E.SUN BANK

29th

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ANNUAL REPORT 2020

E.SUN BANK

Pure as Jade, Sturdy as Mountain.

Spokeperson

Name: Mao-Chin Chen

Position: President

Telephone: +886 2 2175 1313

email: spokesperson@esunbank.com.tw

Deputy Spokeperson

Name: Anthony Cheng

Position: Vice President

Telephone: +886 2 2175 1313

email: spokesperson@esunbank.com.tw

Registered Office and Branches

Name	Address	Telephone	Website
Registered Office	No.115 & 117, Sec.3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	+886 2 2175 1313	www.esunbank.com.tw
Branches	Please refer to the back cover		

Stock Transfer and Service Contact

Name: Stock Service Department, General Affairs Division, E.SUN Bank

Address: No.115, Sec. 3, Minsheng E. Rd., Songshan District Taipei,
Taiwan, R.O.C.

Website: www.esunbank.com.tw

Telephone: +886 2 2719 1313

Rating Agency

Name: Moody's Investors Service Inc.

Address: 7 World Trade Center, 250 Greenwich Street, New York, NY 10007, U.S.A.

Telehone: +1 212 553 0300

Name: S&P Global Ratings

Address: 55 Water Street, New York, NY 10041, USA

Telehone: +1 212 438 6150

Independent Auditor

Independent Auditor: Chen Yin-Chou and Yang Chen-Hsiu

Accounting Firm: Deloitte Taiwan

Address: 20F, No. 100, Songren Rd., Xinyi District, Taipei, Taiwan.

Website: www.deloitte.com.tw

Telephone: +886 2 2725 9988

E.SUN BANK 29th

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1. Letter to Shareholders

Dear shareholders,

Due to the impact of COVID-19 on the global economy and financial markets in 2020, central banks around the world have one after another introduced larger interest-reducing and quantitative easing policies. Amid the transfer, competition, and cooperation among supply chains in different countries, Taiwan has kept the pandemic well under control, overseas Taiwanese businesses are continuing to make investments in Taiwan, and investments in semiconductors, ICT, and electronic components are increasing. All of these activities have driven a stable economic growth for Taiwan. The pandemic has prompted companies to speed up their digital transformation, and the increase in the prevalent use of digital services has to an extent promoted a lifestyle change in society.

Environmental, social, and governance (ESG) factors are a key global trend and important indicators of corporate sustainable development. The impact of climate change is spreading across the globe, prompting international leading companies to successively announce their commitment to carbon neutrality and request suppliers to take actions against carbon emission. As a result, energy conservation and carbon reduction have become a crucial issue in sustainable development. For this reason, financial institutions should work on their main business activities in the areas of responsible lending, responsible investment, and ESG products, and join forces with like-minded individuals, including clients and stakeholders, to work together for the benefit of the society and environment.

Strengthening capability for robust development

E.SUN Bank has continued to strengthen its capabilities in 2020, delivering robust performance. E.SUN Bank reported net earnings of NT$53.12 billion, with an annual growth rate of 0.28%, after-tax earnings of NT$16.47 billion, with an annual reduction of 16.18%, EPS at NT$1.73, ROA at 0.62%, ROE at 9.45%, and capital adequacy ratio at 15.64%. E.SUN has been keeping asset quality sound with an NPL ratio of 0.19% and an NPL coverage ratio of 656.29%.

E.SUN Bank has total assets at NT$2.95 trillion, total deposits at NT$2.49 trillion, total loans at NT$1.64 trillion. Due to the development of cross-border platform and digital banking, foreign currency deposits are equivalent to NT$888.6 billion, with an annual growth of 15.36%. Fee income have registered record-highs for 12 consecutive years and reached NT$18.04 billion, with an annual growth of 1.88%.

Fee income of wealth management grew by 9.3%

With respect to ESG and sustainable development, we actively improve corporate governance and information disclosure. E.SUN is the only financial institution in the industry to be ranked top 5% by TWSE Corporate Governance Evaluation for 6 consecutive years and obtain the “Excellent” rating in the Corporate Governance Assessment. In response to climate change, E.SUN has been a long-term participant of financing and investments in green energy industries that involve wind power and solar energy. We continue to issue green bonds. In total, E.SUN has approved the financing of 26 Equator Principles projects, as part of our effort to maximize the influence of green finance. Apart from setting ourselves as example, E.SUN also cooperates with various outstanding companies in Taiwan to launch ESG sustainability campaigns

E.SUN Bank’s Credit Ratings

Category	Credit Rating Agency	Long-Term Ratings	Short-Term Ratings	Outlook	Effective Date
International Ratings	Moody’s	A2	P-1	Stable	2020.12
	S&P	A-	A-2	Stable	2020.06
Domestic Ratings	Taiwan Ratings	twAA+	twA-1+	Stable	2020.06

and commit to the fight against climate change. Regarding social inclusion, E.SUN continues to invest in education, social participation, arts and culture, and sports development. We have built 158 E.SUN libraries and rewarded Outstanding Management Talent Scholarship to experts in the fields of management, science and technology, humanities, ASEAN, and nursing.

E.SUN has been included as a constituent of the DJSI for 7 consecutive years and ranked 1st in the banking sector of Taiwan, setting another record for the financial institutions. For 4 years in a row, E.SUN has obtained the highest MSCI ESG rating of AA in the banking sector of Taiwan. We were also rated as the Best Bank in Taiwan by Global Finance and the Best Performing Bank in Taiwan by The Banker.

A focus on cross-border, digital, and risk management

For our future development strategy, E.SUN will focus on cross-border, digital, and risk management. Concerning cross-border expansion, we will continue to build financial platforms in Taiwan and overseas, link up locations in the Asia Pacific, Greater China, and ASEAN countries, cultivate the Asian market, and provide customers with complete banking solutions. Given the growing demand for business succession and family inheritance, we will further integrate corporate and private banking services and provide the best family inheritance advisory services for business owners so that we may hope to become a strong supporter of business success and a reliable partner for sustainable succession.

With respect to digital development, E.SUN has completed switching its banking core system, becoming the first financial institution in Taiwan to independently develop and design a new banking core system. Using an open platform and micro service structure, the system is able to process large volumes of transactions in the current digital era and launch financial products more efficiently, thereby strengthening the key basic engineering for FinTech development and digital transformation.

Integrating digital banking services, E.SUN introduces the digital brand e.Fingo that offers membership and reward points to create memorable digital experiences for customers.

"Honesty, integrity, professionalism, and accountability" are the core values of E.SUN. We are deeply regrettable for the events that occurred in 2020 involving our financial consultants. We conducted self-inspection with a responsible attitude and actively made improvements. We will continue to improve our operating procedures, risk management, internal audit and control, and disciplinary culture, while exerting a firm resolve and taking disciplinary actions to prevent similar occurrences in the future.

Marching toward sustainable development

Named after the tallest mountain in Taiwan, E.SUN vows to be the best bank in Taiwan when it was established in 1992. E.SUN is committed to advancing and achieving our three aims: overall performance, corporate social responsibility, and sustainable development. In a rapidly changing environment, companies must firmly uphold their core values, possess the ability to identify trends and quickly respond to changes, and have the courage and resilience to face all kinds of challenges, in order to realize their vision and strive toward sustainable development. We will continue to focus on improvements that will make E.SUN better and the world a better place. Thank you for continuous support and valuable advices.

Joseph Huang

Joseph N.C. Huang
Chairman

Mao-Chin Chen
President

2. Company profile

2.1 Introduction

2.1.1 Date of Establishment: January 16, 1992
Date of Opening: February 21, 1992

2.1.2 Company Development

E.SUN Bank was founded in 1992. Under the leadership of the founder and the incumbent Chairman of E.SUN Financial Holding Company, Mr. Yong Ren Huang, a team of financial elites had a shared vision– to build a bank with international standard. E.SUN is led by professional bankers and managers, and they are committed to rendering it the most respected bank with excellent overall performance, corporate social responsibility, and sustainability.

The first decade: Establishing the Foundation

E.SUN upholds a long-term business philosophy of honesty and integrity, as well as sincere and professional brand image since the beginning. "Building system, cultivating talent, and developing IT" are the three main infrastructure for E.SUN's lasting mission. E.SUN actively takes part in encouraging technological development and providing professional and thoughtful service. In the first decade, E.SUN was awarded the first National Quality Award in financial industry.

The second decade: Organic Growth and Strategic Alliance

E.SUN FHC was founded in 2002 under the Financial Holding Act, and E.SUN Bank was transformed into a subsidiary 100% owned by E.SUN FHC. Through organic growth, strategic alliance and prudent M&A, business grew in all product lines and domestic branches ranked third. E.SUN was honored the second National Quality Award during the second decade.

The third decade: Overseas Expansion and Fintech Development

E.SUN aims to establish first choice financial platform in Asia, by expanding business to other Asian countries. There are 28 operational sites in 9 countries and regions covering China, Hong Kong, Japan, Singapore, Vietnam, Cambodia, Myanmar, Australia and the United States. With respect to Fintech, E.SUN is undergoing digital transformation by cultivating technological personnel, incorporating AI into its business, and optimizing customer experience, with a aim of being the leading company in digital banking.

Distinguished E.SUN Creates Bright Future

E.SUN is committed to being a distinguished bank ever since the establishment in 1992. E.SUN will continue cultivating talents and broadening the stage and dedicate to the society for a brighter future. A brief review of the Bank's history is as follows:

(1) On January 28, 2002, E.SUN Bank became a subsidiary of E.SUN Financial Holding Co., Ltd.

(2) In 2004, E.SUN Bank absorbed Kaohsiung Business Bank, setting a world record for the fastest consolidation of information and operational systems between two financial institutions.

(3) On March 18, 2011, E.SUN Bank Chunan Credit Cooperative signed contracts on general transfer and assumption. Both parties agreed that July 9 of the same year would be the record date for the Bank's general assumption of the latter's assets, liabilities, and operations.

(4) On March 16, 2012, E.SUN Bank Chiayi Fourth Credit Cooperative signed contracts on general transfer and assumption. Both parties agreed that November 3 of the same year would be the record date for the Bank's general assumption of the latter's assets, liabilities, and operations.

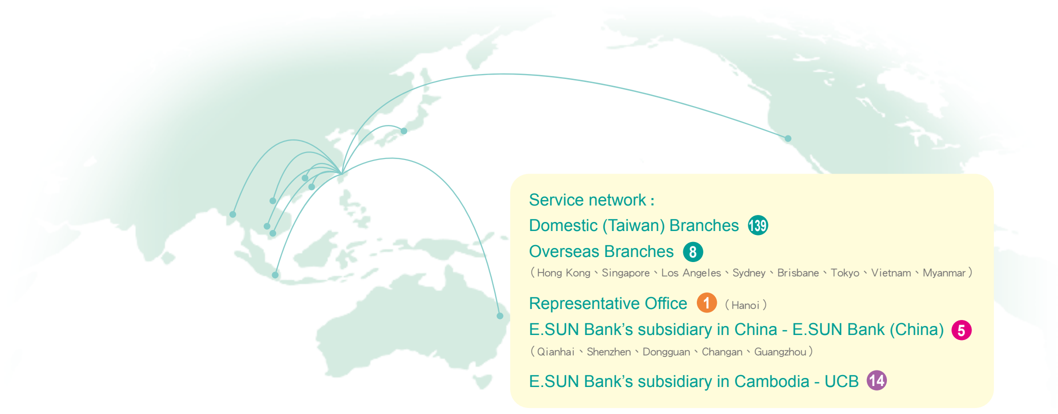
(5) The Board of Directors approved to invest 70% shares of Union Commercial Bank PLC. in Cambodia on March 22, 2013, and the record date for the Bank's general assumption of the latter's assets, labilities and operations was on the August 28, 2013. Furthermore, on December 29, 2015, E.SUN Bank increased shareholding of UCB to 75%, and, on August 25, 2017, E.SUN Bank increased shareholding of UCB to 100%. Union Commercial Bank now has in total 14 branches, providing financial service including deposits, loans and credit cards etc.

(6) On January 24, 2014, E.SUN Bank received approval from the Board of Directors to establish a subsidiary in the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone in Shenzhen of China. On January 12, 2016, the Beijing Banking Regulatory Commission officially approved the opening of E.SUN Bank (China), E.SUN Bank (China) Shenzhen Branch, E.SUN Bank (China) Dongguan Branch, and E.SUN Bank (China) Dongguan Chang an Sub-branch.

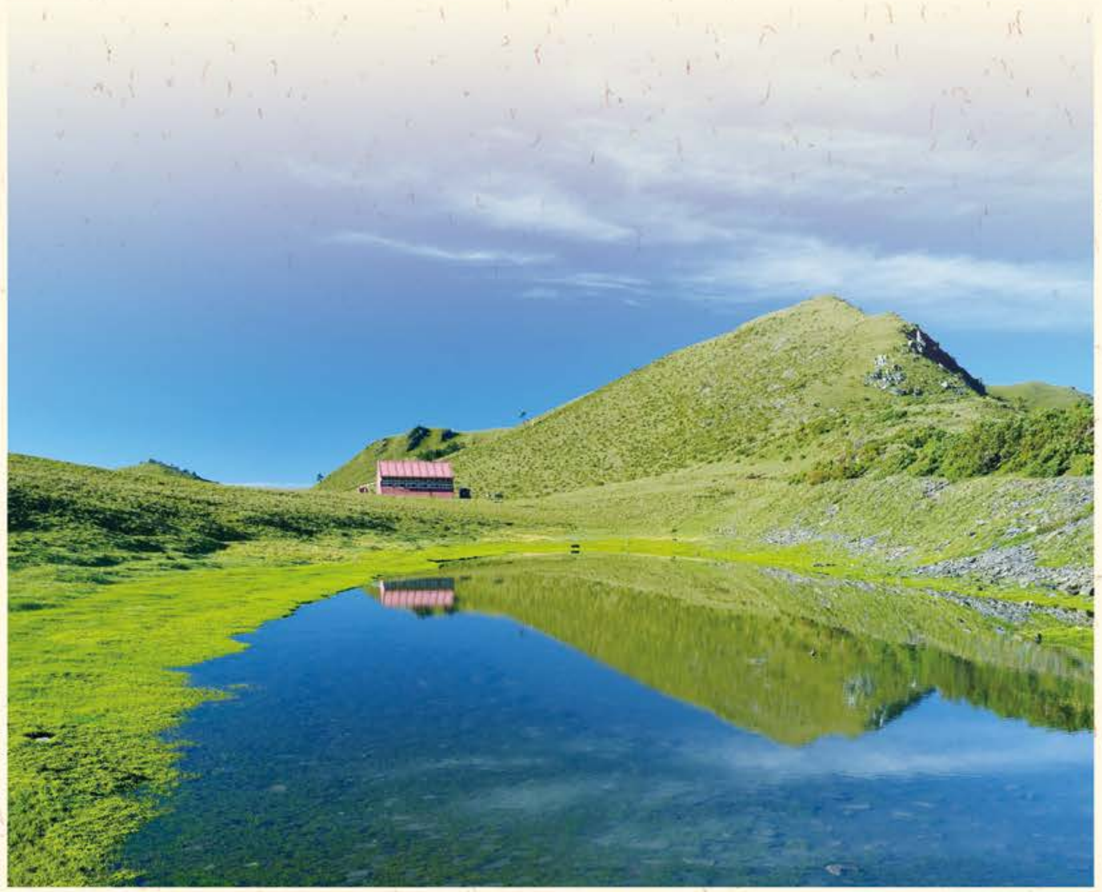
(7) On November 13, 2015, E.SUN Bank received approval from the Board of Directors to invest BankPro e-Service Technology Co. Ltd., acquiring a total of 7,875,000 shares (accounting for 58.33% of its total shares), which were transferred on January 11, 2016.

(8) The consolidation by merger of E.SUN Bank and E.SUN Insurance Brokers was passed on August 21, 2015. E.SUN Bank was the continuing company. The effective date was set on March 25, 2016.

(9) In July 2018, E.SUN Bank established Brisbane Branch in Australia. In November 2018, E.SUN Bank (China) established Guangzhou Branch.

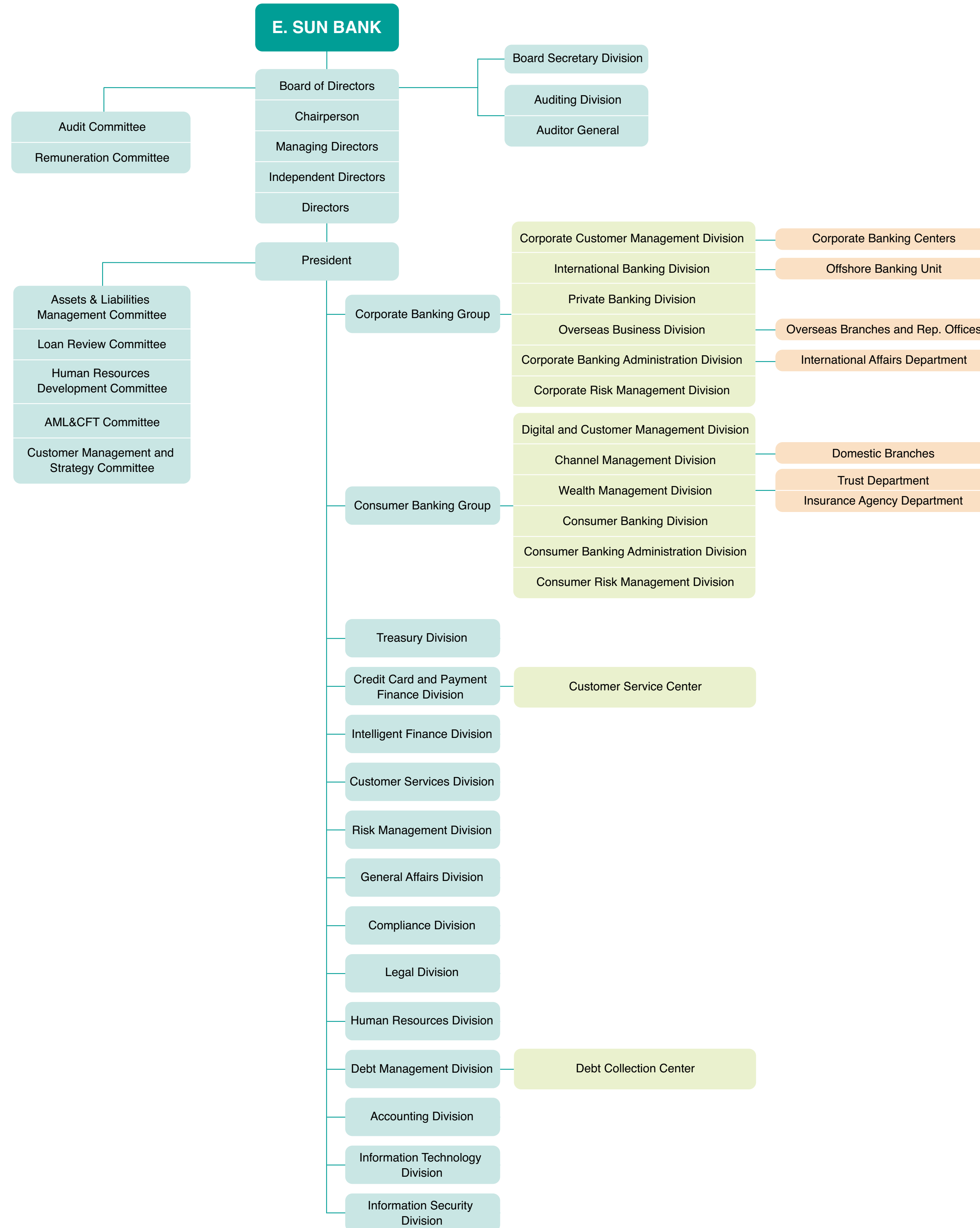


3. Corporate Governance Report



3.1 Organization

3.1.1 Organization Chart



3.2 Directors, Independent Directors and Management Team

3.2.1 Directors and Independent Directors

December 31, 2020 Unit:1,000 shares;%

Position	Nationality or place of incorporation	Representative (Name)	Gender	Date of Election	Term (years)	Date of First Elected	Shareholding When Elected		Shareholding in E.SUN FHC							Education (Experience)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Member of the Management Team, Directors or Supervisors		
									Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name							
							Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio				Position	Name	Relation
Chairman	R.O.C	Representative of E.SUN Financial Holding Company Joseph N.C. Huang	Male	2020.06.12	3	2008.6.13	9,524,100	100	9,524,100	100	0	0	0	0		MBA of the City University of New York, 28 years in Finacial Industry	- Director of E.SUN FHC and Cho Pharma Inc. - Chairman of E.SUN Bank(China)	None	None	None
Managing Director	R.O.C	Representative of E.SUN Financial Holding Company Jackson Mai	Male	2020.06.12	3	1991.12.16	9,524,100	100	9,524,100	100	0	0	0	0		Kai-Nan Commercial & Technical High School	- Chairman of Hsin Tung Yang Co., Ltd., Shang Yang Investment Co., Ltd., Ding Yang Investment Co., Ltd., Cheng Yang Investment Co., Ltd., Hsin Tung Yang Real Estate Broker Co., Ltd., Yuan Sheng Co., Ltd., Sheng Yang Construction Co., Ltd., Sin Yang Investment Co., Ltd., and Mai's Hsin Tung Yang foundation. - Director of Hsin Tung Yang Construction Co., Ltd., Hua Yang Logistics Co., Ltd., Tao Garden Hotel Co., Ltd., and Great Harbor Limited. - Director of E.SUN FHC	None	None	None
Independent Director (Managing Director)	R.O.C	Representative of E.SUN Financial Holding Company Ryh-Yan Chang	Male	2020.06.12	3	2020.06.12	9,524,100	100	9,524,100	100	0	0	0	0		- Master of Finance, EMBA, National Taiwan University - Bachelor of Accounting, National Taipei University	- Independent Director and member of remuneration committee of PANION & BF BIOTECH INC., CTCI ADVANCED SYSTEMS INC., Savior Lifetec Corporation - Chairperson of Chin Jheng Financial Advisory Co., Ltd. - Director of Foundation of Taiwan Radiological Medicine for Cancer - Member of remuneration committee of SUPER DRAGON TECHNOLOGY CO., LTD., JOINSOON ELECTRONICS MFG. CO., LTD., E.SUN FHC, and E.SUN Bank - Independent Director of E.SUN FHC and E.SUN Bank(China)	None	None	None
Independent Director	R.O.C	Representative of E.SUN Financial Holding Company Chun-Yao Huang	Male	2020.06.12	3	2017.06.23	9,524,100	100	9,524,100	100	0	0	0	0		- Ph.D. of Department of Marketing at London Business School	- Professor of Department of Business Administration at National Taiwan University - Independent Director of E.SUN FHC - Member of remuneration committee of E.SUN FHC and E.SUN Bank - Director of 91APP, Inc.	None	None	None

December 31, 2020 Unit:1,000 shares;%

Position	Nationality or place of incorporation	Representative (Name)	Gender	Date of Election	Term (years)	Date of First Elected	Shareholding When Elected		Shareholding in E.SUN FHC							Education (Experience)	Current Position with Other Company	Spouse or Relatives within the 2nd Degree of Kinship who is a Member of the Management Team, Directors or Supervisors		
									Current Shareholdings		Shareholdings of the spouse and minors		Shareholdings under other's name							
							Shares	Ratio	Shares	Ratio	Shares	Ratio	Shares	Ratio				Position	Name	Relation
Independent Director	R.O.C	Representative of E.SUN Financial Holding Company Ying-Hsin Tsai	Female	2020.06.12	3	2020.06.12	9,524,100	100	9,524,100	100	0	0	0	0		- LLM and Ph.D. in Law, University of Tokyo - LLB and LLM, National Taiwan University	- Independent Director and member of remuneration committee of CHO PHARMA INC. - Member of remuneration committee of E.SUN FHC and E.SUN Bank - Independent Director of E.SUN FHC	None	None	None
Independent Director	R.O.C	Representative of E.SUN Financial Holding Company Hung-Chang Chiu	Male	2020.06.12	3	2020.06.12	9,524,100	100	9,524,100	100	0	0	0	0		- Ph.D. of Business and Administration, National Taiwan University - Bachelor and Master of Industrial Engineering, National Tsing Hua University	- Member of remuneration committee of E.SUN FHC and E.SUN Bank - Independent Director of E.SUN FHC	None	None	None
Independent Director	R.O.C	Representative of E.SUN Financial Holding Company Ruey-Lin Hsiao	Male	2020.06.12	3	2020.06.12	9,524,100	100	9,524,100	100	0	0	0	0		- Ph.D. of Industrial and Business Studies, Department of Information Systems & Management, Warwick Business School, University of Warwick - Master of Science, Engineering Business Management, Warwick Manufacturing Group, University of Warwick - M.Phil, Information Systems School of Management Cranfield University	- Member of remuneration committee of E.SUN FHC and E.SUN Bank - Independent Director of E.SUN FHC	None	None	None
Director	R.O.C	Representative of E.SUN Financial Holding Company Ron-Chu Chen	Male	2020.06.12	3	2005.06.10 Resigned on 2008.11.04	9,524,100	100	9,524,100	100	0	0	0	0		Junan Junior High School	- Chairman of Ron Yuan Investment Co., Ltd., Fu Yuan Investment Co., Ltd., and Jia Tien Sia Investment Co., Ltd. - Director or E.SUN FHC	None	None	None
Director	R.O.C	Representative of E.SUN Financial Holding Company Chien-Li Wu	Male	2020.06.12	3	1995.04.17	9,524,100	100	9,524,100	100	0	0	0	0		Chung Jung High School	- Chairperson of Shang Li Car Co., Ltd., Shen Li Investment Co., Ltd., Shang Li Transportation Co., Ltd., Shan Ben Intl. Investment Co., Ltd., Sunlit Investment Pty., Ltd., Shen Li Transportation Co., Ltd., and Sin Yi Li Investment and Development Co., Ltd. - Director of Ruen Li Transportation Co., Ltd., Guang Yuan Investment Co., Ltd., Genius Technology Co., Ltd., Keeper Technology Co., Ltd., Tong Lit Logistics Co., Ltd., Tong Chun Co., Ltd., E.SUN FHC, and Yung Feng Shun Construction Co., Ltd.	None	None	None
Director	R.O.C	Representative of E.SUN Financial Holding Company Magi Chen	Female	2020.06.12	3	2011.07.07	9,524,100	100	9,524,100	100	0	0	0	0		MBA. The University of Tennessee, 43 years of experience in financial industry	- President of E.SUN FHC - Director of E.SUN FHC - Director of E.SUN Bank(China)	None	None	None
Director	R.O.C	Representative of E.SUN Financial Holding Company Ben Chen	Male	2020.06.12	3	2014.06.26	9,524,100	100	9,524,100	100	0	0	0	0		Department of Business Administration, Soochow University, 31 years experience in financial industry	- Deputy President of E.SUN FHC - CEO of Consumer Banking Division of E.SUN Bank	None	None	None
Director & President	R.O.C	Representative of E.SUN Financial Holding Company Mao-Chin Chen	Male	2020.06.12	3	2011.07.07	9,524,100	100	9,524,100	100	0	0	0	0		Master of Economics, National Taiwan University, 29 years of experience in financial industry	- Director, Deputy President, and CSO of E.SUN FHC - CEO of Corporate Banking Division of E.SUN Bank - Chairman of Union Commercial Bank Plc.	None	None	None

Note:the Company's Chairperson and President (or person with equivalent position, like the top manager) are same person, spouses, or first-degree consanguinity: None.

3.2.2 Major Shareholders of the Institutional Shareholders

December 31, 2020

Name of Institutional Shareholders	Major Shareholders of the Institutional Shareholders
E.SUN.Financial Holding Co.,Ltd.	Ron-Yuan Investment Co.,Ltd. (4.41%) E.SUN Commercial Bank Trust Fiduciary trust account (3.59%) Morgan Stanley & Co. International Plc (2.48%) Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds(1.39%) Bank J. Safra Sarasin Ltd--Singapore Branch - For Clients' account (1.36%) Norges Bank - internal - NBIM PF EQ INTERNAL CFD (1.34%) Government of Singapore (1.28%) Fidelity Funds(1.25%) Vanguard Emerging Markets Stock Index Fund, A Series of Vanguard International Equity Index Funds (1.24%) Allcan Investment Co.,Ltd. (1.18%)

3.2.3 Professional Qualifications and Independent Analysis of Directors

Criteria / Name (note)	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria (note)												Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney. Certified Public Accountant, or Other Professional or Technical Specialist who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman Joseph N.C. Huang			v			v	v		v	v	v	v	v	v	v	0
Managing Director Jackson Mai			v	v		v	v		v	v	v	v	v	v	v	0
Independent Director/ Managing Director Ryh-Yan Chang		v	v	v	v	v	v		v	v	v	v	v	v	v	3
Independent Director Chun-Yao Huang	v		v	v	v	v	v		v	v	v	v	v	v	v	0
Independent Director Ying-Hsin Tsai	v	v	v	v	v	v	v		v	v	v	v	v	v	v	1
Independent Director Hung-Chang Chiu	v		v	v	v	v	v		v	v	v	v	v	v	v	0
Independent Director Ruey-Lin Hsiao	v		v	v	v	v	v		v	v	v	v	v	v	v	0
Director Ron-Chu Chen			v	v		v	v		v	v	v	v	v	v	v	0
Director Chien-Li Wu			v	v		v	v		v	v	v	v	v	v	v	0
Director Magi Chen			v			v	v		v	v	v	v	v	v	v	0
Director Ben Chen			v			v	v		v	v	v	v	v	v	v	0
Director Mao-Chin Chen			v			v	v		v	v	v	v	v	v	v	0

Note:Please tick the corresponding boxes if directors have been any of the following during the two years prior to being elected or during the term of office.

(1) Not an employee of the bank or any of its affiliates.

(2) Not a director or supervisor of affiliates of the bank, except cases that the person serves as independent director of the bank or its parent company or its subsidiary according to the security exchange law or other local laws.

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding subparagraph 2, 3 or manager of subparagraph 1.

(5) Not a director, supervisor or employee of an institutional shareholder holding directly 5% or more of the company's shares, being one of the top five shareholders, or being appointed a director or supervisor of the company pursuant to Article 27, Paragraph 1 of the Securities and Exchange Act (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).

(6) Not a director, supervisor or employee of another company that has the same directors as the company or is controlled by the same person that has more than half of the voting power in the company (except where the person is simultaneously an independent director of the company or its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).

(7) Not a director, supervisor or employee of another company or institution that has the same chairman, president, or the equivalent or a spouse in one of the roles as the company (except where the person is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations).

(8) Not a director, supervisor, manager or shareholder holding 5% or more of the company's shares of certain company or institution that has a financial or business relationship with the company (except where the certain company or institution holds 20% or more but no more than 50% of the company's shares and is simultaneously an independent director of the company and its parent company, a subsidiary or another subsidiary of the same parent company appointed pursuant to the Securities and Exchange Act or local regulations)

(9) Not a professional who provides audit or receives no more than NT$500,000 in cumulative compensation in the last two years for commercial, legal, financial, or accounting services to the company or its affiliates, nor is an owner, partner, director, supervisor, or manager, or the spouse of any of the above, of a sole proprietorship, partnership, company, or organization that provides such services to the company or its affiliates. However, exception applies to members of a remuneration committee, a public tender review committee, or a special committee for merger, consolidation and acquisition exercising their authority pursuant to the Securities and Exchange Act or the Business Mergers and Acquisitions Act

(10) Not having a material relationship, or a relative within the second degree of kinship to any other director of the Company.

(11) Not been a person of any conditions defined in Article 30 of the Company Law.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

3.2.4 Executive Officers

March 27, 2021 Unit: thousand shares; %

Title	Nationality	Name	Gender	Date of Appointment	Personal Shareholding (Note)		Shareholding of spouse and minor children		Shareholding of nominees		Experience (Education)	Positions taken concurrently at ESB and other companies	Spouse or Relatives within the 2nd degree of kinship serving as an E.SUN manager		
					Number held	%	Number held	%	Number held	%			Position	Name	Relation
President	Taiwan R.O.C	Mao-Chin Chen	Male	2020.07.30	-	-	-	-	-	-	CSO/Corporate Banking CEO, ESB	CSO, E.SUN FHC Director, E.SUN FHC Director, ESB Chairman, Union Commercial Bank (Cambodia)	None	None	None
CEO of Corporate Banking Division	Taiwan R.O.C	L.C. Lin	Male	2021.01.27	-	-	-	-	-	-	SEVP, ESB	SEVP, ESUN FHC Chairman, E.SUN Venture Capital	None	None	None
SEVP	Taiwan R.O.C	Ben Chen	Male	2015.02.06	-	-	-	-	-	-	CEO, Consumer Banking Division, ESB	Deputy President, ESUN FHC Director, ESB	None	None	None
CIO/SEVP	Taiwan R.O.C	Wan-Li Hsieh	Male	2020.01.15	-	-	-	-	-	-	SEVP, ESB	CIO, ESUN FHC	None	None	None
CHRO/SEVP	Taiwan R.O.C	J.C. Wang	Male	2012.01.07	-	-	-	-	-	-	SEVP, ESB	CHRO, ESUN FHC	SVP	Pei-Hua Wang	Younger Sister
SEVP	Taiwan R.O.C	Louis Chang	Male	2018.01.31	-	-	-	-	-	-	EVP, ESB	SEVP, ESUN FHC	None	None	None

Title	Nationality	Name	Gender	Date of Appointment	Personal Shareholding (Note)		Shareholding of spouse and minor children		Shareholding of nominees			Experience(Education)	Positions taken concurrently at ESB and other companies	Spouse or Relatives within the 2nd degree of kinship serving as an E.SUN manager		
					Number held	%	Number held	%	Number held	%				Position	Name	Relation
SEVP	Taiwan R.O.C	Wu-Ming Hsieh	Male	2018.01.31	-	-	-	-	-	-		EVP, ESB	SEVP, ESUN FHC	None	None	None
SEVP	Taiwan R.O.C	Jung-Hua Lin	Male	2020.01.15	-	-	-	-	-	-		SEVP, ESB	SEVP, ESUN FHC Director, EasyCard Investment Holdings Corp. Director, EasyCard Corp.	None	None	None
Auditor General	Taiwan R.O.C	Chung-Chen Sun	Male	2012.04.26	-	-	-	-	-	-		EVP, ESB	None	None	None	None
SEVP	Taiwan R.O.C	Jyh-Shing Roger Jang	Male	2020.08.18	-	-	-	-	-	-		Professor, Department of Computer Science, NTU	CTO, ESUN FHC	None	None	None
CRO/SEVP	Taiwan R.O.C	Oliver Hsieh	Male	2016.01.20	-	-	-	-	-	-		EVP, ESB	CRO, ESUN FHC	None	None	None
SEVP	Taiwan R.O.C	Cathy Kuo	Female	2016.01.20	-	-	-	-	-	-		EVP, ESB	Director, Union Commercial Bank (Cambodia).	None	None	None
SEVP	Taiwan R.O.C	Chi-Kan Chung	Male	2015.02.06	-	-	-	-	-	-		EVP, ESB	President, Union Commercial Bank (Cambodia) Director, Union Commercial Bank (Cambodia)	None	None	None
SEVP	Taiwan R.O.C.	Kenneth Tsao	Male	2016.12.16	-	-	-	-	-	-		SEVP, ESB	President, ESB (China) Director, ESB (China)	None	None	None
SEVP	Taiwan R.O.C	Te-Ming Chung	Male	2019.01.24	-	-	-	-	-	-		EVP, ESB	SEVP, ESUN FHC	None	None	None
CFO/ SEVP	Taiwan ROC	Cheng-Chou Hsu	Male	2020.08.14	-	-	-	-	-	-		SEVP, ESB	Director, ESB (China)	None	None	None
SEVP	Taiwan ROC	Mei-Ling Liu	Female	2019.01.24	-	-	-	-	-	-		EVP, ESB	SEVP, ESUN FHC Director, GAMA PAY Co., Ltd.	None	None	None

Title	Nationality	Name	Gender	Date of Appointment	Personal Shareholding (Note)		Shareholding of spouse and minor children		Shareholding of nominees			Experience(Education)	Positions taken concurrently at ESB and other companies	Spouse or Relatives within the 2nd degree of kinship serving as an E.SUN manager		
					Number held	%	Number held	%	Number held	%				Position	Name	Relation
CCO/ Legal Compliance Head	Taiwan ROC	Fion Ouyang	Female	2015.02.06	-	-	-	-	-	-		SVP, ESB	CCO, ESUN FHC/head of the compliance unit at headquarters	None	None	None
SEVP	Taiwan ROC	Tony Wan	Male	2009.05.08	-	-	-	-	-	-		SEVP, ESB	None	None	None	None
SEVP	Taiwan ROC	Tsun-Jen Ko	Male	2020.01.15	-	-	-	-	-	-		EVP, ESB	None	None	None	None
EVP	Taiwan ROC	Ming-Ching Dai	Female	2020.01.15	-	-	-	-	-	-		SVP, ESB	None	None	None	None
EVP	Taiwan ROC	Jeff Liu	Male	2019.01.24	-	-	-	-	-	-		SVP, ESB	None	None	None	None
CISO/EVP	Taiwan ROC	Jung-Chun Chen	Male	2021.01.27	-	-	-	-	-	-		SVP, ESB	None	None	None	None
CMO/Special Assistant	Taiwan ROC	Chun-Yu Lin	Male	2019.01.24								SVP, ESB	CMO, ESUN FHC Director, ESB (China)	None	None	None
CGO	Taiwan ROC	Mei-Cheng Chu	Female	2020.01.20								VP, ESB	Corporate Governance Officer, ESUN FHC	None	None	None
CAO/SVP	Taiwan ROC	Jhy-Hung Ke	Male	2017.01.20	-	-	-	-	-	-		VP, ESB	CAO, ESUN FHC	None	None	None

Note: the column is not applicable because the Bank is a wholly owned subsidiary of E.SUN FHC.

3.2.5 Remuneration of Non-Independent/Independent Directors, President, and Senior Executive Vice Presidents

(1) Remuneration of Non-Independent/Independent Directors

December 31, 2020 Unit: NT$ thousand

Title	Name	Director Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration of Directors Concurrently Serving as Employees								Ratio of Total Remuneration (A+B+C+D+E+F+G) to Net Income (%)		Remuneration paid to directors by invested companies or parent company other than the Company's subsidiaries
		Base Remuneration (A)		Severance Pay (B)		Bonus (C)		Allowance (D)				Salary, Bonus, and Allowance (E)		Severance Pay (F)		Employee Profit Sharing Plan (G)						
																The company		Companies in consolidated financial statements				
		The company	Companies in consolidated financial statements	The company	Companies in consolidated financial statements	The company	Companies in consolidated financial statement	The company	Companies in consolidated financial statements	The company	Companies in consolidated financial statements	The company	Companies in consolidated financial statements	The company	Companies in consolidated financial statements	Cash	Stock	Cash	Stock	The company	Companies in consolidated financial statements	
E.SUN FHC		0	0	0	0	44,441	44,441	0	0	0.27%	0.27%	0	0	0	0	0	0	0	0	0.27%	0.27%	None
Directors	(Names listed below)	9,257	9,257	0	0	15,559	15,559	480	480	0.15%	0.15%	43,490	46,302	12,447	12,447	4,190	0	4,190	0	0.52%	0.54%	64,201
Independent Directors	(Names listed below)	0	0	0	0	0	0	720	720	0.004%	0.004%	0	0	0	0	0	0	0	0	0.004%	0.004%	34,593

※ E.SUN FHC Representatives: Chairman Gary K.L. Tseng (leaving office 2020.6.12), Joseph N.C. Huang (assuming office 2020.6.12);
Executive Director:Jackson Mai;Directors: Ron-Chu Chen, Chien-Li Wu, Magi Chen, Mao-Chin Chen and Ben Chen.
Independent Directors: Chen-Chen Chang Lin (leaving office 2020.6.12), Chen-En Ko (leaving office 2020.6.12), Ji-Ren Lee (leaving office 2020.6.12), Hsin-I Lin (leaving office 2020.6.12), Chun-Yao Huang,Ray Chang (Executive Director) (assuming office 2020.6.12), Ying-Hsin Tsai (assuming office 2020.6.12), Hung-Chang Chiu (assuming office 2020.6.12), Ruey-Lin Hsiao (assuming office 2020.6.12).

※ All bonuses for directors have been paid to E.SUN FHC.

※ Joseph N.C. Huang stepped down as president and succeeded as chairman of E.SUN Bank on June 12, 2020. His remuneration given above includes that incurred during his January 1-June11, 2020 tenure as president of both E.SUN FHC and E.SUN Bank and payoff of his pension thereof. In light of risk considerations and to tie executive remuneration to the Company's business performance, his long-term incentive in the capacity as president of both E.SUN FHC and E.SUN Bank shall be disbursed in stages over the next three years and the exercise price shall not surpass the average closing price for the 30 trading days prior to June 12, 2020 (the exercise price shall be the average closing price for the 30 trading days prior to June 12, 2020 or the originally set strike price, whichever is lower).

※ On top of the items disclosed above, remuneration collected by directors for rendering services to companies included in the Bank's consolidated financial statements (such as acting as non-employee advisors) during the most recent year: None.

※ The policy, system, criteria, and structure concerning remuneration of independent directors, and correlation with their powers and duties, risk assumed, and time devoted:

A.Set in accordance with the Bank's Rules for Remuneration of Directors, all the remuneration criteria have undergone deliberations of the Remunerations Committee and secured approval of the Board of Directors.

B.Remuneration of independent directors, the setting of which is based on the Bank's business performance, includes pay, recompense, and payments for business performed. In accordance with Article 40 of the Bank's Articles of Incorporation, the earnings of the Bank in a given year (pretax profit before distribution of employee and director compensation) shall be reserved to cover the losses accumulated from previous years. Of the subsequent balance, 3% shall be allocated as employee compensation while not more than 0.6% shall be allocated as director remuneration. Every year the Bank's Remuneration Committee and Board of Directors shall consider and determine the weighting of such remuneration each director is entitled to. On top of the fundamental weighting, independent directors shall be assigned a weighting different from that given to non-independent directors commensurate with their powers and duties, risk assumed, and time devoted. Also taken into account shall be each director's attendance rate and concrete contribution to the operations of the Bank (results from evaluation of director performance). Ultimately the Board of Directors shall adopt a resolution on assigning an exclusive remuneration weighting commensurate with performance individually.

C.With remuneration granted by industry peers also taken into account, the Bank's director remuneration is closely tied to the performance of both directors and the Bank and the risk that may emerge in the future. The Bank shall refrain from inducing directors to act in excess of its risk appetite simply to pursue higher remuneration. In the event of a major decline in the Bank's net income, the growth rate of director remuneration for the year in question shall not exceed that posted a year earlier. If any director violates the Bank's Code of Ethical Conduct for Directors or commits an offense that undermines the Bank's public image and reputation, future risk shall be incorporate into the deliberations of director remuneration and the Board of Directors may also resolve on reducing or recovering director remuneration.

(2) Remuneration Bracket

December 31, 2020 Unit: NT$ thousand

Bracket	Name of Directors			Name of Directors	
	Total of (A+B+C+D)			Total of (A+B+C+D+E+F+G)	
	The company	Companies in consolidated financial statements (H)		The company	Parent company and invested companies(I)
Under NT$ 1,000,000	Jackson Mai, Rong-Chu Chen, Chien-Li Wu, Magi Chen, Ben Chen, Mao-Chin Chen, Independent Director Chen-Chen Chang Lin, Independent Director Chen-En Ko, Independent Director Ji-Ren Lee, Independent Director Hsin-I Lin, Independent Director Chun-Yao Huang, Independent Director Ray Chang, Independent Director Ying-Hsin Tsai, Independent Director Hung-Chang Chiu, Independent Director Ruey-Lin Hsiao	Jackson Mai, Rong-Chu Chen, Chien-Li Wu, Magi Chen, Ben Chen, Mao-Chin Chen, Independent Director Chen-Chen Chang Lin, Independent Director Chen-En Ko, Independent Director Ji-Ren Lee, Independent Director Hsin-I Lin, Independent Director Chun-Yao Huang, Independent Director Ray Chang, Independent Director Ying-Hsin Tsai, Independent Director Hung-Chang Chiu, Independent Director Ruey-Lin Hsiao		Jackson Mai, Rong-Chu Chen, Chien-Li Wu, Independent Director Chen-Chen Chang Lin, Independent Director Chen-En Ko, Independent Director Ji-Ren Lee, Independent Director Hsin-I Lin, Independent Director Chun-Yao Huang, Independent Director Ray Chang, Independent Director Ying-Hsin Tsai, Independent Director Hung-Chang Chiu, Independent Director Ruey-Lin Hsiao	Jackson Mai, Rong-Chu Chen, Chien-Li Wu
NT$ 1,000,000 (inclusive) ~ 2,000,000 (not inclusive)					
NT$ 2,000,000 (inclusive) ~ 3,500,000 (not inclusive)					Independent Director Chen-Chen Chang Lin, Independent Director Chen-En Ko, Independent Director Ji-Ren Lee, Independent Director Hsin-I Lin
NT$ 3,500,000 (inclusive) ~ 5,000,000 (not inclusive)					Independent Director Ray Chang, Independent Director Ying-Hsin Tsai, Independent Director Hung-Chang Chiu, Independent Director Ruey-Lin Hsiao
NT$ 5,000,000 (inclusive) ~ 10,000,000 (not inclusive)	Gary K.L. Tseng	Gary K.L. Tseng		Gary K.L. Tseng	Gary K.L. Tseng, Independent Director Chun-Yao Huang
NT$ 10,000,000 (inclusive) ~ 15,000,000 (not inclusive)	Joseph N. C. Huang	Joseph N. C. Huang		Ben Chen	Ben Chen
NT$ 15,000,000 (inclusive) ~ 30,000,000 (not inclusive)				Joseph N. C. Huang, Magi Chen, Mao-Chin Chen	Magi Chen, Mao-Chin Chen
NT$ 30,000,000 (inclusive) ~ 50,000,000 (not inclusive)	E.SUN FHC	E.SUN FHC		E.SUN FHC	E.SUN FHC
NT$ 50,000,000 (inclusive) ~ 100,000,000 (not inclusive)					Joseph N. C. Huang
Over NT$ 100,000,000					
Total	18	18		18	18

※ The percentage of total profits distributed to directors as remuneration is based on regulations set forth in Article 40 of the Company's Articles of Incorporation. The ratio and adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 22. The remuneration reflects the level of participation in and contribution to the company's operations. At the same time, industry standards are considered.
The board is authorized to decide the level of this compensation.

※ According to the note of director remuneration bracket in annex 1-2 of the report, if the compensation paid to directors came from the parent company or invested companies other than the company's subsidiaries, the remuneration should be counted in column I and renamed it as 'parent company and invested companies'.

(3) Comparison of Remuneration and the ratio of total Remuneration paid by the Company and by all companies included in the consolidated financial statements for the most recent two years to Directors, Independent Directors, President and Senior Executive Vice Presidents of the Company, to the net profit after tax.

