Taishin International Bank Co., Ltd.

Financial Statements for the
Years Ended December 31, 2020 and 2019 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholder
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, 2020 and 2019, 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, 2020 and 2019, 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, 2020. 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, 2020:

Impairment of Loans

Commercial lending is the core business of the Company. Loans represent the Company's significant accounts, which reached around 60% of the Company's total assets as of December 31, 2020. The Company assesses the impairment of loans in accordance with IFRS 9 and "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" issued by the Financial Supervisory Commission (FSC) (collectively referred to as "the Regulations"), and the impairment of loans is recognized at the higher of the amount based on IFRS 9 and the Regulations. See Notes 5 and 13 to the financial statements for the relevant and additional information. The Company management's judgments 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 understanding and 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 whether main assumptions and parameters used in the Company's impairment assessment model of ECLs complied with IFRS 9 and recalculated the amount of the impairment of loans. In addition, we tested the classification of the loan accounts in accordance with the Regulations and evaluated whether the amount of the impairment of loans complied with the Regulations.

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, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 19, 2021

<u>*Notice to Readers*</u>

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
Cash and cash equivalents (Notes 5, 7 and 39)	$ 22,490,492	1	$ 21,867,672	1
Due from the Central Bank and call loans to banks (Note 8)	84,083,756	4	67,417,279	4
Financial assets at fair value through profit or loss (FVTPL) (Notes 5, 9 and 39)	104,573,778	5	118,491,900	6
Financial assets at fair value through other comprehensive income (FVTOCI) (Notes 5 and 10)	190,210,737	9	273,212,640	14
Financial assets at amortized cost (Notes 5 and 11)	270,627,928	13	131,876,458	7
Securities purchased under resale agreements (Notes 5 and 41)	3,768,198	-	10,582,727	1
Receivables, net (Notes 5 and 12)	115,646,375	6	121,366,132	6
Current tax assets (Notes 5 and 35)	2,520	-	674,257	-
Loans, net (Notes 5, 6, 13, 40 and 41)	1,243,698,700	60	1,138,476,030	59
Investments accounted for using the equity method, net (Notes 5 and 14)	2,337,883	-	2,967,477	-
Other financial assets, net (Notes 5, 12, 13 and 15)	4,920,328	-	4,744,939	-
Property and equipment, net (Notes 5 and 16)	18,120,798	1	18,191,920	1
Right-of-use assets, net (Notes 5 and 17)	2,731,449	-	2,671,366	-
Intangible assets, net (Notes 5 and 18)	2,701,694	-	1,954,650	-
Deferred tax assets (Notes 5 and 35)	2,873,268	-	2,430,459	-
Other assets, net (Note 19)	6,761,056	1	7,193,358	1
TOTAL	$ 2,075,548,960	100	$ 1,924,119,264	100
LIABILITIES AND EQUITY				
Due to the Central Bank and banks (Note 20)	$ 49,824,469	2	$ 53,393,057	3
Funds borrowed from the Central Bank and other banks	1,925,590	-	1,505,300	-
Financial liabilities at FVTPL (Notes 5, 9 and 39)	30,828,522	2	24,578,932	1
Securities sold under repurchase agreements (Notes 5 and 41)	78,215,782	4	105,587,770	5
Payables (Note 21)	27,721,633	1	29,086,994	2
Current tax liabilities (Notes 5 and 35)	1,143,977	-	1,499,397	-
Deposits and remittances (Notes 22 and 41)	1,612,907,727	78	1,439,689,958	75
Bank debentures (Note 23)	34,800,000	2	34,800,000	2
Other financial liabilities (Note 24)	66,596,514	3	71,800,865	4
Reserve for liabilities (Notes 5 and 25)	1,792,627	-	1,638,442	-
Lease liabilities (Notes 5 and 17)	2,833,533	-	2,739,424	-
Deferred tax liabilities (Notes 5 and 35)	136,848	-	82,175	-
Other liabilities (Note 26)	4,633,278	-	4,363,552	-
Total liabilities	1,913,360,500	92	1,770,765,866	92
EQUITY (Note 28)				
Capital stock				
Common stock	86,957,118	4	82,557,118	4
Capital surplus	30,249,980	2	30,249,980	2
Retained earnings				
Legal reserve	30,409,565	1	26,893,562	1
Special reserve	418,461	-	429,137	-
Unappropriated earnings	11,955,995	1	11,720,012	1
Total retained earnings	42,784,021	2	39,042,711	2
Other equity	2,197,341	-	1,503,589	-
Total equity	162,188,460	8	153,353,398	8
TOTAL	$ 2,075,548,960	100	$ 1,924,119,264	100

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

TAISHIN INTERNATIONAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
INTEREST INCOME (Notes 5, 29 and 41)					
Interest revenue	$ 31,459,165	83	$ 34,801,465	93	(10)
Interest expense	(11,125,988)	(29)	(16,426,849)	(44)	(32)
Net interest income	20,333,177	54	18,374,616	49	11
NET INCOME OTHER THAN NET INTEREST INCOME					
Net service fee and commission income (Notes 5, 30 and 41)	12,072,610	32	11,457,616	31	5
Gain on financial assets and liabilities at FVTPL (Notes 5, 31 and 41)	2,818,685	7	6,034,147	16	(53)
Realized gain on financial assets at FVTOCI (Notes 5 and 32)	1,346,262	3	737,249	2	83
Gain on derecognition of financial assets at amortized cost	291	-	-	-	-
Foreign exchange gains (losses)	730,405	2	255,022	1	186
Impairment loss on assets (Notes 5, 10, 11 and 19)	(11,720)	-	(18,965)	-	(38)
Share of profit of subsidiaries and associates accounted for using equity method (Notes 5 and 14)	236,631	1	209,234	-	13
Net other non-interest income	370,758	1	281,545	1	32
Net income other than net interest income	17,563,922	46	18,955,848	51	(7)
NET REVENUE AND GAINS	37,897,099	100	37,330,464	100	2
PROVISIONS FOR ALLOWANCE FOR BAD DEBT EXPENSE, COMMITMENTS AND GUARANTEE LIABILITIES (Notes 5, 12, 13 and 25)	(1,661,733)	(4)	(2,227,183)	(6)	(25)

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TAISHIN INTERNATIONAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease)
	Amount	%	Amount	%	%
OPERATING EXPENSES					
Employee benefits expenses (Notes 5, 27, 33 and 41)	$ (12,067,451)	(32)	$ (11,857,729)	(32)	2
Depreciation and amortization expenses (Notes 5 and 34)	(1,998,451)	(5)	(1,833,906)	(5)	9
Other general and administrative expenses (Note 41)	(8,113,720)	(22)	(8,030,738)	(21)	1
Total operating expenses	(22,179,622)	(59)	(21,722,373)	(58)	2
INCOME BEFORE INCOME TAX	14,055,744	37	13,380,908	36	5
INCOME TAX EXPENSE (Notes 5 and 35)	(1,881,045)	(5)	(1,570,766)	(5)	20
NET INCOME	12,174,699	32	11,810,142	31	3
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss:					
Gain (loss) on remeasurement of defined benefit plans	(123,024)	(1)	(65,553)	-	88
Unrealized gain on investments in equity instruments designated as at FVTOCI	(43,115)	-	198,211	1	(122)
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at FVTPL	(38,589)	-	39,023	-	(199)
Share of the other comprehensive income of subsidiaries and associates accounted for using the equity method	3,282	-	5,644	-	(42)
Income tax relating to items that will not be reclassified subsequently to profit or loss	24,605	-	13,111	-	88
	(176,841)	(1)	190,436	1	(193)

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TAISHIN INTERNATIONAL BANK CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019		Percentage Increase (Decrease)
	Amount	**%**	**Amount**	**%**	**%**
Items that may be reclassified subsequently to profit or loss:					
Share of the other comprehensive (loss) income of subsidiaries and associates accounted for using the equity method	$ (2,210)	-	$ (2,540)	-	(13)
Unrealized gain (loss) on investments in debt instruments at FVTOCI	699,745	2	859,009	2	(19)
Reversal of impairment loss on debt instruments at FVTOCI	5,829	-	7,060	-	(17)
Income tax relating to items that may be reclassified subsequently to profit or loss	(51,475)	-	(60,816)	-	(15)
	651,889	2	802,713	2	(19)
Other comprehensive income (loss) for the year, net of income tax	475,048	1	993,149	3	(52)
TOTAL COMPREHENSIVE INCOME	$ 12,649,747	33	$ 12,803,291	34	(1)
EARNINGS PER SHARE (Note 36)					
Basic	$1.40		$1.36		
Diluted	$1.40		$1.36		

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, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Capital Stock	Capital Surplus			Retained Earnings			Other Equity			
	Common Stock	Additional Paid-in Capital in Excess of Par	Stock-based Compensation	Other	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets FVTOCI	Changes in Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities at FVTPL	Total Equity
BALANCE AT JANUARY 1, 2019	$ 75,497,712	$ 30,162,577	$ 84,190	$ -	$ 23,845,812	$ 377,128	$ 10,159,165	$ (1,903)	$ 421,666	$ 547	$ 140,546,894
Appropriation of 2018 earnings											
Legal reserve	-	-	-	-	3,047,750	-	(3,047,750)	-	-	-	-
Special reserve	-	-	-	-	-	52,009	(52,009)	-	-	-	-
Cash dividends on common stock	7,059,406	-	-	-	-	-	(7,059,406)	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	-	-	11,810,142	-	-	-	11,810,142
Other comprehensive income for the year ended December 31, 2019, net of tax	-	-	-	-	-	-	(48,991)	(2,661)	1,005,781	39,020	993,149
Total comprehensive income for the year ended December 31, 2019	-	-	-	-	-	-	11,761,151	(2,661)	1,005,781	39,020	12,803,291
Changes in percentage of ownership interests in subsidiaries	-	-	-	3,213	-	-	-	-	-	-	3,213
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	(41,139)	-	41,139	-	-
Share-based payments	-	18,756	(18,756)	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2019	82,557,118	30,181,333	65,434	3,213	26,893,562	429,137	11,720,012	(4,564)	1,468,586	39,567	153,353,398
Appropriation of 2019 earnings											
Legal reserve	-	-	-	-	3,516,003	-	(3,516,003)	-	-	-	-
Special reserve	-	-	-	-	-	(10,676)	10,676	-	-	-	-
Cash dividends on common stock	-	-	-	-	-	-	(3,814,685)	-	-	-	(3,814,685)
Stock dividends on common stock	4,400,000	-	-	-	-	-	(4,400,000)	-	-	-	-
Net income for the year ended December 31, 2020	-	-	-	-	-	-	12,174,699	-	-	-	12,174,699
Other comprehensive income for the year ended December 31, 2020, net of tax	-	-	-	-	-	-	(97,481)	(3,522)	614,640	(38,589)	475,048
Total comprehensive income for the year ended December 31, 2020	-	-	-	-	-	-	12,077,218	(3,522)	614,640	(38,589)	12,649,747
Disposals of investments in equity instruments designated as at FVTOCI	-	-	-	-	-	-	(121,223)	-	121,223	-	-
Share-based payments	-	35,900	(35,900)	-	-	-	-	-	-	-	-
BALANCE AT DECEMBER 31, 2020	$ 86,957,118	$ 30,217,233	$ 29,534	$ 3,213	$ 30,409,565	$ 418,461	$ 11,955,995	$ (8,086)	$ 2,204,449	$ 978	$ 162,188,460

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

TAISHIN INTERNATIONAL BANK CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income before income tax	$ 14,055,744	$ 13,380,908
Adjustments:		
Adjustment to reconcile profit or loss		
Depreciation expenses	1,639,638	1,566,547
Amortization expenses	358,813	267,359
Provisions for bad debts expenses, commitments and guarantee liabilities	1,661,733	2,227,183
Net gain on financial assets and liabilities at FVTPL	(2,818,685)	(6,034,147)
Interest expenses	11,125,988	16,426,849
Gain on derecognition of financial assets at amortized cost	(291)	-
Interest income	(31,459,165)	(34,801,465)
Dividend income	(267,300)	(291,859)
Share-based payments	9,586	36,014
Share of profit of subsidiaries and associates accounted for using equity method	(236,631)	(209,234)
Gain on disposal of investments	(1,078,962)	(445,390)
Impairment loss on financial assets	11,611	14,326
Other adjustments	(315,199)	(28,675)
Total adjustments	(21,368,864)	(21,272,492)
Changes in operating assets and liabilities		
(Increase) decrease in due from the Central Bank and call loans to banks	(10,928,944)	6,306,470
(Increase) decrease in financial assets at FVTPL	58,063,256	28,854,545
(Increase) decrease in financial assets at FVTOCI	84,348,215	64,176,953
(Increase) decrease in financial assets at amortized cost	(138,788,010)	(128,808,043)
(Increase) decrease in securities purchased under resale agreements	182,823	(320,746)
(Increase) decrease in receivables	4,627,155	(1,958,956)
(Increase) decrease in loans	(106,540,564)	(122,143,790)
(Increase) decrease in other financial assets	5,244	1,070,074
(Increase) decrease in other assets	432,193	2,940,101
Increase (decrease) in due to the Central Bank and banks	162,704	179,547
Increase (decrease) in financial liabilities at FVTPL	(35,584,430)	(47,737,913)
Increase (decrease) in securities sold under repurchase agreements	(27,371,988)	31,933,344
Increase (decrease) in payables	(561,517)	6,128,970
Increase (decrease) in deposits and remittances	173,217,769	173,126,667
Increase (decrease) in other financial liabilities	(5,204,351)	13,197,962
Increase (decrease) in other liabilities	120,934	1,573,694
Cash generated from (used in) operations	(11,132,631)	20,627,295
Interest received	33,346,721	35,570,788
Dividend received	535,765	439,210
Interest paid	(12,089,686)	(16,359,552)

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TAISHIN INTERNATIONAL BANK CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
Income taxes returned	$ 459,334	$ -
Income taxes paid	(2,431,672)	(1,172,809)
Net cash generated from (used in) operating activities	8,687,831	39,104,932
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at FVTOCI	-	3,384
Proceeds from disposal of investment accounted for using the equity method	691,965	-
Acquisition of property and equipment	(1,185,860)	(843,921)
Proceeds from disposal of property and equipment	431,141	35,842
Acquisition of intangible assets	(1,105,857)	(450,416)
Net cash generated from (used in) investing activities	(1,168,611)	(1,255,111)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in due to the Central Bank and banks	(3,311,002)	(4,259,178)
Issuance of bank debentures	-	5,000,000
Repayment of bank debentures	-	(9,900,000)
Repayment of the principal portion of lease liabilities	(664,886)	(556,585)
Cash dividends distributed	(3,814,685)	-
Net cash inflow on acquisition of subsidiary business transfer	-	51,000
Net cash generated from (used in) financing activities	(7,790,573)	(9,664,763)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(271,353)	28,185,058
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	51,626,027	23,440,969
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 51,354,674	$ 51,626,027

Reconciliation of cash and cash equivalents:

	2020	2019
Cash and cash equivalents in balance sheet	$ 22,490,492	$ 21,867,672
Due from central bank and call loans to banks qualifying as cash and cash equivalents under the definition of IAS7	25,233,907	19,496,374
Securities purchased under resale agreements qualifying as cash and cash equivalents under the definition of IAS7	3,630,275	10,261,981
Cash and cash equivalents at the end of the year	$ 51,354,674	$ 51,626,027

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, 2020 AND 2019
(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 established and located at B1 and 1F, No. 44, Zhongshan N. Rd., Sec. 2, Zhongshan Dist., Taipei City 104, Taiwan (ROC). The main operation office of the Company is at No. 118, Ren'Ai Rd., Sec. 4, Da' An Dist., Taipei City 106, Taiwan (ROC).

