management platform and integrate infosec data from across the bank to be analyzed by AI and big data analytics so to detect early potential hacker activities and take countermeasures.
14. Edit the information security disaster handling procedures to provide the Bank with contingency guidelines in the event of an information security disaster, to reduce the impact time and scope of the disaster, and implement information security disaster drills and test the feasibility of the handling procedures.

15. Purchase information security insurance to reduce the losses incurred from information security incidents.
(Transfer risk control)
16. Establish a digital forensic environment and standards to impart basic knowledge, and understand how to collect and preserve digital evidence to strengthen data completeness and availability and improve the ability to analyze incidents, handle incidents, and provide evidence.
17. Introduce two-factor authentication to connect to the production environment, and use two types of authentication methods at the same time to increase the strength of information security.
18. Regularly conduct inventories of IoT devices in accordance with the Regulations on the Use of Internet of Things Devices by Financial Institutions, and establish appropriate control measures and access controls to strengthen the usage management of IoT devices.

F. Labor-management relationship

a. Various employee welfare measures, retirement system and its execution, labor-management agreements, and various employee interest protection measures are listed in the following:

1. Employee Insurance:

- (1) Labor Insurance: The company bears 70% of the insurance premium; employees bear 20%.
- (2) Health Insurance: The company bears 60% of insurance premium; employees bear 30%.
- (3) Group Insurance: Employees are entitled to the coverage of association life insurance, accident insurance, medical and surgery insurance, cancer insurance, and occupational injury insurance, whose premiums are born by the company.
- (4) Travel safety insurance: Employees traveling abroad for company affairs are covered by travel safety insurance, whose premiums are born by the company.

2. Employee Welfares:

- (1) The company has an "Employee Welfare Committee" in place to supervise the execution of welfare-related activities. The company also implements an "Employee Welfare Committee Subsidy Policy" that provides employees with subsidies for various occasions such as wedding, child birth, funeral, hospitalization, festivity, birthday, travel, private associations, and children's education.

In addition to various subsidies provided by employee welfare committee, the company also provides employee stock ownership trust, employees physical examination, long-service incentive, subsidy for self development (including subsidy for studying foreign language and computer and subsidy for professional certificates).

- (2) For employee assistance, the company cooperates with Teacher Chang Foundation in providing "employee daily-life support program" and establishes "care-for-employee mailbox" and "care-for-employee line" for use by employees.
- (3) With regards to employee health management, the company hires occupational health nurses on-site to perform a variety of tasks such as promoting health awareness, hosting seminars, and performing health checkups. In addition, the company has contracted physicians available to provide medical consultation and workplace inspection services.

3. Employee Retirement System

The company has instituted “employee retirement measures” according to which pensions for retirees are repaid according to the labor pension system and related laws/regulations.

4. Annual Leaves

The number of leave days are adjusted according to job grades, and exceed stipulated standards under the law.

5. The authority has taken the following disciplinary actions against the Company and its subsidiaries for results of labor inspections in last year up to the publication date of this annual report:

Company	Action date	Case No.	Article number	Article content	Description
Taishin Bank	2019.03.15	Fu-Shou-Lao-Dong-Zi No. 1080053789	Paragraph 6, Article 30 of the Labor Standards Act	The attendance records kept by some employees showed deviations from the communication records kept by the operating system. Therefore, the Labor Affairs Bureau of Taichung City Government deemed that the company failed to record daily employee attendance down to the minute in accordance with regulations.	A fine of NT\$20,000.
Taishin Bank	2019.12.02	Fu-Shou-Lao-Dong-Zi No. 1080288664	Paragraph 6, Article 30 of the Labor Standards Act	The attendance records kept by employees showed deviations from the logout time of their computers and the time settings at the office security system. Therefore, the Labor Affairs Bureau of Taichung City Government deemed that the company failed to record daily employee attendance down to the minute in accordance with regulations.	A fine of NT\$30,000 and release of name.

6. There is no other important agreement.

b. Specify loss resulting from labor-management disputes in the recent year and as of date of the publication of the annual report and disclose the value of current and possible future loss and countermeasures, as well as reasons for inability to estimate loss.

Thanks to the harmonious labor-management relationship, there has been no loss resulting from labor management dispute in recent years.

G. Important contract

Contract type	Party	Start date/Expiration date	Content	Restrictions
Procurement contract	CyberSoft Digital Services Corp.	2015.06.25 - 2019.12.31	Procurement of credit card information systems	None
Procurement contract	Mercuries Data Systems Ltd.	2015.07.01 - 2021.06.30	Procurement of automated service equipment	None
Procurement contract	Lian An Services Co., Ltd. Anfeng Enterprise Ltd.	2017.01.16 - 2019.12.31	ATM cash security services	None
Procurement contract	IBM Taiwan	2017.05.01 - 2020.04.30	Global Digital Corporate Banking Network Implementation	None
Procurement contract	MiTAC Information Technology Corp.	2017.08.01 - 2019.12.31	Hong Kong Branch and overseas branches universal system gWBS	None
Procurement contract	Acer Inc.	2018.01.01 - 2020.12.31	Microsoft Enterprise Agreement (EA) Large account procurement	None
Procurement contract	CyberSoft Digital Services Corp.	2016.04.01 - 2019.03.31	Outsourcing of credit card information systems and data processing	None
Procurement contract	Mercuries Data Systems Ltd.	2018.07.01 - 2022.06.30	Maintenance of automated service equipment	None

H. Approval of applications for securitized products according to the statute for the securitization of financial assets or the statute for realty securitization in the recent year and related information: For details , refer to the description of the bank's assets securitization business in point six, chapter seven

VI. Financial Information

A. Brief balance sheet and comprehensive income statement in recent five years

Brief Balance Sheet (Single)

Unit: NT\$1,000

Items	Year	Financial analysis for recent five years				
		2015 (restated)	2016	2017	2018	2019
Cash and cash equivalents, due from central bank, and interbank loans		67,467,439	95,474,231	75,984,544	75,309,590	89,284,951
Financial assets at fair value through profit and loss		117,151,300	84,377,363	94,888,085	96,874,012	118,491,900
Financial assets at fair value through other comprehensive income		0	0	0	336,184,472	273,212,640
Debt instruments at amortized cost		0	0	0	3,072,107	131,876,458
Available-for-sale financial assets		290,112,152	301,621,372	306,613,777	0	0
Investment in resale bills and bonds		2,951,852	5,286,859	7,114,843	2,358,754	10,582,727
Receivables - net		90,856,182	99,160,343	106,063,763	116,296,508	121,366,132
Current income tax assets		645,698	528,014	674,454	674,257	674,257
Loans and advances - net		834,625,647	877,369,739	959,689,092	1,018,514,979	1,138,476,030
Held-to-maturity financial assets		0	0	0	0	0
Equity method investments - net		2,085,112	2,083,553	2,213,409	2,882,607	2,967,477
Other financial assets - net		9,470,121	11,127,387	8,366,153	8,347,560	4,744,939
Property, plant, and equipment - net		17,861,834	18,144,670	18,544,488	18,291,218	18,191,920
Right-of-use asset-net		0	0	0	0	2,671,366
Intangible assets - net		1,529,378	1,726,210	1,800,478	1,780,895	1,954,650
Deferred income tax assets - net		3,250,685	2,730,930	2,288,288	3,164,958	2,430,459
Other assets		26,335,185	14,540,215	5,240,371	10,176,554	7,193,358
Total assets		1,464,342,585	1,514,170,886	1,589,481,745	1,693,928,471	1,924,119,264
Central bank and interbank deposits		64,689,878	46,966,461	64,252,429	57,441,338	53,393,057
Central bank and interbank loans		0	0	0	1,536,650	1,505,300
Financial liabilities at fair value through profit and loss		49,883,193	35,424,460	17,259,114	27,099,531	24,578,932
Repurchase bills and bonds		93,484,280	68,974,177	76,621,455	73,654,426	105,587,770
Payables		20,741,461	28,187,912	22,990,803	22,690,446	29,086,994
Current income tax liabilities		314,486	636,309	1,044,221	1,816,812	1,499,397
Deposits and remittances		1,042,220,301	1,113,184,637	1,196,916,733	1,266,563,291	1,439,689,958
Debentures payable		53,000,000	53,000,000	39,700,000	39,700,000	34,800,000
Other financial liabilities		47,180,126	44,114,738	41,148,999	58,610,818	71,800,865
Liability provisions		990,150	1,119,680	1,255,615	1,525,383	1,638,442
Lease liability		0	0	0	0	2,739,424
Deferred income tax liabilities		53,552	125,121	88,190	53,552	82,175
Other liabilities		2,048,640	2,400,744	3,709,567	2,689,330	4,363,552
Total liabilities	Before distribution	1,374,606,067	1,394,134,239	1,464,987,126	1,553,381,577	1,770,765,866
	After distribution	1,381,288,682	1,400,383,648	1,472,396,415	Note1	Note1
Equity attributable to parent company shareholders		89,736,518	120,036,647	124,494,619	140,546,894	153,353,398
Share capital	Before distribution	56,118,710	68,845,983	68,845,983	75,497,712	82,557,118
	After distribution	56,118,710	68,845,983	68,845,983	82,557,118	Note1
Capital reserve		8,698,829	23,974,285	23,974,496	30,246,767	30,249,980
Retained earnings	Before distribution	25,232,822	27,493,301	31,632,229	34,382,105	39,042,711
	After distribution	18,550,207	21,243,892	24,222,940	27,322,699	Note1
Other equity		(313,843)	(276,922)	41,911	420,310	1,503,589
Total equity	Before distribution	89,736,518	120,036,647	124,494,619	140,546,894	153,353,398
	After distribution	83,053,903	113,787,238	117,085,330	140,546,894	Note1
CPA		Peter Tsai	Tza Li Gung	Tza Li Gung	Tza Li Gung	Tza Li Gung
CPA		Tza Li Gung	Qinzheng Yang	Qinzheng Yang	Kwan Chung Lai	Kwan Chung Lai
Type of CPA's auditing report		Standard without reservation	Standard without reservation	Standard without reservation	Standard without reservation	Standard without reservation

Note 1: At the time this annual report was published, the board of directors had yet to convene a meeting to resolve the 2019 earnings appropriation on behalf of shareholders.

Note 2: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

Note 3: At the time this annual report was published, no audited financial data for 2020 were available.

Brief Balance Sheet (Consolidated)

Unit: NT\$1,000

Items	Year	Financial analysis for recent five years				
		2015 (restated)	2016	2017	2018	2019
Cash and cash equivalents, due from central bank, and interbank loans		67,333,755	95,564,241	76,033,902	75,445,497	89,484,792
Financial assets at fair value through profit and loss		117,151,300	84,377,363	94,888,085	96,874,012	118,491,900
Financial assets at fair value through other comprehensive income		0	0	0	336,196,720	273,224,593
Debt instruments at amortized cost		0	0	0	3,081,240	131,888,616
Available-for-sale financial assets		290,112,152	301,621,372	306,613,777	0	0
Investment in resale bills and bonds		2,951,852	5,286,859	7,114,843	2,358,754	10,582,727
Receivables - net		93,843,583	103,755,849	116,117,579	125,228,878	130,453,535
Current income tax assets		654,270	536,714	683,522	682,738	674,306
Loans and advances - net		834,615,345	877,359,379	959,678,741	1,018,505,146	1,138,467,117
Held-to-maturity financial assets		5,110	6,126	6,095	0	0
Equity method investments - net		482,479	504,794	529,105	524,897	549,174
Other financial assets - net		9,573,092	11,430,723	8,408,846	8,350,560	4,744,939
Property, plant, and equipment - net		17,935,313	18,213,805	18,608,671	18,364,845	18,298,721
Right-of-use asset-net		0	0	0	0	2,674,105
Investment property, net		185,854	183,117	180,380	177,643	384,939
Intangible assets - net		1,530,414	1,730,704	1,804,928	1,783,063	1,956,403
Deferred income tax assets - net		3,307,001	2,777,930	2,347,087	3,236,446	2,493,690
Other assets		26,675,272	14,902,193	5,870,434	10,616,375	7,577,474
Total assets		1,466,356,792	1,518,251,169	1,598,885,995	1,701,426,814	1,931,947,031
Central bank and interbank deposits		64,689,878	46,966,461	64,252,429	57,441,338	53,393,057
Central bank and interbank loans		0	0	0	1,536,650	1,505,300
Financial liabilities at fair value through profit and loss		49,883,193	35,424,460	17,259,114	27,099,531	24,578,932
Repurchase bills and bonds		93,484,280	68,974,177	76,621,455	73,654,426	105,587,770
Payables		20,846,823	28,326,140	23,074,625	22,778,148	29,167,445
Current income tax liabilities		319,437	647,435	1,089,847	1,828,225	1,505,934
Deposits and remittances		1,041,190,752	1,112,601,800	1,195,905,814	1,265,550,385	1,438,757,647
Debentures payable		53,000,000	53,000,000	39,700,000	39,700,000	34,800,000
Other financial liabilities		49,618,902	48,109,339	50,929,523	66,499,692	79,940,321
Liability provisions		990,150	1,119,785	1,255,615	1,525,383	1,638,442
Lease liability		0	0	0	0	2,742,065
Deferred income tax liabilities		53,552	125,121	88,190	53,552	82,175
Other liabilities		2,305,123	2,682,820	3,969,802	2,964,203	4,657,411
Total liabilities	Before distribution	2,305,123	2,682,820	1,464,987,126	1,553,381,577	1,770,765,866
	After distribution	1,381,288,682	1,400,383,648	1,472,396,415	Note1	Note1
Equity attributable to parent company shareholders		89,736,518	120,036,647	124,494,619	140,546,894	153,353,398
Share capital	Before distribution	56,118,710	68,845,983	68,845,983	75,497,712	82,557,118
	After distribution	56,118,710	68,845,983	68,845,983	82,557,118	Note1
Capital reserve		8,698,829	23,974,285	23,974,496	30,246,767	30,249,980
Retained earnings	Before distribution	25,232,822	27,493,301	31,632,229	34,382,105	39,042,711
	After distribution	18,550,207	21,243,892	24,222,940	27,322,699	Note1
Other equity		(313,843)	(276,922)	41,911	420,310	1,503,589
Non-Controlling Interest		238,184	236,984	244,962	248,387	237,134
Total equity	Before distribution	89,736,518	120,036,647	124,494,619	140,546,894	153,353,398
	After distribution	83,053,903	113,787,238	117,085,330	140,546,894	Note1
CPA		Peter Tsai	Tza Li Gung	Tza Li Gung	Tza Li Gung	Tza Li Gung
CPA		Tza Li Gung	Qinzheng Yang	Qinzheng Yang	Kwan Chung Lai	Kwan Chung Lai
Type of CPA's auditing report		Standard without reservation	Standard without reservation	Standard without reservation	Standard without reservation	Standard without reservation

Note 1: At the time this annual report was published, the board of directors had yet to convene a meeting to resolve the 2019 earnings appropriation on behalf of shareholders.

Note 2: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

Note 3: At the time this annual report was published, no audited financial data for 2020 were available.

Brief Comprehensive Income Statements (Single)

Unit: NT\$1,000

Year	2015 (restated)	2016	2017	2018	2019
Interest revenues	28,211,330	27,401,213	28,757,626	32,022,638	34,801,465
Interest expenses	(11,070,553)	(10,197,247)	(10,964,692)	(13,721,906)	(16,426,849)
Net interest income	17,140,777	17,203,966	17,792,934	18,300,732	18,374,616
Net Income other than net interest income	15,928,280	14,404,606	14,708,945	15,650,295	18,955,848
Net revenue and gains	33,069,057	31,608,572	32,501,879	33,951,027	37,330,464
(Provisions for) Reversed of bad debts expense, commitments and guarantee liability	(2,500,896)	(3,036,866)	(1,556,546)	(2,915,365)	(2,227,183)
Operating expenses	(17,487,376)	(17,528,778)	(18,700,101)	(19,384,163)	(21,722,373)
Income before income tax	13,080,785	11,042,928	12,245,232	11,651,499	13,380,908
Income tax expense	(1,774,323)	(1,507,302)	(1,694,898)	(1,249,681)	(1,570,766)
Net income from continuing operations	11,306,462	9,535,626	10,550,334	10,401,818	11,810,142
Net Income	11,306,462	9,535,626	10,550,334	10,401,818	11,810,142
Other comprehensive income (net of tax)	(749,173)	(164,691)	156,836	(284,226)	993,149
Total Comprehensive Income	10,557,289	9,370,935	10,707,170	10,117,592	12,803,291
Earnings per share (NT\$)	2.06	1.64	1.53	1.34	1.43

Note1: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

Note2: At the time this annual report was published, no audited financial data for 2020 were available.

Brief Comprehensive Income Statement (Consolidated)

Unit: NT\$1,000

Year	2015 (restated)	2016	2017	2018	2019
Interest revenues	28,405,763	27,769,691	29,419,960	32,773,218	35,420,412
Interest expenses	(11,088,630)	(10,211,298)	(11,016,125)	(13,787,967)	(16,489,432)
Net interest income	17,317,133	17,558,393	18,403,835	18,985,251	18,930,980
Net Income other than net interest income	16,518,263	14,542,534	14,775,347	15,661,927	18,880,447
Net revenue and gains	33,835,396	32,100,927	33,179,182	34,647,178	37,811,427
(Provisions for) Reversed of bad debts expense, commitments and guarantee liability	(2,550,270)	(3,137,392)	(1,842,594)	(3,254,153)	(2,330,111)
Operating expenses	(18,169,027)	(17,880,897)	(19,028,685)	(19,698,213)	(22,058,080)
Income before income tax	13,116,099	11,082,638	12,307,903	11,694,812	13,423,236
Income tax expense	(1,788,145)	(1,533,153)	(1,729,960)	(1,274,501)	(1,604,733)
Net income from continuing operations	11,327,954	9,549,485	10,577,943	10,420,311	11,818,503
Net Income	11,327,954	9,549,485	10,577,943	10,420,311	11,818,503
Other comprehensive income (net of tax)	(748,523)	(163,633)	156,961	(284,108)	993,908
Total Comprehensive Income	10,579,431	9,385,852	10,734,904	10,136,203	12,812,411
Net income attributable to owners of parent	11,306,462	9,535,626	10,550,334	10,401,818	11,810,142
Net income attributable to Non- controlling interests	21,492	13,859	27,609	18,493	8,361
Comprehensive Income attributable to owners of parent	10,557,289	9,370,935	10,707,170	10,117,592	12,803,291
Comprehensive Income attributable to Non- controlling interests	22,142	14,917	27,734	18,611	9,120
Earnings per share (NT\$)	2.06	1.64	1.53	1.34	1.43

Note1: The above financial statements have been prepared according to FSC-recognized International Financial Reporting Standards, international accounting standards and any interpretations thereof.

Note2: At the time this annual report was published, no audited financial data for 2020 were available.

B. Financial analysis for recent five years

Financial analysis (Single)

Items		Year	2015 (restated)	2016	2017	2018	2019
Management ability	Deposit/loan ratio (%)		81.36	80.13	81.37	81.64	80.39
	NPL ratio (%)		0.13	0.26	0.22	0.18	0.17
	Interest income/average outstanding deposit ratio (%)		1.10	0.95	0.95	1.12	1.22
	Interest income/average outstanding loans ratio (%)		3.39	3.15	3.09	3.19	3.18
	Turnover rate of total assets (times)		2.36	2.12	2.09	2.07	2.06
	Revenue per employee (NT\$1,000)		4,654	4,420	4,408	4,506	4,928
	Profit per employee (NT\$1,000)		1,591	1,333	1,431	1,381	1,559
Profit- making capability	Returns on tier 1 capital (%)		15.12	10.47	9.97	8.78	9.16
	Returns on assets (%)		0.81	0.64	0.68	0.63	0.65
	Returns on shareholder's equity (%)		13.16	9.09	8.63	7.85	8.04
	Net Profit rate (%)		34.19	30.17	32.46	30.64	31.64
	Earnings per share (NT\$1)		2.06	1.64	1.53	1.34	1.43
Financial structure	Liabilities/assets ratio (%)		93.87	92.07	92.17	91.70	92.03
	Fixed asset/shareholder's equity ratio (%)		19.90	15.12	14.90	13.01	11.86
Growth rate	Asset growth (%)		9.77	3.40	4.97	6.57	13.59
	Profit growth (%)		(16.80)	(5.09)	10.89	(4.85)	14.84
Cash flow	Cash flow rate (%)		(5.15)	5.99	(4.56)	(10.70)	18.39
	Propriety of cash flow ratio (%)		14.54	38.57	5.17	(91.93)	29.5
	Cash-flow satisfaction ratio (%)		1,497.78	(572.24)	532.67	1,387.02	(3,115.66)
Liquid reserve ratio (%)			24.52	24.77	25.54	25.98	25.27
Secured loans for related parties (NT\$1,000)			8,002,805	7,777,825	8,093,076	8,558,316	8,745,608
Share of outstanding secured loans for related parties in total outstanding loans (%)			0.88	0.81	0.77	0.77	0.71
Business Scale	Market share of asset (%)		3.11	3.07	3.08	3.17	3.43
	Market share of book value (%)		2.72	3.44	3.43	3.63	3.67
	Market share of deposit (%)		2.91	2.98	3.07	3.15	3.39
	Market share of loans (%)		3.13	3.20	3.37	3.39	3.64
Reasons for changes in various: financial ratios in recent two years							
1. Growth rate:							
(1) The higher assets growth is attributed mainly to increases in financial assets.							
(2) The lower profit growth is attributed mainly to the 2019 earnings before tax being lower than the 2020 earnings before tax.							
2. Cash flow: Please refer to explanation of liquidity analysis for recent two years.							

Financial analysis (Consolidated)

Items	Year	2015 (restated)	2016	2017	2018	2019
Management ability	Deposit/loan ratio (%)	81.44	80.17	81.44	81.70	80.44
	NPL ratio (%)	0.13	0.26	0.22	0.18	0.17
	Interest income/average outstanding deposit ratio (%)	1.10	0.95	0.96	1.12	1.22
	Interest income/average outstanding loans ratio (%)	3.41	3.20	3.16	3.27	3.24
	Turnover rate of total assets (times)	2.42	2.11	2.13	2.10	2.08
	Revenue per employee (NT\$1,000)	4,655	4,386	4,384	4,479	4,869
	Profit per employee (NT\$1,000)	1,559	1,305	1,398	1,347	1,522
Profit-making capability	Returns on tier 1 capital (%)	15.00	10.42	9.94	8.74	9.11
	Returns on assets (%)	0.81	0.64	0.68	0.63	0.65
	Returns on shareholder's equity (%)	13.15	9.08	8.63	7.85	8.03
	Net Profit rate (%)	33.48	29.75	31.88	30.08	31.26
	Earnings per share (NT\$1)	2.06	1.64	1.53	1.34	1.43
Financial structure	Liabilities/assets ratio (%)	93.86	92.08	92.20	91.72	92.05
	Fixed asset/shareholder's equity ratio (%)	19.93	15.14	14.92	13.04	11.91
Growth rate	Asset growth (%)	9.84	3.54	5.31	6.41	13.55
	Profit growth (%)	(16.52)	(15.50)	11.06	(4.98)	14.78
Cash flow	Cash flow rate (%)	(5.89)	5.14	(7.36)	(9.51)	17.80
	Propriety of cash flow ratio (%)	4.69	27.92	(20.30)	(115.12)	8.81
	Cash-flow satisfaction ratio (%)	1920.72	(500.32)	905.43	2195.38	(2593.12)
Liquid reserve ratio (%)		24.52	24.77	25.54	25.98	25.27
Secured loans for related parties (NT\$1,000)		8,002,805	7,777,825	8,093,076	8,558,316	8,745,608
Share of outstanding secured loans for related parties in total outstanding loans (%)		0.88	0.81	0.77	0.77	0.71
Business Scale	Market share of asset (%)	-	-	-	-	-
	Market share of book value (%)	-	-	-	-	-
	Market share of deposit (%)	-	-	-	-	-
	Market share of loans (%)	-	-	-	-	-

Reasons for changes in various financial ratios in recent two years

1. Growth rate:

(1) The higher assets growth is attributed mainly to increases in financial assets.

(2) The lower profit growth is attributed mainly to the 2019 earnings before tax being lower than the 2020 earnings before tax.

2. Cash flow: Please refer to explanation of liquidity analysis for recent two years.

Note: The market share is calculated on the basis of all financial institutions capable of handling deposits in Taiwan, therefore the combined operational scale is not calculated.

Calculation formula:

1. Management capability

- (1) Deposit / loan ratio=total deposits / total loans.
- (2) NPL ratio=Total NPL ratio / total loans.
- (3) Ratio of interest outlay in annual average of outstanding deposits=total interest outlay / annual average of outstanding deposits.
- (4) Ratio of interest income in annual average of outstanding loans=Total interest income / annual average of outstanding loans.
- (5) Turnover rate of assets=Net revenue/total assets value.
- (6) Revenue per employee =net revenue/total number of employees.
- (7) Profit per employee=After-tax net profit/total number of employees.

2. Profit-making capability

- (1) Returns on Tier1 capital=pre-tax income/average value of Tier1 capital.
- (2) Returns on assets=after-tax income/average value of assets.
- (3) Returns on shareholders' equity=after-tax income/average value of net shareholders' equity.
- (4) Net profit rate=after-tax income/net revenue.
- (5) Earnings per share=(after-tax net profit-dividend for preferred shares) weighted average of issued shares.

3. Financial structure

- (1) Ratio of liabilities in assets=total liabilities/total assets.
- (2) Ratio of fixed assets in book value=net value of fixed assets/net shareholders' equity.

4. Growth rate

- (1) Assets growth rate= (total assets in current year-total assets in previous year)/total assets in previous year.
- (2) Profit growth= (Pre-tax income in current year-pre-tax income in previous year)/pre-tax income in previous year.

5. Cash flow

- (1) Cash flow ratio=net cash flow for business activities/(call loans and overdraft of bank and peers + promissory notes payable + financial liabilities from change in fair value + liabilities of repot bills and bonds + accounts payable due in one year).
- (2) Propriety ratio of net cash flow=net cash flow for business activities in recent five years/(capital outlay +cash dividend) in recent five years.
- (3) Satisfactory rate for cash flow=net cash flow for business activities/net cash flow for investments.

6. Liquid reserves ratio=liquid assets required by the Central Bank of China/required liquid reserves for various liabilities

7. Analysis of business scale

- (1) Market share of assets=total assets/total assets of financial institutions capable of undertaking deposit/loan business.
- (2) Market share of book value=book value/total book value of financial institutions capable of undertaking deposit/ loan business.
- (3) Market share of deposits=total deposits/total deposits of financial institutions capable of undertaking deposit/ loan business.
- (4) Market share of loans=total loans/total loans of financial institutions capable of undertaking deposit/loan business.

BIS Ratio (Single)–Basel III

Unit: NT\$million

Items		Year	2015 (restated)	2016	2017	2018	2019	
Eligible Capital	Common shares equity		84,258	95,433	100,313	115,933	128,252	
	Other Tier I		6,057	25,144	24,864	24,330	23,676	
	Tier II capital		43,231	40,443	38,141	36,719	36,712	
	Eligible Capital		133,546	161,020	163,318	176,982	188,640	
Weighted risk assets	Credit risk	Standard approach	979,839	1,037,488	1,037,691	1,085,372	1,192,565	
		Internal evaluation approach	-	-	-	-	-	
		Securitized assets	379	153	-	-	122	
	Operating risk	Basic indicator approach	-	-	-	-	-	
		Standard approach/selective standard approach	50,386	52,386	53,327	54,509	58,514	
		Advanced measurement approach	-	-	-	-	-	
	Market risk	Standard approach	38,971	42,767	56,487	62,286	58,647	
		Internal model approach	-	-	-	-	-	
	Total weighted risk assets			1,069,575	1,132,793	1,147,505	1,202,167	1,309,848
	BIS ratio			12.49%	14.21%	14.23%	14.72%	14.40%
Ratio of tier I capital in risk weighted assets			8.44%	10.64%	10.91%	11.67%	11.60%	
Ratio of common shares in total assets			7.88%	8.42%	8.74%	9.64%	9.79%	
Leverage Ratio			5.66%	7.34%	7.20%	7.59%	7.38%	

1. Eligible capital = Common shares equity + other tier 1 + tier II capital
2. Total weighted risk assets = weighted credit-risk assets + capital provisions for (operating risk + market risk) x 12.5
3. BIS ratio = Eligible capital/total weighted risk assets
4. Ratio of tier I capital in risk assets = (Common shares equity + Other Tier1) / total weighted risk assets
5. Ratio of Common shares equity in risk assets = common-share equity capital / total weighted risk assets
6. Leverage Ratio = tier I capital / total risk exposure

BIS Ratio (Consolidated)–Basel III

Unit: NT\$million

Items		Year	2015 (restated)	2016	2017	2018	2019	
Eligible Capital	Common shares equity		84,831	96,005	100,921	116,712	128,801	
	Other Tier I		6,406	25,484	25,231	24,863	24,227	
	Tier II capital		43,930	41,124	38,876	37,786	37,814	
	Eligible Capital		135,167	162,613	165,028	179,361	190,842	
Weighted risk assets	Credit risk	Standard approach	982,034	1,040,903	1,045,875	1,092,745	1,200,558	
		Internal evaluation approach	-	-	-	-	-	
		Securitized assets	379	153	-	-	122	
	Operating risk	Basic indicator approach	-	-	-	-	-	
		Standard approach/selective standard approach	50,386	52,386	53,327	55,656	59,594	
		Advanced measurement approach	-	-	-	-	-	
	Market risk	Standard approach	38,971	42,767	56,487	62,286	58,647	
		Internal model approach	-	-	-	-	-	
	Total weighted risk assets			1,071,770	1,136,208	1,155,689	1,210,688	1,318,921
	BIS ratio			12.61%	14.31%	14.28%	14.81%	14.47%
Ratio of tier I capital in risk weighted assets			8.51%	10.69%	10.92%	11.69%	11.60%	
Ratio of common shares in total assets			7.92%	8.45%	8.73%	9.64%	9.77%	
Leverage Ratio			5.71%	7.37%	7.21%	7.63%	7.40%	

1. Eligible capital = Common shares equity + other tier 1 + tier II capital
2. Total weighted risk assets = weighted credit-risk assets + capital provisions for (operating risk + market risk) x 12.5
3. BIS ratio = Eligible capital/total weighted risk assets
4. Ratio of tier I capital in risk assets = (Common shares equity + Other Tier1) / total weighted risk assets
5. Ratio of Common shares equity in risk assets = common-share equity capital / total weighted risk assets
6. Leverage Ratio = tier I capital / total risk exposure

C. Inspection report on the financial statement of the latest year by

Taishin International Bank co., Ltd Supervisors' Audit Report

April 30, 2020

The Bank's 2019 business report, financial statements and earnings distribution have been approved by the board of directors. The financial statements have been audited by CPAs Tza Li Gung and Kwan Chung Lai of Deloitte Taiwan, which they considered to present a fair view of the bank's 2019 financial performance, cash flows, and financial position as at December 31, 2019.

The supervisors have audited the aforementioned items according to Articles 219 and 228 of the Company Act, and found no inconsistencies.

To Shareholder's Meeting of Taishin International Bank:

Standing supervisor Yang-Tzong ,Tsai



Supervisor Chih-Shang ,Kao



Supervisor Chia-Chung, Cheng



D. Financial statement of the latest year: Refer to appendix 1.

E. Consolidated financial statements of the latest year audited by CPAs: Refer to appendix 2.

F. Should there occur financial insolvency of the bank and its affiliates in the recent year and as of the date of the publication of the annual report, specify its effect on the bank's finance: None.

VII. Review and Analysis of Financial Conditions, Financial Performance, and Risk Management

A. Financial status

Main reasons for major changes in assets, liabilities, shareholders' equity in recent two years and their effects

Unit: NT\$1,000

Items	Year	2018.12.31	2019.12.31	change	
					%
Assets					
Cash and cash equivalents		19,433,678	21,867,672	2,433,994	12.52
Due from central bank and interbank loans		55,875,912	67,417,279	11,541,367	20.66
Financial assets at fair value through profit and loss		96,874,012	118,491,900	21,617,888	22.32
Financial assets at fair value through other comprehensive income		336,184,472	273,212,640	(62,971,832)	(18.73)
Debt instruments at amortized cost		3,072,107	131,876,458	128,804,351	4192.70
Investment in resale bills and bonds		2,358,754	10,582,727	8,223,973	348.66
Receivables - net		116,296,508	121,366,132	5,069,624	4.36
Current income tax assets		674,257	674,257	0	0.00
Loans and advances - net		1,018,514,979	1,138,476,030	119,961,051	11.78
Available-for-sale financial assets - net		0	0	0	0.00
Equity method investments - net		2,882,607	2,967,477	84,870	2.94
Other financial assets		8,347,560	4,744,939	(3,602,621)	(43.16)
Property, plant, and equipment		18,291,218	18,191,920	(99,298)	(0.54)
Right-of-use asset-net		0	2,671,366	2,671,366	-
Intangible assets		1,780,895	1,954,650	173,755	9.76
Deferred income tax assets		3,164,958	2,430,459	(734,499)	(23.21)
Other assets		10,176,554	7,193,358	(2,983,196)	(29.31)
Total assets		1,693,928,471	1,924,119,264	230,190,793	13.59
Liabilities					
Central bank and interbank deposits		57,441,338	53,393,057	(4,048,281)	(7.05)
Central bank and interbank loans		1,536,650	1,505,300	(31,350)	(2.04)
Financial liabilities at fair value through profit and loss		27,099,531	24,578,932	(2,520,599)	(9.30)
Repurchase bills and bonds		73,654,426	105,587,770	31,933,344	43.36
Payables		22,690,446	29,086,994	6,396,548	28.19
Current income tax liabilities		1,816,812	1,499,397	(317,415)	(17.47)
Deposits and remittances		1,266,563,291	1,439,689,958	173,126,667	13.67
Debentures payable		39,700,000	34,800,000	(4,900,000)	(12.34)
Other financial liabilities		58,610,818	71,800,865	13,190,047	22.50
Liability provisions		1,525,383	1,638,442	113,059	7.41
Lease liability		0	2,739,424	2,739,424	-
Deferred income tax liabilities		53,552	82,175	28,623	53.45
Other liabilities		2,689,330	4,363,552	1,674,222	62.25
Total liabilities		1,553,381,577	1,770,765,866	217,384,289	13.99
Share capital		75,497,712	82,557,118	7,059,406	9.35
Capital reserve		30,246,767	30,249,980	3,213	0.01
Retained earnings		34,382,105	39,042,711	4,660,606	13.56
Other equity		420,310	1,503,589	1,083,279	257.73
Total equity		140,546,894	153,353,398	12,806,504	9.11

Gap analysis:

1. The increase in CBC deposits and interbank borrowing was mainly attributed to an increase in interbank lending.
2. The increase in financial assets at fair value through profit and loss was mainly attributed to an increase in short-term note investments.
3. The increase in debt instruments at amortized cost was mainly attributed to an increase in short-term note investments.
4. The increase in repurchase bill and bond investments was mainly attributed to an increase in repurchase bills and bonds.
5. The decrease in other assets was mainly attributed to a decrease in interbank deposits.
6. Right-of-use assets consists mainly of leases classified as finance leases under IAS 17.
7. The decrease in deferred income tax assets was mainly attributed to a decrease in the allowance for bad debt.
8. The decrease in other assets was mainly attributed to a decrease in guarantee deposits.
9. The increase in repurchase bills and bonds was mainly attributed to an increase in short-term note investments.
10. The increase in accounts receivable was mainly attributed to an increase in accounts and bills payable.
11. The increase in other financial liabilities was mainly attributed to additional principal collected on structured instruments.
12. Lease liabilities consist mainly of leases classified as finance leases under IAS 17.
13. The increase in deferred income tax liabilities was mainly attributed to changes in unrealized gains on financial assets at fair value through other comprehensive income.
14. The increase in other liabilities was mainly attributed to an increase in guarantee deposits.
15. The increase in other equity was attributed mainly to an increase in unrealized gains and losses on debt instruments.

B. Management outcome

Main reasons for major changes in interest income and pre-tax net profit in recent years, business goal and basis, their possible effect on the bank's future finance, and countermeasures:

Unit: NT\$1,000

Items	Year	2018	2019	change	
					%
Net interest revenue		18,300,732	18,374,616	73,884	0.40
Interest income		32,022,638	34,801,465	2,778,827	8.68
Interest expenses		(13,721,906)	(16,426,849)	(2,704,943)	19.71
Non-interest net revenue		15,650,295	18,955,848	3,305,553	21.12
Net fees and commissions		10,753,647	11,457,616	703,969	6.55
Financial assets and liabilities at fair value through profit and loss		2,572,701	6,034,147	3,461,446	134.55
Realized gains on available-for-sale financial assets		0	0	0	0.00
Realized gains on financial assets at fair value through other comprehensive income		371,234	737,249	366,015	98.59
Share of profits and losses on equity method subsidiaries, associated companies and joint ventures		120,015	209,234	89,219	74.34
Exchange gains and losses		1,356,002	255,022	(1,100,980)	(81.19)
Asset impairment losses		(1,601)	(18,965)	(17,364)	1084.57
Other non-interest net gains and losses		478,297	281,545	(196,752)	(41.14)
Bad loan expenses, commitments, and guarantee provisions (deposit)		(2,915,365)	(2,227,183)	688,182	(23.61)
Reversal gains					
Operating expenses		(19,384,163)	(21,722,373)	(2,338,210)	12.06
Net profit before tax		11,651,499	13,380,908	1,729,409	14.84
Income tax (expense) benefit		(1,249,681)	(1,570,766)	(321,085)	25.69
Current net profit (loss)		10,401,818	11,810,142	1,408,324	13.54

Gap analysis:

1. Gains on financial assets and liabilities at fair value through profit and loss are the result of gains on disposal of bonds in the current period.
2. Realized gains on financial assets and liabilities at fair value through other comprehensive income are the result of gains on disposal of bonds in the current period.
3. The increase in share of profits and losses on equity method subsidiaries and associated companies was mainly the result of increased profits recognized from Taishin D.A. Finance.
4. The decrease in gains on exchange was attributed mainly to a decrease in gains on exchange for derivative instruments.
5. The increase in asset impairment losses was attributed mainly to an increase in financial asset impairment losses.
6. The decrease in other non-interest net gains and losses was attributed mainly to a decrease in income from disposal of non-performing loans and an increase in compensation for damages.
7. Decreases in bad loan expenses, promises, and guarantee provisions were mainly attributed to decreases in bad loan provisions.
8. The increase in income tax expenses was attributed mainly to recognition of deferred income tax expenses.

C. Cash flow

Liquidity Analysis for the Recent Two Years

Unit: %

Items	Year	2018	2019	Change
Cash flow ratio	(	10.70)	18.39	(271.82)
Propriety ratio for cash flow	(	91.93)	29.50	(132.09)
Satisfaction ratio for cash flow		1,387.02	(3,115.66)	(324.63)

1. A different cash flow ratio was mainly attributed to net cash inflow from current operating activities.
2. A lower cash flow adequacy ratio was mainly attributed to falling net cash outflows from operating activities over the last five years.
3. A different cash flow coverage ratio was mainly attributed to net cash outflow from current operating activities.

Cash Flow Analysis for the Coming One Year

Unit: NT\$1,000

Cash balance at the start of the period A	Forecast net cash flow from business activities for the entire year B	Anticipated cash influx for the entire year C	Value of anticipated cash surplus (shortfall) A+B+C	Remedies for anticipated cash shortfall	
				Investment plan	Funding plan
51,626	(10,172)	(6,374)	35,080	-	-

The company expects that increased deposits resulting from the rollout of new deposit products and cash inflow deriving from steady profit growth in the coming year will be sufficient to fund new loans and investment for new equipment. Therefore, there will be no cash shortfall.