Unit: NT$ thousands

Year / Title	2020						2019					
	The company			Companies in consolidated financial statements			The company			Companies in consolidated financial statements		
	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax	No. of persons	Amount	Ratio to Net profit after tax
Directors	18	130,584	0.79%	18	133,396	0.81%	13	154,088	0.78%	13	156,810	0.80%
President and SEVPs	26	213,497	1.30%	26	233,311	1.42%	26	176,436	0.90%	26	195,926	1.00%

※ 2020 Bank Net Profit after tax was 16,464,910 thousand dollars ; 2019 Bank Net Profit after tax was 19,642,947 thousand dollars.

※ The increment of remuneration of president and SEVPs in 2020 is mainly due to the pension and the long term incentive payments(granted under the Long-Term Incentive plan in its first settlement).

(4) The Policies, Standards, and Portfolios for the Payment of Remuneration, the Procedures for Determining Remuneration, and the Correlation with Business Performance:

A. The percentage of total profits distributed to directors as remuneration is based on regulations set forth in Article 40 of the Company's Articles of Incorporation. The ratio and adjustment of remuneration for the chairman and directors are based on regulations set forth in Article 22. The remuneration reflects the level of participation in and contribution to the company's operations. At the same time, industry standards are considered. The board is authorized to decide the level of this compensation.

B. To motivate managers to achieve and exceed corporate goals, create earnings, and advance business performance, the Company evaluates the remuneration of managers on a regular basis, during which the correlation with future risk is also taken into account. With salary levels of the Company, industry peers, and the market at large taken into account, such remuneration is granted on the basis of managers' professional experience and in accordance with the Company's Guidelines for Remuneration of Managers. Meanwhile, a reward deferral mechanism is implemented in accordance with the Bank's Guidelines for Long-Term Incentives so that the remuneration of managers can be linked to the Company's business performance more closely. In addition to the Company's overall performance, the granting of bonuses also takes into account the performance of the relevant business department, individual contribution, and personal performance with regard to fulfilling the Company's core values and demonstrating leadership and management capacity, as well as the correlation with future risks. Assessment of manager performance covers both management performance (such as financial goals, business goals, customer goals, departmental growth/market share/asset quality, etc.) and management quality (brand management, human resources management, innovation and integrated marketing, internal control, etc.). The performance review of the Bank's senior managers and the policy, system, criteria, and structure with regard to their remuneration are subject first to deliberations of the Remuneration Committee and then to approval of the Board of Directors. On the other hand, bonuses for managers are bound to be adversely affected in the event of any major risk event that threatens to undermine corporate reputation, management deficiencies, abuses of various sorts, etc. Bonuses may be slashed or suspended. Meanwhile, the Company will conduct stress tests and scenario simulations to gauge risk that is likely to emerge in the future, based on which the Risk Management Committee will submit a risk exposure report to the Board of Directors every quarter.

(5) Name of Managers who received dividend/bonus and the distribution thereof

December 31, 2020 Unit: NT$ thousand

Position	Name	Stock Amount	Cash Amount	Total	Ratio of Total to Net Income (%)
President	Mao-Chin Chen	0	17,988	17,988	0.11%
CEO of Corporate Banking Division	L.C. Lin				
SEVP	Ben Chen				
CIO/SEVP	Wan-Li Hsieh				
CHRO/SEVP	J.C. Wang				
SEVP	Louis Chang				
SEVP	Wu-Ming Hsieh				
SEVP	Jung-Hua Lin				
Auditor General	Chung-Chen Sun				
SEVP	Bruce Lee				
SEVP	Jyh-Shing Roger Jang				
CRO/SEVP	Oliver Hsieh				
SEVP	Cathy Kuo				
SEVP	Chi-Kan Chung				
SEVP	Kenneth Tsao				
SEVP	Te-Ming Chung				
CFO/SEVP	Cheng-Chou Hsu				
SEVP	Mei-Ling Liu				
CCO/ Legal Compliance Head	Fion Ouyang				
SEVP	Tony Wan				
SEVP	Tsun-Jen Ko				
CMO/Special Assistant	Chun-Yu Lin				
Corporate Governance Officer	Mei-Cheng Chu				
CAO/SVP	Jhy-Hung Ke				

3.3 Implementation of Corporate Governance

3.3.1 Board of Directors

A total of 12 (A) meeting of the board of directors were held in the previous period. Director and supervisor attendance was as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)【B / A】	Remarks
Chairman	E.SUN FHC representative Gary K.L. Tseng	3	0	100	Formerly-elected
Managing Director	E.SUN FHC representative Jackson Mai	12	0	100	Re-elected
Independent Director (Managing Director)	E.SUN FHC representative Chen-Chen Chang Lin	3	0	100	Formerly-elected
Independent Director	E.SUN FHC representative Chen-En Ko	3	0	100	Formerly-elected
Independent Director	E.SUN FHC representative Ji-Ren Lee	3	0	100	Formerly-elected
Independent Director	E.SUN FHC representative Hsin-I Lin	3	0	100	Formerly-elected
Independent Director	E.SUN FHC representative Chun-Yao Huang	12	0	100	Re-elected
Director	E.SUN FHC representative Joseph N.C.Huang	3	0	100	Re-elected
Chairman	E.SUN FHC representative Joseph N.C.Huang	9	0	100	Newly appointed
Director	E.SUN FHC representative Ron-Chu Chen	12	0	100	Re-elected
Director	E.SUN FHC representative Chien-Li Wu	12	0	100	Re-elected
Director	E.SUN FHC representative Magi Chen	12	0	100	Re-elected
Director	E.SUN FHC representative Mao-Chin Chen	12	0	100	Re-elected
Director	E.SUN FHC representative Ben Chen	12	0	100	Re-elected
Independent Director	E.SUN FHC representative Ryh-Yan Chang	9	0	100	Newly appointed
Independent Director	E.SUN FHC representative Ying-Hsin Tsai	9	0	100	Newly appointed
Independent Director	E.SUN FHC representative Hung-Chang Chiu	9	0	100	Newly appointed
Independent Director	E.SUN FHC representative Ruey-Lin Hsiao	9	0	100	Newly appointed

Note: 1. E.Sun Financial Holding appointed the 11th term directors and independent directors of the Bank in accordance with the resolution made by the Board of Directors on June 12, 2020. The Bank convened a board meeting on the same day to elect managing directors and a standing board meeting to elect Chairman.

2. All independent directors attended the board meetings in person.

Other mentionable items:

1. If there are the circumstances referred to the following issue, the Company should specify the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion.

A. Article 14-3 of Securities and Exchange Act: Not applicable as the Company has set Audit Committee.

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

2. Practice of Directors' avoidance of motions in conflict of interest:

Director Name	Content of Motion	Cause of Avoidance	Voting
Mao Chin Chen	Motion on deciding on an interbank lending quota for the UCB	Motion concerning a business in which the directors serve as a responsible person	Refrained from participation in discussions and voting
Magi Chen, Ben Chen, Mao Chin Chen	Motion on remuneration adjustment to senior managers	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting
Magi Chen, Ben Chen, Mao Chin Chen	Making of 2019 annual bonus and Long Term Incentive Remuneration Practice	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting
Gary K.L. Tseng, Joseph N.C. Huang, Jackson Mai, Chen-En Ko, Ji-Ren Lee, ChenChen Chang Lin, Hsin-I Lin, ChunYao Huang, RonChu Chen, ChienLi Wu, Magi Chen, Mao-Chin Chen, Ben Chen	Motion on 2019 directors remuneration.	Motion concerning personal interests of the directors	The motion is discussed in two parts: 1.Directors discuss independent directors' remuneration. Independent directors refrained from participation in discussions and voting 2.Independent directors discuss directors' remuneration. Directors refrained from participation in discussions and voting
Joseph N.C. Huang	Motion on donation to the E.SUN Volunteer Foundation	Motion concerning a foundation in which the directors serve as a CEO & director	Refrained from participation in discussions and voting
Mao Chin Chen	Nomination of the Company's President	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting
Mao Chin Chen	Nomination of the Company's new spokesperson and acting spokesperson	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting

Director Name	Content of Motion	Cause of Avoidance	Voting
Mao Chin Chen, Magi Chen, Ben Chen	Motion on 2019 employees remuneration	Motion concerning personal interests of the directors	Mao Chin Chen excused himself after reporting the agenda to SVPs and managers of lower ranks. Magi Chen and Ben Chen refrained from participation in discussions and voting
Mao Chin Chen	Proposal on the remuneration of the new president of E.SUN FHC	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting
Joseph N.C. Huang	Proposal on the remuneration of the chairman of E.SUN BANK	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting
Mao Chin Chen	Lending to UCB	Motion concerning a business in which the directors serve as a responsible person	Refrained from participation in discussions and voting
Joseph N.C. Huang, Magi Chen, Ryh-Yan Chang	Motion on deciding on an interbank lending quota for the Mainland China's subsidiary	Motion concerning a business in which the directors serve as a responsible person, director and independent director	Refrained from participation in discussions and voting
Magi Chen, Mao Chin Chen, Ben Chen	Amendment to the Director Remuneration Policy for the Company	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting
Mao Chin Chen, Ben Chen	Establishment of the Bank's Guidelines on the Health Check Subsidies for Managers	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting
Mao Chin Chen, Ben Chen	Amendment to the Bank's Rules for Long-Term Incentives and Rewards	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting
Mao Chin Chen, Ben Chen	Motion on remuneration adjustment to senior managers	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting
Mao Chin Chen, Ben Chen	Making of 2020 annual bonus and Long Term Incentive Remuneration Practice	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting
Joseph N.C. Huang, Jackson Mai, Ryh-Yan Chang, Chun-Yao Huang, Ying-Hsin Tsai, Hung-Chang Chiu, Ruey-Lin Hsiao, RonChu Chen, ChienLi Wu, Magi Chen, Mao-Chin Chen, Ben Chen	Motion on 2020 directors remuneration	Motion concerning personal interests of the directors	The proposal was discussed in stages and directors recused themselves from discussion and voting if matters involving personal interests: 1.Independent directors did not participate in discussions or voting when directors discussed the independent director compensation distribution plan. Non-independent directors approved the proposal. 2.Non-independent directors did not participate in discussions or voting when independent directors discussed the director compensation distribution plan. Independent Director Ryh-Yan Chang was appointed as Acting chairman by Chairman Yung-Jen Huang and independent directors approved the proposal
Mao Chin Chen, Ben Chen	Amendment to the Bank's Rules for Long-Term Incentives and Rewards	Motion concerning personal interests of the directors	Refrained from participation in discussions and voting

3. Board evaluation status.

A. The 8th board of directors passed the "Board of Directors Performance Evaluation Policy" in its 13th meeting on February 1, 2013. The evaluation procedure is as follows:

Frequency	Period	Scope	Method	Description
Internal Evaluation: Conducted in the first quarter of every year for the performance of the previous year	In January 2021, the company evaluated performance of the board of directors and the functional committees for the period between January 1, 2020 and December 31, 2020. The results were submitted to the board of directors and the functional committees for approval or presented to the board of directors as appropriate in January 2021.	Evaluation of performance of the board of directors as a whole, that of individual board members, and that of the functional committees.	1.Board performance evaluation 2.Director self-assessment and overall evaluation 3.Functional committee performance evaluation	1.Board performance evaluation covers 5 aspects (47 indicators): degree of participation in company operations; quality of board decisions; board composition and structure; selection of suitable board directors and continuing professional education; and internal control. 2.Functional committee performance evaluation covers 5 aspects (24 indicators): degree of participation in company operations, awareness of functional committee responsibilities, improvement in the quality of decision making by the functional committee, composition and structure of the functional committee, and internal control. 3.Director self-assessment covers 6 aspects (25 indicators): grasp of company targets and missions, understanding of the director's role and responsibilities, level of participation in company operations, internal relationship management and communication, director's specialty and continued development, and internal controls.
External Evaluation: Once every three years	In October 2020, E.SUN commissioned the Taiwan Corporate Governance Association, an external independent agency, to conduct board performance evaluation.	Composition, leadership, authorization, supervision, communication, and self-regulation of the board of directors, internal control, and risk management	Performance evaluation to be conducted by an external independent agency or external experts at the company's commission. Having a professional agency review the activities of the board and the functional committees gave E.SUN the opportunity to receive instructions from and exchange views with the inspectors and obtain reports that were professional and impartial.	TCGA conducted the board performance evaluation in 8 aspects, including composition, leadership, authorization, supervision, communication, and self regulation of the board of directors, internal control, and risk management, and others such as board meetings and support systems. The evaluation was carried out in the forms of questionnaires and onsite interviews. [Summary of General Evaluation] 1. Regarding the composition of the Board of Directors, the "Rules for the Election of Directors" was provided as a reference to the parent company for appointing directors of the Bank. In June 2020, the parent company considered development requirements and selected five independent directors who have expertise in accounting, law, digital marketing technology, and innovation. The selection of these independent directors aims to improve diversity in the Company's Board of Directors, which will help the Board of Directors perform their functions. 2. The composition of independent directors meets professionalism and gender parity. In addition to performing their supervisory functions in the Board of Directors and functional committees, the independent directors proactively participate in strategy-related meetings of the Company and fully help the Company by providing guidance on corporate governance and business strategies. 3. The Bank values and implements talent cultivation mechanisms. The Corporate Governance and Nomination Committee of the parent company regularly supervise the implementation status of the Bank's Senior Manager Successor Plan that continuously accumulates momentum of sustainable succession for the Bank.

B. Starting in 2019, the Board Performance Evaluation Scorecard is changed from a yes/no system to a 5-point scale with "excellent", "good", "satisfactory", "unsatisfactory", and "needs improvement" for quantified evaluation. E.SUN has incorporated commitments, community participation, and environmental policies into its business strategies. Evaluation of the performance of the board of directors and the functional committees for 2020 was completed on January 22, 2021 and January 20, 2021, respectively. All areas were rated excellent.

(a) The board of directors participated actively in company operations and performed their duties in advising and overseeing business strategies, major operations, and risk management and establishing an adequate internal control system. 42 items were rated "excellent" and 3 "good". The score is 98.67%.

(b) The overall performance of the functional committees was in line with corporate governance principles. The functional committees served their purposes as intended and effectively made the board more effective.

- The results of the Audit Committee evaluation had 21 items rated "excellent",1 "good", 0"satisfactory", and 2 not applicable. Overall result: Excellent.
- The results of the Remuneration Committee evaluation had 18 items rated "excellent", 1 "good", 0 "satisfactory", and 5 not applicable. Overall result: Excellent.

C. In addition, on March 11, 2021, the company presented the results of the 2020 director performance evaluation based on self-assessments by the directors and peer reviews.

(a) Self-assessment score: 98.87%

(b) Overall self-evaluation score: 99.60%

4. Regarding the board performance evaluation conducted by the Taiwan Corporate Governance Association (TCGA), the overall comments of the evaluation show that the composition of independent directors meets professionalism and gender parity. Such composition increases diversity in the Board of Directors and helps the Board to perform their functions. Moreover, the Bank values and implements talent cultivation. The Corporate Governance and Nomination Committee of the parent company regularly supervise the implementation status of the Bank's Senior Manager Successor Plan that continuously accumulates momentum of sustainable succession for the Bank. The TCGA suggests the Bank submit the performance evaluation results of functional committees to the Board of Directors to jointly review and improve the operational performance of the functional committees authorized by the Board with an aim to enhance the overall performance of the Board. The TCGA also suggests the Remuneration Committee of the Bank review and discuss the remuneration policy, system, standards, and structure for every term of directors and managers, as well as the system and indicators of performance evaluation in hopes of complying with current operations and taking advantage of the benefits of evaluation. The Remuneration Committee is also advised to regularly evaluate the performance of the Company's President and senior managers in order to review their remuneration, with an aim to motivate the management team and achieve sustainable management. The Bank submitted the overall assessment report to the 7th meeting of the 11th Board of Directors on January 22, 2021. The Bank has listed relevant audit recommendations as priority areas for improvement in corporate governance and will continue making improvements accordingly.

5. Evaluation of the goals (e.g., set up an audit committee, enhance information transparency) and implementation status of strengthening the duties and functions of the Board of Directors during the most recent year:

A. In June 2008, the Bank established the Audit Committee to implement the system and spirit of sound corporate governance and improve supervisory functions. The Audit Committee comprises entirely of independent directors and establishes relevant organization rules to strengthen the functions of the Board of Directors.

B. In 2020, the Corporate Governance Association in Taiwan was commissioned to conduct board performance evaluation. The professional agency examines the operation of the board of directors and functional committees. The evaluation committee's guidance and exchange provided the Company with professional and objective medical examination report.

C. In 2020, E.SUN organized two director training courses for a total of 6 hours, on " AML and CFT Managerial Challenges and Trends " and " Information Security Management and Operation Sustainability ". In addition, directors will be provided with a variety of external courses that help them to gain a better understanding of their fields and fulfill their duties of loyalty and due diligence as business decision makers and leaders.

D. E.SUN assigns an appropriate number of suitable corporate governance staff to be responsible for corporate governance practices. On January 18, 2019, E.SUN appointed Senior Manager Mei-Cheng Chu, who had more than 10 years of experience in legal affairs and business meetings, to be the corporate governance officer. The establishment of the Board Secretary Division under the board of directors was approved by the board of directors on January 10, 2020. The Board Secretary Division reports directly to the board of directors and handles general meeting administration for the board of directors.

E. On March 15, 2019, the Bank established the Remuneration Committee to improve the remuneration system of the Bank's directors and managers. The Remuneration Committee comprises entirely of independent directors.

F. To assist directors in obtaining a clear understanding of their rights and duties at the time of their appointment, the Bank established the Director Manual in 2020. The manual contains the internal rules the directors should follow when performing their duties.

G. In response to the "Program for Strengthening Corporate Intellectual Property Management" launched by Taiwan Intellectual Property Management System (TIPS), E.SUN established the Intellectual Property Management Program in 2020, and passed the TIPS (2016 Edition) A-Level Verification on December 4, 2020. The certificate is valid till December 31, 2021.

3.3.2 Audit Committee

A total of 9(A) Audit Committee meetings were held in the previous period. The attendances of Independent Directors were as follows:

Title	Name	Attendance in Person(B)	By Proxy	Attendance rate (%)【B / A】	Remarks
Independent Director	Chen-En Ko	3	0	100	Formerly-elected
Independent Director	Ji-Ren Lee	3	0	100	Formerly-elected
Independent Director	Chen-Chen Chang Lin	3	0	100	Formerly-elected
Independent Director	Hsin-I Lin	3	0	100	Formerly-elected
Independent Director	Chun-Yao Huang	9	0	100	Re-elected
Independent Director	Ryh-Yan Chang	6	0	100	Newly appointed
Independent Director	Ying-Hsin Tsai	6	0	100	Newly appointed
Independent Director	Hung-Chang Chiu	6	0	100	Newly appointed
Independent Director	Ruey-Lin Hsiao	6	0	100	Newly appointed

Note: E.Sun Financial Holding appointed the 11th term independent directors of the Bank in accordance with the resolution made by the Board of Directors on June 12, 2020.

Other details that warrant inclusion:

1. In the event of any of the circumstances occurring while the Audit Committee conducts its activities, details including the date, session, and agenda of the board meeting, all resolutions of the Audit Committee, and the company's responses to the Audit Committee's opinions should be provided:

A. Matters listed in Article 14-5 of the Securities and Exchange Act:

Date	Terms	Agenda	Resolution
2020.01.10	18th meeting of the 10th term	Increment of interbank line of credit for UCB	Audit Committee: Approved by committees attending the meeting and will be proposed to the Board of Directors. The Board of Directors: Approved by Directors attending the meeting. Some directors are excused from the meeting due to personal interest.
		Amendment of guidelines of strategies and operation for derivatives	
		Amendment of Acquisition or Disposal of Properties	
2020.03.12	19th meeting of the 10th term	Financial statement (standalone and consolidated) of 2019	
		Recapitalization by retained earnings	
		Change of auditor	
		Statement of status of information security execution	
		Audit confirmation report and statement of AML and anti-terrorism financing for the bank's cooperating insurance brokerage 2019	
		Statement of Internal control System of 2019	
		Agreement with IBM for "Amendment on IBM mainframe maintenance service"	
		Donation to E.SUN Volunteer Foundation	
2020.04.24	20th meeting of the 10th term	Financial statement (standalone and consolidated) of 2019	
		Amendment of Practice for Stock Affairs	
		Amendment of internal control system	
2020.08.14	4th meeting of the 11th term	Financial statement (standalone and consolidated) of 2020 Q2	
		Nomination of new CFO for the Company	
		Amendment of the "Items, Procedures, and Key Control Points of the Internal Control System for Securities Business"	
		Amendment of Internal Control System for the bank's cooperating insurance brokerage	
		Loan to Union Commercial Bank PLC.	
2020.11.13	5th meeting of the 11th term	Amendment of the Company's accounting policy	
		Increment of interbank line of credit for E.SUN China	
2021.01.22	7th meeting of the 11th term	As an issuer and underwriter of corporate bonds of E.SUN FHC for the year 2021, we plan to purchase the corporate bonds on the date of issuance and resell them on the date of purchase to professional investors	
		Amendment of internal control system of custodian for overseas mutual fund	
		Amendment of Internal Control System for the bank's cooperating insurance brokerage	
2021.03.03	8th meeting of the 11th term	Renewal of contract with accounting firm	
2021.03.11	9th meeting of the 11th term	Financial statement (standalone and consolidated) of 2020	
		Recapitalization by retained earnings	
		Audit confirmation report and statement of AML and anti-terrorism financing for the bank's cooperating insurance brokerage 2020	
		Statement of Internal control System of 2020	
		Statement of status of information security execution	

B. In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire Board of Directors: None.

2. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified:

Independent Director	contents of motions	causes of avoidance	voting
Ryh-Yan Chang	Motion on deciding on an interbank lending quota for the Mainland China's subsidiary	Acting as the independent director of the company	Refrained from participation in discussions and voting

3. Communications between the independent directors, the Company's Chief Internal Auditor and CPAs (e.g. the items, methods and results of audits of corporate finance or operations, etc.)

Date	Method	Object of Communication	Subject of Communication	Result
2020.01.08	Audit Committee	Appointed accountant of E.SUN Bank	CPA report the 2019 auditing plan of E.SUN	Acknowledged
		General Auditor of E.SUN Bank	Report of the 2019 Q4 auditing work of E.SUN	Acknowledged
2020.03.11	Audit Committee	Appointed accountant of E.SUN Bank	CPA report of the result for auditing of 2019 Financial Statements	Acknowledged

Date	Method	Object of Communication	Subject of Communication	Result
2020.04.22	Audit Committee	General Auditor of E.SUN Bank	CPA report of the 2020 Q1 auditing work of E.SUN	Acknowledged
			Submission of the 2020 audit plan with additional explanations made by the Bank	Executed by the Board
2020.07.21	Audit Committee	Appointed accountant of E.SUN Bank	Submission of the 2020 Audit Plan, 2020 Key Audit Matters, and CPA response.	Acknowledged
		General Auditor of E.SUN Bank	Report of the 2020 Q2 auditing work of E.SUN	Acknowledged
2020.08.12	Audit Committee	Appointed accountant of E.SUN Bank	Report on the 2020 Q2 financial statement audit results.	Acknowledged
2020.11.11	Audit Committee	General Auditor of E.SUN Bank	Report of the 2020 Q3 auditing work of E.SUN	Acknowledged
			Submission of the Company's 2021 audit plan	Executed by the Board
2020.11.11	Committee	General Auditor and auditors of E.SUN Bank	Discussion related to internal auditing work of E.SUN Bank	Executed with the suggested matter
2021.01.20	Audit Committee	General Auditor of E.SUN Bank	Report of the 2020 Q4 auditing work of E.SUN	Acknowledged
2021.03.09	Audit Committee	Appointed accountant of E.SUN Bank	CPA report of the result for auditing of 2020 Financial Statements	Acknowledged

Note:

A. The chief auditor of the Company reports regularly the audits performed and the results and follow-up to the independent directors during quarterly meetings of the Audit Committee.

B. Independent directors meet with the chief auditor and auditors at least once every year to fully communicate and document issues relevant to the Company's internal and external audits. Meeting minutes are included as part of the audit working papers.

C. The CPA attends at least three Audit Committee meetings every year during the review of semi-annual and annual financial reports, to explain the method and scope of financial statement auditing as well as relevant statutory updates and to engage in in-depth discussions with independent directors.

D. The chief internal auditor, CPA, and independent directors shall maintain an unimpeded two-way communication, and each of the parties can contact one another directly, when it is deemed necessary.

4. The Main Function of the Audit Committee

A. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act.

B. Assessment of the effectiveness of the internal control system.

C. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.

D. A matter bearing on the personal interest of a director.

E. A material asset or derivatives transaction.

F. The offering, issuance, or private placement of any equity-type securities.

G. Appointment, discharge, or remuneration of CPA.

H. Appointment or removal of chief officers of finance, accounting and internal audit.

I. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.

J. Any other material matter so required by the company or the Competent Authority.

3.3.3 Corporate Governance Guidelines and Regulations

Please refer to the Bank's website at : https://www.esunbank.com.tw/bank/bank-en/statements/pages/public-disclosure/corporate-governance

3.3.4 Other Important Information Enhancing Understanding of the State of the Company's Corporate Governance

The parent company E.SUN FHC treats the disclosure of corporate governance information in prudent manner, and strives to ensure the correctness, integrity, and timeliness of all matters reported by subsidiaries' public information stations, major announced information, company websites, external news announcements, the production of annual reports, and various information that must be disclosed in accordance with law. Relevant disclosed matters are regularly reviewed and updated in accordance with the clearly-delineated duties of the responsible units. When major events or news are announced, the Bank will quickly report its response. The E.SUN FHC spokesperson shall oversee all external information disclosure, including responsible units' media contact, and issuance of news or important information. With regard to the disclosure of information concerning the board of directors and audit committee, business integrity guidelines, procedures for the acquisition or disposition of assets, the internal audit organization and its operation, and other major information, as well as shareholders meeting information, distribution of dividends, and financial service information, all such information shall be disclosed in detail in the E.SUN FHC annual report or website.

3.3.5 Internal Control

E.SUN Commercial Bank, Ltd.
Internal Control System Statement

To: Financial Supervisory Commission

On the behalf of E.SUN commercial Bank, Ltd., we hereby declare that in the period from January 1, 2020 to December 31, 2020, the Bank duly complied with "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" in establishing an internal control system, implementing risk management processes. In the meantime, an impartial and independent unit was designated to conduct audits and report regularly to the Board of Directors and supervisors. With respect to concurrent operation of securities agent business, the Bank assessed the effectiveness of the design and execution of its internal control system based on the evaluation criteria set forth in the "Regulations Governing the Establishment of Internal Control Systems by Service Enterprises in Securities and Futures Markets" issued by the Securities and Futures Bureau of the Financial Supervisory Commission. Based on meticulous evaluation, the Bank found that, except for the items enumerated in the attached table, the internal control and legal compliance systems of all units were effectively implemented during the year.

With respect to concurrent operation of insurance agent business, firstly, the Bank assessed the effectiveness of the design and execution of its internal control system based on the evaluation criteria set forth in the "Regulations Governing the Implementation of Internal Control and Audit System and Business Solicitation System of Insurance Agent Companies and Insurance Broker Companies". According to this Regulations, the internal control system judgment items shall contain at least the following components: 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communications, 5. Monitoring activities. Secondly, the Bank has adopted the judgment items listed above to check the effectiveness of the design and execution of its internal control system. Thirdly, based on the results of the internal control inspections, the Bank believes that the design and execution of the internal control system (including knowing the soundness of operations, the reliability of reports, and the compliance with relevant laws and regulations) during the period is effective. Therefore, it can reasonably ensure the above objectives to be achievable.

This statement will be included as the primary content of the Bank's annual report and any prospectuses, and made available to the public. Any information in this statement found to be falsified, concealed, or otherwise illegal shall be subject to the legal liabilities prescribed by Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

We also hereby declare that this statement has been approved by the board of directors of the Bank on March 11, 2021.

Declarant

Chairman: Joseph Huang (Signature/ Seal)

President: (Signature/ Seal)

Chief Auditor: Chung-Chen Sun (Signature/ Seal)

Chief Compliance Officer: Ou Yang Fong (Signature/ Seal)

Date: March 11, 2021

E.SUN Commercial Bank, Ltd. Internal Control System
Items for Improvement of deficiencies Status
(As of December 31, 2020)

Item for Improvement	Improvement Measures	Target Date
An incident of abnormal payment deduction from the tax payment portal of the Ministry of Finance.	Built the FISC simulator and execute automated tests. Established system monitoring and alarm mechanisms.	Completed.
The core firewall traffic overload mainly affected the inter-bank remittance function of E.SUN e-Banking.	The replacement of network equipment was completed on May 31, 2020, and the processing procedure for abnormal NTD inter-bank remittance was completed on April 17, 2020.	Completed.
The improvement of internal regulations regarding keeping customers' deposit books and contracts/ documents.	Announcing the rule that aimed at informing employees of matters which should not be violated in daily business execution, regulations of keeping contracts/ documents of customers, and mechanisms of scheduled and unscheduled inspections.	Completed.
Strengthen review about expenses reimbursement.	Reminded relevant units to deal with expense matters following the announcements of expenses reimbursement and FAQ of Expenses Reimbursement Platform which were published by Accounting Division.	Completed.
Misappropriation of client's fund by a former financial advisor.	Improved the wealth management agreement, modification and transacting application (including insurance) with confirming mechanism. Improved mechanism of random inspection of financial advisors' office. Improved the delivery procedure of bank statements (investment and insurance). Improved transaction monitoring and account monitoring mechanism. Improved mechanism of rotation, annual leave and customer transfer of financial advisor.	Completed.
The misappropriation of client's fund and abnormal financial dealings with customer by a former financial advisor.	1. The improvement measure of controlling mechanism for private financial dealings between financial advisors and customers. 2. Reinforced internal management mechanism for financial advisors. 3. Reaffirmed implementation for Customer identification. 4. Improved the caring and KYC procedure of foreign currency remittance and intra-bank transfer. 5. Set a mechanism of calling customer to verify foreign currency remittance transactions and intra-bank transfer transactions. 6. Designated account procedure for internet banking foreign currency remittance and intra-bank transfer. 7. Established monitoring measures for the setting process of the account designation.	The improvement measures 1 to 6 was completed while improvement measures 7 will be completed in the end of May 2020.
The Material Contingency that someone stealing money from customers' accounts of Personal Internet Banking had been reported on August 17, 2020.	1. Stop providing SMS OTP service as identity verification when customer applying for Personal Internet Banking. 2. Using Voice OTP to enhance identity verification strength on applying for Personal Internet Banking.	Completed.

3.3.6 Penalties imposed against the Bank, the weaknesses found and improvements made in the last 2 years

(1) Prosecution against the person-in-charge or staff for criminal conduct: None.

(2) Disclose any fine imposed by the FSC for violation of a law or regulation, any deficiency for which an official reprimand was issued by the FSC, any matters in which sanctions were imposed by the FSC pursuant to Article 61-1 of the Banking Act, any punishments imposed by the Bank to internal personnel for violation of the Internet control system. In case the punishment results may pose material impacts on shareholders' equity or share price or violate the regulations prescribed in Article 2 of the Financial Supervisory Commission Regulations Governing Public Announcement and Explanation of Major Sanctions and Disciplinary Actions for Violations of Financial Laws, the punishment contents, major deficiencies, and status of improvements shall be clearly described:

A. E.SUN Bank was given a warning by the competent authority for shortcomings in the personal loan system and management measures that might damage the soundness business operations. E.SUN Bank has made improvements to the management measures and added new monthly income calculation rules. E.SUN Bank also conducted random checks on credit card loans and reviewed the application forms, underwriting reports, and approval forms. A proof of income requirement has been added to the calculation of credit card loan customers' monthly income, and approval is performed according to the improved process. (2019.03)

B. E.SUN Bank was fined NT$200,000 by the competent authority for having purchased residential fire and basic earthquake insurance policies on behalf of borrowers but failed to disclose the delegation. E.SUN Bank has revised the internal regulations and modified internal processes to ensure compliance. (2019.10)

C. E.SUN Bank was fined NT$12,000,000 by the competent authority for misappropriation of customers' funds committed by a former financial advisor with the bank. E.SUN Bank has conducted a complete review of the processes, and improved transaction monitoring mechanisms and account controls. Telephone confirmation, interview, and system controls have been put in place to strengthen compliance throughout processes including new account, foreign currency purchase and transfer, in-branch withdrawal, and early termination of term deposit. (2020.02)

D. E.SUN Bank was given a warning by the competent authority for errors in the pre-update test and inspection procedures for the e-Filing and Tax Payment Service of the Ministry of Finance. E.SUN Bank has made improvements and checked all related transactions. E.SUN Bank also installed an automated test platform to create more management controls and alerts. Transaction results are checked daily in batches. (2020.02)

E. E.SUN Bank has been fined a NT$ 20 million administrative penalty by the regulator for the misappropriation made by a former financial consultant at Feng-Shan Branch. A 3-month suspension of duty was exercised to the SEVP of Wealth Management Division and Chief Executive of Individual Banking Division. E.SUN Bank responded to the incidence immediately after the occurrence and has reexamined operational procedures of the transactions involved in the case. E.SUN also mandated consultant to improve on weaknesses, including procedures of followings: account opening, arranged account transfer, debit card application, verification of online banking or mobile banking application, enhancement of over-the-counter cash withdraw or early termination of time-deposit, un-notified mandatory leaves for financial consultants, control of system and transactions. Control mechanisms were also improved to ensure customer's rights intact, including: confirmation by a third person for transactions relating to high-net-worth clients or clients served by a long-serving financial consultant, delivery or return for transaction statements, monitoring list of risk modalities. (2020.11)

(3) Losses, of any, resulting from events of corruption of personnel, serious accidents or incidents (fraud, theft, embezzlement and misappropriation, false transactions, falsified certificate or negotiable securities, receiving kickbacks, losses from natural disasters, losses from external forces, data hacked or stolen, or leaking business secrets and client data) or the security incidents caused by failure to comply with the Notices for Financial Institution Security Maintenance resulting in actual losses exceeding NT$50 million individually or in total, the nature of the security incident and the amount of losses shall be disclosed: None.

(4) Other Disclosures, if any, designated by the Financial Supervisory Commission: None.

4. Capital Overview

4.1 Shares and Dividends

4.1.1 Source of Capital

March 27, 2021 Unit: thousand shares, NT$ thousands

Month/Year	Par Value (NTD)	Authorized Capital		Paid-in Capital		Remark	
		Shares	Amount	Shares	Amount	Source	Others
2007.1.1		2,890,991	28,909,905	2,890,991	28,909,905		
2007.6.5 (note1)	10	29,009	290,095	2,920,000	29,200,000	Retained Earnings	
2007.6.21 (note2)	20	200,000	2,000,000	3,120,000	31,200,000	Rights offering	
2009.6.26 (note3)	10	62,400	624,000	3,182,400	31,824,000	Retained Earnings	
2009.12.4 (note4)	14	180,000	1,800,000	3,362,400	33,624,000	Rights offering	
2010.6.3 (note5)	10	147,600	1,476,000	3,510,000	35,100,000	Retained Earnings	
2011.6.13 (note6)	10	210,600	2,106,000	3,720,600	37,206,000	Retained Earnings	
2011.11.22 (note7)	15	500,000	5,000,000	4,220,600	42,206,000	Rights offering	
2012.6.8 (note8)	10	151,900	1,519,000	4,372,500	43,725,000	Retained Earnings	
2012.11.30 (note9)	15.5	200,000	2,000,000	4,572,500	45,725,000	Rights offering	
2013.6.6 (note10)	10	412,500	4,125,000	4,985,000	49,850,000	Retained Earnings	
2014.3.21(note11)	15	140,000	1,400,000	5,125,000	51,250,000	Rights offering	
2014.5.19(note12)	10	435,000	4,350,000	5,560,000	55,600,000	Retained Earnings	
2014.5.23(note13)	16.6	576,000	5,760,000	6,136,000	61,360,000	Rights offering	
2015.5.25(note 14)	10	408,000	4,080,000	6,544,000	65,440,000	Retained Earnings	
2015.6.3(note15)	17	140,000	1,400,000	6,684,000	66,840,000	Rights offering	
2016.5.27(note16)	10	44,183	441,830	6,728,183	67,281,830	Share conversion	
2016.7.6(note17)	10	534,700	5,347,000	7,262,883	72,628,830	Retained earnings	
2017.6.20(note18)	17.38	604,000	6,040,000	7,866,883	78,668,830	Rights offering	
2017.6.20(note18)	10	445,217	4,452,170	8,312,100	83,121,000	Retained earnings	
2018.6.15(note19)	10	324,900	3,249,000	8,637,000	86,370,000	Retained earnings	
2019.6.20(note20)	10	411,100	4,111,000	9,048,100	90,481,000	Retained earnings	
2020.6.18(note21)	10	476,000	4,760,000	9,524,100	95,241,000	Retained earnings	

Note1 : The Securities and Futures Bureau of the Financial Supervisory Committee on June 5, 2007 granted approval for issuance in its letter Zidi 0960027542.

Note2 : The Banking Bureau of the Financial Supervisory Committee on June 21, 2007 granted approval for issuance in its letter Zidi 09600256501.

Note3 : The Securities and Futures Bureau of the Financial Supervisory Committee on June 26, 2009 granted approval for issuance in its letter Zidi 0980030711.

Note4 : The Banking Bureau of the Financial Supervisory Committee on December 4, 2009 granted approval for issuance in its letter Zidi 09800558761.

Note5 : The Securities and Futures Bureau of the Financial Supervisory Committee on June 3, 2010 granted approval for issuance in its letter Zidi 0990027492.

Note6 : The Securities and Futures Bureau of the Financial Supervisory Committee on June 13, 2011 granted approval for issuance in its letter Zidi 1000025959.

Note7 : The Banking Bureau of the Financial Supervisory Committee on November 22, 2011 granted approval for issuance in its letter Zidi 10000401021.

Note8 : The Securities and Futures Bureau of the Financial Supervisory Committee on June 8, 2012 granted approval for issuance in its letter Zidi 1010024779.

Note9 : The Banking Bureau of the Financial Supervisory Committee on November 30, 2012 granted approval for issuance in its letter Zidi 10100388601.

Note10 : The Banking Bureau of the Financial Supervisory Committee on June 6, 2013 granted approval for issuance in its letter Zidi 1020021282.

Note11 : Ministry of Economic Affair on March 21, 2014 granted approval for issuance in its letter Zidi 10301045950.

Note12: The Financial Supervisory Committee on May 19, 2014 granted approval for issuance in its letter Zidi 1030016610.

Note13: The Financial Supervisory Committee on May 23, 2014 granted approval for issuance in its letter Zidi 10300140571.

Note14: The Financial Supervisory Committee on May 18, 2015 granted approval for issuance in its letter Zidi 1040016102.

Note15: The Financial Supervisory Committee on May 22, 2015 granted approval for issuance in its letter Zidi 10400115520.

Note16: Ministry of Economic Affair on May 27, 2016 granted approval for issuance in its letter Zidi 10501108510.

Note17: Ministry of Economic Affair on July 6, 2016 granted approval for issuance in its letter Zidi 10501143410.

Note18: Approved under Letter No. Jing-Shou-Shang-10601076060 issued by the Ministry of Economic Affairs on June 20, 2017; Approved under Letter No. Jin-Guan-Yin-Kong-10600164770 issued by the Financial Supervisory Commission on July 5, 2017.

Note19: Approved under Letter No. Jing-Shou-Shang-10701062380 issued by the Ministry of Economic Affairs on June 15, 2018; Approved under Letter No. Jin-Guan-Yin-Kong-10702139000 issued by the Financial Supervisory Commission on July 10, 2018.

Note20:Approved under Letter No. Jing-Shou-Shang-10801068080 issued by the Ministry of Economic Affairs on June 20, 2019; Approved under Letter No. Jin-Guan-Yin-Kong-10802124700 issued by the Financial Supervisory Commission on July 12, 2019.

Note21:Approved under Letter No. Jing-Shou-Shang-10901098290 issued by the Ministry of Economic Affairs on June 18, 2020; Approved under Letter No. Jin-Guan-Yin-Kong-1090219407 issued by the Financial Supervisory Commission on Sep 14, 2020.

4.1.2 Type of Shares

March 27, 2021 Unit: Share

Type of Shares	Authorized Capital			Remark
	Issued Shares *	Un-issued Shares	Total Shares	
Common Shares	9,524,100,000	0	9,524,100,000	

Note：The bank is a public company and the stock is not belong to listed or OTC stock.

4.1.3 Structure of Shareholders

The Bank is a wholly owned subsidiary of E.SUN FHC.

4.1.4 Shareholding Distribution Status

The Bank is a wholly owned subsidiary of E.SUN FHC.

4.1.5 List of Major Shareholders

The Bank is a wholly owned subsidiary of E.SUN FHC.

4.1.6 Dividend Policy and Implementation Status

(1) Dividend Policy

In order to achieve the goal of sound financial structure and to enhance the self-owned capital ratio, the policy of dividend distribution of the bank shall be primarily on the basis of stock dividend. In the event that at the year dividends proposed to be distributed the bank's BIS ratio after compilation of final financial statements is greater than the requirement by the regulatory agencies, the cash dividend may therefore be distributed but shall not be less than 10% of the total dividends. However, in case of the proposed distribution of cash dividend lower than NT$0.1 per share, the bank may, at its sole discretion, opt to make such distribution out of stock dividends.Before the legal reserve equals the total capital amount, the maximum cash distribution of profit shall not exceed fifteen percent of the total paid-up capital amount.

(2) Proposed Distribution of Dividend

It was proposed at the 2021 shareholders' meeting that shareholders would be entitled to a stock dividend of NT$0.39 per share, totaling NT$3,696,000,000, as well as a cash dividend of NT$0.75 per share, or a total of NT$7,142,425,800. Combined, the Company was to pay out NT$10,838,425,800, or NT$ 1.14 per common share in dividends, accounts for 99.98% of the surplus available for distribution.

4.1.7 The impact of the stock dividend distribution for the latest year on the Company's business performance and earnings per share:

In line with the Regulations Governing the Publication of Financial Forecasts of Public Companies and Criteria for the Compulsory Publication of Complete Financial Forecasts by TWSE-Listed Companies, the Company did not publish such forecasts for 2021. This item of disclosure is not applicable as the Company cannot disclose predictive information on its finances.

4.1.8 Profit-Sharing for Employees and Compensation for Directors

(1) Percent age or scope of employee compensation and directors' compensation specified in the Articles of Incorporation:

According to the Article 40 of its Articles of Incorporation, the Bank's pretax profit before distribution of employee and director compensation in a given year shall be reserved to cover the losses accumulated from previous years. 3% of the remaining balance from the above shall be allocated as employee compensation, while not more than 0.6% shall be allocated as director compensation. Recipients of employee compensation shall include employees of affiliate companies who fulfill certain criteria. Proposals of employee and director compensation distribution shall be presented to shareholders' meetings.

(2) In the event current bases of estimation for employee and directors' compensation, share number calculation bases for allotment of stock compensation and actual allotted amounts are at variance with estimated amounts:

A. Employee and directors' compensation shall be calculated according to the percentage of their pretax profit as specified in the Articles of Incorporation and previous distributions.

B. All distributed as cash bonus.

C. In the event actual allotted amounts are at variance with estimated amounts due to changes in estimation, there sulting differences shall be listed as losses for the 2021 fiscal year.

(3) Board of directors approved proposals for the allocation of employee compensation and other relevant information:

A. Allocation of employee cash compensation, and amount of directors' compensation. Employee cash compensation is NTD 553,275,075, and directors' cash compensation is NTD 60,000,000. Compensation distribute to employees is NTD 10,679,945 lower than estimated amount ; Cash remuneration to directors is NTD 35,000,000 lower than estimated amount. The difference was due to the change of accounting estimate and will reflect on 2021 profit and loss account.

B. Ratio between proposed stock remuneration given out to employees and capital increments from retained earnings: All distributed as cash bonus.

(4) Actual allocations of employee compensation and directors' compensation for the preceding fiscal year:

This Company's surplus earnings allocation for the preceding year amount to NTD 704,981,511 in employee cash compensation, and NTD 106,000,000 in directors' compensation. Compensation distribute to employees is NTD 3,326,079 lower than estimated amount ; Cash remuneration to directors is NTD 14,000,000 lower than estimated amount. This difference was incurred by changes in accounting estimations and has been listed as losses for the 2020 fiscal year.

4.1.9 Share Repurchase: None.

4.2 Preferred Shares Issuance: None.

4.3 GDR Issuance: None.

4.4 Status of Employee Stock Option Plan and Restricted Stock Awards: None.

4.5 Basic Information of Other Financial Institutions Acquired or Transferred: None.

4.6 Merger and Acquisition

4.6.1 Any opinions by accountants that should be disclosed regarding the reasonable share swap ratio for mergers & acquisitions or sale of banking institutions over the past year: Not applicable.

4.6.2 State of mergers & acquisitions or sale of banking institutions over the most recent season: Not applicable.

4.6.3 In the most recent financial year and up to the printing of this annual report, disclosure of the basic data of mergers & acquisitions or sale of other banking institutions in which the Board of Directors has approved such M&A or sale that involves the issuance of new shares: Not applicable.

5. Business Operation

5.1 Business Scope

Key business area	Key business services
Corporate banking services	Provide products and services for companies in need, including corporate lending, syndicated loans, trade finance, cash management, cross-border banking services,and corporate succession consultation.
Consumer banking services	Provide retail banking services, such as deposits in TWD and foreign currencies, foreign exchange, mortgage loans, and personal loans.
Wealth management services	Provide NTD and foreign currency deposits and exchange services, wealth management and family asset inheritance planning services.
Credit card and payment services	Provide credit card and debit card issuing services, contracted store acquiring services, electronic payment services and other payment services.

Primary Business Indicators

Unit: NT$ billion

Item	2020/12	Annual growth%	2019/12
Total deposits	2,442.2	19.4%	2,045.5
TWD Demand deposits	1,013.5	24.4%	814.9
Foreign currency deposits	843.9	14.2%	739.1
Total loans	1,612.0	12.3%	1,437.5
Foreign currency loans	241.6	-2.0%	246.6
Corporate loans	769.5	8.9%	706.7
SME loans	428.1	17.3%	365.0
Consumer loans	829.7	15.7%	717.3
Mortgage loan	407.6	25.6%	324.4
Unsecured personal loan	120.9	10.5%	109.4
Credit card revolving balance	12.8	-5.2%	13.5
Credit cards			
Card in circulation (Thousand cards)	6,346.3	9.0%	5,824.1
Active cards (Thousand cards)	4,488.3	7.5%	4,173.8
Card consumption	472.7	9.8%	430.5
The assets of securities investment trust funds under custody	557.6	8.4%	514.2
Net income	51.3	-0.4%	51.5
Net interest income	19.6	7.7%	18.2
Net fee income	17.9	2.3%	17.5
Net fee income of wealth management	9.2	9.3%	8.5
Net fee income of credit card	6.5	33.4%	6.8
Foreign exchange, Fixed income, and others	13.8	24.4%	15.8

Note 1: Above data are individual information of E.SUN Bank.
Note 2: Total deposits include demand deposits, fixed deposits, and deposits from Chunghwa Post.