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, 2020 and 2019.

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 18, 2021.

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 Financial Supervisory Commission (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 are not expected to have any material impact on the Company's accounting policies.

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

The Company applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments require that for an entity to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To judge whether the acquired process is substantive, there will be different judgment requirements depending on whether there is output on the acquisition date. 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"

Upon retrospective application of the amendments, the Company complied with the hedge accounting requirements under the assumption that the interest rate benchmark (such as the London Interbank Offered Rate or LIBOR) 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.

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

The Company adopted the amendments starting from January 1, 2020. The threshold for materiality has been changed to "could reasonably be expected to influence the decisions of users" and, therefore, the disclosures in the financial report have been adjusted and immaterial information that may obscure material information has been deleted.

Except for the above impact, the Company assessed that 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 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 9, IAS 39,IFRS 7,IFRS4 and IFRS16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

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

"Interest Rate Benchmark Reform - Phase 2" primarily amends IFRS 9, IFRS 7 and IFRS 16 to provide practical relief from the impact of the interest rate benchmark reform. The changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

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

1) Annual Improvements to IFRS Standards 2018-2020

   Several standards, including IFRS 9 "Financial Instruments", were amended in the annual improvements. IFRS 9 requires to compare the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10 per cent. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

2) Amendments to 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.

3) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The amendments are applicable only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021. The Company will restate its comparative information when it initially applies the aforementioned amendments.

4) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Company chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Company is required to make significant judgments or assumptions in applying an accounting policy, and the Company discloses those judgments or assumptions; or

e) the accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

5) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Company may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Company uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

As of the date the 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. 10902734581 and No. 1090364782 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 for 2020.

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 dollar.

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 judgments 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 judgments, 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 39.

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, an investment in an subsidiary 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 subsidiary. 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' 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 Company uses the equity method to recognize the investment in associates. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the 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' 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.

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".

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)

<u>Intangible assets acquired separately</u>

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.

<u>Intangible assets acquired in a business combination</u>

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.

<u>Derecognition of intangible assets</u>

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

Financial Instruments

Financial assets and financial liabilities are recognized when 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.

<u>Financial assets</u>

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 39.

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 39.

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 39.

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 39.

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.

Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

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

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

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. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

Employee Benefits

a. Retirement 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

<u>Equity-settled share-based payment</u>

The fair value 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 best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested 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

   Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

   According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

   Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

   Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the 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 JUDGMENTS 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 judgments 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-endorsed IFRSs. The estimates and assumptions are based on historical experience and other factors, including future expectations and are continuously assessed. The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The accounting policies and management's judgments that could have significant impact on the financial statements were as follows:

Assessment of Impairment of Loans

The measurement of ECLs is based on the present value of the difference of all contractual cash flows receivable from a contract and all cash flows that are expected to be received, discounted at the original or credit-adjusted effective interest rate, and the calculated weighted average of the probability of default.

In the calculation of required provision of allowance for possible losses, the Company also takes into consideration the classification of loans based on the status of the loan collaterals and the length of time the loans are overdue. The Company evaluates the impairment of loans based on the customer's financial conditions, whether the repayments of principal and interest are overdue and the status of the collateral, etc. If future actual cash flows are lesser than expected, a material impairment loss may arise.

Refer to Note 13 for the carrying amounts of loans and allowance for loans as of December 31, 2020 and 2019.

7. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	$ 10,372,712	$ 12,153,766
Checks for clearing	1,328,201	1,483,820
Due from banks	8,711,463	6,237,263
Others	2,078,116	1,992,823
	$ 22,490,492	$ 21,867,672

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 was measured at an amount equal to 12-month ECLs based on historical experience and forward-looking information; there was no allowance for loss on cash and cash equivalents as of December 31, 2020 and 2019.

8. DUE FROM CENTRAL BANK AND CALL LOANS TO BANKS

	December 31	
	2020	2019
Deposits reserve for checking accounts	$ 17,572,741	$ 11,468,215
Deposits reserve for demand accounts	38,090,722	34,272,031
Deposits reserve for foreign deposits	110,152	129,568
Deposits transferred to Central Bank	75,536	50,103
Call loans to other banks	25,233,907	19,496,374
Interbank clearing funds	3,000,698	2,000,988
	$ 84,083,756	$ 67,417,279

The loss allowance was measured at an amount equal to 12-month ECLs based on historical experience and forward-looking information; there was no allowance for loss on due from the Central Bank and call loans to banks as of December 31, 2020 and 2019.

9. FINANCIAL INSTRUMENTS AT FVTPL

	December 31	
	2020	2019
Financial assets mandatorily classified as at FVTPL		
Derivative instruments		
Futures	$ 2,989	$ 27,207
Forward exchange contracts	1,162,304	1,363,404
Currency swaps	13,095,365	8,267,295
Interest rate swaps	9,282,489	9,407,536
Cross-currency swaps	462,098	199,990
Equity-linked swaps	254	362,650
Commodity price swaps	138	46
Foreign-exchange options	974,315	540,859
Commodity options	1,356	1,700
Non-derivative financial assets		
Investment in bills	58,787,535	48,486,586
Domestic and overseas stocks and beneficiary certificates	4,248,995	2,750,053
Government bonds	7,090,047	26,487,055
Corporate bonds, bank debentures and other bonds	9,465,893	20,597,519
Financial assets at FVTPL	$ 104,573,778	$ 118,491,900

(Continued)

	December 31	
	2020	2019
Financial liabilities designated as at FVTPL (a) and (b)	$ 3,203,055	$ 3,287,359
Financial liabilities held for trading		
Derivative instruments		
Futures	11,211	2,417
Forward exchange contracts	909,271	1,416,001
Currency swaps	15,902,316	9,252,528
Interest rate swaps	8,860,989	9,118,167
Cross-currency swaps	419,996	152,246
Equity-linked swaps	254	362,650
Credit default swaps	-	93,738
Commodity price swaps	-	3
Foreign-exchange options	1,035,098	536,821
Interest rate options	5	183
Equity-linked options	485,269	355,654
Commodity options	1,058	1,165
Financial liabilities at FVTPL	$ 30,828,522	$ 24,578,932

(Concluded)

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 had redeemed the debentures on July 30, 2019.

b. The Company considered unsecured USD senior bank debentures financial instruments designated as FVTPL to eliminate the recognition inconsistency.

   The Company engaged in various derivative instrument transactions in the years ended December 31, 2020 and 2019 to fulfill customers’ needs, as well as to manage its positions and risks of assets and liabilities.

The nominal principal amounts of outstanding derivative contracts were as follows:

	December 31	
	2020	2019
Futures	$ 1,121,116	$ 6,509,810
Forward exchange contracts	96,952,237	169,642,995
Currency swaps	1,194,865,294	1,179,439,992
Interest rate swaps	960,441,364	1,247,800,780
Cross-currency swaps	17,863,755	17,324,419
Equity-linked swaps	44,960	6,368,963
Credit default swaps	-	674,977
Commodity price swaps	61,820	30,094
Foreign-exchange options	192,223,978	161,569,946
Interest rate options	2,690,000	4,400,000
Equity-linked options	3,952,800	3,823,602
Commodity options	239,798	212,350

10. FINANCIAL ASSETS AT FVTOCI

	December 31	
	2020	2019
Debt instrument		
Investment in bills	$ 30,227,206	$ 115,538,688
Bonds	38,591,566	50,088,694
Corporate bonds	40,405,343	$ 17,139,552
Bank debentures	75,869,057	85,420,494
Beneficiary securities (a)	510,978	610,937
	185,604,150	268,798,365
Equity instrument		
Domestic stocks	4,606,587	4,414,275
	$ 190,210,737	$ 273,212,640

a. Beneficiary certificates are the asset-securitized products recognized by the Company, which are related to the equity of non-subsidiary's structured entities. The Company and other third parties provided the funds to such entities. However, the Company neither offered nor committed any financial support when participating in transactions involving the asset-securitized products.

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 amount of the loss allowance for debt instruments was as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit-impaired	Stage 3 Lifetime ECLs - Credit-impaired	Total
December 31, 2020	$ 38,060	$ 671	$ -	$ 38,731
December 31, 2019	31,416	1,486	-	32,902

As the Company's debt instruments at FVTOCI were measured using the ECL model, the Company had recognized impairment loss on assets. Such impairment loss amounted to $7,024 thousand and $7,634 thousand for the years ended December 31, 2020 and 2019, respectively.

d. The Company sold the domestic common stock for strategic purposes. The stock sold had a fair value of $2,900,609 thousand and $1,916,021 thousand, and the Company transferred $121,393 thousand and $41,149 thousand of losses from other equity to retained earnings for the years ended December 31, 2020 and 2019, respectively.

e. Refer to Note 39 for information relating to the management of credit risk and the impairment assessment on investments in debt instruments at FVTOCI.

f. Refer to Note 42 for information relating to investments in debt instruments at FVTOCI pledged as collateral.

11. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2020	**2019**
Investment in bills	$ 241,182,747	$ 116,250,000
Bank debentures	21,887,046	12,524,096
Corporate bonds	4,489,514	-
Government bonds	3,077,746	3,107,164
	270,637,053	131,881,260
Less: Allowance for impairment	(9,125)	(4,802)
	$ 270,627,928	$ 131,876,458

a. The amount of the loss allowance for debt instruments was as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit-impaired	Stage 3 Lifetime ECLs - Credit-impaired	Total
December 31, 2020	$ 9,125	$ -	$ -	$ 9,125
December 31, 2019	4,802	-	-	4,802

Due to the Company's debt instruments at amortized cost measured by ECLs, the Company had recognized impairment loss on assets. Such impairment loss amounted to $4,587 thousand and $3,692 thousand for the years ended December 31, 2020 and 2019, respectively.

b. Refer to Note 39 for information relating to the management of credit risk and the impairment assessment on financial assets at amortized cost.

c. Refer to Note 42 for information relating to debt instruments at amortized cost pledged as collateral.

12. RECEIVABLES, NET

a. The details of receivables, net were as follows:

	December 31	
	2020	2019
Notes and accounts receivable	$ 51,398,528	$ 56,693,978
Credit cards receivable	61,447,848	61,035,549
Interest receivable	3,291,391	4,078,020
Other receivables	1,050,138	776,419
	117,187,905	122,583,966
Less: Allowance for receivables	(1,541,530)	(1,217,834)
	$ 115,646,375	$ 121,366,132

b. The movements in the allowance for receivables (including non-performing receivables transferred from other than loans) for the years ended December 31, 2020 and 2019 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, 2020	$ 123,030	$ 28,101	$ 98,458	$ 457,497	$ 707,086	$ 771,180	$ 1,478,266
Changes in the loss allowance							
Transferred to stage 3	(79)	10,042	-	(39)	9,924		9,924
Transferred to stage 2	(598)	(1,948)	(6)	173,227	170,675		170,675
Transferred to stage 1	11	(2,339)	-	(1,172)	(3,500)		(3,500)
Financial assets derecognized	(72,158)	(21,975)	(16,984)	(576,188)	(687,305)		(687,305)
New financial assets originated or purchased	31,485	17,654	355,699	162,366	567,204		567,204
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						(169,613)	(169,613)
Write-offs	(3)	(177)	(1,778)	(71,293)	(73,251)		(73,251)
Recovery of written-off loans	-	-	11,116	411,846	422,962		422,962
Other movements	-	-	(16,925)	-	(16,925)		(16,925)
Loss allowance as of December 31, 2020	$ 81,688	$ 29,358	$ 429,580	$ 556,244	$ 1,096,870	$ 601,567	$ 1,698,437

	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							
Transferred to stage 3	(124)	18,820	-	(38)	18,658		18,658
Transferred to stage 2	(481)	(2,765)	(10,112)	124,333	110,975		110,975
Transferred 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 written-off loans	-	-	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

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, 2020 and 2019 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, 2020	$ 111,155,763	$ 117,787	$ 9,456,706	$ 2,123,481	$ 122,853,737
Changes in the loss allowance					
Transferred to stage 3	(48,505)	44,670	4,744	(122)	787
Transferred to stage 2	(421,148)	(7,591)	(1,343)	519,248	89,166
Transferred to stage 1	11,134	(10,275)	-	(3,891)	(3,032)
Financial assets derecognized	(48,593,896)	(86,812)	(3,207,045)	(809,987)	(52,697,740)
New financial assets originated or purchased	45,152,844	76,161	1,349,119	705,941	47,284,065
Write-offs	(535)	(639)	(1,778)	(143,593)	(146,545)
Loss allowance as of December 31, 2020	$ 107,255,657	$ 133,301	$ 7,600,403	$ 2,391,077	$ 117,380,438

	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					
Transferred to stage 3	(84,372)	76,639	16,086	(127)	8,226
Transferred to stage 2	(348,122)	(10,077)	(104,604)	516,903	54,100
Transferred 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

13. LOANS, NET

a. The details of loans were as follows:

	December 31 2020	December 31 2019
Negotiated	$ 3,208,801	$ 1,949,901
Overdrafts	251,016	233,152
Short-term loans	299,542,406	294,847,380
Medium-term loans	407,241,921	355,120,863
Long-term loans	548,719,674	501,368,989
Delinquent loans	1,769,243	1,809,466
	1,260,733,061	1,155,329,751
Less: Adjustment for discounts	(609,248)	(600,881)
Less: Allowance for loan losses	(16,425,113)	(16,252,840)
	$ 1,243,698,700	$ 1,138,476,030

b. The movements in the allowance for loans for the years ended December 31, 2020 and 2019 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, 2020	$ 2,164,288	$ 791,488	$ 2,309,802	$ 3,601,049	$ 8,866,627	$ 7,386,213	$ 16,252,840
Changes in the loss allowance							
Transferred to stage 3	(22,957)	395,349	22,718	(22,505)	372,605		372,605
Transferred to stage 2	(21,927)	(72,206)	(910,366)	4,514,944	3,510,445		3,510,445
Transferred to stage 1	1,958	(74,947)	-	(309,413)	(382,402)		(382,402)
Financial assets derecognized	(986,766)	(142,558)	(1,290,015)	(2,823,285)	(5,242,624)		(5,242,624)
New financial assets originated or purchased	798,363	47,395	69,968	197,951	1,113,677		1,113,677
Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans						1,694,992	1,694,992
Write-offs	(475)	(8,599)	-	(1,961,222)	(1,970,296)		(1,970,296)
Recovery of written-off loans	-	-	-	1,075,876	1,075,876		1,075,876
Loss allowance as of December 31, 2020	$ 1,932,484	$ 935,922	$ 202,107	$ 4,273,395	$ 7,343,908	$ 9,081,205	$ 16,425,113

	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							
Transferred to stage 3	(25,530)	358,196	1,388,905	(14,279)	1,707,292		1,707,292
Transferred to stage 2	(8,429)	(89,104)	(210,028)	1,508,190	1,200,629		1,200,629
Transferred 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 written-off loans	-	-	-	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

c. The movements in the gross carrying amount of loans for the years ended December 31, 2020 and 2019 were as follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs (Group Assessment)	Stage 2 Lifetime ECLs (Individual Assessment)	Stage 3 Lifetime ECLs	Total
Loss allowance as of January 1, 2020	$ 1,126,080,523	$ 16,264,932	$ 3,744,039	$ 9,240,257	$ 1,155,329,751
Changes in the loss allowance					
Transferred to stage 3	(9,400,872)	9,080,192	42,678	(34,731)	(312,733)
Transferred to stage 2	(9,571,124)	(515,919)	(1,405,253)	11,463,330	(28,966)
Transferred to stage 1	2,268,460	(1,950,584)	-	(510,588)	(192,712)
Financial assets derecognized	(287,977,092)	(2,749,502)	(1,742,708)	(2,509,987)	(294,979,289)
New financial assets originated or purchased	401,495,430	681,650	120,649	836,445	403,134,174
Write-offs	(78,674)	(34,037)	-	(2,104,453)	(2,217,164)
Loss allowance as of December 31, 2020	$ 1,222,816,651	$ 20,776,732	$ 759,405	$ 16,380,273	$ 1,260,733,061

	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					
Transferred to stage 3	(9,878,954)	7,126,594	2,239,222	(17,071)	(530,209)
Transferred to stage 2	(2,824,276)	(407,622)	(235,951)	3,123,618	(344,231)
Transferred 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

d. Details of the (provisions for) reversal of the allowance for loan losses, commitments and guarantee liabilities for the years ended December 31, 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	2019
Provisions for losses on receivables, loans and other miscellaneous financial assets	$ (1,616,828)	$ (2,220,904)
Provisions for losses on guarantee liabilities	(38,127)	(302)
Provisions for losses on loan commitments	(6,652)	(4,385)
Provisions for losses on letters of credit	(126)	(1,592)
	$ (1,661,733)	$ (2,227,183)

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2020	2019
Investments in subsidiaries	$ 1,773,237	$ 2,418,303
Investments in associates	564,646	549,174
	$ 2,337,883	$ 2,967,477

a. Investments in subsidiaries

	December 31			
	2020		2019	
	Carrying Value	Proportion of Ownership and Voting Rights	Carrying Value	Proportion of Ownership and Voting Rights
Unlisted shares				
Taishin Real-Estate Management Co., Ltd. ("Taishin Real-Estate")	$ 213,693	60.00%	$ 205,475	60.00%
Xiang An Life Insurance Agency Co., Ltd. ("Xiang An Insurance Agency") (Current going into Liquidation)	-	-	694,576	87.40%
Taishin D.A. Finance Co., Ltd. ("Taishin D.A. Finance")	1,559,544	100.00%	1,518,252	100.00%
	$ 1,773,237		$ 2,418,303	

b. Investments in associates

	December 31	
	2020	2019
Associates that are not individually material	$ 564,646	$ 549,174

Aggregate information of associates that are not individually material:

	December 31	
	2020	2019
The Company's share of		
Net profit for the period	$ 28,458	$ 41,087
Other comprehensive income (loss)	(662)	(162)
Total comprehensive income (loss) for the period	$ 27,796	$ 40,925

c. The Company's equity-method investments were not pledged as collateral as of December 31, 2020 and 2019.

15. OTHER MISCELLANEOUS FINANCIAL ASSETS, NET

a. The details of other miscellaneous financial assets items were as follows:

	December 31	
	2020	2019
Non-performing receivables transferred from other than loans	$ 192,533	$ 273,919
Less: Allowance for bad debt	(156,907)	(260,432)
Gold deposit account	726,432	359,998
Due from banks	4,158,270	4,371,454
	$ 4,920,328	$ 4,744,939

b. The due from banks recognized under other miscellaneous financial assets held by the Company are time deposits with original maturities of more than 3 months or pledged as collateral. Refer to Note 42 for the information relating to the due from banks and time deposits pledged as collateral.

c. Refer to Note 12 for the movements of the allowance for non-performing receivables transferred from other than loans for the years ended December 31, 2020 and 2019.

d. The loss allowance was measured at an amount equal to lifetime ECLs based on historical experience and forward-looking information; there was no allowance for loss on other miscellaneous financial assets excluding non-performing receivables transferred from other than loans as of December 31, 2020 and 2019.

16. PROPERTY AND EQUIPMENT, NET

	December 31	
	2020	2019
Land	$ 10,564,266	$ 10,793,599
Buildings	4,609,114	4,785,310
Machinery equipment	2,475,783	2,215,470
Transportation equipment	69,772	46,538
Miscellaneous equipment	95,356	82,485
Leasehold improvements	244,566	204,176
Prepayments for buildings and equipment	61,941	64,342
	$ 18,120,798	$ 18,191,920

	Land	Buildings	Machinery Equipment	Transportation Equipment	Miscellaneous Equipment	Leased Assets	Leasehold Improvements	Prepayment for Buildings and Equipment	Total
Cost									
Balance, January 1, 2020	$ 10,793,599	$ 7,193,315	$ 4,127,224	$ 98,061	$ 154,766	$ -	$ 404,473	$ 64,342	$ 22,835,780
Additions	-	26,795	825,159	42,806	39,308	-	70,847	180,945	1,185,860
Disposals	(229,333)	(172,803)	(585,289)	(14,543)	(24,267)	-	(121,030)	-	(1,147,265)
Reclassification	-	51,130	107,271	-	-	-	24,945	(183,346)	-
Balance, December 31, 2020	$ 10,564,266	$ 7,098,437	$ 4,474,365	$ 126,324	$ 169,807	$ -	$ 379,235	$ 61,941	$ 22,874,375
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	$ 10,793,599	$ 7,193,315	$ 4,127,224	$ 98,061	$ 154,766	$ -	$ 404,473	$ 64,342	$ 22,835,780
Accumulated depreciation									
Balance, January 1, 2020	$ -	$ 2,408,005	$ 1,911,754	$ 51,523	$ 72,281	$ -	$ 200,297	$ -	$ 4,643,860
Depreciation	-	168,454	671,189	19,504	26,348	-	55,403	-	940,898
Disposals	-	(87,136)	(584,361)	(14,475)	(24,178)	-	(121,031)	-	(831,181)
Balance, December 31, 2020	$ -	$ 2,489,323	$ 1,998,582	$ 56,552	$ 74,451	$ -	$ 134,669	$ -	$ 4,753,577
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	$ -	$ 2,408,005	$ 1,911,754	$ 51,523	$ 72,281	$ -	$ 200,297	$ -	$ 4,643,860

The above items of property and equipment were depreciated on a straight-line basis over their estimated useful lives as follows:

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, 2020 and 2019.

17. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2020	2019
Carrying amount		
Buildings	$ 2,731,449	$ 2,671,366

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 785,719	$ 1,115,208
Depreciation charge for right-of-use assets		
Buildings	$ 698,740	$ 659,737

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount	$ 2,833,533	$ 2,739,424

	For the Year Ended December 31	
	2020	2019
Interest expenses (other interest expenses)	$ 28,931	$ 29,960

Range of discount rates for lease liabilities as of December 31, 2020 and 2019 were 0.75%-1.32% and 1.16%-1.29%, respectively.

c. Material lease activities and terms

The Company leases buildings for the use of its bank branches and offices with lease terms of 1 to 10 years.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 1,437	$ 12,564
Expenses relating to low-value asset leases	$ 77	$ 100
Total cash outflow for leases	$ 695,331	$ 599,209

Certain lease contracts of the Company 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	
	2020	2019
Lease commitments	$ 4,584	$ 3,006

18. INTANGIBLE ASSETS, NET

	December 31	
	2020	2019
Goodwill	$ 1,152,274	$ 1,152,274
Computer software	1,549,420	802,376
	$ 2,701,694	$ 1,954,650

	Goodwill	Computer Software	Total
Balance, January 1, 2020	$ 1,152,274	$ 802,376	$ 1,954,650
Additions	-	1,105,857	1,105,857
Amortization	-	(358,813)	(358,813)
Balance, December 31, 2020	$ 1,152,274	$ 1,549,420	$ 2,701,694
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	$ 1,152,274	$ 802,376	$ 1,954,650

The goodwill included the Company merged with Dah An Bank through a share swap on February 18, 2002, on which the Company issued new shares to acquire the total assets and liabilities with excess difference. The unamortized excess difference as of December 31, 2020 and 2019 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, 2020 and 2019 was $267,337 thousand with no material impairment loss noted.

19. OTHER ASSETS, NET

	December 31	
	2020	2019
Prepayments	$ 677,623	$ 974,635
Refundable deposits	5,970,654	6,077,748
Operating guarantee deposits and settlement funds	66,155	87,017
Collateral, net	-	7,509
Others	46,624	46,449
	$ 6,761,056	$ 7,193,358

a. Refer to Note 42 for information relating to refundable deposits, operating guarantee deposits and settlement funds pledged as collateral.

b. 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, 2020	$ -	$ -	$ 3,000	$ 3,000
December 31, 2019	-	-	3,000	3,000

Due to the Company’s refundable deposits measured by ECLs, the Company had recognized impairment loss on refundable deposits of $0 thousand and 3,000 thousand for the years ended December 31, 2020 and 2019, respectively.

c. The loss allowance was measured at an amount equal to lifetime ECLs based on historical experience and forward-looking information; there was no allowance for loss on operating guarantee deposits and settlement funds as of December 31, 2020 and 2019.

d. As it is expected that future net cash inflows, which are to be generated from the Company's collateral and other assets - others, will decrease, whereas it will make the recoverable amount be less than the carrying amount of such other assets - others, impairment loss of $109 thousand and $4,639 thousand were recognized for the years ended December 31, 2020 and 2019.

20. DUE TO CENTRAL BANK AND BANKS

	December 31	
	2020	2019
Due to other banks	$ 25,273,069	$ 25,104,879
Call loans from other banks	24,111,038	27,899,674
Bank overdrafts	350,307	292,963
Due to the Central Bank	90,055	95,541
	$ 49,824,469	$ 53,393,057

21. PAYABLES

	December 31	
	2020	2019
Notes and accounts payable	$ 15,524,496	$ 17,114,965
Accrued expenses	5,738,152	5,328,305
Interest payable	1,913,008	2,726,438
Check for clearing payable	1,327,995	1,483,802
Other tax payable	305,741	337,962
Collection payable	694,172	534,513
Other payables	2,218,069	1,561,009
	$ 27,721,633	$ 29,086,994

22. DEPOSITS AND REMITTANCES

	December 31	
	2020	2019
Checking deposits	$ 9,133,024	$ 9,581,958
Demand deposits	425,918,912	331,678,492
Time deposits	362,500,159	350,883,295
Negotiable certificates of deposit	1,853,352	1,127,326
Savings deposits	805,850,966	737,394,122
Public treasury deposits	5,952,581	6,512,990
Remittances	1,698,733	2,511,775
	$ 1,612,907,727	$ 1,439,689,958

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 2020	December 31 2019
Subordinated Bank Debentures - 2012 (I)	$ 4,500,000	$ 4,500,000
Subordinated Bank Debentures - 2012 (II)	2,300,000	2,300,000
Subordinated Bank Debentures - 2014 (III)	3,000,000	3,000,000
Subordinated Bank Debentures - 2015 (I)	9,100,000	9,100,000
Subordinated Bank Debentures - 2015 (II)	6,000,000	6,000,000
Subordinated Bank Debentures - 2015 (III)	4,900,000	4,900,000
Subordinated Bank Debentures - 2019 (I)	5,000,000	5,000,000
	$ 34,800,000	$ 34,800,000

a. The Company made first issue of $4,500 million in bank subordinated debentures in 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
B	2012.10.19	2022.10.19	10 years	$4,500 million	1.65% fixed 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. The Company made second issue of $2,300 million in bank subordinated debentures in 2012, as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The method of Redemption and Interest Payment
B	2012.12.14	2022.12.14	10 years	$2,300 million	1.65% fixed 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.

c. The Company made third issue of $3,000 million in bank unsecured subordinated debentures in 2014 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2014, third issue	2014.05.16	2024.05.16	10 years	$3,000 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.

d. The Company made first issue of $9,100 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.06.10	2025.06.10	10 years	$4,250 million	2.15% fixed interest rate	$50 million	Interest is accrued at a simple rate and paid annually from the issue date. Additional interest is not accrued if principal and interest are withdrawn after the interest date. Debentures are redeemable at par value in cash on the maturity date.
B	2015.06.10	2030.06.10	15 years	$4,850 million	2.45% fixed interest rate		

e. The Company made second issue of $6,000 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2015, second issue	2015.9.18	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.

f. The Company made third issue of $4,900 million in subordinated bank debentures in 2015 as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
A	2015.9.22	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		

g. The Company's made first issue of $5,000 million in unsecured, no maturity, and non-cumulative subordinated bank debentures in 2019 was as follows:

Bank Debentures	Issue Date	Maturity Date	Term	Issue Amount	Interest Rate	Face Value	The Method of Redemption and Interest Payment
2019, 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

The Company 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.