D. The effect of major capital outlays in the recent year on finance

Major Capital Outlays and Funding Sources

Unit: NT\$1,000

Plan items	Actual or planned funding sources	Actual or planned completion dates	Total funds needed	Actual or anticipated fund utilization					
				2016	2017	2018	2019	2020	
Buildings	Own fund	2016	36,831	36,831					
		2017	3,825		3,825				
		2018	10,776			10,776			
		2019	11,840				11,840		
		2020	52,023						52,023
Machinery equipment	Own fund	2016	852,401	852,401					
		2017	1,057,145		1,057,145				
		2018	477,463			477,463			
		2019	600,612				600,612		
		2020	835,519						835,519
Transportation Equipment & Miscellaneous Equipment	Own fund	2016	33,761	33,761					
		2017	31,792		31,792				
		2018	41,051			41,051			
		2019	57,026				57,026		
		2020	65,214						65,214
Leased assets	Own fund	2016	29,752	29,752					
		2017	17,153		17,153				
		2018	14,849			14,849			
		2019	62,594				32,594		
		2020	223,924						223,924

Note: In 2020, in response to the business expansion, Taishin Bank installed domestic and foreign systems, upgraded systems, and purchased equipment, so as to enhance its information operating environment, provide diversified products to increase customer retention, and increase service quality.

E. Long-term investment policy in the recent year, main reasons for their profit or loss, improvement plan, and investment plans for the coming year

Long-term investment policy and plan of Taishin Bank is being managed by the parent company Taishin Holdings, in line with the stipulation of article 36, Financial Holdings Company Law, Taishin Bank is a subsidiary of Taishin Holdings. Article 36 of Financial Holding Company Law stipulates that “Without approval, financial holding companies and affiliates under their direct or indirect control cannot carry out applied investments, except in various financial businesses according to related laws.” Consequently, the bank follows article 74 of the Banking Law in its equity-investment policy and plan. The bank performed well in investments in 2019.

F. Analysis and evaluation of risk management

a. A Series of Qualitative and Quantitative Requirements for Risk Management:

1. Credit Risk Management System and Accrued Capital

2019 Credit Risk Management System

Items	Contents
1. Credit Risk Management Strategy, goal, policy, and Process	<p>Credit Risk Management aims at protecting the interests of shareholders by maximizing profits under reasonable risk appetite. As the basis for adjustments in credit policy and collection policy, changes in net cash flow are regularly monitored to catch the trend in asset qualities.</p> <p>Under the prerequisite to comply with laws and regulations, credit risk management, follows pre-determined business goals, should adopt the following strategies:</p> <ul style="list-style-type: none"> • To emphasize cash flow as the main source of payments while earning appropriate returns on risk for credit extension; • To strengthen credit risk measurement, monitoring and management via various systems, analytical tools and monitoring reports • To review and adjust credit monitoring methodology and tolerance limits according to the movements of the macro economic situation, the international financial market and so on.
2. Credit Risk Management Organization and Structure	<p>In addition to the credit management units under Retail and Wholesale Banking Groups, there is an independent credit risk management unit to coordinate and facilitate the credit portfolio management for the whole bank.</p> <p>Retail Banking Credit Division is in charge of the setting and management of credit policy for Retail Banking Group. Retail Banking Credit Division evaluate and review cases based on the credit policy. Retail Banking Non-Performing Asset Recovery Division is responsible for collection and management of delinquent cases. Retail Banking Credit Division and other Retail business units are parallel units within organization.</p> <p>Wholesale Credit Administration Division is the credit risk management unit for Wholesale Banking Group. It consists of credit administration, credit risk management and special asset management departments. Credit administration department is responsible for the establishment of internal credit rating system, the monitoring of credit risk positions and diversification status, the planning of management measurement, the appraisal of real estate, planning and recheck of loan reviews and examinations, and etc. Credit risk management departments are responsible for loan evaluation and credit extension. Special asset management department is responsible for collection and management of delinquent cases and bad loans, provisioning assessment and loan asset measurement.</p> <p>Authorized units within the Financial Markets Division submit proposals on yearly credit risk limits for certain trading position. Units responsible for risk management evaluate the portfolio or the organization/unit, the yearly budget and the expected loss for the overall credit risk according to management needs, and the purpose of holding such positions, in order to set the financial trading credit risk limit.</p> <p>The trading unit shall be responsible for monitoring the credit history of the position it manages. However, where the RM is the first to learn of cases of default, the RM shall immediately alert all aforementioned units, and the trading unit shall dispose of the said position in a timely manner. Where cases of default are established, the debt shall be transferred or entrusted to debt collection units, in accordance with regulations governing non-performing credit portfolios.</p> <p>Applications for approval and fund limits for a trading counterparty shall be made by a sales unit with the appropriate credit information for review. The sales unit shall follow the credit approval procedure.</p> <p>The trading credit risk monitoring unit shall be responsible for the daily monitoring of financial trading credit risk. The credit risk management unit shall be responsible for conducting stress testing and estimate losses for the aggregated position held by TMU customers, as well as the currencies involved in the aggregated position.</p>

3. Scope and features of credit risk report and evaluation system	<p>For Retail Banking Group, setting appropriate credit policy based on business goals, by utilizing Application Scoring System, Behavior Scoring System, Collection/Recovery Scoring System, and Credit Bureau Scoring System and applying multi-dimension risk grading on customers. Coupled with product profit models, customers are grouped into test and champion according to various credit criteria as to strike the best balance between risk and profits. Asset qualities and the characteristics of defaults are analyzed regularly to adjust risk management indicators and achieve the business goals.</p> <p>For Wholesale Banking Group, internal rating system is used for measurement and management of credit risk. All cases should be rated during application, and tracked and reviewed afterwards. The internal rating system has two dimensions, Obligor Risk Rating (ORR) and Facility Risk Rating (FRR). ORR applies statistical model and scorecards. FRR analyzes collaterals, claim seniority and product types for limit settings. Internal rating system is re-assessed every year to test its stability and performance. Migration analysis and scenario analysis are also conducted under stress testing framework.</p> <p>Financial Markets Division: For the principles for the evaluation and management of the credit risk of the traded position, internal credit rating principles shall be the basis for the principles for credit ratings. If no internal credit rating exists, the corresponding internal credit ratings determined by the long-term credit rating of credit rating agencies may be adopted. The trading unit shall strictly adhere to relevant risk management regulations and various regulations regarding the control of annual risk limits approved by the board of directors. The investment unit shall conduct evaluations prior to the investment and manage such investments afterwards, and the various risk limits shall be implemented in accordance with relevant regulations.</p> <p>Assessment of the credit risk of counterparties for financial products utilizes internal model approaches with current exposure methods. The credit risk management unit shall be responsible for conducting stress testing and estimate losses for the aggregated position held by TMU customers and the currencies involved in the aggregated position, and report the results to the TMU securities committee each month.</p>
4. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations.	<p>Taking collaterals is the main credit risk mitigation technique. Collaterals include real estate, chattels, and securities. Each of them has its own appraisal method and period.</p> <p>The continuing effectiveness of hedges/mitigations is monitored by applying the internal credit rating system, credit portfolio management and review, plus credit exposures diversification and credit limit setting. Strategies and processes for hedging and/or mitigating risk are reviewed and adjusted according to changes in factors such as macro economy or financial regime.</p>
5. Regulatory Capital Requirement Methodology	Standardized Approach

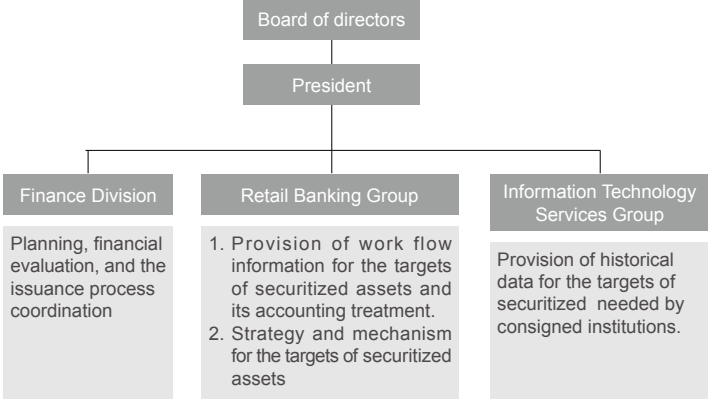
Credit Risk Exposure and Capital Requirement after Mitigation on Standardized Method

Dec. 31, 2019 Unit: NT\$1,000

Type of Risk Exposure	Risk Exposure after Mitigation	Capital Requirement
Sovereigns	328,855,626	31,701
Non-central government public sector entities	0	0
Banks (including multilateral development bank)	167,516,765	5,914,623
Corporate	559,782,650	42,606,782
Retails	455,008,415	29,646,148
Residential properties	289,059,582	13,837,241
Equities	3,151,070	252,086
Other Assets	46,958,027	2,776,110
Total	1,850,332,135	95,064,691

2. Risk management system for securitized assets, risk exposure, and capital requirement

2019 Risk Management System for Securitized Assets

Items	Contents
1. Strategy and Process for Securitized Assets	<p>1. Strategy for Securitized Assets The bank's assets securitization business aims to achieve optimal deployment of the bank's assets and liabilities, as well as diversify assets and risks.</p> <p>2. Process for Securitized Assets The bank's financial management division first analyzes the deployment status of the bank's assets and liabilities, before putting forth proposal for the securitization business according to the direction of the bank's management strategy (including execution costs and benefits) for resolution by the board of directors. (note) Securitized assets of non-originating bank are managed according to market risk management policy. In the enforcement of management flow, various business units should obtain approval and quota before trading, while independent management units evaluate the income of existing positions daily for regularly reporting the income and exposure status of the positions to executives.</p>
2. Management Organization and Structure for Securitized Assets	 <pre> graph TD Board[Board of directors] --> President[President] President --> Finance[Finance Division] President --> Retail[Retail Banking Group] President --> IT[Information Technology Services Group] Finance --- FinanceDesc[Planning, financial evaluation, and the issuance process coordination] Retail --- RetailDesc["1. Provision of work flow information for the targets of securitized assets and its accounting treatment. 2. Strategy and mechanism for the targets of securitized assets"] IT --- ITDesc[Provision of historical data for the targets of securitized needed by consigned institutions.] </pre>
3. Scope and features of report on risk of securitized assets and evaluation system	<p>Contents of regular risk management report include:</p> <ol style="list-style-type: none"> Detailed information in kind, value, credit rating, and evaluation of investment beneficiary certificates and assets-backed securities Trust report and report of custodian institution (should it exist) Performance of securitized assets
4. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations.	<p>Consider industrial concentration, economic cycle risk, and effective capital utilization of risk assets in undertaking assets securitization business and carry out random review of cost-effectiveness, so as to determine proper timing for continuing the securitization business.</p>
5. Regulatory Capital Requirement Methodology	Standardized Approach

Risk exposure and required capital relating to asset securitization - by transaction type

Dec. 31, 2019 Unit: NT\$1,000

Exposure type	Bank role	Book type	Type of assets	Conventional			Capital requirement (2)	Synthetic		Total		
				Exposure				Exposure Retained or acquired (3)	Capital requirement (4)	Exposure (5)= (1)+(3)	Capital requirement (6)= (2)+(4)	Capital requirement before securitization
				Retained or acquired	Liquidity facility	Credit enhancement							Subtotal (1)
Non-Originating bank		Banking book	Mortgage backed securities	612,327			612,327	9,797		612,327	9,797	
		Trading book										
		Sub-total										
Originating bank		Banking book										
		Trading book										
		Sub-total										
Total				612,327			612,327	9,797		612,327	9,797	

Instructions:

- "Asset Table Category" can be the type of securities issued (e.g. credit card, net worth mortgage, and auto loan) or the type of securities investment (e.g. mortgage backed securities, commercial mortgage backed securities, asset backed securities, and secured debt).
- Exposure on the banking book should be included in the exposure after risk mitigation.
"Supply of liquidity facilities" should include allocated and unallocated exposures.

Information on Securitized Products

(1) Summarized Information on Investment in Securitized Products

Dec 31, 2019 Unit: NT\$1,000

Items	Listed accounting items	Original cost A	Evaluated accumulated income B	Accumulated reduction C	Value on book D=A-(B+C)
1	No investment in securitization products	610,368	569		610,937
Total		610,368	569		610,937

Note 1: This table contains domestic and foreign securitized products, which are registered according to the following categories and listed accounting items:

- Mortgage-backed securities (MBS): including beneficiary certificate for securitized claims on housing-mortgaged loans or asset-backed securities (RMBS) beneficiary certificates for securitized claims on commercial property-mortgaged loans or asset-backed securitized (CMBS), collateralized mortgage obligation (CMO), and other realty-mortgage securities.
- Beneficiary certificates or asset-backed securities (ABS): including beneficiary certificates for corporate-loan claims or asset-backed securitized (collateralized loan, obligation, or CLO) beneficiary certificates for securitized bond assets or asset-backed securities (collateralized bond obligation, or CBO) beneficiary certificates for securitized claims on creditcard debts or asset-backed securities, beneficiary certificates by securitized claims on auto loans or asset-backed securities, beneficiary certificates for securitized claims on consumption loans/cash-card debts or asset-backed securities, beneficiary certificates for securitized leasing claims or assets-backed securities, and other securitized beneficiary certificates or asset-backed securities.
- (ABCP) Short-term beneficiary certificates or short-term asset-backed securities (asset-backed commercial paper)
- Collateralized debt obligation (CDO).
- Realty securitization: It refers to real estate asset trust (REAT).
- Bills and bonds issued as structured investment vehicles (SIV).
- Other securitized products.

Note 2: The table includes beneficiary certificates of asset-backed securities held by the bank with the bank serving as an originating institution.

(2) Mandatory information disclosure for investment in securitized products with original cost exceeding NT\$300 million. (excluding those held for credit enhancement with the bank serving as an originator) : None.

Name of securities (Note 2)	Accounting item in the ledger	Currency	Issuer and its location	Purchase date	Maturity date	Coupon rate	Credit rating (Note 3)	Methods of interest payment/ return of principal-	Original cost	Accumulated valuation gains	Accumulated impairment	Carrying amount	Attachment point (Note 4)	Asset pool content (Note 5)
GNR 2016-118 AP	Financial assets at fair value through other	USD	GOVERNMENT NATIONAL MORTGAGE ASSOCIATION/ USA	2019/11/25	2045/9/1	Fixed 2.75%	Moody's Aaa S&P AA+ Fitch AAA	Interest payment every month and early return of principal every month	610,368.22	569	0	610,937	-	Ginnie Mae-guaranteed mortgage loans, carrying amount in original currency = USD 20,273,972.67, number of transactions: 4 Pools

Note 1: The Statement contains domestic and foreign securitized products.

Note 2: For the same securitized product that is issued in different tranches, the full names shall be inputted respectively.

Note 3: Please input the result of the latest credit rating.

Note 4: Attachment point refers to the ratio of the total amount of securities issued in the tranche with debt holders' order of priority for the distribution of earnings and assets subordinate to that of the Bank to the total issue amount of such securitized product. For instance, the Bank purchases securities A of a collateralized debt obligation (CDO). The debt holders of such CDO, whose order of priority for the distribution of earnings and assets is subordinate to that of debt holders of securities A, are holding securities BBB and equity tranches. If the issue amount of securities BBB and equity tranche accounts for 12% of total issue amount of such CDO, the attachment point of securities A is 12%.

* Mortgage loans in the foreign currency asset pool are all guaranteed by agencies (equivalent to the US government), so there is no attachment point.

Note 5: Asset pool refers to the pool of assets of the Originator entrusted to a trustee or transferred to a SPC. Please input asset category in the asset pool (mark first-lien or subordinated), detail, carrying amount in the original currency, and number of transactions.

(3) Mandatory information disclosure for position of securitized products held by the bank for credit enhancement with the bank serving as an originator: None.

(4) Mandatory information disclosure for the bank serving as buyer or position-squaring buyer of securitized assets with impaired credit: None.

(5) Mandatory information disclosure for the bank serving as guarantor for securitized products or liquid credit line provided by the bank: None.

3. Operational risk management system and capital requirement

2019 Operational Risk Management System

Items	Contents
1. Operational Risk Management Strategy and Process	Taishin Bank got the approval of FSC for the Standardized Approach in 2007. So far, we have developed systems and processes to comprehensively identify, monitor, measure, mitigate, manage and report operational risks.
2. Operational Risk Management Organization and Structure	Taishin Bank has set up a operating-risk management framework including the following tools and mechanisms: 1. Loss Event Database (LED) All business and support units are required to report any loss events into the LED system in a timely, accurate manner and to take remedial actions, where necessary, to prevent recurrence of the events. 2. Risk Control Self-Assessment (RCSA) Front-line personnel are required to perform RCSA for both current and potential risks and to follow up on the risk control weaknesses monthly for enhancements. 3. Key Risk Indicators (KRIs) KRIs have been defined by each business unit as an early warning to alert appropriate management to significant risks faced by the Bank.
3. Scope and features of operational risk report and evaluation system	The scope of operating risk is defined as "risks triggered by improprieties or mistakes of internal flow, staffers, systems, or external incidents, including legal risk but excluding strategic risk and reputation risk." Meanwhile, the ORM system has set up to evaluate and monitor the action plan of operational loss event.
4. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations.	The bank has instituted Business Continuity Management (BCM) and taken out insurance as the hedging tools.
5. Regulatory Capital Requirement Methodology	Standardized Approach

Capital Requirement for Operational Risk

Dec. 31, 2019 Unit: NT\$1,000

Year	Gross Income	Capital Requirement
2017	32,667,721	-
2018	34,026,537	
2019	37,646,970	
Total	104,341,228	4,681,151

4. Market risk management system and capital requirement

2019 Market Risk Management System

Items	Contents
1. Market Risk Management Strategy and Process	Taishin's market risk policy is in the business of managing risk to maximize shareholder value. We have established a risk management framework, including an independent risk management unit to preserve integrity of the risk control processes, clearly defined market risk management policies and procedures, and set of risk limits, which are regularly reviewed to ensure that Taishin's risk taking is consistent with its business strategy, capital structure and current market conditions.
2. Market Risk Management Organization and Structure	Our market risk team is responsible for daily management and control of market risk exposures and to ensure our business activities adhere to our market risk policies. Segregation of duties is separated by function as follows: product control, risk IT and Quants. Risk IT team is responsible for system maintain and Quant Team supports the quantification model building and validation. In addition, accounting unit is in charge of settlements and process flow.
3. Scope and features of market risk report and evaluation system	Risk reporting is performed in a timely fashion and measurements are made at different levels, from products to trading desks. We seek to monitor and control our market risk exposures through a variety of separate but complementary financial, trading management, and reporting systems. Qualitative tools: Our major objectives are to promote risk transparency and risk awareness. We accomplish this through an independent risk management function, along with setting up risk policies and processes, including pricing verifications, benchmarking, model validation and a new product review/approval mechanism. Quantitative tools: We manage our market risk exposures using a number of quantitative tools, including risk limits, stress testing & scenario analyses, and Value-at-Risk (VaR). Our future goal is to gain approval from the supervisory authorities to use internal VaR model to calculate regulatory market risk capital for our general and specific market risks.
4. Policies for hedging and/or mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges/mitigations	Market risk is managed by diversifying exposures, controlling position sizes and establishing economic hedges in related securities or derivatives. The ability to actively manage risk is related to its hedge strategy, and identifying adverse changes in the liquidity of an exposure or its related hedge instrument and in the correlation of price movements between the two are essential to effective hedging. We have policies and procedures in place to ensure active and efficient hedges.
5. Regulatory Capital Requirement Methodology	Standardized Approach

Capital Requirement for Market Risk

Dec. 31, 2019 Unit: NT\$1,000

Type of Risk	Capital Requirement
Interest rate risk	4,162,442
Equity securities risk	409,430
Currency rate risk	119,856
Commodity price risk	0
Total	4,691,728

5. Liquidity risk includes analysis of maturity of assets and liabilities, as well as explanation of management method for assets liquidity and fund-shortfall liquidity.

(1) Analytical table for the structure of maturity dates for NT-dollar funds

Dec. 31, 2019 Unit: NT\$1,000

	Total	Value for remaining period before maturity					
		0 -10 days	11 -30 days	31- 90 days	91-180 days	181 days- one year	Over one year
Main fund inflow upon maturity	1,913,803,190	286,577,019	305,313,139	317,341,472	185,664,253	108,461,965	710,445,342
Main fund outflow upon maturity	2,283,273,991	162,959,164	150,539,372	377,534,396	273,496,342	396,052,464	922,692,253
Shortfall before maturity	(369,470,801)	123,617,855	154,773,767	(60,192,924)	(87,832,089)	(287,590,499)	(212,246,911)

(2) Analytical table for the structure of maturity dates for US-dollar funds.

(a) The Bank

Dec. 31, 2019 Unit: US\$1,000

	Total	Value for remaining period before maturity				
		0 -30 days	31-90 days	91-180 days	181 days- one year	Over one year
Main fund inflow upon maturity	33,770,352	11,728,456	10,839,848	4,740,565	2,396,139	4,065,344
Main fund outflow upon maturity	33,678,745	9,935,258	10,593,720	5,490,516	2,872,757	4,786,494
Shortfall before maturity	91,607	1,793,198	246,128	(749,951)	(476,618)	(721,150)

(b) Overseas branch

Dec. 31, 2019 Unit: US\$1,000

	Total	Value for remaining period before maturity				
		0 -30 days	31-90 days	91-180 days	181 days- one year	Over one year
Main fund inflow upon maturity	4,656,050	1,138,897	897,436	734,384	753,456	1,131,877
Main fund outflow upon maturity	4,670,465	1,314,912	1,525,764	871,178	582,465	376,146
Shortfall before maturity	(14,415)	(176,015)	(628,328)	(136,794)	170,991	755,731

(3) Assets liquidity and the management of fund-shortfall liquidity

1. Management principle

Risk management for fund liquidity is to assure that under any circumstance at present or in the future, the bank's liquid fund can meet the fund need resulting from assets growth or fulfilling mature obligations. The bank should monitor and manage the following items:

- ◆ Under normal market change or emergent situation, possess sufficient fund to meet due obligations and fulfill guarantee and commitment for credit extension.
- ◆ Carry out fund maneuvering at reasonable market prices.
- ◆ Meet liquidity need for business growth.

2. Basic principles for funding liquidity-risk management include:

- ◆ Principle of diversification: Avoid over-concentration in fund maneuvering, in terms of maturity date, maneuvering tools, currency, place, funding source, and trading partners.
- ◆ Principle of stability: Follows the strategy of fund stability to reduce the reliance on unstable funding sources and avoid the effect of market swing on funding sources.
- ◆ Principle of maintaining adequate assets liquidity: As the status of market liquidity will indirectly affect fund- ing liquidity, the bank must assure that total assets are sufficient to cover total liabilities and keep a certain share of assets with good liquidity or good for use as collaterals, capable of meeting need of working capital in emergency and short-term liabilities.
- ◆ Principle of matching of assets and liabilities on maturity.
- ◆ Pay attention to payment commitment resulting from credit-extension business.

b. Effect of changes in major domestic or foreign policies and law regulations on the bank's finance and countermeasures:

Law	Impact	Response measures
Letter No. Financial-Supervisory-Insurance-Life-10804135810 dated May 13, 2019 issued by the FSC restates that insurance solicitors cannot encourage or persuade customers to pay for insurance products via loans.	In order to prevent insurance agents from encouraging or persuading customers to pay for insurance products via loan, thus leading to disputes, this bank shall enhance control measures regarding the sale of insurance products, have full knowledge of the sources of funds for the payment of insurance products, and know the backgrounds of the customers and the suitability of the insurance product. For cases that might be paid with loans, agents shall clearly remind the customers of relevant risks and the maximum loss they may face in order to treat the customers fairly.	In response to the various patterns of improper solicitation, sales personnel have received stronger training, and the relevant control measures have been reinforced.
The FSC requires that the banks collect late payment interest and default penalties in accordance with the principles of fairness and reasonableness from July 1, 2019.	In order to protect customers' interests, the calculation and collection of late payment interest and default penalties for personal housing loans and unsecured consumer loans of this bank shall comply with the principles of fairness and reasonableness.	The Bank has handled it in accordance with the Guidelines.

Law	Impact	Response measures
Regulation governing the investment and management of funds transferred from overseas	This bank actively searches for business opportunities related to funds transferred from overseas by returning Taiwanese businesses, and furthermore the bank shall establish procedures and measures for the management of investment accounts to make sure subsequent management and utilization of the funds complies with the above mentioned regulations on the scope of investment, the investment limits and limitations regarding the utilization on domestic securities and insurance products.	The Bank has established the relevant control measures.
Internal control principles to prevent financial advisors from misusing customers' funds	To prevent financial advisors from misusing customers' funds and taking out loans without the customers' permission, and to protect customers' interests, the bank shall strengthen control over financial advisors, internal control and preventive measures for internal audit.	The Bank has implemented the procedures for customer identification, and strengthened the relevant training for all employees, as well as improved the relevant internal audits.
Standards for Security Management of Electronic Banking Business of Financial Institutions	Regarding expansion of eligibility for online loan services, in addition to existing deposit account holders, loan account holders, and credit cardholders, customers of other banks are now also eligible. The expansion will strengthen existing customer relationships while extending the reach of the loan services.	Systems and business practices are modified in response to deregulation.

c. Effect of technological and industrial changes on the finance of the bank and countermeasures.

1. Impact and response to technological changes

Fast technological advances are fueling accelerated transformation in the financial sector. Innovation of banking services has become one of the keys to the future of banking. It is inevitable for more banks to start forming cross industry alliances but also a potential source for more opportunities. Taishin Bank will continue to develop cross industry alliances and provide a wide range of innovative services in the future.

The growing popularity of financial technology (FinTech) is starting a revolution in the banking sector. Taishin takes the initiative to understand and get involved in the lawmaking process. Taishin effectively combines technology and new market trends and sets the goal at "meeting customer demand for personalization and differentiation at the right time".

(1) Cloud-end service technology

Following its growing business needs and latest developments in technology, Taishin Bank has been implementing cloud services and strengthening information security management in order to facilitate business development and expansion and to take cloud services to borderless management. Results from recent years include.

- ◆ Launched customer services on the cloud as another means by which customers and the bank might communicate and exchange information.
- ◆ Build a software development cloud for developers. The idea is to improve security by gathering resources and reducing costs.
- ◆ Implement a mobile office on the cloud to enable employees to establish connections and perform office tasks anytime anywhere.
- ◆ The content delivery network (CDN) allows customers to swiftly acquire the latest business news and increases the efficiency of customer service.

(2) Consumer finance

- ◆ Expand the market of young consumers through digital marketing. Create the iLoan interactive gaming platform and integrate the trending topics of the day to attract the attention of younger generations, thus increasing the visibility of Taishin's consumer finance products.
- ◆ To provide customers with faster and more convenient loan services, the online mortgage application system has launched the Taishin Free Mortgage Test Calculation, which allows visitors to calculate their credit limits online. In response to the government loosening its policy restrictions, the Bank is actively planning online verification functions for auto loans, mortgages, and personal loans, in order to expand the functionality of the online platform, thus boosting the number of users in the system and improving the system's effectiveness at guiding visitors to what they need.
- ◆ With the increased ubiquity of mobile devices, the Bank is improving the functionality of submitting applications with the mobile app, and integrating the front- and back-end systems to improve operational efficiency and competitiveness.
- ◆ Develop new operational models for new enterprises through big data and innovative virtual channel services, thus creating new demand and new opportunities for loans.

(3) Digital banking :

With the rise of fintech, Taishin Bank works to support government policies and make financial services an integral part of the everyday life.

- ◆ Plans for big data development: The plans include integration of internal and external data, implementation of the latest data analysis techniques, identification of customer behavioral intentions and spending patterns, and coordination of real and virtual channels to provide instant personalized products and services.
- ◆ A variety of mobile payment tools: Apart from responding to the development of the Internet and mobile phones, we also focus on the development of various mobile payment platforms, applications for mobile phones, and new types of wearable devices. Furthermore, for the protection of consumers, we actively integrate the field of biometrics (facial scans) with payments, and concurrently design password inspection mechanisms (authentication codes) to ensure the correctness of the transaction and avoid risk. These measures have also opened new possibilities in the field of biometric payment.
- ◆ Online banking services: The online application system is implemented to integrate front- and back-office systems and improve efficiency and competitiveness. IT contingency plans are in place for all online processes. All designs of the processes comply with the Standards for the Security Management Operation of Electronic Banking Business of Financial Institutions in terms of transactions, login authentication, administration, and systems and equipment.

(4) Plans for big data development

(a) The plans include integration of internal and external data, implementation of the latest data analysis techniques, identification of customer behavioral intentions and spending patterns, and coordination of AI prediction models and real and virtual channels to provide instant personalized products and services.

- Integrate external information to inspect customers' multi-dimensional data: Adroit use of the government's open data and open data on the Internet, combined with the customers' online/offline behaviors, to increase the breadth and depth of business analysis, thus accelerating exploration of the motives and needs of customers.
- Utilize cloud structures to increase the efficiency in conducting business: Leverage cloud architectures to shorten the introduction time of new technologies and system structures, increase the success rate of practical operations and develop automatic operations to increase the efficiency of data analysis.
- Establish big data computing platforms to develop analytical competence: Establish big data computing platforms, research and develop intelligent analysis technology for the understanding of languages and automatic model construction via machine learning to increase the precision of predictions of customer's behavior.
- Adopt an agile model towards development to speed up business applications: Utilize technologies such as data labeling, business intelligence visualization and microservice, combined with agile development to encourage management and market personnel to take the initiative in using the data and hence speed up market share gains.
- Optimize channels the customer comes into contact with and provide personal banking service: Continue to optimize user experiences with digital platforms and introduce new channels of contact, coupled with precise customer behavior analysis to promote the most appropriate personal banking service at the most appropriate time.

(b) Establish industry-academia collaboration and actively promote technology advances for the industry and academic institutions:

- This bank continues to cultivate talent and promote innovative financial education on campuses, creating opportunities for industry and academia to exchange research and development resources, recruit talent in new technical fields and upgrade their soft power.

2. Impact and response to industry changes

In response to a rapidly changing banking industry, the bank has incorporated resources to provide up-to-date industry analysis so as to improve the quality of its credit assessments. Furthermore, the bank has set risk limits on various industries, and on the group as a whole, to monitor the latest industry developments and how they affect the bank's credit risks.

d. Effect of change in the corporate images of the bank and countermeasures.

In addition to the painstaking management for the financial business, Taishin Holdings, the parent firm, and the bank has dedicated to social care, public service, and environmental protection, due to their deep awareness of the responsibility and mission of enterprises in the society. Via active participation in environmental protection, social public services, and humanistic and artistic events, an enterprise can properly exercise its power and bring change and influence to the society. Via substantial payback to the society, community, and underprivileged groups, an enterprise can play the role of the best social member.

e. Anticipated benefits and possible risks from acquisition and countermeasures.

According to bank's experience in financial acquisitions, including Tainan First Credit Cooperation and HsinChu Tenth Credit Cooperative and the acquisition of Daan Bank, financial mergers can generate a number of benefits, including expansion of financial scope.

Via deep cultivation of abundant resource, economy of scale, the integration of various business resources, and product and client integration, financial mergers create concrete synergy effect and bring substantial benefits to shareholders.

1. Anticipated benefits:

- (1) Make the bank's service and product portfolio more comprehensive therefore providing customers with greater variety and meeting their needs to drive revenue growth.
- (2) Ability to serve customers through a more tightly integrated platform, thereby giving them more convenience and facilitating expansion of the bank's financial services.
- (3) Potential to integrate information systems, marketing resources and operating platforms, while making more efficient use of the company's resources at lower costs.

2. Possible risks for acquisition

Risks associated with mergers and acquisitions lie in execution and integration. Only when businesses, personnel, resources and corporate culture are integrated as planned can mergers deliver the hoped for synergies.

3. Countermeasure:

The bank will develop effective management practices and open communication channels to ensure the smoothness of merger transitions, and ultimately achieve the expected synergies.

f. Anticipated benefits from the expansion of business offices, possible risk, and countermeasures:

1. The Bank's selection of branch location is always preceded by a complete market survey and assessment, which gathers information on local wealth concentration, growth, and business activities. Meanwhile, the Bank starts with a branch network and the idea of balanced development to increase the width of customer services provided by the Bank. The mission is to deliver on the expected benefits including becoming more competitive in the market, increasing the number of wealth management accounts, and providing customers easier, faster, better quality services. The Bank relies on its extended branch network to facilitate the development of the Bank's service network.
2. Expanding branch coverage may result in a number of risks such as over supply of services in the nearby area, over-competition for the same customers etc.
3. The Bank conducts thorough assessments before committing to any new branch establishments. It also adjusts business strategies and risk management policies where appropriate to respond to the risks it encounters.

g. Risk associated with business concentration

1. Backup mechanism

Due to the sharing of resources and talents resulting from the concentrating of some of the bank's business, the occurrence of incidents will create major impact on the bank. Therefore, in addition to the disaster recovery plan formulated by the information service division, the bank has set up "business continuity planning" (BCP) and labor-hygiene and security-related policy and measures, so as to assure the continuation of the bank's integrated operation, including back-up mechanism for site, system, and personnel, which would undergo regular testing every year. The bank also regularly prepares back-up copies for data which are stored at a different site.

2. Document transmission

In the wake of operating concentration, internal transmission or delivery of original copies of document may result in information leakage or loss of documents, thereby causing serious consequence on the customers and the bank. To prevent the problems, the bank keeps the track for signed reception and formulates complete delivery rules for the delivery of key documents.

h. The effect of the change of management right on the bank, related risk and Countermeasures: None.

i. Impact on the Bank and risk and response measures as a result of change of any major shareholder with more than 1% ownership interest or of large transfer/exchange of equity: The Bank is a wholly owned subsidiary of Taishin Financial Holding Co., Ltd.

j. Litigation and non-litigation incident: None.

k. Other major risks and countermeasures: None.

Following the pace of overseas expansion and implementation of international standards, Taishin reiterates its risk based approach and the extension of its anti-money laundering and counter terrorist financing practices into new areas as businesses expand. In 2016, Taishin refined its outsourced anti-money laundering system. Databases are linked to facilitate monitoring and ensure effective management mechanisms.

Regarding overseas branches, the Singapore Branch and the Japan Branch are now open. The anti-money laundering controls have been incorporated into the daily routines. The Hong Kong Branch is in the process of upgrading its system. A project has been created to hire professional consultants to perform an institutional risk assessment. Anti-money laundering guidelines will be established for other regions as new branches open.

In addition, Taishin complied with the competent authority's requirement and created a full-time unit to check risk data for more coordinated management. Taishin's anti-money laundering practices are improved with a risk analysis oriented management style.

G. Crisis response mechanism:

Taishin Bank has formulated the policy of "Business Continuity Management" (BCM) to assure the continuity of the company's essential business activities. Based on the BCM policy, all units in Taishin set up their BCP to ensure that the essential operations can be maintained or recovered in a timely fashion in the event of a disruption.

In addition, the BCM system has built for further management to minimize the operational, financial, legal, reputation and other material consequences arising from a disruption.

H. Other important affairs: None.

VIII. Special Disclosure

A. Information of affiliates

a. Consolidated financial statement with affiliates

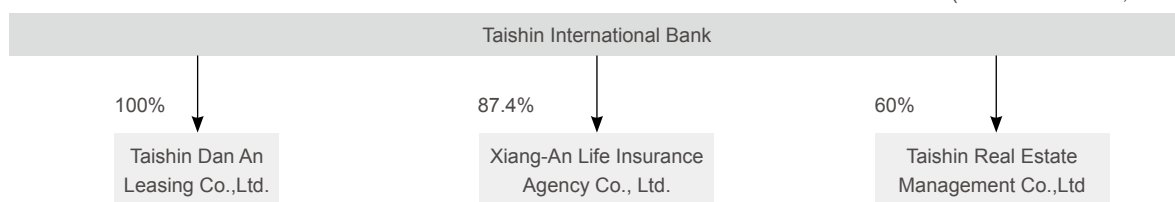
In 2019, the affiliated enterprises subject to the preparation of consolidated business reports in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," were identical to the affiliated companies subject to the preparation of consolidated financial statements under the Statement of International Financial Reporting Standards No.10. All mandatory disclosure of the consolidated business reports has already been executed in the consolidated financial statements, therefore no separate consolidated business report was prepared.

b. Consolidated financial statement with affiliates

1. Organizational chart of affiliates

Taishin International Bank Organizational chart of affiliates

(Base date: Dec 31, 2019)



2. Business status of affiliates

Dec. 31, 2019 Unit: NT\$1,000

Name of enterprises	Capital	Total Assets	Total Liabilities	Book Value	Operating revenue	Operating profit	Current Profit/loss (after tax)	After-tax Profit/loss Per share
Taishin D.A. Finance	1,288,784	9,839,530	8,325,244	1,514,286	797,836	177,109	161,866	1.26
Xiang-An Life Insurance Agency Co., Ltd.	30,000	795,099	420	794,678	20,348	(1,243)	(16,908)	(5.64)
Taishin Real Estate Management	200,000	578,601	236,063	342,538	46,273	22,674	26,226	1.31

Note 1: All affiliates, regardless of size, are required to make the disclosure.

Note 2: Affiliates that are foreign companies shall show all figures in TWD by converting them at the exchange rates applicable on the report date.

3. Information on affiliates

Dec. 31, 2019 Unit: NT\$1,000

Name of enterprise	Date of establishment	Date of establishment	Paid-in Capital	Major business or product items
Xiang-An Life Insurance Agency Co., Ltd.	1996.09.19	3th fl., No.44 Jhongshan N. Road, Sec.2, Taipei city	30,000	Agency for personal insurance.
Taishin D.A. Finance Co., Ltd.	1997.10.13	1st floor, No. 211, Sec Road, Taipei Neihu Jiuzong	1,288,784	<ol style="list-style-type: none"> 1. Leasing. 2. Wholesale of machinery. 3. Retail of machinery and apparatus. 4. Wholesale of precision equipment. 5. Retail of precision equipment. 6. Retail of auto. 7. Retail of ship and parts. 8. Retail of flying devices and parts. 9. procurement of money debt claim of financial institutions. 10. Management consulting. 11. Information software service. 12. Information processing service. 13. Other business services. 14. Wholesale of medical goods. 15. Retail sale of medical goods. 16. Energy Technical Services 17. Retail sale of motorcycles. 18. In addition to the licensed activities, the company may also engage in other business activities that are not prohibited or restricted by law.
Taishin Real Estate Management Co., Ltd.	1995.08.17	2th fl., No.9, Dehui Street, Taipei city	200,000	<ol style="list-style-type: none"> 1. Construction management industry. 2. Residence and office building development and leasing. 3. Development and leasing of industrial factories. 4. Specific professional zone development. 5. Investment and construction of public construction projects. 6. New town and new community development. 7. Agency for area ex propriation and urban land rezoning. 8. Urban renewal. 9. Realty transaction. 10. Realty leasing. 11. Business credit investigation. 12. In addition to the licensed activities, the company may also engage in other business activities that are not prohibited or restricted by law.

4. Information on directors, supervisors, and presidents

Dec.31, 2019 Unit: shares

Name of enterprise	Title	Name or representative	Shareholding	
			Shareholding	Stake
Taishin D.A. Finance	(Representative)	Taishin International Bank	128,878,395	100.00%
	Chairman	Chen, Li-Hsiung		
	Vice Chairman	Spike Wu		
	Director	Welch Lin		
	Supervisor	Peter Tsai		
	President	Tsai, Chih-Fang		
Xiang-An Life Insurance Agency Co., Ltd	(Representative)	Taishin International Bank	2,622,040	87.40%
	Chairman	Steve S.F. Shieh		
	Director	David Chang		
	Director	Welch Lin		
	(Natural Person)	Wu, Tong-Shung		
	Supervisor	Spike Wu		
	President	Guo-Ming Dai		
Taishin Real Estate Management	(Representative)	Taishin International Bank	12,000,000	60.00%
	Chairman Director	Tiao, Chieh-Sheng		
	Director	Wu, Tong-Shung		
	Director	Wu, Tong-Liang	8,000,000	40.00%
	(Representative)	Liaw ,Shean Yng		
	Supervisor	Taishin Asset Management		
	President	Welch Lin		
		Liaw ,Shean Yng	-	-

Note1: Affiliates that are foreign companies should list persons in equivalent positions.