5.2 Business Plan

Key business area	Annual business plan
Corporate banking services	To accomplish the goal of "First Choice for Businesses and Premier Cross border Platform", E.SUN Bank follow government policies, foster SMEs, support Taiwanese businesses to return from overseas and expanding into overseas markets. Also strengthens overseas and domestic risk control mechanisms and maintains asset quality by using information technology, professionalism, as the base as well as team core. E.SUN apply integrated services and innovation to fulfill cross-border enterprise's needs, develop sustainable finance services, fulfill corporate social responsibility and move toward sustainability together with customers.
Consumer banking services	Consumer banking business focuses on credit risk management and operational efficiency. It enhances credit risk management through data integration and utilizes information technology and digital channels to provide convenient and flexible consumer banking services. Besides, the service team also offers a variety of services, including small business loans, mortgage loans, and business start-up loans.
Wealth management services	E.SUN wealth management provides our customers with comprehensive asset planning and management services for NTD and foreign currency deposits, financial management, insurance, etc. The emphasis on the business is to integrate digital financial platforms and financial expert teams in branch, optimize service processes, improve operational efficiency, strengthen operational risk management, provide customers with Online to Offline financial service experience and become the most trusted wealth management brand.
Credit card and payment services	E.SUN Bank specifically focuses on customer orientation, by utilizing data analysis and technologies to discover customer insight and provide innovative products and services. Deepen the relationship with strategic partners to develop a financial scene. Develop autonomous digital services and intelligent risk control models to provide a great customer experience. We believe in this way we could make E.SUN Credit Card become the best payment choice and E.SUN Bank will be customer's favorite brand.

5.3 Market Analysis

5.3.1 Region

Key business area	Region
Corporate banking services	E.SUN operates the services primarily in Taiwan. To meet the demand of cross-currency for Taiwanese businesses, E.SUN provides cross border banking services in financial hubs in Asia Pacific, Greater China, and ASEAN countries. The network covers 28 offices in 9 countries and regions offering services for Taiwanese and local customers through the integration of oversea branches.
Wealth management and consumer banking services	E.SUN Bank operates the services primarily in Taiwan with 139 domestic branches. To meet the demand of customers overseas, it is also provides wealth management services in Hong Kong and Singapore, as well as consumer banking services in Cambodia.
Credit card and payment services	E.SUN Bank operates the services primarily in Taiwan. Meanwhile, the UCB subsidiary in Cambodia is developing a local credit card and debit card service. E.SUN has also expanded the electronic payment business and cooperated with strategic partners such as Paypal, Alipay, Tencent(Tenpay), NTT Data, Razer Merchant Services, etc. We proactively develop overseas markets and cross-border financial services.

5.3.2 Market landscape and opportunities for growth

(1) Low interest rate environment: With the slowdown of global economy and the impact of the pandemic in 2020, major central banks will maintain a low interest rate environment, which will affect the interest spread of banking business. Risk and cost management capabilities and flexibility will be the key to the business growth.

(2) Cautious about the economic development: Because the US-China trade tension has been continuing since 2018 and the pandemic happened in 2020, global economy was significantly affected, such as changes in business operations and personal behavior. In Taiwan, the pandemic was controlled properly, but it continues to expand globally, and the second wave of COVID-19 in Europe and the United States has re-emerged. Because the popularization of vaccination still takes time, we need to be cautious about the future development of industry and economy.

(3) Regional cooperation and competition: the international political and economic environment are complex and changeable. Although U.S. President Biden returned to multilateralism after taking office, the United States will maintain its key position in cutting-edge technology and promote the reorganization of the global supply chain. The deployment of enterprises will be diversified to reduce risks, and enterprises will adopt a more flexible and shorter supply chain. The pandemic has also led to changes in industry landscape. Industries such as aviation, tourism, transportation, accommodation, and catering were greatly affected in 2020. However, e-commerce business and stay-at-home economy are boosted by the pandemic, and the Internet of Things, AI, 5G, robots, big data, and the cloud computing have great potentials to grow. Global major central banks maintain loose monetary policy, and Taiwan's economy performs relatively well. The exchange rate of the New Taiwan dollar has fluctuated greatly recently. As Taiwan is an export-oriented country, performance of export industries such as electronics, information communications, metal products, machinery, and rubber and plastics should be closely watched given the changes in foreign exchange rate.

(4) Business opportunities from wealth management for high-end customers: With the trend of transparency in overseas income around the world and the needs of family inheritance, second-generation succession, and asset allocation of Taiwanese business owners, the competent authority has launched policies to promote returning investment of overseas Taiwanese companies and upgrade of wealth management service. By meeting the needs of high-end customers, the operational quality and competitiveness of financial institutions can be further enhanced.

(5) Development of financial technology: With the development of science and technology and the loosening of laws and regulations, pure online banks started operations in Taiwan, and more and more companies have entered the financial service field and established an ecosystem through cross-industry cooperation. As more participants join, financial services will become more diverse, which promotes the digital transformation of financial institutions, accelerates the development of inclusive finance and scenario-based finance, and further enhances customer experience and creates long-term social value.

5.3.3 Challenges in the Future and in the External Environment

Challenges in the future and in the external environment
A. The rising popularity of fintech, new technologies, and new business models are rapidly changing the borders between industries and fueling coopetition between industries. B. Economic development around the world is exposed to the prevailing volatility, changes in cooperation and competition relationships among major economies, and geopolitical risks. C. Regulatory changes, anti-money laundering practices, privacy protection, and tax return filing requirements in different countries are leading to higher costs in cross border financial services and compliance.
Countermeasures and E.SUN's competitive advantages
A.Talents cultivation. Invest in professionals in financing industry. B.Technology development. Invest in technology, and deepen the connection between business and technology by strong enforcement. C.Cross boarder business. Invest in oversea infrastructure and develop a distinguished cross boarder platform. D.Risk management. Invest in IT security, AML, compliance and internal control to incorporate risk management into corporate culture.

5.4 Financial Products R&D and Business Status

Key business activity	R&D Results in Last Two Years and Future Directions
Corporate banking services	A. Innovations in green finance: In 2020, E.SUN was the joint mandated lead arranger of syndicated loans, and served as the mandated lead arranger as well as the collateral management bank of one domestic onshore windfarm project. E.SUN will follow government policies (Green Finance Action Plan 2.0), support sustainable development of Taiwan by provide multiple and professional green finance services. Support the green energy and sustainable development of Taiwan. B. Cross-border finance platform: In response to the needs of cross-border customers, E.SUN Corporate Online Banking platform provide customers with cross border capital management and account information integration services. The platform integrates the resources of different product lines, creates special financial services, and offers total solutions. It has received multiple international awards and recognitions. (E.SUN Bank has received the Asset's the Best Trade Finance Solution in Taiwan award, the Asian Banker's the Best Corporate Trade Finance Deal in Taiwan award, the Asset's the Best Cash Management Bank in Taiwan award.)
Consumer banking services	A. Online lending service: Our customer now can sign the contract online and reserve a time for appropriation. And we cut the time cost of information delivery by reaching to the MyData database,. Thus, our customer could apply the fund effectively. B. 58s credit loan: For our regular payroll customers, the RPA embedded in the system enables them to receive the appropriation in less than 1 minute just after the contract signing.
Wealth management services	A. Online account opening: The customer can open a deposit account, a security account and apply for a credit card in single application. The process satisfy our customer's need in an efficient and easy way. B. Flexible and innovative diversified products: In order to meet customers' asset allocation needs and grasp market opportunities, E.SUN provides innovative products, diversified target selection and flexible and stable product structure. At the same time, E.SUN also incorporated ESG into product reviews, taking into account customer's rights and sustainable development. C. Convenient digital wealth management services: E.SUN was the first to build a wealth management AI model with new technology to meet the needs of customer using digital services. And the model was patented.
Credit card and payment services	A. E.SUN Wallet: provide innovative services and develop personalized interfaces and self-management functions. For instance, customers can set single consumption limits and differentiate consumption categories of each card to reduce the risk of card loss. Create a digital platform that integrates payment, life, and finance. It was highly praised by customers and won the award for Best Consumer Finance Award. B. E.SUN Pay Pass: The service is the first one to create a one-click function activates the mobile bank payment function of multiple financial institutions. Customers can pay through the existing mobile bank App without typing the transfer account number and consumption amount and enjoy a convenient payment experience. C. Intelligent fraud prevention system: Use big data, AI, and other elements to create the first intelligent risk control platform improves consumption safety by controlling consumption risk instantly. The service also won the award for Best Risk Management Award. D. Cross-industry digital wallet: Cooperate with Carrefour to develop Carrefour Wallet, integrates services such as member point and instant card linking. Let users have a better payment experience. E.SUN will replicate successful experiences and cooperate with more strategic partners and expand the payment ecosystem in the future.

5.5 Short-term and Long-term business development plan

Long-term business development plan

Key business area	Long-term business development plan
Corporate banking services	Integrate cross-border banking platforms and improve product integration capabilities to expand the international customer base and provide diverse banking services. Expand overseas by resource integration; start locally in Taiwan and go forward and work with overseas offices to develop localized products to effectively meet local demands. In addition, E.SUN continues to leverage the influence of the ESG in order to make constant efforts to contribute business and environment sustainability.
Consumer banking services	With innovative applications on digital platforms, E.SUN aims to provide fast and seamless service experience. Besides, E.SUN will expand channels through cross-industry cooperation, and integrate the UN's SDGs into business to provide responsible and sustainable financial services.
Wealth management services	Focusing on customer needs and value, E.SUN will continue to improve the protection of customer rights. E.SUN select high-quality partners, expand products, channels and innovative services, enhance the professionalism of wealth management team, and work with cross-field experts to serve customers together. E.SUN will also strengthen asset allocation capabilities and develop digital platforms which combine big data and construction to provide customer - tailored financial services.
Credit card and payment services	Take customer experience as the core, optimize customer journey experience through technology, data, and integration of cross-domain resources; continue to focus on important strategic partners, expand high-value customer and develop payment ecosystems. Deepen customer segmentation and management, enhance customer interactions and value, and continue to make E.SUN Credit Card be the best payment choice.

Short-term business development plan

Key business area	Short-term business development plan
Corporate banking services	Improve business efficiency through regional integration and "detailed customer classification, and focused operation;" Apply integrated service to manage jumbo's customer; MEs towards ESG integrations for hidden champion companies to fortify stronger customer relations for hidden champion companies to fortify stronger customer relations; focus on improving product processes for SMEs to serve customers efficiently; SME focuses on improving product processes to serve customers efficiently; continue to improve risk management mechanisms and implement internal control; and help businesses to develop sound business practices and achieve success. Strengthen entrepreneur's management, become the partner of corporate succession and sustainability.
Consumer banking services	Deploying FinTech to improve Omni-Channel customer experience while simplifying the operation process and increasing the level of risk control. The self-help on-line service is available for the customers. E.SUN Bank makes it to improve service experience for both the employees and the customers, overcome the opposable mind of being efficient or being considerate.
Wealth management services	Intensively research market and improve professional competence of financial advisors. E.SUN will keep completing asset allocation advisory services through a cross-disciplinary professional WM team to meet customers' needs. By improving process and innovating digital technology, E.SUN will provide professional and comprehensive wealth management services.
Credit card and payment services	A. To enhance the card-using experience, through segmented and hierarchical management to provide the most suitable products and services. For instance, the VBO platform provides exclusive privileges for VIP customers. Create a digital service and platform, such as e-Click Online Card Application, credit adjustment. E.SUN Wallet provides personalized and autonomous services and we expect E.SUN credit card can be the main credit card for customers. B. Expand important strategic partners and embedded our payment service in strategic partner channels to fulfill our vision of financial scene. Focus on high-value customer and satisfy customer's various financial needs in real-time. Make good use of AI models to strengthen risk control, and improve security to enhance service procedures to improve working operations efficiency and customer experience.

5.6 Human Resource

The Highest Peak, the Best Bank: Make a Unique Bellwether Bank in Asia

Talent holds the key for corporations to fuel growth and attain sustainable development. Recruiting people with various talents and developing their diverse thinking and global vision are thus prerequisites for businesses that seek a viable presence in Asia and expect to keep up long-term development. Combined, the tides of fintech, the imminent advent of the post-pandemic era, and rapid changes across the broader business environment are set to put to test how businesses are to be run. They are also keen reminders that businesses need to bolster their capacity for adapting and adjusting. E.SUN Bank has long devoted itself to fintech innovation and collaboration with institutions of higher learning in hosting competitions, internships, and seminars. Pooling forces across industry, government, and academia, the Bank leverages both internal and external expertise and creativity to nurture more top-notch professionals for Taiwan's financial industry and promote more innovative fintech applications.

Moreover, E.SUN Bank is proactive to grow talent in Asia and recruit professionals across borders to accommodate its expansion into this part of the world. Comprehensive training, interdepartmental rotation, experience sharing, and participation in major projects and operations are all means for growing high-caliber professionals and turning them into international managers with vision, thereby creating a reliable international supply chain of talent for the long term. As the Bank pursues its core strategy of taking root in Taiwan and expanding across Asia, it is set to abide by its commitment to honest business and sustainable development and draw on the concerted efforts of all employees to make a bellwether in a class of its own in the Asian banking industry that sets itself apart with precise strategies, efficient execution, and smart teamwork.

E.SUN—An Extraordinary Bank With Extraordinary Employees

Young people have the power to change the world. E.SUN Bank pledges to create a cross-border financial platform and make a unique bellwether in Asia. E.SUN Bank's employees have an average age of 33 and 26.7% of them have a master's degree or above. Furthermore, 22.14% have degrees from Taiwan's most respected universities: National Taiwan University, National Chengchi University, National Tsinghua University, National Chiao Tung University, National Cheng Kung University, National Sun Yat-Sen University, National Central University, National Chung Cheng University, National Chung Hsing University, and National Taipei University. To keep up access to competent people in the long run, E.SUN Bank draws on such tools as internship programs, industry-academia collaboration, and corporate visits to boost its image as a favored employer across campuses. These are adopted in conjunction with a differentiated screening process to attract and identify promising people who are then offered comprehensive training to become well-rounded financial professionals, thereby preserving E.SUN's leading status in terms of human capital.

At E.SUN Bank, talent cultivation is considered both its foundation of long-term success and source of core competitiveness. A solid comprehensive mechanism is put in place to provide all employees with learning opportunities and access to career development. In 2020, the Bank held 256 internal education and training classes of various types, and sent personnel to participate in 388 training sessions held by external professional organizations. As a result, our colleagues took part in training a total of 128,970 person-times, and, on average, each colleague participated in 14.6 training sessions. In addition, E.SUN Bank resorts to learning by rotation to nurture critical talent for the future. With access to diverse development opportunities and enormous career path potential, all those who yearn to move up the ladder at E.SUN Bank can surely do so over time.

Opting to go on an unusual path since its inception, E.SUN Bank has taken prudent steps all these years. Thanks to an extraordinary team of ordinary people, the Bank turned in an exciting report card for 2020 in defiance of the Covid-19 pandemic. Business sustainability begins with leadership and succession. Talent holds the key to sustainable development. Generations of E.SUN people have worked together and stood by a shared vision in their relentless struggle to surmount three key challenges to business pursuits: overall performance, corporate social responsibility, and sustainable development. Embedded in this shared vision of E.SUN is nothing short of a promising future for Taiwan.

5.6.1 Breakdown of employees

Item \ Year		Current year to March 27, 2021	2020	2019
No. of Employees		8,964	8,961	8,753
Average Age		33.5	33.3	32.9
Average Years of Service		8.4	8.3	79
Educational background (%)	Master's	26.5	26.7	26
	Bachelor's	69.0	68.8	69.4
	Junior college	3.9	3.9	3.9
	High School (Vocational)	0.6	0.6	0.8
Number of professional licenses held by employees	Banking	28,921	28,190	25,995
	Insurance	10,659	10,597	10,074
	Securities	6,925	6,927	6,846
	Others	1,531	1,466	1,306

5.6.2 Continuing education and training for employees

(1) The Bank systematically plans and implements continuing education and training in accordance with the applicable annual plan and Employee Training Guidelines for E.SUN FHC and Its Subsidiaries.

(2) In accordance with Employee Continuing Education and Inspection Tour Guidelines for E.SUN FHC and Its Subsidiaries, the bank assigns its staff, recommended by their supervisors and selected by relevant departments, to participate in continuing education, inspection tours, and workshops both in Taiwan and abroad.

(3) The Bank provides employees with diverse learning and development opportunities in different phases of their career. Training modules and course design undergo adaptation and innovation whenever needed on all fronts—industry trends, organizational strategy, customer needs, and professional competence.
Since the onslaught of the ongoing pandemic in early 2020, some training programs have been digitized (such as the introduction of online and live video courses and provision of accounts to access external learning platforms), which enables employees to learn continuously without time and space restrictions.
The Bank has also tapped into software applications designed for online interaction to enrich remote learning and help employees apply what they have learned to work. Meanwhile, The bank encourages employees to enroll in quality training courses offered by external institutions to keep up to date with the latest in international finance, fintech development, and risk management.

(4) During 2020, the Bank held 256 internal education and training classes of various types, and sent personnel to participate in 388 training sessions held by external professional organizations. As a result, our colleagues took part in training a total of 128,970 person-times.

(5) The Bank's education and training funding accounted for 0.89% of operating revenue in 2020.

5.6.3 Number of fulltime employees serving in non-supervisory positions, average and median salary of such employees during the year, and differences from the previous year

Unit NT$ thousand; persons

	2020	2019	Growth Rate
Number of employees serving in non-supervisory positions	7,612	7,086	7.42%
Average salary of employees serving in non-supervisory positions	1,093	1,072	1.96%
Median salary of employees serving in non-supervisory positions	1,018	979	3.98%

Note: The above statistics were compiled in accordance with the explanation on reporting the salaries of fulltime employees serving in non-supervisory positions jointly promulgated by Taiwan Stock Exchange and Taipei Exchange.

5.6.4 Promotion and enforcement of employee conduct and ethics rules

(1) All employees of the Bank must sign and pledge to uphold the bank's employee service regulations and rules of conduct.

(2) The Bank posts its employee service regulations and rules of conduct on E.SUN's internal and external websites in order to facilitate browsing and familiarization by employees.

(3) To ensure that all executives and employees have correct awareness and faithfully uphold regulations in their conduct and work, all units' legal compliance managers shall promote awareness of employee conduct and relevant regulations on a regular basis and when needed.

(4) E.SUN Bank holds online tests on its employee service regulations and rules of conduct on an annual basis, and all personnel must take part. E.SUN personnel are also asked to visit the system and study online materials. All units' legal compliance test participation, test results, and status of make-up test implementation are taken into account when their legal compliance performance is assessed and scored.

(5) In accordance with the Personal Information Protection Act and the Personal Information File Security Regulations for Non-Governmental Institutions Designated by the Financial Supervisory Commission, the Bank has strengthened management mechanisms in order to fully implement the protection of personal information and information security.

5.7 Corporate Responsibility and Ethics

Corporate social responsibility has been one of the top priorities for E.SUN for years. On our road to sustainability, E.SUN insists on starting from its core banking businesses, incorporates CSR into its business strategies, and implements practices to follow international trends in sustainability. By making a long-term commitment and adopting systematic methods to improve performance in the economic, environmental, and social aspects of its business activities, E.SUN takes action and makes constant progress in business, environmental, and social aspects.

5.7.1 Corporate governance aspect

(1) E.SUN builds its corporate governance practices on honesty, integrity and professionalism. Under the leadership of the management team, E.SUN has been rated "Excellent" in Corporate Governance Certification by Taiwan Corporate Governance Association, and ranked in the top 5% of TWSE Corporate Governance Evaluation for 6 consecutive years. E.SUN is also the first listed financial institution in Taiwan to create a corporate governance and nomination committee. It currently has 5 independent directors, accounting for more than 40% of board membership. E.SUN tries to make the board of directors better trained and more independent by having independent directors with different academia, industry, and government backgrounds.

(2) A bank is a business that manages risks. Believing that no business operations can be considered beyond risk, E.SUN continues to reinforce the three lines of defense, establish a complete set of handbook and process, and implement them in a disciplined manner. E.SUN also strengthens its skills to combat money laundering and enhances its system surveillance.

5.7.2 Environmental Aspect

(1) E.SUN continues to work on the green building project and build solar-powered branches. As of the end of 2020, E.SUN has 2 server rooms with LEED Gold international certification (Hope Building and Technology Building), 1 green building with LEED Gold international certification (E.SUN HR Development Center - Dengfeng Building), 1 green building with EEWH Gold certification (Hope Building), 8 offices with green building certification (Chiayi, Daya, Yuanlin, Toufen, Changhua, Annan, eastern Tainan, and Shalu Branches), 14 solar-powered branches (Toufen, Daya, Dali, Taiping, Shalu, Changhua, Yuanlin, Douliu, Chiayi, Jen-Teh, eastern Tainan, Annan, Jinhua, and Houzhuang Branches), and 2 solar-powered buildings (Dengfeng Building and Technology Building).

(2) E.SUN continues to implement the ISO14001 environmental management system and the ISO50001 energy management system and complete taking inventory of ISO14064-1:2018 greenhouse gases, ISO 14046:2014 water footprint assessment, and ISO 14064-3:2006 carbon emission (from employee commuting and business travel as well as waste from operation) for the Taipei headquarter building, Boai Building, Technology Building, Dengfeng Building, E.SUN Securities, and all offices in and outside Taiwan.

(3) E.SUN is no longer financing coal-fired power generation facilities, nor renewing contracts following their expiration. This is aimed at working together with other parts of the world to maintain the sustainable development of the environment and society.

5.7.3 Social aspect

(1) As part of its commitment to education, E.SUN continues to promote the E.SUN Golden Seed Project. It has made contributions and donated more than 370,000 books to 158 E.SUN Libraries by the end of 2020. More than 106,000 students have benefited from the program. This charity project has been certified by the Social Value International (SVI), in compliance with their SROI guidelines and criteria. According to comprehensive calculation analysis, for every NT$1 to the E.SUN Golden Seed Project, NT$28.74 social value is generated. This project is the first SVI-certified educational SROI in Taiwan with the highest social value in the Taiwan educational SROI report. E.SUN will be moving on to building its next 100 E.SUN Libraries. E.SUN keeps cultivating excellent students. The E.SUN Outstanding Management Talent Scholarship was rewarded to 19 outstanding students in the field of management, technology, and humanities and arts. The E.SUN ASEAN Scholarship was rewarded to 8 students from ASEAN countries. The E.SUN Nursing Talent Scholarship was rewarded to 9 students in the field of nursing. E.SUN teams up with National Taiwan University, National Chengchi University, National Tsing Hua University, and National Chiao Tung University to offer the E.SUN Academic Award and help raise the standards of management research in the country. 39 teachers have received the award so far. For 6 years in a row, E.SUN has worked with the College of Management of National Taiwan University in running the Hope Seedling Program. The program is designed to train talent in digital banking and help students build up key skills in digital banking.

(2) In supporting Taiwan's junior baseball as part of our efforts in sports development, E.SUN has systematically established the E.SUN Junior Baseball Fund and planned a series of junior baseball events, including E.SUN National Junior Baseball Tournament, E.SUN Junior Baseball Camp, and E.SUN Junior Baseball Protection Camp, among other seminar and health-related activities for 14 consecutive years. Over 3,000 baseball players have received training. Through the Remote Caring Program, E.SUN has supplied appropriate sports aids to over 30 schools in remote areas and in need of resources, creating a performance stage in Taiwan that encourages young adults to pursue their dream.

(3) E.SUN is continuing to hold regular "One simple act of love can inspire others to love" blood donation activities, where 6,979 bags (250 ml per bag) of blood were donated in 2020. Thanks to the commitment of E.SUN personnel and E.SUN volunteers nationwide, we are helping even more people in need and spreading love everywhere it is needed. We will continue to plant the seeds of love and concern throughout the country, and ensure that E.SUN volunteers can achieve even greater results.

"A love can draw more loves"

5.8 Environmental protection expenditure information

During the most recent year and until the publication date of this annual report, losses (including compensation) and penalties due to environmental pollution totaled 0.

5.9 IT Facilities

The majority of E.SUN FHC's IT Facilities are owned and operated by its subsidiary E.SUN Bank. Details are as below.

5.9.1 Current IT system's hardware/software configuration and maintenance

E.SUN Bank's IT systems for Accounting, Deposits, Loans, Remittance, Foreign Exchange, Wealth Management, Treasury Service, Credit Cards and E-Commerce, as well as its Customer Relationship Management, Risk Management and Business Intelligence Analysis systems are all built upon the most optimal system architecture based on each business needs. The underlying operating systems range from z/OS, OS/400, UNIX, Linux, Windows and other operating platforms. With the change of financial services, software and hardware are gradually transformed into a virtualized architecture, and more effective resource management is carried out through the private cloud management mechanism to improve the efficiency of resource using.

5.9.2 New core system construction

In response to the new trend of customer-centric intelligent digital finance, the new core system of E.SUN Bank was successfully converted and launched in August 2020. It is the first banking core system to be developed with open Cloud Native technology, micro-service architecture, and self-developed design, laying an important foundation for the digital transformation of E.SUN.

5.9.3 Future development and procurement plans

In 2021, we will continue to focus on digital transformation and overseas business expansion. Through the application of technology and the power of big data integration, intelligent decision-making can be accurately penetrated into the lives of customers and provide in-depth and extensive financial services. In addition, we also strengthen risk discipline control processes to provide customers with more robust and secure services. See below for E.SUN Bank's major information systems development projects for 2021:

(1) Technology Driven Digital Transformation

- Cloud Service Applications
- Conversational AI Platform
- Next Generation Call Center System Development
- Data Middleware Platform Development

(2) Global Financial Services

- Core Banking System Migration for Overseas Branch
- Overseas Account Opening System Development
- Global Internet Banking System Development

(3) Regulation Technology with Risk Discipline

- New Capital Accrual System
- AML Monitoring and Detection System Upgrade
- Customer Due Diligence Platform Development
- Supervision Report Automation Platform Development

(4) Operational optimization and System Integration

- E.SUN Foreign System Reengineering
- Core Banking System Migration for Credit Card and Payment Division
- System re-planned for Individual Banking and Wealth Management

5.9.4 Emergency Recovery

(1) E.SUN Bank's Technology Data Center is designed and built according to the concept of Uptime Institute Tier III, which can maintain operation and provide stable hardware resources in the event of a power outage, without affecting the operation of the enterprise. The air-conditioning equipment in Data Center uses a natural cooling system to improve air-conditioning efficiency and to reduce energy consumption and greenhouse gas emissions from power generation, not only to avoid the immediate temperature rise in the event of a power failure causing the computer system to heat up, but also to maintain the energy-saving index PUE (Power Usage Effectiveness) value less than 1.5. This green Data Center practices the promise of sustainable environmental management.

(2) With respect to business continuity measures, except for data protection and local system backup, E.SUN Bank performs drills at least once a year in accordance with the disaster recovery procedures of the Bank's core business systems in order to ensure the effectiveness of business continuity plan.

5.9.5 Emergency Recovery

(1) With respect to safety protection measures, E.SUN Bank adopts a multi-level defense in depth architecture and deploys firewalls, anti-virus, spam filtering, APT intrusion detection and defense, online behavior management systems, etc., to provide multiple guarantees to reduce information security risks. Centralized control of the operating system, vulnerability repairs, regular vulnerability scanning, penetration testing, and multiple scenarios of offensive and defense drills are performed, and information security equipment is also integrated for real-time alarms and dynamic joint defenses in order to check the effectiveness of defenses and event response capabilities.

(2) E.SUN strengthens the security control mechanism of IoT, including management systems such as access environment restrictions, equipment security updates, verification and authorization, etc., to provide a safer office environment.

(3) Overview of the information security operations in 2020:

A. Information security governance: Improve the maturity level of E.SUN Group's security governance by optimizing existing control systems, expanding the application of information security management system, and implementing information security governance through consistent security standards.

B. Information security promotion: Improve the security awareness of all employees through information security trainings, secure software development life cycle trainings and social engineering exercises; establish a secure software development consulting channel to enhance employees' security development capabilities.

C. Information security risk: Perform information security assessments through independent third parties to verify the effectiveness of existing security measures; purchase information security insurance in 2020 to reduce the risk of business interruption and the risk of losing financial profits due to compensation for damages; cooperate with Financial Information Sharing and Analysis Center (F-ISAC) to gain an overall understanding of financial industry's cyber-risk level and to have rapid risk response by setting monitoring scenarios and sharing cyber incident information.

(4) Compliance with International Standards on Information Security:The Bank's Information System Division and Information Security Management Division have consecutively passed ISO 27001 certification and the Bank's Insurance Agent Department had also passed ISO 27001 certification in 2020. Moreover, the Bank's credit card acquisition system has continuously obtained PCI DSS certification.

5.10 Labor-Management Relations

5.10.1 Information on Labor-Management Relations

(1) Employee benefits and status of implementation

A. Care for employees' families and care in the workplace: To encourage E.SUN employees to have children, we have established the E.SUN Baby Growth Fund that provides a subsidy of NT$100,000 for each newborn baby. Likewise, we have established an infant product-sharing platform to enable parents to swap infant supplies and products. Committed to maternal care in the workplace, we have been proactive to organize activities for promoting parent-child relationships. We also have produced a handbook designed specifically for first-time mothers, spelling out healthcare information and benefits available to them. We offer more generous family care and paternity leave than prescribed by the law so that colleagues can have more flexibility and time to care for family members. We have further established the E.SUN Family Care and Child Awards that honor our employees' children for their extraordinary performance at school and in major competitions. Finally, we do our utmost to assist those E.SUN employees who suffer from sickness or injury, unfortunate family events, and natural disasters.

B. Insurance and healthcare: Apart from purchasing labor and health insurance for employees in accordance with applicable laws and regulations,the Bank also provides employees with group insurance, group accident insurance,life insurance, major illness insurance, cancer insurance, and hospitalization and accident medical insurance.As an example, when and if employees experience emergencies or accidents overseas,they can enjoy international support services.We further provide employees with business travel group insurance. All employees stationed or traveling overseas for business are covered by accident insurance, accidental injury medical insurance, overseas emergency hospitalization insurance, and overseas outpatient and emergency care insurance. Premiums for all group insurance (including business travel group insurance) are paid by the Bank. The Bank and its subsidiaries place great emphasis on employees' mental and physical health. Apart from the foregoing benefits, we also provide employees with subsidized access to health check-ups more generous than legally prescribed. Proactively committed to creating a quality workplace, we take the initiative to care for employees.

C. Special leave: Our offer is superior to what is prescribed by the Labor Standards Act. Employees who have worked for more than three months enjoy a number of days off proportional to their length of service.

D. Employee Welfare Committee: The committee offers a full range of employee subsidies and benefits for such occasions as marriage, childbirth, children's education, major illness, hospitalization, and travel, as well as bonuses for the country's three most important traditional holidays.

E. Employee stock ownership trust: To encourage employees to prepare their retirement early on, E.SUN has established an ESOP trust. While employees set aside savings at their discretion each month, the Bank provides an incentive contribution thrice each year.

F. Supportive mortgages for home purchases and consumer loans.

(2) Retirement system and status of implementation

In accordance with the Labor Standards Act, Labor Pension Act, and other pertinent statutes, the Bank and its subsidiaries provide a comprehensive retirement system. Monthly contributions are sent to the Bank of Taiwan under the old retirement reserve fund system. In the case of employees applicable to the new retirement system, the Bank and its subsidiaries contribute the equivalent to 6% of their salaries to the Bureau of Labor Insurance on a monthly basis. To encourage employees to strive for excellence, extra retirement incentives commensurate with extraordinary performance and special contributions are provided in addition to the prescribed retirement pensions.

(3) Status of labor-management agreements and measures taken to preserve employee rights and interests

The Bank and its subsidiaries preserve the rights and interests of labor and management in accordance with applicable laws and regulations, regularly hold labor-management conferences, and issue notices with regard to employee complaints. Communication channels are easily accessible, employees' views are taken seriously, and labor- management relations are harmonious.

5.10.2 Losses suffered due to labor- management disputes during the most recent year and up to the date of printing of this annual report, and the estimated amount expected to be incurred for the present and future as well as preventive measures thus planned: None.

5.10.3 Work place and precautionary measures for employee safety

(1) The Bank and its subsidiaries have installed security systems and personnel throughout their business premises, and are continuing to strengthen training in an effort to effectively maintain workplace, employee, and customer safety.

(2) In order to promote the health and safety of all employees, the Bank and its subsidiaries have drafted labor health and safety management plans and health and safety work rules, organized labor health and safety committee, implemented occupational health and safety policies, and secured occupational health and safety management system certification (ISO 45001). Meanwhile, arrangements are made for occupational health and safety executives, first aid personnel, and fire safety management personnel to undergo pertinent training. On top of education and training sessions designed specifically for new hires, all employees are required to receive general health and safety in-service training as part of our efforts to enhance employees' health and safety consciousness and achieve the goal of a zero-accident workplace.

(3) In accordance with the E.SUN FHC/Subsidiaries Guidelines for Addressing Prevention, Complaints, and Punishment of Sexual Harassment, we have installed a hotline to prevent the occurrence of sexual harassment and establish a welcoming work environment. We seek to eliminate hostility originating from sexual or gender factors in the workplace and protect employees and service recipients from the threat of sexual harassment. After investigation and verification, persons committing sexual harassment will receive appropriate punishment based on the severity of their actions.

6. Financial Information

6.1 Condensed Financial Statements in Recent 5 Years

6.1.1 Condensed Balance Sheet (Consolidated)

Unit NT$ thousand

		Financial information in recent 5 years (Note1)				
		2020(Note 3)	2019(Note 3)	2018 (Note 3)	2017 (Note 3)	2016 (Note 3)
Cash and cash equivalents, due from the central bank and call loans to other banks		175,678,445	128,431,888	132,378,411	131,042,367	99,446,114
Financial assets at fair value through profit or loss		711,285,527	515,299,796	471,874,547	407,970,461	366,077,137
Financial assets at fair value through other comprehensive income		262,807,184	215,119,990	183,206,425	0	0
Debt Instrument Investments Measured at Amortized Cost		16,465,798	12,599,698	8,165,004	0	0
Available-for-sale financial assets		0	0	0	170,204,638	141,099,283
Derivative financial assets for hedging		0	0	0	0	0
Securities purchased under resell agreements		2,300,196	4,971,085	0	0	173,470
Receivables, net		102,011,546	103,685,720	85,316,920	83,129,858	75,992,232
Current tax assets		260,826	312,812	11,644	5,054	0
Assets held for sale, net		0	158,036	0	0	0
Discounts and loans, net		1,620,374,068	1,444,322,101	1,333,277,269	1,211,071,275	1,118,148,669
Held-to-maturity financial assets, net		0	0	0	3,078,813	3,616,960
Investments accounted for using equity method, net		0	0	0	0	0
Restricted assets		0	0	0	0	0
Other financial assets, net		4,231,528	6,413,948	12,051,606	9,426,393	27,301,621
Properties and equipment, net		32,689,294	32,725,301	31,949,501	27,558,614	25,785,381
Right-of-use asset, net		2,993,610	3,124,618	0	0	0
Investment properties, net		2,069,994	2,098,556	2,192,930	2,236,989	2,295,788
Intangible assets		6,119,931	6,141,747	6,045,548	6,138,716	6,162,335
Deferred tax assets, net		1,800,830	1,413,052	1,053,310	926,378	423,706
Other assets		5,890,339	4,192,232	4,814,375	3,547,241	3,608,695
Total assets		2,946,979,116	2,481,010,580	2,272,337,490	2,056,336,797	1,870,131,391
Due to the Central Bank and other banks		54,968,986	57,903,786	72,223,020	66,652,215	52,516,006
Funds borrowed from the Central Bank and other banks		8,044,340	0	0	0	0
Financial liabilities at fair value through profit or loss		70,441,442	59,630,516	50,277,088	43,359,847	42,091,703
Derivative financial liabilities for hedging		0	0	0	0	0
Securities sold under repurchase agreements		11,305,248	7,228,239	12,526,789	12,200,468	8,881,723
Payables		23,219,244	23,641,318	24,505,102	26,406,994	23,638,238
Current tax liabilities		571,907	1,642,424	880,576	1,382,186	1,235,474
Liabilities directly associated with assets held for sale		0	0	0	0	0
Deposits and remittances		2,493,094,038	2,084,141,236	1,887,658,287	1,713,175,352	1,559,551,047
Bonds payable		33,970,000	32,070,000	36,850,000	36,750,000	42,250,000
Preferred stock liabilities		0	0	0	0	0
Other financial liabilities		64,554,092	34,688,249	24,516,845	5,949,739	9,654,553
Provisions		1,151,669	640,003	824,373	474,835	417,808
Lease liabilities		3,105,185	3,126,192	0	0	0
Deferred tax liabilities		1,412,062	1,302,184	1,338,385	697,535	924,744
Other liabilities		3,342,843	3,906,099	2,466,805	2,029,857	1,935,565
Total liabilities	Before distribution	2,769,181,056	2,309,920,246	2,114,067,270	1,909,079,028	1,743,096,861
	After distribution	(Note2)	2,319,239,090	2,121,581,672	1,915,555,185	1,747,715,861
Equity attributable to owners of the Company		177,657,283	170,959,135	158,146,891	147,144,538	126,370,891
Retained earnings	Before distribution	95,241,000	90,481,000	86,370,000	83,121,000	72,628,830
	After distribution	(Note2)	95,241,000	90,481,000	86,370,000	77,081,000
Other equity		26,394,914	25,894,945	25,316,367	24,865,967	19,837,781
Total equity	Before distribution	55,542,067	54,137,758	45,794,293	38,794,234	33,861,600
	After distribution	(Note2)	40,058,914	34,168,891	29,069,077	24,790,430
Other equity		479,302	445,432	666,231	363,337	42,680
Treasury stock		0	0	0	0	0
Non-controlling interests		140,777	131,199	123,329	113,231	663,639
Total equity	Before distribution	177,798,060	171,090,334	158,270,220	147,257,769	127,034,530
	After distribution	(Note2)	161,771,490	150,755,818	140,781,612	122,415,530

Note 1: All financial statements above have been audited and certified by accountants.
Note 2: Earnings distribution of the year (ended December 31) 2018 shall be resolved in the shareholders' meeting.
Note 3: Based on financial statements that have been audited and certified by accountants for previous years.

6.1.2 Condensed Statement of Comprehensive Income (Consolidated)

Unit:NT$ thousand, Except Earnings Per Share

Item \ Year	Financial data 2016-2020 (Note1)				
	2020 (Note1)	2019 (Note1)	2018 (Note1)	2017 (Note1)	2016 (Note1)
Interest revenue	35,779,038	40,950,651	37,003,677	32,656,734	29,530,082
Interest expenses	(14,683,748)	(21,293,502)	(16,972,375)	(12,641,898)	(11,111,075)
Net interest	21,095,290	19,657,149	20,031,302	20,014,836	18,419,007
Net revenues and gains other than interest	32,020,153	33,311,310	28,158,324	24,843,862	21,858,055
Total net revenues	53,115,443	52,968,459	48,189,626	44,858,698	40,277,062
Bad-debt expenses and provision for losses on guarantees	(3,240,639)	(1,603,019)	(3,209,215)	(3,868,941)	(3,462,064)
Operating Expenses	(30,884,890)	(28,652,283)	(24,652,636)	(24,036,459)	(21,383,523)
Income before income tax from continuing operations	18,989,914	22,713,157	20,327,775	16,953,298	15,431,475
Income tax (expenses) benefit	(2,502,362)	(3,053,793)	(3,204,365)	(2,167,696)	(2,171,365)
Net income from continuing operation	16,487,552	19,659,364	17,123,410	14,785,602	13,260,110
Net income (loss) from discontinued operations	0	0	0	0	0
Net income	16,487,552	19,659,364	17,123,410	14,785,602	13,260,110
Other comprehensive income (loss) for the year, net of tax	(948,014)	78,491	(416,560)	219,223	(1,586,945)
Total comprehensive income	15,539,538	19,737,855	16,706,850	15,004,825	11,673,165
Net income attributable to owners of the Company	16,464,910	19,642,947	17,108,315	14,886,870	13,411,351
Net income attributable to non-controlling interests	22,642	16,417	15,095	(101,268)	(151,241)
Total comprehensive income attributable to owners of the Company	15,517,023	19,722,222	16,691,577	15,141,299	11,839,399
Total comprehensive income attributable to non-controlling interests	22,515	15,633	15,273	(136,474)	(166,234)
Earnings per share (New Taiwan Dollars)	1.73	2.17	1.98	1.85	1.85

Note 1 : All financial statements above have been audited and certified by accountants, and are based on financial statements that have been audited and certified by accountants for previous years.

6.1.3 Condensed Balance Sheet (Standalone)

Unit: NT$ thousand

		Financial information in recent 5 years (Note 1)				
		2020 (Note 3)	2019 (Note 3)	2018 (Note 3)	2017 (Note 3)	2016 (Note 3)
Cash and cash equivalents, due from the central bank and call loans to other banks		162,505,435	121,158,407	119,749,611	124,718,876	94,956,018
Financial assets at fair value through profit or loss		710,861,278	515,290,476	471,860,812	407,881,802	366,077,137
Financial assets at fair value through other comprehensive income		249,639,113	203,207,198	174,034,814	0	0
Debt Instrument Investments Measured at Amortized Cost		15,377,331	11,528,075	7,057,308	0	0
Available-for-sale financial assets		0	0	0	169,226,747	139,242,383
Derivative financial assets for hedging		0	0	0	0	0
Securities purchased under resell agreements		2,300,196	4,971,085	0	0	173,470
Receivables, net		100,552,105	102,330,053	84,447,741	82,575,221	75,532,825
Current tax assets		254,992	307,126	5,497	5,054	0
Assets held for sale, net		0	158,036	0	0	0
Discounts and loans, net		1,582,840,048	1,411,123,990	1,308,295,440	1,189,316,642	1,098,470,520
Held-to-maturity financial assets, net		0	0	0	1,946,538	2,475,695
Investments accounted for using equity method, net		13,116,416	12,842,026	12,784,006	12,626,308	12,115,047
Restricted assets		0	0	0	0	0
Other financial assets, net		3,538,640	4,826,328	12,013,815	5,102,429	23,301,821
Properties and equipment, net		30,243,219	30,110,788	29,225,436	25,108,061	23,525,277
Right-of-use asset, net		2,535,933	2,593,792	0	0	0
Investment properties, net		481,472	484,203	472,228	401,360	389,753
Intangible assets		4,902,754	4,863,337	4,709,443	4,793,788	4,643,445
Deferred tax assets, net		1,621,724	1,207,747	813,234	571,230	238,352
Other assets		5,649,588	3,965,549	4,621,232	3,323,103	3,332,967
Total assets		2,886,420,244	2,430,968,216	2,230,090,617	2,027,597,159	1,844,474,710
Due to the Central Bank and other banks		49,650,698	54,796,530	67,786,230	61,027,434	51,419,462
Funds borrowed from the Central Bank and other banks		8,044,340	0	0	0	0
Financial liabilities at fair value through profit or loss		70,250,867	59,620,612	50,248,562	43,359,847	42,091,703
Derivative financial liabilities for hedging		0	0	0	0	0
Securities sold under repurchase agreements		11,305,248	6,372,008	8,587,909	12,200,468	8,881,723
Payables		22,080,632	22,345,616	23,468,429	25,490,692	23,037,241
Current tax liabilities		417,702	1,634,865	831,518	1,379,569	1,219,735
Liabilities directly associated with assets held for sale		0	0	0	0	0
Deposits and remittances		2,446,666,723	2,043,956,870	1,857,918,420	1,692,875,687	1,540,002,824
Bonds payable		33,970,000	32,070,000	36,850,000	36,750,000	42,250,000
Preferred stock liabilities		0	0	0	0	0
Other financial liabilities		58,086,738	31,049,971	21,921,658	4,334,330	6,200,448
Provisions		1,138,350	622,010	794,915	466,553	409,738
Lease liabilities		2,624,186	2,578,995	0	0	0
Deferred tax liabilities		1,402,754	1,285,611	1,262,298	694,053	913,495
Other liabilities		3,124,723	3,675,993	2,273,787	1,873,988	1,677,450
Total liabilities	Before distribution	2,708,762,961	2,260,009,081	2,071,943,726	1,880,452,621	1,718,103,819
	After distribution	(Note 2)	2,269,327,925	2,079,458,128	1,886,928,778	1,722,722,819
Equity attributable to owners of the Company		177,657,283	170,959,135	158,146,891	147,144,538	126,370,891
Capital stock	Before distribution	95,241,000	90,481,000	86,370,000	83,121,000	72,628,830
	After distribution	(Note 2)	95,241,000	90,481,000	86,370,000	77,081,000
Capital surplus		26,394,914	25,894,945	25,316,367	24,865,967	19,837,781
Retained earnings	Before distribution	55,542,067	54,137,758	45,794,293	38,794,234	33,861,600
	After distribution	(Note 2)	40,058,914	34,168,891	29,069,077	24,790,430
Other equity		479,302	445,432	666,231	363,337	42,680
Treasury stock		0	0	0	0	0
Non-controlling interests		0	0	0	0	0
Total equity	Before distribution	177,657,283	170,959,135	158,146,891	147,144,538	126,370,891
	After distribution	(Note 2)	161,640,291	150,632,489	140,668,381	121,751,891

Note 1: All financial statements above have been audited and certified by accountants.
Note 2: Earnings distribution of the year (ended December 31) 2020 shall be resolved in the shareholders' meeting.
Note 3: Based on financial statements that have been audited and certified by accountants for previous years.

6.1.4 Condensed Statement of Comprehensive Income (Standalone)

Unit:NT$ thousand, except earnings per share

Year / Item	Financial data 2016-2020 (Note1)				
	2020 (Note1)	2019 (Note1)	2018 (Note1)	2017 (Note1)	2016 (Note1)
Interest revenue	33,307,197	38,648,775	35,064,333	30,996,842	27,972,962
Interest expense	(13,743,938)	(20,400,566)	(16,267,268)	(11,989,563)	(10,390,621)
Net interest	19,563,259	18,248,209	18,797,065	19,007,279	17,582,341
Net revenues and gains other than interest	31,752,442	33,275,939	27,844,073	23,638,129	20,912,978
Total net revenues	51,315,701	51,524,148	46,641,138	42,645,408	38,495,319
Bad-debt expenses and provision for losses on guarantees	(3,042,182)	(1,541,891)	(3,023,936)	(2,605,817)	(2,364,936)
Operating Expenses	(29,510,565)	(27,311,181)	(23,488,690)	(22,811,076)	(20,412,394)
Income before income tax from continuing operations	18,762,954	22,671,076	20,128,512	17,228,515	15,717,989
Income tax (expense) benefit	(2,298,044)	(3,028,129)	(3,020,197)	(2,341,645)	(2,306,638)
Net income from continuing operation	16,464,910	19,642,947	17,108,315	14,886,870	13,411,351
Net income (loss) from discontinued operations	0	0	0	0	0
Net income (loss)	16,464,910	19,642,947	17,108,315	14,886,870	13,411,351
Other comprehensive income for the year, net of tax	(947,887)	79,275	(416,738)	254,429	(1,571,952)
Total comprehensive income	15,517,023	19,722,222	16,691,577	15,141,299	11,839,399
Net income attributable to owners of the Company	16,464,910	19,642,947	17,108,315	14,886,870	13,411,351
Net income attributable to non-controlling interests	0	0	0	0	0
Total comprehensive income attributable to owners of the Company	15,517,023	19,722,222	16,691,577	15,141,299	11,839,399
Total comprehensive income attributable to non-controlling interests	0	0	0	0	0
Earnings per share (New Taiwan Dollars)	1.73	2.17	1.98	1.85	1.85

Note 1 : All financial statements above have been audited and certified by accountants, and are based on financial statements that have been audited and certified by accountants for previous years.