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 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 the Company 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	
	2020	2019
Principal of structured products	$ 65,883,616	$ 71,455,099
Gold account	712,898	345,766
	$ 66,596,514	$ 71,800,865

25. RESERVE FOR LIABILITIES

	December 31	
	2020	2019
Reserve for employee benefits (Note 27)	$ 1,226,177	$ 1,112,844
Reserve for guarantee liabilities	262,035	224,821
Reserve for loan commitments	182,340	176,675
Other reserves	122,075	124,102
	$ 1,792,627	$ 1,638,442

	Reserve for Guarantee Liabilities	Reserve for Loan Commitments	Other Reserves
Balance, January 1, 2020	$ 224,821	$ 176,675	$ 124,102
Provision (reverse)	38,127	6,652	338
Payment	-	-	(845)
Exchange differences	(913)	(987)	(1,520)
Balance, December 31, 2020	$ 262,035	$ 182,340	$ 122,075
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	$ 224,821	$ 176,675	$ 124,102

Other reserves 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 follows:

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs - Not Credit-impaired	Stage 3 Lifetime ECLs - Credit-impaired	Loss Allowance under IFRS 9	Recognized based on the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
December 31, 2020	$ 153,701	$ 15,276	$ 22,542	$ 191,519	$ 257,881	$ 449,400
December 31, 2019	155,447	35,933	4,042	195,422	211,100	406,522

26. OTHER LIABILITIES

	December 31	
	2020	2019
Unearned revenue	$ 399,137	$ 484,247
Unearned interest	567,831	419,039
Guarantee deposits	2,098,535	1,858,966
Deferred income	768,834	877,809
Temporary credits	798,941	723,491
	$ 4,633,278	$ 4,363,552

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 valuation of the Company's plan assets and present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of actuarial valuations were as follows:

	December 31	
	2020	2019
Discount rate used in determining present values	0.500%	0.875%
Expected rate of salary increase	3.000%	3.000%

Amounts recognized in profit or loss in respect of these defined benefit plans were as follows:

	For the Year Ended December 31	
	2020	2019
Current service cost	$ 18,160	$ 18,729
Interest cost, net	9,573	12,930
	$ 27,733	$ 31,659

The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans were as follows:

	December 31	
	2020	2019
Present value of funded defined benefit obligation	$ (2,717,076)	$ (2,611,507)
Fair value of plan assets	1,490,899	1,498,663
Deficit	(1,226,177)	(1,112,844)
Net liability arising from defined benefit obligation	$ (1,226,177)	$ (1,112,844)

Movements in the present value of the defined benefit obligation were as follows:

	For the Year Ended December 31	
	2020	2019
Opening defined benefit obligation	$ 2,611,507	$ 2,497,525
Current service cost	18,160	18,729
Interest cost	22,850	31,219
Net remeasurement of defined benefit liabilities		
Actuarial (gain) loss - changes in demographic assumptions	27,400	32,643
Actuarial (gain) loss - changes in financial assumptions	121,596	118,776
Actuarial (gain) loss - experience adjustments	22,840	(38,160)
Benefits paid	(107,277)	(49,225)
Closing defined pension obligation	$ 2,717,076	$ 2,611,507

Movements in the fair value of the plan assets were as follows:

	For the Year Ended December 31	
	2020	2019
Opening fair value of plan assets	$ 1,498,663	$ 1,444,137
Interest Revenue	13,277	18,289
Net remeasurement of defined benefit liabilities		
Expected return on plan assets	48,812	47,706
Contribution from the employer	37,424	37,756
Benefits paid	(107,277)	(49,225)
Closing fair value of plan assets	$ 1,490,899	$ 1,498,663

For information about the categories and percentages, etc. of the composition of the fair value of plan assets as of December 31, 2020 and 2019, please refer to the authorities' public information about Labor Pension Funds.

If reasonably possible changes in each of the significant actuarial assumptions will occur and all other assumptions remain, the significant actuarial assumptions used in the sensitivity analysis of the present value of the defined benefit obligation were as follows:

	Change in Actuarial Assumptions %	Increase (Decrease) in the Value of the Defined Obligation (%) December 31	
		2020	2019
Discount rate used in determining present value	Increase 0.25%	(3.02%)	(3.08%)
	Decrease 0.25%	3.15%	3.21%
Expected rate of salary increase	Increase 0.25%	3.02%	3.09%
	Decrease 0.25%	(2.92%)	(2.98%)

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 adopted projected unit credit method.

The Company expects to make a contribution of $37,079 thousand and $37,506 thousand to the defined benefit plans within one year beginning from December 31, 2020 and 2019, respectively. The weighted average duration of the defined benefit plans are 12.3 years and 12.5 years, respectively.

28. EQUITY

Capital Stock

	December 31	
	2020	2019
Numbers of shares authorized (in thousands)	9,500,000	8,500,000
Shares authorized	$ 95,000,000	$ 85,000,000
Numbers of shares issued and fully paid (in thousands)		
Common stock	8,695,712	8,255,712
Shares issued	$ 86,957,118	$ 82,557,118

On June 6, 2019, the Company's board of directors (on behalf of the shareholders) 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.

On June 4, 2020, the Company's board of directors (on behalf of the shareholders) resolved the transfer of 4,400,000 thousand of earnings to common stock and the ex-dividend date was set on July 31, 2020. 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 Dividends 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 2019 and 2018 approved in the board of directors on behalf of the shareholders on June 4, 2020 and June 6, 2019, respectively, were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	For Year 2019	For Year 2018	For Year 2019	For Year 2018
Legal reserve	$ 3,516,003	$ 3,047,750		
Special reserve	(10,676)	52,009		
Cash dividends				
Common stock	3,814,685	-	$ 0.46	$ -
Stock dividends				
Common stock	4,400,000	7,059,406	0.53	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 appropriated special reserves in accordance with Order No. 1010012865 issued by the FSC and the Q&As on Question and Answer for Special Reserves Appropriated Following Adoption of IFRSs.

The Company appropriated special reserves in accordance with Order No. 10510001510 issued by the FSC for the development of financial technology and protection of the bank employees' rights.

Other Equity - Unrealized Gains (Losses) on Financial Assets at FVTOCI

	For the Year Ended December 31	
	2020	2019
Beginning balance	$ 1,468,586	$ 421,666
Recognized during the period		
Unrealized gain (loss) - debt instruments	1,784,536	1,311,459
Unrealized gain (loss) - equity instruments	(43,115)	198,211
Income tax related to profit or loss of debt instruments	(51,475)	(60,816)
Share of subsidiaries and associates accounted for using the equity method	3,656	2,317
Reclassification adjustments		
Disposal of investments in debt instruments	(1,078,962)	(445,390)
Other comprehensive income recognized in the period	614,640	1,005,781
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	121,223	41,139
Ending balance	$ 2,204,449	$ 1,468,586

29. NET INTEREST INCOME

	For the Year Ended December 31	
	2020	2019
Interest revenue		
Loans	$ 23,930,450	$ 25,957,069
Investment in marketable securities	4,288,313	4,631,568
Revolving interest of credit cards	1,378,439	1,385,515
Others	1,861,963	2,827,313
	31,459,165	34,801,465
Interest expense		
Deposits	(8,585,542)	(12,182,600)
Due to the Central bank and call loans from banks	(509,523)	(951,168)
Securities sold under repurchase agreements	(435,347)	(810,875)
Issuance of bonds and securities	(756,350)	(860,319)
Structured products	(798,422)	(1,548,102)
Others	(40,804)	(73,785)
	(11,125,988)	(16,426,849)
Net interest income	$ 20,333,177	$ 18,374,616

30. NET SERVICE FEES AND COMMISSION INCOME

	For the Year Ended December 31	
	2020	2019
Service fees and commission income		
Interbank fees	$ 950,482	$ 881,393
Fees from loan	454,988	608,123
Fees from trustee business	2,932,037	2,554,484
Fees from trustee affiliated business	164,008	147,903
Insurance commission fees	5,514,786	5,545,719
Fees from credit cards	3,856,527	4,644,425
Others	1,585,792	1,551,564
	15,458,620	15,933,611
Service fees and commission expenses		
Fees from credit cards	(1,705,561)	(2,734,114)
Marketing fees	(581,132)	(756,971)
Interbank fees	(343,904)	(278,910)
Others	(755,413)	(706,000)
	(3,386,010)	(4,475,995)
Net service fees and commission income	$ 12,072,610	$ 11,457,616

The Company provided custody, trust, investment managements and consultancy services to the third party. Therefore, the Company involved in the execution of planning management and trading of financial instruments. 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	
	2020	2019
Disposal gains (losses)		
Stocks and beneficiary certificates	$ 232,421	$ 170,213
Bills	12,384	(8,029)
Bonds	550,611	845,278
Derivative financial instruments	2,450,369	3,705,745
	3,245,785	4,713,207
Valuation gains (losses)		
Stocks and beneficiary certificates	37,284	41,742
Bills	7,325	10,260
Bonds	75,339	(173,293)
Derivative financial instruments	(1,016,030)	624,180
	(896,082)	502,889
Interest revenue	523,439	931,148
Dividend revenue	95,811	42,170
Interest expense	(150,268)	(155,267)
	$ 2,818,685	$ 6,034,147

32. REALIZED GAINS ON FINANCIAL ASSETS AT FVTOCI

	For the Year Ended December 31	
	2020	2019
Disposal gains (losses)		
Bills	$ (11,969)	$ (4,050)
Bonds	1,095,914	449,554
Beneficiary certificates	(4,983)	(114)
	1,078,962	445,390
Dividend income		
Related to investments held at the end of the period	176,187	225,585
Related to investments derecognized at the end of the period	91,113	66,274
	$ 1,346,262	$ 737,249

33. EMPLOYEE BENEFITS EXPENSES

	For the Year Ended December 31	
	2020	2019
Short-term benefits	$ 11,518,678	$ 11,301,351
Post-employment benefits		
Defined contribution plans	399,987	380,789
Defined benefit plans	27,733	31,659
Share-based payments		
Cash-settled share-based payments	9,586	36,014
Others	111,467	107,916
	$ 12,067,451	$ 11,857,729

a. Employees' compensation

In compliance with the Articles, the Company accrued employees' compensation at a rate of 0.01% of net profit before income tax. The employee's compensation for the years ended December 31, 2020 and 2019 were $1,384 thousand and $1,326 thousand, respectively.

If there is a change in the amounts after the annual financial statements are authorized for issue, the differences will be recorded as a change in the accounting estimate and will be adjusted in the next year.

The Company held board of directors' meetings on February 20, 2020 and February 14, 2019 in which it resolved the appropriations of employees' compensation and remuneration of directors and which resulted in the actual amounts of the employees' compensation and remuneration of directors paid for 2019 and 2018 to differ from the amounts recognized in the consolidated financial statements for the year ended December 31, 2019. Because the amount is immaterial. The adjustment for differences will be and was recognized in profit and loss for the year ended December 31, 2020.

	For the Year Ended December 31	
	2019	2018
	Employees' Compensation	Employees' Compensation
Amounts approved at the board of directors' meeting	$ 1,329	$ 1,141
Amounts recognized in the annual financial statements	$ 1,326	$ 1,141

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. Cash-settled share-based payments

The Company issued stock appreciation rights (SAR) to employees that required the Company's parent company Taishin Financial Holding to pay the intrinsic value of SAR to the qualified people. Provision for the expense recognized by the Company for the years ended December 31, 2020 and 2019 were $9,586 thousand and $36,014 thousand, respectively. The related liabilities, recognized as of December 31, 2020 and 2019 were $33,798 thousand and $65,493 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	
	2020	2019
Property and equipment	$ 940,898	$ 906,810
Right-of-use assets	698,740	659,737
Intangible assets	358,813	267,359
	$ 1,998,451	$ 1,833,906

35. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current period	$ 1,987,725	$ 1,731,347
Adjustment for prior years	255,239	(901,059)
Offshore income tax expense	46,857	24,980
Land value increment tax	6,230	81
Deferred tax		
In respect of the current period	(270,573)	(207,795)
Adjustment for prior years	(144,433)	923,212
Income tax expense (benefit) recognized in profit or loss	$ 1,881,045	$ 1,570,766

Reconciliation of profit before income tax and income tax were as follows:

	For the Year Ended December 31	
	2020	2019
Income before income tax	$ 14,055,744	$ 13,380,908
Income tax expense calculated at the statutory rate	$ 2,811,149	$ 2,676,182
Nondeductible expenses in determining taxable income	10,830	3,837
Tax-exempt income	(1,069,944)	(1,008,954)
Temporary differences	(21,438)	(19,618)
Loss carryforwards	(13,445)	(127,895)
Offshore income tax expense	46,857	24,980
Adjustments to prior years' tax	110,806	22,153
Land value increment tax	6,230	81
Income tax expense (benefit) recognized in profit or loss	$ 1,881,045	$ 1,570,766

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current period		
Fair value changes of financial assets at FVTOCI	$ 51,475	$ 60,816
Remeasurements of the defined benefit plans	(24,605)	(13,111)
Total income tax recognized in other comprehensive income	$ 26,870	$ 47,705

c. Current tax assets and liabilities

	December 31	
	2020	**2019**
Current tax assets		
Tax refund receivable	$ 2,520	$ 674,257
Current tax liabilities		
Income tax payable	$ 1,143,977	$ 1,499,397

d. Deferred tax

Movements in deferred tax assets and liabilities were as follows:

	For the Year Ended December 31, 2020			
	Beginning Balance	**Recognized in Profit or Loss**	**Recognized in Other Comprehensive Income**	**Ending Balance**
Deferred tax assets				
Allowance for bad debts in excess of tax limit	$ 1,677,622	$ 245,448	$ -	$ 1,923,070
Reserve for guarantee liabilities in excess of tax limit	7,444	(4,933)	-	2,511
Linked debt settlement compensation	15,897	(169)	-	15,728
Credit card bonus points liabilities	173,627	(21,795)	-	151,832
Unfunded pension liabilities	222,633	(1,938)	24,605	245,300
Unrealized gains or losses on financial instruments	333,236	201,591	-	534,827
	$ 2,430,459	$ 418,204	$ 24,605	$ 2,873,268
Deferred tax liabilities				
Land value increment tax	$ (53,552)	$ -	$ -	$ (53,552)
Unrealized gains or losses on financial assets at FVTOCI	(28,623)	-	(51,475)	(80,098)
Property and equipment depreciation	-	(3,198)	-	(3,198)
	$ (82,175)	$ (3,198)	$ (51,475)	$ (136,848)

	For the Year Ended December 31, 2019			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred tax assets				
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 compensation	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)	-
	$ 3,164,958	$ (715,417)	$ (19,082)	$ 2,430,459
Deferred tax liabilities				
Land value increment tax	$ (53,552)	$ -	$ -	$ (53,552)
Unrealized gains or losses on financial assets at FVTOCI	-	-	(28,623)	(28,623)
	$ (53,552)	$ -	$ (28,623)	$ (82,175)

e. The estimated payables to Taishin Financial Holding due to the adoption of the linked-tax system were as follows:

	December 31	
	2020	2019
Linked-tax receivables to Taishin Financial Holding (recorded under current tax assets)	$ -	$ 558,456
Linked-tax payable to Taishin Financial Holding (recorded under current tax liabilities)	$ 1,067,140	$ 1,147,890

f. Income tax assessments

The Company’s income tax returns through 2015 had been assessed by the tax authorities.

36. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2020	2019
Basic earnings per share	$ 1.40	$ 1.36
Diluted earnings per share	$ 1.40	$ 1.36

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 31, 2020. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2019 was as follows:

	For the Year Ended December 31	
	Before Adjusted Retrospectively	**After Adjusted Retrospectively**
Basic earnings per share	$ 1.43	$ 1.36
Diluted earnings per share	$ 1.43	$ 1.36

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	
	2020	**2019**
Earnings used in computation of basic earnings per share	$ 12,174,699	$ 11,810,142
Earnings used in computation of diluted earnings per share	$ 12,174,699	$ 11,810,142

Weighted Average Number of Common Stocks Outstanding (In Thousands of Shares)

	For the Year Ended December 31	
	2020	**2019**
Weighted average number of Common Stocks outstanding in computation of basic earnings per share	8,695,712	8,695,712
Effect of dilutive potential Common Stocks:		
Employees' compensation	83	79
Weighted average number of Common Stocks outstanding in computation of dilutive earnings per share	8,695,795	8,695,791

Since the Company offered to settle compensation or bonuses paid to employees in cash or shares, the Company assumed the entire amount of the compensation or bonuses 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, as the effect is dilutive. Such dilutive effect of the potential shares is 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, 2020

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Termination of Lease Contract	Non-cash Changes: Amortization for Discount	Non-cash Changes: Fair Value Adjustments	Closing Balance
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	$ 29,697,937	$ (3,311,002)	$ -	$ -	$ -	$ -	$ 26,386,935
Lease liabilities	2,739,424	(664,886)	785,719	(26,724)	-	-	2,833,533
Financial liabilities designated as at FVTPL	3,287,359	-	-	-	-	(84,304)	3,203,055
	$ 35,724,720	$ (3,975,888)	$ 785,719	$ (26,724)	$ -	$ (84,304)	$ 32,423,523

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes: New Leases	Non-cash Changes: Termination of Lease Contract	Non-cash Changes: Amortization for Discount	Non-cash Changes: Fair Value Adjustments	Closing Balance
Due to the Central Bank and banks (including call loans from other banks and bank overdrafts)	$ 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
	$ 78,954,995	$ (9,715,763)	$ 1,108,080	$ (24,363)	$ -	$ 201,771	$ 70,524,720

38. 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 of taking any kinds of risks, 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 earning, 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

<table>
<tr><th colspan="3">Period / Item</th><th>December 31, 2020</th><th>December 31, 2019</th></tr>
<tr><td rowspan="4">Self-owned capital</td><td colspan="2">Common equity Tier I</td><td>$ 136,397,935</td><td>$ 128,251,549</td></tr>
<tr><td colspan="2">Other Tier I capital</td><td>24,378,703</td><td>23,676,331</td></tr>
<tr><td colspan="2">Tier II capital</td><td>34,910,919</td><td>36,712,449</td></tr>
<tr><td colspan="2">Self-owned capital</td><td>195,687,557</td><td>188,640,329</td></tr>
<tr><td rowspan="9">Risk-weighted assets</td><td rowspan="3">Credit risk</td><td>Standardized approach</td><td>1,094,636,587</td><td>1,192,564,956</td></tr>
<tr><td>IRB</td><td>-</td><td>-</td></tr>
<tr><td>Securitization</td><td>102,411</td><td>122,465</td></tr>
<tr><td rowspan="3">Operation risk</td><td>Basic indicator approach</td><td>-</td><td>-</td></tr>
<tr><td>Standardized approach/ optional standard</td><td>61,407,175</td><td>58,514,388</td></tr>
<tr><td>Advanced internal-rating based approach</td><td>-</td><td>-</td></tr>
<tr><td rowspan="2">Market price risk</td><td>Standardized approach</td><td>45,920,525</td><td>58,646,600</td></tr>
<tr><td>Internal model approach</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Total</td><td>1,202,066,698</td><td>1,309,848,409</td></tr>
<tr><td colspan="3">Capital adequacy ratio</td><td>16.28%</td><td>14.40%</td></tr>
<tr><td colspan="3">Common equity Tier I to risk-weighted assets ratio</td><td>11.35%</td><td>9.79%</td></tr>
<tr><td colspan="3">Tier I capital to risk-weighted assets ratio</td><td>13.38%</td><td>11.60%</td></tr>
<tr><td colspan="3">Leverage ratio</td><td>7.27%</td><td>7.38%</td></tr>
</table>

Note 1: The ratios are calculated in accordance with the Letters issued by the MOF on December 23, 2019 (Ref. No. FSC 10802744341), on January 14, 2020 (Ref. No. FSC 10802747311), and on January 12, 2021 (Ref No. FSC 10902745641).

Note 2: Formula:

a. Self-owned capital = Common equity Tier I + Other Tier I capital + Tier II capital

b. Risk-weighted assets = Credit risk-weighted assets + (Operation risk capital + Market price risk capital) × 12.5

c. Capital adequacy = Self-owned capital ÷ Risk-weighted assets

d. Common equity Tier I capital to risk-weighted assets ratio = Common equity Tier I capital ÷ Risk-weighted assets

e. Tier I capital to risk-weighted assets ratio = (Common equity Tier I + Other Tier I capital) ÷ Risk-weighted assets

f. Leverage ratio = Tier I capital ÷ Adjusted average assets

39. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Summary

Fair value is the exchange price in an orderly transaction between market participants and is the amount to be received on the sale of an assets or the amount to be paid on the transfer of a liability.

Financial instruments are initially measured at fair value. In many cases, the transaction price will equal the fair value. Subsequently, the financial instruments are measured at fair value, unless the financial assets meet the criteria for being measured at amortized cost. A quoted price in an active market provides the most reliable evidence of fair value. If financial instruments have no quoted prices in an active market, the 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

1) 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) Information on fair value hierarchy

The financial instruments measured at fair value of the Company are measured at fair value on a recurring basis.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Financial Assets and Liabilities	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurement				
Non-derivative assets and liabilities				
Assets				
Financial assets at FVTPL				
Financial assets mandatorily classified as at FVTPL				
Stocks and beneficiary certificates	$ 4,248,995	$ 3,745,501	$ -	$ 503,494
Bond investments	16,555,940	8,874,128	7,681,812	-
Investment in bills	58,787,535	-	58,787,535	-
Financial assets at FVTOCI				
Stock investments	4,606,587	2,565,424	-	2,041,163
Bond investments	154,865,966	61,110,614	93,755,352	-
Investment in bills	30,227,206	212,566	30,014,640	-
Beneficiary securities	510,978	-	510,978	-
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities designated as at FVTPL	3,203,055	-	3,203,055	-
Derivative assets and liabilities				
Assets				
Financial assets at FVTPL	24,981,308	2,988	21,359,111	3,619,209
Liabilities				
Financial liabilities at FVTPL				
Financial liabilities held for trading	27,625,467	11,211	24,406,585	3,207,671

Financial Assets and Liabilities	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurement				
Non-derivative assets and liabilities				
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				
Stock 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	-
Derivative assets and liabilities				
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	16,761,827	4,527,329

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 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:

a) 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.

b) Government bonds and part of interest rate derivatives

i. New Taiwan Dollar Central Government Bonds: If there is a trading price on the measurement date, then the last trading price is the fair value. If there is no trading price for reference and the subordinated bond fair price provided by the Taipei Exchange is not in the market quoted price interval, then the median price of the market quoted prices is the fair value. If the subordinated bond fair price is in the market quoted price interval, then the fair price is the fair value.

ii. Interest rate derivatives: The quoted price from Reuter's is the fair value.

c) Stock-related products

The Company adopts stock market quoted prices or the last trading prices as fair values.

d) Credit-related products

The quoted price from Bloomberg is the fair value.

Except for the financial instruments with active market, fair values of other financial instruments are acquired based on valuation techniques or the quoted prices from counterparties. Fair values acquired through valuation techniques can be calculated using models based on fair values from financial instruments with similar conditions and characteristics, cash flow discount method and other valuation techniques, including accessible information on the balance sheet date such as the yield curve from the Taipei Exchange or the average quoted price from Reuter's 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. These types of valuation models are often applied to derivatives, embedded bond instrument or securitized products, etc. Part of parameters applied for the valuation models for this type of financial instruments are not observable in the market. Therefore, the 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 Company had reclassified from the Level 1 to the Level 2 of $5,393,100 thousand and $2,441,732 thousand for the years ended December 31, 2020 and 2019, respectively.

5) Reconciliation of Level 3 financial assets

For the Year Ended December 31, 2020								
Item	Beginning Balance	Valuation Gains (Losses)		Increase		Decrease		Ending Balance
		In Net Income	In Other Comprehensive Income	Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial assets at FVTPL	$ 6,248,559	$(1,546,424)	$ -	$ 1,258,889	$ -	$ (1,838,321)	$ -	$ 4,122,703
Financial assets at FVTOCI	1,925,121	-	116,042	-	-	-	-	2,041,163
Total	$ 8,173,680	$(1,546,424)	$ 116,042	$ 1,258,889	$ -	$ (1,838,321)	$ -	$ 6,163,866

Note: No transfer from Level 3.

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.

Above-mentioned valuation gains (losses) above recognized in current profits or losses in the amounts of $(1,318,334) thousand and $(1,899,277) thousand were attributed to gains (losses) on assets owned for the years ended December 31, 2020 and 2019, respectively.

Above-mentioned valuation gains (losses) above recognized in other comprehensive income in the amounts of $107,488 thousand and $60,214 thousand were attributed to gains (losses) on assets owned during the years ended December 31, 2020 and 2019, respectively.

Reconciliation of Level 3 financial liabilities:

For the Year Ended December 31, 2020							
Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal or Delivery	Transfer out	
Financial liabilities at FVTPL	$ 4,527,329	$ (1,626,845)	$ 1,057,286	$ -	$ (750,099)	$ -	$ 3,207,671

Note: No transfer from Level 3.

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)	$ 788,547	$ -	$ (344,513)	$ -	$ 4,527,329

Note: No transfer from Level 3.

Above-mentioned valuation gains (losses) above recognized in current profits or losses in the amounts of $1,462,919 thousand and $2,109,662 thousand were attributed to gains (losses) on liabilities owned during the years ended December 31, 2020 and 2019, respectively.

6) Quantitative information of the fair value measurement of significant unobservable inputs (Level 3)

Most of the Level 3 fair value attributed to the Company only has single significant unobservable input.

The quantitative information of significant unobservable inputs was as follows:

	Fair Value on December 31, 2020	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
Non-derivative financial instruments					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Stock investments	503,494	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	10%-30%	The higher the non-controlling interest discount, the lower the fair value.
Financial assets at FVTOCI					
Stock investments	1,809,675	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	10%-30%	The higher the non-controlling interest discount, the lower the fair value.
	231,488	Market method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial assets					
Financial assets at FVTPL					
Interest rate swaps	420,773	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial liabilities					
Financial liabilities at FVTPL					
Interest rate swaps	2,210	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.

	Fair Value on December 31, 2019	Valuation Technique	Significant Unobservable Inputs	Range of Estimate	Relationship Between Inputs and Fair Value
Non-derivative financial instruments					
Financial assets at FVTPL					
Financial assets mandatorily classified as at FVTPL					
Credit-linked securities	$ 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.
Stock investments	307,982	Assets method	Discount for lack of marketability	10%-30%	The higher the discount for lack of marketability, the lower the fair value.
			Non-controlling interest discount	10%-30%	The higher the non-controlling interest discount, the lower the fair value.
Financial assets at FVTOCI					
Stock investments	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.
			Non-controlling interest discount	10%-30%	The higher the non-controlling interest discount, 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.
Derivative financial assets					
Financial assets at FVTPL					
Interest rate swaps	389,729	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.
Derivative financial liabilities					
Financial liabilities at FVTPL					
Interest rate swaps	7,502	Cash flow discount method	Discount for lack of marketability	0%-20%	The higher the discount for lack of marketability, the lower the fair value.

7) The assessment of fair value based on Level 3 inputs

The financial 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.

	December 31			
	2020		2019	
	Book Value	**Fair Value**	**Book Value**	**Fair Value**
Financial assets				
Debt instruments at amortized cost	$ 270,627,928	$ 270,951,333	$ 131,876,458	$ 132,020,343

2) Information on fair value hierarchy

Assets and Liabilities	**December 31, 2020**			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Debt instruments at amortized cost	$ 270,951,333	$ 3,524,964	$ 267,426,369	$ -

Assets and Liabilities	**December 31, 2019**			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Debt instruments at amortized cost	$ 132,020,343	$ -	$ 132,020,343	$ -

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 39. 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 issued by the Company are intended to enhance liquidity or for capital management purpose instead of earning short-term profits; therefore, the bank debentures are disclosed at carrying amounts.

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, 2020						
Offset and Execution of Net Settlement or Similar Agreement on Financial Assets						
Interpretation	Realized Financial Assets (a)	Offset of Realized Financial Liabilities in Balance Sheet (b)	Net Financial Assets in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Received Cash Collateral	
Derivative	$ 13,341,243	$ -	$ 13,341,243	$ 8,006,768	$ 1,350,764	$ 3,983,711

Note: Including net settlement and non-cash collateral.

December 31, 2020						
Offset and Execution of Net Settlement or Similar Agreement on Financial Liabilities						
Interpretation	Realized Financial Liabilities (a)	Offset of Realized Financial Assets in Balance Sheet (b)	Net Financial Liabilities in Balance Sheet (c)=(a)-(b)	Amount of Offset Not Shown in Balance Sheet (d)		Net (e)=(c)-(d)
				Financial Instruments (Note)	Pledged Cash Collateral	
Derivative	$ 21,057,335	$ -	$ 21,057,335	$ 8,006,768	$ 4,419,257	$ 8,631,310

Note: Including net settlement and non-cash collateral.