Note2: Subsidiaries that are companies limited by shares should provide the number of shares and percentage of shareholding; and other subsidiaries should provide the amount and percentage of investment and appropriate proof.

Note3: Institutional directors and supervisors should also provide information on their representatives.

c. Affiliate report

Statement

**Taishin International Bank
Statement on Affiliation Report**

Feb. 20, 2020

The company's affiliation report for fiscal 2019 (Jan. 1, 2019-Dec. 31, 2019) was compiled according to guidelines for Compilation of Consolidated Business Report, Consolidated Financial Statement, and Affiliation Report of Affiliates, whose disclosed information has no major differences from related information disclosed in the notes of the financial statement for the same period.

Taishin International Bank



Wu, Tong-Liang
Chairman



Date: March 16, 2020

Recipient: Taishin International Bank Co., Ltd.

Subject: No significant deficiencies between the information included in the 2019 affiliation report and the notes to the 2019 financial statements

Gentlemen:

AUDITOR'S REVIEW REPORT ON AFFILIATION REPORT

1. Taishin International Bank Co., Ltd (the "Company") has issued a statement, as shown in the attached, indicating its affiliation report for the year ended December 31, 2019 (the "2019 Affiliation Report") was prepared in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". The statement also indicated that the information included in the 2019 Affiliation Report has no significant differences from the related notes to the Company's 2019 financial statement.
2. We have reviewed and compared the information included in the 2019 Affiliation Report and the notes to the Company's 2019 financial statements. Based on the aforementioned procedures performed, no significant deficiencies were noted.

Deloitte & Touche
Taipei, Taiwan
Republic of China

d. Relationship between subordinated and controlling company

Dec.31, 2019 Unit: %, share

Controlling company name	Controlling Reason	Shareholding and lien obligation of controlling company			Director, supervisor, or manager representing controlling company	
		Shares owned	Share of stake	Shares with lien	Title	Name
Taishin Financial Holding Co., Ltd.	Own 100% of the shares with voting right issued by the bank	8,255,711,853	100.00	-	Chairman	Wu, Tong-Liang
					Director	Wu, Tong-Shung
					Director	Hsu, Teh-Nan
					Director	Kuo, Jui-Sung
					Director	Wu, Shang-Pin
					Director	Wang, Chu-Chan
					Director	Lin, Long-Su
					Independent director	Chang, Min-Yu
					Independent director	Lin, Yi-Fu
					Standing Supervisor	Tsay, Yang-Tzong
					Supervisor	Kao, Chih-Shang
					Supervisor	Cheng, Chia-Chung

e. Dealing between subordinated and controlling company

1. Dealing for purchase and sale: None.

2. Property dealing: None.

Date of approval by Board of Directors / assigned management unit	Authorized level of trade	Transaction amount	Is a stakeholder? (If yes, please specify the relationship)	Legal relationship (Purchase, sell, lease, rent, lend, or loan)	Instrument traded	Transaction counterparty	Trading Subject (Financial Holding Company / Subsidiaries)	Transaction Date
06/20/2019	Board of Directors	35,000	No	Selling	1-3F, No. 95, Renhe Road, East District, Tainan City	Xie Shu-Fang	Bank	July 2019

3. Fund lending: None.

4. Asset leading

Unit: NT\$1,000

Type of dealing (Rental out or On lease)	Target		Lease Period		Nature of Lease	Basis for rental	Method of rental collection (payment)	Comparison with common rental level	Amount of current rental	Collection of current rental	Other agreed conditions
	Name	Address									
Rental out	Taishin Holdings Building	Fl. 13, No. 118, Renai Road, Sec. 4, Taipei	2017.05.01	2022.04.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	348	Normal	Deposit of 40
Rental out		Fl. 13, No. 118, Renai Road, Sec. 4, Taipei	2017.07.01	2022.06.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	164	Normal	Deposit of 40
Rental out		Fl. 16, No. 118, Renai Road, Sec. 4, Taipei	2015.11.01	2020.10.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	7,669	Normal	Deposit of 1,832
Rental out		Fl. 14, 17, 19, No. 118, Renai Road Sec. 4, Taipei	2018.03.01	2023.02.28	Business lease	Set on reference of market price	Monthly collection	Similar to market price	14,496	Normal	Deposit of 3,217
Rental out		Fl. 17, No. 118, Renai Road, Sec. 4, Taipei	2017.09.20	2022.09.19	Business lease	Set on reference of market price	Monthly collection	Similar to market price	706	Normal	Deposit of 176
Rental out		Fl. 12, 13, 15, 16, 21, 22, 23, No. 118, Renai Road, Sec. 4, Taipei	2016.01.01	2020.12.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	6,642	Normal	Deposit of 1,513
Rental out		Fl. 18, No. 118, Renai Road, Sec. 4, Taipei	2016.03.17	2019.03.16	Business lease	Set on reference of market price	Monthly collection	Similar to market price	1,810	Normal	Deposit of 412
Rental out	Taiwan Securities Building	Fl. 12, 13, No. 96, Jianguo N. Road, Sec. 1, Taipei	2015.05.01	2018.11.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	12,176	Normal	Deposit of 2,919
Rental out	Zhong Shan Building	Fl. 2, 3, No. 44, Jhongshan N. Road, Sec. 2, Jhongshan District, Taipei	2017.12.01	2022.11.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	18,408	Normal	Deposit of 4,602
Rental out		Fl. 3, No. 44, Jhongshan N. Road, Sec. 2, Jhongshan District, Taipei	2014.08.01	2019.07.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	2,422	Normal	Deposit of 606
Rental out	Neihu Building	Fl. 1, No. 211, Jiuzhong Road, Sec. 2, Neihu District, Taipei	2018.09.01	2023.08.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	5,794	Normal	Deposit of 1,568
Rental out		Fl. 5, No. 207, Jiuzhong Road, Sec. 2, Neihu District, Taipei	2018.01.01	2022.12.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	554	Normal	Deposit of 109
Rental out		Fl. 5, No. 207, Jiuzhong Road, Sec. 2, Neihu District, Taipei	2018.08.01	2022.08.31	Business lease	Set on reference of market price	Monthly collection	Similar to market price	107	Normal	Deposit of 64
Rental out		Fl. 7, No. 207, Jiuzhong Road, Sec. 2, Neihu District, Taipei	2017.10.01	2022.09.30	Business lease	Set on reference of market price	Monthly collection	Similar to market price	5,278	Normal	Deposit of 1,320
Rental out	Office premise on Dehui Street	1F. (partial), No. 9-1, Dehui St., Zhongshan Dist., Taipei City	2018.12.01	2023.11.31	Business lease	Set on reference of market price	Monthly payments	Similar to market price	563	Normal	Deposit received \$1,690
Rental out	Nantun Building	2F. (partial) and 3F., No. 187, Sec. 2, Dongxing Rd., Nantun Dist., Taichung City	2015.06.01	2020.05.31	Business lease	Set on reference of market price	Monthly payments	Similar to market price	1,556	Normal	Deposit received 379
Rental out	Yongfu Building	5F., No. 150, Sec. 2, Yongfu Rd., West Central Dist., Tainan City	2013.12.01	2018.11.30	Business lease	Set on reference of market price	Monthly payments	Similar to market price	301	Normal	Deposit received 75
On lease	Lingya Building	3F.-1, No. 260, Zhongshan 2nd Rd., Qianzhen Dist., Kaohsiung City	2017.12.01	2022.11.30	Business lease	Set on reference of market price	Monthly payments	Similar to market price	1,988	Normal	Deposit received 460
On lease		1F., No. 95, Wenchang Rd., Shilin Dist., Taipei City	2016.10.01	2018.09.30	Business lease	Set on reference of market price	Paid annually	Similar to market price	113	Normal	Refundable deposit 0
On lease		1F., No. 95, Wenchang Rd., Shilin Dist., Taipei City	2018.10.01	2020.09.30	Business lease	Set on reference of market price	Paid annually	Similar to market price	38	Normal	Refundable deposit 0

Type of dealing (Rental out or On lease)	Target		Lease Period		Nature of Lease	Basis for rental	Method of rental collection (payment)	Comparison with common rental level	Amount of current rental	Collection of current rental	Other agreed conditions
	Name	Address									
On lease		ATMs at Shinkong Mitsukoshi islandwide	2018.01.01	2018.12.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	1,386	Normal	Refundable deposit 0
On lease		1F. and B1, No. 150, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City	2016.04.16	2021.04.15	Business lease	Set on reference of market price	Paid monthly	Similar to market price	9,367	Normal	Refundable deposit 2,280
On lease		1F., No. 66-3, Sanchong Rd., Nangang Dist., Taipei City	2013.05.01	2018.12.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	6,828	Normal	Refundable deposit 1,463
On lease		B2 (parking lots #208 and #209), No. 44, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City	2017.03.01	2018.02.28	Business lease	Set on reference of market price	Paid monthly	Similar to market price	44	Normal	Refundable deposit 22
On lease		B2 (parking lots #203 and #221), No. 44, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City	2018.03.01	2019.02.28	Business lease	Set on reference of market price	Paid monthly	Similar to market price	221	Normal	Refundable deposit 22
On lease		B3 (parking lot #338), No. 44, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City	2017.11.01	2018.10.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	110	Normal	Refundable deposit 11
On lease		B3 (parking lot #338), No. 44, Sec. 2, Zhongshan N. Rd., Zhongshan Dist., Taipei City	2018.11.01	2019.10.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	22	Normal	Refundable deposit 11
On lease		4F.-1 and -2, No. 207, Fuxing Rd., Taoyuan Dist., Taoyuan City	2016.09.01	2018.08.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	1,141	Normal	Refundable deposit 446
On lease		4F.-1 and -2, No. 207, Fuxing Rd., Taoyuan Dist., Taoyuan City	2018.09.01	2020.08.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	596	Normal	Refundable deposit 446
On lease		1F., No. 50, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City	2018.09.01	2020.08.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	22	Normal	Refundable deposit 17
On lease		1F. and 2F., No. 88, Sec. 6, Zhongshan N. Rd., Shilin Dist., Taipei City	2010.09.01	2020.08.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	19,014	Normal	Refundable deposit 4,050
On lease		22F.-1, No. 2, Zhongshan 2nd Rd., Lingya Dist., Kaohsiung City	2018.12.01	2020.11.30	Business lease	Set on reference of market price	Paid monthly	Similar to market price	25	Normal	Refundable deposit 75
On lease		22-2F. and 22-5F, No.2 Zhongshan 2nd Road, Kaohsiung City	2017.08.01	2019.07.31	Business lease	Set on reference of market price	Paid monthly	Similar to market price	981	Normal	Refundable deposit 163

5. Other important dealings: None.

f. Endorsements and guarantees between subsidiary company and controlling company: None.

B. Securities and financial bonds issuance via private placement in 2018 and as of February 29, 2020: None.

C. Holding or disposal of the bank's shares by subsidiaries in the recent year and as of the date of the publication of the annual report: None.

D. Other necessary supplementary explanation: None.

E. Stocks: None.

IX. Directory of Head Office & Branches

Name	Address	Phone Number
Head Office & Business Department	No.44, Sec. 2, Zhongshan N. Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2568-3988
Dunnan Branch	No.118, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2326-8899
Sinsheng Branch	No.62, Sec. 1, Sinsheng S. Rd., Zhongzheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2395-2888
Sinjhuang Branch	No.75, Sec. 2, Jhonghua Rd., Xinzhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02) 2998-0888
Taoyuan Branch	No.205, Fusing Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03) 339-6000
Taichung Branch	No.416, Sec. 2, Taiwan Blvd., West Dist., Taichung City 403, Taiwan (R.O.C.)	(04) 2328-5577
Banciao Branch	No.176, Jhongjheng Rd., Bangqiao District, New Taipei City 220, Taiwan (R.O.C.)	(02) 2965-8888
Kaohsiung Branch	No.10, Mingcheng 4th Rd., Gushan Dist., Kaohsiung City 80457, Taiwan (R.O.C.)	(07) 553-6653
Tainan Branch	No.389, Sec. 2, Simen Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06) 223-3383
Nantung Branch	No.289, Sec. 3, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 2546-1068
Jhongli Branch	No.366, Yanping Rd., Zhongli Dist., Taoyuan City 320, Taiwan (R.O.C.)	(03) 427-2345
Trust Department	No.118, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2326-8899
International Department	2F ~ 6F, No.17, Sec. 2, Jianguo N. Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2505-6966
Linya Branch	No.260, Jhongshan 2nd Rd., Qianzhen District, Kaohsiung City 806, Taiwan (R.O.C.)	(07) 537-5537
Lujhou Branch	No.197, Changrong Rd., Luzhou Dist., New Taipei City 247, Taiwan (R.O.C.)	(02) 2848-5858
Tienmou Branch	No.88, Sec. 6, Zhongshan N. Rd., Shilin Dist., Taipei City 111, Taiwan (R.O.C.)	(02) 2836-3988
Dali Branch	No.127, Sec. 2, Jhongsing Rd., Dali District, Taichung City 412, Taiwan (R.O.C.)	(04) 2483-4088
Offshore Banking Unit	2F ~ 6F, No.17, Sec. 2, Jianguo N. Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2505-6966
Jhonghe Branch	No.341, Jhonghe Rd., Yonghe District, New Taipei City 234, Taiwan (R.O.C.)	(02) 2232-7788
Chiayi Branch	No.620, Chueiyang Rd., West District, Chiayi City 600, Taiwan (R.O.C.)	(05) 222-2818
Fongyuan Branch	No. 368, Yuanhuan E. Rd., Fengyuan Dist., Taichung City 420, Taiwan (R.O.C.)	(04) 2525-7999
Hualien Branch	No.408-9, Zhongshan Rd., Hualien City, Hualien County 970, Taiwan (R.O.C.)	(03) 834-5930
Hsinchu Branch	No.83, Sec. 2, Dongda Rd., North District, Hsinchu City 300, Taiwan (R.O.C.)	(03) 535-1546
Cisian Branch	No.386, Cisian 1st Rd., Xinxing District, Kaohsiung City 800, Taiwan (R.O.C.)	(07) 238-8545
Sinyi Branch	No.1, Songgao Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02) 2723-0088
North Taichung Branch	No.55, Sec. 2, Chongde Rd., Beitun District, Taichung City 406, Taiwan (R.O.C.)	(04) 2232-6886
Sancong Branch	No.116, Jhengyi N. Rd., Sancong District, New Taipei City 241, Taiwan (R.O.C.)	(02) 2983-6100
Yongfu Branch	No.150, Sec. 2, Yongfu Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06) 220-4622
Pingtung Branch	No.103, Guangdong Rd., Pingtung City, Pingtung County 900, Taiwan (R.O.C.)	(08) 721-7777
Da-an Branch	No.118, Sec. 3, Sinyi Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2700-9388
Longtan Branch	No.176, Jhongjheng Rd., Longtan Dist., Taoyuan City 325, Taiwan (R.O.C.)	(03) 499-3800
Chongde Branch	No.260, Chongde Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06) 290-6901
Jinhua Branch	No.195, Sec. 2, Jinhua Rd., South District, Tainan City 702, Taiwan (R.O.C.)	(06) 263-9121
Houchia Branch	No.520, Yunong Rd., East District, Tainan City 701, Taiwan (R.O.C.)	(06) 209-2638
Haidian Branch	No.130, Sec. 1, Haidian Rd., Annan District, Tainan City 709, Taiwan (R.O.C.)	Haidian Branch
Changhua Branch	No.273, Sec. 1, Jhongjheng Rd., Changhua City, Changhua County 500, Taiwan (R.O.C.)	(04) 722-7789
Wujia Branch	No.734, Wujia 2nd Rd., Fengshan Dist., Kaohsiung City 83085, Taiwan (R.O.C.)	(07) 813-1168
Fongshan Branch	No.105, Jhongshan W. Rd., Fengshan District, Kaohsiung City 830, Taiwan (R.O.C.)	(07) 719-9999
Kuting Branch	No.28, Sec. 3, Roosevelt Rd., Zhongzheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2364-6888
Jiancao Branch	No.150, Sec. 2, Nanjing E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.)	(02) 2508-1899
Minsheng Branch	No.88, Sanmin Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	(02) 8787-2680
Taiping Branch	No.511, Yichang Rd., Taiping District, Taichung City 411, Taiwan (R.O.C.)	(04) 2273-0588
Heping Branch	No.238, Sec. 1, Heping E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 2368-5589
North Kaohsiung Branch	No.360, Bo-ai 2nd Rd., Zuoying District, Kaohsiung City 813, Taiwan (R.O.C.)	(07) 550-9900

Name	Address	Phone Number
South Sinjhuang Branch	No.58, Fuguo Rd., Xinzhuang District, New Taipei City 242, Taiwan (R.O.C.)	(02) 2906-8868
Neihu Branch	No.358, Sec. 1, Neihu Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02) 2659-9966
Yonghe Branch	No.195, Jhulin Rd., Yonghe District, New Taipei City 234, Taiwan (R.O.C.)	(02) 8928-0588
Fong Jia Branch	No.258, Sec. 2, Henan Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)	(04) 2451-7890
Chuke Branch	No.289, Sec. 2, Guangfu Rd., East District, Hsinchu City 300, Taiwan (R.O.C.)	(03) 516-3123
Nantun Branch	No.187, Sec. 2, Dongsing Rd., Nantun District, Taichung City 408, Taiwan (R.O.C.)	(04) 2472-0788
Dazhi Branch	No.645, Bei-an Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 8509-6858
Nanmen Mini-Branch	No.55, Sec. 1, Nanchang Rd., Zhongzheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2397-2588
Simen Branch	No.57, Sec. 1, Chongcing S. Rd., Zhongzheng District, Taipei City 100, Taiwan (R.O.C.)	(02) 2371-7878
Dunbei Branch	No.133, Sec. 3, Minsheng E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 2712-6666
Jhongsiao Branch	No.282, Sec. 4, Jhongsiao E. Rd., Da-an District, Taipei City 106, Taiwan (R.O.C.)	(02) 6636-9999
Fusing Branch	No.150, Fusing N. Rd., Zhongshan District, Taipei City 104, Taiwan (R.O.C.)	(02) 2713-7666
Bannan Branch	No.41, Guancian E. Rd., Banqiao District, New Taipei City 220, Taiwan (R.O.C.)	(02) 2956-6789
Mincyuan Branch	No.559, Mincyuan Rd., North District, Taichung City 404, Taiwan (R.O.C.)	(04) 2205-1888
Sanmin Branch	No.573, Chengqing Rd., Sanmin Dist., Kaohsiung City 807, Taiwan (R.O.C.)	(07) 398-7111
Jianpei Branch	No.17, Sec. 2, Jianguo N. Rd., Zhongsha District, Taipei City 104, Taiwan (R.O.C.)	(02) 2505-6966
Sanhe Branch	No.183, Sec. 4, Sanhe Rd., Sanchong District, New Taipei City 241, Taiwan (R.O.C.)	(02) 2287-7979
North Xindian Branch	No.23, Baoqiang Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02) 2912-3988
Fucheng Branch	No.88, Jhongshan Rd., West Central District, Tainan City 700, Taiwan (R.O.C.)	(06) 228-4400
East Kaohsiung Branch	No.309, Jiarsing Rd., Sanmin District, Kaohsiung City 807, Taiwan (R.O.C.)	(07) 380-1500
Keelung Rd. Branch	No.55, Sec. 2, Keelung Rd., Xinyi District, Taipei City 110, Taiwan (R.O.C.)	(02) 2735-2567
Sindian Branch	No. 136, Sec. 1, Beixin Rd., Xindian Dist., New Taipei City 231, Taiwan (R.O.C.)	(02) 2915-7766
North Taoyuan Branch	No.166, Sec. 1, Daxing W. Rd., Taoyuan Dist., Taoyuan City 330, Taiwan (R.O.C.)	(03) 346-4888
Dadun Branch	No.711, Dadun Rd., Nantunn District, Taichung City 407, Taiwan (R.O.C.)	(04) 2327-4567
Yanping Branch	No.202, Sec. 2, Yanping N. Rd., Datong District, Taipei City 103, Taiwan (R.O.C.)	(02) 2557-9155
Nankan Branch	No.68, Zhongzheng Rd., Luzhu Dist., Taoyuan City 338, Taiwan (R.O.C.)	(03) 321-5999
Jingping Branch	No.634-9, Jingping Rd., Zhonghe District, New Taipei City 235, Taiwan (R.O.C.)	(02) 2242-8989
Wunsin Branch	No.218, Sec. 1, Wenxin Rd., Nantun Dist., Taichung City 408, Taiwan (R.O.C.)	(04) 2473-6767
Gangshan Branch	No. 67, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City 820, Taiwan (R.O.C.)	(07) 621-9677
Songjiang Branch	No.236, Songjiang Rd., Zhongshan Dist., Taipei City 10467, Taiwan (R.O.C.)	(02) 2523-7166
Daya Branch	No.242, Zhongqing E. Rd., Daya Dist., Taichung City 428, Taiwan (R.O.C.)	(04) 2565-2299
Sijhih Branch	No.135, Jhongsing Rd., Xizhi District, New Taipei City 221, Taiwan (R.O.C.)	(02) 2694-5133
Chenggong Branch	No.180, Zihciang S. Rd., Jhubei City, Hsinchu County 30264, Taiwan (R.O.C.)	(03) 550-8396
Shihpai Branch	No.49, Sec. 2, Shihpai Rd., Beitou District, Taipei City 112, Taiwan (R.O.C.)	(02) 55815052
Yongkang Branch	No.986, Jhonghua Rd., Yongkang District, Tainan City 710, Taiwan (R.O.C.)	(06) 242-5788
South Songshan Branch	No.108, Sec. 5, Nanjing E. Rd., Songshan District, Taipei City 105, Taiwan (R.O.C.)	(02) 2528-6188
Danshui Branch	No.76, Zhongshan Rd., Tamsui District, New Taipei City 251, Taiwan (R.O.C.)	(02) 2626-8689
East Keelung Branch	No.133-1, Sin 1st Rd., Xinyi District, Keelung City 202, Taiwan (R.O.C.)	(02) 2424-9999
Xinban Branch	No.98,102, Sec. 2, Xianmin Blvd., Banqiao District, New Taipei City 220, Taiwan (R.O.C.)	(02) 2957-1858
Peishih Branch	No.347,Sec.2,HepingE.Rd.,Da-an District,TaipeiCity106,Taiwan(R.O.C.)	(02) 2705-8588
Yonghua Branch	No. 377, Sec. 2, Yonghua Rd., Anping Dist., Tainan City 708, Taiwan (R.O.C.)	(06)299-6973
Chiangtsui Branch	No.79, Alley 3, Lane 182, Sec. 2, Wunhua Rd., Banqiao District, New Taipei City 220, Taiwan (R.O.C.)	(02) 8252-9999
Songde Branch	No.408, Sec. 5, Zhongxiao E. Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)	(02) 8789-5788
Beida Branch	No.457, Beida Rd., North District, Hsinchu City 300, Taiwan (R.O.C.)	(03) 521-8181

Name	Address	Phone Number
Nangang Branch	No.19-12, Sanchong Rd., Nangang Dist., Taipei City 115, Taiwan (R.O.C.)	(02) 2655-9988
Guandong Ciao Branch	No.271, Sec. 1, Guangfu Rd., East District, Hsinchu City 300, Taiwan (R.O.C.)	(03) 577-9292
Jhubei Branch	No.331, Jhongheng E. Rd., Zhubei City, Hsinchu County 302, Taiwan (R.O.C.)	(03) 551-8383
Nanliao Branch	No.543, Sec. 3, Dongda Rd., North District, Hsinchu City 300, Taiwan (R.O.C.)	(03) 536-2611
Bade Branch	No.991, Sec. 1, Jieshou Rd., Bade Dist., Taoyuan City 334, Taiwan (R.O.C.)	(03) 362-6668
Yuanlin Branch	No.28, Yuying Rd., Yuanlin City, Changhua County 510, Taiwan (R.O.C.)	(04) 839-7899
Shifu Branch	No.91, Sec. 2, Wenxin Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)	(04) 2258-8757
Youchang Branch	No.750, Houchang Rd., Nanzi District, Kaohsiung City 811, Taiwan (R.O.C.)	(07) 365-2200
Shalu Branch	No.201-1, Jhongshan Rd., Shalu District, Taichung City 433, Taiwan (R.O.C.)	(04) 2665-6699
Zhunan Branch	No.61, Minzu St., Jhunan Township, Miaoli County 35041, Taiwan (R.O.C.)	(037) 468777
Luodong Branch	No.153, Gongjheng Rd., Luodong Township, Yilan County 265, Taiwan (R.O.C.)	(03) 953-3366
Donghu Branch	No.452-1, Sec. 5, Chenggong Rd., Neihu District, Taipei City 114, Taiwan (R.O.C.)	(02) 2630-5678
Wenshan Branch	No.9, Baoyi Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	(02) 2938-2323
Fuduxin Branch	No.150, Zhongyuan Rd., Xinzhuang Dist., New Taipei City 242, Taiwan (R.O.C.)	(02) 8521-1388
Jingmei Branch	No.11-1, Cheqian Rd., Wenshan Dist., Taipei City 116, Taiwan (R.O.C.)	(02) 2930-3013
HSIUNGKO Branch	No.21, Fuxing 4th Rd., Qianzhen Dist., Kaohsiung City 80661, Taiwan (R.O.C.)	(07) 331-6765
Overseas offices		
Name	Address	Phone Number
Hong Kong Branch	6/F,Sun Life Tower, The Gateway,15 Canton Road, Tsimshatsui, Kowloon,Hong Kong	(852) 2234-9009
Singapore Branch	18 Robinson Road,#26,Robinson Centre,Singapore 048547	(65) 6224-0888
Tokyo Branch	8F, Meiji Yasuda Life Insurance Bldg.,Tokyo, Japan	(81) 3-3212-6668
Brisbane Branch	Level 24, 111 Eagle Street Brisbane, QLD 4000 Australia	(61) 7-32299869
Vietnam R.O.	7th floor,8 Nguyen Hue,Dist 1,HCM City,Vietnam	(84) 28-38228375
Myanmar Representative Office	422, Strand Road (Corner of Botahtaung Pagoda Road), #03-01, Botahtaung Township, Yangon, Myanmar	(95)18203409

Appendix I. Financial Statements and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Taishin International Bank Co., Ltd.

Opinion

We have audited the accompanying financial statements of Taishin International Bank Co., Ltd. (the Company), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks and Regulations Governing the Preparation of Financial Reports by Securities Firms.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following were the description of key audit matters in the audit of the financial statements of the Company for the year ended December 31, 2019:

Impairment of Loans

Commercial lending is the core business of the Company. Loans represent the Company's significant accounts, which reached around 59% of the Company's total assets as of December 31, 2019. The Company assesses the impairment of loans in accordance with IFRS 9. See Notes 5 and 13 to the financial statements for the relevant and additional information. The Company management's judgement and the assumptions used have significant impact on the impairment assessments. Therefore, we consider the impairment of loans as a key audit matter. Refer to Note 6 to the financial statements for the relevant and additional information.

Our audit procedures on the impairment of loans included testing of the design and operating effectiveness of controls and procedures for identifying loans exposed to impairment and for ensuring that provisions against those assets were made. We identified loans and checked from public information to see whether the borrowers were possibly problematic companies, or have already been included in the companies under evaluation for lifetime expected credit losses (ECLs). We evaluated the assumptions used in the Company's impairment assessment model of ECLs to assess whether the ECLs of loans would be assessed in groups based on the nature of the products, borrowers' credit ratings and collateral, and we also checked the Company's compliance with regulations on assessment of impairment and its compliance with IFRS 9.

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tza-Li Gung and Kwan-Chung Lai

Deloitte & Touche
 Taipei, Taiwan
 Republic of China



February 21, 2020

Notice to Readers

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

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

TAISHIN INTERNATIONAL BANK CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
Cash and cash equivalents (Notes 5, 7 and 42)	\$21,867,672	1	\$19,433,678	1
Due from the Central Bank and call loans to banks (Note 8)	67,417,279	4	55,875,912	3
Financial assets at fair value through profit or loss (FVTPL) (Notes 5, 9 and 42)	118,491,900	6	96,874,012	6
Financial assets at fair value through other comprehensive income (FVTOCI) (Notes 5 and 10)	273,212,640	14	336,184,472	20
Financial assets at amortized cost (Notes 5 and 11)	131,876,458	7	3,072,107	-
Securities purchased under resell agreements (Notes 5 and 42)	10,582,727	1	2,358,754	-
Receivables, net (Notes 5 and 12)	121,366,132	6	116,296,508	7
Current tax assets (Notes 5 and 35)	674,257	-	674,257	-
Loans, net (Notes 5, 6, 13, 41 and 42)	1,138,476,030	59	1,018,514,979	60
Investments accounted for using the equity method, net (Notes 5 and 14)	2,967,477	-	2,882,607	-
Other financial assets, net (Notes 5, 12, 13 and 15)	4,744,939	-	8,347,560	1
Property and equipment, net (Notes 5 and 16)	18,191,920	1	18,291,218	1
Right-of-use assets, net (Notes 4, 5 and 17)	2,671,366	-	-	-
Intangible assets, net (Notes 5 and 18)	1,954,650	-	1,780,895	-
Deferred tax assets (Notes 5 and 35)	2,430,459	-	3,164,958	-
Other assets, net (Note 19)	7,193,358	1	10,176,554	1
TOTAL	\$ 1,924,119,264	100	\$ 1,693,928,471	100

(Continued)

LIABILITIES AND EQUITY	2019		2018	
	Amount	%	Amount	%
Due to the Central Bank and banks (Note 20)	\$ 53,393,057	3	\$ 57,441,338	4
Funds borrowed from the Central Bank and other banks	1,505,300	-	1,536,650	-
Financial liabilities at FVTPL (Notes 5, 9 and 42)	24,578,932	1	27,099,531	2
Securities sold under repurchase agreements (Notes 5 and 42)	105,587,770	5	73,654,426	4
Payables (Note 21)	29,086,994	2	22,690,446	1
Current tax liabilities (Notes 5 and 35)	1,499,397	-	1,816,812	-
Deposits and remittances (Notes 22 and 42)	1,439,689,958	75	1,266,563,291	75
Bank debentures (Note 23)	34,800,000	2	39,700,000	2
Other financial liabilities (Note 24)	71,800,865	4	58,610,818	4
Reserve for liabilities (Notes 5 and 25)	1,638,442	-	1,525,383	-
Lease liabilities (Notes 4, 5 and 17)	2,739,424	-	-	-
Deferred tax liabilities (Notes 5 and 35)	82,175	-	53,552	-
Other liabilities (Note 26)	4,363,552	-	2,689,330	-
Total liabilities	<u>1,770,765,866</u>	<u>92</u>	<u>1,553,381,577</u>	<u>92</u>
EQUITY (Note 28)				
Capital stock				
Common stock	<u>82,557,118</u>	<u>4</u>	<u>75,497,712</u>	<u>4</u>
Capital surplus	<u>30,249,980</u>	<u>2</u>	<u>30,246,767</u>	<u>2</u>
Retained earnings				
Legal reserve	26,893,562	1	23,845,812	1
Special reserve	429,137	-	377,128	-
Unappropriated earnings	<u>11,720,012</u>	<u>1</u>	<u>10,159,165</u>	<u>1</u>
Total retained earnings	<u>39,042,711</u>	<u>2</u>	<u>34,382,105</u>	<u>2</u>
Other equity	<u>1,503,589</u>	<u>-</u>	<u>420,310</u>	<u>-</u>
Total equity	<u>153,353,398</u>	<u>8</u>	<u>140,546,894</u>	<u>8</u>
TOTAL	<u>\$ 1,924,119,264</u>	<u>100</u>	<u>\$ 1,693,928,471</u>	<u>100</u>

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

(Concluded)

TAISHIN INTERNATIONAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018		Percentage Increase (Decrease)
	Amount	%	Amount	%	
INTEREST INCOME (Notes 5, 29 and 42)					
Interest revenues	\$ 34,801,465	93	\$32,022,638	94	9
Interest expenses	(16,426,849)	(44)	(13,721,906)	(40)	20
Net interest income	<u>18,374,616</u>	<u>49</u>	<u>18,300,732</u>	<u>54</u>	-
NET INCOME OTHER THAN NET INTEREST INCOME					
Net service fee and commission income (Notes 5, 30 and 42)	11,457,616	31	10,753,647	32	7
Gain on financial assets and liabilities at FVTPL (Notes 5, 31 and 42)	6,034,147	16	2,572,701	8	135
Realized gain on financial assets at FVTOCI (Notes 5 and 32)	737,249	2	371,234	1	99
Foreign exchange gains (losses)	255,022	1	1,356,002	4	(81)
Impairment loss on assets (Notes 10, 11 and 19)	(18,965)	-	(1,601)	-	1,085
Share of profit of subsidiaries and associates accounted for using equity method (Notes 5 and 14)	209,234	-	120,015	-	74
Net other non-interest income	<u>281,545</u>	<u>1</u>	<u>478,297</u>	<u>1</u>	(41)
Net income other than net interest income	<u>18,955,848</u>	<u>51</u>	<u>15,650,295</u>	<u>46</u>	21
NET REVENUE AND GAINS	<u>37,330,464</u>	<u>100</u>	<u>33,951,027</u>	<u>100</u>	10
PROVISIONS FOR ALLOWANCE FOR BAD DEBT EXPENSES, COMMITMENTS AND GUARANTEE LIABILITIES (Notes 5, 12, 13 and 25)	(2,227,183)	(6)	(2,915,365)	(9)	(24)
OPERATING EXPENSES					
Employee benefits expenses (Notes 5, 27, 33 and 42)	(11,857,729)	(32)	(10,482,332)	(31)	13
Depreciation and amortization expenses (Note 34)	(1,833,906)	(5)	(1,091,432)	(3)	68
Other general and administrative expenses (Note 42)	(8,030,738)	(21)	(7,810,399)	(23)	3
Total operating expenses	(21,722,373)	(58)	(19,384,163)	(57)	12
INCOME BEFORE INCOME TAX	13,380,908	36	11,651,499	34	15
INCOME TAX EXPENSE (Notes 5 and 35)	(1,570,766)	(5)	(1,249,681)	(3)	26
NET INCOME	<u>11,810,142</u>	<u>31</u>	<u>10,401,818</u>	<u>31</u>	14

(Continued)

	2019		2018		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(\$ 65,553)	-	(\$ 85,643)	-	(23)
Unrealized gain on investments in equity instruments designated as at FVTOCI	198,211	1	127,805	-	55
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	39,023	-	544	-	7,073
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	5,644	-	892	-	533
Income tax relating to items that will not be reclassified subsequently to profit or loss	13,111	-	42,589	-	(69)
	<u>190,436</u>	<u>1</u>	<u>86,187</u>	<u>-</u>	121
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	(2,540)	-	1,370	-	(285)
Unrealized gain (loss) on investments in debt instruments at FVTOCI	859,009	2	(398,203)	(1)	316
Reversal of impairment loss on investment in debt instruments at FVTOCI	7,060	-	846	-	735
Income tax relating to items that may be reclassified subsequently to profit or loss	(60,816)	-	25,574	-	(338)
	<u>802,713</u>	<u>2</u>	<u>(370,413)</u>	<u>(1)</u>	317
Other comprehensive income (loss) for the year, net of income tax	<u>993,149</u>	<u>3</u>	<u>(284,226)</u>	<u>(1)</u>	449
TOTAL COMPREHENSIVE INCOME	<u>\$ 12,803,291</u>	<u>34</u>	<u>\$ 10,117,592</u>	<u>30</u>	27
EARNINGS PER SHARE (Note 36)					
Basic	<u>\$ 1.43</u>		<u>\$ 1.34</u>		
Diluted	<u>\$ 1.43</u>		<u>\$ 1.34</u>		

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

(Concluded)

TAISHIN INTERNATIONAL BANK CO., LTD.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	Capital Stock		Capital Surplus	
	Common Stock	Additional Paid-in Capital in Excess of Par	Stock-based Compensation	Other
BALANCE AT JANUARY 1, 2018	\$ 68,845,983	\$ 23,852,895	\$ 121,601	\$ -
Effect of retrospective application and retrospective restatement	-	-	-	-
BALANCE AT JANUARY 1, 2018 RESTATED	68,845,983	23,852,895	121,601	-
Appropriation of 2017 earnings				
Legal reserve	-	-	-	-
Special reserve	-	-	-	-
Cash dividends on common stock	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-
Other comprehensive income for the year ended December 31, 2018, net of tax	-	-	-	-
Total comprehensive income for the year ended December 31, 2018	-	-	-	-
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-
Issuance of common stock for cash	6,651,729	6,272,271	-	-
Share-based payments	-	37,411	(37,411)	-
BALANCE AT DECEMBER 31, 2018	75,497,712	30,162,577	84,190	-
Appropriation of 2018 earnings				
Legal reserve	-	-	-	-
Special reserve	-	-	-	-
Cash dividends on common stock	7,059,406	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-
Other comprehensive income for the year ended December 31, 2019, net of tax	-	-	-	-
Total comprehensive income for the year ended December 31, 2019	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	3,213
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-
Share-based payments	-	18,756	(18,756)	-
BALANCE AT DECEMBER 31, 2019	\$ 82,557,118	\$ 30,181,333	\$ 65,434	\$ 3,213

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

Retained Earnings			Other Equity				Total Equity
Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statement of Foreign Operations	Unrealized Gains (Losses) on Financial Assets FVTOCI	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Changes in Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities at FVTPL	
\$ 20,729,311	\$ 514,581	\$ 10,388,337	(\$ 4,004)	\$ -	\$ 45,915	\$ -	\$124,494,619
-	-	(98,164)	-	564,051	(45,915)	-	419,972
20,729,311	514,581	10,290,173	(4,004)	564,051	-	-	124,914,591
3,116,501	-	(3,116,501)	-	-	-	-	-
-	(137,453)	137,453	-	-	-	-	-
-	-	(7,409,289)	-	-	-	-	(7,409,289)
-	-	10,401,818	-	-	-	-	10,401,818
-	-	(42,877)	2,101	(243,997)	-	547	(284,226)
-	-	10,358,941	2,101	(243,997)	-	547	10,117,592
-	-	(101,612)	-	101,612	-	-	-
-	-	-	-	-	-	-	12,924,000
-	-	-	-	-	-	-	-
23,845,812	377,128	10,159,165	(1,903)	421,666	-	547	140,546,894
3,047,750	-	(3,047,750)	-	-	-	-	-
-	52,009	(52,009)	-	-	-	-	-
-	-	(7,059,406)	-	-	-	-	-
-	-	11,810,142	-	-	-	-	11,810,142
-	-	(48,991)	(2,661)	1,005,781	-	39,020	993,149
-	-	11,761,151	(2,661)	1,005,781	-	39,020	12,803,291
-	-	-	-	-	-	-	3,213
-	-	(41,139)	-	41,139	-	-	-
-	-	-	-	-	-	-	-
\$ 26,893,562	\$ 429,137	\$ 11,720,012	(\$ 4,564)	\$ 1,468,586	\$ -	\$ 39,567	\$153,353,398

TAISHIN INTERNATIONAL BANK CO., LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

	2019		2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before income tax	\$ 13,380,908	\$	11,651,499
Adjustments:			
Adjustment to reconcile profit or loss			
Depreciation expenses	1,566,547		855,879
Amortization expenses	267,359		235,553
Provisions for bad debts expenses, commitments and guarantee liabilities	2,227,183		2,915,365
Net gain on financial assets and liabilities at FVTPL	(6,034,147)	(	2,572,701)
Interest expenses	16,426,849		13,721,906
Interest income	(34,801,465)	(	32,022,638)
Dividend income	(291,859)	(	232,380)
Share-based payments	36,014		61,965
Share of profit of subsidiaries and associates accounted for using equity method	(209,234)	(	120,015)
Gain on disposal of investments	(445,390)	(	138,854)
Impairment loss on financial assets	18,965		1,601
Other adjustments	1,439,195		1,101,596
Total adjustment	(19,799,983)	(	16,192,723)
Changes in operating assets and liabilities			
(Increase) decrease in due from the Central Bank and call loans to banks			
(Increase) decrease in due from the Central Bank and call loans to banks	6,306,470	(	11,361,498)
(Increase) decrease in financial assets at FVTPL	28,854,545		30,790,719
(Increase) decrease in financial assets at FVTOCI	62,704,362	(	39,269,638)
(Increase) decrease in financial assets at amortized cost	(128,807,961)	(	3,073,300)
(Increase) decrease in securities purchased under resell agreements	(320,746)		-
(Increase) decrease in receivables	(1,958,956)	(	11,596,760)
(Increase) decrease in loans	(122,143,790)	(	59,416,488)
(Increase) decrease in other financial assets	1,070,074	(	1,665,865)
(Increase) decrease in other assets	2,940,101	(	4,936,221)
Increase (decrease) in due to the Central Bank and banks	179,547	(	673,790)
Increase (decrease) in financial liabilities at FVTPL	(47,737,913)	(	14,134,919)
Increase (decrease) in securities sold under repurchase agreements	31,933,344	(	2,967,029)
Increase (decrease) in payables	6,128,970	(	800,807)
Increase (decrease) in deposits and remittances	173,126,667		69,646,558
Increase (decrease) in other financial liabilities	13,197,962		17,461,819
Increase (decrease) in other liabilities	1,573,694	(	1,069,076)
Cash generated from (used in) operations	20,627,295	(	37,607,519)

(Continued)

	2019	2018
Interest received	35,570,788	32,582,237
Dividend received	439,210	340,617
Interest paid	(16,359,552)	(13,355,222)
Income taxes paid	(1,172,809)	(1,320,866)
Net cash generated from (used in) operating activities	<u>39,104,932</u>	<u>(19,360,753)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at FVTOCI	3,384	23,091
Acquisition of investment accounted for using the equity method	-	(600,000)
Acquisition of property and equipment	(843,921)	(603,082)
Proceeds from disposal of property and equipment	35,842	113
Acquisition of intangible assets	(450,416)	(215,970)
Net cash generated from (used in) investing activities	<u>(1,255,111)</u>	<u>(1,395,848)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in due to the Central Bank and banks	\$(4,259,178)	\$(4,600,651)
Issuance of bonds debentures	5,000,000	-
Repayment of bonds debentures	(9,900,000)	-
Increase in financial liabilities designated as at FVTPL	-	3,050,000
Repayment of the principal portion of lease liabilities	(556,585)	-
Cash dividends distributed	-	(7,409,289)
Issuance of common stock for cash	-	12,924,000
Net cash received from acquired operation of subsidiaries	<u>51,000</u>	<u>-</u>
Net cash generated from (used in) financing activities	<u>(9,664,763)</u>	<u>3,964,060</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	28,185,058	(16,792,541)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	<u>23,440,969</u>	<u>40,233,510</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 51,626,027</u>	<u>\$ 23,440,969</u>

Reconciliation of cash and cash equivalents:

	2019	2018
Cash and cash equivalents in balance sheet	\$ 21,867,672	\$ 19,433,678
Due from central bank and call loans to banks qualifying as cash and cash equivalents under definition of IAS7	19,496,374	1,648,537
Securities purchased under resell agreements qualifying as cash and cash equivalents under definition of IAS7	<u>10,261,981</u>	<u>2,358,754</u>
Cash and cash equivalents at end of the year	<u>\$ 51,626,027</u>	<u>\$ 23,440,969</u>

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

(Concluded)

TAISHIN INTERNATIONAL BANK CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

1. ORGANIZATION AND OPERATIONS

Taishin International Bank Co., Ltd. (“the Company”) incorporated in the Republic of China (“ROC”) is a public bank, began preparations for its establishment as a commercial bank on October 4, 1990 and started its business operations on March 23, 1992. The Company provides customers with (a) general commercial banking services - commercial lending, foreign exchange transactions, installments and term loans, wire transfers, marketable security investments, receivable factoring, offshore banking business, etc. as well as (b) various financial instruments - letters of credit, bankers’ acceptances, checking and savings accounts, credit cards, derivative instruments, etc. The Company was set up at B1 and 1F., No. 44, Zhongshan N. Rd., Sec. 2, Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.). The main operation office of the Company is at No. 118, Ren’Ai Rd., Sec. 4, Da’ An Dist., Taipei City 106, Taiwan (R.O.C.).