6.2 Independent Auditors' Auditing Opinion in Recent 5 Years

Chen Yin Chou, CPA, and Huang Jui Chan, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2016, 2017, 2018, and 2019 ended on December 31, and issued an unqualified opinion report. Chen Yin Chou, CPA, and Yang Cheng Hsiu, CPA, of Deloitte & Touche had examined the Financial Statements of E.SUN Bank for the year of 2020, ended on December 31, and issued an unqualified opinion report.

6.3 Condensed Financial Statements in Recent 5 Years

6.3.1 Financial Analysis(Consolidated)

Unit:NT$ thousand

Item	Year	Financial data 2015-2019 (Note1)				
		2020	2019	2018	2017	2016
Operating ratio	Loan-to-Deposit Ratio (%)	66.00	70.19	71.56	71.64	72.69
	NPL ratio (%)	0.19	0.19	0.23	0.23	0.19
	Ratio of interest expenses to average deposit(%) (Note 3)	0.56	0.92	0.77	0.63	0.61
	Ratio of interest revenues to average loans(%)	1.82	2.22	2.21	2.17	2.17
	Total assets turnover (Times)	0.02	0.02	0.02	0.02	0.02
	Average revenue per employee	5,491	5,834	5,434	5,077	4,808
	Average net income per employee	1,704	2,165	1,931	1,674	1,583
Profitability ratio	Ratio of return on tier 1 capital (%)	9.86	12.52	12.20	11.51	12.27
	Ratio of return on total assets (%)	0.61	0.83	0.79	0.75	0.73
	Ratio of return on equity (%)	9.45	11.94	11.20	10.78	10.81
	Profit margin ratio (%)	31.04	37.12	35.53	32.96	32.92
	Basic earnings per share (New Taiwan Dollars)	1.73	2.17	1.98	1.85	1.85
Financial structure	Ratio of debt to assets (%)	93.96	93.09	93.03	97.23	96.01
	Ratio of properties and equipment to shareholders' equity (%)	18.39	19.13	20.19	18.71	20.30
Ratio of growing	Ratio of assets growing (%)	18.78	9.06	10.47	9.96	6.22
	Ratio of income growing (%) (Note4)	-16.39	11.73	19.90	9.86	5.14
Cash Flow (Note 2)	Cash flow ratio (%)(Note5)	9.97	6.19	4.89	17.06	1.03
	Cash flow Adequacy ratio (%)	115.85	121.42	133.64	134.22	48.73
	Cash flow content ratio (%)	(Note2)	(Note2)	(Note2)	(Note2)	(Note2)
Ratio of liquidity preparation (%)		37.86	32.20	30.62	29.50	24.67
Secured loan balance of related-party		19,595,062	16,979,314	14,977,275	13,919,266	12,115,927
Ratio of secured loans balance of related-party (%)		1.16	1.13	1.08	1.10	1.07
Operating Scale	Market share of assets (%)	4.79	4.35	4.15	3.92	3.73
	Market share of equity (%)	4.09	4.09	4.09	4.02	3.64
	Market share of deposit (%)	5.30	4.86	4.67	4.37	4.15
	Market share of assets loans (%)	4.90	4.60	4.43	4.25	4.07

Please provide reasons for changes in financial ratios in last two years: N/A. (Optional if the change ratio is under 20%)
Note 1: All financial data above are based on financial statements that have been audited and certified by accountants for previous years.
Note 2: The net cash outflow from investment activities is negative, and therefore not included in the analysis herein.
Note 3: The ratio of interest expense to average annual balance is lower compared to the previous year, mainly due to an decrease in interest paid on deposit.
Note 4: Average net income per employee is lower compared to the previous year, mainly due to interest rate cut which resulted from the pandemic.
Note 5: The difference was mainly due to the decrease of income before income tax from continuing operation since the increase of operating expenses and bad-debt expenses and provision for losses on guarantees.
Note 6: The difference was mainly due to the decrease of net income from continuing operation.
Note 7: The Ratio of income growing was lower in 2020 than 2019, mainly due to the increase of operating expenses and bad-debt expenses and provision for losses on guarantees.
Note 8: The cash flow ratio was higher in 2020 than 2019, mainly due to the increase of deposits and remittances, which caused increase in cash flow of operating activities.

A. Operating Ratio
(a) Loan-to-Deposit Ratio = Total loans / Total deposits
(b) NPL ratio = Nonperforming loans / Total loans
(c) Interest expense to average total deposits = Total interest expense / Average total deposit.
(d) Interest revenue to average total loans = Total interest revenue / Average total loans
(e) Total assets turnover rate = Net income / Total asset
(f) Average revenue per employee = Net revenues / Employee
(g) Average net income per employee = Net income / Employee

B. Profitability ratio
(a) Tier 1 capital ROE = Net income before tax / Average total tier 1 capital
(b) Ratio o⊏f return on total assets = Income after income tax / Average total assets
(c) Ratio of return on stockholders'equity = Income after income tax / Average stockholders'equity
(d) Profit margin ratio = Income after income tax / Net revenues
(e) Basic Earnings per share =(income and loss attributable to owners of the Company - Dividends for preferred stocks) / Average issued shares

C. Financial structure
(a) Ratio of debt to assets = Total liabilities / Total assets
(b) Ratio of properties and equipment to shareholders' equity = Properties and equipment / Shareholders' equity.

D. Ratio of growing
(a) Ratio of assets growing =(Total assets - Last year total assets) / Last year total assets
(b) Ratio of income growing =(Income before income tax - Last year income before income tax) / Last year income before income tax

E. Analyses for liquidity
(a) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit of loss + Securities sold under repurchased agreements + Current portion of Payables)
(b) Cash flow adequacy ratio = Net cash provided by operating activities(from 2014 to 2018) / from 2014 to 2018(capital expenditure + Cash dividends)
(c) Cash flow content ratio = Net cash provided by operating activities / Net cash provided by investing activities

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

G. Operating Scale
(a) Market share of assets = Total assets / Total assets of all financial institutions which are qualified in deposit and loan business.
(b) Market share of equity = Total stockholders'equity / Total stockholders'equity of all financial institutions which are qualified in deposit and loan business.
(c) Market share of deposit (%)(bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business.
(d) Market share of loans(%)(bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business.

6.3.2 Financial Analysis(Individual)

Unit:NT$ thousand

Item	Year	Financial information in recent 5 years (Note1)				
		2020	2019	2018	2017	2016
Operating ratio	Loan-to-Deposit Ratio (%)	65.70	69.91	71.32	71.17	72.24
	NPL ratio (%)	0.19	0.19	0.23	0.23	0.19
	Ratio of interest expenses to average deposit(%) (Note 3)	0.54	0.90	0.77	0.62	0.58
	Ratio of interest revenues to average loans(%)	1.74	2.16	2.14	2.10	2.08
	Total assets turnover (Times)	0.02	0.02	0.02	0.02	0.02
	Average revenue per employee	5,839	6,203	5,707	5,229	4,965
	Average net income per employee	1,874	2,365	2,093	1,825	1,730
Profitability ratio	Ratio of return on tier 1 capital (%)	10.04	12.89	12.49	12.14	12.96
	Ratio of return on total assets (%)	0.62	0.84	0.80	0.77	0.75
	Ratio of return on equity (%)	9.45	11.94	11.20	10.89	11.00
	Profit margin ratio (%)	32.09	38.12	36.68	34.91	34.84
	Basic earnings per share (New Taiwan Dollars)	1.73	2.17	1.98	1.85	1.85
Financial structure	Ratio of debt to assets (%)	93.83	92.96	92.90	92.74	93.14
	Ratio of properties and equipment to shareholders' equity (%)	17.02	17.61	18.48	17.06	18.62
Ratio of growing	Ratio of assets growing (%)	18.74	8.91	9.95	9.93	5.83
	Ratio of income growing (%) (Note4)	-17.24	12.63	16.83	9.61	7.92
Cash Flow (Note 2)	Cash flow ratio (%)(Note5)	6.56	11.73	-0.06	18.97	5.72
	Cash flow Adequacy ratio (%)	116.15	125.26	121.68	134.12	59.68
	Cash flow content ratio (%)	(note2)	(note2)	(note2)	(note2)	(note2)
Ratio of liquidity preparation (%)		37.86	32.20	30.62	29.50	24.67
Secured loan balance of related-party		19,595,062	16,979,314	14,977,275	13,919,266	12,115,927
Ratio of secured loans balance of related-party (%)		1.19	1.16	1.10	1.13	1.09
Operating Scale	Market share of assets (%)	4.69	4.26	4.08	3.87	3.67
	Market share of equity (%)	4.09	4.09	4.08	4.05	3.62
	Market share of deposit (%)	5.20	4.77	4.59	4.31	4.10
	Market share of assets loans (%)	4.79	4.50	4.35	4.17	4.00

Please provide reasons for changes in financial ratios in last two years: N/A. (Optional if the change ratio is under 20%)

Note 1: All financial data above are based on financial statements that have been audited and certified by accountants for previous years.

Note 2: The net cash outflow from investment activities is negative, and therefore not included in the analysis herein.

Note 3: The ratio of interest expense to average annual balance is lower compared to the previous year, mainly due to an decrease in interest paid on deposit.

Note 4: Average net income per employee is lower compared to the previous year, mainly due to interest rate cut which resulted from the pandemic.

Note 5: The difference was mainly due to the decrease of income before income tax from continuing operation since the increase of operating expenses and bad-debt expenses and provision for losses on guarantees.

Note 6: The difference was mainly due to the decrease of net income from continuing operation.

Note 7: The Ratio of income growing was lower in 2020 than 2019, mainly due to the increase of operating expenses and bad-debt expenses and provision for losses on guarantees.

Note 8: The cash flow ratio was higher in 2020 than 2019, mainly due to the increase of deposits and remittances, which caused increase in cash flow of operating activities.

A. Operating Ratio

(a) Loan-to-Deposit Ratio = Total loans / Total deposits

(b) NPL ratio = Nonperforming loans / Total loans

(c) Interest expense to average total deposits = Total interest expense / Average total deposit.

(d) Interest revenue to average total loans = Total interest revenue / Average total loans

(e) Total assets turnover rate = Net income / Total asset

(f) Average revenue per employee = Net revenues / Employee

(g) Average net income per employee = Net income / Employee

B. Profitability ratio

(a) Tier 1 capital ROE = Net income before tax / Average total tier 1 capital

(b) Ratio of return on total assets = Income after income tax / Average total assets

(c) Ratio of return on stockholders'equity = Income after income tax / Average stockholders'equity

(d) Profit margin ratio = Income after income tax / Net revenues

(e) Basic Earnings per share =(income and loss attributable to owners of the Company - Dividends for preferred stocks) / Average issued shares

C. Financial structure

(a) Ratio of debt to assets = Total liabilities / Total assets

(b) Ratio of properties and equipment to shareholders' equity = Properties and equipment / Shareholders' equity.

D. Ratio of growing

(a) Ratio of assets growing =(Total assets - Last year total assets) / Last year total assets

(b) Ratio of income growing =(Income before income tax - Last year income before income tax) / Last year income before income tax

E. Analyses for liquidity

(a) Cash flow ratio = Net cash provided by operating activities / (Due to the bank + Commercial paper issued + Financial liabilities at fair value through profit of loss + Securities sold under repurchased agreements + Current portion of Payables)

(b) Cash flow adequacy ratio = Net cash provided by operating activities(from 2014 to 2018) / from 2014 to 2018(capital expenditure + Cash dividends)

(c) Cash flow content ratio = Net cash provided by operating activities / Net cash provided by investing activities

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

G. Operating Scale

(a) Market share of assets = Total assets / Total assets of all financial institutions which are qualified in deposit and loan business.

(b) Market share of equity = Total stockholders'equity / Total stockholders'equity of all financial institutions which are qualified in deposit and loan business.

(c) Market share of deposit (%)(bank) = Total deposits / Total deposits held by all financial institutions which are qualified in deposit and loan business.

(d) Market share of loans(%)(bank) = Total loans / Total loans granted by all financial institutions which are qualified in deposit and loan business.

6.3.3 Capital adequacy Ratio

Unit:NT$ thousand

Item			Capital information in recent 5 years (Consolidated) 2020	2019	2018	2017	2016
Eligible capital	Common equity		169,746,710	163,736,378	151,529,663	139,863,762	119,481,671
	Other Tier 1 capital		27,972,199	23,782,500	23,787,739	18,020,470	17,294,464
	Tier 2 capital		46,734,557	50,462,950	51,792,894	49,344,778	51,570,494
	Eligible capital		244,453,466	237,981,828	227,110,296	207,229,010	188,346,629
Risk-weighted assets	Credit risk	Standardized approach	1,339,559,309	1,460,785,074	1,352,101,364	1,232,233,279	1,232,534,478
		Internal ratings - based approach	-	-	-	-	-
		Securitization	-	-	-	-	-
	Operational risk	Basic indicator approach	-	-	-	-	-
		Standardized approach/ alternative standardized approach	125,793,513	85,599,525	77,731,050	69,492,363	60,688,275
		Advanced measurement approach	-	-	-	-	-
	Market risk	Standardized approach	81,222,275	70,789,300	47,862,450	44,490,150	34,100,088
		Internal model approach	-	-	-	-	-
	Risk-weighted assets		1,546,575,097	1,617,173,899	1,477,694,864	1,346,215,792	1,327,322,841
Capital adequacy ratio			15.81%	14.72%	15.37%	15.39%	14.19%
Ratio of Tier 1 capital to risk-weighted assets			12.78%	11.60%	11.86%	11.73%	10.30%
Ratio of common equity to risk-weighted assets			10.98%	10.12%	10.25%	10.39%	9.00%
Leverage Ratio			6.32%	7.06%	7.22%	7.23%	6.84%

Unit:NT$ thousand

Item			Capital information in recent 5 years (Standalone) 2020	2019	2018	2017	2016
Eligible capital	Common equity		167,478,087	161,585,961	149,446,951	137,835,715	117,217,039
	Other Tier 1 capital		24,486,398	20,353,674	20,368,923	14,647,495	14,031,679
	Tier 2 capital		39,032,950	43,289,697	44,371,239	42,000,841	43,688,237
	Eligible capital		230,997,435	225,229,332	214,187,113	194,484,051	174,936,955
Risk-weighted assets	Credit risk	Standardized approach	1,281,158,937	1,395,412,290	1,298,702,048	1,185,638,241	1,183,636,579
		Internal ratings - based approach	-	-	-	-	-
		Securitization	-	-	-	-	-
	Operational risk	Basic indicator approach	-	-	-	-	-
		Standardized approach/ alternative standardized approach	121,079,875	82,085,088	74,177,125	66,504,500	58,867,763
		Advanced measurement approach	-	-	-	-	-
	Market risk	Standardized approach	74,951,988	62,914,525	42,608,000	43,661,600	33,630,263
		Internal model approach	-	-	-	-	-
	Risk-weighted assets		1,477,190,800	1,540,411,903	1,415,487,173	1,295,804,341	1,276,134,605
Capital adequacy ratio			15.64%	14.62%	15.13%	15.01%	13.71%
Ratio of Tier 1 capital to risk-weighted assets			13.00%	11.81%	12.00%	11.77%	10.28%
Ratio of common equity to risk-weighted assets			11.34%	10.49%	10.56%	10.64%	9.19%
Leverage Ratio			6.28%	7.02%	7.17%	7.11%	6.69%

Note 1: Eligible capital = Common equity + other Tier 1 capital + Tier 2 capital.
Note 2: Risk-weighted assets = Risk-weighted assets for credit risk + Capital requirements for operational risk and market risk x 12.5.
Note 3: Capital adequacy ratio = Eligible capital / Risk-weighted assets.
Note 4: Ratio of Tier 1 capital to risk-weighted assets = Tier 1 capital / Risk-weighted assets.
Note 5: Ratio of Tier 2 capital to risk-weighted assets = Tier 2 capital / Risk-weighted assets.
Note 6: Ratio of Tier 3 capital to risk-weighted assets = Tier 3 capital / Risk-weighted assets.
Note 7: Ratio of common stock to total assets = Common stock / Total assets.

6.4 Audit Committee Report

Audit Committee Report

To: E.SUN Bank

The 2020 consolidated financial statements of E.SUN Bank ("the Bank") have been prepared in accordance with the "Guidelines Governing the Preparation of Financial Reports by Public Banks", "Guidelines Governing the Preparation of Financial Reports by Securities Firms", "International Financial Reporting Standards", "International Accounting Standards", "IFRIC Inter pretations" and "SIC Interpretations" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. And, the 2020 standalone financial statements of the Bank have been prepared in accordance with the "Guidelines Governing the Preparation of Financial Reports by Public Banks" and "Guidelines Governing the Preparation of Financial Reports by Securities Firms". CPA Chen Yin Chou and CPA Yang Chen Hsiu of Deloitte & Touche have been appointed by the Bank to audit the consolidated and standalone financial statements mentioned above. After reviewing the financial statements, the Audit Committee has found them to meet the requirements of the applicable laws and guidelines. The report is hereby prepared in accordance with Article 14-4 and Article 36 of Security and Exchange Law and submitted along with the financial statements of the Bank for the Board's approval.

Ryh-yan Chang

Ryh-Yan Chang
Convener
Audit Committee
E.SUN Bank

Date: March 9, 2021

7. Risk Management

E.SUN's business development policies place security and liquidity first, followed by returns and then growth. E.SUN's main five business divisions including consumer banking, corporate banking, wealth management, treasury, credit card and payment finance division have all established risk management departments that are responsible for direct management of risk operations. Regarding product designation, operational procedures and business marketing, E.SUN is continuously engaging in risk identification, measurement, supervision and control tasks that are independent of the respective business operations.

Apart from each risk management department under different business divisions, E.SUN has established the Risk Management Division in order to centralize screening, supervision and coordination of the Bank 's risk management mechanisms. The division is in charge of formulating risk management policies and principles that serve as guides for all business units. It also supervises and coordinates the operation of risk management mechanisms in these offices. In addition, E.SUN's risk management policies are linked with capital adequacy. Guidelines under the rule of Basel Capital Accord have been used as a basis in formulating rules and procedures that are intended to ensure an appropriate risk appetite, risk reporting lines, and capital adequacy. The aforementioned reports are reviewed regularly and reported to the board and Risk Management Committee of the E.SUN FHC as foundations for adjustment for risk management related policies and operational strategies.

7.1 Qualitative and Quantitative Information Concerning Risk Types

7.1.1 Credit Risk Management Institution and Capital Charges

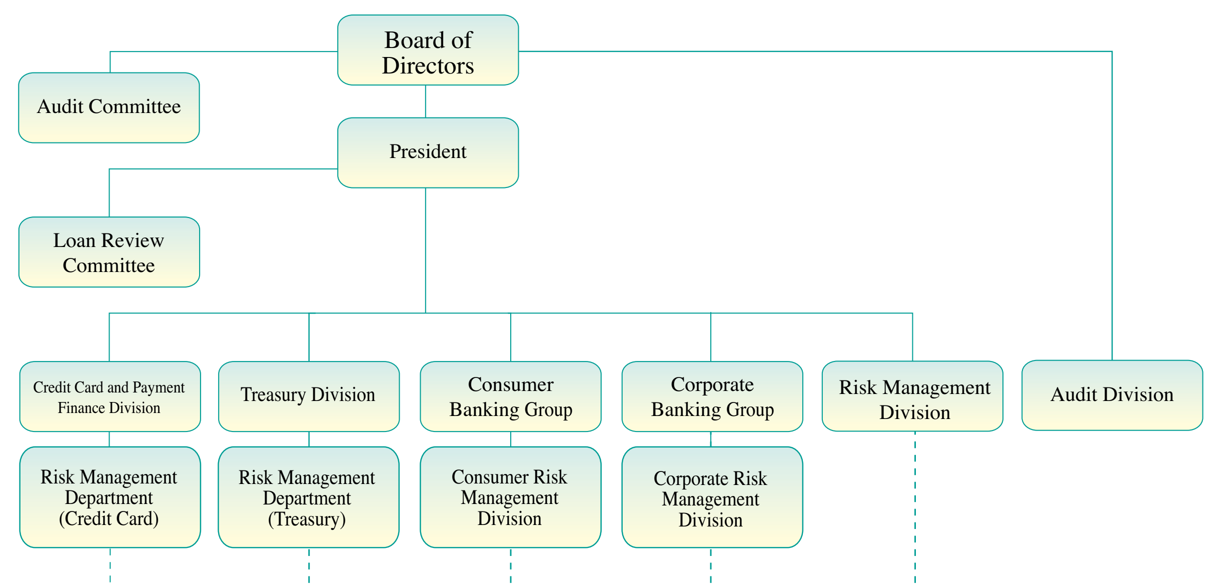
Credit Risk Management Institution

A.Credit Risk Strategies, Goals, Policies and Processes

The objective of the Bank's credit risk management and development strategy is to comply with the supervisor and to establish "General Principles of Credit Risk Management", internal lending and transaction with counterparties' risk control mechanisms, thus continuing to assess and to follow with domestic and foreign economic, financial and ESG trends, make adjustments to internal criteria and risk appetite, which considers both economic and climate change stress scenario. E.SUN complies with Basel Capital Accord, set up comprehensive credit management institution and adopt credit evaluation models which are validated regularly by credit rating model management framework. To effectively control credit risk concentration, E.SUN establishes credit risk limits and counter parties limits according to different aspects, including nationality, industry, business conglomerate, and rating. Furthermore, we report to the authorities regularly and continue to strengthen our own risk management abilities, complying with the authorities' requirements.

B.Credit Risk Management Organization and Framework

Each main business division has established a risk management department to facilitate the identification and handling of risk on the business line, to establish acceptance risk limits, and create indicators for use in monitoring risk. In addition, E.SUN establish a Credit Committee to assess material credit risk. For its part, the Risk Management Division formulates risk management policies and principles, bears responsibility for assessing and monitoring Bank-wide risk management quality, and regularly reports to the board and the Risk Management Committee of the E.SUN FHC. E.SUN's credit risk management organization is shown in the schematic diagram below.



C. Scope and Features of Credit Risk Reporting and Measurement System

The objective of Bank departments responsible for establishing risk controls and managing risk, as well as credit risk assessment and management procedures, is to monitor credit risk, engage in credit rating, manage the level of credit extended, mid-term management, and monitor loans after they have been disbursed. Every departments which is responsible for risk management in E.SUN adopts various measures to effectively monitor such risk and regularly produces reports that detail its efforts to manage credit risk. The Bank also releases data that provide a true picture on all types of credit risk, including sovereign risk, counterparty credit risk, large amounts of exposure, concentration of credit in specific industries, and amount of credit extended to a single institution or conglomerate. This data is forwarded to managers instantaneously at all levels so they are aware of the level of risk exposure.

E.SUN has used existing historical customer data to develop the Internal Rating System, which is regarded as the Scientific framework of measuring credit risk and also has completed the roll-out of credit risk data mart, a consumer banking and corporate banking IRB model. The IRB rating model has been integrated with the Bank's credit processing system(CPS). In addition, reviews and improvements to the mechanisms are constantly being carried out, including credit risk control policies, measurement procedures, and credit development strategies.

D. Credit Risk Hedging or Risk Mitigation Policies; Strategies and Processes to Monitor the Continued Effectiveness of Risk Mitigation Tools

Credit risk mitigation refers to techniques used to reduce credit risk, thereby reducing total risk weighted assets and required capital charges. For instance, collateral, third-party guarantees, trading credit derivatives as a hedge, using the counterparty's deposits to offset its liabilities or asset securitization can be used to shift credit risk from the Bank. E.SUN's credit handbook explicitly states that in order to avoid losses associated with defaults by a counterparty, collateral must be provided by the counterparty or a third party. At the same time, E.SUN effectively reduces its credit risk by requiring guarantees from the Taiwan Small and Medium Enterprise Credit Guarantee Fund on lending to SMEs and credit insurance for personal credit loans.

E. Approach to Determining Regulatory Capital Charges: Standardized Approach.

The Standardized Approach to Credit Risk:
Exposure after Risk Mitigation and Capital Charges

December 31, 2020 unit : NT$ thousand

Category of Exposure	Exposure after Risk Mitigation	Capital Charges
Sovereign	175,428,993	29,426
Public Sector (Non-central government)	6,123,854	98,527
Banks (including multilateral development banks and CCP)	269,651,480	8,982,607
Corporate (including securities and insurance companies)	464,531,128	34,526,617
Retail Bonds	198,124,131	10,693,117
Real Estate	1,081,792,741	44,852,741
Equity Investments	1,036,454	82,916
Capital requirements for banks' equity investments in funds	0	0
Other Assets	54,421,224	3,226,764
Total	2,251,110,005	102,492,715

7.1.2 Operational Risk Management institution,Exposure and Capital Charges

Operational Risk Management Institution

A. Operational risks are resulting from inadequate or failed internal processes, people and systems or from external events. Regarding the prevention of internal operation risks, we establish a thorough operating system, cultivate employees risk awareness and develop a disciplined company culture. We also contain three lines of defense in internal control system to ensure the effectiveness of the design and execution of our internal control system. The first line of defense is each of our bank's departments and their business operations. Each department is responsible for the risks involved in its daily operation. They are in charge of recognizing and controlling such risks as well as organizing and operating effective internal control procedures within all of its business operations according to the risk characteristics. The second line of defense is independent from the functions and departments of the first and third lines of defense, including risk management, regulatory compliance, and other specialized departments. The second line of defense's main purpose is to assist and supervise the first line of defense while it recognizes and manages risks. The second line of defense is also in charge of designing the risk management policies of the entire bank and supervising its entire risk taking ability, evaluating the risk taking condition, and reporting the risk management progress to the board or higher-level management. The third line of defense is internal independent audit, who is responsible for assisting the board of directors and management to evaluate and review the effectiveness of risk management and internal control system and the operational efficiency. In addition, internal independent audit needs to evaluate the risk monitor effectiveness of the first and second lines of defense and also review their compliance.In addition to providing extensive education and training to personnel, E.SUN has also drafted rules and regulations to guard against operational risk. In addition, in order to ensure protection against risk caused by external events, E.SUN continuously monitors the market environment, customer behavior, changes in technology, and laws and regulations. This enables it to be sensitive to any steps that need to be taken and react appropriately and immediately.

The Bank's operational risk management process consists of process analysis, risk identification, risk evaluation, risk measurement and monitoring. Among the tools adopted are Risk Control Self-Assessment, Key Risk Indicators (KRIs) and Operational Risk Loss Data Collection. Drawing on the management instruments cited above, the Bank is able to keep an across-the board update of operational risk and take corrective measures wherever greater risks are posed, thereby keeping operational risk under control.

E.SUN has established the Administration Direction for New Product (Service) Regulator Compliance and Risk Management, which requires each business management department to assess the regulator compliance and risk degree involved before offering or applying for re-offering any new product or service, in order to maintain the possible regulatory compliance and operational risks.

B. Operational Risk Management Organization and Framework

As the Bank's highest-ranking decision maker with regard to operational risk management, the board of directors is in charge of setting operational risk management guidelines and risk appetite among other key decisions on this front in accordance with the Bank's operating strategy and business environment. That is, it is responsible to ensure that the Bank's operational risk management mechanism works effectively. In turn, the Risk Management Division is given the duty of designing and introducing the Bank's operational risk management mechanism, setting and revising operational risk management regulations, and tracking and monitoring operational risk management practices at all the business divisions. Besides presenting suggestions on corrective measures, it is also supposed to consolidate operational risk management information across the Bank and regularly report it to the board and Risk Management Committee. For their part, business units shall map out operational manuals and regulations as the basis of their supervising operating units' implementation of operational risk management. In accordance with the operational regulations laid down by business units, operating units are supposed to work with the former in identifying operational risk and undertake all the necessary risk management tasks prescribed by the Bank. It is the duty of the Auditing Division to evaluate and verify if every unit has adopted an effective operational risk management framework, process and systems on a regular basis.

C. Scope and Features of Operational Risk Reporting and Measurement System

The Bank has established Guidelines for Risk Control Self-Assessment, Guidelines for the Design and Reporting of Operational Risks and Key Risk Indicators, and Guidelines for the Collation of Operating risk-loss Events. By using the completed operating risk management system, the Bank regularly conducts risk control self-assessment and grades potential operational risk exposure into a number of levels, from slight to severe, and devises action plans accordingly. Meanwhile, KRIs are adopted to monitor operational risk changes and offer early warning; threshold values are set for these KRIs to serve as the basis for determining if countermeasures are warranted. When it comes to Operational Loss Data Collection, the Bank uses 8 categories of business types and 7 types of loss event to keep tracking operational risk as it occurs and comes up with an appropriate action plan to keep it under control.

The department of Operational Risk management in the head office will regularly disclose information detailing its monitoring of operational risk throughout the Bank. Operational risk data and other related information is compiled and presented in reports to senior management, the Risk Management Committee, and the board of directors.

D. Operational Risk Hedging or Mitigation Policies; Strategies and Processes to Monitor the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools

E.SUN has taken out general insurance to cover the daily operations of its branches. This insurance covers cash on hand, cash in transport, cash in automated machinery, machinery and asset in offices and employee fidelity. By outsourcing some operation and taking insurance, the Bank transferred some operational risks.

E. Approach to Determining Regulatory Capital

As of December 31, 2020 unit:NT$ thousand

Year	Gross Income	Capital Charged
2018	46,475,795	-
2019	51,170,247	
2020	50,167,827	
Total	147,813,869	9,686,390

Charges: Standardised Approach.

7.1.3 Market Risk Management System, Exposure and Capital Charges

(1) Market Risk Management institution

A. Market Risk Managerial Strategy and Processes

In order to avoid giant risk from fluctuations in the prices of equities, commodities, interest rates and foreign exchange rates, and from any correlation between these prices of these items, all financial transactions must be carried out in accordance with the Principle of Market Risk Management, Financial Product Evaluation Framework, Guidelines on Authorities of Handling Financial Transactions and Procedures for Handling Derivatives Transactions. In addition, VaR must be calculated in accordance with definitions set for by the Bank for International Settlements, besides, we have established the Financial Product's Price Check mechanism to monitoring whether the deal price is accurately marked to market, and we will report the result to the managers in an effort to control E.SUN's market risk.

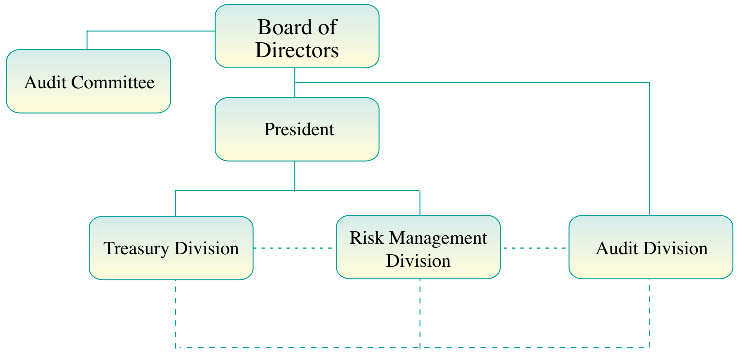
To protect client rights in operating financial derivatives, we have established the Administration Direction for Client Operation in Financial Derivatives, specifying the prices of derivatives and basic complete price evaluation, risk costs, hedge costs, operating costs, and fair return, in order to carefully assess the rationality involving the prices of client financial derivatives.

The Bank also introduced a new valuation and risk management system of financial products to improve professional skill of the associates and market risk management capability of the Bank. Market risks associated with financial market fluctuations and investment or trading position are better controlled.

Regarding our market risk management procedure, including specifying the sources of market risks in various financial product exchanges, we apply suitable measurements to regulate each market risk limit, establish limits and exception management, report the market risk management information to higher-level management on a daily basis, and report the market risk distribution within the bank to the Financial Risk Management Committee and the board of directors regularly as a reference for decision making regarding risk management policies.

B. Market Risk Management Organization and Framework

We have established the Market Risk Management Guidelines. In terms of controlling responsibilities, the Risk Management Department is in charge of designing the market risk management system, establishing market risk management regulations and an internal control system, and operating the market risk management within the whole bank, including risk recognition, assessment, internal reporting, external disclosure, and regulation. Including financial product's market risk managements, evaluating the far value and limit control for counterparty and market risk. We will report our market risk exposure, stress test and the result of all market risk's limits control to the Risk Management Committee, and the board of directors regularly. With above systematized managements we can immediately and comprehensively handle the market risks. The figure below is the market risk management's framework:



C. Scope and Features of Market Risk Reporting and Measurement System

Regarding market risk management, E.SUN presently employs the Reuters Kondor+ system, Murex system, Numerix software with data mart of Bloomberg and Reuters to evaluate and monitor trading positions and real-time pricing. The system also generates VaR for all investment and trading position carried out in the Bank , helping monitor the risks. Besides, E.SUN Bank uses KGR and MLC system to manage real-time position limits, taking market volatility into consideration to manage market risk and counterparty limits.

D. Market Risk Hedging or Risk Mitigation Policies; Strategies and Processes for Monitoring the Continued Effectiveness of Risk Avoidance and Risk Mitigation Tools

We employ our system to calculate risk factors of financial products, and use appropriate derivatives to hedge and reduce the Bank's risk exposure. We also signed ISDA and CSA contracts with counterparties, and obtain credit enhancement or strengthen security to reduce our counterparty risk through obtaining collateral, etc.For standardized and high liquidity derivatives, the settlement is conducted through central clearing counterparty (CCP) to undermine counterparty risk and capital requirement.

E. Approach to Determining Regulatory Capital Charges

(2) Market Risk Capital Charged

December 31, 2020 unit : NT$ thousand

Risk Type	Capital Charged
Interest rate risk	4,318,588
Equity Securities risk	1,339,013
FX risk	330,085
Commodity Risk	8,473
Option based on simple method	0
Total	5,996,159

The capital charge for foreign exchange options positions of the Bank are calculated using sensitivity analysis (Delta-plus), for which E.SUN has been approved to do by the regulatory authority. All other financial products are calculated using the standard approach.

7.1.4 Program for Anti-Money Laundering and Combating the Financing of Terrorism

A. Policies and Procedures for Anti-Money Laundering and Combating the Financing of Terrorism. Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) issues are important task and goal jointly promoted by the international community. In order to cooperate with the competent authorities to increase the possibility of prosecution of money laundering crimes, establish a transparent fund flow track, enhance relevant systems, and strengthen international cooperation, the Bank continues implementing various AML/CFT mechanisms, including the addition and revision of AML/CFT policies and procedures in Taiwan and at our overseas affiliates, improving customer due diligence measures, optimizing the anti-money laundering monitoring and screening system, and improving the implementation of AML/CFT and professions of AML/CFT related employees at Taiwan and at our overseas affiliates through comprehensive training.

In compliance with international standards, such as the Forty Recommendations of the Financial Action Task Force (FATF) on AML/CFT, laws and regulations promulgated by the government or competent authorities, such as the Money Laundering Control Act, Counter-Terrorism Financing Act, and Regulations Governing Anti-Money Laundering of Financial Institutions, the Bank continues to add and revise internal regulations in year 2020, including formulating the new "E.SUN Bank Money Laundering and the Financing of Terrorism Risk Appetite Policy", establishing qualitative and quantitative risk appetite indicators for the Bank; the new "the Guideline for the Evaluation of the Influence of Politically Exposed Persons of E.SUN Bank", the content includes the key factors of evaluation of their influence, the implementation process and the continuous review mechanism. Additionally, E.SUN Bank revises its internal regulations in accordance with regulatory amendments, and continuously refines its processes and measures for customer due diligence, name screening, suspicious transaction monitoring and reporting, etc. Regarding AML/CFT management for overseas locations, we continuously promote several mechanisms, such as information sharing at group level and regulatory gap analysis, to establish unified standards of management worldwide, assist overseas units in improving customer risk scoring methods, monitoring conditions and parameter thresholds of transaction monitoring systems, and through exchanges and meetings and other mechanisms, to effectively manage the execution of overseas units AML/CFT work.

B. Organization and framework

In order to effectively implement the Program of Anti-Money Laundering and Counter Terrorism Financing, independency, and the principles of three lines of defenses, we have implemented:

(a) We have designated a dedicated AML/CFT Responsible Officer, who is responsible for promoting, coordinating, and supervising the implementation of AML/CFT measures; the executive reports of AML/CFT internal control measures and the state of implementation are submitted to the board of directors and audit committee at least semi-annually.

(b) We have assigned AML department of Risk Management Division served as our dedicated unit in charge of determining AML/CFT policies and operating standards, monitoring suspected money-laundering transactions bank-wide, monitoring bank-wide money-laundering control mechanism, and managing money-laundering control work at overseas affiliates (including branches and subsidiary). This dedicated unit must report the status and results of its money-laundering control to AML Responsible Officer at least semi-annually.

(c) The Audit Division determines relevant audit items in accordance with internal control measures and relevant regulations, and performs regular audits.

C. Money-laundering and terrorism financing risk management strategy

In order to fully implement the Bank's money-laundering controls and combating the terrorism of financing policies and reduce risk, the Bank continues to develop AML related system, and to enhance the parameters and thresholds setting for transaction monitoring and name screening system etc.

In terms of ongoing due diligence work, in addition to continuing to promote customers to use online banking/mobile banking to update information, the Bank also added a service channel "Personal Basic Information Update Platform" on the official website in October 2020 to allow user who has not applied for digital channel service to update data online. In order to grasp the latest appearance and changes of customer risks, due diligence will be triggered when there are major changes in customer identity or suspicious transactions. The related processes of trigger events review will continue to be refined in the future.

Likewise, E.SUN Bank encourages employees to deepen their professional skills and provides a multitude training programs, including broadcasting monthly training globally in the video conference meeting to improve their professional knowledge and shape bank-wide awareness and culture. E.SUN Bank also promotes domestic and international professional certifications approved by competent authorities (e.g., Certified Anti-Money Laundering Specialist, CAMS). As of the end of 2020, 336 E.SUN Bank employees have acquired CAMS credential; and 548 employees have passed the Professional Exam for Anti-Money Laundering and Countering Terrorism Financing Specialist, and obtained the relevant licenses. In addition, the rate of AML/CFT professional licenses held by the Bank's AML/CFT Supervisory officers has reached 66%, an increase of approximately 30% from the end of 2019. E.SUN Bank has made use of the enterprise membership of the Association of Certified Anti-Money Laundering Specialists (ACAMS). Benefits include online education and training as well as access to a forward-looking global news database on AML/CFT, thereby providing additional global training materials, enhancing the depth and breadth of employees' expertise, and shaping the AML/CFT awareness and culture among our units. In 2020, the Bank continue to use the ACAMS enterprise membership's resources to grasp the latest international AML trends, by recommending online courses, including international crime trends, sanctions, etc. to AML/CFT related personnel for their reference.

In recent years, international organizations and authorities have paid high attention to the AML/CFT supervision system, and the regulations have become more stringent. In the face of various AML/CFT compliance work, E.SUN will continue to implement various internal and external regulations. With unswerving tenacity, E.SUN Bank treats AML/CFT compliance tasks as its long-term mission, and continues to promote projects for strengthening AML/CFT; comply with international AML laws and regulations; amend the group's domestic and overseas AML policies and procedures; refine customer due diligence control measures; and constantly develop AML/CFT relevant systems, all for the benefit of AML/CFT overall financial environment.

7.1.5 Information Security Risk

(1) Information Security Risk Governance

To ensure the effectiveness of our information security management, E. SUN Bank has adopted international standards as the basis for managing information systems, and has used those standards as guidelines to comply with domestic and foreign regulations. Currently, the Bank has acquired ISO/IEC 27001:2013 (Information Security Management System; ISMS), BS10012:2017, and PCI DSS certifications. The Bank has deployed relevant defense mechanisms and built vulnerability management system in response to the constantly changing hacking techniques. Each year, a third party is commissioned to conduct assessment on E. SUN Bank's information security. In addition, the Bank also works with external information security experts to conduct penetration tests and scenario-based attack/defense drills to measure the effectiveness of the Bank's defense mechanism and incident response plan. To handle information security incidents, the Bank has established incident response processes, including E.Sun Financial Holding Co., Ltd. and Subsidiaries Emergency Response and Crisis Management Procedures, E.Sun Financial Holding Co. Ltd. and Subsidiaries Emergency Response Rules for Personal Information Incidents, Major Information Security Incident Handling Process, and Guidelines for Information Security Incidents. When we receive information about a suspected information security incident, we first determine the level of severity, predict the outcome based on the level of severity, submit relevant assessment reports, and form an emergency incident response team to prepare analysis, minimize damages, and conduct investigations so to calm the crisis quickly and efficiently. E.SUN Bank believes that "No business activity shall take precedence over risk control and that all services shall comply with the regulation." Furthermore, we believe that information security practices should be incorporated into every aspect of our daily operations.

(2) Information Security Risk Management Procedure

The Bank continues to strengthen its ISMS by defining standard operating procedures, documenting instruction manuals, having measures in place to control potential threats and vulnerabilities, developing risk assessment metrics, implementing and executing control mechanisms, and following the plan-do-check-act (PDCA) management method in making amendments. The PDCA method is as follows:

(a) Plan: Conduct risk assessment on threats, vulnerability, and existing control mechanisms that influence the security of information system.

(b) Do: Design, build, and implement a control mechanism based on the assessment results.

(c) Check: Regularly conduct internal audits on information security ensure that the ISMS is validand make sure practices are executed as expected through Senior managers' review.

(d) Act: Implement correction and prevention measures based on auditing results, improve and implement control mechanism, and provide information security awareness training to employees.

7.1.6 Asset and Liability Management

(1) Liquidity Risk Management

The Risk Management Department is in charge of designing a liquidity risk management system, establishing related regulations and an internal control system, and carrying out all the liquidity risk management tasks, including risk recognition, assessment, internal reporting, external disclosure, and regulation. E.SUN has drafted liquidity risk management policy, asset and liabilities management policy, interest rate risk management procedure and principles for liquidity risk management. Various control factors are monitored on a daily basis, and Bank wide liquidity risk is regularly subjected to stress tests to ensure the expected impact on the liquidity is within the acceptable level, and regularly reported to Asset-Liability Management Committee, Risk Management Committee and the board.

(2) Asset and Liability Maturity Analysis

A. TWD Maturity Term Structure Analysis

December 31, 2020 unit : NT$ thousand

	Total	Time to maturity					
		0~10 days	11~30 days	31~90 days	91~180 days	181~365 days	more than 1 year
money inflow	2,448,831,778	344,703,588	299,351,504	149,592,376	155,542,547	193,849,860	1,305,791,903
money outflow	2,842,099,491	109,238,336	207,374,677	382,804,737	299,536,324	519,960,283	1,323,185,134
term gap	(393,267,713)	235,465,252	91,976,827	(233,212,361)	(143,993,777)	(326,110,423)	(17,393,231)

B. USD Maturity Term Structure Analysis

December 31, 2020 unit : USD thousand

	Total	Time to maturity				
		0~30 days	31~90 days	91~180 days	181~365 days	more than 1 year
money inflow	42,481,080	11,662,662	9,746,837	4,425,030	5,236,198	11,410,353
money outflow	50,066,649	12,207,491	11,545,415	9,832,924	13,142,825	3,337,994
term gap	(7,585,569)	(544,829)	(1,798,578)	(5,407,894)	(7,906,627)	8,072,359

7.2 Important policies adopted and changes in the legal environment at home and abroad, their effect on the Bank's finances and operations, and measures taken in response:

7.2.1 Execution of AML/CFT

(1) Taiwan is a member of the Asia/Pacific Group on Money Laundering (APG). In order to re-establish cash flow order, enhance both government and private institution prevention of money laundering, strengthen Taiwan's anti-money laundering situation, and improve the international legal system collaboration, Taiwan amended the Anti Money Laundering Law on December 28, 2016 in accordance with the forty recommendations of the Financial Action Task Force (FATF) and international agreements and legislation. The revised Anti Money Laundering Law was put into effect on June 28, 2017 and then amended on November 7, 2018. The Financial Supervisory Commission also established "Regulations Governing Anti-Money Laundering of Financial Institutions" according to the law.

(2) In order to actively implement AML/CFT operations, the Bank is required to formulate AML/CFT policies and procedures for due diligence, name screening, transaction monitoring, and employee management. the Bank continue to add and revise internal regulations in year 2020, including the new "E.SUN Bank Money Laundering and the Financing of Terrorism Risk Appetite Policy", and the establishment of qualitative and quantitative risk appetite indicators for the Bank. In terms of due diligence, relevant internal regulations have also been revised to strengthen the identification of beneficial owner and the risk assessment mechanism for politically exposed person, and to ensure the effectiveness of the anti-money laundering and combating the financing of terrorism plan based on the structure of the three lines of defense of internal control.

7.2.2 Trust 2.0 (Comprehensive Trust)

(1) In order to enhance trust service functions and develop comprehensive trust business, the FSC promotes the Trust 2.0 "Comprehensive Trust" promotion plan which will integrate various financial products, build friendly residence, aging in place, assist asset management, ensure economic security, cross-industry alliance, fulfill diversified needs, integrate securitization tools, and develop multiple markets.

(2) E.SUN Bank has established a trust 2.0 promotion working group, which will expand the bank's service contacts, provide customized trust services such as social care, economic safety and consumer protection to consumer, also organize trusts seminar promotion on different customer groups. Internally, E.SUN Bank will promote the training and reward mechanism for the licenses of "family trust planning consultant" and "senior financial planning consultant" to comprehensively enhance the trust profession.

7.2.3 "Directions Governing the Scope, Procedures and Other Items on the Reporting of Material Contingencies by Financial Institutions" and "Directions Governing the Scope, Procedure and Other Items on the Reporting of Material Contingencies for Insurance Agents and Insurance Brokers"

(1) On November 16, 109, the FSC has amended the "Directions Governing the Scope, Procedures and Other Items on the Reporting of Material Contingencies by Financial Institutions" to adjust the scope of notifications on major incidents and banks that concurrently operate insurance agents or insurance brokers. When critical contingency occurs, shall be handled in accordance with the "Directions Governing the Scope, Procedures and Other Items on the Reporting of Material Contingencies by Financial Institutions".

(2) E.SUN Bank has completed the revision of internal regulations in accordance with external regulations, and has established standard procedures for emergency response and crisis management. If there are emergencies, abnormal occurrences and critical contingencies, the emergency response mechanism will active and a good internal notification mechanism will be established.

7.2.4 Follow up on execution of the Volcker Rule

On January 1, 2021, the Volcker Rule amendment came into effect. The main revisions include: (1) Set the applicable threshold for financial institutions, adopting a step-by-step management method; (2) Adjust the definition of trading account; (3) Add financial instruments that can be used for liquidity management; (4) Exemption for proprietary trading (SOTUS) applicable conditions; (5) Applicable conditions of regulated fund exemptions (SOTUS). In the future, the Bank will conduct a review of relevant management regulations to comply with the US regulatory situation.