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.

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, 2020		
Financial Assets	**Transferred Financial Assets - Book Value**	**Related Financial Liabilities - Book Value**
Financial assets at FVTPL sold under repurchase agreement	$ 48,900,589	$ 51,755,854
Financial assets at FVTOCI sold under repurchase agreement	27,978,264	26,459,928

December 31, 2019		
Financial Assets	**Transferred Financial Assets - Book Value**	**Related Financial Liabilities - Book Value**
Financial assets at FVTPL sold under repurchase agreement	$ 50,367,735	$ 53,693,938
Financial assets at FVTOCI sold under repurchase agreement	53,890,088	51,893,832

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 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 monthly risk management meeting 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 spread 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 and for various aspects of market risk management based on the risk management policy. It establishes market risk management system and regulates market risks, risk limits, stop loss 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 books daily; and calculates the maximum potential losses recorded in each trading books 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.

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, the 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) Principles of the market risk management

   Based on the related risk management standards, the Company classifies financial instruments into trading and non-trading portfolios according to the purpose of holding the instruments and manages them with different methods.

   Trading portfolios consists of financial instruments held for trading purposes or commodities held to hedge positions in trading portfolios. A position, such as self-run position or position produced by matched principal brokering or market making, is for trading purposes if it is intended to be sold within a short period; to earn or to lock in profit from actual or expected short-term price fluctuations.

   Non-trading portfolios are positions other than aforementioned trading portfolios, 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 interest rate risk management in banking books, and positions held for other management purposes.

   Principles of market risk management for trading portfolios are as follows:

   a) Management strategy

      The goal of market risk management for trading portfolios 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 portfolios limits.

   c) Valuation gains and losses

      If objective prices of financial instruments held for 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 the risk assumptions and calculation methods.

iii. Measure potential losses resulting from extreme market volatility in order to assess capital adequacy and essential position adjustments.

5) Interest rate risk management for trading portfolios

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). Refer to Item 10 for the risk assumptions and calculation methods.

c) Management procedures

The risk management department defines the interest rate related products that can be undertaken among trading portfolios 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) Exchange rate risk management for trading portfolios

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 the risk assumptions and calculation methods.

c) Management procedures

The risk management department sets the position limit and stop-loss limit of trading portfolios 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) Equity security price risk management for trading portfolios

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 the risk assumptions and calculation methods.

c) Management procedures

The risk management department sets the position limit and stop-loss limit of trading portfolios 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) Credit spread risk management for trading portfolios

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 the risk assumptions and calculation methods.

c) Management procedures

The risk management department sets the position limit and stop-loss limit of trading 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) Interest rate risk management in the banking book positions

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 non-trading portfolios in the banking book is to establish deposit reserve. The purpose is different from short-term investments holding for pursuing profit. Banking book interest rate risks are regulated separately by the risk management department.

a) Management strategy

The goal of banking book interest rate risk management is to control interest rate risk position and pursue stability and growth of banking book net interest income under the circumstances that liquidity is appropriate.

b) Management principles

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 the risk assumptions and calculation methods.

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 stress loss for trading portfolios. The risk management unit observes historical information of market price and sets the biggest possible volatility range for various market risk factors as the stress circumstance, which should be approved by the Risk Management Committee of the parent company. Since there are so many market risk factors that affect trading portfolios, there might be plenty of permutation and combination of stress circumstances when the unit calculates stress loss. For instance, change in a market risk factor might result in the biggest loss of one investment portfolio but create profits for another investment portfolio. Based on the conservative principles, the risk management unit will take into account correlation between various risk factors to calculate the biggest loss as the stress loss.

The risk management unit should confirm that overall stress loss for trading portfolios does not exceed the stress loss limit and report to the high-level management as references for adjusting positions or resource 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, 2020			
	Average	**Highest**	**Lowest**	**Ending Balance**
Exchange VaR	$ 4,673	$ 75,675	$ 1,058	$ 6,259
Interest rate VaR	46,473	128,188	6,038	47,436
Equity securities VaR	68,652	119,097	18,065	116,168
Credit spread VaR	3,427	8,983	321	342
Value at risk	96,965	152,968	34,843	139,230

	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

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 matured.

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. Strengthening of management and tracking of credit account after loan

Corporate Finance Department has set up post-loan control unit to build a more automated post-loan management system. In addition to the original review function, they established an early warning model to strengthen the management and reduce credit risk by providing warning in advance and making faster and intensive notifications and tracking for observed accounts.

iii. The measurement of ECLs

At the end of the reporting period, 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 2020 and 2019.

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.

iv. Write-off policy

Overdue loans and non-accrual loans for which one of the following events have occurred should have the estimated recoverable amount deducted and should then be written off as bad debts.

- The debtor may not recover all or part of the obligatory claim due to dissolution, disappearance, settlement, bankruptcy or other reasons.

- The appraisal of the collateral, the property of the principal debtor and the surety is low, or the amount of the loan’s priority is deducted, or the collection implementation costs may approach or exceed the amount that 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 agencies.

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 2020 and 2019.

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, 2020

	Gross Carrying Amount	**Impairment under IFRS 9**	**Proportion of Loans/ Collateral (Note)**
Personal housing loans	$ 10,703,240	$ 2,691,840	47.75%
Business guaranteed loans	503,640	90,572	108.34%
Others	7,564,470	2,047,227	
Total	$ 18,771,350	$ 4,829,639	

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	

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, 2020 and 2019 are as follows:

	December 31, 2020			
	12-month ECLs	**Lifetime ECLs - Unimpaired**	**Lifetime ECLs - Impaired**	**Total**
Loans				
Consumer finance				
Excellent	$ 647,655,004	$ 20,391,283	$ -	$ 668,046,287
Good	9,462,549	282,300	-	9,744,849
Acceptable	-	103,149	-	103,149
Default	-	-	15,505,757	15,505,757
Corporation finance				
Excellent	306,308,733	-	-	306,308,733
Good	257,393,390	-	-	257,393,390
Acceptable	1,996,975	759,405	-	2,756,380
Default	-	-	874,516	874,516
Total	$ 1,222,816,651	$ 21,536,137	$ 16,380,273	$ 1,260,733,061
Receivables (including non-performing receivables transferred, from other than loans)				
Consumer finance				
Excellent	$ 59,788,410	$ 78,648	$ -	$ 59,867,058
Good	188,582	1,382	-	189,964
Acceptable	-	53,272	-	53,272
Default	-	-	2,257,355	2,257,355
Corporation finance				
Excellent	42,809,124	-	-	42,809,124
Good	4,467,285	-	-	4,467,285
Acceptable	2,256	586	-	2,842
Default	-	-	133,722	133,722
Others	-	7,599,816	-	7,599,816
Total	$ 107,255,657	$ 7,733,704	$ 2,391,077	$ 117,380,438
Debt instruments at FVTOCI				
Excellent	$ 185,402,459	$ 201,691	$ -	$ 185,604,150
Debt investments at amortized cost				
Excellent	$ 270,637,053	$ -	$ -	$ 270,637,053
Financial guarantees				
Excellent	$ 23,927,029	$ -	$ -	$ 23,927,029
Good	4,873,950	-	-	4,873,950
Total	$ 28,800,979	$ -	$ -	$ 28,800,979
Loan commitments				
Excellent	$ 1,002,523,304	$ 258,464	$ -	$ 1,002,781,768
Good	148,381,201	107	-	148,381,308
Acceptable	16,986	97,263	-	114,249
Default	-	-	485,704	485,704
Total	$ 1,150,921,491	$ 355,834	$ 485,704	$ 1,151,763,029

	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

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 loans with a significant concentration of credit risk was as follows:

	December 31			
	2020		2019	
Industry Type	**Carrying Amount**	**Percentage of Item (%)**	**Carrying Amount**	**Percentage of Item (%)**
Manufacturing	$ 188,404,432	15	$ 179,706,128	16
Wholesale and retailing	63,961,051	5	57,296,126	5
Finance and insurance	113,902,487	9	104,737,965	9
Real estate and leasing	108,736,007	8	86,812,057	7
Service	22,051,160	2	21,702,886	2
Individuals	715,056,071	57	661,648,363	57
Others	48,621,853	4	43,426,226	4
	$ 1,260,733,061		$ 1,155,329,751	

	December 31			
	2020		2019	
Geographic Location	**Carrying Amount**	**Percentage of Item (%)**	**Carrying Amount**	**Percentage of Item (%)**
Asia	$ 1,171,772,924	93	$ 1,067,344,993	92
Europe	4,328,427	1	5,719,619	1
America	3,418,361	-	2,650,727	-
Others	81,213,349	6	79,614,412	7
	$ 1,260,733,061		$ 1,155,329,751	

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:

a) Inability to fulfill funding gap due to asymmetric time and amount in cash inflows and outflows.

b) Liabilities paid off in advance before maturity, inability to maintain liabilities at maturity or inability to acquire funds from the market.

c) 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 debt instruments at amortized cost held for the purpose of managing liquidity risk, in order to perform contracted obligations when due and meet the needs of urgent fund dispatching.

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, 2020									
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	Over 5 Years	Total
Due to the Central Bank and banks	$ 19,208,131	$ 11,036,889	$ 14,018,563	$ 5,537,286	$ 8,000	$ 15,600	$ -	$ -	$ -	$ 49,824,469
Funds borrowed from Central Bank and other banks	-	-	-	1,925,590	-	-	-	-	-	1,925,590
Non-derivative financial liabilities at FVTPL	-	-	-	-	-	-	-	-	11,306,476	11,306,476
Securities sold under repurchase agreements	64,197,506	12,668,548	519,201	247,487	-	583,040	-	-	-	78,215,782
Payables	24,533,312	522,754	102,576	2,552,596	8,518	1,877	-	-	-	27,721,633
Deposits and remittances	164,357,882	181,907,686	168,458,654	315,134,660	779,392,646	3,652,907	2,209	1,083	-	1,612,907,727
Bank debentures	-	-	-	-	6,800,000	-	8,000,000	4,950,000	15,050,000	34,800,000
Lease liabilities	138,952	118,006	179,217	332,576	618,071	473,324	373,980	263,910	404,974	2,903,010
Other financial liabilities	1,323,937	1,088,611	441,662	979,815	310,686	2,745,263	7,161,595	1,329,724	51,215,221	66,596,514
Total	$ 273,759,720	$ 207,342,494	$ 183,719,873	$ 326,710,010	$ 787,137,921	$ 7,472,011	$ 15,537,784	$ 6,544,717	$ 77,976,671	$ 1,886,201,201

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
Non-derivative 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

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 $961,357,707 thousand and $786,894,985 thousand as of December 31, 2020 and 2019, 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, 2020					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL	$ 27,625,467	$ -	$ -	$ -	$ -	$ 27,625,467

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

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, 2020 and 2019, assuming that all amounts, including the amounts in the longest time band, were due in the less than one-month time band, the amounts would have been $25,103,262 thousand and $18,727,917 thousand, respectively, for guarantees; $3,697,716 thousand and $3,582,242 thousand, respectively, for letters of credit; $612,300,683 thousand and $571,666,876 thousand, respectively, for loans commitments (excluding credit card); and $12,315,038 thousand and $15,435,059 thousand, respectively, for credit cards commitments.

Item	December 31, 2020					
	1-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Guarantees	$ 6,450,222	$ 9,299,292	$ 1,906,919	$ 2,108,894	$ 5,337,935	$ 25,103,262
Letters of credit	756,996	2,371,013	388,786	180,921	-	3,697,716
Loans commitments (excluding credit cards)	8,060,919	129,129,348	121,617,417	288,003,388	65,489,611	612,300,683
Credit cards commitments	742	110,782	262,705	725,188	11,215,621	12,315,038

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

40. OTHER DISCLOSURES REQUIRED FOR OF FINANCIAL INSTITUTIONS

a. Asset quality

Non-performing loans and receivables

Business Type			December 31, 2020 Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)	December 31, 2019 Non-performing Loans (Note a)	Loans	Non-performing Loans Ratio (Note b)	Allowance for Loan Losses	Coverage Ratio (Note c)
Corporate finance	Secured		$ 437,016	$ 264,302,565	0.17%	$ 2,630,928	602.02%	$ 456,810	$ 220,878,377	0.21%	$ 2,850,695	624.04%
	Unsecured		537,032	310,573,655	0.17%	4,699,662	875.12%	364,667	299,028,536	0.12%	5,060,558	1,387.72%
Consumer finance	Mortgage loans (Note d)		304,889	317,066,866	0.10%	4,784,027	1,569.10%	356,611	291,539,418	0.12%	4,334,746	1,215.54%
	Cash cards		9,402	691,093	1.36%	70,750	752.50%	62,151	1,032,996	6.02%	66,675	107.28%
	Credit loans (Note e)		217,162	75,043,111	0.29%	965,989	444.82%	256,292	66,153,123	0.39%	820,577	320.17%
	Others (Note f)	Secured	413,021	292,358,683	0.14%	3,265,113	790.54%	493,417	276,588,588	0.18%	3,014,782	611.00%
		Unsecured	1,852	697,088	0.27%	8,644	466.74%	5,335	108,713	4.91%	104,807	1,964.52%
Subtotal			1,920,374	1,260,733,061	0.15%	16,425,113	855.31%	1,995,283	1,155,329,751	0.17%	16,252,840	814.56%
Credit card			156,592	61,526,090	0.25%	594,974	379.95%	218,091	61,176,046	0.36%	649,953	298.02%
Accounts receivable factoring with no recourse (Note g)			-	46,259,354	-	598,679	-	-	49,581,708	-	666,928	-

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 FSC. Non-performing loans of credit cards are defined in the Letter issued by the Banking Bureau on July 6, 2005 (Ref. No. Jin-Guan-Yin (4) 0944000378).

Note b: Non-performing loans ratio = Non-performing loans ÷ Loans
Non-performing loans of credit card ratio = Non-performing loans of credit cards ÷ Accounts receivable

Note c: Coverage ratio of allowances for loan losses = Allowances for loan losses ÷ Non-performing loans
Coverage ratio of allowance for loan losses of credit card = Allowance for loan losses of credit card ÷ Non-performing loans of credit cards

Note d: Mortgage loans are for applicants to build or repair the buildings owned by the applicants, their spouses or their minor children. These applicants provide their buildings as collaterals and assign the right on mortgage to financial institutions.

Note e: Credit loans are defined in the Letter issued by the Banking Bureau on December 19, 2005 (Ref. No. Jin-Guan-Yin (4) 09440010950), excluding credit loans of credit cards and cash cards.