Taishin Bank and Dah An Commercial Bank Co., Ltd. (“Dah An Bank”) decided to establish Taishin Financial Holding Co., Ltd. (“Taishin Financial Holding”) through a share swap, effective on February 18, 2002, with Taishin Bank as the survivor company.

The parent company and the ultimate parent company of Taishin Bank is Taishin Financial Holding, which had a 100% equity interest in the Company as of December 31, 2019 and 2018.

2. STATEMENT OF COMPLIANCE

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

3. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the company’s board of directors on February 20, 2020.

4. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC

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

1) IFRS 16 "Leases"

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatments in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 5 for information relating to the relevant accounting policies

Definition of a lease

The Company reassesses whether a contract is, or contains, a lease in accordance with the definition of a lease under IFRS 16. Several contracts, which were previously identified as containing a lease under IAS 17 and IFRIC 4, do not meet the definition of a lease under IFRS 16 and are accounted for in accordance with other standards because the Company does not have the right to direct the use of identified assets. Contracts that are reassessed as containing leases are accounted for in accordance with the transitional provisions under IFRS 16. Refer to Note 5 for information relating to the relevant accounting policies.

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities.

The Company elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets were measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Company applies IAS 36 to all right-of-use assets.

The Company also applies the following practical expedients:

- a) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- b) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 1.22%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$	2,442,063
Less: Several contracts that do not meet the definition of a lease under	(	6,206)
Less: Recognition exemption for short-term leases	(	593)
Less: Recognition exemption for leases of low-value assets	(	213)
Less: The lease term of the contract starting from January 1, 2019	(	208,733)
Add: The exercise of the option is reasonably certain		<u>78,316</u>
Undiscounted amounts on January 1, 2019	\$	<u>2,304,634</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$	2,204,377
Add: Finance lease liabilities on December 31, 2018		<u>7,915</u>
Lease liabilities recognized on January 1, 2019	\$	<u>2,212,292</u>

The Company as lessor

The Company does not make any adjustments for leases in which it is a lessor, and accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Property and equipment, net	\$ 18,291,218	\$(7,536)	\$ 18,283,682
Right-of-use assets, net	-	2,239,560	2,239,560
Other assets, net	10,176,554	(27,647)	10,148,907
Total effect on assets		<u>\$ 2,204,377</u>	
Other financial liabilities	\$ 58,610,818	\$(7,915)	\$ 58,602,903
Lease liabilities	-	2,212,292	2,212,292
Total effect on liabilities		<u>\$ 2,204,377</u>	

2) Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company applied the above amendments prospectively.

3) IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Company should assume that the taxation authority has full knowledge of all related information when making related examinations. If the Company concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Company should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Company should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Company expects to better predict the resolution of the uncertainty. The Company has to reassess its judgments and estimates if facts and circumstances change.

Upon initial application of IFRIC 23, the Company recognized the cumulative effect of retrospective application in retained earnings on January 1, 2019. It had no impact in assets, liabilities and equity on January 1, 2019.

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

b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: The Company shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period

Note 2: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Company shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) Amendments to IFRS 3 "Definition of a Business"

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

2) Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"

The amendments deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) with an alternative interest rate, and provide temporary exceptions to all hedging relationships that are directly affected by the interest rate benchmark reform. The Company would apply those hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments also require additional disclosures about the extent to which the entity's hedging relationships are affected by the amendments.

3) Amendments to IAS 1 and IAS 8 "Definition of material"

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. The concept of "obscuring" material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from "could influence" to "could reasonably be expected to influence".

As of the date the financial statements were authorized for issue, the Company assessed the application of New IFRSs and interpretations would have no impact on the Company's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

The Company has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB

Except for the following, the application of New IFRSs and interpretations would have no impact on the Company's accounting policies.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Company sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Company loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Company sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e. the Company's share of the gain or loss is eliminated. Also, when the Company loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Company's interest as an unrelated investor in the associate or joint venture, i.e. the Company's share of the gain or loss is eliminated.

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

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

According to Order No. 1070324857 and No. 10702734370 issued by the FSC, the Company applied IFRSs and the related amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, which were approved by the FSC in 2019

Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, payable incurred by cash-settled share-based payment, and defined benefit plans which is recognized by present value of the defined benefit obligations subtracted fair value of plan assets (refer to the summary of accounting policies below). Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The functional currency of the Company is New Taiwan dollars. Thus, the financial statements are presented in New Taiwan dollars.

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

The Company categorized economic activities into operating, investing, and financing activities. The statements of cash flows reported the change of cash and cash equivalents in the current period based on operating, investing, and financing activities. Refer to Note 7 for the components of cash and cash equivalents. The cash flow of operating activities was reported by using indirect method.

Under the indirect method, profit or loss is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Interest paid and interest and dividends received are classified as operating cash flows. Dividends paid are classified as financing cash flow because they are cost of obtaining financial resources.

When preparing the financial report in accordance with IFRSs, the Company has to make certain significant accounting assumptions and estimates based on professional judgements to determine its accounting policies. Change in assumptions may result in significant effects on financial report. The Company believes that the financial report is reported based on appropriate assumptions. For items that required management's most difficult or complex judgements, or assumptions and estimates that significantly affect the financial report, refer to Note 6.

Classification of Current/Noncurrent Assets and Liabilities

Because of banking business characteristics, classification of assets and liabilities according to the nature and the sequence of liquidity can provide more reliable and relevant information. Therefore, those assets and liabilities are not classified as current or noncurrent, but classified according to the nature and sequence of liquidity. In addition, maturity analysis of liabilities was disclosed in Note 40.

Foreign Currencies

In preparing the financial statements of the Company, the currency of the primary economic environment in which the Company operates (the "functional currency") is used. Transactions in currencies other than the Company's functional currency are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. When several exchange rates are available, the rate used is that at which the future cash flows, represented by the transaction amount or balance, could have been settled if those cash flows had occurred at the measurement date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from settlement are recognized in profit or loss in the period in which they arise. Exchange differences on monetary items arising from translation are recognized in profit or loss in the period in which they arise except items that qualify as hedging instruments in a cash flow hedge are recognized initially in other comprehensive income to the extent that the hedge is effective. Exchange differences arising on the retranslation of non-monetary assets (such as equity investment) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Cash and Cash Equivalents

Cash and cash equivalents are cash in vault, cash in banks, short-term time deposits and short-term financial instruments that must be readily convertible to a known amount of cash or time deposits subject to an insignificant risk of changes in value. For the statement of cash flows, cash and cash equivalents are cash and cash equivalents on the balance sheet, due from the Central Bank and call loans to bank and securities purchased under resell agreements that are in conformity with the definition of cash and cash equivalents in the FSC-recognized IAS 7.

Investment Accounted for Using Equity Method

Investments in subsidiaries and associates are accounted for using equity method.

a. Investment in subsidiaries

Subsidiaries (including structured entities) are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

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

b. Investment in associates

An associate is an entity over which the Company has significant influence that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes its share in the changes in the equity of associates.

When the Company subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Company's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of FSC-recognized IAS 36 "Impairment of Assets" are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with FSC-recognized IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date it ceases to have significant influence over the associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

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

Property and Equipment

Property and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss. Cost is capitalized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Before January 1, 2019, property, plant and equipment also included assets held under finance leases.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis in accordance with FSC-recognized IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

Assets held under finance leases before January 1, 2019 are depreciated over the shorter of the lease term and their useful lives using the straight-line method.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets (Except Goodwill)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Non-financial Assets (Except Goodwill)

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment loss is recognized in profit or loss.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Bonds and Securities Purchased/Sold under Specific Agreements

Bonds and securities purchased under resell agreements are recorded at purchase price and are accounted for as financing transactions. Bonds and securities sold under repurchase agreements are recorded at sale price. Interest revenue and expenses recognized from the transactions mentioned above are recorded on accrual basis.

Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL and at amortized cost and investments in debt instruments and equity instruments at FVTOCI. The categories are based on the contractual cash flows on the initial recognition of the financial assets and the Company's business model.

For the Company's debt instruments that have contractual cash flows that are solely for repayments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- 1) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets (including cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, loans, financial assets at amortized cost, other financial assets, other assets - refundable deposits, other assets - operating guarantee deposits and settlement funds) are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest income is recognized in profit or loss by using the effective interest method; and
- 2) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at FVTOCI and are assessed for impairment. Interest income is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Fair value is determined in the manner described in Note 40.

Except for the above, all other financial assets are measured at FVTPL. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss. Fair value is determined in the manner described in Note 40.

Except for the above, on initial recognition, the Company may make an irrevocable election to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investments.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, they will be transferred to retained earnings. Fair value is determined in the manner described in Note 40.

b. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets other than investments in equity instruments that are measured at FVTOCI and financial assets at FVTPL.

ECLs reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

For purchased or originated credit-impaired financial assets, the Company takes into account the ECLs on initial recognition in the credit-adjusted effective interest rate. Subsequently, any changes in ECLs are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss even if lifetime ECLs are lower than the ECLs on initial recognition.

In addition, specific industries are mandatorily assessed such that the loss allowance for loans is measured at the higher of the amount calculated in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans.

The Company recognizes an impairment loss or a gain on the reversal of impairment in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the respective financial asset.

c. Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

a. Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

1) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if

- a) It has been acquired principally for the purpose of repurchasing it in the near term; or
- b) On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- c) It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition when doing so results in more relevant information and if

- a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- b) The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item.

For financial liability designated as at FVTPL, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income. If this accounting treatment related to credit risk would create an accounting mismatch or loan commitments and financial commitments contracts, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 40.

2) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of the following and should be coped with based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans:

- a) The amount of the loss allowance reflecting the ECLs; and
- b) The amount initially recognized less, where appropriate, the cumulative amount of revenue recognized in accordance with IFRS 15 as endorsed by FSC.

3) Commitments to provide a loan at a below-market interest rate

Commitments to provide a loan at a below-market interest rate issued by the Company are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- a) The amount of the loss allowance reflecting the ECLs; and
- b) The amount initially recognized less, where appropriate, the cumulative amount of revenue recognized in accordance with IFRS 15 as endorsed by FSC.

b. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

Financial instruments offsetting

Financial assets and financial liabilities are allowed to be offset and express in the net amount in balance sheets when amounts are 1) provided with statutory forces to offset, and 2) intended to execute net settlement, or liquidate assets and discharge liabilities.

Provisions, Contingent Liabilities and Contingent Assets

A provision shall be recognized when:

- a. An entity has a present obligation (legal or constructive) as a result of a past event;
- b. It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. A reliable estimate can be made of the amount of the obligation.

The Company does not recognize provisions for future operating losses. Where there are a number of similar obligations, the probability that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Although the likelihood of outflow for any one item may be small, it may well be probable that some outflow of resources will be needed to settle the class of obligations as a whole. If that is the case, a provision is recognized.

Provisions are subsequently measured by the present value of the expected expenditures to settle the obligations. Discount rate is the pre-tax discount rate and is adjusted in time to reflect current market assessments of the time value of money and the risks specific to the liability.

A contingent liability is either a possible liability that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or a present liability but payment is not probable or the amount cannot be measured reliably. The Company does not recognize a contingent asset. A contingent liability is disclosed appropriately in accordance with related guidelines.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize a contingent asset. A contingent asset is disclosed appropriately in accordance with related guidelines, where an inflow of economic benefits is probable.

Income Recognition

a. Interest income

Except for financial assets at FVTPL, interest income of all financial instruments is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, and recognized in the statements of comprehensive income. When the loans become past due and are considered uncollectible, the principal and interest receivable are transferred to delinquent loan accounts and the accrual of interest income is stopped. Interest income will be recognized when the delinquent interest is collected. If the repayment of loan is extended under an agreement, the related interest should be recognized as deferred revenue and recognized as income when collected. Interest income from securities trading margin purchase and short sale is accrued according to the terms stated in the financing and trading contract.

b. Service fee and commission income

Service fee revenue is recognized from providing loans and other services. The Company identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied. If the service fee revenue is for further loan service and of significant amount, it is recognized over the period of the service or included in the base of calculation of the effective interest rate of loans and receivables.

The Company's customer loyalty program provides customers with award credits, which gives customers material rights by providing discount to future consumption. The transaction price allocated to award credit is recognized as a liability, and the Company recognizes revenue when award credits are redeemed or forfeited.

Leasing

2019

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

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any

lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

When a lease includes both land and building elements, the Company assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Company. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b. The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

2018

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Company as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Contingent rents arising under operating leases are recognized as income in the period in which they are realized.

Lease incentives included in the operating lease are recognized as an asset. The aggregate cost of incentives is recognized as a reduction of rental income on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern over which the benefit of the leased asset is diminished.

b. The Company as lessee

Assets held under finance leases are initially recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheets as a finance lease obligation.

Minimum lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs. Contingent rents are recognized as expenses in the periods in which they are incurred.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents arising under operating leases are recognized as an expense in the period in which they are incurred.

c. Leasehold land and building for own use

When a lease includes both land and building elements, the Company assesses the classification of each element as a finance lease or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Company. Specifically, the minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

Employee Benefits

a. Retirement benefits costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The retirement benefit obligation recognized in the balance sheets represents the present value of the defined benefit obligation and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Net defined benefit liability (asset) remeasurement comprises 1) actuarial gains and losses on the defined benefit obligation; 2) return on plan assets, excluding the net interest on the net defined benefit liability (asset); and 3) any changes in the effect of the limit involving surplus in a defined benefit plan, excluding the net interest

on the net defined benefit liability (asset). Moreover, the net defined benefit liability (asset) remeasurements are recognized in other comprehensive income; these remeasurements should be transferred immediately to retained earnings, and will not be reclassified to profit or loss. Significant unrecognized past service cost is immediately recognized retrospectively in profit or loss. If the defined benefit retirement plan is curtailed or settled, the gain or loss on curtailment or settlement is recognized.

b. High-yield savings account for employee

The Company provides employees with high-yield savings account. The premium interest rate applies to a fixed amount of principal. The difference between the premium rate and the market rate is classified as employee benefits.

Share-based Payment Arrangements

Equity-settled share-based payment

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

The grant date of employee share options, which are reserved when the Company's parent company Taishin Financial Holding issues new shares, is the date when the number of employee subscription is confirmed. The Company recognized an expense and capital surplus at the fair value of the share options determined at the grant date.

Cash-settled share-based payment

For cash-settled share-based payments, a liability is recognized for the goods or services acquired, measured initially at the fair value of the liability incurred. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognized in profit or loss.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Land revaluation increment tax accrued from the Company's land revaluation increment in accordance with related regulations is a taxable temporary difference and shall be recognized as a deferred tax liability. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforward, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other

than in subsidiaries acquisition) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

A deferred tax asset shall be recognized for the unused loss carryforward and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the period

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

d. The Company, its parent company Taishin Financial Holding, and other more than 90% owned subsidiaries adopt the linked-tax system for tax filings. Differences between current and deferred income tax expenses on consolidated basis and those on nonconsolidated basis are adjusted to Taishin Financial Holding's income tax expenses. Related reimbursement and appropriation are recognized as receivables or payables, and eliminated on consolidation.

6. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Company's accounting policies, accounting assumptions and estimates have significant impact on the financial statements. Accordingly, the management exercised appropriate professional judgement in the preparation of the financial statements.

The assumptions and estimates involve significant risks that significant adjustments might result in changes in the carrying amounts of assets and liabilities in the next fiscal year. The assumptions and estimates made were the best estimates based on the FSC-recognized IFRSs. The estimates and assumptions are based on historical experience and other factors, including future expectations and are continuously assessed. The accounting policies and management's judgment that could have significant impact on the financial statements were as follows:

Impairment of Loans

The measurement of ECLs is based on the present value of the difference of all contractual cash flows receivable from a contract and all cash flows that are expected to be received, discounted at the original or credit-adjusted effective interest rate, and the calculated weighted average of the probability of default.

Refer to Note 13 for the carrying amounts of loans and allowance for loans as of December 31, 2019 and 2018.

7. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand	\$ 12,153,766	\$ 9,566,031
Checks for clearing	1,483,820	2,016,339
Due from banks	6,237,263	5,508,776
Others	1,992,823	2,342,532
	<u>\$ 21,867,672</u>	<u>\$ 19,433,678</u>

- a. Due from banks include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.
- b. The loss allowance are measured at an amount equal to 12-month ECLs per historical experience and forward-looking information; there was no loss allowance on cash and cash equivalents as of December 31, 2019 and 2018.

8. DUE FROM CENTRAL BANK AND CALL LOANS TO BANKS

	December 31	
	2019	2018
Deposits reserve for checking accounts	\$ 11,468,215	\$ 21,030,671
Deposits reserve for demand accounts	34,272,031	31,137,609
Deposits reserve for foreign deposits	129,568	39,922
Deposits transferred to Central Bank	50,103	18,858
Call loans to banks	19,496,374	1,648,537
Interbank clearing funds	2,000,988	2,000,315
	<u>\$ 67,417,279</u>	<u>\$ 55,875,912</u>

The loss allowance are measured at an amount equal to 12-month ECLs per historical experience and forward-looking information; there was no loss allowance on due from the Central Bank and call loans to banks as of December 31, 2019 and 2018.

9. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2019	2018
<u>Financial assets mandatorily classified as at FVTPL</u>		
Derivative instrument		
Futures	\$ 27,207	\$ -
Forward exchange contracts	1,363,404	2,752,764
Currency swaps	8,267,295	8,996,941
Interest rate swaps	9,407,536	10,293,631

	December 31	
	2019	2018
Cross-currency swaps	199,990	103,061
Equity-linked swaps	362,650	18,914
Commodity price swaps	46	-
Foreign-exchange options	540,859	1,261,572
Equity-linked options	-	2,324
Commodity options	1,700	490
Non-derivative financial assets		
Investment in bills	48,486,586	33,289,152
Domestic and overseas stocks and beneficiary certificates	2,750,053	1,917,563
Government bonds	26,487,055	12,990,903
Corporate bonds, bank debentures and other bonds	20,597,519	25,246,697
Financial assets at FVTPL	<u>118,491,900</u>	<u>96,874,012</u>
<u>Financial liabilities designated as at FVTPL (a) and (b) Financial liabilities held for trading</u>	3,287,359	3,085,588
Derivative instrument		
Futures	2,417	5,996
Forward exchange contracts	1,416,001	2,717,003
Currency swaps	9,252,528	9,229,322
Interest rate swaps	9,118,167	10,404,409
Cross-currency swaps	152,246	59,621
Equity-linked swaps	362,650	18,914
Credit default swaps	93,738	7,035
Commodity price swaps	3	-
Foreign-exchange options	536,821	1,299,274
Interest rate options	183	1,845
Equity-linked options	355,654	270,125
Commodity options	1,165	399
Financial liabilities at FVTPL	<u>\$ 24,578,932</u>	<u>\$ 27,099,531</u>

a. The Company issued unsecured USD senior bank debentures were as follows:

First unsecured USD senior bank debentures of the Company of year 2018, 30 years, US\$80,000 thousand, 100% of the principal amount of the bonds, put redemption on the fifth anniversaries of the debentures issue, and repay the holders at principal value plus accrued interests, maturity: July 5, 2048.

Second unsecured USD senior bank debentures of the Company of year 2018, 30 years, US\$20,000 thousand, 100% of the principal amount of the bonds, put redemption on the fifth anniversaries of the debentures issue, and repay the holders at principal value plus accrued interests, maturity: July 5, 2048.

First unsecured USD senior bank debentures of the Company of year 2019, 5 years, US\$20,000 thousand, 100% of the principal amount of the bonds, put redemption 3 months after issued, and repay the holders at principal value plus accrued interests, maturity: April 30, 2024. The Company has redeemed the debentures on July 30, 2019.

b. The Company considered unsecured USD senior bank debentures as financial instruments designated as FVTPL, to eliminate the recognition inconsistency.

The Company engaged in various derivative instruments in the years ended December 31, 2019 and 2018 to fulfill customers' needs, as well as to manage its asset and liability positions and risk.

The nominal principal amounts of outstanding derivative contracts were as follows:

	December 31	
	2019	2018
Futures	\$ 6,509,810	\$ 5,450,903
Forward exchange contracts	169,642,995	276,284,829
Currency swaps	1,179,439,992	1,509,741,482
Interest rate swaps	1,247,800,780	1,360,595,248
Cross-currency swaps	17,324,419	7,914,167
Equity-linked swaps	6,368,963	296,633
Commodity price swaps	30,094	-
Credit default swaps	674,977	1,056,923
Foreign exchange options	161,569,946	185,609,647
Interest rate options	4,400,000	8,292,000
Equity-linked options	3,823,602	3,757,830
Commodity options	212,350	99,394

10. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2019	2018
<u>Debt instrument</u>		
Investment in bills	\$ 115,538,688	\$ 218,310,346
Bonds	50,088,694	44,380,051
Corporate bonds	17,139,552	15,337,118
Bank debentures	85,420,494	54,025,990
Beneficiary securities (a)	610,937	-
	<u>268,798,365</u>	<u>332,053,505</u>
<u>Equity instrument</u>		
Domestic stocks	4,414,275	4,130,967
	<u>\$ 273,212,640</u>	<u>\$ 336,184,472</u>

a. The Company recognized the asset securitization commodity issued by non-subsidiary structured entities as beneficiary securities. The funds of the entities were provided by the Company and other third parties. The Company did not offer any financial support related to the asset securitization commodity.

b. Because some equity instruments are held by the Company for long-term purposes and not for trading, which is reasonably reflected in the operating performance, equity instruments are classified as at fair value through other comprehensive income.

- c. The Company sold the domestic common stock for strategic purposes in the years ended December 31, 2019 and 2018. The stock sold had a fair value of \$1,916,021 thousand and \$1,856,485 thousand, and the Company transferred the loss of \$41,149 thousand and \$101,495 thousand from other equity to retained earnings.
- d. The amount of the loss allowance for debt instruments was as follow:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit- impaired	Stage 3 Lifetime ECLs - Credit- impaired	Total
December 31, 2019	\$ 31,416	\$ 1,486	\$ -	\$ 32,902
December 31, 2018	25,842	-	-	25,842

Due to the Company's debt instruments at FVTOCI measured by ECLs, the Company had recognized impairment loss on assets of \$7,634 thousand and \$401 thousand for the years ended December 31, 2019 and 2018.

- e. Refer to Note 40 for information relating to the management of credit risk and the impairment assessment on investments in debt instruments at FVTOCI.
- f. Refer to Note 43 for information relating to investments in debt instruments at FVTOCI pledged as collateral.

11. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2019	2018
Investment in bills	\$ 116,250,000	\$ -
Bank debentures	12,524,096	3,073,300
Government bonds	3,107,164	-
	131,881,260	3,073,300
Less: Allowance for impairment	(4,802)	(1,193)
	\$ 131,876,458	\$ 3,072,107

- a. The amount of the loss allowance for debt instruments was as follow:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit-impaired	Stage 3 Lifetime ECLs - Credit- impaired	Total
December 31, 2019	\$ 4,802	\$ -	\$ -	\$ 4,802
December 31, 2018	1,193	-	-	1,193

Due to the Company's financial assets at amortized cost measured by ECLs, the Company had recognized impairment loss on assets of \$3,692 thousand and \$1,200 thousand for the years ended December 31, 2019 and 2018.

- b. Refer to Note 40 for information relating to the management of credit risk and the impairment assessment on financial assets at amortized cost.

12. RECEIVABLES, NET

a. The details of receivables, net were as follows:

	December 31	
	2019	2018
Notes and accounts receivable	\$ 56,693,978	\$ 62,100,419
Credit card receivable	61,035,549	53,803,259
Interest receivable	4,078,020	3,522,136
Other receivables	776,419	640,998
	<u>122,583,966</u>	<u>120,066,812</u>
Less: Allowance for receivables	(1,217,834)	(3,770,304)
	<u>\$ 121,366,132</u>	<u>\$ 116,296,508</u>

b. The movements in the allowance for receivables (including non-performing receivables transferred from other than loans) for the years ended December 31, 2019 and 2018 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non-purchased or Originated Credit-impaired (POCI) Financial Assets)	Loss Allowance under IFRS 9	Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	Total
Loss allowance as of January 1, 2019	\$ 143,927	\$ 24,693	\$ 2,496,256	\$ 699,472	\$ 3,364,348	\$ 674,634	\$ 4,038,982
Changes in the loss allowance							
Transfer to stage 3	(124)	18,820	-	(38)	18,658		18,658
Transfer to stage 2	(481)	(2,765)	(10,112)	124,333	110,975		110,975
Transfer to stage 1	93	(3,512)	(196)	(2,713)	(6,328)		(6,328)
Financial assets derecognized	(55,587)	(14,437)	(92,276)	(711,085)	(873,385)		(873,385)
New financial assets originated or purchased	35,206	5,477	337,870	31,118	409,671		409,671
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						96,546	96,546
Write-offs	(4)	(175)	(2,630,032)	(66,973)	(2,697,184)		(2,697,184)
Recovery of loans written off	-	-	3,246	382,516	385,762		385,762
Other movements	-	-	(6,298)	867	(5,431)		(5,431)
Loss allowance as of December 31, 2019	\$ 123,030	\$ 28,101	\$ 98,458	\$ 457,497	\$ 707,086	\$ 771,180	\$ 1,478,266

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non- purchased or Originated Credit- impaired (POCI) Financial Assets)	Loss Allowance under IFRS 9	Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/ Non-accrual Loans	Total
Loss allowance as of January 1, 2018	\$ 152,380	\$ 26,523	\$ 1,225,872	\$ 439,088	\$ 1,843,863	\$ 292,375	\$ 2,136,238
Changes in the loss allowance							
Transfer to stage 3	(525)	14,129	5,104	(63)	18,645		18,645
Transfer to stage 2	(442)	(2,956)	(190,649)	311,536	117,489		117,489
Transfer to stage 1	22	(3,471)	-	(1,865)	(5,314)		(5,314)
Financial assets derecognized	(71,250)	(15,985)	(580,801)	(462,585)	(1,130,621)		(1,130,621)
New financial assets originated or purchased	63,748	6,635	2,401,192	59,924	2,531,449		2,531,449
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						382,259	382,259
Write-offs	(3)	(182)	(368,304)	(67,045)	(435,534)		(435,534)
Recovery of loans written off	-	-	-	420,202	420,202		420,202
Other movements	(3)	-	3,842	280	4,119		4,119
Loss allowance as of December 31, 2018	\$ 143,927	\$ 24,693	\$ 2,496,256	\$ 699,472	\$ 3,364,348	\$ 674,634	\$ 4,038,982

c. The movements in the gross carrying amount of receivables (including non-performing receivables transferred from other than loans) for the years ended December 31, 2019 and 2018 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non-POCI Financial Assets)	Total
Loss allowance as of January 1, 2019	\$ 108,094,181	\$ 100,555	\$ 9,809,501	\$ 2,331,838	\$ 120,336,075
Changes in the loss allowance					
Transfer to stage 3	(84,372)	76,639	16,086	(127)	8,226
Transfer to stage 2	(348,122)	(10,077)	(104,604)	516,903	54,100
Transfer to stage 1	33,701	(15,177)	(19,908)	(7,652)	(9,036)
Financial assets derecognized	(35,293,728)	(57,736)	(976,419)	(678,912)	(37,006,795)
New financial assets originated or purchased	38,754,674	24,157	3,362,082	101,137	42,242,050
Write-offs	(571)	(574)	(2,630,032)	(141,072)	(2,772,249)
Other movements	-	-	-	1,366	1,366
Loss allowance as of December 31, 2019	\$ 111,155,763	\$ 117,787	\$ 9,456,706	\$ 2,123,481	\$ 122,853,737

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non-POCI Financial Assets)	Total
Loss allowance as of January 1, 2018	\$ 97,352,327	\$ 97,622	\$ 8,598,367	\$ 2,215,217	\$ 108,263,533
Changes in the loss allowance					
Transfer to stage 3	(59,059)	55,531	18,262	(121)	14,613
Transfer to stage 2	(328,594)	(9,800)	(1,076,513)	1,477,471	62,564
Transfer to stage 1	19,131	(13,178)	-	(9,259)	(3,306)
Financial assets derecognized	(21,397,767)	(54,249)	(1,649,569)	(1,313,629)	(24,415,214)
New financial assets originated or purchased	32,508,662	25,222	4,287,258	110,464	36,931,606
Write-offs	(519)	(593)	(368,304)	(149,069)	(518,485)
Other movements	-	-	-	764	764
Loss allowance as of December 31, 2018	\$ 108,094,181	\$ 100,555	\$ 9,809,501	\$ 2,331,838	\$ 120,336,075

13. LOANS, NET

a. The details of loans were as follows:

	December 31	
	2019	2018
Import and export negotiated	\$ 1,949,901	\$ 2,990,987
Overdrafts	233,152	1,061,263
Short-term loans	294,847,380	236,941,020
Medium-term loans	355,120,863	331,720,075
Long-term loans	501,368,989	457,839,413
Delinquent loans	1,809,466	1,933,199
	<u>1,155,329,751</u>	<u>1,032,485,957</u>
Less: Adjustment for discount	(600,881)	(579,350)
Less: Allowance for loan losses	(16,252,840)	(13,391,628)
	<u>\$ 1,138,476,030</u>	<u>\$ 1,018,514,979</u>

b. The movements in the allowance for loans for the years ended December 31, 2019 and 2018 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs (Non-POCI Financial Assets)	Loss Allowance under IFRS 9	Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/ Non-accrual Loans	Total
Loss allowance as of January 1, 2019	\$ 2,133,429	\$ 622,430	\$ 2,122,777	\$ 3,473,856	\$ 8,352,492	\$ 5,039,136	\$ 13,391,628
Changes in the loss allowance							
Transfer to stage 3	(25,530)	358,196	1,388,905	(14,279)	1,707,292		1,707,292
Transfer to stage 2	(8,429)	(89,104)	(210,028)	1,508,190	1,200,629		1,200,629
Transfer to stage 1	4,764	(65,430)	(111,982)	(210,798)	(383,446)		(383,446)
Financial assets derecognized	(719,280)	(99,958)	(952,964)	(2,370,371)	(4,142,573)		(4,142,573)
New financial assets originated or purchased	779,855	85,224	73,094	284,646	1,222,819		1,222,819
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						2,347,077	2,347,077
Write-offs	(521)	(19,870)	-	(140,024)	(160,415)		(160,415)
Recovery of loans written off	-	-	-	1,069,829	1,069,829		1,069,829
Loss allowance as of December 31, 2019	\$ 2,164,288	\$ 791,488	\$ 2,309,802	\$ 3,601,049	\$ 8,866,627	\$ 7,386,213	\$ 16,252,840

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs	Loss Allowance under IFRS 9	Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non- performing/ Non-accrual Loans	Total
Loss allowance as of January 1, 2018	\$ 1,841,657	\$ 1,590,128	\$ 2,449,415	\$ 3,951,894	\$ 9,833,094	\$ 2,660,022	\$ 12,493,116
Changes in the loss allowance							
Transfer to stage 3	(10,865)	245,899	154,330	(36,599)	352,765		352,765
Transfer to stage 2	(10,262)	(82,282)	(191,086)	1,182,199	898,569		898,569
Transfer to stage 1	4,273	(176,027)	-	(256,607)	(428,361)		(428,361)
Financial assets derecognized	(423,766)	(983,247)	(391,429)	(1,887,814)	(3,686,256)		(3,686,256)
New financial assets originated or purchased	732,262	35,895	101,404	178,008	1,047,569		1,047,569
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						2,379,114	2,379,114
Write-offs	(472)	(7,936)	-	(760,392)	(768,800)		(768,800)
Recovery of loans written off	-	-	-	1,102,024	1,102,024		1,102,024
Other movements	602	-	143	1,143	1,888		1,888
Loss allowance as of December 31, 2018	\$ 2,133,429	\$ 622,430	\$ 2,122,777	\$ 3,473,856	\$ 8,352,492	\$ 5,039,136	\$ 13,391,628

c. The movements in the gross carrying amount of loans

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs	Total
Loss allowance as of January 1, 2019	\$1,005,913,945	\$ 14,644,713	\$2,979,599	\$ 8,947,700	\$1,032,485,957
Changes in the loss allowance					
Transfer to stage 3	(9,878,954)	7,126,594	2,239,222	(17,071)	(530,209)
Transfer to stage 2	(2,824,276)	(407,622)	(235,951)	3,123,618	(344,231)
Transfer to stage 1	2,764,586	(2,577,493)	(132,541)	(331,036)	(276,484)
Financial assets derecognized	(254,154,244)	(2,919,517)	(1,182,542)	(2,699,594)	(260,955,897)
New financial assets originated or purchased	384,345,921	439,166	76,252	562,366	385,423,705
Write-offs	(86,455)	(40,909)	-	(345,726)	(473,090)
Loss allowance as of December 31, 2019	\$1,126,080,523	\$ 16,264,932	\$3,744,039	\$ 9,240,257	\$1,155,329,751

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs	Total
Loss allowance as of January 1, 2018	\$ 945,878,159	\$ 13,306,303	\$3,555,652	\$ 10,129,971	\$ 972,870,085
Changes in the loss allowance					
Transfer to stage 3	(6,588,827)	6,152,506	295,357	(64,049)	(205,013)
Transfer to stage 2	(2,554,809)	(205,385)	(328,124)	2,812,269	(276,049)
Transfer to stage 1	2,318,305	(1,989,943)	-	(472,629)	(144,267)
Financial assets derecognized	(255,491,100)	(3,076,708)	(894,125)	(2,935,213)	(262,397,146)
New financial assets originated or purchased	322,434,413	490,051	350,839	466,092	323,741,395
Write-offs	(82,196)	(32,111)	-	(988,741)	(1,103,048)
Loss allowance as of December 31, 2018	\$1,005,913,945	\$ 14,644,713	\$2,979,599	\$ 8,947,700	\$1,032,485,957

d. Details of (provisions for) reversal of allowance for loan losses, commitments and guarantee liabilities for the years ended December 31, 2019 and 2018 were as follows:

	December 31	
	2019	2018
(Provisions for) reversal of allowance for losses of receivables, loans and other miscellaneous financial assets	\$(2,220,904)	\$(2,931,017)
(Provisions for) reversal of losses on guarantee liabilities	(302)	(13,308)
(Provisions for) reversal of losses on loan commitments	(4,385)	32,495
(Provisions for) reversal of letters of credit	(1,592)	(3,535)
	<u>\$(2,227,183)</u>	<u>\$(2,915,365)</u>

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in subsidiaries	\$ 2,418,303	\$ 2,357,710
Investments in associates	549,174	524,897
	<u>\$ 2,967,477</u>	<u>\$ 2,882,607</u>

a. Investments in subsidiaries

	December 31			
	2019		2018	
	Carrying Value	Ownership Interest and Voting Rights	Carrying Value	Ownership Interest and Voting Rights
Unlisted shares				
Taishin Real-Estate ("Taishin Real-Estate")	\$ 205,475	60.00	\$ 215,058	60.00
Xiang An Life Insurance Agency Co., Ltd. ("Xiang An Insurance Agency")	694,576	87.40	728,870	87.40
Taishin D.A. Finance Co., Ltd. ("Taishin D.A. Finance")	1,518,252	100.00	1,413,782	100.00
	<u>\$ 2,418,303</u>		<u>\$ 2,357,710</u>	

b. Investments in associates

	December 31	
	2019	2018
Associates that are not individually material	\$ 549,174	\$ 524,897

Aggregate information of associates that are not individually material:

	December 31	
	2019	2018
The Company's share of		
Net profit (loss) for the period	\$ 41,087	\$ 23,916
Other comprehensive income	(162)	958
Total comprehensive income (loss) for the period	<u>\$ 40,925</u>	<u>\$ 24,874</u>

c. The Company's equity-method investments were not pledged as collateral as of December 31, 2019 and 2018.