7.2.5 IBOR Transition

The malpractices of banks' joint manipulation of LIBOR since 2012 have caused market doubts about the credibility and reliability of LIBOR.LIBOR is a widely used pricing benchmark for global financial commodity contracts. Its business scope includes foreign currency lending, derivative financial products, investment in foreign currency bonds, and wealth management. Therefore, the management of financial indicators in major countries has begun discussions and developed alternative interest rate indicators to replace LIBOR.

In order to identify and respond to the risk of LIBOR exit, E.SUN Bank established a LIBOR transposition response team to deal with the product conversion, contract revision, communication between customers and investors, system and process adjustments, taxation, evaluation model and financial affairs related to the domestic and foreign unit operations of E.SUN Bank.

The transposition response team regularly tracks the progress of the entire bank and adjusts the schedule in a timely manner based on the requirements of the competent authorities of various countries and the actual business operation status of E.SUN Bank, and reports the relevant progress to the management to ensure the successful progress of the overall transposition plan.

7.2.6 Margin Requirement

In response of Global Financial Crisis in 2008, the Group of Twenty (G20) initiated a reform in 2009 to reduce the systemic risk and enhance the risk capacity in OTC derivative, which require by different types of instrument and notional amount. For Non-centrally cleared OTC derivative would require margin movement which include Variation margin and Initial Margin. According to the different implement phases, E.SUN will imply the initial margin in September 2022.

7.2.7 Common Reporting Standard, (CRS)

(1) The Ministry of Finance has promulgated the "Regulations Governing the Implementation of the Common Standard on Reporting and Due Diligence for Financial Institutions" on November 16, 2017. E.SUN Bank has conducted due diligence on new individual and entity accounts since 2019, and will report to the tax authorities the information of each reportable account and undocumented account in respect of a previous calendar year by the end of June 2020.The review and report procedures for lower value accounts and existing real accounts will be completed by the end of June 2021.

(2) The overseas Branches of E.SUN Bank such as China, Hong Kong, Singapore, Japan and Australia have signed tax treaties, and consultants have been appointed to assist in importing project planning. Hong Kong, Singapore and Japan will implement the new account review process in January 2017 (Australia branches and Mainland China subsidiaries also implemented the new account review process in July 2017), completed the review of existing high value accounts before the end of 2017, completed the first declaration in May 2020, and completed other existing accounts review by the end of 2020. In the first half of 2021, it is plan to cooperate with the project consultants to conduct a practical inspection and improvement or summary report on the overseas branch of subsidiary E.SUN Bank to ensure that the implementation of the aforementioned work items meets the local regulations.

7.3 Effect of developments in science and technology as well as industrial change on the Bank's finances and operations, and measures taken in response

Information security has become a crucial component of risk management because of the rapid development of FinTech. To strengthen our information security , the Company and its subsidiaries have deployed various protection mechanisms,, including intrusion prevention/detection systems, web application firewalls (WAF), data loss prevention (DLP) tools, distributed denial of service (DDoS) and advanced persistent threat (APT) defense systems, etc.
Before implementing new technologies, requirements review and architecture consultation are conducted respectively by the requirements management team systems architects team. A thorough assessment, based on the aspects such as compliance, data protection, and the use of technologies, will also be conducted to ensure that risks brought by emerging technologies can be controlled. These efforts are to address impacts on the bank's finances and business due to the recent technological and market changes.

7.4 The influence of bank image change on corporate crisis management and corresponding measures:

Committed to becoming a model of corporate governance, insisting on providing customers with a full range of financial services in compliance with laws and regulations and the requirements of the competent authority, transparent disclosure in related party transactions, avoiding conflicts of interest, and attaching importance to the protection of shareholder rights. In terms of risk management, education and training and employee welfare for each product line, a more complete system is adopted to improve the company's system. We spare no effort to promote and cooperate on social welfare and environmental protection issues. In terms of image maintenance, whenever the company's image is damaged or slipped, the company will immediately review and improve it, hoping to establish a model of a high-quality enterprise, fulfill its corporate social responsibility, and establish a good corporate image.

The Bank's adherence to corporate social responsibility and customer service has been recognized by the general public and international organizations. In 2019, it won the "World Corporate Citizenship Award" for the first place in the financial industry for 13 consecutive years, and it was awarded the world's most renowned The banker magazine "The Banker" "Top 500 Banks in the World's Brand Value" ranked No. 1 in Taiwan's banking industry, and the Asian Yuan magazine " Asiamoney " "Taiwan's Best Corporate Social Responsibility Bank" affirmed the Bank's comprehensive performance, cross-team, cross- High-quality financial integration services across borders and realities.

E.SUN employee require themselves with the highest standards, and regard the enhancement of customer rights and customer experience as the goal of the bank's efforts. Also, because of the emphasis on customer rights, the products and services provided comply with relevant laws and regulations. However, compliance is only the minimum standard. boundaries, E.SUN uphold the workflow zero trust, zero-tolerance discipline of risk, all business must not override the risk, and actively strengthen operating procedures; and in order to enhance the value of moving customers, the Bank set up at the customer service and build a fair and hospitality The Customer Experience Division aims to improve the customer service management system, do a good job in service quality management, actively create fair, friendly, warm customer service and a better customer experience, and provide products and services closer to customer needs.

Given the international importance for financial consumer protection, this behavior implement to protect the financial interests of consumers, except by the Board of Directors to develop relevant policies and strategies outside, and set up "to promote the principles of fair hospitality group" , the group meets regularly and track and improve View the business performance ; and is effective planning and implementation of the principle of fair hospitality, provide for "fair hospitality E.SUN Bank and with the essential principles of planning" as an internal follow specific implementation of the regulations , the implementation of the operation of fair hospitality ; and the The implementation situation is incorporated into the internal control and audit system, and the principle of fair hospitality is also incorporated into the training courses, and regular education promotion and personnel training are conducted.

7.5 Anticipated Benefits and Possible Risks Associated with Mergers and Acquisitions, and Countermeasures: None.

7.6 Anticipated Benefits and Possible Risks of Expansion, and Countermeasures

The principal service coverage region of E.SUN is Taiwan and Taiwanese corporates multi-currency financial needs. E.SUN has 28 site in 9 countries/regions, with a focus in Asia Pacific, Greater China, and ASEAN. Through service integration of different sites, E.SUN offers cross-border financial services for Taiwanese clients and local clients alike. With advance of informational technology and digital finance, there is an increasing requirement for AML compliance. Technology is adopted to enhance risk management. AI applications have been developed, such as biometric and prediction model for alerted accounts. In response to deregulation of net-only banks, E.SUN is dedicated in craft high-added-value branches and all-rounded automated financial services that can be delivered anytime, anywhere. Customers can enjoy the heartwarming financial service and a safe, seamless omni-channel customer experience.

7.7 Anticipated Benefits and Possible Risks from Concentration of Operations, and Countermeasures.

7.7.1 Concentration of Operations

The Company continue to pay attention to macroeconomic trends and changes in the financial industry and other industries, and in response to the opening of internet-only bank , adjust its business development and banking channels management strategies as needed, and monitor both risk and profitability.

7.7.2 Concentration of Counterparties

The Bank regulates risk acceptance limits reflecting industry type and group, and makes adjustments based on the prevailing economic conditions and risk conditions. The Bank also performs regular review of the appropriateness of lending criteria in the case of risk-warning accounts, and faithfully implements mid-term management. This has ensured that the chief risks encountered in the Bank's business development remain within an acceptable scope.

7.8 Influence of Changes in Ownership of the Bank, Possible Risks and Countermeasures

E.SUN Commercial Bank, a 100% owned subsidiary of E.SUN Financial Holding Company at the end of 2020, had no major change in managerial authority.

7.9 Effect upon and risk to the Bank in the event a major quantity of shares belonging to director(s) or shareholder(s) holding greater than 1% stake in the Bank has been transferred or has other wise changed hands, and mitigation measures:

Up till the end of 2020, none of the Bank's director or shareholders holding greater than 1% stake in the Bank had transferred a major quantity of shares or had it change hands otherwise.

7.10 Litigious or Non-litigious Incidents: None.

7.11 Other Major Risk Countermeasures:

To obtain a better overall understanding of the bank's security posture, information security assessments are conducted annually by third party professionals.

The scope of these assessments includes the security and integrity of the bank's IT architecture, equipments, and processes.

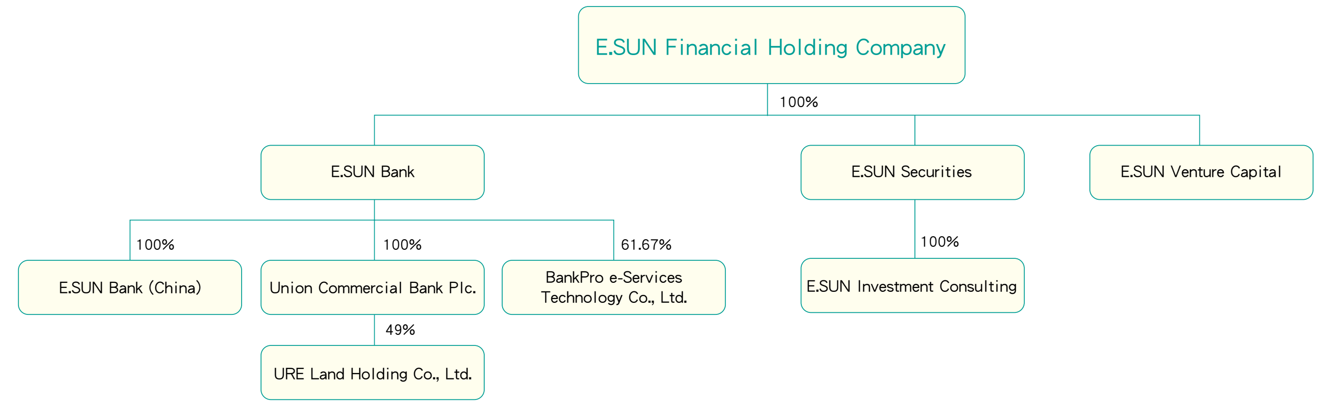
Reports produced from these assessments will be used to further plan out risk controls, corrective measures, and an improvement timeline; these implementations will then be followed up by the second and third line of defense, where progress is presented to executives and the board of directives for management purposes.

8.Special Disclosure

8.1 Summary of Affiliated Companies

8.1.1 Consolidated Operating Report on Affiliated Companies

(1) Organization Chart of Affiliated Companies



(2) Operation Status of Affiliated Companies

December 31,2020 Unit: NT$ thousand

Investee Company Name	Date of Incorporation	Address	Total Amount of Paid-in Capital	Main Businesses and Products
E.SUN Financial Holding Co., Ltd.	2002.01.28	14F, No.115 & No.117, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	125,671,000	Investment and investment management.
E.SUN Securities Co., Ltd.	2000.08.02	6F, No.158 and 2F, No.156, Sec. 3, Minsheng E. Rd., Songshan District, Taipei,Taiwan	4,000,000	Underwriting, brokering, dealing securities and operating in brokerage of futures
E.SUN Venture Capital Co., Ltd.	2002.10.07	6F, No.115, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	3,300,000	Investment
E.SUN Securities Investment Consulting Co., Ltd.	2003.03.11	6F.-1, No.156, Sec. 3, Minsheng E. Rd., Songshan District, Taipei, Taiwan	50,000	Security consulting
UnionCommercial Bank Public Limited Corporation	1994.03.31	No. 61, 130 Road, Sangkat Phsar Chas, Khan Daun Penh, Phnom Penh.	2,408,026 (Note 1)	Corporate Banking, Consumer Banking, Foreign Exchange, Credit Card
URE Land Holding Co., Ltd.	2013.07.25	No. 61, 130 Road, Sangkat Phsar Chas, Khan Daun Penh, Phnom Penh.	30 (Note 2)	Real estate leasing and management
BankPro E-Service Technology Co., Ltd.	2000.10.07	7F., No.261, Sec. 3, Nanjing E. Rd., Songshan Dist., Taipei, Taiwan	135,000	Retail sale of computer software, software design service, data processing service, digital information supply service and business consultant.
E.SUN Bank (China), Ltd.	2016.01.13	1F., Building 7, Excellence Qianhai Yihao, 5033 Menghai Avenue, Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, Shenzhen	10,038,248	Deposit, Lending, and Remittance

(3) Range of Operations of E.SUN Bank and Affiliates

Business includes banking operations and investment in domestic and overseas banking-related businesses as approved by regulatory agencies and investment mangement, broking, underwriting and dealing of securities, venture capital, life insurance broking, non-life insurance broking, securities investment consulting, and lease, sales and purchase of real estate. Each affiliate is an independent institution and each carries out its respective line of business.

8.1.2 Report on Affiliation

As of December 31,2020

Name of Controlling Company	Reason of Control	Shareholding and Pledge status of Controlling Company			Representation of Directors, Independent Directors or Managers of Controlling Company
		No. of Shareholding	Shareholding Ratio	Pledged Share Number	
E.SUN Financial Holding Company	100% shareholding	9,524,100,000 shares	100%	0 share	Title and name as following note

Note:
Chairman: Joseph N.C. Huang
Managing Directors: Jackson Mai and Ryh-Yan Chang (also being Independent Director)
Independent Directors: Chun-Yao Huang, Ying-Hsin Tsai, Hung-Chang Chiu and Ruey-Lin Hsiao
Directors: Ron-Chu Chen, Chien-Li Wu, Magi Chen, Mao-Chin Chen and Ben Chen

8.1.3 Other Important Transaction:

The Company charged 269 thousand for the co-used info system with E.SUN FHC.

8.1.4 Guarantee for Affiliated Companies: None.

8.2 Declaration of Consolidated Financial Statements of Affiliated Enterprises

Declaration

March 11, 2021

On behalf of E.SUN Commercial Bank, Ltd., we hereby declare that the company's 2020 Affiliation Report (Period from Jan.1, 2020 to Dec. 31, 2020) followed the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises". There is no material discrepancy with the information disclosed in the notes of financial report for the said period.

E.SUN Commercial Bank, Ltd.
Chairman Joseph Huang

8.3 Private Placement Securities and Financial Debentures in the Most Recent Years: None.

8.4 The Shares in the Company Held or Disposed of by Subsidiaries in the Most Recent Years: None.

8.5 Other Required Supplementary Disclosure: None.

E.SUN Commercial Bank, Ltd. and Subsidiaries

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

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities required to be included in the combined financial statements of E.SUN Commercial Bank, Ltd. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, E.SUN Commercial Bank, Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

E.SUN COMMERCIAL BANK, LTD.

By

Joseph Huang

JOSEPH N. C. HUANG
Chairman

March 11, 2021

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
E.SUN Commercial Bank, Ltd.

Opinion

We have audited the accompanying consolidated financial statements of E.SUN Commercial Bank, Ltd. (the Bank) and its subsidiaries (collectively, the Company), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the 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 judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters of the Company's consolidated financial statements for the year ended December 31, 2020 are described as follows:

<u>Assessment of Allowance for Possible Losses on Loans</u>

The Company is engaged principally in providing loans to customers. As of December 31, 2020, the net amount of discounts and loans of the Company represented approximately 55% of total consolidated assets, and is considered material to the consolidated financial statements as a whole. Besides assessing expected credit losses of loans in accordance with IFRS 9 "Financial Instruments", the management of E.SUN Commercial Bank, Ltd. (E.SUN Bank) complies with the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans and related regulations (collectively, the Regulations) when assessing classification of credit assets and recognizing allowance for possible losses. For accounting policies and relevant information about loan impairment assessment of E.SUN Bank, please refer to Notes 4, 5, and 14 to the consolidated financial statements.

We determined the assessment of allowance for possible losses on loans to be a key audit matter for the year ended December 31, 2020 because the assessment made by E.SUN Bank to assess the classification of credit assets and recognize allowance for possible losses in accordance with the Regulations involves critical estimates and judgements.

The main audit procedures we performed in response to certain aspects of the key audit matter described above are as follows:

1. We obtained an understanding of and performed test on the relevant internal controls in respect of E.SUN Bank's loan impairment assessment.

2. We acquired the loan evaluation form used by management of E.SUN Bank and assessed the provision for possible losses on credit assets; we tested the completeness of the loan assets.

3. We assessed that the loans of E.SUN Bank were classified in accordance with the definition of the Regulations.

4. We calculated the required provision of allowance for possible losses on loans of E.SUN Bank in order to assess whether it complied with the Regulations.

Other Matter

We have also audited the parent company only financial statements of E.SUN Commercial Bank, Ltd. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 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 audit resulting in this independent auditors' report are Yin-Chou Chen and Chen-Hsiu Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 19, 2021

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the 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 consolidated financial statements shall prevail.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020		2019	
ASSETS	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4 and 6)	$ 54,597,609	2	$ 42,876,621	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 4, 7 and 38)	121,080,836	4	85,555,267	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 38)	711,285,527	24	515,299,796	21
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 38 and 41)	262,807,184	9	215,119,990	9
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 4, 10, 38 and 41)	16,465,798	1	12,599,698	1
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4 and 11)	2,300,196	-	4,971,085	-
RECEIVABLES, NET (Notes 4, 12 and 37)	102,011,546	4	103,685,720	4
CURRENT TAX ASSETS (Notes 4, 34 and 37)	260,826	-	312,812	-
ASSETS HELD FOR SALE, NET (Notes 4 and 13)	-	-	158,036	-
DISCOUNTS AND LOANS, NET (Notes 4, 14, 37 and 38)	1,620,374,068	55	1,444,322,101	58
OTHER FINANCIAL ASSETS, NET (Notes 4 and 15)	4,231,528	-	6,413,948	-
PROPERTIES AND EQUIPMENT, NET (Notes 4 and 16)	32,689,294	1	32,725,301	1
RIGHT-OF-USE ASSETS, NET (Notes 4 and 17)	2,993,610	-	3,124,618	-
INVESTMENT PROPERTIES, NET (Notes 4 and 18)	2,069,994	-	2,098,556	-
INTANGIBLE ASSETS, NET (Notes 4 and 19)	6,119,931	-	6,141,747	-
DEFERRED TAX ASSETS (Notes 4 and 34)	1,800,830	-	1,413,052	-
OTHER ASSETS, NET(Notes 4, 17, 20, 28 and 37)	5,890,339	-	4,192,232	-
TOTAL	$ 2,946,979,116	100	$ 2,481,010,580	100
LIABILITIES AND EQUITY				
DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS (Note 21)	$ 54,968,986	2	$ 57,903,786	2
DUE TO THE CENTRAL BANK AND OTHER BANKS	8,044,340	-	-	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 25)	70,441,442	3	59,630,516	3
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 9, 10 and 22)	11,305,248	-	7,228,239	-
PAYABLES (Notes 23 and 37)	23,219,244	1	23,641,318	1
CURRENT TAX LIABILITIES (Notes 4, 34 and 37)	571,907	-	1,642,424	-
DEPOSITS AND REMITTANCES (Notes 24 and 37)	2,493,094,038	85	2,084,141,236	84
BANK DEBENTURES (Note 25)	33,970,000	1	32,070,000	1
OTHER FINANCIAL LIABILITIES (Notes 18, 26 and 37)	64,554,092	2	34,688,249	2
PROVISIONS (Notes 4, 27 and 28)	1,151,669	-	640,003	-
LEASE LIABILITIES (Notes 4 and 17)	3,105,185	-	3,126,192	-
DEFERRED TAX LIABILITIES (Notes 4 and 34)	1,412,062	-	1,302,184	-
OTHER LIABILITIES (Notes 29 and 37)	3,342,843	-	3,906,099	-
Total liabilities	2,769,181,056	94	2,309,920,246	93
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK				
Capital stock				
Common stock	95,241,000	3	90,481,000	4
Capital surplus				
Additional paid-in capital from share issuance in excess of par value	25,892,027	1	25,309,970	1
From treasury stock transactions	483	-	483	-
Others	502,404	-	584,492	-
Total capital surplus	26,394,914	1	25,894,945	1
Retained earnings				
Legal reserve	39,753,711	1	33,860,826	1
Special reserve	302,853	-	302,853	-
Unappropriated earnings	15,485,503	1	19,974,079	1
Total retained earnings	55,542,067	2	54,137,758	2
Other equity	479,302	-	445,432	-
Total equity attributable to owners of the Bank	177,657,283	6	170,959,135	7
NON-CONTROLLING INTERESTS	140,777	-	131,199	-
Total equity	177,798,060	6	171,090,334	7
TOTAL	$ 2,946,979,116	100	$ 2,481,010,580	100

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED 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 REVENUE (Notes 4, 30 and 37)	$ 35,779,038	68	$ 40,950,651	77	(13)
INTEREST EXPENSE (Notes 4, 30 and 37)	(14,683,748)	(28)	(21,293,502)	(40)	(31)
NET INTEREST	21,095,290	40	19,657,149	37	7
NET REVENUES AND GAINS OTHER THAN INTEREST					
Service fee income, net (Notes 4, 31 and 37)	18,044,336	34	17,712,182	33	2
Gains on financial assets and liabilities at fair value through profit or loss (Notes 4 and 32)	11,237,010	21	14,994,988	28	(25)
Realized gains on financial assets at fair value through other comprehensive income (Notes 4 and 9)	1,898,834	3	1,070,825	2	77
Foreign exchange gains (losses), net (Note 4)	456,898	1	(769,247)	(1)	159
Reversal of impairment losses (impairment losses) on assets (Notes 4 and 18)	(16,010)	-	4,710	-	(440)
Other noninterest gains, net (Notes 4 and 37)	399,085	1	297,852	1	34
Total net revenues and gains other than interest	32,020,153	60	33,311,310	63	(4)
TOTAL NET REVENUES	53,115,443	100	52,968,459	100	-
BAD-DEBT EXPENSES AND PROVISION FOR LOSSES ON COMMITMENTS AND GUARANTEES (Notes 4 and 14)	(3,240,639)	(6)	(1,603,019)	(3)	102

(Continued)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED 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 (Notes 4, 16, 17, 18, 19, 28, 33 and 37)					
Employee benefits	$ (13,144,317)	(25)	$ (12,034,892)	(23)	9
Depreciation and amortization	(3,290,887)	(6)	(3,154,265)	(6)	4
General and administrative	(14,449,686)	(27)	(13,463,126)	(25)	7
Total operating expenses	(30,884,890)	(58)	(28,652,283)	(54)	8
INCOME BEFORE INCOME TAX	18,989,914	36	22,713,157	43	(16)
INCOME TAX EXPENSE (Notes 4 and 34)	(2,502,362)	(5)	(3,053,793)	(6)	(18)
NET INCOME FOR THE YEAR	16,487,552	31	19,659,364	37	(16)
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified subsequently to profit or loss (Notes 4, 28 and 34):					
Remeasurement of defined benefit plans	(321,064)	(1)	266,348	-	(221)
Unrealized gains on investments in equity instruments at fair value through other comprehensive income	52,526	-	365,284	1	(86)
Changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss	(594,833)	(1)	(131,554)	-	352
Income tax relating to items that will not be reclassified subsequently to profit or loss	10,329	-	(3,044)	-	439
Items that will not be reclassified subsequently to profit or loss, net of income tax	(853,042)	(2)	497,034	1	(272)

(Continued)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED 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 (Notes 4 and 34):					
Exchange differences on the translation of financial statements of foreign operations	$ (923,978)	(2)	$ (957,120)	(2)	(3)
Unrealized gains on investment in debt instruments at fair value through other comprehensive income	779,673	2	373,499	1	109
Income tax relating to items that may be reclassified subsequently to profit or loss	49,333	-	165,078	-	(70)
Items that may be reclassified subsequently to profit or loss, net of income tax	(94,972)	-	(418,543)	(1)	(77)
Other comprehensive income (loss) for the year, net of income tax	(948,014)	(2)	78,491	-	(1,308)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 15,539,538	29	$ 19,737,855	37	(21)
NET INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 16,464,910	31	$ 19,642,947	37	(16)
Non-controlling interests	22,642	-	16,417	-	38
	$ 16,487,552	31	$ 19,659,364	37	(16)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the Bank	$ 15,517,023	29	$ 19,722,222	37	(21)
Non-controlling interests	22,515	-	15,633	-	44
	$ 15,539,538	29	$ 19,737,855	37	(21)
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 35)					
Basic	$ 1.73		$ 2.06		

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank										
							Other Equity				
	Capital Stock (Note 36)			Retained Earnings (Notes 4, 9 and 36)							
	Shares (In Thousands)	Common Stock	Capital Surplus (Notes 4 and 36)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on the Translation of Financial Statements of Foreign Operations (Note 4)	Unrealized Gains on Financial Assets at Fair Value Through Other Comprehensive Income (Notes 4 and 9)	Changes in the Fair Value Attributable to Changes in the Credit Risk of Financial Liabilities Designated as at Fair Value Through Profit or Loss (Note 4)	Non-controlling Interests (Notes 4 and 36)	Total Equity
BALANCE AT JANUARY 1, 2019	8,637,000	$ 86,370,000	$ 25,316,367	$ 28,840,418	$ 219,180	$ 16,734,695	$ (549,630)	$ 1,136,905	$ 78,956	$ 123,329	$ 158,270,220
Effect of retrospective application	-	-	-	-	-	25,846	-	-	-	-	25,846
BALANCE AT JANUARY 1, 2019 AS APPLIED RETROSPECTIVELY	8,637,000	86,370,000	25,316,367	28,840,418	219,180	16,760,541	(549,630)	1,136,905	78,956	123,329	158,296,066
Appropriation of 2018 earnings											
Legal reserve	-	-	-	5,020,408	-	(5,020,408)	-	-	-	-	-
Special reserve	-	-	-	-	83,673	(83,673)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(7,514,402)	-	-	-	-	(7,514,402)
Stock dividends	411,100	4,111,000	-	-	-	(4,111,000)	-	-	-	-	-
Share-based payment arrangements involving ESFHC's common stock	-	-	578,578	-	-	-	-	-	-	-	578,578
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(7,763)	(7,763)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	31,801	-	(31,801)	-	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	747	-	-	(747)	-	-
Net income for the year ended December 31, 2019	-	-	-	-	-	19,642,947	-	-	-	16,417	19,659,364
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	-	267,526	(765,639)	708,942	(131,554)	(784)	78,491
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	19,910,473	(765,639)	708,942	(131,554)	15,633	19,737,855
BALANCE AT DECEMBER 31, 2019	9,048,100	90,481,000	25,894,945	33,860,826	302,853	19,974,079	(1,315,269)	1,814,046	(53,345)	131,199	171,090,334
Appropriation of 2019 earnings											
Legal reserve	-	-	-	5,892,885	-	(5,892,885)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(9,318,844)	-	-	-	-	(9,318,844)
Stock dividends	476,000	4,760,000	-	-	-	(4,760,000)	-	-	-	-	-
Share-based payment arrangements involving ESFHC's common stock	-	-	499,969	-	-	-	-	-	-	-	499,969
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	(12,937)	(12,937)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	(663,447)	-	663,447	-	-	-
Transfer of changes in the fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss upon derecognition	-	-	-	-	-	2,892	-	-	(2,892)	-	-
Net income for the year ended December 31, 2020	-	-	-	-	-	16,464,910	-	-	-	22,642	16,487,552
Other comprehensive income (loss) for the year ended December 31, 2020, net of income tax	-	-	-	-	-	(321,202)	(739,249)	707,397	(594,833)	(127)	(948,014)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	16,143,708	(739,249)	707,397	(594,833)	22,515	15,539,538
BALANCE AT DECEMBER 31, 2020	9,524,100	$ 95,241,000	$ 26,394,914	$ 39,753,711	$ 302,853	$ 15,485,503	$ (2,054,518)	$ 3,184,890	$ (651,070)	$ 140,777	$ 177,798,060

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

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED 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		
Income before income tax	$ 18,989,914	$ 22,713,157
Adjustments for:		
Depreciation expenses	2,674,870	2,579,666
Amortization expenses	616,017	574,599
Expected credit losses/bad-debt expenses	3,190,510	1,550,649
Gains on financial assets and liabilities at fair value through profit or loss	(11,237,010)	(14,994,988)
Interest expense	14,683,748	21,293,502
Interest revenue	(35,779,038)	(40,950,651)
Dividend income	(331,188)	(364,097)
Provision for losses on guarantees	49,804	50,988
Salary expenses on share-based payments	499,969	578,578
Gains on disposal of properties and equipment	(1,542)	(52,239)
Gains on disposal of assets held for sale	(173,592)	-
Gains on disposal of investments	(1,567,646)	(706,728)
Impairment losses (reversal of impairment losses) on non-financial assets	(630)	704
Others	9,607	10,993
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(28,705,429)	(6,580,307)
Financial assets at fair value through profit or loss	(163,694,699)	(17,579,432)
Financial assets at fair value through other comprehensive income	(46,069,303)	(32,309,622)
Investments in debt instruments at amortized cost	(4,076,817)	(4,516,329)
Receivables	824,275	(18,486,874)
Discounts and loans	(178,340,103)	(113,243,466)
Other financial assets	2,182,479	5,585,089
Other assets	(171,124)	33,237
Deposits from the Central Bank and other banks	(2,934,800)	(14,319,234)
Financial liabilities at fair value through profit or loss	(16,917,798)	(9,197,094)
Securities sold under repurchase agreements	4,077,009	(5,298,550)
Payables	1,099,122	(942,335)
Deposits and remittances	408,952,802	196,482,949
Other financial liabilities	25,398,498	10,550,688
Provision for employee benefits	(11,583)	(14,256)
Other liabilities	(548,759)	1,429,248
Cash used in operations	(7,312,437)	(16,122,155)
Interest received	43,487,953	49,901,960
Dividend received	344,881	378,549
Interest paid	(17,354,455)	(22,399,858)
Income tax paid	(3,720,794)	(2,783,329)
Net cash generated from operating activities	15,445,148	8,975,167

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E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of assets held for sale	$ 334,178	$ -
Payments for properties and equipment	(1,921,265)	(2,814,130)
Proceeds from disposal of properties and equipment	19,019	106,739
Increase in refundable deposits	(1,596,790)	-
Decrease in refundable deposits	-	517,385
Payments for intangible assets	(350,641)	(496,620)
Payments for right-of-use assets	(430)	(381)
Net cash used in investing activities	(3,515,929)	(2,687,007)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	848,371	20,000
Increase in due to the Central Bank and other banks	8,044,340	-
Proceeds from issue of bank debentures	7,000,000	3,000,000
Repayments of bank debentures	(5,100,000)	(7,780,000)
Proceeds from long-term borrowings	2,851	-
Increase in financial liabilities designated as at fair value through profit or loss	-	309,100
Decrease in financial liabilities designated as at fair value through profit or loss	-	(310,060)
Increase in guarantee deposits received	3,635,359	-
Decrease in guarantee deposits received	-	(391,543)
Repayments of the principal portion of lease liabilities	(1,008,753)	(996,414)
Cash dividends paid to owners of the Bank	(9,318,844)	(7,514,402)
Cash dividends paid to non-controlling interests	(12,937)	(7,763)
Net cash generated from (used in) financing activities	4,090,387	(13,671,082)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(149,367)	1,827,177
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,870,239	(5,555,745)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	54,152,400	59,708,145
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 70,022,639	$ 54,152,400

(Continued)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

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

	December 31	
	2020	**2019**
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AS OF DECEMBER 31, 2020 AND 2019		
Cash and cash equivalents in the consolidated balance sheets	$ 54,597,609	$ 42,876,621
Due from the Central Bank and call loans to other banks in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	13,124,834	6,304,694
Securities purchased under resell agreements in accordance with the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows"	2,300,196	4,971,085
Cash and cash equivalents at the end of the year	$ 70,022,639	$ 54,152,400

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

E.SUN Commercial Bank, Ltd. (the "Bank") engages in banking activities permitted by the Banking Law of the Republic of China (ROC).

As of December 31, 2020, the Bank had 152 units, including a business department, an international banking department, a trust department, a credit card and payment division, an offshore banking unit (OBU), an insurance agent department, 8 overseas branches, and 138 domestic branches.

The operations of the Bank's Trust Department consist of planning, managing and operating a trust business. These operations are regulated under the Banking Law and Trust Law of the ROC.

On December 10, 2001, the Bank's stockholders resolved the establishment of E.SUN Financial Holding Company, Ltd. (ESFHC) through a share swap. Thus, ESFHC acquired the shares of the Bank, E.SUN Bills Finance Corp. (E.SUN Bills) and E.SUN Securities Corp. (E.SUN Securities). The board of directors designated January 28, 2002 as the effective date of the related share swap. After the share swap, the Bank became a 100% subsidiary of ESFHC. Also, on January 28, 2002, the trading of the Bank's stock on the Taiwan Stock Exchange (TSE) was stopped, and ESFHC's stock started to be traded on the TSE.

To integrate resources, enhance operating effectiveness, strengthen the Bank's equity structure, and ensure its long-term development, the stockholders resolved the Bank's merger with E.SUN Bills on August 25, 2006, with the Bank as the surviving entity. The effective date of this merger is December 25, 2006.

The Bank acquired the assets, liabilities and business of Chiayi The Fourth Credit Cooperative and Chu Nan Credit-Cooperative Association on November 3, 2012 and July 9, 2011, respectively.

To expand economies of scale, improve integrated marketing, reduce operating costs and develop operating synergy, the stockholders resolved the Bank's merger with E.SUN Insurance Broker Co., Ltd. (ESIB) on August 21, 2015, with the Bank as the surviving entity. The effective date of this merger is March 25, 2016.

Union Commercial Bank PLC. (UCB) was founded in March 1994, under the Laws of the Kingdom of Cambodia. UCB is engaged in banking activities permitted by the Laws of the Kingdom of Cambodia. The Bank acquired 70% equity interest of UCB on August 28, 2013, and on December 29, 2015, the Bank acquired from non-controlling interests for additional 5% shares of UCB, which increased its continuing interest from 70% to 75%. The Bank acquired residual 25% equity interest of UCB on August 25, 2017.

In January 2016, E.SUN Bank (China), Ltd. (ESBC) began its formal launch after acquiring the approval of the Financial Supervisory Commission (FSC) and the China Bank Regulatory Commission. The registered capital of ESBC is CNY two billion, and ESBC has been opened in Shenzhen, China on March 11, 2016. ESBC is engaged in banking activities permitted by the laws of Mainland China.

To expand business in electronic commerce, the Bank's board of directors resolved the acquisition of 7,875 thousand common shares of BankPro E-Service Technology Co., Ltd. (BankPro) on November 13, 2015. This acquisition was approved by the authorities and settled on January 11, 2016, and BankPro was included in the consolidated financial statements from the acquisition date.

BankPro is engaged in retail sale of computer software, software design service, data processing service, digital information supply service and business consultant.

The operating units of the Bank and its subsidiaries (collectively, the "Company") maintain their accounts in their respective functional currencies. The consolidated financial statements are presented in New Taiwan dollars.

For the years ended December 31, 2020 and 2019, the average number of employees of the Company (ESBC, UCB and BankPro excluded) was 8,788 and 8,306, respectively. For the years ended December 31, 2020 and 2019, the average number of employees of ESBC, UCB and BankPro was 886 and 773, respectively.

For more information on the consolidated entities, please refer to Table 1 (attached).

2. APPROVAL OF FINANCIAL STATEMENTS

The board of directors of the Bank, in their meeting on March 11 2021, approved and authorized the consolidated financial statements for issue.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Influences of the Company initially applied amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC

   Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

   <u>Amendment to IFRS 16 "Covid-19 - Related Rent Concessions"</u>

   The Company elected to apply the practical expedient provided in the amendment to IFRS 16 with respect to rent concessions negotiated with the lessor as a direct consequence of the COVID-19. The related accounting policies are stated in Note 4. Prior to the application of the amendment, the Company shall determine whether or not the abovementioned rent concessions need to be accounted for as lease modifications.

   The Company applied the amendment from January 1, 2020. Because the abovementioned rent concessions affect only in 2020, retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

b. Not yet applied new IFRSs endorsed by the FSC for application starting from 2021

The New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021

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

   "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.

Changes in the basis for determining contractual cash flows as a result of 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.

Except for the above impact, the Company assessed the application of other amendments would not have any material impact on the Company's financial position and financial performance. As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. Not yet applied new IFRSs announced by IASB but not yet endorsed and issued into effect by the FSC

The 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
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
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)
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)

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 IAS 41 "Agriculture" will be applied prospectively to the fair value measurements 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 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.

The Company assessed the application of the above standards would not have any material impact on the Company's financial position and financial performance. As of the date the consolidated financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities/assets that are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

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 prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Bank and entities controlled by the Bank (UCB (including UCB's subsidiary), ESBC, and BankPro).

The accounting policies of the Bank and subsidiaries are consistent.

All significant intercompany transactions and balances have been eliminated for consolidation purposes. The Bank's financial statements include the accounts of the Head Office, OBU, and all branches. All intra-bank transactions and balances have been eliminated.

Total comprehensive income of subsidiaries is attributed to the owners of the Bank and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

d. Foreign-currency transactions

The Bank records foreign-currency transactions in the respective currencies in which these are denominated. On the transaction date, foreign currency income and expenses are translated at the prevailing exchange rates. At month-end, monetary assets and liabilities denominated in foreign currencies are reported using the prevailing exchange rates, and exchange differences are recognized in profit or loss. Nonmonetary assets and liabilities measured at fair value are translated using the prevailing exchange rates at month-end. Translation differences on nonmonetary assets and liabilities measured at fair value are recognized in profit or loss, except for translation difference arising from nonmonetary items of which the change in fair values is recognized in other comprehensive income, in which case, the translation differences are also recognized directly in other comprehensive income. Nonmonetary assets and liabilities that are classified as carried at cost are recognized at the exchange rate on the transaction date.

In preparing the consolidated financial statements, foreign operations' financial statements are translated at the following rates: Assets and liabilities the prevailing exchange rates on the balance sheet date; and income and expenses the prevailing exchange rates on the transaction date. Translation difference net of income tax is recorded as "other comprehensive income" and accumulated in equity, and is attributed to the owner of the Bank and non-controlling interests.

e. Current and noncurrent assets and liabilities

Since the operating cycle in the financial holding company and banking industry cannot be reasonably identified, accounts included in the financial statements of the Bank, UCB and ESBC are not classified as current or noncurrent. Nevertheless, these accounts are properly categorized according to the nature of each account and sequenced by their liquidity.

Classification of accounts included in the financial statements of the other subsidiaries as current or noncurrent is as follows:

Current assets are assets held for trading purposes, assets expected to be converted to cash, sold or consumed within 12 months from the balance sheet date and cash and equivalents, excluding assets held for an exchange or held to settle a liability at more than 12 months after the balance sheet date and assets that are otherwise restricted. Properties and equipment, investment properties, intangible assets and other assets that are not classified as current are noncurrent assets. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within 12 months from the balance sheet date, even if an agreement to refinance or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial reports are authorized for issue, or when it does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Liabilities that are not classified as current are noncurrent liabilities. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The consolidated financial statements, however, do not show the classification of current or noncurrent assets/liabilities because the banking industry accounts for the major parts of the consolidated accounts. Thus, accounts in the consolidated financial statements are instead categorized by nature and sequenced by their liquidity.

f. Cash and cash equivalents

In the consolidated balance sheet, cash and cash equivalents comprise cash on hand and demand deposits, together with short-term, highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. In the consolidated statement of cash flows, cash and cash equivalents comprise cash and cash equivalents defined in the consolidated balance sheet, due from the Central Bank, call loans to other banks and securities purchased under resell agreements that correspond to the definition of cash and cash equivalents in IAS 7 “Statement of Cash Flows,” as endorsed and issued into effect by the FSC.

g. 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 fair value through profit or loss) 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 fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in debt instruments and equity instruments at FVTOCI.

i. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured 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 dividend or interest earned on the financial asset. Fair value is determined in the manner described in the Note 41.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, due from the Central Bank and call loans to other banks, receivables and discounts and loans, are measured at amortized cost, which equals to gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

i) Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of the financial assets; and

ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as 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.

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.

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 investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivables and lease receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the 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 ECL.

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts 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 the carrying amounts of such financial assets are not reduced.

Under FSC guidelines, the Bank should classify credit assets as sound credit assets or unsound credit assets, with the unsound assets further categorized as special mention, substandard, with collectability highly doubtful and uncollectable, on the basis of the customers' financial position, valuation of collaterals and the length of time the principal repayments or interest payments have become overdue.

The Bank made 100%, 50%, 10%, 2% and 1% provisions for credits deemed uncollectable, with collectability highly doubtful, substandard, special mention and sound credit assets (excluding assets that represent claims against an ROC government agency), respectively, as minimum provisions. Furthermore, the FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions, respectively.

Credits deemed uncollectable might be written off if the write-off is approved by the board of directors.

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. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, 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 is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

On derecognition of a financial asset other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

2) Equity instruments

The Company classifies the debt and equity instruments issued either as financial liabilities or as equity in accordance with the substance of the contractual agreements and the definitions of a financial liability or an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Bank'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 Bank's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except for the cases stated below, all financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at FVTPL

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

A financial liability is classified as designated as at FVTPL upon initial recognition if:

i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii) 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; or

iii) The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial liabilities at FVTPL 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. For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income, and it will not be subsequently reclassified to profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss.

ii. Financial guarantee contracts

Financial guarantee contracts issued by the Company, if not designated as at FVTPL, are subsequently measured at the higher of:

i) The amount of the loss allowance reflecting expected credit loss; and

ii) The amount initially recognized less, where appropriate, cumulative amount of income recognized in accordance with the revenue recognition policies.

Besides subsequently measuring financial guarantee contracts at the higher of the abovementioned amounts as IFRS assessment result, the assessment is also performed in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" as regulatory assessment result. The higher adequacy provision between above IFRS and regulatory assessment results is recognized.

b) Derecognition of financial liabilities

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

4) Derivatives

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 balance sheet date. The resulting gain or loss is recognized in profit or loss immediately. If the fair value of a derivative is a positive number, the derivative is recognized as an asset and if the fair value is a negative number, the derivative is recognized as a 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 (e.g. financial liabilities) 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.

h. Overdue loans

Under FSC guidelines, the Bank classifies loans and other credits (including accrued interest) that past due for at least six months as overdue loans.

Overdue loans (except other credits) are classified as discounts and loans, and the remaining are classified as other financial assets.

i. Securities purchased/sold under resell/repurchase agreements

Securities purchased under resell agreements and securities sold under repurchase agreements are generally treated as collateralized financing transactions. Interest earned on resell agreements or interest incurred on repurchase agreements is recognized as interest revenue or interest expense on an accrual basis.

j. Assets held for sale

Assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

k. Investment properties

Investment properties are properties owned specifically to generate profit through rental income and/or capital gains. Land for which the future purpose of use has not been decided is classified under investment properties.

Investment properties are initially recognized at cost (including transaction cost) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The Company calculates depreciation by the straight-line method.

Any gain or loss recognized on derecognition of the investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the investment property is derecognized.

l. Properties and equipment

Properties and equipment are initially recognized at cost and subsequently measured at costs less accumulated depreciation and accumulated impairment losses.

Land for self-use is not depreciated. Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. 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.

Any gain or loss recognized on the disposal or retirement of an item of property and equipment is the difference between the sales proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognized.

m. Leases

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

1) 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.

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. Lease modification that resulted from a negotiation with a lessee is accounted for as a new lease from the effective date of modification.

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.

2) 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, except for those that meet the definition of investment properties.

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. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

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. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Company accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decrease the scope of the lease, and recognizes in profit or loss any gain or loss on the partial or full termination of the lease; (b) 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 consolidated balance sheets.

The Company negotiates with the lessor for rent concessions as a direct consequence of the COVID-19 to change the lease payments originally due by June 30, 2021, which results in the revised consideration for the lease substantially less than the consideration for the lease immediately preceding the change. There is no substantive change to other terms and conditions. The Company elects to apply the practical expedient to rent concessions for buildings lease contracts, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Company recognizes the reduction in depreciation of right-of-use assets in profit or loss in the period in which the events or conditions that trigger the concession occurs, and makes a corresponding adjustment to the lease liability.

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.

n. Goodwill

Goodwill (part of intangible assets) from business combination is recorded at acquisition cost and subsequently measured at cost less accumulated impairment.

For impairment test purposes, goodwill is allocated to each CGU that benefits from the synergy of a business combination.

In testing assets for impairment, the Company compares the carrying amounts of operating segments (CGUs with allocated goodwill) to their recoverable amounts on a yearly basis (or when impairment indicators exist). CGUs with goodwill allocated in the current year should be tested for impairment before the end of the year. When the recoverable amount of CGUs is below the carrying amount, an impairment loss should be recognized to reduce first the carrying amount of goodwill of the CGU and then the carrying amounts of other assets of the CGU proportionately. Any impairment loss should be directly recognized as loss in the current period, and subsequent reversal of impairment loss is not allowed.

On disposal of the relevant CGU, the amount attributable to goodwill is included in the determination of the gain or loss on disposal.

o. Intangible assets other than goodwill

1) Separate acquisition

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 losses. Amortization is recognized on a straight-line basis. At year-end, the Company examines its estimates of the asset useful lives, residual values, and amortization method, with the effect of any changes in estimate accounted for on a prospective basis. Unless the Company expects to dispose of an intangible asset before the end of its useful life, the residual value of an intangible asset with limited useful life is estimated to be zero. Effect of any changes in estimate accounted for on a prospective basis.

2) Acquisition as part of a business combination

Intangible asset acquired through business combination is measured at its fair value on the acquisition date, and is recognized separately from goodwill. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Derecognition

Gains or losses recognized on derecognition of an intangible asset is the difference between the net disposal proceeds and the carrying amount of the asset and is included in profit or loss in the period in which the asset is derecognized.

p. Impairment of property and equipment, right-of-use asset and intangible assets other than goodwill

At the balance sheet date, the Company reviews the carrying amounts of its property and equipment, right-of-use asset and intangible assets (except goodwill) for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss. Corporate assets are allocated to the individual CGUs on a reasonable and consistent basis of allocation. The recoverable amount is the higher of fair value less selling costs or value in use.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to its recoverable amount. If asset impairment loss reverses, the increase in the carrying amount resulting from reversal is credited to earnings. However, loss reversal should not be more than the carrying amount (net of depreciation or amortization) had the impairment loss not been recognized.

q. Foreclosed collaterals

Foreclosed collaterals (part of other assets) are recorded at the fair value on recognition and recorded at the lower of cost or net fair value as of the balance sheet date. Net fair value falling below book value indicates impairment, and impairment loss should be recognized. If the net fair value recovers, the recovery of impairment loss is recognized as gain. For foreclosed collaterals that should have been disposed of in the statutory term, unless the disposal period is prolonged, an additional provision for losses should be made and impairment loss should be recognized, as required under a FSC directive.

r. Provisions

Provision is the best estimate of the consideration required to settle a present obligation at the balance sheet date, taking into account the risks and uncertainties on the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that the settlement amount will be received and the amount of the receivable can be measured reliably.

s. Recognition of revenue

Interest revenue on loans is recorded on an accrual basis. Under the guidance of the FSC, no interest revenue is recognized on loans that are classified as overdue loans. The interest revenue on these loans is recognized upon collection of the loans and credits.