Note f: The others of consumer financial business are defined as secured or unsecured consumer financial business excluding mortgage loans, cash cards, credit loans and credit cards.

Note g: In accordance with the Letter issued by the Banking Bureau on August 24, 2009 (Ref. No. Jin-Guan-Yin (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, 2020		December 31, 2019	
	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)	$ 293,604	$ 98,832	$ 425,482	$ 137,367
Loans executed in accordance with debt clearing and renewal regulations (Note b)	1,791,640	1,231,550	1,731,066	1,214,459
Total	2,085,244	1,330,382	2,156,548	1,351,826

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, 2020			December 31, 2019		
Rank (Note a)	**Transaction Party (Note b)**	**Loans (Note c)**	**As Proportion of Net Equity**	**Transaction Party (Note b)**	**Loans (Note c)**	**As Proportion of Net Equity**
1	A Group (manufacture of computers)	$ 20,536,172	12.66%	A Group (manufacture of computers)	$ 19,732,959	12.87%
2	B Group (ocean freight transportation forwarding services)	14,819,354	9.14%	B Group (manufacture of cement)	14,125,655	9.21%
3	C Group (liquid crystal panel and components manufacturing industry)	14,739,637	9.09%	C Group (liquid crystal panel and components manufacturing industry)	12,524,859	8.17%
4	D Group (manufacture of woven cotton-type or woolen-type fabrics)	13,720,530	8.46%	E Group (activities of other holding companies)	11,152,520	7.27%
5	E Group (activities of other holding companies)	11,071,572	6.83%	D Group (manufacture of woven cotton-type or woolen-type fabrics)	9,490,030	6.19%
6	F Group (real estate activities for sale and rented with own or loosed property)	10,853,282	6.69%	I Group (manufacture of computers)	8,696,611	5.67%
7	G Group (manufacture of computers)	8,535,493	5.26%	G Group (manufacture of monitors and terminals)	6,812,025	4.44%
8	H Group (manufacture of computers)	7,867,235	4.85%	J Group (manufacture of computers)	6,382,762	4.16%
9	I Group (manufacture of computers)	6,760,818	4.17%	K Group (wireless telecommunications)	6,141,939	4.01%
10	J Group (manufacture of computers)	6,736,413	4.15%	H Group (manufacture of computers)	6,117,397	3.99%

Note a: Sorted by the balance of loans, excluding government or state-owned business. If borrowers belong to the same business group, the aggregated credit amount of the business group is disclosed, and code and industry additionally disclosed. If the borrower is a business group, the industry with the largest risk exposures in the business group is disclosed. The industry disclosure should follow the guidelines of Directorate-General of Budget, Accounting and Statistics.

Note b: Transaction party is in accordance with Article 6 of the Supplementary Provisions of the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

Note c: Loans include import and export bill negotiations, bills discounted, overdrafts, short-term loans, short-term secured loans, financing receivables, medium-term loans, medium-term secured loans, long-term loans, long-term secured loans, delinquent loans, inward remittances, factoring without recourse, acceptances, and guarantees.

c. Interest rate sensitivity

Item	December 31, 2020				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 1,205,932,854	$ 41,664,149	$ 43,986,308	$ 184,059,146	$ 1,475,642,457
Interest-sensitive liabilities	442,779,277	96,346,276	196,502,516	631,403,489	1,367,031,558
Interest sensitivity gap	763,153,577	(54,682,127)	(152,516,208)	(447,344,343)	108,610,899
Net equity					155,751,183
Ratio of interest-sensitive assets to liabilities					107.95%
Ratio of interest sensitivity gap to net equity					69.73%

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%)

Note a: The amounts listed above include amounts in N.T. dollars only (i.e., excluding foreign currency) for both head office and domestic branches.

Note b: Interest-sensitive assets and liabilities are interest-bearing assets and interest-bearing liabilities with income or cost affected by interest rate fluctuations.

Note c: Interest sensitivity gap = Interest-sensitive assets - Interest-sensitive liabilities

Note d: Ratio of interest-sensitive assets to interest-sensitive liabilities (N.T. dollars only) $= \frac{\text{Interest-sensitive assets}}{\text{Interest-sensitive liabilities}}$

(In Thousands of U.S. Dollars)

Item	December 31, 2020				
	1-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year	Total
Interest-sensitive assets	$ 10,737,160	$ 1,668,397	$ 2,070,305	$ 2,054,322	$ 16,530,184
Interest-sensitive liabilities	5,943,473	1,617,016	2,482,987	5,665,473	15,708,949
Interest sensitivity gap	4,793,687	51,381	(412,682)	(3,611,151)	821,235
Net equity					31,250
Ratio of interest-sensitive assets to liabilities					105.23%
Ratio of interest sensitivity gap to net equity					2,627.95%

(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%

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, 2020	For the Year Ended December 31, 2019
Return on total assets	Pretax	0.70%	0.74%
	After tax	0.61%	0.65%
Return on net equity	Pretax	8.91%	9.11%
	After tax	7.72%	8.04%
Profit margin		32.13%	31.64%

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 2020 and 2019, respectively.

e. Maturity analysis of assets and liabilities

	Total	December 31, 2020 Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$ 2,065,909,715	$ 683,465,775	$ 244,505,224	$ 177,685,771	$ 166,189,357	$ 794,063,588
Major maturity cash outflow	2,472,085,128	383,333,448	319,710,910	270,459,141	446,231,801	1,052,349,828
Gap	(406,175,413)	300,132,327	(75,205,686)	(92,773,370)	(280,042,444)	(258,286,240)

	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)

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, 2020 Period Remaining until Due Date and Amount Due				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	More Than 1 Year
Major maturity cash inflow	$ 38,903,997	$ 16,939,357	$ 9,428,553	$ 4,215,218	$ 3,212,133	$ 5,108,736
Major maturity cash outflow	39,056,182	13,812,543	8,475,361	5,087,831	5,007,740	6,672,707
Gap	(152,185)	3,126,814	953,192	(872,613)	(1,795,607)	(1,563,971)

(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)

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	
	2020	2019
Special purpose trust account-foreign and domestic investments	$ 178,598,325	$ 170,678,698
Domestic securities investment trust for custody	158,969,815	104,894,093
Other monetary fund	49,000,714	41,966,652
Employee benefit trust	2,179,471	1,097,575
Securities trust	33,349,885	31,201,869
Collective administration account	563,196	631,481
Real estate trust	45,142,161	36,234,820
Monetary and securities trust	696,757	773,841
	$ 468,500,324	$ 387,479,029

41. RELATED-PARTY TRANSACTIONS

a. 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 Capital Management Consulting Co., Ltd. (Taishin Capital)	Fellow subsidiaries
Taishin Financial Leases (China) Co., Ltd.	Fellow subsidiaries
Taishin Financial Leases (Tianjin) Co., Ltd.	Fellow subsidiaries
Credidi Inc. (“Credidi“)	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

(Continued)

Name	Relationship
Shin Kong Synthetic Fibers Co., Ltd. (“Shin Kong Synthetic Fibers”)	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
EXCEL Chemical Corp. (“Excel Chemical”)	Others
TASCO Chemical Corp. (“Tasco Chemical”)	Others
MasterLink Securities Corp. (“MasterLink Securities”)	Others
Global Brands Manufacture Ltd. (“GBM”)	Others (became non-related party since the second quarter of 2020)
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
Darfon Electronics Corp. (“Darfon Electronics”)	Others
AcBel Polytech Inc. (“AcBel Polytech”)	Others
Shin Yao Biomedical Venture Capital Investment Co., Ltd. (“Shin Yao”)	Others
Taiwan Shin Kong Commercial Bank Co., Ltd. (“Shin Kong Bank”)	Others
Taiwan Shin Kong Security Co., Ltd. (“Shin Kong Security”)	Others
Yuanta Financial Holdings Co., Ltd. (“Yuanta Financial Holdings”)	Others
Yunteh Co., Ltd. (“Yunteh”)	Others
Chang Ho Co., Ltd. (“Chang Ho”)	Others
Hung Shin Industrial Co., Ltd. (“Hung Shin”)	Others
Individual A	Key management personnel
Others	Including key management personnel and others

(Concluded)

b. Material transactions with related parties

Material transactions with other related parties were as follows

1) Loans, deposits and guaranteed loans

Loans

	Ending Balance	Percentage of Loans (%)
December 31, 2020	$ 2,700,508	0.21
December 31, 2019	2,308,436	0.20

For the years ended December 31, 2020 and 2019, the amount of interest income were $29,204 thousand and $29,317 thousand, respectively, and both of interest rates ranged from 0.65% to 15.00%.

	December 31, 2020					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Party
Consumer loans						
140 accounts	$ 622,792	$ 688,768	$ 622,792	$ -	Land, buildings and chattels	None
Self-used residence mortgage loans						
131 accounts	837,047	992,874	837,047	-	Land and buildings	None
Other loans						
Shin Kong Security	520,000	520,000	520,000	-	Land and buildings	None
Darfon Electronics	400,000	400,000	400,000	-	-	None
Peng-Cheng	110,000	132,000	110,000	-	Land and buildings	None
Others	210,669	653,344	210,669	-	Land, buildings, securities - deposits and chattels	None
	$ 2,700,508		$ 2,700,508	$ -		

	December 31, 2019					
	Ending Balance	Highest Amount	Normal Loans	Non-performing Loans	Collateral	The Different Terms with Non-related Party
Consumer loans						
127 accounts	$ 572,519	$ 622,908	$ 572,519	$ -	Land, buildings and chattels	None
Self-used residence mortgage loans						
116 accounts	737,822	826,621	737,822	-	Land and buildings	None
Other loans						
GBM	218,187	457,500	218,187	-	-	None
Darfon Electronics	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 and buildings	None
Others	99,272	114,763	99,272	-	Land, buildings, securities - deposits and chattels	None
	$ 2,308,436		$ 2,308,436	$ -		

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, 2020	$ 17,004,473	1.05
December 31, 2019	16,182,167	1.12

For the years ended December 31, 2020 and 2019, the amount of interest expenses were $60,216 thousand the amount of $70,179 thousand, respectively, interest rates ranged, and from 0.00% to 5.00%.

	December 31, 2020		
	Ending Balance	**Interest Rate (Per Annum %)**	**Interest Expense**
Taishin Securities	$ 4,009,343	0.00-1.30	$ (3,000)
Shin Kong Mitsukoshi	2,355,457	0.00-0.06	(211)
Taiwan SMEG	1,729,360	0.00-1.05	(9,066)
Cyberlink	738,603	0.01-0.50	(1,052)
An Shin Construction Manager	640,868	0.01-0.63	(3,770)
Shin Kong Insurance	503,151	0.00-1.03	(2,082)
EXCEL Chemical	438,930	0.01-0.06	(18)
Shin Kong Synthetic Fibers	436,067	0.00-0.32	(248)
Dah Chung Bills	434,489	0.00-0.70	(2,525)
TASCO Chemical	284,089	0.00-0.65	(2,009)
Taishin Securities Investment Advisory	222,921	0.01-2.20	(2,153)
Yunteh	212,615	0.01-0.06	(8)
Taishin D.A. Finance	171,738	0.00-1.03	(32)
Chang Ho	139,049	0.01-0.06	(4)
Taishin Securities Investment Trust	129,412	0.01-1.03	(176)
Fenghe	125,772	0.01-0.22	(45)
Ubright	111,632	0.00-0.32	(70)
Taishin Financial Holding	109,411	0.00-0.20	(2,043)
Hung Shin	100,499	0.01-0.01	(3)
Others	4,111,067		(31,701)
	$ 17,004,473		$ (60,216)

	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)
	$ 16,182,167		$ (70,179)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

2) Call loan to banks and call loan from banks

	December 31, 2020			
	Item	**Ending Balance**	**Interest Rate (Per Annum %)**	**Interest Revenue**
Dah Chung Bills	Call loan to banks	$ -	0.20-0.52	$ 2,089
Yuanta Bank	Call loan to banks	-	0.09-1.90	677

	December 31, 2020			
	Item	**Ending Balance**	**Interest Rate (Per Annum %)**	**Interest Expense**
Yuanta Bank	Call loan from banks	$ -	2.05	$ (12)

	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)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

3) Due from banks

	December 31, 2020			
	Item	**Ending Balance**	**Interest Rate (Per Annum %)**	**Interest Revenue**
Chang Hwa Bank	Due from banks	$ 1,920	-	$ -

	December 31, 2019			
	Item	**Ending Balance**	**Interest Rate (Per Annum %)**	**Interest Revenue**
Chang Hwa Bank	Due from banks	$ 2,022	-	$ -

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

4) Trading securities

	December 31, 2020					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resale Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	$ 3,912,693	$ 8,314,809	$ -	-	$ -	-
Taishin Financial Holding	7,000,000	-	450,126	0.14 -0.45	-	-
Taishin Securities	3,649,508	251,268	-	-	-	-
Dah Chung Bills	-	300,000	-	-	-	-
Chang Hwa Bank	-	50,432	-	-	-	-
Shin Kong Bank	-	100,130	-	-	-	-
Yuanta Bank	-	3,648,178	-	-	-	-
Chin Wei	-	-	40,012	0.14 -0.45	-	-
Peng-Cheng	-	149,970	-	-	-	-
	$ 14,562,201	$ 12,814,787	$ 490,138		$ -	

	December 31, 2019					
	Purchase Price (Accumulated Amount)	Sales Price (Accumulated Amount)	Repurchase Agreements		Resale Agreements	
			Ending Balance	Interest Rate (Per Annum %)	Ending Balance	Interest Rate (Per Annum %)
MasterLink Securities	$ 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	-	-
	$ 8,890,107	$ 5,702,191	$ 1,083,916		$ -	

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

5) Derivatives

	December 31, 2020					
Related Parties	Derivative Contracts	Period	Nominal Principal Amount	Valuation Gain (Loss)	Account	Balance
Dah Chung Bills	Interest rate swaps	2016/6/29-2022/6/20	$ 600,000	$ (187)	Financial assets at FVTPL	$ 1,341
CSI	Forward exchange contracts	2020/7/20-2021/3/25	168,600	(10,109)	Financial liabilities at FVTPL	(10,109)

	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)

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

6) Other material transactions

	For the Year Ended December 31			
	2020		2019	
	Item	Amount	Item	Amount
CyberSoft Digital Service	Operating expenses	$ 541,673	Operating expenses	$ 639,655
Shin Kong Mitsukoshi	Service charge and operating expenses	367,661	Service charge and operating expenses	425,152
Shin Kong Mitsukoshi	Fee income	334,741	Fee income	315,389
Shin Kong Life Insurance	Commission income	383,940	Commission income	692,279

All transactions with related parties are made under arm's length terms, which are consistent with normal policies.