15. OTHER MISCELLANEOUS FINANCIAL ASSETS, NET

a. The details of other miscellaneous financial assets items were as follows:

	December 31	
	2019	2018
Non-performing receivables transferred from other than loans	\$ 273,919	\$ 269,263
Less: Allowance for bad debt	(260,432)	(268,678)
Gold account	359,998	367,522
Due from bank	4,371,454	7,979,453
	<u>\$ 4,744,939</u>	<u>\$ 8,347,560</u>

b. Due from banks of other miscellaneous financial assets were time deposit with original maturity more than 3 months held by the Company.

c. Refer to Note 12 for the movements of the allowance for non-performing receivables transferred from other than loans for the years ended December 31, 2019 and 2018.

d. The loss allowance is measured at an amount equal to lifetime ECLs per historical experience and forward-looking information; there was no loss allowance on other miscellaneous financial assets excluding non-performing receivables transferred from other than loans as of December 31, 2019 and 2018.

16. PROPERTY AND EQUIPMENT, NET

	December 31	
	2019	2018
Land	\$ 10,793,599	\$ 10,812,599
Buildings	4,785,310	4,930,231
Machinery equipment	2,215,470	2,238,180
Transportation equipment	46,538	45,488
Miscellaneous equipment	82,485	69,514
Leased assets	-	7,536
Leasehold improvement	204,176	177,432
Prepayments for buildings and equipment	64,342	10,238
	<u>\$ 18,191,920</u>	<u>\$ 18,291,218</u>

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leased Assets	Leasehold Improvement	Prepayment for Buildings and Equipment	Total
Balance, January 1, 2019	\$ 10,812,599	\$ 7,200,592	\$ 3,733,547	\$ 111,472	\$ 137,086	\$ 12,762	\$ 405,556	\$ 10,238	\$ 22,423,852
Adjustments on initial application of IFRS 16	-	-	-	-	-	(12,762)	-	-	(12,762)
Balance, January 1, 2019 (restated)	10,812,599	7,200,592	3,733,547	111,472	137,086	-	405,556	10,238	22,411,090
Additions	-	11,840	600,612	19,509	37,517	-	32,594	141,849	843,921
Disposals	(19,000)	(44,277)	(212,235)	(32,920)	(19,837)	-	(91,643)	-	(419,912)
Reclassification	-	25,160	5,300	-	-	-	57,966	(87,745)	681
Balance, December 31, 2019	<u>\$ 10,793,599</u>	<u>\$ 7,193,315</u>	<u>\$ 4,127,224</u>	<u>\$ 98,061</u>	<u>\$ 154,766</u>	<u>\$ -</u>	<u>\$ 404,473</u>	<u>\$ 64,342</u>	<u>\$ 22,835,780</u>
Balance, January 1, 2018	\$ 10,812,599	\$ 7,159,919	\$ 3,501,446	\$ 110,023	\$ 128,234	\$ 16,443	\$ 450,683	\$ 67,543	\$ 22,246,890
Additions	-	10,776	477,463	18,656	22,395	1,760	14,849	57,183	603,082
Disposals	-	(42,973)	(247,692)	(17,207)	(13,581)	(5,441)	(99,264)	-	(426,158)
Reclassification	-	72,870	2,330	-	38	-	39,288	(114,488)	38
Balance, December 31, 2018	<u>\$ 10,812,599</u>	<u>\$ 7,200,592</u>	<u>\$ 3,733,547</u>	<u>\$ 111,472</u>	<u>\$ 137,086</u>	<u>\$ 12,762</u>	<u>\$ 405,556</u>	<u>\$ 10,238</u>	<u>\$ 22,423,852</u>
Accumulated depreciation									
Balance, January 1, 2019	\$ -	\$ 2,270,361	\$ 1,495,367	\$ 65,984	\$ 67,572	\$ 5,226	\$ 228,124	\$ -	\$ 4,132,634
Adjustments on initial application of IFRS 16	-	-	-	-	-	(5,226)	-	-	(5,226)
Balance, January 1, 2019 (restated)	-	2,270,361	1,495,367	65,984	67,572	-	228,124	-	4,127,408
Depreciation	-	171,951	628,207	18,334	24,502	-	63,816	-	906,810
Disposals	-	(34,307)	(211,820)	(32,795)	(19,793)	-	(91,643)	-	(390,358)
Balance, December 31, 2019	<u>\$ -</u>	<u>\$ 2,408,005</u>	<u>\$ 1,911,754</u>	<u>\$ 51,523</u>	<u>\$ 72,281</u>	<u>\$ -</u>	<u>\$ 200,297</u>	<u>\$ -</u>	<u>\$ 4,643,860</u>
Balance, January 1, 2018	\$ -	\$ 2,139,400	\$ 1,184,937	\$ 61,216	\$ 58,786	\$ 7,439	\$ 250,624	\$ -	\$ 3,702,402
Depreciation	-	173,934	557,735	21,945	22,273	3,228	76,764	-	855,879
Disposals	-	(42,973)	(247,305)	(17,177)	(13,487)	(5,441)	(99,264)	-	(425,647)
Balance, December 31, 2018	<u>\$ -</u>	<u>\$ 2,270,361</u>	<u>\$ 1,495,367</u>	<u>\$ 65,984</u>	<u>\$ 67,572</u>	<u>\$ 5,226</u>	<u>\$ 228,124</u>	<u>\$ -</u>	<u>\$ 4,132,634</u>

The above items of property and equipment are depreciated on a straight-line basis over their estimated useful lives as follow:

Buildings	35-56 years
Machinery equipment	1-10 years
Transportation equipment	4-6 years
Miscellaneous equipment	5-20 years
Leasehold improvements	5-50 years

No impairment assessment was performed because there was no indication of impairment for the years ended December 31, 2019 and 2018.

17. LEASE ARRANGEMENTS - 2019

a. Right-of-use assets

	December 31, 2019
Carrying amounts	
Buildings	\$ 2,671,366
	For the Year Ended December 31, 2019
Additions to right-of-use assets	\$ 1,115,208
Depreciation charge for right-of-use assets	
Buildings	\$ 659,737

b. Lease liabilities

	December 31, 2019
Carrying amounts	\$ 2,739,424
	For the Year Ended December 31, 2019
Interest expenses (other interest expenses)	\$ 29,960

Range of discount rate for lease liabilities was between 1.16% and 1.29%.

c. Material lease-in activities and terms

The Company leases buildings for the use of principal place of business branches and offices with lease terms of 1 to 10 years.

d. Other lease information

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	\$ 12,564
Expenses relating to low-value asset leases	\$ 100
Total cash outflow for leases	\$ 599,209

The Company leases certain lease contracts which qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

All lease commitments with lease terms commencing after the balance sheet dates were as follows:

	December 31, 2019
Lease commitments	\$ 207,692

18. INTANGIBLE ASSETS, NET

	December 31	
	2019	2018
Goodwill	\$ 1,152,274	\$ 1,152,274
Computer software	802,376	628,621
	<u>\$ 1,954,650</u>	<u>\$ 1,780,895</u>

	Goodwill	Computer Software	Total
Balance, January 1, 2019	\$ 1,152,274	\$ 628,621	\$ 1,780,895
Additions	-	450,416	450,416
Disposals	-	(9,302)	(9,302)
Amortization	-	(267,359)	(267,359)
Balance, December 31, 2019	<u>\$ 1,152,274</u>	<u>\$ 802,376</u>	<u>\$ 1,954,650</u>
Balance, January 1, 2018	\$ 1,152,274	\$ 648,204	\$ 1,800,478
Additions	-	215,970	215,970
Amortization	-	(235,553)	(235,553)
Balance, December 31, 2018	<u>\$ 1,152,274</u>	<u>\$ 628,621</u>	<u>\$ 1,780,895</u>

The goodwill included the Company merged with Dah An Bank through a share swap in February 18, 2002, in which the Company issued new shares to acquire the total assets and liabilities with excess difference. The unamortized excess difference as of December 31, 2019 and 2018 was \$884,937 thousand with no material impairment loss noted. In addition, the Company merged with the 10th Credit Cooperative of Hsin-Chu in October 2004, in which the Company paid in cash to acquire the total assets and liabilities with excess difference. The unamortized excess difference as of December 31, 2019 and 2018 was \$267,337 thousand with no material impairment loss noted.

19. OTHER ASSETS, NET

	December 31	
	2019	2018
Prepayments	\$ 974,635	\$ 904,247
Refundable deposits	6,077,748	9,167,174
Operating guarantee deposits and settlement funds	87,017	37,450
Collateral, net	7,509	28,907
Others	46,449	38,776
	<u>\$ 7,193,358</u>	<u>\$ 10,176,554</u>

- Refer to Note 43 for information relating to refundable deposits, operating guarantee deposits and settlement funds pledged as collateral.
- The amount of the loss allowance for refundable deposits were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit-impaired	Stage 3 Lifetime ECLs - Credit-impaired	Total
December 31, 2019	\$ -	\$ -	\$ 3,000	\$ 3,000
December 31, 2018	-	-	-	-

Due to the Company's refundable deposits measured by ECLs, the Company had recognized impairment loss on refundable deposits of \$3,000 thousand for the year ended December 31, 2019.

- c. The loss allowance is measured at an amount equal to lifetime ECLs per historical experience and forward-looking information; there was no loss allowance on operating guarantee deposits and settlement funds as of December 31, 2019 and 2018.
- d. As it is expected that future net cash inflows, which are to be generated from the Company's other assets - others, will decrease, whereas it will make the recoverable amount be less than the carrying amount of such other assets - others, an impairment loss of \$4,639 thousand thereon were recognized for the year ended December 31, 2019.

20. DUE TO CENTRAL BANK AND BANKS

	December 31	
	2019	2018
Due to other banks	\$ 25,104,879	\$ 24,933,478
Call loans from other banks	27,899,674	32,022,907
Bank overdrafts	292,963	397,558
Due to the Central Bank	95,541	87,395
	<u>\$ 53,393,057</u>	<u>\$ 57,441,338</u>

21. PAYABLES

	December 31	
	2019	2018
Notes and accounts payable	\$ 17,114,965	\$ 11,911,205
Accrued expenses	5,328,305	4,473,135
Interest payable	2,726,438	2,503,874
Check for clearance payable	1,483,802	2,015,668
Other tax payable	337,962	311,896
Collection payable	534,513	459,320
Other payables	1,561,009	1,015,348
	<u>\$ 29,086,994</u>	<u>\$ 22,690,446</u>

22. DEPOSITS AND REMITTANCES

	December 31	
	2019	2018
Checking deposits	\$ 9,581,958	\$ 6,170,839
Demand deposits	331,678,492	257,615,675
Time deposits	350,883,295	350,278,273
Negotiable certificates of deposit	1,127,326	8,412,461
Savings deposits	737,394,122	635,510,525
Public treasury deposits	6,512,990	6,730,170
Remittances	2,511,775	1,845,348
	<u>\$ 1,439,689,958</u>	<u>\$ 1,266,563,291</u>

23. BANK DEBENTURES

The Company has issued bank debentures to enhance its capital ratio and raise medium to long-term operating funds. Details of the bank debentures were as follows:

	December 31	
	2019	2018
Subordinated Bank Debentures - 2012 (I)	\$ 4,500,000	\$ 5,600,000
Subordinated Bank Debentures - 2012 (II)	2,300,000	6,100,000
Subordinated Bank Debentures - 2014 (I)	-	3,000,000
Subordinated Bank Debentures - 2014 (II)	-	2,000,000
Subordinated Bank Debentures - 2014 (III)	3,000,000	3,000,000
Subordinated Bank Debentures - 2015 (I)	9,100,000	9,100,000
Subordinated Bank Debentures - 2015 (II)	6,000,000	6,000,000
Subordinated Bank Debentures - 2015 (III)	4,900,000	4,900,000
Subordinated Bank Debentures - 2019 (I)	5,000,000	-
	<u>\$ 34,800,000</u>	<u>\$ 39,700,000</u>

a. The Company made first issue of \$5,600 million in bank debentures in 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Re-demption and Interest Payment
A	2012.10.19	2019.10.19	7 years	\$1,100 million	1.53% fixed rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2012.10.19	2022.10.19	10 years	\$4,500 million	1.65% fixed rate		

b. The Company made second issue of \$6,100 million in bank debentures in 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The method of Re-demption and Interest Payment
A	2012.12.14	2019.12.14	7 years	\$3,800 million	1.53% fixed rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and in-terest are withdrawn after the interest date. Debentures are re-deemable at par value in cash on the maturity date.
B	2012.12.14	2022.12.14	10 years	\$2,300 million	1.65% fixed rate		

c. The Company made first issue of \$3,000 million in unsecured, no-maturity, non-cumulative bank debentures in 2014 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and In-terest Payment
2014, first issue	2014.04.16	No maturity. (Issuer has redemption right.)	No maturity. (Issuer has redemption right.)	\$3,000 million	4.10% fixed interest rate	\$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually on July 1 from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. The debentures have no maturity.

1) Interest payment

The Company may not distribute the dividend or pay the interest if it had no earnings during the previous fiscal year and did not distribute common stock dividends. Where the balance of accumulated undistributed earnings after deducting the unamortized loss on the disposal of non-performing loans exceeds the interest payment and such payment does not alter the originally agreed conditions for interest payment, distribution is allowed. The dividends not distributed should not be accumulated or deferred.

The Company shall defer the payment of principal and interest if the ratio of regulatory capital to risk-weighted assets does not meet the minimum requirements in Regulations Governing the Capital Adequacy and Capital Category of Banks Paragraph 1 of Article 5; the deferred payment of principal or interest shall not be imposed further with interest.

2) Redemption policy

After five years of issuance, if the ratio of regulatory capital to risk-weighted assets after redemption will meet the minimum rate and the redemption has an approval from the competent authority, the debts may be redeemed earlier by the Company. The Company had redeemed the debts in April 2019.

d. The Company made second issue of \$2,000 million in unsecured, no-maturity, non-cumulative bank debentures in 2014 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and In-terest Payment
2014, second issue	2014.05.09	No maturity. (Issuer has redemption right.)	No maturity. (Issuer has redemption right.)	\$2,000 million	4.10% fixed interest rate	\$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually on July 1 from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. The debentures have no maturity.

1) Interest payment

The Company may not distribute the dividend or pay the interest if it had no earnings during the previous fiscal year and did not distribute common stock dividends. Where the balance of accumulated undistributed earnings after deducting the unamortized loss on the disposal of non-performing loans exceeds the interest payment and such payment does not alter the originally agreed conditions for interest payment, distribution is allowed. The dividends not distributed should not be accumulated or deferred.

The Company shall defer the payment of principal and interest if the ratio of regulatory capital to risk-weighted assets does not meet the minimum requirements in Regulations Governing the Capital Adequacy and Capital Category of Banks Paragraph 1 of Article 5; the deferred payment of principal or interest shall not be imposed further with interest.

2) Redemption policy

After five years of issuance, if the ratio of regulatory capital to risk-weighted assets after redemption will meet the minimum rate and the redemption has an approval from the competent authority, the debts may be redeemed earlier by the Company. The Company had redeemed the debts in May 2019.

e. The Company made third issue of \$3,000 million in unsecured bank debentures in 2014 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2014, third issue	2014.5.16	2024.5.16	10 years	\$3,000 million	1.95% fixed interest rate	\$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Principal will be repaid on maturity date.

f. The Company made first issue of \$9,100 million in unsecured bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.6.10	2025.6.10	10 years	\$4,250 million	2.15% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2015.6.10	2030.6.10	15 years	\$4,850 million	2.45% fixed interest rate		

g. The Company made second issue of \$6,000 million in unsecured bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2015, second issue	2015.9.18	2027.9.18	12 years	\$6,000 million	2.25% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.

h. The Company made third issue of \$4,900 million in unsecured bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.9.22	2025.9.22	10 years	\$700 million	2.15% fixed interest rate	\$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2015.9.22	2030.9.22	15 years	\$4,200 million	2.45% fixed interest rate		

i. The Company's made first issue of \$5,000 million in unsecured, no maturity, and non-cumulative subordinated bank debentures in 2019 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2019, first issue	2019.03.28	No maturity. (Issuer has redemption right.)	No maturity. (Issuer has redemption right.)	\$5,000 million	2.45% fixed interest rate	\$50 million	Interest is accrued according to nominal interest rate and actual days, and calculated at a simple rate and paid annually on July 1 from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date.

1) Interest payment

Taishin Bank may not pay the interest if it had no earnings during the previous fiscal year and did not declare dividends to its common stockholders. Where the balance of accumulated undistributed earnings after deducting the unamortized loss on the disposal of non-performing loans exceeds the interest payment and such payment does not alter the originally agreed conditions for interest payment, payment is allowed. The unpaid interest should not be accumulated or deferred.

Taishin Bank shall defer the payment of principal and interest if the ratio of regulatory capital to risk-weighted assets does not meet the minimum requirements in Regulations Governing the Capital Adequacy and Capital Category of Banks Paragraph 1 of Article 5; the deferred payment of principal or interest shall not be imposed further with interest.

2) Redemption policy

After five years and one month of issuance, if the ratio of regulatory capital to risk-weighted assets after redemption will meet the minimum rate and the redemption has an approval from the competent authority, the debts may be redeemed earlier by Taishin Bank at 100% plus interest payable. And the redemption would be announced on the 30th day prior to the scheduled redemption date.

24. OTHER FINANCIAL LIABILITIES

	December 31	
	2019	2018
Principal of structured products	\$ 71,455,099	\$ 58,234,643
Appropriations for loan fund	-	5,735
Gold account	345,766	362,525
Lease payable	-	7,915
	<u>\$ 71,800,865</u>	<u>\$ 58,610,818</u>

25. RESERVE FOR LIABILITIES

	December 31	
	2019	2018
Reserve for employee benefits (Note 27)	\$ 1,112,844	\$ 1,053,388
Reserve for guarantee liabilities	224,821	224,706
Reserve for loan commitments	176,675	172,675
Other reserves	124,102	74,614
	<u>\$ 1,638,442</u>	<u>\$ 1,525,383</u>

	Reserve for Guarantee Liabilities	Reserve for Loan Commitments	Other Reserves
Balance, January 1, 2019	\$ 224,706	\$ 172,675	\$ 74,614
Provision (reverse)	302	4,385	60,798
Payment	-	-	(27,270)
Acquired operation of subsidiaries	-	-	16,500
Exchange differences	(187)	(385)	(540)
Balance, December 31, 2019	<u>\$ 224,821</u>	<u>\$ 176,675</u>	<u>\$ 124,102</u>
Balance, January 1, 2018	\$ 210,775	\$ -	\$ 70,907
Effects of retrospective application	-	204,636	-
Provision (reverse)	13,308	(32,495)	3,756
Payment	-	-	(666)
Exchange differences	623	534	617
Balance, December 31, 2018	<u>\$ 224,706</u>	<u>\$ 172,675</u>	<u>\$ 74,614</u>

Other reserves for liabilities are loss allowance for letters of credit, and the reserve for compensation of dispute cases.

The amount of the loss allowance for financial guarantees (including reserve for guarantee liabilities and letters of credit) and loan commitments was as follow:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit-impaired	Stage 3 Lifetime ECLs - Cred-it-impaired	Loss Allowance under IFRS 9	Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans	Total
December 31, 2019	\$ 155,447	\$ 35,933	\$ 4,042	\$ 195,422	\$ 211,100	\$ 406,522
December 31, 2018	\$ 155,265	\$ 37,837	\$ 4,128	\$ 197,230	\$ 203,689	\$ 400,919

26. OTHER LIABILITIES

	December 31	
	2019	2018
Unearned revenue	\$ 484,247	\$ 379,894
Unearned interest	419,039	318,511
Guarantee deposits	1,858,966	682,409
Deferred income	877,809	779,864
Temporary credits	723,491	528,652
	<u>\$ 4,363,552</u>	<u>\$ 2,689,330</u>

27. POST-EMPLOYMENT BENEFIT PLANS

Defined Contribution Plans

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

Defined Benefit Plans

The Company also has defined benefit plan under the Labor Standards Law (the "LSL"). Under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts is within 2%-15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with Enforcement Rules of the Labor Pension Act, the return generated by employees' pension contribution should not be below the interest rate for a 2-year time deposit with local banks.

The actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out by qualifying actuaries. The principal assumptions used for the purposes of actuarial valuations were as follows:

	December 31	
	2019	2018
Discount rate	0.875%	1.250%
Expected rate of salary increase	3.000%	3.000%

Amounts recognized in profit or loss in respect of these defined benefit plans are as follows:

	For the Year Ended December 31	
	2019	2018
Current service cost	\$ 18,729	\$ 20,220
Interest cost	12,930	11,926
	<u>\$ 31,659</u>	<u>\$ 32,146</u>

The amounts included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans were as follows:

	December 31	
	2019	2018
Present value of funded defined benefit obligation	\$ (2,611,507)	\$ (2,497,525)
Fair value of plan assets	1,498,663	1,444,137
Deficit	(1,112,844)	(1,053,388)
Net liability arising from defined benefit obligation	<u>\$ (1,112,844)</u>	<u>\$ (1,053,388)</u>

Movements in the present value of the defined benefit obligation were as follows:

	For the Year Ended December 31	
	2019	2018
Opening defined benefit obligation	\$ 2,497,525	\$ 2,399,327
Current service cost	18,729	20,220
Interest expense	31,219	29,992
Net remeasurement of defined benefit liability		
Actuarial (gain) loss - changes in demographic assumptions	32,643	89,845
Actuarial (gain) loss - changes in financial assumptions	118,776	-
Actuarial (gain) loss - experience adjustments	(38,160)	34,793
Benefits paid	(49,225)	(76,652)
Closing accrued pension liabilities	<u>\$ 2,611,507</u>	<u>\$ 2,497,525</u>

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2019	2018
Opening fair value of plan assets	\$ 1,444,137	\$ 1,425,394
Interest income	18,289	18,066
Net remeasurement of defined benefit liability		
Expected return on plan assets	47,706	38,995
Contribution from employers	37,756	38,334
Benefits paid	(49,225)	(76,652)
Closing fair value of plan assets	<u>\$ 1,498,663</u>	<u>\$ 1,444,137</u>

For information about the categories and percentages, etc. of the composition of the fair value of plan assets as of December 31, 2019 and 2018, refer to the authorities' public information about Labor Pension Funds.

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the significant actuarial assumptions used of the sensitivity analysis of the present value of the defined obligation were as follows:

	Change in Actuarial Assumptions %	Increase (Decrease) in the Value of the Defined Obligation %	
		December 31	
		2019	2018
Discount rate used in determining present values	Increase 0.25%	(3.08%)	(3.12%)
	Decrease 0.25%	3.21%	3.25%
Expected rate of salary increase	Increase 0.25%	3.09%	3.14%
	Decrease 0.25%	(2.98%)	(3.03%)

The sensitivity analysis presented above applied when the change in assumptions would occur in isolation and all other assumptions remain constant. Practically, the above assumptions are unlikely to occur and each actuarial assumptions may be correlated. The calculation method of the movements in the present value of the defined benefit obligation also adopts projected unit credit method.

The Company expects to make a contribution of \$37,506 thousand and \$38,005 thousand to the defined benefit plans within one year beginning from December 31, 2019 and 2018, respectively. The weighted average duration of the defined benefit plans are 12.5 years and 12.7 years, respectively.

28. EQUITY

Capital Stock

	December 31	
	2019	2018
Numbers of shares authorized (in thousands)	8,500,000	8,500,000
Shares authorized	\$ 85,000,000	\$ 85,000,000
Numbers of shares issued and fully paid (in thousands)		
Common stock	8,255,712	7,549,771
Shares issued	\$ 82,557,118	\$ 75,497,712

On April 19 and December 6, 2018, the Company's Board of Directors (in steading shareholders' meetings) resolved to amend Article to raise amount of capital authorized and to issue ordinary shares by private placement. On June 20, 2018, the Company's Board of Directors resolved to issue 71,429 thousand ordinary shares by private placement at NT\$21 per share, amounting to \$1,500,000 thousand, and the above transaction was approved by FSC. On June 29, 2018, the Company's Board of Directors resolved to issue 71,429 thousand ordinary shares by private placement at NT\$21 per share, amounting to \$1,500,000 thousand, and the above transaction was approved by FSC. On September 25, 2018, the Company's Board of Directors resolved to issue 294,736 thousand ordinary shares by private placement at NT\$19 per share, amounting to \$5,600,000 thousand, and the above transaction was approved by FSC. On December 24, 2018, the Company's Board of Directors resolved to issue 227,579 thousand ordinary shares by private placement at NT\$19 per share, amounting to \$4,324,000 thousand, and the above transaction was approved by FSC.

On June 6, 2019, the Company's board of directors (in steading shareholders' meetings) resolved the transfer of \$7,059,406 thousand of earnings to common stock and the ex-dividend date was set on August 19, 2019. The registration of conversion had been completed.

Paid-in Capital

The capital surplus from shares issued in excess of par and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from investments using equity method, employee stock options and conversion options may not be used for any purpose.

Taishin Financial Holding's Board of Directors resolved the fourth stock options and warrants issue plan based on IFRSs 2 on September 2, 2010. According to the plan, subsidiaries shall recognize the grant of equity instruments from Taishin Financial Holding to their employees as equity-settled shared-based payments transaction to measure the services provided by subsidiaries' employees, the increase in equity as funding from Taishin Financial Holding, and the same amount of increase in equity as current expenses based on the fair value of the equity instrument and the percentage of service provided by Taishin Financial Holding to its subsidiaries over the vesting period, as well as adjust additional paid in capital - stock warrants. The estimate is revised if subsequent information indicates that the number of stock options expected to vest differs from previous estimates.

All the employee share options issued by parent company of the Company had been acquired.

Retain Earnings and Dividend Policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. Cash distributions in any given year cannot exceed 15% of the Company's paid-in capital. But if the Company's legal reserve equals to or exceeds paid-in capital, this restriction does not apply.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items refer to under Rule No. 1010012865 issued by the FSC and the directive titled "Question and Answer for Special Reserves Appropriated Following Adoption of IFRSs", should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2018 and 2017 approved in the shareholders' meetings on June 6, 2019 and May 31, 2018, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (NT\$)	
	For Year 2018	For Year 2017	For Year 2018	For Year 2017
Legal reserve	\$ 3,047,750	\$ 3,116,501		
Special reserve	52,009	(137,453)		
Cash dividends				
Common stock	-	7,409,289	\$ -	\$ 1.07
Stock dividends				
Common stock	7,059,406	-	0.93	-

Special Reserves

The Company reclassified reserve for trading loss and default losses as of December 31, 2010 to a special reserve account, which is part of equity, in accordance with Order No. 10010000440 issued by the FSC.

The Company made special reserves in accordance with Order No. 1010012865 issued by the FSC and the Q&As on Appropriation to Special Reserves after adoption of IFRS.

To protect the rights of bank employees, the Company made special reserves in accordance with Order No. 10510001510 issued by the FSC.

Other Equity - Unrealized Gains (Losses) on Financial Assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Beginning balance	\$ 421,666	\$ 564,051
Effect of change in tax rate	-	1,168
Recognized during the period		
Unrealized gain (loss) - debt instruments	1,311,459	(258,503)
Unrealized gain - equity instruments	198,211	127,805
Income tax related to profit or loss of debt instruments	(60,816)	24,406
Share from subsidiaries and associates accounted for using the equity method	2,317	(19)
Reclassification adjustments		
Disposal of investments in debt instruments	(445,390)	(138,854)
Other comprehensive loss recognized in the period	1,005,781	(243,997)
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	41,139	101,612
Ending balance	\$ 1,468,586	\$ 421,666

29. NET INTEREST INCOME

	For the Year Ended December 31	
	2019	2018
Interest revenue		
Loans	\$ 25,957,069	\$ 24,770,080
Investment in marketable securities	4,631,568	3,472,932
Revolving credit interests	1,385,515	1,292,301
Others	2,827,313	2,487,325
	<u>34,801,465</u>	<u>32,022,638</u>
Interest expense		
Deposits	(12,182,600)	(9,803,495)
Due to the central bank and call loans from banks	(951,168)	(759,889)
Securities sold under repurchase agreements	(810,875)	(932,795)
Issuance of bonds and securities	(860,319)	(913,820)
Structured products	(1,548,102)	(1,280,102)
Others	(73,785)	(31,805)
	<u>(16,426,849)</u>	<u>(13,721,906)</u>
Net interest income	\$ <u>18,374,616</u>	\$ <u>18,300,732</u>

30. NET SERVICE FEE INCOME

	For the Year Ended December 31	
	2019	2018
Service fee and commission income		
Interbank fees	\$ 881,393	\$ 920,253
Fees from loan	608,123	502,516
Fees from trustee business	2,554,484	1,918,687
Fees from trustee affiliated business	147,903	139,963
Insurance fees	5,545,719	5,525,110
Fees from credit card	4,644,425	4,018,256
Others	1,551,564	1,444,551
	<u>15,933,611</u>	<u>14,469,336</u>
Service fee expense		
Fees from credit card	(2,734,114)	(2,119,235)
Interbank fees	(278,910)	(338,473)
Marketing fees	(756,971)	(614,846)
Others	(706,000)	(643,135)
	<u>(4,475,995)</u>	<u>(3,715,689)</u>
Net service fee income	<u>\$ 11,457,616</u>	<u>\$ 10,753,647</u>

The Company provided custody, trust, investment managements and consultancy services to the third party. Therefore, the Company involved in the planning of financial instruments and the decision making of management and trading. Management of custody, application of trust and portfolio independent accounts and preparing financial statements for the purpose of inner management were not included in the financial statement of the Company.

31. GAIN ON FINANCIAL ASSETS AND LIABILITIES AT FVTPL

	For the Year Ended December 31	
	2019	2018
Disposal gains (losses)		
Stocks and beneficiary certificates	\$ 170,213	\$(360,213)
Bills	(8,029)	4,989
Bonds	845,278	(192,615)
Derivative financial instruments	3,705,745	2,796,791
	<u>4,713,207</u>	<u>2,248,952</u>
Valuation gains (losses)		
Stocks and beneficiary certificates	41,742	(30,131)
Bills	10,260	(7,816)
Bonds	(173,293)	(72,330)
Derivative financial instruments	624,180	(638,235)
	<u>502,889</u>	<u>(748,512)</u>
Interest revenue	931,148	1,072,162
Dividend revenue	42,170	71,900
Interest expense	(155,267)	(71,801)
	<u>\$ 6,034,147</u>	<u>\$ 2,572,701</u>

32. REALIZED GAINS ON FINANCIAL ASSETS AT FVTOCI

	For the Year Ended December 31	
	2019	2018
Disposal gains (losses)		
Bills	\$(4,050)	\$(3,019)
Bonds	449,554	141,873
Beneficiary certificates	(114)	-
	445,390	138,854
Dividend income		
Investment holdings	225,585	232,380
Investment derecognition	66,274	-
	<u>\$ 737,249</u>	<u>\$ 371,234</u>

33. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2019	2018
Short-term benefits	\$ 10,911,424	\$ 9,457,153
Post-employment benefits		
Defined contribution plans	380,789	365,569
Defined benefit plans	31,659	32,146
Share-based payment		
Cash-settled share-based payment	36,014	61,965
Other employee benefits expenses	497,843	565,499
	<u>\$ 11,857,729</u>	<u>\$ 10,482,332</u>

a. Employees' compensation

In compliance with the Articles, the Company accrued employees' compensation at 0.01%, respectively, of net profit before income tax, employees' compensation. The employee's compensation for the years ended December 31, 2019 and 2018 by \$1,326 thousand and \$1,141 thousand.

If there is a change in the amounts after the financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

The Company's board of directors resolved the amount of employees' compensation on February 14, 2019 and February 8, 2018, respectively. There was no difference between the actual amounts of employees' compensation paid and the amounts recognized in the financial statements.

Information on the employees' compensation resolved by the Company's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

- b. The benefit program implemented by the Company's parent company was executed on embedded value for proper person by cash. Provision for the expense recognized by the Company for years 2019 and 2018 were \$36,014 thousand and \$61,965 thousand, respectively. The related liability recognized for the years ended December 31, 2019 and 2018 were \$65,493 thousand and \$100,122 thousand, respectively.

Refer to Note 28 for the information relating to the share-based payment arrangements.

34. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2019	2018
Property and equipment	\$ 906,810	\$ 855,879
Right-of-use assets	659,737	-
Intangible assets	267,359	235,553
	<u>\$ 1,833,906</u>	<u>\$ 1,091,432</u>

35. INCOME TAX

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. The effect of the change in tax rate on deferred tax income to be recognized in profit or loss. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings has been reduced from 10% to 5%. Tax rates used by overseas branches operating in other jurisdictions are based on the tax laws in those jurisdictions.

a. Income tax recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2019	2018
Current tax		
In respect of the current period	\$ 1,731,347	\$ 2,082,834
Adjustment for prior years	(901,059)	(386)
Offshore income tax expense	24,980	10,378
Land value increment tax	81	-
Deferred tax		
In respect of the current period	(207,795)	(472,211)
Adjustment for prior years	923,212	-
Adjustments to deferred tax attributable to changes in tax rates and laws	-	(370,934)
Income tax expense (benefit) recognized in profit or loss	<u>\$ 1,570,766</u>	<u>\$ 1,249,681</u>

Reconciliation of profit before income tax and income tax was as follows:

	For the Year Ended December 31	
	2019	2018
Income before income tax	<u>\$ 13,380,908</u>	<u>\$ 11,651,499</u>
Income tax expense calculated at the statutory rate	\$ 2,676,182	\$ 2,330,300
Nondeductible expense in determining taxable income	3,837	47
Tax-exempt income	(1,008,954)	(748,359)
Temporary differences	(19,618)	176,020
Loss carryforward	(127,895)	(147,385)
Offshore income tax expense	24,980	10,378
Adjustments to prior years' tax	22,153	(386)
Adjustments to deferred tax attributable to changes in tax rates	-	(370,934)
Others	81	-
Income tax expense (benefit) recognized in profit or loss	<u>\$ 1,570,766</u>	<u>\$ 1,249,681</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
<u>Deferred tax</u>		
In respect of the current period		
Fair value changes of financial assets at FVTOCI	\$ 60,816	\$ (24,406)
Remeasurements of the defined benefit plans	(13,111)	(17,129)
Effect of changes in tax rate	-	(26,628)
Recognized in other comprehensive income	<u>\$ 47,705</u>	<u>\$ (68,163)</u>

c. Current tax assets and liabilities

	December 31	
	2019	2018
<u>Current tax assets</u>		
Tax refund receivable	<u>\$ 674,257</u>	<u>\$ 674,257</u>
<u>Current tax liabilities</u>		
Income tax payable	<u>\$ 1,499,397</u>	<u>\$ 1,816,812</u>

d. Deferred tax assets and liabilities

	For the Year Ended December 31, 2019			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred tax assets</u>				
Allowance for bad debts in excess of tax limit	\$ 2,523,706	\$ (846,084)	\$ -	\$ 1,677,622
Reserve for guarantee liabilities in excess of tax limit	9,437	(1,993)	-	7,444
Linked debt settlement	9,551	6,346	-	15,897
Credit card bonus points liabilities	154,038	19,589	-	173,627
Unfunded pension liabilities	210,740	(1,218)	13,111	222,633
Unrealized gains or losses on financial instruments	225,293	107,943	-	333,236
Unrealized gains or losses on financial assets at FVTOCI	32,193	-	(32,193)	-
	<u>\$ 3,164,958</u>	<u>(\$ 715,417)</u>	<u>(\$ 19,082)</u>	<u>\$ 2,430,459</u>
<u>Deferred tax liabilities</u>				
Land value increment tax	\$(53,552)	\$ -	\$ -	\$(53,552)
Unrealized gains or losses on financial assets at FVTOCI	-	-	(28,623)	(28,623)
	<u>\$(53,552)</u>	<u>\$ -</u>	<u>\$(28,623)</u>	<u>\$(82,175)</u>

	For the Year Ended December 31, 2018			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred tax assets</u>				
Allowance for bad debts in excess of tax limit	\$ 1,993,909	\$ 529,797	\$ -	\$ 2,523,706
Reserve for guarantee liabilities in excess of tax limit	3,296	6,141	-	9,437
Linked debt settlement	8,231	1,320	-	9,551
Credit card bonus points liabilities	110,611	43,427	-	154,038
Unfunded pension liabilities	165,622	2,529	42,589	210,740
Unrealized gains or losses on financial instruments	-	225,293	-	225,293
Unrealized gains or losses on financial assets at FVTOCI	6,619	-	25,574	32,193
	<u>\$ 2,288,288</u>	<u>\$ 808,507</u>	<u>\$ 68,163</u>	<u>\$ 3,164,958</u>
<u>Deferred tax liabilities</u>				
Unrealized gains or losses on financial instruments	\$(34,638)	\$ 34,638	\$ -	\$ -
Land value increment tax	(53,552)	-	-	(53,552)
	<u>\$(88,190)</u>	<u>\$ 34,638</u>	<u>\$ -</u>	<u>\$(53,552)</u>

- e. The estimated payables to Taishin Financial Holding due to the adoption of the linked-tax system were as follows:

	December 31	
	2019	2018
Payables to Taishin Financial Holding (recorded under current tax asset)	\$ 558,456	\$ 558,456
Payables to Taishin Financial Holding (recorded under current tax liability)	\$ 1,147,890	\$ 1,490,735

f. **Income tax assessments**

The Company's income tax returns through 2014 had been assessed by the tax authorities.

36. EARNINGS PER SHARE

Unit: NT\$

	For the Year Ended December 31	
	2019	2018
Basic earnings per share	\$ 1.43	\$ 1.34
Diluted earnings per share	\$ 1.43	\$ 1.34

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 19, 2019. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2018 was as follows:

	Before Adjusted Retrospectively	After Adjusted Retrospectively
Basic earnings per share	\$ 1.48	\$ 1.34
Diluted earnings per share	\$ 1.48	\$ 1.34

The earnings and weighted average number of common shares outstanding in the computation of earnings per share were as follows:

Net Income for the Periods

	For the Year Ended December 31	
	2019	2018
Earnings used in computation of basic earnings per share	\$ 11,810,142	\$ 10,401,818
Earnings used in computation of diluted earnings per share	\$ 11,810,142	\$ 10,401,818

Weighted Average Number of Ordinary Shares (In Thousand Shares)

	For the Year Ended December 31	
	2019	2018
Weighted average number of ordinary shares outstanding in computation of basic earnings per share	8,255,712	7,749,222
Effect of dilutive potential ordinary shares:		
Employees' compensation	79	68
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	8,255,791	7,749,290

If the Company offered to settle bonuses paid to employees in cash or shares, the Company assumed the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

37. CASH FLOWS INFORMATION

Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			New Leases	Termination of Lease Contract	Amortization for Discount	Fair Value Adjustments	
Due to the Central Bank and banks (including call loans from other banks and bank overdraft)	\$ 33,957,115	\$(4,259,178)	\$ -	\$ -	\$ -	\$ -	\$ 29,697,937
Bank debentures	39,700,000	(4,900,000)	-	-	-	-	34,800,000
Lease liabilities	2,212,292	(556,585)	1,108,080	(24,363)	-	-	2,739,424
Financial liabilities designated as at FVTPL	3,085,588	-	-	-	-	201,771	3,287,359
	<u>\$ 78,954,995</u>	<u>\$(9,715,763)</u>	<u>\$1,108,080</u>	<u>\$(24,363)</u>	<u>\$ -</u>	<u>\$ 201,771</u>	<u>\$ 70,524,720</u>

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			Effect of Exchange Rate Changes	Amortization for Discount	Fair Value Adjustments	
	\$ 38,557,766	\$(4,600,651)	\$ -	\$ -	\$ -	\$ 33,957,115
Due to the Central Bank and banks (including call loans from other banks and bank overdraft)	-	3,050,000	-	-	35,588	3,085,588
Financial liabilities designated as at FVTPL	<u>\$ 38,557,766</u>	<u>\$(1,550,651)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,588</u>	<u>\$ 37,042,703</u>

38. OPERATING LEASE ARRANGEMENTS - 2018

The Company as Lessee

Operating leases relate to leases of operating place with lease terms between 1 and 10 years.