Service fees are recognized when a major part of the earnings process is completed and cash is collected.

Dividend income from investments is recognized when the stockholder's right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Company and that the amount of income can be measured reliably.

The points earned by customers under loyalty program are treated as multiple-element arrangements, in which consideration is allocated to the goods or services and the award credits based on fair value through the eyes of the customer. The consideration is not recognized in earnings at the original sales transactions but at the time when the points are redeemed and the Company's obligation is fulfilled.

t. Employee benefits

1) Short-term employee benefits

Short-term and non-discounted employee benefits are recognized as expenses in the current period as services are rendered.

2) Post-employment benefits

Payments to defined contribution post-employment benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit post-employment benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

3) Preferential interest deposits for employees

The preferential interest deposit for entitled employees is for deposits within a certain amount. The preferential rates for employees' deposits in excess of market rate should be treated as employee benefit.

u. Share-based payment

The Company's employees subscribed for the reserved shares of E.SUN Financial Holding Company, Ltd., (ESFHC) in accordance with the Financial Holding Company Act, and the Company recognized the fair value of the stock options under salary expenses and under capital surplus for share-based payment on the grant date, i.e., the date when the Company and its employees made an agreement for the employees to subscribe for ESFHC's shares.

v. Taxation

Income tax expense represents the sum of tax currently and deferred income tax.

1) Current income 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 of unappropriated earnings is provided for as income tax 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.

2) Deferred income tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. If the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on taxable temporary difference arising from initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets 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 based on 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.

3) Current and deferred tax

Current and deferred taxes 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 and deferred tax are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred taxes arises from the initial accounting for a business combination/the acquisition of a subsidiary, the tax effect is included in the accounting for the business combination/investments in the subsidiary.

ESFHC and subsidiaries elected to file consolidated tax returns for periods starting in 2003. However, since the Bank applied the accounting treatment mentioned in the preceding paragraph to income tax, any distribution of cash payments and receipts among the consolidated group members is recorded as current tax assets or current tax liabilities.

w. Business combination

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized as expenses as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests’ proportionate share of the recognized amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

Business combination involving entities under common control is not accounted for by acquisition method but accounted for at the carrying amounts of the entities. Prior period comparative information in the financial statements is restated as if a business combination involving entities under common control had already occurred in that period.

x. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss of the period in which they become receivable.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the Company's management is required to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

<u>Estimated impairment of loans</u>

The provision for impairment of loans is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company's historical experience, existing market conditions as well as forward looking estimates as of end of each reporting period.

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.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 15,069,996	$ 18,306,355
Checks for clearing	2,619,519	2,235,915
Due from banks	36,863,724	22,336,762
Cash in transit	63,000	-
	54,616,239	42,879,032
Less: Allowance for possible losses	(18,630)	(2,411)
	$ 54,597,609	$ 42,876,621

Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of December 31, 2020 and 2019 are shown in the consolidated statements of cash flows.

7. DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS

	December 31	
	2020	**2019**
Deposit reserves - account A	$ 35,157,341	$ 22,540,210
Deposit reserves - account B	51,528,140	42,010,879
Reserves for deposits - foreign currency deposits	641,475	542,034
Due from the Central Bank - other	17,521,906	13,454,596
Deposit in the Central Bank - deposits of government agencies	7,239	4,917
Call loans to banks	16,323,194	7,032,905
	121,179,295	85,585,541
Less: Allowance for possible losses	(98,459)	(30,274)
	$ 121,080,836	$ 85,555,267

As required by law, the deposit reserves are calculated by applying the prescribed rates to the average monthly balances of various types of deposit accounts. The deposit reserves - account B is subject to withdrawal restrictions, but deposit reserves - account A and foreign-currency deposit reserves may be withdrawn anytime.

Under the “Directions for a National Treasury Agent Bank Acting on Behalf of the Central Bank of the Republic of China Handling National Treasury Matters,” the Bank redeposits 60% of the receipts of deposit of government agencies in the Central Bank of the Republic of China, and the amount is subject to withdrawal restrictions.

Refer to Note 38 for information relating to deposit reserves pledged as security.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Financial assets mandatorily classified as at fair value through profit or loss		
Negotiable certificates of deposits	$ 421,811,630	$ 274,066,671
Commercial paper	111,462,923	76,452,039
Treasury bills	15,842,449	8,970,725
Corporate bonds	82,888,149	77,312,400
Bank debentures	55,581,196	67,042,684
Overseas government bonds	-	148,823
Listed stocks	969,361	840,494
Currency swap contracts	9,594,092	4,634,534
Interest rate swap contracts	12,079,630	4,879,493
Currency option contracts	489,042	592,864
Forward contracts	154,340	295,111
Futures exchange margins	30,160	20,345
Non-deliverable forward contracts	46,874	7,977
Metal commodity swap contracts	505	5,369
Cross-currency swap contracts	335,176	30,267
	$ 711,285,527	$ 515,299,796
Held-for-trading financial liabilities		
Currency swap contracts	$ 12,690,333	$ 7,833,585
Interest rate swap contracts	6,443,971	1,754,580
Currency option contracts	630,408	600,624
Forward contracts	264,486	227,051
Non-deliverable forward contracts	35,663	4,374
Cross-currency swap contracts	71,092	3,925
Credit default swap contracts	134	156
Metal commodity swap contracts	1,898	1,182
	20,137,985	10,425,477
Financial liabilities designated as at fair value through profit or loss		
Bank debentures (Note 25)	50,303,457	48,974,699
Structured products	-	230,340
	50,303,457	49,205,039
	$ 70,441,442	$ 59,630,516

Refer to Note 38 for information relating to financial assets mandatorily classified as at fair value through profit or loss pledged as security.

The Company engages in derivative transactions mainly to accommodate customers' needs, manage its exposure positions and hedge against its exchange rate and interest rate exposures as well as its credit risks as a bondholder.

The contract (nominal) amounts of derivative transactions by the Company as of December 31, 2020 and 2019 were as follows:

	December 31	
	2020	**2019**
Currency swap contracts	$ 984,461,105	$ 880,410,246
Interest rate swap contracts	615,849,017	479,685,565
Currency option contracts	79,864,437	118,125,683
Forward contracts	18,796,767	29,877,972
Non-deliverable forward contracts	7,180,003	2,152,229
Cross-currency swap contracts	17,013,677	2,324,807
Metal commodity swap contracts	85,075	154,235
Credit default swap contracts	58,460	74,718

The open positions of futures transactions of the Company as of December 31, 2020 and 2019 were as follows:

		December 31, 2020			
		Open Position			
Items	**Products**	**Buy/Sell**	**Number of Contracts**	**Contract Amounts or Premium Paid (Charged)**	**Fair Values**
Futures contracts	Commodity futures	Buy	41	$ 154,097	$ 154,369
	Commodity futures	Sell	34	162,038	169,328

		December 31, 2019			
		Open Position			
Items	**Products**	**Buy/Sell**	**Number of Contracts**	**Contract Amounts or Premium Paid (Charged)**	**Fair Values**
Futures contracts	Commodity futures	Buy	50	$ 99,044	$ 100,142
	Commodity futures	Sell	51	165,006	169,538

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2020	**2019**
Investments in equity instruments at FVTOCI	$ 8,468,318	$ 7,299,485
Investments in debt instruments at FVTOCI	254,338,866	207,820,505
	$ 262,807,184	$ 215,119,990

a. Investments in equity instruments at FVTOCI

	December 31	
	2020	2019
Listed shares	$ 7,415,654	$ 6,322,231
Unlisted shares	1,052,664	977,254
	$ 8,468,318	$ 7,299,485

These investments in equity instruments are not held for trading. Instead, they are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI.

In 2020 and 2019, the Company sold shares of stocks for $2,816,594 thousand and $385,472 thousand, respectively, for the return on investment positions and risk management. The related other equity - unrealized loss of $663,447 thousand and unrealized gain of $31,801 thousand on financial assets at FVTOCI were transferred to retained earnings, respectively.

Dividends income of $331,188 thousand and $364,097 thousand were recognized in profit or loss for the years ended December 31, 2020 and 2019, respectively. The dividends related to investments held at the end of the reporting period were $303,950 thousand and $355,612 thousand, respectively.

b. Investments in debt instruments at FVTOCI

	December 31	
	2020	2019
Bank debentures	$ 122,689,738	$ 106,686,396
Government bonds	72,235,130	62,686,326
Corporate bonds	52,362,566	34,344,796
Overseas bonds	5,992,134	2,562,519
Negotiable certificates of deposit	858,233	1,508,450
Discounted note	201,065	32,018
	$ 254,338,866	$ 207,820,505

1) As of December 31, 2020 and 2019, the investments in debt instruments at FVTOCI, which amounted to $12,153,396 thousand and $7,026,815 thousand, respectively, had been sold under repurchase agreements.

2) Refer to Note 41 for information relating to their credit risk management and impairment.

3) Refer to Note 38 for information relating to investments in debt instruments at FVTOCI pledged as security.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	December 31	
	2020	**2019**
Overseas bonds	$ 11,418,794	$ 8,880,623
Bank debentures	4,375,794	3,189,062
Corporate bonds	573,000	455,804
Overseas certificates of deposits	99,785	75,283
	16,467,373	12,600,772
Less: Allowance for impairment losses	(1,575)	(1,074)
	$ 16,465,798	$ 12,599,698

As of December 31, 2019, the investments in debt instruments at amortized cost, which amounted to $431,211 thousand, had been sold under repurchase agreements.

Refer to Note 41 for information relating to their credit risk management and impairment.

Refer to Note 38 for information relating to investments in debt instruments at amortized cost pledged as security.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities acquired for $2,300,196 thousand and $4,971,085 thousand under resell agreements as of December 31, 2020 and 2019, respectively, would subsequently be sold for $2,300,509 thousand and $4,973,492 thousand, respectively.

12. RECEIVABLES, NET

	December 31	
	2020	**2019**
Receivables on credit cards	$ 82,028,666	$ 83,522,275
Accounts receivable factored without recourse	10,909,402	12,910,583
Accrued interest	3,552,882	4,379,869
Accounts receivable	3,516,467	1,847,762
Acceptances	1,701,757	1,258,156
Others	2,140,936	1,742,830
	103,850,110	105,661,475
Less: Allowance for possible losses	(1,838,564)	(1,975,755)
	$ 102,011,546	$ 103,685,720

The changes in allowance for possible losses of receivables were as follows:

For the year ended December 31, 2020

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	$ 93,958	$ 9,451	$ 705,553	$ 808,962	$ 1,166,793	$ 1,975,755
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(144)	324	(180)	-	-	-
Credit-impaired financial assets	(3,692)	(5,589)	9,281	-	-	-
12-month ECL	16,689	(5,526)	(11,163)	-	-	-
Derecognition of financial assets in the reporting period	(5,385)	(1,456)	(49,008)	(55,849)	-	(55,849)
New financial assets purchased or originated	20,031	2,582	19,558	42,171	-	42,171
Difference of impairment loss under regulations	-	-	-	-	141,903	141,903
Write-offs	-	-	(638,717)	(638,717)	-	(638,717)
Recovery of written-off receivables	-	-	462,602	462,602	-	462,602
Change in model or risk parameters	57,241	26,027	(135,992)	(52,724)	-	(52,724)
Change in exchange rates or others	17	(2)	(818)	(803)	(35,774)	(36,577)
Balance at December 31, 2020	$ 178,715	$ 25,811	$ 361,116	$ 565,642	$ 1,272,922	$ 1,838,564

For the year ended December 31, 2019

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2019	$ 109,536	$ 22,734	$ 1,006,721	$ 1,138,991	$ 877,982	$ 2,016,973
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(307)	1,014	(707)	-	-	-
Credit-impaired financial assets	(1,111)	(6,991)	8,102	-	-	-
12-month ECL	10,710	(6,495)	(4,215)	-	-	-
Derecognition of financial assets in the reporting period	(7,287)	(8,647)	(54,656)	(70,590)	-	(70,590)
New financial assets purchased or originated	18,374	784	14,797	33,955	-	33,955
Difference of impairment loss under regulations	-	-	-	-	299,954	299,954
Write-offs	-	-	(542,846)	(542,846)	-	(542,846)
Recovery of written-off receivables	-	-	449,241	449,241	-	449,241
Change in model or risk parameters	(35,925)	7,051	(168,195)	(197,069)	-	(197,069)
Change in exchange rates or others	(32)	1	(2,689)	(2,720)	(11,143)	(13,863)
Balance at December 31, 2019	$ 93,958	$ 9,451	$ 705,553	$ 808,962	$ 1,166,793	$ 1,975,755

The changes in gross carrying amount of receivables were as follows:

For the year ended December 31, 2020

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2020	$ 102,384,122	$ 215,995	$ 3,061,358	$ 105,661,475
Transfers to				
Lifetime ECL	(204,104)	204,990	(886)	-
Credit-impaired financial assets	(812,917)	(119,249)	932,166	-
12-month ECL	159,321	(129,741)	(29,580)	-
Derecognition of financial assets in the reporting period	(21,348,759)	(41,360)	(761,898)	(22,152,017)
New financial assets purchased or originated	20,858,406	29,081	86,878	20,974,365
Write-offs	-	-	(638,717)	(638,717)
Change in exchange rates or others	5,653	(103)	(546)	5,004
Balance at December 31, 2020	$ 101,041,722	$ 159,613	$ 2,648,775	$ 103,850,110

For the year ended December 31, 2019

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2019	$ 84,151,061	$ 196,948	$ 2,985,884	$ 87,333,893
Transfers to				
Lifetime ECL	(162,069)	164,216	(2,147)	-
Credit-impaired financial assets	(637,529)	(65,007)	702,536	-
12-month ECL	63,992	(51,604)	(12,388)	-
Derecognition of financial assets in the reporting period	(16,320,635)	(72,480)	(174,897)	(16,568,012)
New financial assets purchased or originated	35,299,298	44,037	107,618	35,450,953
Write-offs	-	-	(542,846)	(542,846)
Change in exchange rates or others	(9,996)	(115)	(2,402)	(12,513)
Balance at December 31, 2019	$ 102,384,122	$ 215,995	$ 3,061,358	$ 105,661,475

13. ASSETS HELD FOR SALE, NET

	December 31, 2019
Land	$ 109,459
Buildings	48,577
	$ 158,036

For effective management, on December 27, 2019, the board of directors of the Bank approved a disposal of freehold properties, and the related assets have transferred to assets held for sale. No impairment loss was recognized on the classification of the properties as held for sale. The registration of transfer of ownership has been completed in January 2020. Please refer to Table 6 for the related information.

14. DISCOUNTS AND LOANS, NET

	December 31	
	2020	2019
Loans		
Short-term	$ 289,538,356	$ 298,091,260
Medium-term	389,645,712	350,595,376
Long-term	958,176,513	808,910,883
Overdue loans	2,303,655	2,228,167
Bills negotiated and discounts	1,371,972	2,362,138
	1,641,036,208	1,462,187,824
Less: Allowance for possible losses	(20,608,721)	(17,739,287)
Less: Adjustment of premium or discount	(53,419)	(126,436)
	$ 1,620,374,068	$ 1,444,322,101

Refer to Note 38 for information relating to discounts and loans pledged as security.

As of December 31, 2020 and 2019, the loan and credit balances of the Bank, for which the accrual of interest revenues was discontinued, amounted to $2,303,655 thousand and $1,944,481 thousand, respectively. The unrecognized interest revenues on these loans and credits of the Bank were $37,163 thousand and $39,951 thousand for the years ended December 31, 2020 and 2019, respectively.

The changes in allowance for possible losses of discount and loans were as follows:

For the year ended December 31, 2020

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	$ 1,062,925	$ 373,445	$ 3,817,631	$ 5,254,001	$ 12,485,286	$ 17,739,287
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(4,966)	17,211	(12,245)	-	-	-
Credit-impaired financial assets	(20,149)	(99,248)	119,397	-	-	-
12-month ECL	129,899	(91,484)	(38,415)	-	-	-
Derecognition of financial assets in the reporting period	(396,848)	(126,048)	(963,403)	(1,486,299)	-	(1,486,299)
New financial assets purchased or originated	1,445,579	51,502	480,205	1,977,286	-	1,977,286
Difference of impairment loss under regulations	-	-	-	-	(127,128)	(127,128)
Write-offs	-	-	(842,233)	(842,233)	-	(842,233)
Recovery of written-off credits	-	-	982,622	982,622	-	982,622
Change in model or risk parameters	1,326,655	967,528	188,466	2,482,649	-	2,482,649
Change in exchange rates or others	(6,860)	(488)	(3,523)	(10,871)	(106,592)	(117,463)
Balance at December 31, 2020	$ 3,536,235	$ 1,092,418	$ 3,728,502	$ 8,357,155	$ 12,251,566	$ 20,608,721

For the year ended December 31, 2019

Allowance for Possible Losses	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2019	$ 821,079	$ 92,835	$ 3,829,950	$ 4,743,864	$ 12,121,889	$ 16,865,753
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(3,884)	88,010	(84,126)	-	-	-
Credit-impaired financial assets	(1,560)	(22,632)	24,192	-	-	-
12-month ECL	184,480	(9,440)	(175,040)	-	-	-
Derecognition of financial assets in the reporting period	(320,904)	(31,412)	(406,904)	(759,220)	-	(759,220)
New financial assets purchased or originated	551,589	31,254	412,026	994,869	-	994,869
Difference of impairment loss under regulations	-	-	-	-	403,620	403,620
Write-offs	-	-	(1,625,507)	(1,625,507)	-	(1,625,507)
Recovery of written-off credits	-	-	1,066,086	1,066,086	-	1,066,086
Change in model or risk parameters	(161,078)	224,963	783,517	847,402	-	847,402
Change in exchange rates or others	(6,797)	(133)	(6,563)	(13,493)	(40,223)	(53,716)
Balance at December 31, 2019	$ 1,062,925	$ 373,445	$ 3,817,631	$ 5,254,001	$ 12,485,286	$ 17,739,287

The changes in gross carrying amount of discount and loans were as follows:

For the year ended December 31, 2020

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2020	$ 1,449,611,336	$ 4,245,682	$ 8,330,806	$ 1,462,187,824
Transfers to				
Lifetime ECL	(3,169,326)	3,283,145	(113,819)	-
Credit-impaired financial assets	(2,818,933)	(586,100)	3,405,033	-
12-month ECL	1,017,554	(703,765)	(313,789)	-
Derecognition of financial assets in the reporting period	(528,688,275)	(2,330,508)	(2,903,373)	(533,922,156)
New financial assets purchased or originated	712,924,893	408,990	687,577	714,021,460
Write-offs	-	-	(842,233)	(842,233)
Change in exchange rates or others	(393,231)	(3,785)	(11,671)	(408,687)
Balance at December 31, 2020	$ 1,628,484,018	$ 4,313,659	$ 8,238,531	$ 1,641,036,208

For the year ended December 31, 2019

Gross Carrying Amount	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Total
Balance at January 1, 2019	$ 1,336,155,309	$ 4,832,002	$ 9,283,403	$ 1,350,270,714
Transfers to				
Lifetime ECL	(2,393,292)	2,660,938	(267,646)	-
Credit-impaired financial assets	(2,424,086)	(957,501)	3,381,587	-
12-month ECL	1,177,782	(611,369)	(566,413)	-
Derecognition of financial assets in the reporting period	(552,068,575)	(2,069,139)	(2,562,631)	(556,700,345)
New financial assets purchased or originated	669,372,459	392,332	695,869	670,460,660
Write-offs	-	-	(1,625,507)	(1,625,507)
Change in exchange rates or others	(208,261)	(1,581)	(7,856)	(217,698)
Balance at December 31, 2019	$ 1,449,611,336	$ 4,245,682	$ 8,330,806	$ 1,462,187,824

The bad-debt expenses and provision for losses on commitments and guarantees were as follows:

	For the Year Ended December 31	
	2020	2019
Provision (reversal of provision) for possible losses on due from banks	$ 16,965	$ (4,032)
Provision (reversal of provision) for possible losses on call loans to other banks	70,203	(10,485)
Provision for possible losses on receivables	75,501	66,250
Provision for possible losses on discounts and loans	2,846,508	1,486,671
Provision for possible losses on guarantees	49,804	50,988
Provision for possible losses on financing commitments	181,658	13,627
	$ 3,240,639	$ 1,603,019

The FSC stipulated that banks should make at least 1.5% provisions each for sound credit assets in Mainland China (pertaining to short-term advance for trade finance) and loans for house purchases, renovations and constructions. As of December 31, 2020 and 2019, the Bank was in compliance with the FSC's provision requirement for both type of credit assets.

15. OTHER FINANCIAL ASSETS, NET

	December 31	
	2020	2019
Due from banks	$ 4,231,528	$ 6,413,948

Due from banks were deposits for operating reserve and time deposits with maturities longer than three months.

16. PROPERTIES AND EQUIPMENT, NET

	December 31	
	2020	2019
Carrying amount		
Land	$ 14,229,849	$ 14,254,235
Buildings	9,775,288	10,194,665
Computers	2,745,937	2,495,202
Transportation equipment	430,007	336,559
Miscellaneous equipment	1,405,433	1,390,622
Prepayments for properties and equipment	4,102,780	4,054,018
	$ 32,689,294	$ 32,725,301

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Prepayments	Total
Cost							
Balance, January 1, 2020	$ 14,254,235	$ 14,782,721	$ 6,059,658	$ 873,428	$ 3,672,144	$ 4,054,018	$ 43,696,204
Addition	-	124,928	776,548	95,957	192,198	726,615	1,916,246
Disposal	(8,895)	(28,572)	(790,139)	(74,020)	(162,845)	-	(1,064,471)
Net exchange difference	(15,491)	(24,478)	(4,424)	(2,995)	(26,879)	(660)	(74,927)
Reclassification and others	-	45,477	131,007	70,329	98,163	(677,193)	(332,217)
Balance, December 31, 2020	$ 14,229,849	$ 14,900,076	$ 6,172,650	$ 962,699	$ 3,772,781	$ 4,102,780	$ 44,140,835
Balance, January 1, 2019	$ 14,417,236	$ 14,603,609	$ 5,610,381	$ 872,483	$ 3,418,080	$ 3,023,332	$ 41,945,121
Addition	-	386,355	714,702	47,099	220,466	1,390,113	2,758,735
Disposal	(38,712)	(44,035)	(262,051)	(44,542)	(71,649)	(286)	(461,275)
Net exchange difference	(5,992)	(58,999)	(8,009)	(2,112)	(16,918)	492	(91,538)
Reclassification and others	(118,297)	(104,209)	4,635	500	122,165	(359,633)	(454,839)
Balance, December 31, 2019	$ 14,254,235	$ 14,782,721	$ 6,059,658	$ 873,428	$ 3,672,144	$ 4,054,018	$ 43,696,204

	Land	Buildings	Computers	Transportation Equipment	Miscellaneous Equipment	Total
Accumulated depreciation and impairment						
Balance, January 1, 2020	$ -	$ (4,588,056)	$ (3,564,456)	$ (536,869)	$ (2,281,522)	$ (10,970,903)
Disposal	-	23,882	789,272	73,362	150,769	1,037,285
Depreciation expenses	-	(563,749)	(654,803)	(71,768)	(248,832)	(1,539,152)
Net exchange difference	-	3,135	3,274	2,354	12,237	21,000
Reclassification and others	-	-	-	229	-	229
Balance, December 31, 2020	$ -	$ (5,124,788)	$ (3,426,713)	$ (532,692)	$ (2,367,348)	$ (11,451,541)
Balance, January 1, 2019	$ -	$ (4,128,860)	$ (3,231,048)	$ (521,353)	$ (2,114,359)	$ (9,995,620)
Disposal	-	30,545	261,383	44,382	70,192	406,502
Depreciation expenses	-	(545,259)	(600,155)	(61,278)	(269,204)	(1,475,896)
Net exchange difference	-	4,987	5,364	1,380	8,505	20,236
Reclassification and others	-	50,531	-	-	23,344	73,875
Balance, December 31, 2019	$ -	$ (4,588,056)	$ (3,564,456)	$ (536,869)	$ (2,281,522)	$ (10,970,903)

Depreciation is calculated by the straight-line method over service lives estimated as follows:

Buildings	
Main buildings	20 to 50 years
Equipment installed in buildings	10 to 15 years
Computers	3 to 8 years
Transportation equipment	4 to 10 years
Miscellaneous equipment	1.5 to 20 years

17. LEASE ARRANGEMENTS

a. Right-of-use assets, net

	December 31	
	2020	2019
Carrying amounts		
Buildings	$ 2,986,120	$ 3,113,237
Office equipment	1,429	4,313
Transportation equipment	6,061	7,068
	$ 2,993,610	$ 3,124,618

	For the Year Ended December 31	
	2020	**2019**
Additions to right-of-use assets	$ 1,000,768	$ 1,569,035
Depreciation charge for right-of-use assets		
Buildings	$ 1,077,299	$ 1,045,751
Office equipment	2,862	2,037
Transportation equipment	5,161	3,601
	$ 1,085,322	$ 1,051,389

Except for the additions and depreciation recognized above, the Company had no significant sublease and impairment on right-of-use assets during the year ended December 31, 2020 and 2019.

b. Lease liabilities

	December 31	
	2020	**2019**
Carrying amounts	$ 3,105,185	$ 3,126,192

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	**2019**
Buildings	0.80%-7.50%	0.80%-7.50%
Office equipment	0.80%-2.98%	0.80%-2.98%
Transportation equipment	0.66%-7.50%	0.66%-7.50%

c. Material lease-in activities and terms

The Company has entered into certain lease contracts with other companies or individuals for the business halls and office space that are required to be rented for operating activities. Rentals are calculated based on the actual number of rented flats and are payable monthly, quarterly or semi-annually. As of December 31, 2020 and 2019, refundable deposits on these leases totaled $688,095 thousand and $676,018 thousand, respectively.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 18.

	For the Year Ended December 31	
	2020	**2019**
Expenses relating to short-term leases	$ 22,291	$ 24,093
Expenses relating to low-value asset leases	$ 137	$ 364
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 117	$ -
Total cash outflow for leases	$ (1,031,235)	$ (1,020,933)

The Company leases certain land, buildings, transportation equipment, and other equipment which qualify as short-term leases and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

18. INVESTMENT PROPERTIES, NET

	December 31	
	2020	**2019**
Land	$ 381,040	$ 381,040
Buildings	1,688,954	1,717,516
	$ 2,069,994	$ 2,098,556

	Land	**Buildings**	**Total**
Cost			
Balance, January 1, 2020	$ 381,065	$ 1,903,459	$ 2,284,524
Net exchange difference	-	25,139	25,139
Balance, December 31, 2020	$ 381,065	$ 1,928,598	$ 2,309,663
Balance, January 1, 2019	$ 372,227	$ 1,958,613	$ 2,330,840
Net exchange difference	-	(62,071)	(62,071)
Reclassification	8,838	6,917	15,755
Balance, December 31, 2019	$ 381,065	$ 1,903,459	$ 2,284,524
Accumulated depreciation and impairment			
Balance, January 1, 2020	$ (25)	$ (185,943)	$ (185,968)
Depreciation expenses	-	(50,396)	(50,396)
Net exchange difference	-	(3,305)	(3,305)
Balance, December 31, 2020	$ (25)	$ (239,644)	$ (239,669)
Balance, January 1, 2019	$ (4)	$ (137,906)	$ (137,910)
Depreciation expenses	-	(52,381)	(52,381)
Impairment losses	(21)	(683)	(704)
Net exchange difference	-	5,467	5,467
Reclassification	-	(440)	(440)
Balance, December 31, 2019	$ (25)	$ (185,943)	$ (185,968)

Investment properties (except for land) are depreciated through 36 to 50 years on a straight-line basis.

As of December 31, 2020 and 2019, the fair values of investment properties were $3,181,890 thousand and $3,224,171 thousand, respectively. The fair value was classified in Level 3 and was determined using the valuation of discounted cash flow analysis method from external real estate appraiser joint firm (that were not the Company's related parties), and the comparison of price of the comparable property from external appraisal company and the Company's appraisal center.

The revenues generated from the investment properties are summarized as follows:

	For the Year Ended December 31	
	2020	2019
Rental income from investment properties	$ 44,962	$ 61,673
Direct operating expenses of investment properties that generate rental income	(52,531)	(54,538)
Direct operating expenses of investment properties that do not generate rental income	(574)	(580)
	$ (8,143)	$ 6,555

Lease agreements on premises occupied by other companies or individuals are operating lease. Rentals are calculated on the basis of the leased areas and are receivable monthly, quarterly or semiannually. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods. As of December 31, 2020 and 2019, refundable deposits on these leases totaled $15,933 thousand and $15,948 thousand, respectively (part of refundable guarantee deposits received). The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2020 and 2019 was as follows:

	December 31	
	2020	2019
Year 1	$ 60,875	$ 63,255
Year 2	28,314	58,707
Year 3	19,780	26,561
Year 4	19,109	18,110
Year 5	1,898	9,689
Year 6 onwards	-	468
	$ 129,976	$ 176,790

19. INTANGIBLE ASSETS, NET

	December 31	
	2020	2019
Goodwill	$ 4,442,999	$ 4,475,161
Computer software	1,152,830	1,106,020
Banking licenses	454,791	480,362
Core deposits	19,157	21,869
Developed technology	32,836	38,309
Customer relationship	17,318	20,026
	$ 6,119,931	$ 6,141,747

	Goodwill	Computer Software	Banking Licenses	Core Deposits	Developed Technology	Customer Relationship	Total
Balance, January 1, 2020	$ 4,475,161	$ 1,106,020	$ 480,362	$ 21,869	$ 38,309	$ 20,026	$ 6,141,747
Separate acquisition	-	292,361	-	-	-	-	292,361
Amortization expenses	-	(604,823)	-	(2,712)	(5,473)	(2,708)	(615,716)
Disposal	-	(3)	-	-	-	-	(3)
Reclassification	-	359,365	-	-	-	-	359,365
Net exchange difference	(32,162)	(90)	(25,571)	-	-	-	(57,823)
Balance, December 31, 2020	$ 4,442,999	$ 1,152,830	$ 454,791	$ 19,157	$ 32,836	$ 17,318	$ 6,119,931
Balance, January 1, 2019	$ 4,487,600	$ 976,598	$ 490,253	$ 24,581	$ 43,782	$ 22,734	$ 6,045,548
Separate acquisition	-	496,620	-	-	-	-	496,620
Amortization expenses	-	(562,134)	-	(2,712)	(5,473)	(2,708)	(573,027)
Reclassification	-	197,469	-	-	-	-	197,469
Net exchange difference	(12,439)	(2,533)	(9,891)	-	-	-	(24,863)
Balance, December 31, 2019	$ 4,475,161	$ 1,106,020	$ 480,362	$ 21,869	$ 38,309	$ 20,026	$ 6,141,747

The above intangible assets with limited useful lives are amortized on a straight-line basis by the useful lives as follows:

Computer software	3 to 10 years
Core deposits	16 years
Developed technology	11 years
Customer relationship	11 to 17 years

In testing assets for impairment, the Company uses as recoverable amounts (a) value in use for an operating segment defined as a CGU and (b) net fair value for an investment property. Goodwill on the acquisition of UCB (the subsidiary), BankPro (the subsidiary), the Kaohsiung Business Bank Co., Ltd., Chu Nan Credit-Cooperative Association and Chiayi The Fourth Credit Cooperative was allocated to operating segments (CGUs with allocated goodwill). The Company estimates the next five years' cash flows of a CGU by taking into consideration the actual performance of each CGU, business cycle, etc. under the going-concern assumption. The discounted present value of cash flows is used to determine the value in use of each CGU. The discount rates for future cash flows of CGUs were determined using the capital asset pricing model (CAPM). The testing for asset impairment showed that no impairment losses had been incurred.

20. OTHER ASSETS, NET

	December 31	
	2020	2019
Refundable deposits, net	$ 5,577,742	$ 3,980,322
Prepaid expenses	273,644	147,321
Defined benefit asset (Note 28)	1,050	25,113
Others	37,903	39,476
	$ 5,890,339	$ 4,192,232

21. DEPOSITS FROM THE CENTRAL BANK AND OTHER BANKS

	December 31 2020	December 31 2019
Call loans from banks	$ 48,209,147	$ 52,667,432
Deposits from Chunghwa Post Co., Ltd.	2,376,177	2,476,177
Call loans from the Central Bank	1,425,500	1,505,650
Banks overdrafts	279,960	307,435
Deposits from banks	2,654,434	921,328
Deposits from the Central Bank	23,768	25,764
	$ 54,968,986	$ 57,903,786

22. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

Securities sold for $11,305,248 thousand and $7,228,239 thousand under repurchase agreements as of December 31, 2020 and 2019, respectively, would subsequently be purchased for $11,327,432 thousand and $7,242,042 thousand, respectively.

23. PAYABLES

	December 31 2020	December 31 2019
Checks for clearing	$ 2,619,519	$ 2,235,915
Accrued interest	2,270,175	3,719,580
Accounts payable	3,694,750	2,503,368
Accrued expenses	4,528,261	4,222,383
Factored accounts payable	3,015,413	2,961,570
Acceptances	1,699,850	1,261,333
Payable on credit cards	1,211,765	2,132,136
Collections payable	448,125	310,104
Tax payable	342,238	336,449
Others	3,389,148	3,958,480
	$ 23,219,244	$ 23,641,318

24. DEPOSITS AND REMITTANCES

	December 31 2020	December 31 2019
Deposits		
Checking	$ 16,719,630	$ 14,165,065
Demand	734,858,994	507,749,420
Savings - demand	652,174,941	552,703,970
Time	725,011,044	682,724,259
Negotiable certificates of deposits	48,717,952	10,240,026
Savings - time	296,620,946	304,253,481
Treasury deposits	12,128,338	11,390,086
Remittances	6,862,193	914,929
	$ 2,493,094,038	$ 2,084,141,236

25. BANK DEBENTURES

Details of bank debentures issued by the Bank were as follows:

	December 31	
	2020	2019
Subordinated bonds issued on June 28, 2012; 1.68% interest payable annually; principal repayable on maturity (10 years after the issue date).	$ 2,720,000	$ 2,720,000
Two types of subordinated bonds issued on August 27, 2012; interest rate at (a) 1.50% for type A bond and (b) 1.62% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	3,500,000	3,500,000
Two types of subordinated bonds issued on May 24, 2013; interest rate at (a) 1.55% for type A bond and (b) 1.70% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	1,500,000	2,300,000
Subordinated bonds issued on August 28, 2013; 1.75% interest payable annually; principal repayable on maturity (7 years after the issue date).	-	2,700,000
Two types of subordinated bonds issued on December 19, 2013; interest rate at (a) 1.75% for type A bond and (b) 1.85% for type B bond; interest payable annually for both bond types; principal repayable on maturity (5.5 years for type A bond and 7 years for type B bond after the issue date).	-	500,000
Two types of subordinated bonds issued on March 7, 2014; interest rate at (a) 1.80% for type A bond and (b) 1.95% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	3,500,000	3,500,000
Two types of subordinated bonds issued on April 30, 2015; interest rate at (a) 1.80% for type A bond and (b) 2.10% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	5,000,000	5,000,000
Two types of subordinated bonds issued on September 29, 2015; interest rate at (a) 1.65% for type A bond and (b) 2.00% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	3,750,000	3,750,000
Two types of subordinated bonds issued on March 30, 2018; interest rate at (a) 1.30% for type A bond and (b) 1.55% for type B bond; interest payable annually for both bond types; principal repayable on maturity (7 years for type A bond and 10 years for type B bond after the issue date).	4,000,000	4,000,000
Bonds issued on April 24, 2018; interest rate at 0.66%; interest payable annually; principal repayable on maturity (2 years after the issue date).	-	1,100,000

(Continued)

	December 31	
	2020	2019
Bonds issued on August 13, 2019; interest rate at 0.65%; interest payable annually; principal repayable on maturity (3 years after the issue date).	$ 3,000,000	$ 3,000,000
Noncumulative perpetual subordinated bonds issued on January 8, 2020; interest rate at 1.45%; interest payable annually; the Bank may redeem the bond after 5 years and one month from the issue date.	4,000,000	-
Bonds issued on March 19, 2020; interest rate at 0.58%; interest payable annually; principal repayable on maturity (5 years after the issue date).	3,000,000	-
	$ 33,970,000	$ 32,070,000

(Concluded)

The Bank designated the bank debentures as at fair value through profit or loss, which are summarized below:

	December 31	
	2020	2019
Unsecured USD-denominated subordinated bonds issued on May 27, 2015	$ 3,344,667	$ 3,358,391
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on May 27, 2015	2,425,960	2,445,112
Unsecured USD-denominated subordinated bonds issued on October 28, 2015	2,486,664	2,487,231
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on October 28, 2015	1,343,691	1,360,100
Unsecured USD-denominated subordinated bonds issued on January 22, 2016	9,460,385	9,365,842
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on January 22, 2016	7,940,241	7,825,900
Unsecured USD-denominated subordinated bonds issued on June 6, 2016	3,425,553	3,320,111
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on June 6, 2016	3,171,793	2,929,904
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on December 29, 2016	3,020,275	2,881,861
Unsecured USD-denominated bonds issued on May 19, 2017	2,079,022	2,049,648
Unsecured USD-denominated bonds issued on November 21, 2017	4,662,317	4,477,071
Unsecured noncumulative perpetual USD-denominated subordinated bonds issued on February 12, 2018	6,942,889	6,473,528
	$ 50,303,457	$ 48,974,699

On May 27, 2015, the Bank issued unsecured subordinated bank debentures amounting to US$85,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.

On May 27, 2015, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$85,000 thousand with no maturity date and with a 4.97% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On October 28, 2015, the Bank issued unsecured subordinated bank debentures amounting to US$63,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.

On October 28, 2015, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$43,000 thousand with no maturity date and with a 5.10% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On January 22, 2016, the Bank issued unsecured subordinated bank debentures amounting to US$240,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.

On January 22, 2016, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$240,000 thousand with no maturity date and with a 5.10% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On June 6, 2016, the Bank issued unsecured subordinated bank debentures amounting to US$95,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may either redeem the bonds at an agreed-upon price after seven years from the issue date and every five years afterward, or make bond repayments on the maturity date.

On June 6, 2016, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$95,000 thousand with no maturity date and with a 4.41% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On December 29, 2016, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$90,000 thousand with no maturity date and with a 4.85% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On May 19, 2017, the Bank issued unsecured bank debentures amounting to US$60,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures, the Bank may either redeem the bonds at an agreed-upon price after five years from the issue date and each year afterward, or make bond repayments on the maturity date.

On November 21, 2017, the Bank issued unsecured bank debentures amounting to US$135,000 thousand with a 30-year maturity and 0% interest rate. In accordance with the terms of the bank debentures, the Bank may either redeem the bonds at an agreed-upon price after five years from the issue date and each year afterward, or make bond repayments on the maturity date.

On February 12, 2018, the Bank issued unsecured noncumulative perpetual subordinated bank debentures amounting to US$200,000 thousand with no maturity date and with a 4.75% interest payable annually on July 1 under certain interest payment conditions. In accordance with the terms of the bank debentures and with the approval of the authorities, the Bank may redeem all the bonds after 15 years from the issue date.

On March 13, 2019, the Bank issued unsecured bank debentures amounting to US$10,000 thousand with a 10-year maturity and with a 3.8% interest payable annually on March 13. In accordance with the terms of the bank debentures, the Bank may either redeem the bonds at an agreed-upon price after three months from the issue date and each three months afterward, or make bond repayments on the maturity date. The Bank redeemed the bonds amounting to US$10,000 thousand on September 13, 2019 under the terms of issuance.

To hedge against its exposure to interest rate risk due to the issuance of the above bank debentures, the Bank entered into interest rate swap (IRS) contracts, which are measured at fair value. The changes in fair value of the IRS contracts are recognized in profit or loss. To eliminate an accounting mismatch, the Bank also designated the bank debentures as at fair value through profit or loss.

To support business sustainable development and the government's green finance policy, the Bank's board of director approved on August 14, 2020, the issuance of unsecured bank debentures amounting to NT$10 billion (or foreign currency equivalent) with no more than 40 years to maturity. The Bank is going to apply for the approval of the issuance to the FSC.

As of the date of the consolidated financial statements were authorized for issue, there is no available bank debentures remained unissued.

26. OTHER FINANCIAL LIABILITIES

	December 31	
	2020	**2019**
Principal of structured products	$ 58,136,417	$ 32,737,919
Guarantee deposits received	5,204,333	1,568,974
Long-term borrowing	344,971	361,356
Short-term borrowing	868,371	20,000
	$ 64,554,092	$ 34,688,249

27. PROVISIONS

	December 31	
	2020	**2019**
Provision for losses on financing commitment	$ 507,068	$ 328,837
Provision for employee benefits	285,377	-
Provision for losses on guarantees	317,319	269,086
Others	41,905	42,080
	$ 1,151,669	$ 640,003

The changes in provision for losses on guarantees and financing commitments are summarized below:

For the year ended December 31, 2020

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	$ 177,119	$ 700	$ 3,204	$ 181,023	$ 416,900	$ 597,923
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(25)	32	(7)	-	-	-
Credit-impaired financial instruments	(70)	(151)	221	-	-	-
12-month ECL	4,806	(3,812)	(994)	-	-	-
Derecognition of financial instruments in the reporting period	(40,020)	-	-	(40,020)	-	(40,020)
New financial instruments purchased or originated	220,206	154	1,022	221,382	-	221,382
Difference of impairment loss under regulations	-	-	-	-	(14,321)	(14,321)
Change in model or risk parameters	59,877	4,762	(218)	64,421	-	64,421
Change in exchange rates or others	46	-	-	46	(5,044)	(4,998)
Balance at December 31, 2020	$ 421,939	$ 1,685	$ 3,228	$ 426,852	$ 397,535	$ 824,387

For the year ended December 31, 2019

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Impairment Loss under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2019	$ 244,518	$ 1,620	$ 2,703	$ 248,841	$ 286,555	$ 535,396
Changes of financial instruments recognized at the beginning of the reporting period						
Transfers to						
Lifetime ECL	(190)	190	-	-	-	-
Credit-impaired financial instruments	(101)	(30)	131	-	-	-
12-month ECL	1,576	(1,426)	(150)	-	-	-
Derecognition of financial instruments in the reporting period	(71,400)	(126)	(60)	(71,586)	-	(71,586)
New financial instruments purchased or originated	94,210	90	456	94,756	-	94,756
Difference of impairment loss under regulations	-	-	-	-	132,135	132,135
Change in model or risk parameters	(91,196)	382	124	(90,690)	-	(90,690)
Change in exchange rates or others	(298)	-	-	(298)	(1,790)	(2,088)
Balance at December 31, 2019	$ 177,119	$ 700	$ 3,204	$ 181,023	$ 416,900	$ 597,923

28. POST-EMPLOYMENT BENEFIT PLAN

a. Defined contribution plan

The pension mechanism under the Labor Pension Act (the Act) is deemed a defined contribution plan. Under the Act, the Company makes monthly contribution equal to 6% of each employee's monthly salary to employees' pension accounts in the Bureau of Labor Insurance.

The Company recognized expenses of $374,776 thousand and $326,969 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2020 and 2019, respectively, in accordance with the defined contribution plan.

b. Defined benefit plan

The Company has a defined benefit pension plan for all regular employees. Under this plan, the pension is calculated on the basis of an employee's seniority accumulated since the hire date in accordance with the Labor Standards Act.

The Company makes monthly contributions, equal to 2% of salaries and wages, to a pension fund. The fund is deposited in the Bank of Taiwan in the name of the Supervisory Committee of Workers' Retirement Preparation Fund, which manages the fund. The difference between the contributions and the pension costs based on actuarial calculations is deposited in a financial institution in the name of the employees' pension fund administration committee. Starting from July 1, 2005, the Company has made monthly contributions to the pension fund by the foregoing pension calculation for the employees that choose to continue being subject to the Labor Standards Act.

The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau) and the Company has no right to influence the investment policy and strategy. 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 post-employment benefits for employees who conform to post-employment 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 amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2020	**2019**
Present value of defined benefit obligation	$ 2,325,205	$ 2,024,474
Fair value of plan assets	(2,040,878)	(2,049,587)
Provision deficiency (surplus)	284,327	(25,113)
Net defined benefit asset (part of other assets)	1,050	25,113
Net defined benefit liability (part of provision for employee benefits)	$ 285,377	$ -

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Total**
Balance at January 1, 2019	$ 1,921,235	$ (1,665,008)	$ 256,227
Service cost			
Current service cost	22,760	-	22,760
Net interest expense (income)	20,828	(18,192)	2,636
Recognized in profit or loss	43,588	(18,192)	25,396

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Total
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (443,547)	$ (443,547)
Actuarial loss - changes in financial assumptions	88,273	-	88,273
Actuarial loss - experience adjustments	88,926	-	88,926
Recognized in other comprehensive income	177,199	(443,547)	(266,348)
Contributions from the employer	-	(29,083)	(29,083)
Benefits paid	(117,548)	106,243	(11,305)
Balance at December 31, 2019	2,024,474	(2,049,587)	(25,113)
Service cost			
Current service cost	21,926	-	21,926
Net interest expense (income)	15,021	(15,313)	(292)
Recognized in profit or loss	36,947	(15,313)	21,634
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(38,031)	(38,031)
Actuarial loss - changes in financial assumptions	239,084	-	239,084
Actuarial loss - experience adjustments	120,011	-	120,011
Recognized in other comprehensive income	359,095	(38,031)	321,064
Contributions from the employer	-	(33,258)	(33,258)
Benefits paid	(95,311)	95,311	-
Balance at December 31, 2020	$ 2,325,205	$ (2,040,878)	$ 284,327

(Concluded)

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic (and foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2020	**2019**
Discount rate	0.30%-0.35%	0.70%-0.75%
Expected rates of return on plan assets	0.35%	0.75%
Expected rates of future salary increase	3.00%	2.50%-3.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2020	**2019**
Discount rate(s)		
0.25% increase	$ (71,541)	$ (63,942)
0.25% decrease	$ 74,527	$ 66,680
Expected rate(s) of salary increase		
0.25% increase	$ 70,916	$ 64,078
0.25% decrease	$ (68,523)	$ (61,831)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

As of December 31, 2020 and 2019, the expected contributions to the plan for the next year were $403,103 thousand and $27,823 thousand, respectively; the average durations of the defined benefit obligation were 9 to 12.64 years and 10 to 12.99 years, respectively.