7) On September 24, 2020 and May 30, 2019, the Company's board of directors resolved to sell credit assets in the amounts of $501,500 thousand and $600,000 thousand under syndicated loans arrangement to Shin Kong Bank. The transaction with the related party is made under arm's length terms, which are consistent with the normal policies.

8) On March 12, 2020, the Company sold a real estate to Taishin AMC through a resolution of the board of directors. The sale price was $429,650 thousand. The transaction gain of $119,838 thousand was recognized when the transaction was completed in May 2020. The transaction with the related party was made under arm's length terms, which are consistent with normal policies.

c. Compensation of key management personnel

For the years ended December 31, 2020 and 2019, the remuneration of directors and other members of key management personnel were as follows:

	For the Year Ended December 31	
	2020	2019
Short-term employee benefits	$ 442,734	$ 405,218
Post-employment benefits	6,635	7,862
Termination benefits	-	578
Share-based payment	3,821	10,952
	$ 453,190	$ 424,610

42. PLEDGED ASSETS

The Company provided following assets: collateral for central bank and banks overdraft, trading for derivative financial instruments and securities sold under repurchase agreements, guarantee deposits and collateral for operating and trading:

Pledged Assets	Description	December 31 2020	December 31 2019
Investments in debt instrument at FVTOCI	Bills and bonds	$ 7,909,388	$ 15,374,807
Investments in debt instruments at amortized cost	Bills	7,700,000	-
Other financial assets, due from banks	Certificates of time deposits	1,296,116	3,458,274
Refundable deposits	Cash and certificates of time deposits	5,970,654	6,077,748
Operating deposits and settlement funds	Cash and certificates of time deposits	66,155	87,017

43. CONTINGENT LIABILITIES AND COMMITMENTS

In addition to those mentioned in other Notes, the Company has the following contingent liabilities and commitments as of December 31, 2020 and 2019:

a. Contingent liabilities

	December 31 2020	December 31 2019
Trust liabilities	$ 468,500,324	$ 387,479,029
Securities custody payable	25,400,657	15,993,710
Unpaid equipment purchase contracts	1,148,793	1,158,816

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, 2020 and 2019

Trust Assets	2020	2019	Trust Liabilities	2020	2019
Deposit	$ 49,082,051	$ 40,367,766	Payables	$ 61,713	$ 125,652
Financial assets			Securities custody payable	158,969,815	104,894,093
Bonds	26,698,770	29,985,079	Trust capital	305,938,711	279,203,167
Stocks	38,252,360	33,941,805	Reserves and retained earnings		
Mutual funds	118,073,283	104,692,912	Net income (loss)	1,986,315	4,282,185
Other foreign marketable securities	2,793,826	3,412,918	Retained earning	3,943,192	705,821
Structured products	31,924,682	35,459,538	Deferred carryover	87,886	454,605
Receivables	58,116	144,843	Income distribution and others	(2,487,308)	(2,186,494)
Real estate					
Land	32,026,705	27,023,023			
Buildings	21,034	18,021			
Construction-in-progres s	10,599,682	7,539,031			
Securities under custody	158,969,815	104,894,093			
	$ 468,500,324	$ 387,479,029		$ 468,500,324	$ 387,479,029

Trust Income Statements
Years Ended December 31, 2020 and 2019

	2020	2019
Revenues		
Interest	$ 210,967	$ 184,630
Rent	7,736	6,526
Cash dividends	1,091,897	930,973
Fund distribution	101,083	99,553
Investment benefits	1,328,703	6,397,084
Others	10,459	77,764
	2,750,845	7,696,530
Expenses		
Administration fees	(22,253)	(15,966)
Taxes	(22,233)	(19,717)
Service fees	(15,190)	(13,862)
Professional service fees - CPA	(193)	(197)
Investment loss	(462,136)	(2,548,789)
Others	(165,245)	(666,504)
	(687,250)	(3,265,035)
Net income before tax	2,063,595	4,431,495
Net income (loss) equalization	(77,280)	(149,310)
Net income	$ 1,986,315	$ 4,282,185

Trust Asset Summary
December 31, 2020 and 2019

Investment item	2020	2019
Deposits	$ 49,082,051	$ 40,367,766
Financial assets		
Bonds	26,698,770	29,985,079
Stocks	38,252,360	33,941,805
Mutual funds	118,073,283	104,692,912
Other foreign marketable securities	2,793,826	3,412,918
Structured product investments	31,924,682	35,459,538
Receivables	58,116	144,843
Real estate		
Land	32,026,705	27,023,023
Buildings	21,034	18,021
Construction-in-progress	10,599,682	7,539,031
Securities under custody	158,969,815	104,894,093
	$ 468,500,324	$ 387,479,029

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.

44. OTHER ITEMS

Except for the impact of the volatility of the stock and bond markets, which resulted in larger-than-normal temporary fluctuations in the comprehensive income of the Company's investment position during the year ended December 31, 2020, in which the Company implemented the government's relief measures, the COVID-19 pandemic did not have significant impact on the Company's overall operations. In addition, for those customers affected by the pandemic, the Company offered extensions of loan repayment period or adjustments to installment repayment amounts, and these were included in the consideration of significant accounting estimates used in the analysis of asset impairment.

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					
	2020			2019		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
AUD	$ 1,999,369	21.68	$ 43,341,805	$ 2,303,488	21.10	$ 48,606,586
RMB	8,741,671	4.32	37,767,383	8,388,124	4.32	36,260,534
EUR	324,816	34.56	11,224,796	318,522	33.75	10,749,760
GBP	46,756	38.37	1,794,072	80,252	39.55	3,173,877
HKD	4,491,304	3.62	16,280,187	4,871,051	3.87	18,831,548
JPY	61,360,915	0.27	16,719,131	56,854,413	0.28	15,753,164
SGD	84,775	21.27	1,803,373	119,596	22.37	2,674,916
USD	11,252,603	28.10	316,198,156	9,410,363	30.10	283,229,007
ZAR	2,015,173	1.92	3,875,000	2,663	2.14	5,701
Non-monetary items						
USD	125,893	28.10	3,537,580	295,335	30.11	8,891,360
Financial liabilities						
Monetary items						
AUD	583,347	21.68	12,645,638	872,598	21.10	18,412,938
CAD	52,733	22.05	1,162,930	48,533	23.08	1,120,255
RMB	9,562,055	4.32	41,311,761	7,388,664	4.32	31,940,028
EUR	171,543	34.56	5,928,084	194,530	33.75	6,565,148
HKD	3,900,311	3.62	14,137,940	3,447,819	3.87	13,329,315
JPY	24,257,214	0.27	6,609,412	29,389,041	0.28	8,143,086
USD	15,071,659	28.10	423,513,621	12,460,205	30.11	375,126,933
ZAR	4,026,552	1.92	7,742,706	4,342,522	2.14	9,297,574
Non-monetary items						
AUD	196,996	21.68	4,270,439	760,446	21.10	16,046,385
USD	144,807	28.10	4,069,079	488,660	30.11	14,711,611
Derivative instruments						
Financial assets						
AUD	1,741,904	21.68	37,760,548	773,621	21.10	16,324,407
CAD	93,948	22.05	2,071,830	119,473	23.08	2,757,691
RMB	13,277,033	4.32	57,361,894	973,204	4.32	4,207,006
EUR	271,840	34.56	9,394,076	163,581	33.75	5,520,655
GBP	52,976	38.37	2,032,733	6,099	39.55	241,207
HKD	625,792	3.62	2,268,385	174,669	3.87	675,272
NZD	76,283	20.31	1,549,570	48,190	20.27	976,969
SGD	93,518	21.27	1,989,378	37,927	22.37	848,272
USD	21,617,019	28.10	607,438,231	15,643,528	30.11	470,964,057
ZAR	2,284,569	1.92	4,393,026	4,995,332	2.14	10,695,276

(Continued)

	December 31					
	2020			2019		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial liabilities						
AUD	$ 2,938,737	21.68	$ 63,705,181	$ 1,460,035	21.10	$ 30,808,629
CAD	44,521	22.05	981,821	94,450	23.08	2,180,106
RMB	14,425,161	4.32	62,322,251	1,805,299	4.32	7,804,022
EUR	403,654	34.56	13,949,223	297,529	33.75	10,041,247
GBP	75,031	38.37	2,878,999	67,203	39.55	2,657,775
HKD	1,257,179	3.62	4,557,051	1,661,417	3.87	6,423,061
JPY	40,308,045	0.27	10,982,814	28,114,285	0.28	7,789,878
NZD	84,719	20.31	1,720,931	29,644	20.27	600,990
SGD	160,920	21.27	3,423,188	127,110	22.37	2,842,975
USD	17,496,348	28.10	491,647,382	12,540,626	30.11	377,548,073
ZAR	253,247	1.92	486,971	574,547	2.14	1,230,135

(Concluded)

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	Table 1
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	None
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 subsidiaries:

No.	Item	Explanation
1	Financings provided	None (Note)
2	Endorsements/guarantees provided	None (Note)
3	Marketable securities held	Table 2
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: None, or not required to disclose No. 1 to 4 if the investee is a bank, insurance or security company.

c. Names, locations and related information of investees: Refer to Table 3.

d. Information of investment in Mainland China: None.

TABLE 1

TAISHIN INTERNATIONAL BANK CO., LTD.

ACQUISITION OR DISPOSAL OF INDIVIDUAL REAL ESTATE REACHING NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL OR MORE
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection Status	Gain (Loss) on Disposal	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
The Company	Building in Dehui St.	March 12, 2020	December 25, 2003	$ 309,812	$ 429,650	Fully collected	$ 119,838 (Recognized as net income other than other interest)	Taishin AMC	Wholly-owned subsidiary of Taishin Financial Holding	In order to effectively utilize assets of the Group, and reduce the management and maintenance fees of idle premises.	Negotiated price based on third party appraisal reports and resolved by the board of directors.	-

TAISHIN INTERNATIONAL BANK CO., LTD.

MARKETABLE SECURITIES HELD BY SUBSIDIARIES
DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars; in Thousands of Units)

Holding Company	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2020				Note
				Number of Shares/Units/ Nominal	Carrying Amount	Percentage of Ownership (%)	Market Value	
Taishin D.A. Finance	Stock							
	Yuan Tai Forex Brokerage Co., Ltd.	Its corporate director is Taishin D.A. Finance	Financial assets at FVTOCI	600,000	$ 10,007	5.00	$ 10,007	
	Bon-Li International Technology Co., Ltd.	None	Financial assets at FVTOCI	125,000	-	1.50	-	Go out of business
	Bonds							
	Government Bonds 102-6	None	Financial assets at amortized cost	6,000	6,095	-	6,127	
Taishin Real Estate	Stock							
	Metro Consulting Service Ltd.	Its corporate director is Taishin Real Estate	Financial assets at FVTOCI	300	2,716	6.00	2,716	
	Beneficiary certificates							
	Taishin Emerging Short-term High-yield Bond Fund	Funds issued by Taishin Securities Investment Trust	Financial assets at FVTPL	1,500	15,271	-	15,271	

TAISHIN INTERNATIONAL BANK CO., LTD.

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(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	7F., No. 44, Jungshan N. Rd., Sec. 2, Taipei City 114, Taiwan	Leasing and retailing of machinery, mobile, aircraft, marine and components	100.00	$ 1,559,544	$ 186,218	$ 128,878,395	-	$ 128,878,395	100.00	
Xiang An Insurance Agency	97125786	3F, No. 44, Jungshan N. Rd., Sec. 2, Taipei, Taiwan	Life insurance agency (currently going into liquidation)	87.40	-	(833)	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	487,643	19,068	2,369,145,214	-	2,369,145,214	22.81	Investments accounted for using the equity method
Nonfinancial business											
Taishin Real-Estate	89597170	2F-4, No. 9 Dehuei St., Sec. 2, Taipei, Taiwan	Audit and consulting of construction plan, contract witness	60.00	213,693	22,788	20,000,000	-	20,000,000	100.00	
An Hsin Real-Estate	89458276	9F, No. 100, Sinyi Rd., Sec. 5, Taipei, Taiwan	Audit and consulting of construction plan, contract witness	30.00	77,003	9,390	4,500,000	-	4,500,000	30.00	
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	1,173,234	-	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	196,263	-	5,423,226	-	5,423,226	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	6,714	-	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	2.41	261,090	-	12,574,002	-	12,574,002	2.41	
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	67,822	-	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	43,681	-	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 equipment 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	8,756	-	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	11,754	-	1,092,317	-	1,092,317	18.21	

(Continued)

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 (%)	
<u>Financial business</u>											
Universal Venture Fund Co., Ltd.	16446106	8F, No. 70, Nanjing E. Rd., Sec. 3, Taipei, Taiwan	Investment start-up	1.49	$ 2,568	$ -	$ 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	582	-	160,650	-	160,650	3.33	Financial assets at FVTOCI
Harbinger Venture Capital Investment Co., Ltd.	70777004	7F, No. 187, Ti Titing Ta. Rd., Sec. 2, Taipei, Taiwan	Investment start-up	3.35	49	-	6,636	-	6,636	3.35	
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	152,243	(3,529)	200,000,000	-	200,000,000	4.30	
Taishan II Medtech Partnership., Ltd.	42904438	18F., No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	Investment start-up	6.78	351,251	(959)	-	-	-	6.78	Financial assets at FVTPL
<u>Nonfinancial business</u>											
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	231,488	-	8,620,690	-	8,620,690	4.31	
EasyCard Investment Holdings Co., Ltd.	28988941	6F-2, No. 3-1 Yuanqu Str., Taipei, Taiwan	IC card development and advance advertising service	2.40	30,263	-	2,499,874	-	2,499,874	2.40	Financial assets at FVTOCI
Kaohsiung Rapid Transit Corp.	70798839	No. 1, Chung An. Rd., Kaohsiung, Taiwan	Mass rapid transit operating	0.23	5,403	-	643,031	-	643,031	0.23	
Lien An Co., Ltd.	97290477	5F, No. 128, Xing'ai Rd., Neihu Dist., Taipei City 144, Taiwan	Industrial and commercial services	5.00	1,496	-	125,000	-	125,000	5.00	
Alliance Digital Tech Co., Ltd.	54651269	17F., No. 167, Dunhua N. Rd., Songshan Dist., Taipei City 105, Taiwan	(Currently going into liquidation)	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.

(Concluded)