As of December 31, 2018, refundable deposits paid under operating leases amounted to \$233,380 thousand.

The Company's future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31, 2018
Not later than 1 year	\$ 581,355
Later than 1 year and not later than 5 years	1,385,338
Later than 5 years	475,370
	<u>\$ 2,442,063</u>

39. CAPITAL RISK MANAGEMENT

a. Summary

The Company's goals in capital management are as follows:

- 1) The Company's eligible self-owned capital should meet the requirement of legal capital, and reached the minimum capital adequacy ratio.
- 2) The calculation of eligible self-owned capital and legal capital are according to the regulation of administration.
- 3) To ensure the Company is able to meet the capital needs, it should be evaluated periodically and observed the variation between eligible self-owned capital and risk assets.

b. Capital management procedures

The Company maintains a sound capital adequacy ratio to meet the requirement of the administration, and reports to the administration quarterly. In addition, the capital management procedures for the overseas branches of the Company are carried out according to the regulation of local administrations.

The Company's capital adequacy performance, which is calculated based on Regulations Governing the Capital Adequacy and Capital Category of Banks, is reported to the Asset and Liability Management Committee of Taishin Financial Holding monthly. The regulatory capital is classified into Tier I capital and Tier II capital respectively.

Tier I capital: Include common equity Tier I and other Tier I capital.

- 1) Common equity Tier I: Include common stock, additional paid-in capital in excess of par, capital reserves, legal reserve, special reserve, accumulated earnings, non-controlling interests and other equity and deduct legal adjustment of calculations announced by administration.
- 2) Other Tier I capital: Include noncumulative perpetual preferred stock, additional paid-in capital in excess of par and noncumulative perpetual subordinated debts and deduct legal adjustment of calculations announced by administration.

Tier II capital: Include long-term subordinated bonds, property at fair values or revaluation values as firstly applied by IAS recognized as increases of retained earnings, 45% of unrealized gains or losses on financial assets at FVTOCI and operating reserve and allowance and deduct legal adjustment of calculations announced by administration.

c. Capital adequacy

Item		Period	December 31, 2019	December 31, 2018
Self-owned capital	Common equity Tier I		128,251,549	115,932,653
	Other Tier I capital		23,676,331	24,329,908
	Tier II capital		36,712,449	36,719,109
	Self-owned capital		188,640,329	176,981,670
Risk-weighted assets	Credit risk	Standardized approach	1,192,564,956	1,085,372,053
		IRB	-	-
		Securitization	122,465	-
	Operation risk	Basic indicator approach	-	-
		Standardized approach/optional standard	58,514,388	54,509,138
		Advanced internal-rating based approach	-	-
	Market price risk	Standardized approach	58,646,600	62,286,213
		Internal model approach	-	-
	Total		1,309,848,409	1,202,167,404
	Capital adequacy ratio		14.40%	14.72%
Common equity Tier I to risk-weighted assets ratio		9.79%	9.64%	
Tier I capital to risk-weighted assets ratio		11.60%	11.67%	
Leverage ratio		7.38%	7.59%	

Note 1: The ratios are calculated in accordance with the Letters issued by FSC on January 9, 2014 (Ref. No. Jin-Guan-Yin 10200362920 and 10200362921).

Note 2: Formula:

- Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital
- Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) × 12.5
- Capital adequacy = Self-owned capital/Risk-weighted assets
- Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital/Risk-weighted assets
- Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital)/Risk-weighted assets
- Leverage ratio = Tier I capital/Adjusted average assets

40. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Summary

Fair value is the exchange price in the orderly transaction between market participants and is the amount to be received on the sale of an assets or the amount to be paid on the transfer of a liability.

Financial instruments are initially measured at fair value. In many cases, the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the Company will use valuation techniques or refer to Bloomberg or Reuters' quotes or the fair value quoted by the counterparty.

b. The definition of three levels of fair value

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Active markets must have the following attributes: (A) assets or liabilities traded in the market are identical, (B) the market is principal (or most advantageous), providing ease in finding buyers and sellers that are both able and willing to transact an asset sale or liability transfer; and (C) pricing information is readily available on an ongoing basis to the public.

- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as price) or indirectly (i.e., value derived from price), in the active markets.
 - a) Quoted prices of similar financial instruments in active market are the Company's fair value of financial instruments if based on recent quoted price for similar financial instruments. Similar financial instruments should be decided in accordance with characteristics and transaction conditions of these instruments. Fair value of financial instruments will vary depending on factors specific to the similar asset or liability. The factors include: Prices are not current, price quotations vary substantially, transaction price between related parties, relevance of quoted price of similar instruments and the quoted price of financial instruments.
 - b) Quoted prices for identical or similar assets or liabilities in markets that are not active.
 - c) Valuation models are used to measure fair value, and the inputs (e.g. interest rate, yield curve, and volatilities) are based on accessible data from the markets (the observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data).
 - d) Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).
- 3) Level 3 inputs are inputs that are not available in the market. Unobservable inputs are inputs such as historical volatilities used in option pricing model. Historical volatility typically does not represent current market participants' expectations about future volatility.

c. Financial instruments measured at fair value

- 1) The level information of fair value

The financial instruments of the Company measured at fair value on a recurring basis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Financial Assets and Liabilities	December 31, 2019			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>				
<u>Non-derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stocks and beneficiary certificates	\$ 2,750,053	\$ 2,442,071	\$ -	\$ 307,982
Bond investments	47,084,574	13,172,152	32,849,709	1,062,713
Investment in bills	48,486,586	-	48,486,586	-
Financial assets at FVTOCI				
Stocks investments	4,414,275	2,489,154	-	1,925,121
Bond investments	152,648,740	58,875,178	93,773,562	-
Investment in bills	115,538,688	1,650,647	113,888,041	-
Beneficiary securities	610,937	610,937	-	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	\$ 3,287,359	\$ -	\$ 3,287,359	\$ -
<u>Derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL	20,170,687	27,207	15,265,616	4,877,864
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	21,291,573	2,417	16,668,089	4,621,067

Financial Assets and Liabilities	December 31, 2018			
	Total	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>				
<u>Non-derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stocks and beneficiary certificates	\$ 1,917,563	\$ 1,678,724	\$ -	\$ 238,839
Bond investments	38,237,600	22,019,066	14,846,190	1,372,344
Investment in bills	33,289,152	1,312,935	31,976,217	-
Financial assets at FVTOCI				
Stocks investments	4,130,967	2,262,676	-	1,868,291
Bond investments	113,743,159	48,732,856	65,010,303	-
Investment in bills	218,310,346	612,287	217,698,059	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,085,588	-	3,085,588	-
<u>Derivative assets and liabilities</u>				
Assets				
Financial assets at FVTPL	23,429,697	90	17,106,430	6,323,177
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	24,013,943	5,996	17,796,779	6,211,168

2) The valuation techniques based on fair value

Financial instruments are initially measured at fair value. In many cases the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the Company will use valuation techniques or refer to Bloomberg or Reuters' quotes or the fair value quoted by the counterparty.

If there is an active market and a price for a financial instrument is quoted in that market, the quoted price will be the fair value of the financial instrument. Market prices provided by major stock exchanges and market prices of popular central government bonds announced by the Taipei Exchange (formerly the GreTai Securities Market) are considered to be the basis of fair values for equity instruments and debt instruments with active market.

If a quoted price, which represents the price being practically and frequently transacted in orderly transactions, can be acquired from stock exchanges, brokers, underwriters, pricing service institutions or the administration in time and frequently, then there is an active market for the financial instrument. If the conditions mentioned above are not met, then the market is regarded as inactive. Generally speaking, extremely high bid-ask spread, significant increase of bid-ask spread or extremely low transaction amounts are all indications for an inactive market.

The Company's financial instruments with active markets and the basis of their fair values are described as follows:

Foreign currency products

Since the foreign exchange market is very active, the Company adopts the market prices of each respective currency or the last trading prices as fair values.

Government bonds and part of interest rate derivatives

- a) New Taiwan Dollar Central Government Bonds: If there is a trading price on the measurement date, then the last trading price is the fair value. If there is no trading price for reference and the subordinated bond fair price provided by the Taipei Exchange is not in the market quoted price interval, then the median price of the market quoted prices is the fair value. If the subordinated bond fair price is in the market quoted price interval, then the fair price is the fair value.
- b) Interest rate derivatives: The quoted price from Reuters is the fair value.

Stock-related products

The Company adopts stock market quoted prices or the last trading prices as fair values.

Except for the financial instruments with active market, fair values of other financial instruments are acquired based on valuation techniques or the quoted prices from counterparties. Fair values acquired through valuation techniques can be calculated using models based on fair values from financial instruments with similar conditions and characteristics, cash flow discount method and other valuation techniques, including accessible information on the balance sheet date such as the yield curve from the Taipei Exchange or the average quoted price from Reuters commercial papers interest rate.

When measuring financial instruments that are not standardized and with low complexity such as options without active market, the Company will adopt valuation techniques consistent with those generally used by other market participants to price financial instruments. Parameters applied for the valuation models for this type of financial instruments are observable in the market.

With regard to financial instruments with high complexity, the Company will adopt self-developed valuation techniques and methods consistent with those generally used by other market participants and valuation models to measure fair values. This type of valuation models are often applied to derivatives, embedded bond instrument or securitized products, etc. Part of parameters applied for the valuation models for this type of financial instruments are not observable in the market. Therefore, the Company makes appropriate estimates based on assumptions.

Valuation of derivatives is based on valuation models consistent with those generally used by other market participants, such as the discount rate method or the option pricing models.

Valuation of investments in equity instruments is based on generally used valuation methods, which are consistent with those described in the Statements of Valuation Standards (SVS) No. 11 - "Business Valuation", such as the asset based approach and the market approach (which is comparable to the market approach).

3) Adjustments of fair values

a) Limits of valuation models and indeterminate input value

Valuation models generate estimated approximate values. That is, valuation techniques may not be able to reflect all the factors relevant to the performance of the Company's financial instruments. Thus, results generated by valuation models are adjusted appropriately by using additional parameters, such as determinants of fair value (prevailing economic conditions, financial condition of counterparties to financial instruments, etc.) or assumptions and forecasts (future economic conditions, amount and pricing of future cash flows, etc.). Based on the Company's valuation basis manual and model management policies, the price information and parameters used in the valuation process are carefully assessed and appropriately adjusted in accordance with actual market conditions.

b) Credit risk value adjustments

Credit risk value adjustments are mainly classified into credit value adjustments (CVA) and debit value adjustments (DVA), described as follows:

The CVA is an adjustment to the valuation of derivative contracts made in decentralized market, which is the Over the counter (OTC) market, to reflect within fair value the possibility that the counterparty may default and that the Company may not receive the full market value of the transactions.

The DVA is an adjustment to the valuation of derivative contracts made in decentralized market, which is the OTC market, to reflect within fair value the possibility that the Company may default, and that the Company may not pay the full market value of the transactions.

The Company would calculate CVA by assessing probability of default (PD) and loss given default (LGD) of the counterparty before multiplying by exposure at default (EAD) of the counterparty. On the contrary, DVA is computed by applying probability of default of the Company and considering loss given default of the Company before being multiplied by exposure at default of the Company.

The Company manages PD through its regular internal rating review. After examining the experiences of foreign financial institutions, the Company adopted 60% as its LGD and chose the marking to market of OTC derivative instruments to determine EAD. In addition, in calculating the fair values of financial instruments, the Company took credit risk rating adjustments into consideration to reflect competitors' credit risk and the Company's credit quality, respectively.

4) The transfer between Level 1 and Level 2

The source used to measure the fair value of part of bonds held by the Company has been changed from a quoted price in an active market to an evaluation price from yield curve information in the market put into the general practice bond evaluation model, therefore, it has been reclassified to the Level 2 based on observable price information other than a quoted price in an active market. The Group had reclassified from the Level 1 to the Level 2 of \$2,441,732 thousand and 809,642 thousand for the year ended December 31, 2019 and 2018, respectively.

5) Reconciliation of Level 3 financial assets

For the Year Ended December 31, 2019								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	\$ 7,934,360	(\$ 1,934,164)	\$ -	\$ 897,505	\$ -	\$(649,142)	\$ -	\$ 6,248,559
Financial assets at FVTOCI	1,868,291	-	60,214	-	-	(3,384)	-	1,925,121
Total	\$ 9,802,651	(\$ 1,934,164)	\$ 60,214	\$ 897,505	\$ -	\$(652,526)	\$ -	\$ 8,173,680

Note: No transfer from Level 3.

For the Year Ended December 31, 2018								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	\$ 3,936,471	\$ 2,129,535	\$ -	\$ 1,950,224	\$ -	\$(81,870)	\$ -	\$ 7,934,360
Financial assets at FVTOCI	1,769,280	-	112,905	9,197	-	(23,091)	-	1,868,291
Total	\$ 5,705,751	\$ 2,129,535	\$ 112,905	\$ 1,959,421	\$ -	\$(104,961)	\$ -	\$ 9,802,651

Note: No transfer from Level 3.

Valuation gains (losses) above recognized in current profits or losses in the amounts of \$(1,899,277) thousand and \$2,136,788 thousand were attributed to gains (losses) on assets owned during the years ended December 31, 2019 and 2018, respectively.

Valuation gains (losses) above recognized in other comprehensive income in the amounts of \$60,214 thousand and \$102,204 thousand were attributed to gains (losses) on assets owned during the years ended December 31, 2019 and 2018, respectively.

Reconciliation of Level 3 financial liabilities:

For the Year Ended December 31, 2019							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	\$ 6,211,168	\$(2,127,873)	\$ 882,285	\$ -	\$(344,513)	\$ -	\$ 4,621,067

Note: No transfer from Level 3.

For the Year Ended December 31, 2018							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	\$ 3,867,181	\$ 2,008,522	\$ 438,512	\$ -	\$(103,047)	\$ -	\$ 6,211,168

Note: No transfer from Level 3.

Valuation gains (losses) above recognized in current profits or losses in the amounts of \$2,109,662 thousand and \$(2,017,247) thousand were attributed to gains (losses) on liabilities owned during the years ended December 31, 2019 and 2018, respectively.

6) The quantification information measured by fair value of significant unobservable inputs (Level 3)

Most of fair value attributed to Level 3 in the Company only has single significant unobservable input.

The quantification information of significant unobservable inputs was as follows:

	Fair Value on December 31, 2019	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
<u>Non-derivative financial instrument</u>					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Credit-linked bonds	\$ 1,062,713	Credit spread default model/ cash flow discount method	Credit spread	0%-2%	The higher the credit spread, the lower the fair value.
Stocks investment	307,982	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Discount for non-controlling interests	10%-30%	The higher the discount for non-controlling interests, the lower the fair value.
Financial assets at FVTOCI					
Stocks investment	1,730,511	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Discount for non-controlling interests	10%-30%	The higher the discount for non-controlling interests, the lower the fair value.
	194,610	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial assets</u>					
Financial assets at FVTPL					
Interest rate swaps	1,024,727	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Commodity options	260	Option pricing model	Volatility rate	5%-25%	The higher the volatility rate, the higher the fair value.
Commodity price exchange	46	Option pricing model/cash flow discount method	Volatility rate	5%-25%	The higher the volatility rate, the higher the fair value.
<u>Derivative financial liabilities</u>					
Financial liabilities at FVTPL					
Interest rate swaps	617,503	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Commodity price exchange	3	Option pricing model/cash flow discount method	Volatility rate	5%-25%	The higher the volatility rate, the higher the fair value.
Credit default swaps	93,738	Credit spread default model/ cash flow discount method	Credit spread	0%-2%	The higher the credit spread, the higher the fair value

	Fair Value on December 31, 2018	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
<u>Non-derivative financial instrument</u>					
<u>Financial assets at FVTPL</u>					
Financial assets mandatorily classified as at FVTPL					
Credit-linked bonds	\$ 1,372,344	Credit spread default model/ cash flow discount method	Credit spread	0%-2%	The higher the credit spread, the lower the fair value.
Stocks investment	238,839	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Discount for non-controlling interests	10%-30%	The higher the discount for non-controlling interests, the lower the fair value.
<u>Financial assets at FVTOCI</u>					
Stocks investment	1,678,920	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Discount for non-controlling interests	10%-30%	The higher the discount for non-controlling interests, the lower the fair value.
	189,371	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
<u>Derivative financial assets</u>					
<u>Financial assets at FVTPL</u>					
Interest rate swaps	895,115	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Equity-linked options	2,324	Option pricing model	Volatility rate	5%-40%	The higher the volatility rate, the higher the fair value.
Structured FXO	490	Option pricing model	Volatility rate	5%-25%	The higher the volatility rate, the higher the fair value.
<u>Derivative financial liabilities</u>					
<u>Financial liabilities at FVTPL</u>					
Interest rate swaps	680,109	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Credit default swaps	7,035	Credit spread default model/ cash flow discount method	Credit spread	0%-2%	The higher the credit spread, the higher the fair value.

7) The assessment of fair value based on Level 3 inputs

The financial instrument assessment group of the Company's department of risk management is responsible for independently verifying fair value, using an impartial, reliable source of information, so that the evaluation results reflect market status closely, same with other resource and representing executable price calibrating the assessment model regularly, and updating input values, information and any other information needed to ensure that the assessment model results are reasonable.

The department of investment management targets in equity instruments which obtain financial information audited or reviewed recently from invested company and collect information acquired from public market or private market for the purpose of valuation in proper method.

The department of finance and the department of risk management set assessment policies and procedures for determining the fair values of financial instruments and ensure that these policies and procedures are in compliance with IFRS.

d. Not measured at fair value

1) Fair value information

The Company's assets that are not measured at fair value-such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, other financial assets, loans, due to the Central Bank and banks, securities sold under repurchase agreements, payables, deposits and remittances, bank debentures and other financial liabilities-have carrying amounts that are equal to, or reasonably approximate, their fair values.

Financial assets	December 31			
	2019		2018	
	Book Value	Fair Value	Book Value	Fair Value
Financial assets at amortized cost	\$ 131,876,458	\$ 132,020,343	\$ 3,072,107	\$ 3,072,880

2) The level information of fair value

Assets and Liabilities	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost	\$ 132,020,343	\$ -	\$ 132,020,343	\$ -

Assets and Liabilities	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized cost	\$ 3,072,880	\$ -	\$ 3,072,880	\$ -

3) Valuation techniques

a) Financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to banks, securities purchased under resell agreements, receivables, other financial assets, due to the Central Bank and banks, securities sold under repurchase agreements, payables, remittances and other financial liabilities, are disclosed at their carrying amounts as shown in the individual balance sheets since their maturities are very short or their future payments/receipts approximate their carrying amounts.

b) Financial assets at amortized cost: Refer to Note 40. c. for related information.

c) Loans (including delinquent loans)

The Company's loan interest rate is usually determined based on the prime rate plus or minus basic points (i.e. the floating rate), which reflects the market interest rate. The expected recovery of loans is taken into consideration. Therefore, loans are disclosed at their carrying amounts.

Medium and long-term loans, which are determined at fixed rates and account for a minor proportion of loans, are disclosed at their carrying amounts.

d) Deposits

Considering that most of the banking transactions are within one year of maturity, deposits are disclosed at their carrying amounts.

e) Bank debentures

The bank debentures were issued to enhance liquidity or capital management instead of earning short-term profits, the carrying amount is disclosed instead of fair value.

Financial Assets and Financial Liabilities Offsetting

The Company signs net settlement contracts or similar agreements with counterparties. When both transaction parties choose to do netting, the Company can offset financial assets and financial liabilities after the signing of the net settlement agreement. If not, the Company would execute total settlement. However, if one of the transaction parties breaks a contract, the other party can choose to execute net settlement. The table below shows more information on the offset of financial assets and financial liabilities.

December 31, 2019						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Assets (a)	Offset of Realized Financial Liabilities in Balance Sheet (b)	Net Financial Assets in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Received Cash Collateral	
Derivative	9,517,863	-	9,517,863	6,521,802	1,156,999	1,839,062

Note: Including net settlement and non-cash collateral.

December 31, 2019						
Offset and Execution of Net Settlement or Similar Agreement on Financial Liabilities						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	16,118,189	-	16,118,189	8,730	4,465,729	11,643,730

Note: Including net settlement and non-cash collateral.

December 31, 2018						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	14,673,387	-	14,673,387	11,553,238	804,503	2,315,646

Note: Including net settlement and non-cash collateral.

December 31, 2018						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	20,915,361	-	20,915,361	11,553,238	7,715,418	1,646,705

Note: Including net settlement and non-cash collateral.

Transfer of Financial Assets

The Company treats debt securities under repurchase agreements as transferred financial assets that do not qualify for full derecognition; thus, the Company will recognize debts on the transferred financial assets to be bought back at a confirmed price because of the transfer of cash on the debt security contracts. In addition, the Company should not use, sell or pledge the transferred financial assets during the transaction validity period. However, the Company still bears interest and credit risks although the financial assets will not be fully derecognized. The following table shows the amounts of the financial assets that did not qualify for full derecognition and information on the related financial liabilities.

December 31, 2019		
Financial Assets	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Financial assets at FVTPL repurchase agreement	\$50,367,735	\$53,693,938
Financial assets at FVTOCI repurchase agreement	53,890,088	51,893,832

December 31, 2018		
Financial Assets	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Financial assets at FVTPL repurchase agreement	\$33,995,804	\$33,384,916
Financial assets at FVTOCI repurchase agreement	41,549,227	40,269,510

Financial Risk Management Objectives and Policies

a. Summary

The Company's goal in risk management is to balance the risks and returns by giving consideration to business operation, overall risk taken, and external legal restrictions. The major risks the Company sustains includes in- and off-balance-sheet credit risks, market risks (including interest rate, exchange rate, equity security prices, credit spread and commodity price risks) and liquidity risks.

The parent company Taishin Financial Holding has rules for risk management policies and risk control procedures, which had been approved by The board of directors or Risk Management Committee or monthly risk management meeting, and the Company has its own risk management policies, which had been followed the rules for risk management of parent company, in order to effectively identify, measure, supervise and control credit risks, market risks and liquidity risks.

b. Organizational structure of risk management function

The board of directors is the highest level in the risk management function in the Company and takes the full responsibility for risk management issues. The board of directors authorizes the Risk Management Committee to examine policies and standards and establish risk management system. Important risk management issues need to be reported to parent company. The chairman of Risk Management Committee takes charge of risk management and reports to the board of directors periodically.

Risk management department is independent of business department and identifies, assesses, and controls various risks according to risk management standards. In addition, internal auditing department is responsible for the independent review of risk management and control environment.

c. Market risk

1) The source and definition of market risk

Market risk is the uncertainty of changes in fair value of in- and off-balance-sheet financial instruments due to changes in market risk factors. Market risk factors include interest rates, exchange rates, equity security prices, credit spreads and commodity prices.

The major market risks of the Company are equity securities price risks, credit spread risks, interest rate risks, and exchange rate risks. The main position of equity securities risk includes domestic public, domestic stock index options and stock index futures. The main position of credit spread risk includes the credit derivatives, such as credit default swaps and convertible bond asset SWAP (CBAS), etc. The main position of interest rate risk includes bonds and interest derivative instruments, such as interest rate swap. The main position of exchange rate risk includes the Company's investments denominated in foreign currencies, such as foreign currency spots and foreign currency options.

2) Market risk management policy

The Company's risk management policy clearly defines the risk management procedures for risk identifying, risk measuring, risk controlling and risk reporting, which are executed by risk management department independent of trading and other departments. The risk management department develops management principles for different businesses based on the risk management policy and market value management rules from parent company. It establishes market risk management system and regulates market risks, risk limits, stop loss limits and stress tests of various financial assets.

3) Market risk management procedures

a) Identifying risks and measuring possible effects

The Company's risk management department identifies the exposures of positions or new financial instruments to market risks and measures the gains and losses on positions held due to changes in market risk factors based on standards; the risk management department calculates price sensitivity and gains and losses on positions are recorded in trading purpose daily; and calculates the maximum potential losses recorded in each trading purpose monthly. The Company wants to avoid tremendous losses that will harm the Company's operations due to overwhelming changes in market risk factors.

b) Controlling of risk and reporting of issues

The Company controls market risk by managing risk limits. The risk management department sets various trading limits, such as position limits, stop-loss limits, and maximum potential loss. The trading limits are implemented only after they are reported to and approved by The Board of Directors reported to parent company.

The risk management department calculates exposures and estimated gains and losses on positions daily to make sure that the positions held and losses do not exceed the limits approved by the board of directors and prepares reports to the management, Risk Management Committee and the board of directors periodically for their sufficient understanding of the implementation of the market risk management work and, if necessary, issuance of additional guidance.

4) Market risk position management principles

Based on the related risk management standards, the Company classifies financial instruments into trading purpose and non-trading purpose according to the purpose of holding the instruments and manages them with different methods.

Trading purpose position consists of trading purpose financial instruments or commodities held to hedge positions in trading purposes. A position, such as self-run position or position produced by matched principal brokering or market making, is for trading purpose if it is intended to be sold within a short period; to earn or to lock in profit from actual or expected short-term price fluctuations.

Non-trading purposes positions are positions other than aforementioned trading purposes positions, consisting of medium to long-term equity investments and hedging positions to earn from the appreciation of values and dividends, bonds and notes investments and hedging positions to earn from interests, positions held for fund dispatching, liquidity risk management, and banking books interest rate risk management purposes, and positions held for other management purposes.

Principles of trading purpose market risk management are as follows:

a) Management strategy

The goal of trading purpose market risk management is to pursue maximum return on capital, meaning maximizing the capital usage efficiency to improve stockholders' interest.

In order to control market risks, the risk management department sets risk limits for various investment portfolio based on trading strategies, category of trading products and annual profit goals in order to control exposure to risks on positions and losses.

b) Management principles

The parent company stipulated "Principles of Market Risk Limit Management" to manage trading purpose limits.

c) Valuation gains and losses

If objective prices of financial instruments in various trading purposes exist in open market, such as trading prices, gains and losses on positions are valued in accordance with the market prices by the risk management department. If fair value data is inaccessible, the risk management department will cautiously adopt verified mathematical models to value gains and losses and review the assumptions and parameters of the valuation models periodically.

d) Risk measuring methods

The methods applied by the risk management department in measuring market risks are as follows:

i. Measure the price sensitivity of various risk factors (i.e. Greeks), such as the effect on the valuations of foreign currency position of a 1% change in exchange rate or the effect on option position valuation due to changes in Greeks.

ii. Refer to Item 10 for Value at risk.

iii. Measure potential losses resulting from extreme market volatility in order to assess capital adequacy and essential position adjustments.

5) Trading purpose positions interest rate risk management

a) Definition of interest rate risk

Interest rate risk is fair value changes in interest rate risk position held by the Company due to interest rate changes. The risks are mainly in debt securities and interest rate derivatives.

b) Measuring methods

The risk management department applies DV01 to measure interest risk. DV01 is the change in the value of interest rate risk positions when the yield curve moves upward by one basis point (1bp). And the department calculates stress loss of risk position held. Refer to Item 10 for Value at risk.

c) Management procedures

The risk management department defines the interest rate related products that can be undertaken among trading purpose investment portfolio and set the total limit of DV01, the limit of DV01 in each time band and the stop-loss limits in order to control exposure risks on position losses. If the losses reach the stop-loss limit, then the trading department should decrease risk exposure positions so as to control losses.

6) Trading purpose positions exchange rate risk management

a) Definition of exchange rate risk

Exchange rate risk is the gain or loss resulting from exchange or translation of two different foreign currencies at different times. The Company's exchange rate risk mainly comes from spot and forward exchange positions and forward exchange options.

b) Measuring methods

The risk management department applies Delta to measure the exchange rate risk of the first order change and applies Gamma to measure the exchange rate risk of the second order change. In addition, Vega is used to measure the first order risk of implied volatility rate. And the department calculates stress loss of risk position held. Refer to Item 10 for Value at risk.

c) Management procedures

The risk management department sets the position limit and stop-loss limit of trading purpose investment combinations in order to control exchange rate risk. If the losses reach the stop-loss limit, the trading department should decrease risk exposure positions so as to control losses.

7) Trading purpose positions equity security price risk management

a) Definition of equity security price risk

Equity security price risk is the valuation effect on the position held by the Company when the equity security price changes. The Company's equity security price risk mainly comes from public and OTC stocks, index futures and options.

b) Measuring methods

The risk management department calculates stress loss of risk position held, applies Delta to measure the independent equity security price risk of the first order change, or market value is applied to indicate the exposure risks on positions of stocks. Refer to Item 10 for Value at risk.

c) Management procedures

The risk management department sets the position limit and stop-loss limit of trading purpose investment portfolio in order to control equity security price risk. If the losses reach the stop-loss limit, then the trading department should decrease risk exposure position so as to control losses.

8) Trading purpose credit spread risk management

a) Definition of credit spread risk

Credit spread risk is the risk of the effect of changes in credit spreads on positions held by the Company. The major risk comes from derivatives such as credit default swaps.

b) Measuring methods

The risk management department applies CS 01, which is the impact of the changes in fair value of a position in response to a one basis point (1bp) credit spread change, and calculates the pressure loss of risk positions held by the Company. Refer to item 10 for Value at risk.

c) Management procedures

The risk management department sets the position limit and stop-loss limit of trading purpose investment portfolios in order to control credit spread risks. If the losses reach the stop-loss limit, then the trading department should decrease the risk exposure position so as to control losses.

9) Banking book interest rate risk management of non-trading purposes

Banking book interest rate risk involves bonds and bills and their hedge position, which are held to manage the Bank's liquidity risk and the interest rate risk of deposits and loans undertaken by business departments. The interest rate risk is transferred to banking book management department for centralized management through internal fund transfer pricing (FTP) system. Banking book interest rate risk is the effect on net interest income of risk exposure positions held due to changes in interest rate. There is no secondary market for loan transactions and the purpose of holding banking book investment position is to establish deposit reserve. This is different from short-term holding for pursuing profit in trading purpose. Banking book interest rate risks are regulated separately by the risk management department.

a) Management strategy

The goal of banking book interest rate risk management is to control interest rate risk position and pursue stability and growth of banking book net interest income under the circumstances that liquidity is appropriate.

b) Management principles

The Company stipulated "The Principles of Banking Book Interest Rate Risk Management" as the important control regulations for banking book interest rate risk management.

c) Measuring methods

The banking book interest rate risk is the risk of quantitative or repricing term differences due to the differences in amounts and maturity or repricing dates of banking book assets, liabilities and off-balance-sheet items. The Company measures the effect on net interest income when the yield curve moves upward by 1bp. Refer to Item 10 for Value at risk.

d) Management procedures

The Company defines the instruments of banking book interest rate management and sets the limit of interest rate risk in order to avoid severe recession of net interest income when the interest rate changes unfavorably. The banking book management unit sets limits and keeps the interest rate risk within the limits.

10) Methods for measuring market risk

a) Stress test

A stress test is applied to measure loss under extremely unfavorable market circumstances in order to assess financial institutions' tolerance to extreme market volatility.

The risk management unit is required to execute the stress test at least once a month to calculate trading purpose stress loss. The risk management unit observes historical information of market price and sets the biggest possible volatility range for various market risk factors as the stress circumstance, which should be approved by the Risk Management Committee of the parent company. Since there are so many market risk factors that affect trading purpose position, there might be plenty of permutation and combination of stress circumstances when the unit calculates stress loss. For instance, change in a market risk factor might result in the biggest loss of one investment portfolio but create profits for another investment portfolio. Based on the conservative principles, the risk management unit will take into account correlation between various risk factors to calculate the biggest loss as the stress loss.

The risk management unit should confirm that overall trading purpose loss does not exceed the stress loss limit and report to the high-level management as references for adjusting positions or resource distribution.

b) Value at risk, "VaR"

The Company uses variety of methods to control market risk; the VaR is one of them. The Company is using risk model to assess the value of trading portfolios and potential loss amount of holding positions. VaR is the Company's important internal risk control system, and the Board of Directors reviews and establishes trading portfolio's limits annually. Actual exposures of the Company are monitored daily by risk management.

VaR is used to estimate adverse market potential loss of existing positions. The VaR model uses historical simulation method, a one-year historical observation period, the estimate of 99% confidence interval, the maximum possible amount of loss holding positions for one day, and the probability that actual losses may exceed the estimate.

	For the Year Ended December 31, 2019			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	3,231	9,190	1,026	2,657
Interest rate VaR	29,485	48,247	18,839	22,327
Equity securities VaR	38,412	48,619	24,839	40,430
Credit spread VaR	5,297	11,630	2,797	6,228
Value at risk	47,638	62,226	32,182	35,316

	For the Year Ended December 31, 2018			
	Average	Highest	Lowest	Ending Balance
Exchange VaR	6,578	21,825	2,685	4,529
Interest rate VaR	76,186	122,889	26,572	29,170
Equity securities VaR	20,592	35,078	9,752	13,781
Credit spread VaR	3,541	9,998	73	9,947
Value at risk	74,143	117,657	28,241	33,807

c) Information of exchange rate risk concentration

Refer to Note 45 for information regarding the Company's non-functional currency financial assets and liabilities on the balance sheet date.

d. Credit risk

1) Source and definition

Credit risk means the possible loss due to failure of debtors or counterparties to fulfill their contractual obligations or their ability of fulfill contractual obligations is impaired. Credit risk arises from the operation, on- and off-balance-sheet items, including credit loans, derivatives transactions and securities investment, etc. Because the business becomes more complex, the credit risk is often generated with other risks that affect one another. For example, exchange rate risk also exists in foreign currency debt investment. Secured loans will be affected by the price volatility on the collateral and market liquidity risk of the collateral.

Credit risk can be divided into the following categories based on the object and nature of business:

a) Credit risk

Credit risk is the risk that a borrower is unable to pay its debt or fulfill its debt commitments in credit loans operation.

b) Issuer (guarantor) risk of the underlying issue

It is the credit risk that stock issuers go into liquidation or are unable to pay back money when debt, bills and other securities mature.

c) Counterparty risk

It is the credit risk that the counterparty undertaking OTC derivatives or RP/RS transactions are unable to fulfill settlement obligations.

Counterparty risk is also divided into settlement risk and pre-settlement risk.

i. Settlement risk

It is the loss resulting from the counterparty failing to deliver goods or other money on the settlement date when the Company had fulfilled settlement obligations.

ii. Pre-settlement risk

It is the loss resulting from the counterparty failing to fulfill settlement or pay the obligations and from changes in market prices before the settlement date.

d) Other credit risks

Country risk, custodian risk and brokers risk, etc.

2) Credit risk management policies

To ensure its credit risk under control within the tolerable range, the Company has stipulated in the guidelines for risk management that for all the products provided and businesses conducted, including all on- and off-balance-sheet transactions in the banking and trading books, the Company should make detailed analyses to identify existing and potential credit risks. Before launching new products or businesses, the Company ensures compliance with all applicable rules and regulations and identifies relevant credit risks. For sophisticated credit extensions, such as accounts receivable factoring and credit derivative instruments, the Company also establishes risk management system described in the related rules and guidelines.

Unless the assessment of asset qualities and provision for potential losses of the overseas business department is regulated by the local authorities, it is in accordance with the Company's risk management policies and guidelines.

The measurement and management procedures of credit risks in the Company's main businesses are as follows:

a) Credit granting business (including loans and guarantees)

i. Credit risk rating

For risk management purposes, the Company rates credit qualities (by using internal rating models for credit risk or credit score tables) in accordance with the nature and scale of a business.

The corporate finance department's internal rating adopts two aspects. One is obligor risk rating (ORR) and the other is Facility Risk Rating (FRR). ORR is used to assess the possibility of the debtor performing financial commitments, which is a quantitative value based on the probability of default (PD) within one year. FRR is used to assess the effect of rating structures and collateral conditions on credit rating, which is a quantitative value based on loss given default (LGD). At the same time, experts also engage in judging and

adjusting the rating overrides of statistic models to make up the shortage of the model.

The consumer finance department's internal rating system adopts product characteristic and debtor condition (such as new case or behavior grading) as the basis of segmentation. It is to ensure that the same pools of debtors and risk exposure are homogeneous. At the same time, review of loans based on experts' override is complemented to make up the shortage of the model.

ii. The measurement of ECLs

At the end of the reporting period, the Company evaluates the risk of default occurring over the expected life of loans, to determine if the credit risk has increased significantly since original recognition. In order to perform this evaluation, the Company considers the information regarding whose credit risk has significantly increased since the respective loan's initial recognition as well as corroborative information (including forward-looking information). The key indicators include quantitative indicators such as changes in internal and external credit ratings, overdue conditions (such as being more than one month overdue), etc., as well as qualitative indicators such as a worsening of debt paying ability, unfavorable changes in operating financial and economic conditions and significant increases in credit risk of borrowers' other financial instruments. At the end of the reporting period, the Company assumes that the credit risk has not increase significantly for those whose credit risk is determined to be low.

The Company has the same definition of default on credit assets and credit impairment. The evidence of credit losses on financial assets includes overdue conditions (e.g. past due for more than three months) and significant financial distress of the borrower. The definitions of default and credit impairment are consistent with the definitions of the financial assets for the purpose of internal credit risk management, which are also used in the relevant impairment assessment model.

In order to assess the ECLs, the loans will be assessed in groups based on the nature of the products, borrowers' credit ratings and collateral, and the Company takes into consideration each borrower's probability of default (PD), loss given default (LGD) and exposure at default (EAD) for the next 12 months and for the lifetime of the loan and considers the impact of the monetary time value in order to calculate the ECLs for 12 months and for the lifetime of the loan, respectively.

The PD and LGD used in the impairment assessment are based on internal historical information (such as credit loss experience) of each combination and are calculated based on current observable data and forward-looking general economic information.

The Company assesses the EAD, PD and LGD using the current exposure method, the group estimating method and the recovery rate adjustment method, respectively. When assessing internal credit ratings, the Company takes factors into account to adjust PD as follows: It considers the respective borrower's future financial and business prospect, guarantors, stockholders and group background, as well as the forward-looking effects of environmental changes in the economy, markets and regulations in corporate finance; and it considers overall economic indicators (e.g. gross domestic product (GDP)) that are adjusted according to the asymptotic single risk factor (ASRF) model.

There was no significant change in valuation techniques and major assumptions used to assess the expected credit losses of the loans by the Company in 2019 and 2018.

In addition to the aforementioned assessment procedures, which classify loans in accordance with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans, the loans are classified into five categories for evaluation. Except for normal loans, the remainder is classified into the first category. After the assets are assessed on the basis of the guarantee status of the claims and the length of the time overdue, they are respectively classified within the remaining categories according to the probability of recovery as follows: The second category is for notable assets; the third category is for assets which are expected to be recovered; the fourth category is for assets which will be difficult to recover; and the fifth category is for assets for which recovery is considered hopeless. The highest values of the aforementioned evaluation results are taken to measure the allowance loss.

In order to manage problematic loans, procedures are adopted for the reorganization of loan loss provisions, the allowance for bad debt or guarantee liability provisions, the measurement of overdue loans and the collection of default loans. In the management of loans, the Company is also guided by the Regulations Governing the

Procedures for Corporation Credit Businesses to Evaluate Assets and Deal with Non-performing Assets, Measures for Corporation Credit Businesses to Be Taken When Credit Extensions Become Past Due and Regulations Governing Collection Procedures, Regulations Governing the Procedures for Consumer Finance to Evaluate Assets and Deal with Non-performing Assets, Regulations Governing the Procedures for Overdue Loans, Non-accrual Loans and Doubtful Loans.

iii. Write-off policy

Overdue loans and non-accrual loans for which one of the following events have occurred should have the estimated recoverable amount deducted and should then be written off as bad debts.

- The debtor may not recover all or part of the obligatory claim due to dissolution, escape, settlement, bankruptcy or other reasons.
- The appraisal of the collateral, the property of the principal debtor and the surety is low, or the amount of the loan's priority is deducted, or the collection implementation costs may approach or exceed the amount that the Company can repay, or the loan is not able to be collected.
- The property of the principal debtor and the surety were auctioned off at multiple auctions, no one was required to buy it and the Company did not bear the benefit.
- Overdue loans and non-accrual loans which have been overdue for more than two years have been collected but have not been received.