29. OTHER LIABILITIES

	December 31	
	2020	**2019**
Advance receipts	$ 2,796,220	$ 3,269,261
Deferred revenue	542,513	617,711
Others	4,110	19,127
	$ 3,342,843	$ 3,906,099

30. NET INTEREST

	For the Year Ended December 31	
	2020	2019
Interest revenue		
From discounts and loans	$ 28,998,469	$ 32,198,146
From investments	3,736,927	4,869,220
From revolving interests of credit cards	2,039,056	2,068,075
From due from banks and call loans to other banks	804,736	1,461,390
Others	199,850	353,820
	35,779,038	40,950,651
Interest expense		
From deposits	(12,758,079)	(18,203,994)
From due to the Central Bank and other banks	(730,040)	(1,782,263)
From issuing bank debentures	(567,442)	(577,552)
From lease liabilities	(38,729)	(38,167)
Others	(589,458)	(691,526)
	(14,683,748)	(21,293,502)
	$ 21,095,290	$ 19,657,149

31. SERVICE FEE INCOME, NET

	For the Year Ended December 31	
	2020	2019
Service fee income		
From credit cards	$ 9,136,490	$ 8,248,684
From trust business	5,780,658	4,502,702
From insurance	3,184,029	3,763,871
From loans	1,341,544	1,452,505
Others	2,381,636	2,243,239
	21,824,357	20,211,001
Service charge		
From agency	(1,385,761)	(930,570)
From credit cards	(1,041,976)	(275,265)
From cross-bank transactions	(346,726)	(352,969)
From computer processing	(343,387)	(319,421)
Others	(662,171)	(620,594)
	(3,780,021)	(2,498,819)
	$ 18,044,336	$ 17,712,182

32. GAINS (LOSSES) ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Year Ended December 31, 2020				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Financial assets mandatorily classified as at fair value through profit or loss	$ 15,206	$ 7,226,068	$ 15,176,976	$ 17,281,690	$ 39,699,940
Held-for-trading financial liabilities	-	-	(9,379,935)	(14,709,055)	(24,088,990)
Financial liabilities designated as at fair value through profit or loss	-	(2,152,862)	2,307	(2,223,385)	(4,373,940)
	$ 15,206	$ 5,073,206	$ 5,799,348	$ 349,250	$ 11,237,010

	For the Year Ended December 31, 2019				
	Dividend Income	Interest Revenue (Expense)	Gain (Loss) on Disposal	Gain (Loss) on Valuation	Total
Financial assets mandatorily classified as at fair value through profit or loss	$ 21,326	$ 8,516,445	$ 15,136,972	$ 10,970,943	$ 34,645,686
Held-for-trading financial liabilities	-	-	(6,425,266)	(6,503,120)	(12,928,386)
Financial liabilities designated as at fair value through profit or loss	-	(2,213,149)	(3,624)	(4,505,539)	(6,722,312)
	$ 21,326	$ 6,303,296	$ 8,708,082	$ (37,716)	$ 14,994,988

33. EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES

	For the Year Ended December 31	
	2020	2019
Employee benefits		
Salaries	$ 11,167,831	$ 10,239,469
Insurance	702,833	669,405
Excessive interest from preferential rates	194,525	189,053
Post-employment benefits	396,410	352,365
Others	682,718	584,600
Depreciation expenses	2,674,870	2,579,666
Amortization expenses	616,017	574,599

Under the Articles of Incorporation of the Bank, the Bank accrued employees’ compensation and remuneration of directors at the rates 3% and no higher than 0.6%, respectively, of net profit before income tax, employees’ compensation, and remuneration of directors (after offsetting accumulated deficit). For the year ended December 31, 2020 and 2019, the employees’ compensation were $563,955 thousand and $708,308 thousand, respectively; and the remuneration of directors were $95,000 thousand and $120,000 thousand, respectively.

If there is a change in the amounts before the annual consolidated financial statements were authorized for issue, the differences are recorded in the original year. If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded in the next fiscal year as a change in the accounting estimate.

The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018 that have been approved by the board of directors on March 12, 2020 and March 15, 2019, respectively, were as follows:

	For the Year Ended December 31			
	Amounts Approved		Amounts Recognized	
	2019	2018	2019	2018
Employees' compensation - cash	$ 704,982	$ 614,192	$ 708,308	$ 614,187
Remuneration of directors - cash	106,000	104,000	120,000	104,000

The differences between the approved amounts of employees' compensation and remuneration of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018, respectively, were resulted from a change in the accounting estimate. The differences were recognized in profit or loss for 2020 and 2019, respectively.

The employees' compensation to employees and the remuneration of directors for 2020, which were approved by the board of directors on March 11, 2021, were as follows:

	2020
Employees' compensation - cash	$ 553,275
Remuneration of directors - cash	60,000

Information on the approved amounts of employees' compensation and remuneration of directors is available at the website of the TWSE (http://emops.twse.com.tw).

34. INCOME TAX

a. Income tax recognized in profit or loss

Main components of income tax expense were as follows:

	For the Year Ended December 31	
	2020	2019
Current tax		
Current year	$ 2,693,373	$ 3,643,531
Additional income tax on unappropriated earnings	501	1,138
Prior year's adjustments		
Share-based payment arrangements	-	(372,494)
Others	28,396	20,583
	2,722,270	3,292,758
Deferred tax		
Current year	(219,908)	(238,965)
Income tax expense recognized in profit or loss	$ 2,502,362	$ 3,053,793

A reconciliation of accounting profit and current income tax expenses was as follows:

	For the Year Ended December 31	
	2020	2019
Profit before tax from continuing operations	$ 18,989,914	$ 22,713,157
Income tax expense calculated at the statutory rate (20%)	$ 3,797,983	$ 4,542,631
Nondeductible expenses in determining taxable income	37,447	91,467
Tax-exempt income	(1,578,752)	(1,394,916)
Additional income tax on unappropriated earnings	501	1,138
Land value increment tax	2,963	408
Unrecognized deductible temporary differences	166,638	(128,942)
Effect of different tax rate of overseas branches operating in other jurisdictions	47,186	293,918
Adjustments for prior year's income tax	28,396	(351,911)
Income tax expense recognized in profit or loss	$ 2,502,362	$ 3,053,793

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2020	2019
Deferred tax		
In respect of the current period		
Income tax relating to items that will not be reclassified subsequently to profit or loss		
Fair value changes of financial assets in equity instruments at fair value through other comprehensive income	$ (10,383)	$ 3,509
Remeasurement of defined benefit plans	54	(465)
Income tax relating to items that may be reclassified subsequently to profit or loss		
Exchange differences on the translation of financial statements of foreign operations	(184,518)	(191,410)
Fair value changes of financial assets in debt instruments at fair value through other comprehensive income	135,185	26,332
Income tax benefit recognized in other comprehensive income	$ (59,662)	$ (162,034)

c. Current tax assets and liabilities

	December 31	
	2020	2019
Current tax assets		
Consolidated tax return receivables	$ 154,487	$ 305,758
Prepaid taxes	106,339	7,054
	$ 260,826	$ 312,812
Current tax liabilities		
Consolidated tax return payables	$ 267,809	$ 1,358,166
Income tax payable	304,098	284,258
	$ 571,907	$ 1,642,424

d. Deferred tax assets and liabilities

Movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Others	Closing Balance
Deferred tax assets						
Temporary differences						
Financial instruments at fair value through profit or loss	$ 725,253	$ 221,569	$ -	$ 173	$ -	$ 946,995
Allowance for possible losses	92,492	36,131	-	(521)	-	128,102
Payable for annual leave	80,940	19,647	-	-	-	100,587
Other liabilities	42,316	(13,060)	-	-	-	29,256
Exchange differences on foreign operations	330,308	-	184,518	-	-	514,826
Payable for long-term compensation of employees	19,915	8,296	-	-	-	28,211
Government grants revenues	20,084	(594)	-	271	-	19,761
Unearned revenues	12,366	2,779	-	(907)	-	14,238
Others	16,244	3,024	(54)	(360)	-	18,854
	1,339,918	277,792	184,464	(1,344)	-	1,800,830
Unused loss carryforward	73,134	(72,271)	-	(863)	-	-
	$ 1,413,052	$ 205,521	$ 184,464	$ (2,207)	$ -	$ 1,800,830
Deferred tax liabilities						
Temporary differences						
Financial instruments at fair value through profit or loss	$ 511,237	$ (6,699)	$ -	$ -	$ -	$ 504,538
Financial instruments at fair value through other comprehensive income	79,034	-	124,802	(243)	-	203,593
Intangible assets	603,148	-	-	-	-	603,148
Unrealized foreign exchange gains	22,037	5,574	-	(111)	-	27,500
Provision of land value increment tax	83,171	(13,089)	-	-	-	70,082
Others	3,557	(173)	-	(183)	-	3,201
	$ 1,302,184	$ (14,387)	$ 124,802	$ (537)	$ -	$ 1,412,062

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Exchange Difference	Others	Closing Balance
Deferred tax assets						
Temporary differences						
Financial instruments at fair value through profit or loss	$ 514,165	$ 211,092	$ -	$ (4)	$ -	$ 725,253
Financial instruments at fair value through other comprehensive income	34,551	-	(34,551)	-	-	-
Allowance for possible losses	137,868	(42,770)	-	(2,606)	-	92,492
Payable for annual leave	68,090	12,850	-	-	-	80,940
Other liabilities	46,318	(4,002)	-	-	-	42,316
Exchange differences on foreign operations	138,898	-	191,410	-	-	330,308
Payable for long-term compensation of employees	6,220	13,695	-	-	-	19,915
Government grants revenues	-	20,784	-	(700)	-	20,084
Unearned revenues	-	12,757	-	(391)	-	12,366
Others	12,926	2,973	465	(120)	-	16,244
	959,036	227,379	157,324	(3,821)	-	1,339,918
Unused loss carryforward	94,274	(19,395)	-	(1,745)	-	73,134
	$ 1,053,310	$ 207,984	$ 157,324	$ (5,566)	$ -	$ 1,413,052
Deferred tax liabilities						
Temporary differences						
Properties and equipment	$ 404	$ 3,246	$ -	$ (93)	$ -	$ 3,557
Financial instruments at fair value through profit or loss	544,351	(33,114)	-	-	-	511,237
Financial instruments at fair value through other comprehensive income	84,144	-	(4,710)	(400)	-	79,034
Intangible assets	603,148	-	-	-	-	603,148
Unrealized foreign exchange gains	22,351	(297)	-	(17)	-	22,037
Provision of land value increment tax	83,987	(816)	-	-	-	83,171
	$ 1,338,385	$ (30,981)	$ (4,710)	$ (510)	$ -	$ 1,302,184

e. Unrecognized deferred tax assets

	December 31	
	2020	**2019**
Deductible temporary difference	$ 4,613,194	$ 4,142,056

f. The Bank's income tax returns through 2015 had been assessed by the tax authorities.

g. In 2017 and prior years, the parent company ESFHC issued shares to the employees of the Bank and the Bank accounted for the shares as salary expenses on share-based payments. However, the Bank excluded the salary expenses on share-based payments in its income tax returns to comply with the guidelines of the Ministry of Finance of the ROC (MOF) issued on April 20, 2011 and recognized the additional taxes derived from such transactions. On December 28, 2018, the MOF issued guidelines stating that if a company compensates the services of the employees of its subsidiary by issuing new shares or giving its own shares or other equity instruments, and the subsidiary measures and recognizes expenses for the services of the employees during the vesting period, the subsidiary can then recognize the expenses as salary expenses in the income tax returns. The Bank believes the MOF guidelines on December 28, 2018 are applicable to the shares issued by ESFHC to the employees of the Bank, and the shares should be accounted for as salary expenses in the income tax returns of the Bank. Accordingly, the Bank has filed an administrative remedy or applied for tax authority's review and reassessment of the tax returns from 2010 to 2017 in view of the December 28, 2018 guidelines. Based on the current examination of tax authorities, the Bank assessed that the tax authorities will approve the deduction of the relevant salary expenses in these years, and recognized the estimated income tax impact. In addition, the deduction of the relevant salary expenses of 2010 to 2015 (except for 2013) has been approved by the tax authorities. While the final result of the remaining years is subject to the examination of the taxation administration, the Bank will continue to follow through the development of the issues and evaluate the impact on the taxation of the Bank.

35. EARNINGS PER SHARE

The numerators and denominators used in calculating earnings per share were as follows:

	Amount (Numerator)	**Shares (Denominator in Thousands)**	**Earnings Per Share (Dollars)**
For the year ended December 31, 2020			
Basic earnings per share			
Net income	$ 16,464,910	9,524,100	$ 1.73
For the year ended December 31, 2019			
Basic earnings per share			
Net income	$ 19,642,947	9,524,100	$ 2.06

The number of shares outstanding was retrospectively adjusted to reflect the effects of the stock dividends distributed in the year following earnings appropriation. The basic earnings per share after income tax were retrospectively adjusted as follows:

Unit: NT$ Per Share

	For the Year Ended December 31, 2019	
	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic earnings per share	$ 2.17	$ 2.06

36. EQUITY

a. Capital stock

Common stock

	December 31	
	2020	**2019**
Authorized number of shares (in thousands)	9,524,100	9,048,100
Authorized capital	$ 95,241,000	$ 90,481,000
Number of shares issued (in thousands)	9,524,100	9,048,100
Common stock issued	$ 95,241,000	$ 90,481,000
Common stock issued		
Public offering	$ 49,625,382	$ 47,145,181
Private placement	45,615,618	43,335,819
	$ 95,241,000	$ 90,481,000

Common stock issued has a NT$10 par value. Each share has one voting right and the right to receive dividends.

The stockholders resolved to use the 2018 unappropriated earnings of $4,111,000 thousand as stock dividends consisting of 411,100 thousand shares on April 24, 2019, and thereby resolved to increase authorized capital to $90,481,000 thousand. This issuance was approved by the Ministry of Economic Affairs (MOEA).

The stockholders resolved to use the 2019 unappropriated earnings of $4,760,000 thousand as stock dividends consisting of 476,000 thousand shares on April 24, 2020, and thereby resolved to increase authorized capital to $95,241,000 thousand. This issuance was approved by the MOEA.

b. Capital surplus

Under the Articles of Incorporation of ESFHC, the employees of ESFHC's subsidiaries could be included in the distribution of employees' compensation. Thus, the Bank recognized the estimated distribution of shares to the Bank's employees under both salary expenses and capital surplus at $502,404 thousand and $584,492 thousand for the years ended December 31, 2020 and 2019, respectively. Material differences between the estimated amounts and the amounts approved by ESFHC's board of directors before the date the annual consolidated financial statements are authorized for issue are adjusted in the year which the amounts is recognized. If there is a change in the approved amounts after the annual consolidated financial statements were authorized for issue, the differences are recognized in the next fiscal year as a change in accounting estimate. The distributions of employees' stock compensation of 2019 and 2018 approved by the ESFHC's board of directors to the Bank's employees was $582,057 thousand and $446,918 thousand under both salary expenses and capital surplus, respectively. The differences resulted from a change in the accounting estimate was adjusted in profit or loss for the years ended December 31, 2020 and 2019, respectively.

Under related regulations, capital surplus must be used to offset deficit except capital surplus arising from the issuance of shares (issuance in excess of par value, capital surplus from issuance of common stock for combination and treasury stock transactions) and donation may be used to distribute cash dividends or transfer to common stock. However, any capital surplus transferred to common stock should be within a certain percentage of paid-in capital prescribed by law.

c. Special reserve

Under FSC guidelines, the Bank reclassified the trading loss reserve of $83,866 thousand accrued until December 31, 2010 to special reserve. This special reserve must be used to offset deficit except if the Bank has no deficit and the special reserve exceeds 50% of the Bank's paid-in capital, half of the excess may be used to issue new shares. Furthermore, when the special reserve exceeds the Bank's paid-in capital, the Bank may, under the FSC's approval, reclassify the excess back to unappropriated earnings.

According to Order No. 10510001510 issued by the FSC, a special reserve should be appropriated between 0.5% and 1% of net income after tax when banks appropriate earnings of 2016 through 2018. As of December 31, 2020, the special reserve, which amounted to $218,987 thousand, had been appropriated under the stipulation. According to Order No. 10802714560 issued by the FSC, since 2019, the Bank is allowed to reverse the special reserve at the amount of the costs of employee transfer and arrangement and education training for enhancing and cultivating employee competency to respond the need of financial technology development or business development.

d. Appropriation of earnings

Under the Bank's Articles of Incorporation, where the Bank made profit in a fiscal year, the profit shall be first utilized for paying all taxes, offsetting deficit of previous years, setting aside a legal reserve and special reserve in accordance with related regulations, setting aside a special reserve if needed, and then any remaining profit together with reversal of special reserve and prior years' unappropriated earnings, the board of directors shall draw up the appropriation of earnings motion for the approval of stockholders.

<u>Articles of incorporation before the approval of the amendment on April 24, 2020</u>

Under the Bank's dividend policy, the issuance of stock dividends takes precedence over the payment of cash dividends to strengthen the Bank's financial structure. This policy is also intended to improve the Bank's capital adequacy ratio and keep it at a level higher than the ratio set under relevant regulations. When dividends are declared, cash dividends must be at least 10% of total dividends declared, unless the resulting cash dividend per share falls below NT$0.1. However, cash dividends should not be more than 15% of paid-in capital if legal reserve is less than the total paid-in capital.

Articles of incorporation after the approval of the amendment on April 24, 2020

To strengthen the financial structure, the Bank shall keep adequate capital in accordance with the Banking Act of ROC and related regulations of the authorities and distribute cash dividends and (or) stock dividends according to its operating plan. However, unless and until the accumulated legal reserve equals the paid-in capital, the maximum cash dividends which may be distributed shall not exceed the legal limit.

Under the Company Law, legal reserve should be appropriated until the reserve equals the Bank's paid-in capital. This reserve should only be used to offset deficit. When the reserve exceeds 25% of the Bank's paid-in capital, the excess may be used to issue new shares or distribute cash dividends. In addition, the Banking Law limits the appropriation of cash dividends to 15% of the Bank's paid-in capital. But when the legal reserve equals the Bank's paid-in capital, this 15% limit may be waived.

Under related regulations, a special reserve is appropriated from the balance of the retained earnings at an amount from the net income and unappropriated earnings that is equal to the debit balance of accounts in the stockholders' equity section (such as exchange differences on the translation of financial statements of foreign operations and unrealized gains or losses on financial assets at fair value through other comprehensive income). The special reserve should be appropriated from the prior years' unappropriated earnings to the extent of the debit balance accumulated from prior years and such special reserve should not be appropriated. Afterward, if there is any reversal of the decrease in other stockholders' equity, the Bank is allowed to appropriating retained earnings from the reversal amount.

The appropriations of earnings for 2019 and 2018 that were approved in the stockholders' meetings on April 24, 2020 and April 24, 2019, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 5,892,885	$ 5,020,408		
Special reserve	-	83,673		
Cash dividends	9,318,844	7,514,402	$1.030	$0.870
Stock dividends	4,760,000	4,111,000	0.526	0.476

The appropriation of earnings for 2020 had been proposed by the Bank's board of directors on March 11, 2021. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 4,644,946	
Cash dividends	7,142,426	$0.750
Stock dividends	3,696,000	0.390

The appropriation of earnings for 2020 are subject to the resolution of the stockholders' meeting. Information on earnings appropriation or deficit offsetting is available at the website of the TWSE (http://emops.twse.com.tw).

e. Non-controlling interests

	For the Year Ended December 31	
	2020	**2019**
Balance, January 1	$ 131,199	$ 123,329
Cash dividends distributed by subsidiary	(12,937)	(7,763)
Attributable to non-controlling interests:		
Net income	22,642	16,417
Exchange differences on the translation of financial statements of foreign operations	(211)	(71)
Remeasurement of defined benefit plans	84	(713)
Balance, December 31	$ 140,777	$ 131,199

37. RELATED-PARTY TRANSACTIONS

E.SUN Financial Holding Company, Ltd. (ESFHC) is the parent company of the Bank and the ultimate controller of the E.SUN Group. All transactions, balances, income and expenses between the Bank and the subsidiaries (related parties of the Bank) are eliminated on a consolidated basis. In addition to those mentioned in Table 2 and in other notes, the significant related-party transactions are summarized as follows:

a. Related parties

Related Party	Relationship with the Company
E.SUN Financial Holding Company, Ltd. (ESFHC)	Parent company
E.SUN Securities Co., Ltd. (E.SUN Securities), E.SUN Venture Capital Co., Ltd. (ESVC) and E.SUN Securities Investment Consulting Corp.	Sister companies
E.SUN Foundation and E.SUN Volunteer & Social Welfare Foundation	One third of the funds are donated by the Bank
Others	Key management of the parent company (ESFHC) and the Bank and other related parties

b. Significant transactions between the Company and related parties

1) Loans

	Highest Balance (Note)	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended December 31, 2020				
Key management	$ 467,292	$ 369,459	$ 2,944	
Others	3,435,374	2,593,295	30,208	
	$ 3,902,666	$ 2,962,754	$ 33,152	0.80-1.85

(Continued)

	Highest Balance (Note)	Ending Balance	Interest Revenue	Interest Rate (%)
For the year ended December 31, 2019				
Sister companies	$ 103,000	$ -	$ 3	
Key management	279,766	236,219	3,544	
Others	2,496,379	2,338,787	32,838	
	$ 2,879,145	$ 2,575,006	$ 36,385	1.07-2.10

(Concluded)

2) Deposits

	Highest Balance (Note)	Ending Balance	Interest Expense	Interest Rate (%)
For the year ended December 31, 2020				
ESFHC	$ 10,847,191	$ 789,220	$ 1,076	
Sister companies	9,118,617	3,153,000	9,937	
Key management	798,306	588,354	1,544	
Others	2,753,857	1,311,627	15,568	
	$ 23,517,971	$ 5,842,201	$ 28,125	0-6.34
For the year ended December 31, 2019				
ESFHC	$ 11,845,965	$ 467,249	$ 3,500	
Sister companies	3,883,345	1,765,635	10,724	
Key management	944,386	752,526	3,023	
Others	2,180,811	1,430,647	17,887	
	$ 18,854,507	$ 4,416,057	$ 35,134	0-6.62

Note: The sum of the respective highest balances of each account for the years ended December 31, 2020 and 2019.

3) Lease arrangements - the Bank as lessor

The Bank leases out investment properties to its associate - ESFHC and sister companies under operating leases with lease terms of 4 to 5 years.

Unearned revenues (part of other liabilities) were as follows:

	December 31	
	2020	2019
ESFHC	$ 30	$ 30
Sister companies	942	996
	$ 972	$ 1,026

Future lease payment receivables were as follows:

	December 31	
	2020	**2019**
ESFHC	$ 24,850	$ 31,129
Sister companies	22,261	31,220
	$ 47,111	$ 62,349

Rental income (part of other noninterest gains, net) was as follows:

	For the Year Ended December 31	
	2020	**2019**
ESFHC	$ 5,980	$ 6,235
Sister companies	8,532	8,153
	$ 14,512	$ 14,388

	December 31	
	2020	**2019**
4) Interest receivable (part of receivables)		
Key management	$ 223	$ 120
Others	1,332	1,377
	$ 1,555	$ 1,497
5) Consolidated tax return receivables (part of current tax assets)		
ESFHC	$ 154,487	$ 305,758
6) Prepaid expense (part of other assets)		
Sister companies	$ 1,667	$ 1,667
7) Accounts Payable (part of payables)		
Sister companies	$ 95,031	$ 180,859
8) Interest payable (part of payables)		
ESFHC	$ 2	$ 1
Sister companies	169	363
Key management	158	681
Others	1,196	1,567
	$ 1,525	$ 2,612

	December 31	
	2020	2019
9) Remuneration of directors (part of payables)		
ESFHC	$ 95,000	$ 120,000
10) Consolidated tax return payables (part of current tax liabilities)		
ESFHC	$ 267,809	$1,358,166
11) Guarantee deposits received (part of other financial liabilities)		
ESFHC	$ 1,562	$ 1,562
Sister companies	2,246	2,246
	$ 3,808	$ 3,808

The Bank's parent company, ESFHC, has filed consolidated corporate tax returns, i.e., including the Bank's income tax return, from 2003, as allowed by certain tax regulations.

	For the Year Ended December 31	
	2020	2019
12) Service fee income (part of service fee income, net)		
ESFHC	$ -	$ 100
13) Rental income from operating assets (part of other noninterest gains, net)		
ESFHC	$ 256	$ 216
Sister companies	3,911	3,350
	$ 4,167	$ 3,566
14) Donation (part of general and administrative expenses)		
E.SUN Volunteer & Social Welfare Foundation	$ 56,566	$ 46,921
15) Other (part of employee benefits, general and administrative expenses)		
ESFHC	$ 81,000	$ 120,000
Sister companies	10,000	10,333
	$ 91,000	$ 130,333

The above donation is for E.SUN Volunteer & Social Welfare Foundation's social welfare charity.

16) There were no directors as credit guarantors as of December 31, 2020 and 2019, respectively.

17) In August 2012, E.SUN Volunteer & Social Welfare Foundation entrusted some properties to the Bank. The Bank charged $352 thousand and $269 thousand (part of service fee income, net) accordingly for the years ended December 31, 2020 and 2019, respectively.

The Bank has operating lease contracts with related parties, which cover certain office spaces within the Bank's building. The monthly or quarterly rentals, which had been prepaid by the lessees, were based on rentals for buildings near the Bank.

The interest rates shown above are similar to, or approximate, those offered to third parties. However, the interest rates for savings deposits given to managers of the Bank are the same as the interest rates of employees' savings deposits within a certain amount.

Under the Banking Law, except for consumer loans and government loans, credits extended by the Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

c. Compensation of key management

The compensation of the directors and other key management for the years ended December 31, 2020 and 2019 are summarized as follows:

	For the Year Ended December 31	
	2020	2019
Salaries and other short-term employment benefits	$ 324,602	$ 314,702
Post-employment benefits	2,441	2,438
Interest arising from the employees' preferential rates in excess of normal rates	649	723
	$ 327,692	$ 317,863

38. PLEDGED ASSETS

a. In addition to those mentioned in other notes, the pledged securities were as follows:

	December 31	
	2020	2019
Financial assets at fair value through profit or loss (face value)	$ 24,200,000	$ 24,200,000
Investments in debt instruments at amortized cost (face value)	3,041,785	2,912,639
Investments in debt instruments at fair value through other comprehensive income (face value)	3,389,804	1,099,170
	$ 30,631,589	$ 28,211,809

As of December 31, 2020 and 2019, the foregoing bonds and securities, with aggregate face value of $19,200,000 thousand at each period end, had been provided as collaterals for day-term overdraft to comply with the clearing system requirement of the Central Bank (CB) of the Republic of China for real-time gross settlement (RTGS). The unused overdraft amount at day's end can also be treated as the Bank's liquidity reserve. For covering its call loans from the CB, the Bank had provided collaterals consisting of securities with aggregate face values of $5,000,000 thousand as of December 31, 2020 and 2019, respectively. It had also provided other securities as collaterals for operating reserve and for meeting the requirements for judiciary provisional seizure.

b. To expand its capital sourcing and enhance its liquidity position, the Bank's Los Angeles Branch obtained access privileges at the Discount Window of the Federal Reserve Bank of San Francisco. The information on the securities and loans pledged by the Branch for this access was as follows:

(In Thousands of U.S. Dollars)

Date	Outstanding Loan Balance	Collateral Value
December 31, 2020	$ 111,000	$ 100,863
December 31, 2019	$ 26,000	$ 18,958

c. In response to the public policy to help those severely affected by COVID-19 pandemic, the Bank offers loans to SMEs and has applied for project financing from the Central Bank. As of December 31, 2020, up to $10,000,000 thousand in the Bank's deposit reserves - account B were provided as collaterals to the Central Bank in accordance with the relevant regulations.

d. As of December 31, 2020, UCB has provided US$35,090 thousand due from the National Bank of Cambodia as collaterals for guarantees of both loan and settlement accounts in the National Bank of Cambodia in accordance with relevant regulations.

39. CONTINGENCIES AND COMMITMENTS

In addition to those mentioned in other notes, the contingencies and commitments were as follows:

a. E.SUN Bank

As of December 31, 2020, agreements on the acquisition and decoration of buildings and various purchases related to the improvements of existing premises occupied by the Bank's branches amounted to approximately $8,680,147 thousand, and the remaining unpaid amount was approximately $4,968,035 thousand.

b. Union Commercial Bank (UCB)

As of December 31, 2020, decoration of buildings and various purchases related to the improvements of existing premises occupied by UCB amounted to approximately $652,592 thousand, and the remaining unpaid amount was approximately $9,990 thousand.

c. E.SUN Bank (China), Ltd. (ESBC)

As of December 31, 2020, decoration of buildings and various purchases related to the improvements of existing premises occupied by ESBC amounted to approximately $74,308 thousand, and the remaining unpaid amount was approximately $41,160 thousand.

40. THE BANK'S AVERAGE AMOUNT AND AVERAGE INTEREST RATE OF INTEREST-EARNING ASSETS AND INTEREST-BEARING LIABILITIES

Average balance was calculated at the daily average balances of interest-earning assets and interest-bearing liabilities.

	For the Year Ended December 31			
	2020		2019	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents and other financial assets - due from banks	$ 30,605,463	1.14	$ 36,247,959	2.04
Call loans to banks	23,970,675	0.75	22,949,202	1.86
Due from the Central Bank	46,840,594	0.23	42,118,455	0.34
Financial assets mandatorily classified as at fair value through profit or loss - bonds	149,909,846	3.52	138,273,472	4.72
Financial assets mandatorily classified as at fair value through profit or loss - bills	410,845,597	0.45	341,892,830	0.58
Securities purchased under resell agreements	3,486,261	0.34	236,166	0.54
Accounts receivable factored without recourse	6,816,733	1.66	7,805,140	3.09
Discounts and loans	1,511,824,109	1.78	1,370,657,253	2.23
Receivables on credit cards	31,183,417	6.49	30,233,384	6.80
Debt instruments at fair value through other comprehensive income	216,747,172	1.50	185,140,206	2.27
Investments in debt instruments at amortized cost	13,241,732	1.31	9,969,352	2.12
Interest-bearing liabilities				
Deposits from the Central Bank and other banks	73,018,824	0.89	76,581,752	2.24
Due to the Central Bank and other banks	4,265,859	0.10	-	-
Financial liabilities at fair value through profit or loss	42,449,331	5.06	45,102,474	4.95
Securities sold under repurchase agreements	9,599,959	0.34	7,402,514	1.28
Demand deposits	586,232,952	0.08	455,533,002	0.20
Savings - demand deposits	593,383,713	0.09	544,321,248	0.18
Time deposits	670,636,442	1.22	616,316,091	2.03
Savings - time deposits	306,396,903	0.89	310,198,054	1.05
Negotiable certificates of deposits	16,384,748	0.65	9,098,920	1.70
Bank debentures	36,169,180	1.56	34,174,219	1.69
Principal of structured products	44,858,003	0.64	26,592,328	1.07
Lease liabilities	2,612,792	0.80	2,416,279	0.80

41. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments that are not measured at fair value

Except as detailed in the following table, the management considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

	December 31			
	2020		2019	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Financial assets				
Investments in debt instruments at amortized cost	$ 16,465,798	$ 16,521,979	$ 12,599,698	$ 12,636,705
Financial liabilities				
Bank debentures	33,970,000	36,197,124	32,070,000	33,062,395

Fair value hierarchy as of December 31, 2020

	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 16,521,979	$ 16,521,979	$ -	$ -
Financial liabilities				
Bank debentures	36,197,124	-	36,197,124	-

Fair value hierarchy as of December 31, 2019

	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortized cost	$ 12,636,705	$ 12,636,705	$ -	$ -
Financial liabilities				
Bank debentures	33,062,395	-	33,062,395	-

The fair values of the financial assets and financial liabilities included in the Level 2 categories above have been determined in accordance with income approaches based on a discounted cash flow analysis.

b. The valuation techniques and assumptions the Company uses for determining fair values were as follows:

The fair values of financial assets and financial liabilities traded on active markets are determined with reference to quoted market prices. When market prices are not available, valuation techniques are applied. The financial data obtained by the Company for making estimations and assumptions for financial instrument valuation is consistent with those used by other market participants to price financial instruments. The fair value of the unlisted stocks held by the Company is determined by using market approach or asset approach.

The Company estimated the fair value of each forward contract on the basis of the exchange rates quoted by Reuters on each settlement date. Fair values of interest rate swap contracts and cross-currency swap contracts are calculated using the discounted cash flow method, unless the fair values of these two types of contracts are provided by counterparties. Fair values of currency option contracts are based on estimates made using the Black Scholes model, binomial method or Monte Carlo simulation. The fair values of futures contracts are calculated using the prices quoted by the futures exchange.

For valuation of debt instruments with no active market, the fair value is determined on the basis of the discounted cash flow method. The Company uses a discount rate approximating the rate of return of financial instruments with similar terms and characteristics, including the credit risk of the debtors, the residual period during which the fixed interest rate prescribed by contracts is accrued, the residual period for principal repayments, and the type of currency (New Taiwan dollar, U.S. dollar, etc.) to be used for payments. As of December 31, 2020 and 2019, the discount rates used ranged from 0.170% to 0.793% and from 0.266% to 1.006%, respectively, for the New Taiwan dollar and from 0.050% to 1.408% and from 1.645% to 2.043%, respectively, for the U.S. dollar.

If there are trade prices or prices quoted by major market players, the latest trade prices and quoted prices are used as the basis for evaluating the fair value of debt instruments, which are classified as investments in debt instruments at amortized cost; otherwise, the Company uses the foregoing valuation techniques to determine fair value.

The Company takes credit/debit valuation adjustments into consideration in order to reflect the credit risk resulted from counterparties and the credit quality of the Company when determining fair values of the financial instruments.

c. The fair value hierarchies of the Company’s financial instruments, which were measured at fair value on a recurring basis, as of December 31, 2020 and 2019, were as follows:

	December 31, 2020			
	Total	**Level 1**	**Level 2**	**Level 3**
Financial assets at fair value through profit or loss				
Derivative instruments	$ 22,729,819	$ 30,160	$ 22,699,659	$ -
Equity instruments	969,361	969,361	-	-
Debt instruments	138,469,345	2,773,337	135,696,008	-
Others	549,117,002	-	549,117,002	-
Financial assets at fair value through other comprehensive income				
Equity instruments	8,468,318	7,415,654	-	1,052,664
Debt instruments	254,338,866	121,200,937	133,137,929	-
Financial liabilities at fair value through profit or loss				
Derivative instruments	20,137,985	-	20,137,985	-
Financial liabilities designated as at fair value through profit or loss	50,303,457	-	50,303,457	-

	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivative instruments	$ 10,465,960	$ 20,345	$ 10,445,615	$ -
Equity instruments	840,494	840,494	-	-
Debt instruments	144,503,907	-	144,503,907	-
Others	359,489,435	-	359,489,435	-
Financial assets at fair value through other comprehensive income				
Equity instruments	7,299,485	6,322,231	-	977,254
Debt instruments	207,820,505	106,682,466	101,138,039	-
Financial liabilities at fair value through profit or loss				
Derivative instruments	10,425,477	-	10,425,477	-
Financial liabilities designated as at fair value through profit or loss	49,205,039	-	49,205,039	-

The Company remeasures the classification of fair value hierarchy at the end of each reporting period to determine whether there is a transfer between levels of the fair value hierarchy.

There were no significant transfers between Level 1 and Level 2 for the years ended December 31, 2020 and 2019.

d. Reconciliation of the financial instruments classified in Level 3

For the year ended December 31, 2020

	Financial Assets in Equity Instruments at Fair Value Through Other Comprehensive Income
Balance at January 1	$ 977,254
Valuation recognized in other comprehensive income	75,410
Balance at December 31	$ 1,052,664

For the year ended December 31, 2019

	Financial Assets in Equity Instruments at Fair Value Through Other Comprehensive Income
Balance at January 1	$ 927,693
Valuation recognized in other comprehensive income	49,561
Balance at December 31	$ 977,254

e. Valuation process on fair value in Level 3

The Company's risk management division is responsible for conducting independent fair value verification, using independent source data to bring the valuation results close to market conditions, confirming that the data sources are independent, reliable, consistent with other data messages, and representing executable prices, and regularly calibrating valuation models and updating input values and data required for the model, as well as any other necessary fair value adjustments, to ensure that the valuation results are reasonable.

f. Quantitative information on significant unobservable input (Level 3) in fair value

The significant unobservable inputs of the fair value of financial instruments classified in Level 3 on a recurring basis are as follows:

December 31, 2020

	Fair value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	$ 1,017,184	Market approach	Lack of liquidity discount	10%	The higher the lack of liquidity, the lower the fair value is
	35,480	Asset approach	Lack of liquidity discount; allowance of minority interest	10%; 10%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is

December 31, 2019

	Fair value	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	The Relation Between Inputs and Fair Value
Financial assets at fair value through other comprehensive income					
Investments in equity instruments	$ 945,881	Market approach	Lack of liquidity discount	10%	The higher the lack of liquidity, the lower the fair value is
	31,373	Asset approach	Lack of liquidity discount; allowance of minority interest	10%; 10%	The higher the lack of liquidity or the higher the equity dispersion, the lower the fair value is

g. Sensitivity analysis of fair value hierarchy classified in Level 3

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different results. For financial instruments classified in Level 3, if the parameter changes by 10%, the effects on profit or loss or other comprehensive income for the current period are as follow:

December 31, 2020

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	Unfavorable Changes
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	$ 105,266	$ (105,266)

December 31, 2019

	Changes in Fair Value Are Reflected in Other Comprehensive Income for the Current Period	
	Favorable Changes	**Unfavorable Changes**
Financial assets at fair value through other comprehensive income		
Investments in equity instruments	$ 97,725	$ (97,725)

h. Information on financial liabilities designated as at fair value through profit or loss was as follows:

	December 31	
	2020	**2019**
Difference between carrying amounts and the amounts due on maturity		
Fair value	$ 50,303,457	$ 49,205,039
Amounts due on maturity	45,711,540	47,430,012
	$ 4,591,917	$ 1,775,027

	Change in Fair Values Resulting from Credit Risk Variations
Accumulated amount of change	
As of December 31, 2020	$ 651,070
As of December 31, 2019	$ 53,345

The change in fair value of bank debentures and structured products resulting from credit risk variation is the difference between the total change in fair value and the change in fair value due to market risk variations of these financial instruments. The change in fair value resulting from market risk variations is calculated using the benchmark yield rate plus a fixed credit spread. The fair values of bank debentures and structured products are the present values of future cash flows discounted by the benchmark yield rate quoted in the market as of the balance sheet date plus the credit spread estimated using the interest rates of the debt issuers' borrowings with similar maturities.

i. Information on financial risk management

1) Risk management

The Bank established the risk management division to draw up the principles and policies of risk management to be followed by each department, to coordinate and monitor the enforcement of risk management policies of each department, and to deliberate whether proposals brought up by each risk-based unit to deal with a variety of issues are suitable for the Bank.

2) Credit risk

Credit risk refers to the Company's exposure to financial losses due to inability of customers or counterparties to meet the contractual obligations on financial instruments. Credit risk exists in both on- and off-balance sheet items. The on-balance sheet exposure to credit risks is mainly in loans and the credit card business, due from other banks, call loans to other banks, investment in debt instrument and derivatives. The off-balance sheet exposure to credit risks is mainly in financial guarantees, acceptance, letter of credits and loan commitments.

To ensure its credit risks fall within the acceptable range, the Company has stipulated in the Guidelines for Credit 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 a detailed analysis 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 factored without recourse and credit derivative instruments, etc., the Company also requires the use of a certain risk management system described in related rules and guidelines. The assessment of asset qualities and provision for possible losses of the overseas operating units, unless regulated by the local authorities, are in accordance with the Company's risk management policies and guidelines.

The measurement and management of credit risks from the Company's main businesses are as follows:

a) Loans and credit card business (including loan commitment and guarantees)

On each reporting date, the Company assesses the change in the default risk of financial assets, as well as consider reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, including the overdue status of credit assets from clients, actual repayment situation, credit investigation result, announcement of dishonored checks and negotiation of the debts from other financial institutions, or the debtor has reorganized or is likely to reorganize to determine whether the credit risk has increased significantly.

The Company adopts the 12-month ECLs to evaluate the loss allowance of financial instruments whose credit risk do not increase significantly since initial recognition, and adopt the lifetime ECLs to evaluate the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or of that are credit-impaired.

The Company considers both the 12-month and lifetime probability of default ("PD") of the borrower with the loss given default ("LGD"), multiplying, the exposure at default ("EAD"), as well as the impact of time value, to calculate the 12-month ECLs and lifetime ECLs, respectively.

"PD" refers to the borrower's probability of default and "LGD" refers to losses caused by the default. The Company applies the "PD" and "LGD" to the credit business according to each group's historical information (such as credit loss experience) from internal statistical data, and adjust historical data based on current observable and forward-looking macroeconomic information, then calculate by applying the progressive one factor model. The Company periodically reviews forward-looking macroeconomic information and timely adjusts "PD" for impact of factors such as the COVID-19.

The Company estimates the account balance based on the ways in repayment, and considers the possible survival rate to calculate the EAD. In addition, the Company estimates the 12-month ECLs and lifetime ECLs of loan commitments by considering the portion of the loan commitments expected to be used within 12 months after the reporting date and within expected lifetime based on the guidelines issued by the Bank's Association and Basel Accords to determine the amount of "EAD" for calculating expected credit losses.

The Company uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions are met, for instance, the financial assets are overdue for more than 90 days, or the credit investigation appears to be abnormal, the Company determines that the financial assets are defaulted and credit-impaired.

Credit assets are classified into five categories. In addition to normal credit assets that are classified as sound assets, the unsound assets are classified, on the basis of the valuation of collaterals and the length of time the payments become overdue, as special mention, substandard, with collectability high doubtful and uncollectable. The Company also set up policies for the management of doubtful credits and the collection of overdue debts to deal with collection problems.

For risk management purposes, the Company rates credit qualities (by using an internal rating model for credit risk, a credit score table, etc.) in accordance with the nature and scale of a business.

With the use of statistical method and judgment by experts, the Company has developed a credit rating model for clients. The Company reviews the model periodically to examine if the outcome matches reality and adjusts each parameter to optimize the result. Except the petit credits and residential mortgages, which are assessed by using the credit rating model, consumer loans are assessed individually for default risks.

The Company classifies the credit qualities of corporate loans as strong, medium and weak.

The Company evaluates the credit rating of borrowers at least once a year. In addition, to ensure the estimates used are reasonable and to make sure the outcome calculated matches reality, the Company annually conducts validity test and back testing on the models using data on customers' actual defaults.

b) Due from and call loans to other 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 domestic and foreign credit rating institutes.

c) Investments in debt instruments and derivatives

Investments in debt instruments were classified as at FVTOCI and as at amortized cost.

December 31, 2020

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 252,614,603	$ 16,467,373	$ 269,081,976
Less: Allowance for impairment loss	(71,696)	(1,575)	(73,271)
Amortized cost	252,542,907	$ 16,465,798	269,008,705
Adjustment to fair value	1,795,959		1,795,959
	$ 254,338,866		$ 270,804,664

December 31, 2019

	At FVTOCI	At Amortized Cost	Total
Gross carrying amount	$ 206,860,164	$ 12,600,772	$ 219,460,936
Less: Allowance for impairment loss	(56,329)	(1,074)	(57,403)
Amortized cost	206,803,835	$ 12,599,698	219,403,533
Adjustment to fair value	1,016,670		1,016,670
	$ 207,820,505		$ 220,420,203

The Company only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Company's exposure and the external credit ratings are continuously monitored. The Company reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the investment was recognized.

In order to minimize credit risk, the Company has tasked a team to develop and maintain a credit risk grading framework to categorize exposures according to degree of risk of default. The credit rating information may be obtained from independent rating agencies where available and, if not available, the team uses other publicly available financial information to rate the debtors.

The Company considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. The Company's current credit risk grading framework comprises the following categories:

December 31, 2020

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-%-0.25%	$ 269,081,976

December 31, 2019

Credit Rating	Description	Basis for Recognizing Expected Credit Losses	Expected Credit Loss Rate	Gross Carrying Amount
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	-%-0.18%	$ 219,460,936

The allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost grouped by credit rating is reconciled as follows:

Allowance for Impairment Loss	Credit Rating Performing (12-month ECL)
Balance at January 1, 2020	$ 57,403
New financial assets purchased	33,025
Derecognition	(16,507)
Change in model or risk parameters	122
Change in exchange rates or others	(772)
Balance at December 31, 2020	$ 73,271

Allowance for Impairment Loss	Credit Rating Performing (12-month ECL)
Balance at January 1, 2019	$ 60,187
New financial assets purchased	27,844
Derecognition	(22,756)
Change in model or risk parameters	(10,502)
Change in exchange rates or others	2,630
Balance at December 31, 2019	$ 57,403

The Company identifies and manages credit risks from debt instruments using external credit ratings of the debt instruments along with the evaluation of credit qualities of bonds, regional conditions and counterparties risks.

The other banks with which the Company conducts derivative transactions are mostly considered investment grade. The Company monitors the credit limits (including lending limits) by counterparties. The credits extended to counterparties that are not rated as investment grade are assessed case by case. The credits extended to counterparties who are general customers are monitored in accordance with the related contract terms and conditions and the credit limits for derivatives established in normal credit granting processes.

The Company classifies the debt instruments and derivatives into different categories, which are mainly based on the credit ratings provided by external credit agencies (Moody's, S&P, Fitch or Taiwan Ratings).

The Company has a series of measures for credit granting to reduce credit risks. One of the procedures is asking for collaterals from the borrowers. To secure the debt, the Company manages and assesses the collaterals following the procedures that determine the scope of collateralization and valuation of collaterals and the process of disposition. In credit contracts, the Company stipulates the security mechanism for debts; the conditions and terms for collaterals; and the terms and conditions of offsetting to state clearly that the Company reserves the right to reduce the granted quota, to reduce the repayment period, to demand immediate settlement or to offset the debts of the borrowers by their deposits in the Company in order to reduce the credit risks. The requirements for collaterals 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 collaterals.

To avoid the concentration of credit risks, the Company has included credit limits for a single counterparty and for a single group in its credit-related guidelines. The Company has also included credit limits for an individual (entity) and for related enterprises (group) in the guidelines for investment and regulations for risk control on equity investments. To manage the concentration risk on the assets, the Company set credit limits by industry, conglomerate, country, transactions collateralized by stocks, and other categories and integrated within one system the supervision of concentration of credit risk in these categories.

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.

The maximum exposures of assets on the consolidated balance sheets to credit risks without consideration of guarantees or other credit enforcement instruments approximate the assets' carrying amounts. The maximum exposures of off-balance sheet items to credit risks without consideration of guarantees or other credit enforcement instrument are stated as follows:

December 31, 2020

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	$ 1,272,959,941	$ 156,606	$ 19,074,252	$ -	$ 1,292,190,799
Allowance for possible losses	(421,939)	(1,685)	(3,228)	-	(426,852)
Difference of impairment loss under regulations	-	-	-	(397,535)	(397,535)
	$ 1,272,538,002	$ 154,921	$ 19,071,024	$ (397,535)	$ 1,291,366,412

December 31, 2019

	12-month ECL	Lifetime ECL	Lifetime ECL (Credit-impaired Financial Assets)	Difference of Impairment Loss under Regulations	Total
Maximum exposure to credit risk	$ 1,099,574,959	$ 231,625	$ 2,326,596	$ -	$ 1,102,133,180
Allowance for possible losses	(177,119)	(700)	(3,204)	-	(181,023)
Difference of impairment loss under regulations	-	-	-	(416,900)	(416,900)
	$ 1,099,397,840	$ 230,925	$ 2,323,392	$ (416,900)	$ 1,101,535,257

The management of the Company believes their abilities to minimize the credit risk exposures of the off-balance sheet items are mainly attributed to their rigorous evaluation of credit extended and the periodic reviews of these credits.