However, for overdue loans and non-accrual loans which have been overdue for more than three months but less than two years, after the collection has not been recovered and after deducting the recoverable portion, the remainder will be written off as bad debts.

Loans are written off in accordance with relevant regulations and procedures; the activities of the principal debtor and the surety from obligatory claims shall still be monitored by the relevant business department. If there is property that is available for execution, the Company shall sue according to the relevant laws.

If an evaluation determines that there is no benefit to be gained from the collection activities described in the preceding paragraph, such shall be reported to and approved by the board of directors, and the debt shall no longer be posted in the accounts and subject to control; however, such debt shall continue to be recorded in registry books for acknowledgement.

b) Due from and call loans to banks

The Company evaluates the credit status of counterparties before deals are closed. The Company grants different limits to the counterparties based on their respective credit ratings as suggested by external qualified credit rating institutes.

c) Security investment and financial derivatives transaction

Regarding the credit risk of security investments and financial derivatives, the Company manages the risk by internal credit rating of issuers, issued underlying, counterparties, and by external credit rating of debt instruments and counterparties or status of regions/countries.

The other banks with which the Company conducts derivative transactions are mostly considered investment grade. The credits extended to counterparties that are not rated as investment grade are assessed case by case. The credits extended to counterparties are monitored in accordance with the related contract terms and conditions, and the credit limits for derivatives established in normal credit granting processes. Meanwhile, the Company has set the total position limit on trading and banking book securities and each issuer's limit based on credit ratings.

The Company assesses the change in risk of default over the expected lifetime of investments in debt instruments as of the end of the reporting period, so as to determine whether there has been a significant increase in credit risk since initial recognition. In order to make this assessment, the Company considers reasonable indicators of a significant increase in credit risk since initial recognition and corroborative information (including forward-looking

information). The main indicators include quantitative indicators, such as external credit ratings, qualitative indicators, such as weakening solvency from adverse changes in operating, financial and economic conditions, and a significant increase in credit risk of the issuer's other financial instruments. Where the Company determines that the credit risk is low as of the reporting date, it will assume that the credit risk will not have a significant increase.

The Company defines default of investments in debt instruments and credit impairment the same. Evidence of financial asset credit impairment includes external credit ratings and the issuers experiencing severe financial difficulties. The definitions of default and credit impairment apply to the relevant impairment assessment model. Based on credit assessment charts, the Company manages the internal and external credit assessment of debt instruments according to Moody's long-term credit ratings. Credit risk is significant increase if:

- i. The rating is over Baa3 on the initial recognition date, and the rating is lower than Ba1, not including ratings of Ca-D on the measurement date.
- ii. The rating is Ba1-Ba3 on the initial recognition date, and the rating is downgraded to B1-Caa3 on the measurement date.
- iii. The rating is B1-Caa3 on the initial recognition date.

A loan is considered to have been defaulted on if the rating is Ca-D on the measurement date.

The trading department should monitor the credit position of investments in debt instruments. Once it knows that the issuer, guarantor or issued underlying has a credit event (such as a downgrade of credit ratings to non-investment grade, a discharge or a default), it should notify the relevant department immediately and dispose of the investments in debt instruments.

In order to assess the purpose of the ECLs, debt instruments are assessed by grade based on their credit rating. In order to measure the ECLs, the default probability of the issuers is considered, the PD, LGD, EAD for the next 12 months and over the full lifetime of the debt instruments shall be considered, and the impact of the time value of money shall be considered. From this, the 12-month and full-lifetime ECLs shall be calculated separately.

The Company assesses the EAD of investments in debt instruments using the current exposure method (CEM) and adopts external rating information, PD and LGD which are announced periodically by international credit rating agencies (S&P and Moody's), to calculate the ECLs.

Due to international credit rating agencies already considering the prospective information, it is appropriate to assess such information and then include it in the assessment of the related ECLs of the Company.

The Company evaluated that the assessment techniques or material assumptions of the ECLs of investments in debt instruments had no material change in 2019 and 2018.

3) Credit risk hedging or mitigation policies

a) Collateral

The Company has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collateral from the borrowers. To secure the loans, the Company manages and assesses the collateral following the procedures that suggest the scope of collateralization and valuation of collateral and the process of disposition. In credit contracts, the Company stipulates the security mechanism for loans and the conditions and terms for collateral and offsetting to state clearly that the Company reserves the right to reduce granted limit, to reduce repayment period, to demand immediate settlement or to offset the debt of the borrowers with their deposits in the Company in order to reduce the credit risks.

The requirements for collateral for other non-credit businesses depend on the nature of the financial instruments. Asset-backed securities and similar financial instruments are required to provide a pool of underlying financial assets as collateral.

The following table details the collateral of credit-impaired financial assets.

December 31, 2019

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	\$ 4,341,485	\$ 2,357,832	40.45%
Business guaranteed loans	548,126	92,733	108.26%
Others	6,474,127	1,607,981	
Total	\$ 11,363,738	\$ 4,058,546	

December 31, 2018

	Gross Carrying Amount	Impairment under IFRS 9	Proportion of Loans/ Collateral (Note)
Personal housing loans	\$ 3,919,181	\$ 2,095,385	41.92%
Business guaranteed loans	412,140	312,709	105.21%
Others	6,948,217	1,765,234	
Total	\$ 11,279,538	\$ 4,173,328	

Note: The value of the collateral is calculated based on the latest accessible internal and external data.

b) Credit risk concentration limits and control

To avoid the concentration of credit risks, the Company has included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivatives transactions.

Meanwhile, for trading and banking book investments, the Company has set a ratio, which is the credit limit of a single issuer in relation to the total security position. The Company has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk on the financial assets, the Company has set credit limits by industry, conglomerate, country and transactions collateralized by stocks, and integrated within one system to supervise concentration of credit risk in these categories. The Company monitors concentration of each asset and controls various types of credit risk concentration in a single transaction counterparty, group, related-party corporation, industries, nations.

c) Net settlement

The Company settles most of its transactions at gross amounts. For further reduction of credit risks, settlement netting is used for some counterparties or some circumstances where the transactions with counterparties are terminated due to defaults.

d) Other credit enhancements

To reduce its credit risks, the Company stipulates in its credit contracts the terms for offsetting to state clearly that the Company reserves the right to offset the borrowers' debt against their deposits in the Company.

4) Maximum exposure to credit risk and credit quality analysis

The maximum credit risk exposures of various financial instruments held by the Company are the same as per book amounts. Refer to the notes to the financial statements.

Part of financial assets held by the Company, such as cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets at FVTPL, securities purchased under resale agreement, deposit refunds, operating deposits, and settlement deposits are exposed to low credit risks because the counterparties have rather high credit ratings.

Based on risk ratings, the amounts of maximum credit risk exposure (excluding the guarantees or other credit enhancements) at each stage of expected credit losses on December 31, 2019 and 2018 are as follows:

Taishin Bank

	December 31, 2019			
	12-month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Loans				
Consumer finance				
Excellent	\$ 606,449,108	\$ 15,810,829	\$ -	\$ 622,259,937
Good	10,051,411	249,989	-	10,301,400
Acceptable	-	204,114	-	204,114
Default	-	-	8,498,994	8,498,994
Corporation finance				
Excellent	292,547,604	-	-	292,547,604
Good	215,483,782	-	-	215,483,782
Acceptable	1,548,618	3,744,039	-	5,292,657
Default	-	-	741,263	741,263
Total	\$ 1,126,080,523	\$ 20,008,971	\$ 9,240,257	\$ 1,155,329,751
Receivables (including non-performing receivables transferred, from other than loans)				
Consumer finance				
Excellent	\$ 59,669,140	\$ 37,282	\$ -	\$ 59,706,422
Good	245,604	858	-	246,462
Acceptable	-	79,646	-	79,646
Default	-	-	2,003,899	2,003,899
Corporation finance				
Excellent	44,668,572	-	-	44,668,572
Good	6,138,540	-	-	6,138,540
Acceptable	433,907	13,632	-	447,539
Default	-	-	119,582	119,582
Others	-	9,443,075	-	9,443,075
Total	\$ 111,155,763	\$ 9,574,493	\$ 2,123,481	\$ 122,853,737
Debt instruments at FVTOCI				
Excellent	\$ 268,596,695	\$ 201,670	\$ -	\$ 268,798,365
Debt investments at amortized cost				
Excellent	\$ 131,881,260	\$ -	\$ -	\$ 131,881,260
Financial guarantees				
Excellent	\$ 17,557,692	\$ -	\$ -	\$ 17,557,692
Good	4,646,284	-	-	4,646,284
Acceptable	46,410	44,613	-	91,023
Default	-	-	15,160	15,160
Total	\$ 22,250,386	\$ 44,613	\$ 15,160	\$ 22,310,159
Loan commitments				
Excellent	\$ 954,731,927	\$ 190,584	\$ -	\$ 954,922,511
Good	128,758,296	294	-	128,758,590
Acceptable	976,895	641,061	-	1,617,956
Default	-	-	259,164	259,164
Total	\$ 1,084,467,118	\$ 831,939	\$ 259,164	\$ 1,085,558,221

	December 31, 2018			
	12-month ECLs	Lifetime ECLs - Unimpaired	Lifetime ECLs - Impaired	Total
Loans				
Consumer finance				
Excellent	\$ 568,339,583	\$ 14,211,558	\$ -	\$ 582,551,141
Good	7,733,224	312,823	-	8,046,047
Acceptable	-	120,333	-	120,333
Default	-	-	8,431,383	8,431,383
Corporation finance				
Excellent	227,727,826	-	-	227,727,826
Good	201,662,540	-	-	201,662,540
Acceptable	450,772	2,979,598	-	3,430,370
Default	-	-	516,317	516,317
Total	\$ 1,005,913,945	\$ 17,624,312	\$ 8,947,700	\$ 1,032,485,957
Receivables (including non-performing receivables transferred, from other than loans)				
Consumer finance				
Excellent	\$ 52,529,146	\$ 38,890	\$ -	\$ 52,568,036
Good	209,520	1,135	-	210,655
Acceptable	-	60,530	-	60,530
Default	-	-	2,066,502	2,066,502
Corporation finance				
Excellent	48,381,583	-	-	48,381,583
Good	6,469,046	-	-	6,469,046
Acceptable	504,886	2,781,596	-	3,286,482
Default	-	-	265,336	265,336
Others	-	7,027,905	-	7,027,905
Total	\$ 108,094,181	\$ 9,910,056	\$ 2,331,838	\$ 120,336,075
Debt instruments at FVTOCI				
Excellent	\$ 332,053,505	\$ -	\$ -	\$ 332,053,505
Debt investments at amortized cost				
Excellent	\$ 3,073,300	\$ -	\$ -	\$ 3,073,300
Financial guarantees				
Excellent	\$ 16,385,985	\$ -	\$ -	\$ 16,385,985
Good	4,316,805	-	-	4,316,805
Acceptable	-	72,601	-	72,601
Default	-	-	15,160	15,160
Total	\$ 20,702,790	\$ 72,601	\$ 15,160	\$ 20,790,551
Loan commitments				
Excellent	\$ 940,560,110	\$ 150,574	\$ -	\$ 940,710,684
Good	124,953,112	-	-	124,953,112
Acceptable	2,503,502	985,724	-	3,489,226
Default	-	-	69,963	69,963
Total	\$ 1,068,016,724	\$ 1,136,298	\$ 69,963	\$ 1,069,222,985

5) Situation of credit risk concentration

Prominent concentration of credit risks occurs when transaction parties for financial instruments prominently concentrate on one party, or on a few that are in similar business lines or exhibit similar economic characteristics. The characteristics of concentration of credit risks include the nature of business activities engaged by debtors. The Company has not engaged in transactions that involved a prominent concentration to one client or one transaction party, but has engaged in transaction parties of similar industry type or from similar region.

The Company's information on prominent concentration of credit risk was as follows:

Industry Type	December 31			
	2019		2018	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Manufacturing	\$ 179,706,128	16	\$ 134,464,351	13
Wholesale and retailing	57,296,126	5	51,093,346	5
Finance and insurance	104,737,965	9	94,698,417	9
Real estate and leasing	86,812,057	7	81,366,065	8
Service	21,702,886	2	13,905,682	1
Individuals	661,648,363	57	616,857,683	60
Others	43,426,226	4	40,100,413	4
	<u>\$ 1,155,329,751</u>		<u>\$ 1,032,485,957</u>	

Geographic Location	December 31			
	2019		2018	
	Carrying Amount	Percentage of Item (%)	Carrying Amount	Percentage of Item (%)
Asia	\$ 1,067,344,993	92	\$ 944,529,326	91
Europe	5,719,619	1	5,951,181	1
America	2,650,727	-	3,656,626	-
Others	79,614,412	7	78,348,824	8
	<u>\$ 1,155,329,751</u>		<u>\$ 1,032,485,957</u>	

e. Liquidity risk

1) The source and definition of liquidity risk

Liquidity risk is the potential loss that the Company may suffer due to inability to liquidate assets or raise enough funds in reasonable time to perform obligations when due and to meet the demands of assets growth. Sources of liquidity risk are as follows:

- Inability to fulfill funding gap due to asymmetric time and amount in cash inflows and outflows.
- Liabilities paid off in advance before maturity, inability to maintain liabilities at maturity or inability to acquire funds from the market.
- Inability to liquidate current assets at reasonable price or raising funds to fulfill funding gap with price higher than the reasonable one.

Except for the liquidity risks arising from normal operation, the Company's liquidity might be affected by events such as credit ratings being downgraded, credibility seriously damaged, financial system's system risk, causing customers to lack confidence and canceling deposits before maturity, call loans from banks being suspended, resell or repurchase transactions being deterred and liquidity of financial assets decreasing.

2) Liquidity risk management policy

The objective of liquidity risk management is to ensure that the Company can acquire funds at reasonable price to pay off debt, perform obligations and contingent liabilities and satisfy demands required by business growth either in normal operation or under sudden, serious and unusual circumstances. The Company has established policies on assets and liabilities management that stipulate related liquidity risk management rules and principles, stipulate clear distinction between accountability and responsibility of Asset and Liability Committee and management departments and regulate the limits of liquidity risk, risk measuring, risk monitoring and the scope and procedures of reporting to ensure that overall liquidity risk is within the limits of liquidity risk approved by the board of directors.

Basic principles of liquidity risk management policy are as follows:

- a) Principle of risk diversification: The Company should avoid excessively concentrating funds on the same maturity, instruments, currencies, regions, funding sources or counterparties.
- b) Principle of stability: The Company should follow stable strategies and pay attention to market and internal funding liquidity. For example, the Company should absorb the core deposits at appropriate time in order to prevent market volatility from affecting funding sources and thus lower dependence on unstable fund sources.
- c) Principle of maintaining appropriate asset liquidity: Market liquidity will indirectly affect funding liquidity. Therefore, the Company should make sure total assets can pay off total liabilities and maintain certain proportion of assets with high liquidity or collateral in order to finance funds and pay off current liabilities in critical and urgent time.
- d) Principle of matching asset and liability maturity: The Company should pay attention to the spread of maturity and liquidity of liquid assets and current assets should be sufficient to pay off current liabilities.

For urgent or sudden liquidity events, the Company has stipulated urgent fund dispatching handling plan as the highest principle for urgent events in order to integrate the Company's resources quickly to resolve emergencies efficiently.

3) Financial assets held to manage liquidity risk and maturity analysis of non-derivative financial liabilities

a) Financial assets held to manage liquidity risk:

The Company holds cash and cash equivalents, due from the Central Bank and banks and financial assets at FVTOCI and financial assets at amortized cost held for the purpose of managing liquidity risk, in order to perform contracted obligations when due and meet the needs of urgent fund dispatching.

b) Maturity analysis of non-derivative financial liabilities

The Company's non-derivative financial liabilities presented based on the residual maturities from the balance sheet date to the contract maturity date were as follows:

Financial Instruments Item	December 31, 2019									
	1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and banks	\$ 3,271,647	\$ 31,146,898	\$ 13,472,512	\$ 5,481,000	\$ 13,000	\$ 8,000	\$ -	\$ -	\$ -	\$ 53,393,057
Funds borrowed from Central Bank and other banks	1,505,300	-	-	-	-	-	-	-	-	1,505,300
Financial liabilities at FVTPL	-	-	-	-	-	-	-	-	12,113,622	12,113,622
Securities sold under repurchase agreements	80,829,919	24,415,775	154,076	188,000	-	-	-	-	-	105,587,770
Payables	24,219,727	965,979	206,981	3,676,628	13,836	3,843	-	-	-	29,086,994
Deposits and remittances	170,559,541	181,855,002	156,514,902	286,775,074	640,000,478	3,981,305	3,295	361	-	1,439,689,958
Bank debentures	-	-	-	-	-	6,800,000	-	8,000,000	20,000,000	34,800,000
Lease liabilities	112,128	107,716	161,558	298,013	529,990	466,824	365,186	264,268	486,713	2,792,396
Other financial liabilities	1,473,684	4,474,441	1,373,568	1,014,110	583,052	355,123	4,854,720	17,067,415	40,604,752	71,800,865
Total	\$ 281,971,946	\$ 242,965,811	\$ 171,883,597	\$ 297,432,825	\$ 641,140,356	\$ 11,615,095	\$ 5,223,201	\$ 25,332,044	\$ 73,205,087	\$ 1,750,769,962

Financial Instruments Item	December 31, 2018									
	1-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and banks	\$ 7,544,756	\$ 29,346,187	\$ 15,400,999	\$ 5,115,396	\$ 21,000	\$ 13,000	\$ -	\$ -	\$ -	\$ 57,441,338
Funds borrowed from Central Bank and other banks	-	1,536,650	-	-	-	-	-	-	-	1,536,650
Financial liabilities at FVTPL	-	-	-	-	-	-	-	-	12,358,662	12,358,662
Securities sold under repurchase agreements	55,315,452	18,338,974	-	-	-	-	-	-	-	73,654,426
Payables	19,555,157	911,168	141,312	2,072,169	8,627	2,013	-	-	-	22,690,446
Deposits and remittances	138,539,239	169,761,233	148,230,515	289,950,628	516,592,245	3,445,355	44,053	23	-	1,266,563,291
Bank debentures	-	-	-	4,900,000	-	-	6,800,000	-	28,000,000	39,700,000
Other financial liabilities	1,713,006	1,853,540	2,530,008	1,425,481	473,182	2,183,200	169,717	5,513,215	42,749,469	58,610,818
Total	\$ 222,667,610	\$ 221,747,752	\$ 166,302,834	\$ 303,463,674	\$ 517,095,054	\$ 5,643,568	\$ 7,013,770	\$ 5,513,238	\$ 83,108,131	\$ 1,532,555,631

The maturity analysis of time deposits in "deposits and remittances" is allocated to each time band based on the Company's historical experience. If all the time deposits were required to be paid off in recent period, the funds outflows in less than one-month time band would have been \$786,894,985 thousand and \$626,853,118 thousand as of December 31, 2019 and 2018, respectively.

4) Maturity analysis of derivative financial liabilities

The Company disclosed amounts of derivative financial liabilities at fair value through profit or loss using fair values recognized in the earliest time band as follows:

Financial Instruments Item	December 31, 2019					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	\$ 21,291,573	\$ -	\$ -	\$ -	\$ -	\$ 21,291,573

Financial Instruments Item	December 31, 2018					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	\$ 24,013,943	\$ -	\$ -	\$ -	\$ -	\$ 24,013,943

5) Maturity analysis of off-balance-sheet items

Below are the amounts of the Company's off-balance-sheet items presented based on the residual maturities from the balance sheet date to the maturity date of loan commitments, guarantees or letters of credit. As of December 31, 2019 and 2018, assuming that all amounts, including the amounts in the longest time band, were due in the less than one-month time band, the amounts would have been \$18,727,917 thousand and \$17,625,098 thousand, respectively, for guarantees; \$3,582,242 thousand and \$3,165,453 thousand, respectively, for letters of credit; \$571,666,876 thousand and \$596,539,048 thousand, respectively, for loans commitments (excluding credit card); and \$15,435,059 thousand and \$15,528,520 thousand, respectively, for credit cards commitments.

Item	December 31, 2019					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 3,970,934	\$ 6,407,394	\$ 1,893,235	\$ 2,044,798	\$ 4,411,556	\$ 18,727,917
Letters of credit	940,315	1,897,701	458,124	286,102	-	3,582,242
Loans commitments (excluding credit cards)	11,981,284	98,995,412	160,946,626	267,396,554	32,347,000	571,666,876
Credit cards commitments	1,445	178,956	205,323	369,889	14,679,446	15,435,059

Item	December 31, 2018					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	\$ 3,835,513	\$ 6,882,821	\$ 1,272,518	\$ 1,507,937	\$ 4,126,309	\$ 17,625,098
Letters of credit	1,026,310	1,377,571	531,733	218,811	11,028	3,165,453
Loans commitments (excluding credit cards)	17,609,789	140,058,511	145,538,137	288,095,414	5,237,197	596,539,048
Credit cards commitments	1,359	165,198	516,753	739,986	14,105,224	15,528,520

41. OTHER DISCLOSURES REQUIRED FOR OF FINANCIAL INSTITUTIONS

a. Asset quality

Non-performing loans and receivables

Business Type \ Item		December 31, 2019					December 31, 2018				
		Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)	Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)
Corporate finance	Secured	456,810	220,878,377	0.21%	2,850,695	624.04%	450,456	209,402,721	0.22%	2,336,906	518.79%
	Unsecured	364,667	299,028,536	0.12%	5,060,558	1387.72%	72,733	229,611,535	0.03%	3,306,446	4,546.01%
Consumer finance	Mortgage loans (Note d)	356,611	291,539,418	0.12%	4,334,746	1215.54%	453,906	268,766,298	0.17%	4,052,090	892.72%
	Cash cards	62,151	1,032,996	6.02%	66,675	107.28%	9,921	1,339,119	0.74%	40,707	410.31%
	Credit loans (Note e)	256,292	66,153,123	0.39%	820,577	320.17%	85,753	59,796,337	0.14%	741,081	864.20%
	Others (Note f)										
	Secured	493,417	276,588,588	0.18%	3,014,782	611.00%	731,761	263,270,291	0.28%	2,878,959	393.43%
	Unsecured	5,335	108,713	4.91%	104,807	1964.52%	4,525	299,656	1.51%	35,439	783.18%
Subtotal		1,995,283	1,155,329,751	0.17%	16,252,840	814.56%	1,809,055	1,032,485,957	0.18%	13,391,628	740.26%
Credit card		218,091	61,176,046	0.36%	649,953	298.02%	93,371	53,916,761	0.17%	536,317	574.39%
Accounts receivable factoring with no recourse (Note g)		-	49,581,708	-	666,928	-	229,700	56,504,111	0.41%	3,237,724	1,409.54%

Note a: Non-performing loans are in accordance with the Regulations of the Procedures for Banking Institutions to Evaluate Assets and Deal with Past Due/ Non-performing Loans and Bad Debts issued by MOF. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b: Non-performing loans ratio = Non-performing loans ÷ Loans

Non-performing loans of credit card ratio = Non-performing loans of credit cards ÷ Accounts receivable

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Non-performing loans

Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Non-performing loans of credit cards

Note d: Mortgage loans are for applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collateral and assign the right on mortgage to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on August 24, 2009 (Ref. No. Jin-Guan-Yin (Out) 09850003180), accounts receivable without recourse are classified as non-performing loans if not compensated by the factor or insurance company within three months.

Exempted from report as non-performing loans and receivables

Business Type	Item	December 31, 2019		December 31, 2018	
		Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables	Exempted from Report as Non-performing Loans	Exempted from Report as Non-performing Receivables
	Amounts negotiated in accordance with the agreement (Note a)	425,482	137,367	604,228	188,165
	Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,731,066	1,214,459	1,688,496	1,203,787
	Total	2,156,548	1,351,826	2,292,724	1,391,952

Note a: Disclosed in accordance with the Letter issued by the Banking Bureau on April 25, 2006 (Ref. No. Jin-Guan-Yin (1) 09510001270).

Note b: Disclosed in accordance with the letter issued by the Banking Bureau on September 15, 2008 (Ref. No. Jin-Guan-Yin (1) 09700318940) and September 20, 2016 (Ref. No. Jin-Guan-Yin 10500134790)

b. Concentration of credit risk

Year	December 31, 2019			December 31, 2018			
	Rank (Note a)	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity	Transaction Party (Note b)	Loans (Note c)	As Proportion of Net Equity
	1	A Group (manufacturing computer industry)	19,732,959	12.87%	A Group (property other holding companies)	18,719,383	13.32%
	2	B Group (cement manufacturing industry)	14,125,655	9.21%	D Group (property other holding companies)	12,274,164	8.73%
	3	C Group (liquid crystal panel and components manufacturing industry)	12,524,859	8.17%	B Group (ocean freight transportation forwarding services)	12,040,180	8.57%
	4	D Group (property other holding companies)	11,152,520	7.27%	C Group (liquid crystal panel and components manufacturing industry)	8,336,830	5.93%
	5	E Group (manufacture of woven cotton-type or woolen-type fabrics)	9,490,030	6.19%	J Group (manufacturing computer industry)	6,146,847	4.37%
	6	F Group (manufacturing computer industry)	8,696,611	5.67%	G Group (manufacture of monitors and terminals)	6,053,884	4.31%
	7	G Group (manufacture of monitors and terminals)	6,812,025	4.44%	E Group (manufacture of woven cotton-type or woolen-type fabrics)	5,917,030	4.21%
	8	H Group (manufacturing computer industry)	6,382,762	4.16%	K Group (real estate activities for sale and rental with own or leased property)	5,725,266	4.07%
	9	I Group (telecommunication industry)	6,141,939	4.01%	L Group (manufacturing of audio and video equipment)	5,710,636	4.06%
	10	J Group (manufacturing computer industry)	6,117,397	3.99%	M Group (other financial service activities not elsewhere classified)	5,600,203	3.98%

Note a: Sorted by the balance of loans on December 31, 2019 and 2018, excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note b: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdraft, short-term loan, short-term secured loan, receivable financing, medium-term loan, medium-term secured loan, long-term loan, long-term secured loan, delinquent loans, inward remittances, factoring without recourse, acceptance, and guarantee.

c. Interest rate sensitivity

Item	December 31, 2019				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 1,005,512,335	\$ 49,012,795	\$ 24,543,867	\$ 158,090,591	\$ 1,237,159,588
Interest-sensitive liabilities	439,705,690	90,416,273	192,703,884	535,466,365	1,258,292,212
Interest sensitivity gap	565,806,645	(41,403,478)	(168,160,017)	(377,375,774)	(21,132,624)
Net equity					147,536,352
Ratio of interest-sensitive assets to liabilities					98.32%
Ratio of interest sensitivity gap to net equity					(14.32%)

Item	December 31, 2018				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 988,256,258	\$ 32,994,438	\$ 38,033,658	\$ 153,182,596	\$ 1,212,466,950
Interest-sensitive liabilities	400,556,194	96,799,066	192,809,621	450,047,661	1,140,212,542
Interest sensitivity gap	587,700,064	(63,804,628)	(154,775,963)	(296,865,065)	72,254,408
Net equity					137,236,361
Ratio of interest-sensitive assets to liabilities					106.34%
Ratio of interest sensitivity gap to net equity					52.65%

Note a: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$
liabilities (N.T. dollars only)

(In Thousands of U.S. Dollars)

Item	December 31, 2019				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	9,380,054	2,417,867	733,186	772,783	13,303,890
Interest-sensitive liabilities	6,850,887	1,150,607	1,162,616	3,631,193	12,795,303
Interest sensitivity gap	2,529,167	1,267,260	(429,430)	(2,858,410)	508,587
Net equity					6,119
Ratio of interest-sensitive assets to liabilities					103.97%
Ratio of interest sensitivity gap to net equity					8,311.60%

(In Thousands of U.S. Dollars)

Item	December 31, 2018				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	\$ 8,375,740	\$ 1,311,517	1,359,080	637,793	11,684,130
Interest-sensitive liabilities	6,582,579	1,024,721	808,085	2,619,725	11,035,110
Interest sensitivity gap	1,793,161	286,796	550,995	(1,981,932)	649,020
Net equity					6,542
Ratio of interest-sensitive assets to liabilities					105.88%
Ratio of interest sensitivity gap to net equity					9,920.82%

Note a: The amounts listed above include amounts in U.S. dollars only for domestic branches, OBU, and overseas branches, excluding contingent assets and contingent liabilities.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (U.S. dollars only) = $\frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

d. Profitability

Item		For the Year Ended December 31, 2019	For the Year Ended December 31, 2018
Return on total assets	Pretax	0.74%	0.71%
	After tax	0.65%	0.63%
Return on net equity	Pretax	9.11%	8.79%
	After tax	8.04%	7.85%
Profit margin		31.64%	30.64%

Note a: Return on total assets = $\frac{\text{Income before (after) tax}}{\text{Average assets}}$

Note b: Return on net equity = $\frac{\text{Income before (after) tax}}{\text{Average net equity}}$

Note c: Profit margin = $\frac{\text{Income after tax}}{\text{Net revenue and gains}}$

Note d: Profitability presented above is cumulative from the Company's financials for the years ended December 31 of 2019 and 2018, respectively.

e. Maturity analysis of assets and liabilities

	Total	December 31, 2019				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	1,913,803,190	591,890,158	317,341,472	185,664,253	108,461,965	710,445,342
Major maturity cash outflow	2,283,273,991	313,498,536	377,534,396	273,496,342	396,052,464	922,692,253
Gap	(369,470,801)	278,391,622	(60,192,924)	(87,832,089)	(287,590,499)	(212,246,911)

	Total	December 31, 2018				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	1,797,057,551	543,055,577	295,404,953	153,257,125	135,013,401	670,326,495
Major maturity cash outflow	2,188,185,279	313,523,755	342,312,567	305,971,569	462,524,454	763,852,934
Gap	(391,127,728)	229,531,822	(46,907,614)	(152,714,444)	(327,511,053)	(93,526,439)

Note: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

(In Thousands of U.S. Dollars)

	Total	December 31, 2019				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	33,770,352	11,728,456	10,839,848	4,740,565	2,396,139	4,065,344
Major maturity cash outflow	33,678,745	9,935,258	10,593,720	5,490,516	2,872,757	4,786,494
Gap	91,607	1,793,198	246,128	(749,951)	(476,618)	(721,150)

(In Thousands of U.S. Dollars)

	Total	December 31, 2018				
		Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	37,426,831	12,915,337	10,573,474	6,502,675	4,335,922	3,099,423
Major maturity cash outflow	37,956,877	12,175,115	11,597,274	5,902,102	4,496,328	3,786,058
Gap	(530,046)	740,222	(1,023,800)	600,573	(160,406)	(686,635)

Note: The amounts listed above include amounts in U.S. dollars for head office, domestic branches, and OBU.

f. Trust accounts

Under Article 3 of the Trust Law, the Company can offer trust services. The items and amounts of trust accounts were as follows:

	December 31	
	2019	2018
Special purpose trust account-foreign and domestic investments	\$ 170,678,698	\$ 167,309,248
Domestic securities investment trust for custody	104,894,093	84,333,516
Other monetary fund	41,966,652	26,409,791
Employee benefit trust	1,097,575	751,028
Securities trust	31,201,869	19,750,044
Collective administration account	631,481	366,695
Real estate trust	36,234,820	32,349,099
Monetary and securities trust	773,841	-
	<u>\$ 387,479,029</u>	<u>\$ 331,269,421</u>

42. RELATED-PARTY TRANSACTIONS

Names and relationships of related parties were as follows:

Name	Relationship
Taishin Financial Holding	Parent Company
Taishin Venture Capital Investment Co., Ltd. ("Taishin Venture Capital")	Fellow subsidiaries
Taishin Asset Management Co., Ltd. ("Taishin AMC")	Fellow subsidiaries
Taishin Securities Co., Ltd. ("Taishin Securities ")	Fellow subsidiaries
Taishin Securities Investment Trust Co., Ltd. ("Taishin Securities Investment Trust")	Fellow subsidiaries
Taishin Securities Venture Capital Co., Ltd. ("Taishin Securities Venture Capital")	Fellow subsidiaries
Taishin Securities Investment Advisory Co., Ltd. ("Taishin Securities Investment Advisory")	Fellow subsidiaries
Taishin Financial Leases (China) Co., Ltd.	Fellow subsidiaries
Taishin Financial Leases (Tianjin) Co., Ltd.	Fellow subsidiaries
Taishin D.A. Finance	Subsidiary
Xiang An Insurance Agency	Subsidiary
Taishin Real-Estate	Subsidiary
An Hsin Real-Estate	Associates
Chang Hwa Commercial Bank, Ltd. ("Chang Hwa Bank")	Associates
Shin Kong Life Insurance Co., Ltd. ("Shin Kong Life Insurance")	Others
Shin Kong Synthetic Fibers Co., Ltd. ("Shin Kong Synthetic Fibers")	Others
Taiwan Shin Kong Commercial Bank Co., Ltd. ("Shin Kong Bank")	Others
Dah Chung Bills Finance Corp. ("Dah Chung Bills")	Others
CyberSoft Digital Service Corp. ("CyberSoft Digital Service")	Others
Shin Kong Mitsukoshi Department Store Co., Ltd. ("Shin Kong Mitsukoshi")	Others
Shin Kong Insurance Co., Ltd. ("Shin Kong Insurance")	Others
Diamond Biotech Investment Corp. ("Diamond Biotech Investment")	Others
Ubright Optronics Corporation ("Ubright")	Others
An Shin Construction Manager Corp. ("An Shin Construction Manager")	Others
Peng-Cheng Co., Ltd. ("Peng-Cheng")	Others
Fenghe Development Management Co., Ltd. ("Fenghe")	Others
Yuanta Commercial Bank Co., Ltd. ("Yuanta Bank")	Others
Chin Wei Corp. ("Chin Wei")	Others
First Securities Inc. ("First Securities")	Others
Excel Chemical Corp. ("Excel Chemical")	Others
Tasco Chemical Corp. ("Tasco Chemical")	Others
MasterLink Securities Corp. ("MasterLink Securities")	Others
Global Brands Manufacture Ltd. ("GBM")	Others
Creative Sensor Inc. ("CSI")	Others
CyberLink Corp. ("CyberLink")	Others
Xiang Yu Investment Co., Ltd. ("Xiang Yu")	Others
Small & Medium Enterprise Credit Guarantee Fund of Taiwan ("Taiwan SMEG")	Others
Yi Huan Co., Ltd. ("Yi Huan")	Others

Name	Relationship
Darfon Electronics Corp. ("Darfon Electronics")	Others
AcBel Polytech Inc. ("AcBel Polytech")	Others
Shin Yao Biomedical Venture Capital Investment Co., Ltd. ("Shin Yao")	Others
Yuanta Financial Holdings Co., Ltd. ("Yuanta Financial Holding")	Others
Individual A	Key management personnel
Individual B	Others
Others	Including key management personnel and others

Material transactions with related parties were as follows:

Loans, Deposits and Guaranteed Loans

Loans to related parties of the Company were as follows:

Loans

	Ending Balance	Percentage of Loans (%)
December 31, 2019	\$ 2,308,436	0.20
December 31, 2018	2,009,549	0.19

For the years ended December 31, 2019 and 2018, interest ranged from 0.65% to 15.00% and from 0.85% to 12.50%, and interest revenues were \$29,317 thousand and \$33,778 thousand, respectively.

	December 31, 2019					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Different Trading Conditions with Non-related Party
<u>Consumer loans</u>						
127 accounts	\$ 572,519	\$ 622,908	\$ 572,519	\$ -	Land, building, chattels	None
<u>Self-used residence mortgage loans</u>						
116 accounts	737,822	826,621	737,822	-	Land, building	None
<u>Other loans</u>						
GBM	218,187	457,500	218,187	-	-	None
Darfon	400,000	400,000	400,000	-	-	None
AcBel Polytech	180,636	181,902	180,636	-	-	None
Peng Cheng	100,000	150,000	100,000	-	Land, building	None
Others	99,272	114,763	99,272	-	Land, building, securities - deposits, chattels	None
	<u>\$ 2,308,436</u>		<u>\$ 2,308,436</u>	<u>\$ -</u>		

December 31, 2018						
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	Different Trading Conditions with Non-related Party
<u>Consumer loans</u>						
120 accounts	\$ 574,904	\$ 615,974	\$ 574,904	\$ -	Land, building, chattels	None
<u>Self-used residence mortgage loans</u>						
102 accounts	662,234	705,417	662,234	-	Land, building	None
<u>Other loans</u>						
GBM	457,500	457,500	457,500	-	-	None
Peng-Cheng	150,000	154,000	150,000	-	Land, building	None
Others	164,911	186,540	164,911	-	Land, building, securities - deposits, chattels	None
	<u>\$ 2,009,549</u>		<u>\$ 2,009,549</u>	<u>\$ -</u>		

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Deposits

	Ending Balance	Percentage of Deposits (%)
December 31, 2019	\$ 16,182,167	1.12
December 31, 2018	13,014,122	1.03

For the years ended December 31, 2019 and 2018, interest rates ranged are from 0.00% to 5.00% and from 0.00% to 4.90%, respectively, and interest expenses were \$70,179 thousand and \$59,508 thousand, respectively.

December 31, 2019			
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Financial Holding	\$ 3,031,477	0.00-0.38	\$(2,487)
Taiwan SMEG	1,480,875	0.00-1.05	(1,167)
Taishin Securities	1,227,234	0.00-1.30	(2,877)
Tasco Chemical	1,040,529	0.00-0.50	(446)
Shin Kong Mitsukoshi	964,007	0.00-0.06	(603)
Excel Chemical	800,683	0.01-0.06	(14)
Xiang An Insurance Agency	768,856	0.00-0.06	(491)
CyberLink	676,159	0.06-3.17	(15,575)
An Shin Construction Manager	508,494	0.06-0.63	(4,335)
Shin Kong Insurance	456,198	0.00-1.03	(2,624)
Dah Chung Bills	428,115	0.00-0.70	(2,805)
Shin Kong Synthetic Fibers	410,272	0.00-0.50	(1,077)
Shin Kong Life Insurance	237,413	0.06-0.50	(800)
Taishin Securities Investment Advisory	233,568	0.06-3.01	(4,111)
Diamond Biotech Investment	208,544	0.01-2.40	(343)
Fenghe	137,445	0.01-2.50	(254)
Taishin D.A. Finance	120,185	0.00-1.03	(83)
Shin Yao	117,698	0.01-0.50	(25)
Others	3,334,415		(30,062)
	<u>\$ 16,182,167</u>		<u>\$(70,179)</u>

December 31, 2018			
	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Taishin Financial Holding	\$ 3,966,191	0.01-0.38	\$ (2,221)
Taishin Securities	859,119	0.00-1.20	(2,639)
Xiang An Insurance Agency	817,952	0.00-0.06	(494)
Taishin Venture Capital	733,447	0.01-0.32	(152)
Shin Kong Mitsukoshi	575,029	0.00-0.06	(658)
Shin Kong Insurance	485,080	0.00-1.03	(1,173)
Shin Kong Life Insurance	447,493	0.06-0.55	(10,901)
Dah Chung Bills	421,793	0.00-0.70	(2,806)
Diamond Biotech Investment	290,853	0.01-2.40	(302)
Taishin Securities Investment Advisory	258,934	0.06-3.01	(3,396)
UBright	176,647	0.00-0.32	(332)
Taishin D.A. Finance	155,504	0.00-1.03	(76)
CyberLink	154,440	0.06-3.17	(1,202)
Shin Kong Synthetic Fibers	150,035	0.00-0.32	(974)
Individual B	142,161	0.01-3.15	(453)
An Shin Construction Manager	100,826	0.06-0.63	(4,577)
Others	3,278,618		(27,152)
	<u>\$ 13,014,122</u>		<u>\$ (59,508)</u>

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Call Loan to Banks and Call Loan from Banks

December 31, 2019				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Dah Chung Bills	Call loan to banks	\$ -	0.41-0.70	\$ 3,124
Yuanta Bank	Call loan to banks	-	1.56-2.76	2,598

December 31, 2019				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Yuanta Bank	Call loan from banks	\$ -	0.19-4.30	\$ (586)

December 31, 2018				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Dah Chung Bills	Call loan to banks	\$ -	0.37-0.55	\$ 6,262
Yuanta Bank	Call loan to banks	-	0.27-2.65	5,032

December 31, 2018				
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Expense
Yuanta Bank	Call loan from banks	\$ -	0.19	\$ (61)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Due from Banks

		December 31, 2019		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Chang Hwa Bank	Due from banks	\$ 2,022	-	\$ -

		December 31, 2018		
	Item	Ending Balance	Interest Rate (Per Annum %)	Interest Revenue
Chang Hwa Bank	Due from banks	\$ 1,918	-	\$ -

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Trading Securities

		December 31, 2019					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements		
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)	
MasterLink Securities	\$ 5,341,078	\$ 2,025,029	\$ -	-	\$ -	-	
Taishin Financial Holding	3,000,000	-	-	0.32-0.37	-	-	
Taishin Securities	399,030	249,706	-	-	-	-	
Dah Chung Bills	149,999	49,601	-	-	-	-	
Shin Kong Bank	-	249,453	-	-	-	-	
Yuanta Bank	-	2,288,822	-	-	-	-	
Chin We	-	-	36,071	0.33-0.44	-	-	
Yi Huan	-	-	6,009	0.33-0.44	-	-	
Xiang Yu	-	-	2,503	0.33-0.44	-	-	
Yuanta Financial Holdings	-	-	999,290	0.45-0.58	-	-	
Peng Cheng	-	839,580	-	-	-	-	
Individual A	-	-	40,043	0.33-0.44	-	-	
	<u>\$ 8,890,107</u>	<u>\$ 5,702,191</u>	<u>\$ 1,083,916</u>		<u>\$ -</u>	<u>-</u>	

December 31, 2018						
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resell Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
Chin Wei	\$ -	\$ -	\$ 70,068	0.31-0.36	\$ -	-
Xiang Yu	-	-	23,022	0.31-0.36	-	-
Individual A	-	-	20,021	0.31-0.36	-	-
Yuanta Bank	2,179,213	799,713	-	-	-	-
First Securities	149,918	50,021	-	-	-	-
Shin Kong Bank	-	99,370	-	-	-	-
Taishin Financial Holding	2,900,000	-	2,100,049	0.31-0.38	-	-
Dah Chung Bills	1,794,885	149,447	-	-	-	-
Taishin Securities	551,375	250,783	-	-	-	-
Chang Hwa Bank	299,758	100,118	-	-	-	-
	<u>\$ 7,875,149</u>	<u>\$ 1,449,452</u>	<u>\$ 2,213,160</u>		<u>\$ -</u>	

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Derivatives

December 31, 2019						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2016/6/29-2022/6/20	\$ 600,000	\$(134)	Financial assets at FVTPL	\$ 1,529
CSI	Forward exchange contracts	2019/7/22-2020/4/29	210,742	(566)	Financial liabilities at FVTPL	(566)

December 31, 2018						
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2016/6/29-2022/6/20	\$ 600,000	\$ 192	Financial assets at FVTPL	\$ 1,662
CSI	Forward exchange contracts	2019/7/19-2019/1/23	92,199	806	Financial assets at FVTPL	806
Yuanta Bank	Foreign exchange	2018/12/10-2019/12/13	2,765,970	3,297	Financial liabilities at FVTPL	(3,443)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

Other Material Transactions

		For the Year Ended December 31			
		2019		2018	
	Item	Amount		Item	Amount
CyberSoft Digital Service	Operating expense	\$ 639,655		Operating expense	\$ 590,074
Shin Kong Mitsukoshi	Fee and operating expenses	425,152		Fee and operating expenses	349,605
Shin Kong Mitsukoshi	Fee income	315,389		Fee income	339,553
Shin Kong Life Insurance	Commission fee	692,279		Commission fee	593,268

All transactions with related parties are made under arm's length terms, which are consistent with normal policies. On May 30, 2019, the Company's board of directors resolved to sell credit assets of \$600,000 thousand in syndicated loans to Shin Kong Bank, a related party. The transaction with the related party is made under arm's length terms, which are consistent with the normal policies.

Reward for Key Management

For the years ended December 31, 2019 and 2018, the reward for directors and other key management were as follows:

		For the Year Ended December 31			
		2019		2018	
	Short-term employee benefits	\$ 405,218		\$ 361,041	
	Post-employment benefits	7,862		41,146	
	Termination benefits	578		3,119	
	Share-based payment	10,952		15,202	
		<u>\$ 424,610</u>		<u>\$ 420,508</u>	

43. PLEDGED ASSETS

		December 31			
		2019		2018	
Pledged Assets	Description	2019		2018	
Investments in debt instrument at FVTOCI	Bills and bonds	\$ 15,374,807		\$ 15,631,508	
Other financial assets, due from banks	Certificates of time deposits	800,000		4,027,946	
Refundable deposits	Cash and certificates of time deposits	6,077,748		9,167,174	
Operating deposits and settlement funds	-Cash and certificates of time deposits	87,017		37,450	

44. CONTINGENT LIABILITIES AND COMMITMENTS

- a. In addition to those mentioned in Note 40, the Company has the following contingent liabilities and commitments as of December 31, 2019 and 2018:

	December 31	
	2019	2018
Trust liabilities	\$ 387,479,029	\$ 331,269,421
Payable custody securities	15,993,710	13,738,925
Unpaid equipment purchase contracts	1,882,316	2,212,401

- b. Under Article 17 of the implementation rules of the Trust Law, the Company disclosed its balance sheets and income statements of trust accounts and its asset items, as follows:

Trust Accounts Balance Sheets December 31, 2019 and 2018

Trust Assets	2019	2018	Trust Liabilities	2019	2018
Deposit	\$ 40,367,766	\$ 24,304,964	Payables	\$ 125,652	\$ 103,960
Financial assets			Repayment note and time deposit held for custody	104,894,093	84,333,516
Bonds	29,985,079	23,724,163	Trust capital	279,203,167	248,369,453
Stocks	33,941,805	20,810,820	Reserves and retained earnings		
Mutual funds	104,692,912	102,680,241	Net income (loss)	1,159,089	973,714
Other foreign marketable securities	3,412,918	6,917,457	Retained earning	3,134,353	(1,550,802)
Structured products	35,459,538	37,044,069	Deferred carryover	(1,037,325)	(960,420)
Derivative financial assets	-	10			
Receivables and prepayment	144,843	34,682			
Real estate	34,580,075	31,419,499			
Securities under custody	<u>104,894,093</u>	<u>84,333,516</u>			
	<u>\$ 387,479,029</u>	<u>\$ 331,269,421</u>		<u>\$ 387,479,029</u>	<u>\$ 331,269,421</u>

Trust Income Statements
Years Ended December 31, 2019 and 2018

	2019	2018
Revenues		
Interest	\$ 184,630	\$ 145,879
Rent	6,526	12,678
Cash dividends	930,973	775,902
Fund distribution	99,553	94,004
Others	659	644
	<u>1,222,341</u>	<u>1,029,107</u>
Expenses		
Administration fees	(15,966)	(13,706)
Taxes	(10,657)	(606)
Interest fees	(9,061)	(3,449)
Service fees	(13,862)	(14,037)
Professional service fees - CPA	(197)	(99)
Others	(13,509)	(23,496)
	<u>(63,252)</u>	<u>(55,393)</u>
Net income	<u>\$ 1,159,089</u>	<u>\$ 973,714</u>

Trust Asset Summary
December 31, 2019 and 2018

Investment item	2019	2018
Deposit	\$ 40,367,766	\$ 24,304,964
Financial assets		
Bonds	29,985,079	23,724,163
Stocks	33,941,805	20,810,820
Mutual funds	104,692,912	102,680,241
Other foreign marketable securities	3,412,918	6,917,457
Structured product investments	35,459,538	37,044,069
Derivative financial assets	-	10
Receivables and prepayments	144,843	34,682
Real estate	34,580,075	31,419,499
Securities under custody	104,894,093	84,333,516
	<u>\$ 387,479,029</u>	<u>\$ 331,269,421</u>

According to the General Agreement, the net assets value denominated in U.S. dollar should be translated into New Taiwan dollar at the settlement rate of New Taiwan dollar against U.S. dollar announced by Taipei Forex Brokerage Co., Ltd. for the day on a net basis. If foreign exchange rates are not available, the last known rate should be used.

45. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

Significant financial assets and liabilities denominated in foreign currencies were as follows:

(In Thousands of Foreign Currencies/New Taiwan Dollars)

December 31

	2019			2018		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
<u>Financial assets</u>						
<u>Monetary items</u>						
AUD	\$ 2,303,488	21.10	\$ 48,606,586	\$ 1,639,725	21.68	\$ 35,550,218
RMB	8,388,124	4.32	36,260,534	5,073,668	4.48	22,707,177
EUR	318,522	33.75	10,749,760	268,750	35.23	9,468,260
GBP	80,252	39.55	3,173,877	36,751	38.90	1,429,504
HKD	4,871,051	3.87	18,831,548	4,385,021	3.92	17,206,844
JPY	56,854,413	0.28	15,753,164	53,114,185	0.28	14,790,548
SGD	119,596	22.37	2,674,916	64,322	22.49	1,446,729
USD	9,410,363	30.10	283,229,007	7,701,609	30.73	236,693,541
ZAR	2,663	2.14	5,701	1,136,833	2.13	2,419,264
<u>Non-monetary items</u>						
USD	295,335	30.11	8,891,360	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
AUD	872,598	21.10	18,412,938	609,884	21.68	13,222,643
CAD	48,533	23.08	1,120,255	48,066	22.59	1,085,630
RMB	7,388,664	4.32	31,940,028	5,439,127	4.48	24,342,785
EUR	194,530	33.75	6,565,148	157,793	35.23	5,559,171
GBP	18,087	39.55	715,332	29,051	38.90	1,129,996
HKD	3,447,819	3.87	13,329,315	2,406,469	3.92	9,442,996
JPY	29,389,041	0.28	8,143,086	21,466,797	0.28	\$ 5,977,795
USD	12,460,205	30.11	375,126,933	9,861,895	30.73	303,093,961
ZAR	4,342,522	2.14	9,297,574	5,429,639	2.13	11,554,673
<u>Non-monetary items</u>						
AUD	760,446	21.10	16,046,385	144,416	21.68	3,131,016
USD	488,660	30.11	14,711,611	812,247	30.73	24,962,773
<u>Derivative financial instruments</u>						
<u>Financial assets</u>						
AUD	773,621	21.10	16,324,407	67,553	21.68	1,464,600
CAD	119,473	23.08	2,757,691	340,736	22.59	7,695,920
RMB	973,204	4.32	4,207,006	13,345,315	4.48	59,726,890

EUR	163,581	33.75	5,520,655	151,350	35.23	5,332,170
GBP	6,099	39.55	241,207	51,987	38.90	2,022,164
JPY	670,390	0.28	185,751	8,011,738	0.28	2,231,005
USD	15,643,528	30.11	470,964,057	4,239,270	30.73	130,285,496
ZAR	4,995,332	2.14	10,695,276	5,142,473	2.13	10,943,564
Financial liabilities						
AUD	1,460,035	21.10	30,808,629	953,918	21.68	20,681,500
CAD	94,450	23.08	2,180,106	315,047	22.59	7,115,694
RMB	1,805,299	4.32	7,804,022	12,431,403	4.48	55,636,680
EUR	297,529	33.75	10,041,247	256,297	35.23	9,029,530
GBP	67,203	39.55	2,657,775	55,366	38.90	2,153,596
HKD	1,661,417	3.87	6,423,061	1,933,345	3.92	7,586,456
JPY	28,114,285	0.28	7,789,878	40,032,622	0.28	11,147,764
SGD	127,110	22.37	2,842,975	85,021	22.49	1,912,280
USD	12,540,626	30.11	377,548,073	1,623,349	30.73	49,890,387
ZAR	574,547	2.14	1,230,135	797,354	2.13	1,696,828

46. DISCLOSURES UNDER STATUTORY REQUIREMENTS

- a. Under Article 18 of the Regulations Governing the Preparation of Financial Reports by Public Banks, material transactions are summarized as follows:

No.	Item	Explanation
1	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	None
2	Acquisition of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	None
3	Disposal of individual real estate at costs of at least NT\$300 million or 10% of the paid-in capital	None
4	Discounts of service charges for related parties amounting to at least \$5 million	None
5	Receivables from related parties amounting to at least NT\$300 million or 10% of the paid-in capital	Note 35
6	Sales of NPL	None
7	Authorities securitized instruments and related assets which are in accordance with the Statute for Financial Assets Securitization and the Statute for Real Estate Securitization	None
8	Other transactions that may have significant impact on the decision made by the financial statement users	None

- b. Information on the Company's investees:

No.	Item	Explanation
1	Financings provided	None (Note)
2	Endorsements/guarantees provided	None (Note)
3	Marketable securities held	Table 1
4	Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 10% of the paid-in capital	None
5	Derivative transactions	None

Note: It is not required to disclose if the investee is a bank, insurance or security company.

- c. Names, locations and related information of investees: Refer to Table 2.

- d. Information of investment in Mainland China: None.

MARKETABLE SECURITIES HELD BY SUBSIDIARIES

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares/ Units/ Nominal	Carrying Amount	Percentage of Ownership (%)	Market Value	
Taishin D.A. Finance	<u>Stock</u>							
	Yuan Tai Forex Brokerage Co., Ltd.	Taishin D.A. Finance is the director of Yuan Tai Forex Brokerage	Financial assets at FVTOCI	600,000	\$ 9,253	5.00	\$ 9,253	
	Bon-Li International Technology Co., Ltd.	None	Financial assets at FVTOCI	125,000	-	1.50	-	Discontinued
	<u>Bond</u>							
	Government Bonds 99-5	None	Financial assets at amortized cost	6,000	6,032	-	6,009	
Taishin Real Estate	Government Bonds 102-6	None	Financial assets at amortized cost	3,000	6,126	-	6,108	
	<u>Stock</u>							
	Metro Consulting Service Ltd.	Taishin Real Estate is the director of the Metro Consulting Service	Financial assets at FVTOCI	300,000	2,700	6.00	2,700	

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands, Except for Percentages and Shares)**

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership				Note
							Current Shares	Imputed Shares (Note)	Total		
									Shares	Ownership Interest (%)	
Financial business											
Taishin D.A. Finance	16094812	1F., No. 211, Jiuzong Rd., Sec. 2, Neihu Dist., Taipei City 114, Taiwan	Leasing and retailing of machinery, mobile, aircraft, marine and components	100.00	\$1,518,252	\$167,538	128,878,395	-	128,878,395	100.00	Investments accounted for using the equity method
Xiang An Insurance Agency	97125786	3F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Life insurance agency	87.40	694,576	(15,072)	2,622,040	-	2,622,040	87.40	
Chang Hwa Bank	51811609	No. 38, Tsu Yu Rd., Sec. 2, Taichung, Taiwan	Commercial bank business, trust, and offshore banking	0.27	479,819	30,708	2,278,032,282	-	2,278,032,282	22.81	
Nonfinancial business											
Taishin Real-Estate	89597170	2F-1, No. 9 Dehuei St., Sec. 2, Taipei, Taiwan	Audit and consulting of construction plan, contract witness	60.00	205,475	15,681	20,000,000	-	20,000,000	100.00	
An Hsin Real-Estate	89458276	9F, No. 100, Sinyi Rd., Sec. 5, Taipei, Taiwan	Construction consultation, real estate appraisal	30.00	69,355	10,379	4,500,000	-	4,500,000	30.00	

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership				Note
							Current Shares	Imputed Shares (Note)	Total		
									Shares	Ownership Interest (%)	
Financial business											
Dah Chung Bills	89391748	4F-1, -2, -3 No. 88, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan	Bills and finance	18.29	\$1,127,700	\$ -	84,838,288	-	84,838,288	18.83	
Taiwan Futures Exchange	16092130	13F, No. 102, and 14F, No. 100, Luossu Fu. Rd., Sec. 2, Taipei, Taiwan	Futures exchange and clearing mechanism	0.96	182,522	-	5,214,641	-	5,214,641	1.47	
Taipei Foreign Exchange Brokerage Co., Ltd.	84703601	8F, No. 400, Bade Rd., Sec. 2, Taipei, Taiwan	Exchange trading, DEPOS, and swap	0.81	6,430	-	160,000	-	160,000	0.81	
Financial Information Service Co., Ltd.	16744111	No. 81, Kang Ning Rd., Sec. 3, Taipei, Taiwan	Type II telecommunications business	2.34	239,565	-	12,238,317	-	12,238,317	2.34	
Taiwan Asset Management Co., Ltd.	70808864	11F and 12F, No. 85 and No. 87, Nanjing E. Rd., Sec. 2, Taipei, Taiwan	Acquisition of delinquent loans, evaluation, auction, and management	0.57	68,114	-	6,000,000	-	6,000,000	0.57	
Taiwan Financial Asset Service Co., Ltd.	70820924	10F, No. 300, Zhongxiao E. Rd., Sec. 4, Taipei, Taiwan	Auction assets of the recognition of an impartial third party	2.94	43,581	-	5,000,000	-	5,000,000	2.94	Financial assets at FVTOCI
Taiwan Mobile Payment Corporation	54390700	No. 81, Kang Ning Rd., Sec. 3, Taipei, Taiwan	Computing equipments installation construction, wholesale of machinery, wholesale of computer software, wholesale of electronic materials, retail sale of machinery and equipment, retail sale of computer software, international trade, printing	3.00	9,133	-	1,800,000	-	1,800,000	3.00	
Sunlight Asset Management Co., Ltd.	28008025	11F, No. 85 and No. 87, Nanjing E. Rd., Sec. 2, Taipei, Taiwan	Acquisition of delinquent loans, evaluation, auction, and management	18.21	11,979	-	1,092,317	-	1,092,317	18.21	
Universal Venture Fund Co., Ltd.	16446106	8F, No. 70, Nanjing E. Rd., Sec. 3, Taipei, Taiwan	Investment start-up	1.49	2,509	-	174,455	-	174,455	1.49	
Kuen Ji Venture Capital Co., Ltd.	70789542	10F, No. 76, Tun Hua S. Rd., Sec. 2, Taipei, Taiwan	Investment start-up	3.33	609	-	160,650	-	160,650	3.33	
Harbinger Venture Capital Investment Co., Ltd.	70777004	7F, No. 187, Ti Titing Ta. Rd., Sec. 2, Taipei, Taiwan	Investment start-up	3.35	178	-	6,636	-	6,636	3.35	

Investees' Names	Unified Business No.	Investees' Location	Principal Business Activities	Ownership Interest (%) at Ending Balance	Investment Book Value	Recognized Investment Income (Loss) of Current Period	Sum of Ownership				Note
							Current Shares	Imputed Shares (Note)	Total		
									Shares	Ownership Interest (%)	
Financial business											
Taishan Investment Management Consultants Co., Ltd.	55665698	18F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	Investment start-up	4.30	\$ 155,772	-	200,000,000	-	200,000,000	4.30	Financial assets at FVTPL
Taishan II Medtech Partnership., Ltd.	42904438	18F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	Investment start-up	6.78	152,210	-	-	-	-	6.78	
Nonfinancial business											
Da Chiang International Co., Ltd.	97430717	15F, No. 109, Ren Ai Rd., Sec. 4, Taipei, Taiwan	Investment in the construction of industrial and commercial integrated area of the office buildings, commercial buildings, conference centers, exhibition venues, shopping centers, repair yards, warehouses, hotels, and its management business.	4.31	194,610	-	8,620,690	-	8,620,690	4.31	Financial assets at FVTOCI
EasyCard Investment Holdings Co., Ltd.	28988941	6F, No. 236 Tun-Hua N. Rd., Taipei, Taiwan =	IC card development and advance advertising service	2.40	30,832	-	2,499,874	-	2,499,874	2.40	
Kaohsiung Rapid Transit Corp.	70798839	No. 1, Chung An. Rd., Kaohsiung, Taiwan	Mass rapid transit operating	0.23	5,853	-	643,031	-	643,031	0.23	
Lien An Co., Ltd.	97290477	5F, No. 128, Xing'ai Rd., Neihu Dist., Taipei City 114, Taiwan	Industrial and commercial services	5.00	1,506	-	125,000	-	125,000	5.00	
Alliance Digital Tech Co., Ltd.	54651269	17F., No. 167, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan	Computing and business machinery equipment, wholesale, wholesale of computer software, wholesale of electronic materials, international trade, software design services, data processing services, digital information supply services, general advertising services, internet identify services	2.16	-	-	900,000	-	900,000	2.16	

Note: Imputed shares are considered if equity securities such as convertible bond, warrant, etc., or derivative contract such as stock options, are converted to shares

Appendix II. Consolidated Financial Statements and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders

Taishin International Bank Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Taishin International Bank Co., Ltd. ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following were the description of key audit matters in the audit of the consolidated financial statements of the Group for the year ended December 31, 2019:

Impairment of Loans

Commercial lending is the core business of the Company. Loans represent the Group's significant accounts, which reached around 59% of the Group's total assets as of December 31, 2019. The Company assesses the impairment of loans in accordance with IFRS 9. See Notes 5 and 13 to the consolidated financial statements for the relevant and additional information. The Company management's judgement and the assumptions used have significant impact on the impairment assessments. Therefore, we consider the impairment of loans as a key audit matter. Refer to Note 6 to the consolidated financial statements for the relevant and additional information.

Our audit procedures on the impairment of loans included testing of the design and operating effectiveness of controls and procedures for identifying loans exposed to impairment and for ensuring that provisions against those assets were made. We identified loans and checked from public information to see whether the borrowers were possibly problematic

companies, or have already been included in the companies under evaluation for lifetime expected credit losses (ECLs). We evaluated the assumptions used in the Company's impairment assessment model of ECLs to assess whether the ECLs of loans would be assessed in groups based on the nature of the products, borrowers' credit ratings and collateral, and we also checked the Company's compliance with regulations on assessment of impairment and its compliance with IFRS 9.

Others

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2019 and 2018 on which we have issued an unqualified opinion report.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Tza-Li Gung and Kwan-Chung Lai.

Deloitte & Touche
 Taipei, Taiwan
 Republic of China



February 21, 2020

Notice to Readers

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

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

TAISHIN INTERNATIONAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
Cash and cash equivalents (Notes 5, 7 and 43)	\$ 22,067,513	1	\$ 19,569,585	1
Due from the Central Bank and call loans to banks (Note 8)	67,417,279	4	55,875,912	3
Financial assets at fair value through profit or loss (FVTPL) (Notes 5, 9 and 43)	118,491,900	6	96,874,012	6
Financial assets at fair value through other comprehensive income (FVTOCI) (Notes 5 and 10)	273,224,593	14	336,196,720	20
Financial assets at amortized cost (Notes 5 and 11)	131,888,616	7	3,081,240	-
Securities purchased under resell agreements (Notes 5 and 43)	10,582,727	1	2,358,754	-
Receivables, net (Notes 5 and 12)	130,453,535	7	125,228,878	7
Current tax assets (Notes 5 and 36)	674,306	-	682,738	-
Loans, net (Notes 5, 6, 13, 42 and 43)	1,138,467,117	59	1,018,505,146	60
Investments accounted for using the equity method, net (Notes 5 and 14)	549,174	-	524,897	-
Other financial assets, net (Notes 5, 12, 13 and 15)	4,744,939	-	8,350,560	1
Property and equipment, net (Notes 5 and 16)	18,298,721	1	18,364,845	1
Right-of-use assets, net (Notes 4, 5 and 17)	2,674,105	-	-	-
Investment property, net (Notes 5 and 18)	384,939	-	177,643	-
Intangible assets, net (Notes 5 and 19)	1,956,403	-	1,783,063	-
Deferred tax assets (Notes 5 and 36)	2,493,690	-	3,236,446	-
Other assets, net (Note 20)	7,577,474	-	10,616,375	1
TOTAL	\$ 1,924,119,264	100	1,701,426,814	100

(Continued)

LIABILITIES AND EQUITY	2019		2018	
	Amount	%	Amount	%
Due to the Central Bank and banks (Note 21)	\$ 53,393,057	3	\$ 57,441,338	4
Funds borrowed from the Central Bank and other banks	1,505,300	-	1,536,650	-
Financial liabilities at FVTPL (Notes 5, 9 and 43)	24,578,932	1	27,099,531	2
Securities sold under repurchase agreements (Notes 5 and 43)	105,587,770	5	73,654,426	4
Payables (Note 22)	29,167,445	2	22,778,148	1
Current tax liabilities (Notes 5 and 36)	1,505,934	-	1,828,225	-
Deposits and remittances (Notes 23 and 43)	1,438,757,647	75	1,265,550,385	75
Bank debentures (Note 24)	34,800,000	2	39,700,000	2
Other financial liabilities (Note 25)	79,940,321	4	66,499,692	4
Reserve for liabilities (Note 5 and 26)	1,638,442	-	1,525,383	-
Lease liabilities (Notes 4, 5 and 17)	2,742,065	-	-	-
Deferred tax liabilities (Notes 5 and 36)	82,175	-	53,552	-
Other liabilities (Note 27)	4,657,411	-	2,964,203	-
Total liabilities	<u>1,778,356,499</u>	<u>92</u>	<u>1,560,631,533</u>	<u>92</u>
EQUITY ATTRIBUTABLE TO OWNERS OF PARENT (Note 29)				
Capital stock				
Common stock	<u>82,557,118</u>	<u>4</u>	<u>75,497,712</u>	<u>4</u>
Capital surplus	<u>30,249,980</u>	<u>2</u>	<u>30,246,767</u>	<u>2</u>
Retained earnings				
Legal reserve	26,893,562	1	23,845,812	1
Special reserve	429,137	-	377,128	-
Unappropriated earnings	<u>11,720,012</u>	<u>1</u>	<u>10,159,165</u>	<u>1</u>
Total retained earnings	<u>39,042,711</u>	<u>2</u>	<u>34,382,105</u>	<u>2</u>
Other equity	<u>1,503,589</u>	<u>-</u>	<u>420,310</u>	<u>-</u>
Total equity attributable to owners of parent	153,353,398	8	140,546,894	8
NON-CONTROLLING INTERESTS (Note 29)	<u>237,134</u>	<u>-</u>	<u>248,387</u>	<u>-</u>
Total equity	<u>153,590,532</u>	<u>8</u>	<u>140,795,281</u>	<u>8</u>
TOTAL	<u>\$ 1,931,947,031</u>	<u>100</u>	<u>\$ 1,701,426,814</u>	<u>100</u>

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

(Concluded)

TAISHIN INTERNATIONAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	2019		2018		Percentage Increase (Decrease)
	Amount	%	Amount	%	
INTEREST INCOME (Notes 5, 30 and 43)					
Interest revenues	\$ 35,420,412	94	32,773,218	95	8
Interest expenses	(16,489,432)	(44)	13,787,967	(40)	20
Net interest income	<u>18,930,980</u>	<u>50</u>	<u>18,985,251</u>	<u>55</u>	-
NET INCOME OTHER THAN NET INTEREST INCOME					
Net service fee and commission income (Notes 5, 31 and 43)	11,496,489	30	10,799,604	31	6
Gain on financial assets and liabilities at FVTPL (Notes 5, 32 and 43)	6,034,320	16	2,572,701	7	135
Realized gain on financial assets at FVTOCI (Notes 5 and 33)	741,311	2	375,602	1	97
Foreign exchange gains (losses)	255,022	1	1,356,002	4	81
Impairment loss on assets (Notes 10, 11 and 20)	(18,965)	-	(1,601)	-	1,085
Share of profit of associates accounted for using equity method (Notes 5 and 14)	41,087	-	23,916	-	72
Net other non-interest income	<u>331,183</u>	<u>1</u>	<u>535,703</u>	<u>2</u>	(38)
Net income other than net interest income	<u>18,880,447</u>	<u>50</u>	<u>15,661,927</u>	<u>45</u>	21
NET REVENUE AND GAINS	<u>37,811,427</u>	<u>100</u>	<u>34,647,178</u>	<u>100</u>	9
PROVISIONS FOR ALLOWANCE FOR BAD DEBT EXPENSES, COMMITMENTS AND GUARANTEE LIABILITIES (Notes 5, 12, 13 and 26)	(2,330,111)	(6)	(3,254,153)	(9)	(28)
OPERATING EXPENSES					
Employee benefits expenses (Notes 5, 28, 34 and 43)	(12,119,485)	(32)	(10,722,060)	(31)	13
Depreciation and amortization expenses (Note 35)	(1,853,152)	(5)	(1,105,165)	(3)	68
Other general and administrative expenses (Note 43)	(8,085,443)	(22)	(7,870,988)	(23)	3
Total operating expenses	<u>(22,058,080)</u>	<u>(59)</u>	<u>(19,698,213)</u>	<u>(57)</u>	12
INCOME BEFORE INCOME TAX	13,423,236	35	11,694,812	34	15
INCOME TAX EXPENSE (Notes 5 and 36)	(1,604,733)	(4)	(1,274,501)	(4)	26
NET INCOME	<u>11,818,503</u>	<u>31</u>	<u>10,420,311</u>	<u>30</u>	13

(Continued)

	2019		2018		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit plans	(61,233)	-	(85,203)	-	(28)
Unrealized gain on investments in equity instruments designated as at FVTOCI	197,916	1	128,766	-	54
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	39,023	-	544	-	7,073
Share of the other comprehensive income (loss) of associates accounted for using the equity method	2,378	-	(412)	-	677
Income tax relating to items that will not be reclassified subsequently to profit or loss	13,111	-	42,610	-	(69)
Items that may be reclassified subsequently to profit or loss:					
Share of the other comprehensive (loss) income of associates accounted for using the equity method	(2,540)	-	1,370	-	(285)
Unrealized gain (loss) income on investment in debt instruments at FVTOCI	859,009	2	(398,203)	(1)	316
Reversal of Impairment loss on investment in debt instruments at FVTOCI	7,060	-	846	-	735
Income tax relating to items that may be reclassified subsequently to profit or loss	(60,816)	-	25,574	-	(338)
Other comprehensive income (loss) for the year, net of income tax	<u>993,908</u>	<u>3</u>	<u>(284,108)</u>	<u>(1)</u>	450
TOTAL COMPREHENSIVE INCOME	<u>\$ 12,812,411</u>	<u>34</u>	<u>\$ 10,136,203</u>	<u>29</u>	26
NET PROFIT ATTRIBUTABLE TO:					
Owner of the parent	\$ 11,810,142	31	\$ 10,401,818	30	14
Non-controlling interests	<u>8,361</u>	<u>-</u>	<u>18,493</u>	<u>-</u>	(55)
	<u>\$ 11,818,503</u>	<u>31</u>	<u>\$ 10,420,311</u>	<u>30</u>	13
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owner of parent	\$ 12,803,291	34	\$ 10,117,592	29	27
Non-controlling interests	<u>9,120</u>	<u>-</u>	<u>18,611</u>	<u>-</u>	(51)
	<u>\$ 12,812,411</u>	<u>34</u>	<u>\$ 10,136,203</u>	<u>29</u>	26
EARNINGS PER SHARE (Note 37)					
Basic	<u>\$ 1.43</u>		<u>\$ 1.34</u>		
Diluted	<u>\$ 1.43</u>		<u>\$ 1.34</u>		

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

(Concluded)

TAISHIN INTERNATIONAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent			
	Capital Stock Common Stock	Capital Surplus		
		Additional Paid-in Capital in Excess of Par	Stock-based Compensation	Other
BALANCE AT JANUARY 1, 2018	\$ 68,845,983	\$ 23,852,895	\$ 121,601	\$ -
Effect of retrospective application and retrospective restatement	-	-	-	-
BALANCE AT JANUARY 1, 2018 RESTATED	68,845,983	23,852,895	121,601	-
Appropriation of 2017 earnings				
Legal reserve	-	-	-	-
Special reserve	-	-	-	-
Cash dividends on common stock	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-
Other comprehensive income for the year ended December 31, 2018, net of tax	-	-	-	-
Total comprehensive income for the year ended December 31, 2018	-	-	-	-
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-
Issuance of common stock for cash	6,651,729	6,272,271	-	-
Subsidiary cash dividends	-	-	-	-
Share-based payments	-	37,411	(37,411)	-
BALANCE AT DECEMBER 31, 2018	75,497,712	30,162,577	84,190	-
Appropriation of 2018 earnings				
Legal reserve	-	-	-	-
Special reserve	-	-	-	-
Cash dividends on common stock	7,059,406	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-
Other comprehensive income for the year ended December 31, 2019, net of tax	-	-	-	-
Total comprehensive income for the year ended December 31, 2019	-	-	-	-
Changes in percentage of ownership interests in subsidiaries	-	-	-	3,213
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-
Subsidiary cash dividends	-	-	-	-
Share-based payments	-	18,756	(18,756)	-
BALANCE AT DECEMBER 31, 2019	\$ 82,557,118	\$ 30,181,333	\$ 65,434	\$ 3,213

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

Equity Attributable to Owners of the Parent									
Retained Earnings			Other Equity					Non-controlling Interests	Total Equity
			Exchange Differences on Translating the Financial Statement of Foreign Operations	Unrealized Gains (Losses) on Financial Assets FVTOCI	Unrealized Gains (Losses) on available-for-sale Financial Assets	Changes in Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities at FVTPL			
Legal Reserve	Special Reserve	Unappropriated Earnings							
\$ 20,729,311	\$ 514,581	\$ 10,388,337	(\$ 4,004)	\$ -	\$ 45,915	\$ -	\$ 244,962	\$ 124,739,581	
-	-	(98,164)	-	564,051	(45,915)	-	(141)	419,831	
20,729,311	514,581	10,290,173	(4,004)	564,051	-	-	244,821	125,159,412	
3,116,501	-	(3,116,501)	-	-	-	-	-	-	
-	(137,453)	137,453	-	-	-	-	-	-	
-	-	(7,409,289)	-	-	-	-	-	(7,409,289)	
-	-	10,401,818	-	-	-	-	18,493	10,420,311	
-	-	(42,877)	2,101	(243,997)	-	547	118	(284,108)	
-	-	10,358,941	2,101	(243,997)	-	547	18,611	10,136,203	
-	-	(101,612)	-	101,612	-	-	-	-	
-	-	-	-	-	-	-	-	12,924,000	
-	-	-	-	-	-	-	(15,045)	(15,045)	
-	-	-	-	-	-	-	-	-	
23,845,812	377,128	10,159,165	(1,903)	421,666	-	547	248,387	140,795,281	
3,047,750	-	(3,047,750)	-	-	-	-	-	-	
-	52,009	(52,009)	-	-	-	-	-	-	
-	-	(7,059,406)	-	-	-	-	-	-	
-	-	11,810,142	-	-	-	-	8,361	11,818,503	
-	-	(48,991)	(2,661)	1,005,781	-	39,020	759	993,908	
-	-	11,761,151	(2,661)	1,005,781	-	39,020	9,120	12,812,411	
-	-	-	-	-	-	-	(3,213)	-	
-	-	(41,139)	-	41,139	-	-	-	-	
-	-	-	-	-	-	-	(17,160)	(17,160)	
-	-	-	-	-	-	-	-	-	
\$ 26,893,562	\$ 429,137	\$ 11,720,012	(\$ 4,564)	\$ 1,468,586	\$ -	\$ 39,567	\$ 237,134	\$ 153,590,532	

TAISHIN INTERNATIONAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019		2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income before income tax Adjustments:	\$ 13,423,236	\$	11,694,812
Adjustments to reconcile profit or loss			
Depreciation expenses	1,583,955		866,481
Amortization expenses	269,197		238,684
Provisions for bad debts expenses, commitments and guarantee liabilities	2,330,111		3,254,153
Net gain on financial assets and liabilities at FVTPL	(6,034,320)	(	2,572,701)
Interest expenses	16,489,432		13,787,967
Interest income	(35,420,412)	(	32,773,218)
Dividend income	(295,921)	(	236,748)
Share-based payments	36,236		62,856
Share of profit of associates accounted for using equity method	(41,087)	(	23,916)
Gain on disposal of investments	(445,390)	(	138,854)
Impairment loss on financial assets	18,965		1,601
Other adjustments	1,438,364		1,101,596
Total adjustment	(20,070,870)	(	16,432,099)
Changes in operating assets and liabilities			
(Increase) decrease in due from the Central Bank and call loans to banks	6,306,470	(	11,361,498)
(Increase) decrease in financial assets at FVTPL	28,854,545		30,790,719
(Increase) decrease in financial assets at FVTOCI	62,704,362	(	39,269,638)
(Increase) decrease in financial assets at amortized cost	(128,807,961)	(	3,073,300)
(Increase) decrease in securities purchased under resell agreements	(320,746)		-
(Increase) decrease in receivables	(2,217,885)	(	10,830,766)
(Increase) decrease in loans	(122,143,791)	(	59,416,488)
(Increase) decrease in other financial assets	1,073,074	(	1,635,172)
(Increase) decrease in other assets	3,000,125	(	4,745,540)
Increase (decrease) in due to the Central Bank and banks	179,547	(	673,790)
Increase (decrease) in financial liabilities at FVTPL	(47,737,913)	(	14,134,919)
Increase (decrease) in securities sold under repurchase agreements	31,933,344	(	2,967,029)
Increase (decrease) in payables	6,146,962	(	797,910)
Increase (decrease) in deposits and remittances	173,207,262		69,644,571
Increase (decrease) in other financial liabilities	13,197,962		17,461,819
Increase (decrease) in other liabilities	1,592,680	(	1,054,438)
Cash generated from (used in) operations	20,320,403	(	36,800,666)
Interest received	36,189,785		33,333,091
Dividend received	354,912		333,674
Interest paid	(16,421,518)	(	13,412,841)
Income taxes refund	8,291		19
Income taxes paid	(1,203,209)	(	1,391,208)
Net cash generated from (used in) operating activities	39,248,664	(	17,937,931)

(Continued)

	2019		2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from capital reduction of financial assets at FVTOCI	\$ 3,384	\$	23,091
Acquisition of financial assets at amortized cost	(3,070)	(	3,070)
Acquisition of property and equipment	(887,563)	(	620,391)
Proceeds from disposal of property and equipment	36,672		113
Acquisition of intangible assets	(451,839)	(	216,819)
Acquisition of investment properties	(211,151)		-
Net cash generated from (used in) investing activities	(1,513,567)	(	817,076)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in due to the Central Bank and banks	(4,259,178)	(	4,600,651)
Issuance of bonds debentures	5,000,000		-
Repayment of bank debentures	(9,900,000)	(-
Increase in financial liabilities designated as at FVTPL	-		3,050,000
Repayment of the principal portion of lease liabilities	(559,767)	(-
Increase (decrease) in other financial liabilities	250,000	(	1,900,000)
Cash dividends distributed	-	(	7,409,289)
Issuance of common stock for cash	-		12,924,000
Cash dividends distributed from subsidiary	(17,160)	(	15,045)
Net cash generated from (used in) financing activities	(9,486,105)	(	2,049,015)
NET DECREASE IN CASH AND CASH EQUIVALENTS	28,248,992	(	16,705,992)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	23,576,876		40,282,868
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	\$ 51,825,868	\$	23,576,876

Reconciliation of cash and cash equivalents:

	2019		2018
Cash and cash equivalents in balance sheet	\$ 22,067,513	\$	19,569,585
Due from central bank and call loans to banks qualifying as cash and cash equivalents under definition of IAS7	19,496,374		1,648,537
Securities purchased under resell agreements qualifying as cash and cash equivalents under definition of IAS7	10,261,981		2,358,754
Cash and cash equivalents at end of the year	\$ 51,825,868	\$	23,576,876

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

(Concluded)

Taishin International Bank Co., Ltd.



Chairman

A handwritten signature in black ink, appearing to read "Thomas Wu". The signature is fluid and cursive, written in a professional style.



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