The maximum exposures of consolidated balance sheet items (recognized as financial assets), collateral, master netting arrangements and other credit enforcement instruments are as follows:

December 31, 2020

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by: Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
Credit-impaired financial assets					
Receivables					
Credit cards	$ 2,609,208	$ -	$ -	$ -	$ -
Other	39,567	-	-	-	-
Discounts and loans	8,238,531	4,328,179	-	-	4,328,179

December 31, 2019

	Carrying Amount	Maximum Exposure to Credit Risk Mitigated by: Collateral	Master Netting Arrangements	Other Credit Enhancements	Total
Credit-impaired financial assets					
Receivables					
Credit cards	$ 2,566,508	$ -	$ -	$ -	$ -
Other	494,850	1,521	-	-	1,521
Discounts and loans	8,330,806	4,351,308	-	-	4,351,308

Concentration of credit risk exists when counterparties to financial transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. The Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Group or industry, regions and collaterals that were 10% or more of total outstanding loans were as follows:

Credit Risk Profile by Group or Industry	December 31, 2020 Amount	%	2019 Amount	%
Natural person	$ 828,583,073	50	$ 715,870,408	49
Manufacturing	302,958,374	18	281,787,658	19
Finance, insurance and real estate	167,374,463	10	144,284,587	10

Credit Risk Profile by Regions	December 31, 2020 Amount	%	2019 Amount	%
Domestic	$ 1,420,878,973	87	$ 1,233,585,018	84

Credit Risk Profile by Collaterals	December 31, 2020 Amount	%	2019 Amount	%
Unsecured	$ 399,459,492	24	$ 386,098,015	26
Secured				
Real estate	1,082,599,716	66	936,944,001	64

Some financial assets held by the Company, such as cash and cash equivalents, due from the Central Bank and call loans to other banks, financial assets at fair value through profit or loss, securities purchased under resell agreements and refundable deposits, are exposed to low credit risks because the counterparties have rather high credit ratings.

The credit quality of discounts and loans evaluation on a 12-month expected credit loss basis were as follows:

	December 31	
	2020	**2019**
Credit rating		
Strong	$ 889,058,344	$ 784,321,191
Medium	699,310,944	632,935,456
Weak	40,114,730	32,354,689
Carrying value	1,628,484,018	1,449,611,336
Allowance for possible losses	(3,536,235)	(1,062,925)
	$ 1,624,947,783	$ 1,448,548,411

3) Market risk

Market risk refers to the risk of fluctuation in the fair values or the future cash flows of the on- and off-balance sheet instruments held by the Company because of market price changes. The risk factors that cause market price changes usually include interest rates, exchange rates, and the prices of equity securities and commodities. Changes in these risk factors will cause risk of fluctuation in the net income or in the value of investment portfolio of the Company.

The main market risks the Company faces are the risks on equity securities, interest rates, and exchange rate risks. The equity securities exposed to market risks mainly include stocks listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market and stock index futures in Taiwan; the instruments exposed to interest rate risk mainly include bonds and interest rate derivatives such as the fixed-for-floating interest rate swap; and the instruments exposed to exchange rate risk mainly include the consolidated positions of the investment held by the Company, such as the derivatives denominated in foreign currency and foreign-currency bonds.

The Bank monitors the market risk positions and the tolerable loss of the Bank in accordance with the goals of risk management and the amount limits authorized by the board of directors. The Bank has set up market risk information systems to effectively monitor the management of amount limits on financial instruments, to evaluate the profit and loss, to conduct sensitivity analysis, stress test and calculation of value at risk (VaR), etc. The result is reported in the meetings of risk management and to the board of directors as their reference for making managerial decisions.

The Company mainly divides the positions exposed to market risks into investment portfolios held for trading and investment portfolios not held for trading. The portfolios are monitored by the Risk Management Division, and the management results are reported regularly to the board of directors and the supervisors of each division.

The business units and the risk management units both identify market risk factors for the Company's exposed positions in order to measure market risks. Market risk factors refer to the factors that affect interest rates, exchange rates and values of held financial instruments such as equity securities, etc. The Company analyzes the impact of risk factors on its holding positions, profit and loss, negative result of stress test, sensitivity, VaR, etc., and measures the levels within which the investment portfolios and equity securities might suffer from interest rate risks, exchange rate risks, etc.

The Risk Management Division reports regularly to the board of directors the achievement of management objectives on market risks, the control of holding positions and profit and loss, the sensitivity analysis, the stress test, the value at risk of equity securities, etc. for their understanding of the Bank's market risk control. The Bank also has sound mechanisms for reporting and set limits and stop-loss regulations for all the transactions. If a trade reaches the stop-loss limit, the stop-loss will be executed immediately. Trades that do not follow the stop-loss rule should be reported to the management for their approval, and the reasons for their noncompliance as well as corresponding strategies should also be presented to the management.

The Bank uses the VaR model and stress tests to evaluate risks on investment portfolios for trading. The Bank also assesses market risks and evaluates the maximum expected loss of positions through making assumptions on changes in various market conditions. The board of directors set amount limits based on VaR. The whole risk management process is monitored daily by the Risk Management Division.

VaR statistically estimates the potential loss of the positions due to adverse market movements. The Bank may suffer the "maximum potential loss" within a certain confidence interval (99%), so it is still probable that the actual loss is larger than the VaR to some extent. VaR model assumes that the Bank holds the positions at least for the minimum holding periods (10 days) before they can be settled, and that the market fluctuation in these 10 days is similar to that in the past. The Bank evaluates historical market fluctuation based on historical data in the past two years. The Bank evaluates the VaR of its holding positions using the variance/covariance method. The computation will be used for periodic examinations and verification of assumptions and parameters used. However, this evaluation method cannot prevent losses from significant market fluctuations.

Information on the VaR of the Bank was as follows:

For the year ended December 31, 2020

Historical Values at Risk (99%, 10-day)	**Average**	**Minimum**	**Maximum**	**December 31, 2020**
By risk type				
Currency	$ 3,223,971	$ 1,989,772	$ 4,108,441	$ 3,243,184
Interest	5,243,051	3,700,329	6,952,590	5,727,202
Equity	402,932	175,387	672,918	672,918
Risk diversification	(3,871,450)	-	-	(4,174,418)
Total risk exposure	$ 4,998,504			$ 5,468,886

For the year ended December 31, 2019

Historical Values at Risk (99%, 10-day)	**Average**	**Minimum**	**Maximum**	**December 31, 2019**
By risk type				
Currency	$ 2,514,865	$ 1,000,480	$ 3,607,735	$ 2,221,621
Interest	1,756,118	339,009	4,443,074	3,817,952
Equity	169,938	24,263	332,437	289,848
Risk diversification	(1,030,351)	-	-	(2,380,754)
Total risk exposure	$ 3,410,570			$ 3,948,667

Stress test is used to measure the greatest potential losses of the portfolio of risk assets under the worst scenarios. The Risk Management Division performs it, and it includes (a) a stress test on risk factors, in which the stress test is applied to all kinds of risks; and (b) a temporary stress test, in which the stress test is applied to special investment positions or specific investment areas, for example, areas where exchange rates fluctuate dramatically. The results of stress tests are reported to the senior management.

For the information on the foreign-currency financial assets and liabilities with significant effect, please refer to Table 3.

4) Liquidity risk

Liquidity risk refers to the possibility of financial loss resulting from the shortage of funds in meeting the needs of asset acquisition or debt repayment on maturity. Examples are the depositors' withdrawal of deposits before maturity, difficulty in raising funds from other banks or worsening funding conditions due to the fluctuations in specific markets, unstable recovery of money due to credit defaults, deterioration of the convertibility of financial instruments, early termination of interest-sensitive instruments, etc. These situations might result in decrease of cash inflows from loans, trades and investments. In some extreme cases, lack of liquidity may cause decrease of asset values in balance sheets, disposal of assets or other situations in which loan commitments cannot be met. Liquidity risks exist in all banking operations, and are influenced by specific events from industries or markets, including but not limited to credit events, mergers and acquisitions, systematic risks in the industry or natural disasters.

Liquidity risk management is done by the money market division and monitored by the risk management division. The procedures include (a) maintaining daily money market operations and monitoring future cash flows to ensure the meeting of liquidity requirements; (b) holding an appropriate amount of readily convertible and highly liquid assets to prevent from unpredictable events that disrupt cash flows; (c) monitoring the liquidity ratios for the balance sheets in accordance with internal and external policies; and (d) managing security products during their remaining maturity periods. Liquidity risk monitoring and reporting are based on the valuation and prediction of future cash flows from different terms to maturity (maturity gap is used by the Bank as a tool to manage liquidity risk). The prediction of cash flows involves the cash outflows at the maturity date of the financial liabilities and the cash inflows at the receipt date of financial assets.

For maintaining solvency and meeting the needs of emergency assistance arrangements, the Company holds cash and high-quality, liquid interest-bearing assets. The assets held for liquidity risk management include cash and cash equivalents, due from Central Bank and call loans to other banks, financial assets at fair value through profit or loss, discounts and loans, financial assets at fair value through other comprehensive income and debt instruments at amortized cost, etc.

The liquidity reserve ratios of the Bank for December 2020 and 2019 were 35.84% and 30.55%, respectively.

The Company disclosed the analysis of cash outflows from nonderivative financial liabilities by the residual maturities as of the balance sheet date. The amounts of cash outflows are based on contractual cash flows, so some amounts may not correspond to those that shown in the consolidated balance sheets.

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	$ 41,977,252	$ 10,665,356	$ 1,516,729	$ 809,649	$ -	$ 54,968,986
Due to the Central Bank and other banks	-	8,044,340	-	-	-	8,044,340
Nonderivative financial liabilities at fair value through profit or loss	-	-	-	523,330	45,188,210	45,711,540
Securities sold under repurchase agreements	9,158,366	1,203,256	965,810	-	-	11,327,432
Payables	20,940,060	995,627	395,298	427,341	100,505	22,858,831
Deposits and remittances	935,095,060	241,610,977	229,107,360	387,240,913	700,039,728	2,493,094,038
Bank debentures	-	1,300,000	-	-	32,670,000	33,970,000
Lease liabilities	94,511	110,842	263,880	469,871	2,284,405	3,223,509
Other items of cash outflow on maturity	6,500,520	3,682,178	934,496	431,642	53,005,256	64,554,092

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Deposits from the Central Bank and other banks	$ 36,037,226	$ 19,723,614	$ 1,440,525	$ 702,421	$ -	$ 57,903,786
Nonderivative financial liabilities at fair value through profit or loss	56	434	-	552,754	46,876,769	47,430,013
Securities sold under repurchase agreements	4,914,184	1,383,002	740,700	204,156	-	7,242,042
Payables	16,316,421	908,117	911,803	1,547,448	3,599,029	23,282,818
Deposits and remittances	776,302,076	178,061,697	196,266,445	320,018,479	613,492,539	2,084,141,236
Bank debentures	-	-	1,900,000	3,200,000	26,970,000	32,070,000
Lease liabilities	81,137	145,256	264,958	445,143	2,284,736	3,221,230
Other items of cash outflow on maturity	6,031,991	1,550,378	197,182	313,194	26,595,504	34,688,249

The Company assessed the maturity date of contracts to understand the basic elements of all derivative financial instruments shown in the consolidated balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some may not correspond to the amounts shown in the consolidated balance sheets. The maturity analysis of derivative financial liabilities was as follows:

a) Derivative financial liabilities to be settled at net amount

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives	$ 27,979	$ 2,732	$ -	$ 4,961	$ -	$ 35,672

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives	$ -	$ 3,283	$ 1,092	$ -	$ -	$ 4,375

b) Derivative financial liabilities to be settled at gross amounts

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 353,885,823	$ 296,490,649	$ 159,581,874	$ 184,385,038	$ 10,019,268	$1,004,362,652
Cash inflow	352,375,337	295,321,301	160,015,531	184,489,181	9,902,027	1,002,103,377
Interest derivatives						
Cash outflow	(3,500,037)	(2,451,103)	(2,502,707)	(4,593,968)	19,963,075	6,915,260
Cash inflow	4,180,153	2,760,649	3,221,266	5,580,570	45,301,118	61,043,756
Total cash outflow	350,385,786	294,039,546	157,079,167	179,791,070	29,982,343	1,011,277,912
Total cash inflow	356,555,490	298,081,950	163,236,797	190,069,751	55,203,145	1,063,147,133
Net cash outflow (inflow)	$ (6,169,704)	$ (4,042,404)	$ (6,157,630)	$ (10,278,681)	$ (25,220,802)	$ (51,869,221)

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at fair value through profit or loss						
Currency derivatives						
Cash outflow	$ 280,286,489	$ 369,992,774	$ 157,283,843	$ 99,707,199	$ 4,797,724	$ 912,068,029
Cash inflow	279,726,483	368,802,972	156,801,088	100,021,865	4,810,829	910,163,237
Interest derivatives						
Cash outflow	496,012	1,421,615	628,708	907,206	27,280,795	30,734,336
Cash inflow	898,560	1,396,543	757,665	871,983	40,682,808	44,607,559
Total cash outflow	280,782,501	371,414,389	157,912,551	100,614,405	32,078,519	942,802,365
Total cash inflow	280,625,043	370,199,515	157,558,753	100,893,848	45,493,637	954,770,796
Net cash outflow (inflow)	$ 157,458	$ 1,214,874	$ 353,798	$ (279,443)	$ (13,415,118)	$ (11,968,431)

The Company conducted the maturity analysis of off-balance sheet items based on the residual maturities as of the consolidated balance sheet date. For the financial guarantee contracts issued, the maximum amounts of the guarantees are included in the earliest periods that the guarantee obligation might have been required to be fulfilled. The amounts used in the maturity analysis of off-balance sheet items are based on contractual cash flows, so some amounts may not correspond to those shown in the consolidated balance sheets.

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 443,893	$ 1,750,566	$ 1,701,169	$ 6,702,697	$ 34,271,321	$ 44,869,646
Credit card commitments	118,185	21,111	47,363	264,204	470,523,610	470,974,473
Letters of credit issued and yet unused	1,445,159	5,181,479	1,374,154	412,180	1,483	8,414,455
Other guarantees	4,320,472	6,792,798	2,412,244	14,241,758	5,594,172	33,361,444

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Irrevocable loan commitments issued	$ 364,421	$ 257,285	$ 1,252,524	$ 6,275,169	$ 36,834,577	$ 44,983,976
Credit card commitments	3,650,249	2,796,165	6,787,742	11,777,916	410,329,530	435,341,602
Letters of credit issued and yet unused	1,888,621	4,829,870	1,489,203	567,121	1,643,771	10,418,586
Other guarantees	2,880,814	5,498,737	4,320,652	11,195,598	5,026,600	28,922,401

j. Transfers of financial assets

Most of the transferred financial assets of the Company that are not derecognized in their entirety are securities sold under repurchase agreements. According to these transactions, the right on cash flow of the transferred financial assets would be transferred to other entities and the associated liabilities of the Company's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. As the Company is restricted to use, sell or pledge the transferred financial assets throughout the term of transaction, and is still exposed to interest rate risks and credit risks on these instruments, the transferred financial assets are not derecognized in their entirety. The details of financial assets that were not derecognized in their entirety and the associated financial liabilities were as follows:

December 31, 2020					
Category of Financial Assets	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Associated Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Associated Financial Liabilities**	**Fair Value of Net Position**
Investments in debt instruments at FVTOCI - securities sold under repurchase agreements	$ 12,153,396	$ 11,305,248	$ 12,153,396	$ 11,305,248	$ 848,148

December 31, 2019					
Category of Financial Assets	**Carrying Amount of Transferred Financial Assets**	**Carrying Amount of Associated Financial Liabilities**	**Fair Value of Transferred Financial Assets**	**Fair Value of Associated Financial Liabilities**	**Fair Value of Net Position**
Investments in debt instruments at FVTOCI - securities sold under repurchase agreements	$ 7,026,815	$ 6,800,123	$ 7,026,815	$ 6,800,123	$ 226,692
Investments in debt instruments at amortized cost - securities sold under repurchase agreements	431,211	428,116	436,261	428,116	8,145

k. Offsetting financial assets and financial liabilities

The Company is eligible to present certain derivative assets and derivative liabilities on a net basis on the balance sheet since the offsetting criteria are met. Cash collateral has also been paid by part of counterparties for the net amount of the derivative assets and derivative liabilities. The cash collateral does not meet the offsetting criteria, but it can be set off against the net amount of the derivative assets and derivative liabilities in the case of default and insolvency or bankruptcy, in accordance with an associated collateral arrangement.

The tables below present the quantitative information on financial assets and financial liabilities that have been offset in the balance sheet or that are covered by enforceable master netting arrangements or similar agreements.

December 31, 2020

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Received	Net Amounts
Derivatives	$ 22,729,819	$ -	$ 22,729,819	$ (10,465,309)	$ (5,892,275)	$ 6,372,235
Resell agreements	2,300,419	-	2,300,419	(2,300,419)	-	-
	$ 25,030,238	$ -	$ 25,030,238	$ (12,765,728)	$ (5,892,275)	$ 6,372,235

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Pledged	Net Amounts
Derivatives	$ 20,137,985	$ -	$ 20,137,985	$ (10,465,309)	$ (4,087,457)	$ 5,585,219
Repurchase agreements	11,308,940	-	11,308,940	(11,308,940)	-	-
	$ 31,446,925	$ -	$ 31,446,925	$ (21,774,249)	$ (4,087,457)	$ 5,585,219

December 31, 2019

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheet	Net Amounts of Financial Assets Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet: Financial Instruments	Related Amounts Not Offset in the Balance Sheet: Cash Collateral Received	Net Amounts
Derivatives	$ 10,465,960	$ -	$ 10,465,960	$ (4,536,685)	$ (2,228,912)	$ 3,700,363
Resell agreements	4,971,680	-	4,971,680	(4,971,680)	-	-
	$ 15,437,640	$ -	$ 15,437,640	$ (9,508,365)	$ (2,228,912)	$ 3,700,363

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Offset in the Balance Sheet		Net Amounts
				Financial Instruments	Cash Collateral Pledged	
Derivatives	$ 10,425,477	$ -	$ 10,425,477	$ (4,536,685)	$ (2,738,441)	$ 3,150,351
Repurchase agreements	7,234,754	-	7,234,754	(7,234,754)	-	-
	$ 17,660,231	$ -	$ 17,660,231	$ (11,771,439)	$ (2,738,441)	$ 3,150,351

42. CAPITAL MANAGEMENT

The two main objectives of capital management of the Bank are (a) meeting the requirements for legal capital set by the authorities and building an effective system for capital management and (b) balancing risk control and business development under the premise of "undertaking risks and earning returns on capital" and maximizing the stockholders' profits.

The Banking Law and related regulations require that the Bank maintains both standalone and consolidated ratios of regulatory capital to risk-weighted assets (including ratio of the common equity to risk-weighted assets, ratio of Tier 1 capital to risk-weighted assets and capital adequacy ratio (CAR)) should comply with the minimum ratio requested by authorities.

The capital of the Bank is jointly managed by the Capital Management Team and the Risk Management Division. The management process starts from the evaluation and adjustments to plans or budgets by using different quantitative methods that consider risks, returns and growth rates. Subsequently, the evaluation and adjustments are used to confirm the total amount of capital requirement and is eventually used to allocate the capital to the respective branches and operating units. The whole process takes into consideration the quantitative risk assessment, plans and budgets, capital balance and allocation of economic capitals to corresponding units on the basis of risk appetite. The process is a combination of risk appetite, capital management, risk management, managerial decisions and performance assessment.

Information on the Bank's CAR was as follows:

(Unit: In Thousands of New Taiwan Dollars, %)

Items			December 31, 2020 Standalone	December 31, 2020 Consolidated
Eligible capital	Common equity		$ 167,478,087	$ 169,746,710
	Other Tier 1 capital		24,486,398	27,972,199
	Tier 2 capital		39,032,950	46,734,557
	Eligible capital		230,997,435	244,453,466
Risk-weighted assets	Credit risk	Standardized approach	1,281,158,937	1,339,559,309
		Internal ratings-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach/alternative standardized approach	121,079,875	125,793,513
		Advanced measurement approach	-	-
	Market risk	Standardized approach	74,951,988	81,222,275
		Internal model approach	-	-
	Risk-weighted assets		1,477,190,800	1,546,575,097
Capital adequacy ratio (%)			15.64	15.81
Ratio of common equity to risk-weighted assets (%)			11.34	10.98
Ratio of Tier 1 capital to risk-weighted assets (%)			13.00	12.78
Leverage ratio (%)			6.28	6.32

Items		Year	December 31, 2019	
			Standalone	Consolidated
Eligible capital	Common equity		$ 161,585,961	$ 163,736,378
	Other Tier 1 capital		20,353,674	23,782,500
	Tier 2 capital		43,289,697	50,462,950
	Eligible capital		225,229,332	237,981,828
Risk-weighted assets	Credit risk	Standardized approach	1,395,412,290	1,460,785,074
		Internal ratings-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	-	-
		Standardized approach/alternative standardized approach	82,085,088	85,599,525
		Advanced measurement approach	-	-
	Market risk	Standardized approach	62,914,525	70,789,300
		Internal model approach	-	-
	Risk-weighted assets		1,540,411,903	1,617,173,899
Capital adequacy ratio (%)			14.62	14.72
Ratio of common equity to risk-weighted assets (%)			10.49	10.12
Ratio of Tier 1 capital to risk-weighted assets (%)			11.81	11.60
Leverage ratio (%)			7.02	7.06

Note 1: Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk - Weighted Assets of Banks."

Note 2: Formulas used were as follows:

1) Eligible capital = Common equity + Other Tier 1 capital + Tier 2 capital.

2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

4) Ratio of the common equity to risk-weighted assets = Common equity ÷ Risk-weighted assets.

5) Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Other Tier 1 capital) ÷ Risk-weighted assets.

6) Leverage ratio = Tier 1 capital ÷ Exposure measurement.

43. THE BANK'S ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

a. Asset quality: Table 4 (attached).

b. Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Rank (Note 1)	December 31, 2020			December 31, 2019		
	Industry of Group Enterprise (Note 2)	**Total Amount of Credit Endorsement or Other Transactions (Note 3)**	**Percentage of E.SUN Bank's Equity**	**Industry of Group Enterprise (Note 2)**	**Total Amount of Credit Endorsement or Other Transactions (Note 3)**	**Percentage of E.SUN Bank's Equity**
1	Group A Other activities auxiliary to financial service activities not elsewhere classified	$ 9,820,456	5.53	Group C Air transport	$ 10,809,126	6.32
2	Group B Manufacture of other electronic parts and components not elsewhere classified	8,313,005	4.68	Group A Other activities auxiliary to financial service activities not elsewhere classified	9,086,810	5.32
3	Group C Air transport	8,273,310	4.66	Group D Activities of head offices	7,418,394	4.34
4	Group D Activities of head offices	6,888,566	3.88	Group B Manufacture of other electronic parts and components not elsewhere classified	6,788,382	3.97
5	Group E Manufacture of electronic passive devices	6,814,764	3.84	Group H Manufacture of computers	6,262,888	3.66
6	Group F Real estate activities for sale and rental with own or leased property	5,828,145	3.28	Group K Manufacture of computers	4,439,575	2.60
7	Group G Real estate development	5,527,771	3.11	Group L Wired telecommunications activities	4,297,400	2.51
8	Group H Manufacture of computers	5,487,723	3.09	Group I Wholesale of computers, computer peripheral equipment and software	4,207,850	2.46
9	Group I Wholesale of computers, computer peripheral equipment and software	4,720,957	2.66	Group M Manufacture of edible vegetable and animal oils and fats	4,186,546	2.45
10	Group J Other holding companies	4,367,883	2.46	Group E Manufacture of integrated circuits	4,131,034	2.42

Note 1: The list shows top 10 rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate - General of Budget, Accounting and Statistics under the Executive Yuan.

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

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

c. Interest rate sensitivity information

Interest Rate Sensitivity (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars, %)

December 31, 2020

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 1,785,776,454	$ 65,674,821	$ 85,272,799	$ 131,460,676	$ 2,068,184,750
Interest rate-sensitive liabilities	1,432,001,698	60,808,236	99,812,199	87,199,479	1,679,821,612
Interest rate sensitivity gap	353,774,756	4,866,585	(14,539,400)	44,261,197	388,363,138
Net worth					149,067,460
Ratio of interest rate-sensitive assets to liabilities					123.12
Ratio of interest rate sensitivity gap to net worth					260.53

December 31, 2019

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 1,432,546,938	$ 73,102,274	$ 53,155,640	$ 113,333,084	$ 1,672,137,936
Interest rate-sensitive liabilities	380,050,796	845,093,636	71,186,193	56,752,750	1,353,083,375
Interest rate sensitivity gap	1,052,496,142	(771,991,362)	(18,030,553)	56,580,334	319,054,561
Net worth					144,925,187
Ratio of interest rate-sensitive assets to liabilities					123.58
Ratio of interest rate sensitivity gap to net worth					220.15

Note 1: The above amounts included only New Taiwan dollar amounts held by the head office and branches of the Bank (i.e., excluding foreign currency).

Note 2: Interest rate-sensitive assets and liabilities refer to the revenues or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

Interest Rate Sensitivity (U.S. Dollars)

(In Thousands of U.S. Dollars, %)

December 31, 2020

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 13,451,973	$ 653,834	$ 251,516	$ 2,213,351	$ 16,570,674
Interest rate-sensitive liabilities	21,754,001	2,502,288	3,011,604	1,765,415	29,033,308
Interest rate sensitivity gap	(8,302,028)	(1,848,454)	(2,760,088)	447,936	(12,462,634)
Net worth					304,178
Ratio of interest rate-sensitive assets to liabilities					57.07
Ratio of interest rate sensitivity gap to net worth					(4,097.15)

December 31, 2019

Items	1 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year	Total
Interest rate-sensitive assets	$ 13,432,612	$ 891,096	$ 352,331	$ 1,193,211	$ 15,869,250
Interest rate-sensitive liabilities	17,156,573	3,352,727	2,792,439	1,479,951	24,781,690
Interest rate sensitivity gap	(3,723,961)	(2,461,631)	(2,440,108)	(286,740)	(8,912,440)
Net worth					520,022
Ratio of interest rate-sensitive assets to liabilities					64.04
Ratio of interest rate sensitivity gap to net worth					(1,713.86)

Note 1: The above amounts included only U.S. dollar amounts held by the head office, domestic branches, OBU and overseas branches of the Bank and excluded contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities refer to the revenues or costs of interest-earning assets and interest-bearing liabilities that were affected by interest rate changes.

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in U.S. dollars).

d. Profitability

Unit: %

Items		**December 31, 2020**	**December 31, 2019**
Return on total assets	Before income tax	0.71	0.97
	After income tax	0.62	0.84
Return on equity	Before income tax	10.76	13.78
	After income tax	9.45	11.94
Net income ratio		32.09	38.12

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

Note 2: Return on equity = Income before (after) income tax ÷ Average equity

Note 3: Net income ratio = Income after income tax ÷ Total net revenues

Note 4: Income before (after) income tax represents income from January to each period-end date.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)

(In Thousands of New Taiwan Dollars)

December 31, 2020

	Total	**Remaining Period to Maturity**					
		0-10 Days	**11-30 Days**	**31-90 Days**	**91-180 Days**	**181 Days to 1 Year**	**Over 1 Year**
Main capital inflow on maturity	$ 2,448,831,778	$ 344,703,588	$ 299,351,504	$ 149,592,376	$ 155,542,547	$ 193,849,860	$ 1,305,791,903
Main capital outflow on maturity	2,842,099,491	109,238,336	207,374,677	382,804,737	299,536,324	519,960,283	1,323,185,134
Gap	(393,267,713)	235,465,252	91,976,827	(233,212,361)	(143,993,777)	(326,110,423)	(17,393,231)

December 31, 2019

	Total	**Remaining Period to Maturity**					
		0-10 Days	**11-30 Days**	**31-90 Days**	**91-180 Days**	**181 Days to 1 Year**	**Over 1 Year**
Main capital inflow on maturity	$ 2,033,364,576	$ 269,158,394	$ 176,105,824	$ 155,647,997	$ 154,782,050	$ 154,829,054	$ 1,122,841,257
Main capital outflow on maturity	2,442,160,886	111,107,130	127,513,682	376,619,972	273,927,762	366,397,174	1,186,595,166
Gap	(408,796,310)	158,051,264	48,592,142	(220,971,975)	(119,145,712)	(211,568,120)	(63,753,909)

Note: The above amounts included only New Taiwan dollar amounts held by the Bank.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)

(In Thousands of U.S. Dollars)

December 31, 2020

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 42,481,080	$ 11,662,662	$ 9,746,837	$ 4,425,030	$ 5,236,198	$ 11,410,353
Main capital outflow on maturity	50,066,649	12,207,491	11,545,415	9,832,924	13,142,825	3,337,994
Gap	(7,585,569)	(544,829)	(1,798,578)	(5,407,894)	(7,906,627)	8,072,359

December 31, 2019

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days to 1 Year	Over 1 Year
Main capital inflow on maturity	$ 37,023,841	$ 9,964,160	$ 10,399,306	$ 4,636,702	$ 2,323,236	$ 9,700,437
Main capital outflow on maturity	41,008,958	10,083,026	10,707,788	7,529,734	8,935,512	3,752,898
Gap	(3,985,117)	(118,866)	(308,482)	(2,893,032)	(6,612,276)	5,947,539

Note: The above amounts included only U.S. dollar amounts held by the Bank.

44. TRUST BUSINESS UNDER THE TRUST LAW

a. Trust-related items, as shown in the following balance sheet, statements of income and trust property list

The trust-related items shown below were managed by the Bank's Trust Department. However, these items were not included in the Company's consolidated financial statements.

Balance Sheets of Trust Accounts
December 31, 2020 and 2019

Trust Assets	2020	2019	Trust Liabilities	2020	2019
Cash in banks	$ 5,366,156	$ 4,764,892	Accounts payable on administrative expense	$ 2	$ -
Investments	270,827,820	248,321,601	Accounts payable on securities under custody	557,862,049	514,582,278
Receivables	-	250	Trust capital		
Real estate	3,578,841	2,644,847	Cash	274,243,585	252,516,063
Securities under custody	557,862,049	514,582,278	Securities	2,535,035	1,821,726
			Real estate	3,198,696	2,251,921
			Reserves and accumulated deficit	(8,172,277)	(9,878,042)
			Net income	7,967,776	9,019,922
Total assets	$ 837,634,866	$ 770,313,868	Total liabilities	$ 837,634,866	$ 770,313,868

Trust Property List
December 31, 2020 and 2019

	2020	2019
Cash in banks	$ 5,364,307	$ 4,758,403
Cash in other banks	1,849	6,489
Stocks	9,279,372	7,369,589
Mutual funds	227,981,262	212,011,278
Bonds	24,215,511	23,755,366
Structured products	9,155,149	5,149,976
Beneficial certificates pending settlement	196,526	35,392
Receivables	-	250
Real estate	3,578,841	2,644,847
Securities under custody	557,862,049	514,582,278
	$ 837,634,866	$ 770,313,868

Statements of Income on Trust Accounts
For the Years Ended December 31, 2020 and 2019

	2020	2019
Revenues		
Interest	$ 12,285	$ 18,665
Cash dividend	11,069,408	9,411,227
Realized capital gain - common stocks	268	70
Unrealized capital gain - common stocks	44,775	29,417
Property gain	6,069,775	3,146,537
Realized capital gain - bonds	1,628,532	1,553,114
Realized capital gain - mutual funds	920,807	662,119
Other revenues	11,235	-
Revenues from beneficial certificates	16,592	5,596
Revenues from rent for stocks	301	455
Total revenues	19,773,978	14,827,200
Expenses		
Management fees	322,403	119,386
Supervisor fees	30	60
Service fees	5,340	210
Property loss	11,131,539	5,509,097
Income tax	762	1,285
Tax expenditures	12,772	10,540
Other expenses	30,182	12,533
Realized capital loss - common stocks	210	64
Realized capital loss - mutual funds	302,267	144,530
Unrealized capital loss - common stocks	697	9,573
Total expenses	11,806,202	5,807,278
Net income	$ 7,967,776	$ 9,019,922

b. Nature of trust business operations under the Trust Law: Note 1.

45. ALLOCATION OF REVENUE, COST AND EXPENSE THAT RESULTED FROM THE SHARING OF RESOURCES BETWEEN E.SUN FINANCIAL HOLDING COMPANY, LTD. AND SUBSIDIARIES

Under cooperation arrangements, the Bank and E.SUN Securities shared some equipment and operating sites; thus, related expenses were allocated as follows:

	Bank	E.SUN Securities	Total	Allocation Method
For the year ended December 31, 2020				
Others	$ 325	$ 650	$ 975	Utilities - 50% each Building maintenance fee - based on space actually occupied
For the year ended December 31, 2019				
Others	$ 528	$ 930	$ 1,458	Utilities - 50% each Building maintenance fee - based on space actually occupied

The cross-selling transactions between the Bank and E.SUN Securities were as follows (the amounts below refer to the Bank):

	For the Year Ended December 31	
	2020	2019
Revenue	$ 3,837	$ 3,947
Expense	$ 93,139	$ 67,247

46. CASH FLOW INFORMATION

Changes in liabilities arising from financing activities

For the year ended December 31, 2020

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes: New Leases	Non-cash Changes: Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Non-cash Changes: Others	Closing Balance
Due to the Central Bank and other banks	$ -	$ 8,044,340	$ -	$ -	$ -	$ 8,044,340
Short-term borrowings	20,000	848,371	-	-	-	868,371
Bank debentures	32,070,000	1,900,000	-	-	-	33,970,000
Long-term borrowings	361,356	2,851	-	-	(19,236)	344,971
Financial liabilities designated as at fair value through profit or loss-bank debentures	48,974,699	-	-	2,804,631	(1,475,873)	50,303,457
Guarantee deposits received	1,568,974	3,635,359	-	-	-	5,204,333
Lease liabilities	3,126,192	(1,008,753)	1,000,338	-	(12,592)	3,105,185
	$ 86,121,221	$ 13,422,168	$ 1,000,338	$ 2,804,631	$ (1,507,701)	$ 101,840,657

For the year ended December 31, 2019

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes			Closing Balance
			New Leases	Fair Value Adjustments (Including Changes in the Fair Value Attributable to Changes in the Credit Risk)	Others	
Short-term borrowings	$ -	$ 20,000	$ -	$ -	$ -	$ 20,000
Bank debentures	36,850,000	(4,780,000)	-	-	-	32,070,000
Long-term borrowings	369,094	-	-	-	(7,738)	361,356
Financial liabilities designated as at fair value through profit or loss-bank debentures	44,258,039	(960)	-	4,620,435	97,185	48,974,699
Guarantee deposits received	1,960,517	(391,543)	-	-	-	1,568,974
Lease liabilities	2,623,344	(996,414)	1,559,569	-	(60,307)	3,126,192
	$ 86,060,994	$ (6,148,917)	$ 1,559,569	$ 4,620,435	$ 29,140	$ 86,121,221

47. ADDITIONAL DISCLOSURES

a. Significant transactions and b. investees:

1) Financing provided: The Bank, UCB and ESBC are not applicable. Other investees: None.

2) Endorsement/guarantee provided: The Bank, UCB and ESBC are not applicable. Other investees: None.

3) Marketable securities held: The Bank, UCB and ESBC are not applicable. Other investees: None.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital (the Bank, UCB and ESBC disclosed its investments acquired or disposed of): None.

5) Acquisition of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: Table 5 (attached).

6) Disposal of individual real estate at prices of at least NT$300 million or 10% of the paid-in capital: Table 6 (attached).

7) Financial asset securitization: None.

8) Allowance of service fees to related parties amounting to at least NT$5 million: None.

9) Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: None.

10) Sale of nonperforming loans: None.

11) Other significant transactions that may affect the decisions of users of financial reports: None.

12) Related information and proportionate share in investees: Table 7 (attached).

13) Derivative transactions: Notes 8 and 41 to the consolidated financial statements.

c. Investment in Mainland China:

   The information on major operating items, paid-in capital, methods of investment, investment inflows and outflows, proportion of stockholdings, investment income or loss, book value at year-end, the remitted investment profits and the limit on the amount of investment in Mainland China - is shown in Table 8 (attached).

d. Business relationship and significant transactions among the parent company and subsidiaries: Table 9 (attached).

48. OPERATING SEGMENTS

The information reported to the Company’s chief operating decision makers for the assessment of segment performance focuses mainly on operation and profitability. The Company’s reportable segments are as follows:

a. Corporate banking unit, which handles corporate loans, foreign exchange business, and financial banking operations, etc.;

b. Individual banking unit, which handles residential mortgage, unsecured personal loans (UPLs), wealth management, and credit cards;

c. Overseas branches and subsidiaries, including overseas branches and subsidiaries’ business; and

d. Others, including the head office and other performance units except for the above operating segments.

The accounting policies of the reportable segments are the same as the Company’s accounting policies described in Note 4. Segment profit is measured at income before income tax, and this measure is reported to the chief operating decision makers for the purposes of resource allocation and assessment of segment performance. The terms of transactions between segments are similar to those for third parties.

The revenues, expenses and related information of the Company’s reportable segments were as follows:

(In Millions of New Taiwan Dollars)

	For the Year Ended December 31, 2020				
	Corporate Banking Unit	**Individual Banking Unit**	**Overseas Branches and Subsidiaries**	**Others**	**Total**
Net interest revenues (expenses)	$ 9,474	$ 14,624	$ 4,736	$ (7,739)	$ 21,095
Total net revenues (expenses)	$ 21,194	$ 26,326	$ 7,129	$ (1,534)	$ 53,115
Bad-debt expenses and provision for losses on commitments and guarantees	(30)	(975)	(626)	(1,609)	(3,240)
Operating expenses	(5,400)	(16,533)	(2,593)	(6,359)	(30,885)
Income (loss) before income tax	$ 15,764	$ 8,818	$ 3,910	$ (9,502)	$ 18,990

	For the Year Ended December 31, 2019				
	Corporate Banking Unit	Individual Banking Unit	Overseas Branches and Subsidiaries	Others	Total
Net interest revenues (expenses)	$ 11,463	$ 15,163	$ 4,710	$(11,679)	$ 19,657
Total net revenues (expenses)	$ 24,101	$ 26,036	$ 7,616	$ (4,785)	$ 52,968
Bad-debt expenses and provision for losses on commitments and guarantees	(203)	(766)	(114)	(520)	(1,603)
Operating expenses	(5,097)	(15,470)	(2,465)	(5,620)	(28,652)
Income (loss) before income tax	$ 18,801	$ 9,800	$ 5,037	$(10,925)	$ 22,713

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

CONSOLIDATED ENTITIES
DECEMBER 31, 2020 AND 2019

Entities included in the consolidated financial statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)		Note
				December 31, 2020	December 31, 2019	
E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	China	Banking	100.00	100.00	
	Union Commercial Bank PLC.	Cambodia	Banking	100.00	100.00	
	BankPro E-Service Technology Co., Ltd	Taipei	Information software	61.67	61.67	
Union Commercial Bank PLC.	URE Land Holding Co., Ltd.	Cambodia	Real estate leasing and management	90.00	90.00	Note

Entities did not include in the consolidated financial statements

Investor Company	Investee Company	Location	Businesses and Products	Percentage of Ownership (%)		Note
				December 31, 2020	December 31, 2019	
None						

Note: Union Commercial Bank PLC. holds a 49% interest in URE Land Holding Co., Ltd. In the Articles of Incorporation of URE Land Holding Co., Ltd., Union Commercial Bank PLC. has power to control the composition of the board of directors and owns at least 90% of economic benefit of URE Land Holding Co., Ltd.; hence, URE Land Holding Co., Ltd. is deemed as a subsidiary of Union Commercial Bank PLC.

TABLE 2

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

RELATED-PARTY TRANSACTIONS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

Loans

December 31, 2020

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2020 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	124	$ 59,650	$ 34,911	$ 34,911	$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	378	2,463,762	2,032,613	2,032,613	-	Land and buildings	None
Other loans	Others	1,206,794	895,230	895,230	-	Land, buildings and plant	None

December 31, 2019

Type	Account Volume or Name	Highest Balance for the Year Ended December 31, 2019 (Note)	Ending Balance	Loan Classification		Collateral	Differences in Terms of Transaction from Those for Unrelated Parties
				Normal Loans	Nonperforming Loans		
Consumer loans	118	$ 55,187	$ 35,585	$ 35,585	$ -	Land and buildings as collateral for part of the loans	None
Self-used residential mortgage	341	2,039,379	1,722,845	1,722,845	-	Land and buildings	None
Other loans	Others	964,309	816,576	816,576	-	Land, buildings and plant	None
Other loans	E.SUN Securities	25,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	20,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	18,000	-	-	-	Certificate of deposits	None
Other loans	E.SUN Securities	40,000	-	-	-	Certificate of deposits	None

Note: The sum of the respective highest balances of each account for the years ended December 31, 2020 and 2019.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INFORMATION ON FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES WITH SIGNIFICANT EFFECT
DECEMBER 31, 2020 AND 2019
(In Thousands)

	December 31					
	2020			2019		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets						
Monetary items						
USD	$ 19,435,765	28.5100	$ 554,113,660	$ 18,362,376	30.1130	$ 552,946,228
CNY	16,447,881	4.3858	72,137,116	13,969,545	4.3244	60,409,900
AUD	4,834,027	21.9930	106,314,756	3,530,344	21.1060	74,511,440
Non-monetary items						
USD	467,083	28.5100	13,316,536	147,357	30.1130	4,437,361
CNY	2,839,989	4.3858	12,455,624	134,878	4.3244	583,266
AUD	2,082	21.9930	45,789	1,600	21.1060	33,770
Financial liabilities						
Monetary items						
USD	$ 32,606,578	28.5100	$ 929,613,539	$ 27,546,071	30.1130	$ 829,494,836
CNY	25,804,607	4.3858	113,173,845	19,671,226	4.3244	85,066,250
AUD	2,724,312	21.9930	59,915,794	2,412,311	21.1060	50,914,236
Non-monetary items						
USD	283,350	28.5100	8,078,309	105,812	30.1130	3,186,317
CNY	43,473	4.3858	190,664	7,985	4.3244	34,530
AUD	2,578	21.9930	56,698	11,171	21.1060	235,775

E.SUN COMMERCIAL BANK, LTD.

ASSET QUALITY - NONPERFORMING LOANS AND RECEIVABLES
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, %)

Period			December 31, 2020					December 31, 2019				
Items			Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Loans	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 946,794	$ 409,753,709	0.23	$ 4,599,080	485.75	$ 659,391	$ 358,135,126	0.18	$ 3,938,068	597.23
	Unsecured		729,640	365,610,752	0.20	4,529,362	620.77	382,117	353,745,178	0.11	4,044,903	1,058.55
Consumer banking	Residential mortgage (Note 4)		353,016	460,277,809	0.08	6,764,149	1,916.10	544,801	374,517,165	0.15	5,405,010	992.11
	Cash card		-	1,163	-	220	-	38	1,574	2.41	682	1,794.74
	Small-scale credit loans (Note 5)		655,547	121,251,280	0.54	1,524,198	232.51	574,822	109,785,585	0.52	1,305,273	227.07
	Other (Note 6)	Secured	359,958	244,315,399	0.15	2,550,436	708.54	493,072	230,341,488	0.21	2,336,780	473.92
		Unsecured	214	1,641,714	0.01	17,815	8,324.77	7,932	1,774,000	0.45	18,974	239.21
Loan			3,045,169	1,602,851,826	0.19	19,985,260	656.29	2,662,173	1,428,300,116	0.19	17,049,690	640.44
			Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Receivables (Note 1)	Receivables	Ratio of Nonperforming Receivables (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Credit cards			92,477	81,905,399	0.11	1,008,403	1,090.44	162,890	82,770,749	0.20	972,824	597.23
Accounts receivable factored without recourse (Note 7)			-	10,290,562	-	132,733	-	-	12,462,591	-	164,791	-
Amounts of executed contracts on negotiated debts not reported as nonperforming loans (Note 8)			7,415					9,834				
Amounts of executed contracts on negotiated debts not reported as nonperforming receivables (Note 8)			28,911					43,986				
Amounts of executed debt-restructuring projects not reported as nonperforming loans (Note 9)			1,221,840					1,239,949				
Amounts of executed debt-restructuring projects not reported as nonperforming receivables (Note 9)			1,658,823					1,582,474				

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of nonperforming loans: Nonperforming loans ÷ Outstanding loans balance.
Ratio of nonperforming receivables: Nonperforming receivables ÷ Outstanding receivables balance.

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

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

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

Note 6: Other consumers' banking loans refer to secured or unsecured loans that exclude residential mortgage, cash cards, credit cards and small-scale credit loans.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), accounts receivable factored without recourse are reported as nonperforming receivables within three months after the factors or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Note 8: Amounts of executed contracts on negotiated debts that are not reported as nonperforming loans or receivables are reported in accordance with the Banking Bureau's letter dated April 25, 2006 (Ref. No. 09510001270).

Note 9: Amounts of executed debt-restructuring projects not reported as nonperforming loans or receivables are disclosed to the public in accordance with the Banking Bureau's letter dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Property	Transaction Date	Transaction Amount	Payment Term/ Payment Status	Counterparty	Nature of Relationship	Prior Transaction of Related Counterparty				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationship	Transfer Date	Amount			
Union Commercial Bank Plc.	Construction of new building for the operation of UCB's head office	2014.12.18 2018.07.04 2019.06.06	US$ 25,027 thousand (Note 1)	US$24,720 thousand has been paid as of December 31, 2020	LBL International	-	-	-	-	$ -	Negotiation	For the operation of UCB's head office	None
E.SUN Commercial Bank, Ltd.	Construction of new building for the operation in Kaohsiung	2018.11.09 2019.11.28	$ 745,300 (Note 2)	$166,223 has been paid as of December 31, 2020	Chun Yuan Construction Co., Ltd.	-	-	-	-	-	Tender	For the operation of the branch of E.SUN Bank	None
	Construction of new building for the head office of E.SUN Commercial Bank, Ltd.	2018.11.09	6,392,400	$3,196,200 has been paid as of December 31, 2020	Kindom Construction Corp.	-	-	-	-	-	Appraisal	For relocating the head office of E.SUN Bank	None

Note 1: The initial transaction amount was US$21,835 thousand and additional decoration amount of US$3,192 thousand.

Note 2: The initial transaction amount was $707,000 thousand and additional amount of $38,300 thousand.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Name	Property	Transaction Date	Acquisition Date	Carrying Value	Transaction Amount	Receipt Terms/Receipt Status	Gain (Loss) on Disposal	Counterparty	Nature of Relationship	Purpose of Disposal	Price Reference	Other Terms
E.SUN Commercial Bank, Ltd.	Zhong Zheng building	2019.12.27	2004.11.25	$ 158,036	$ 340,000	$ 340,000	$ 173,592	Highwealth Construction Corp.	-	To comply with regulations and for effective management of freehold properties	Appraisal	None

E.SUN COMMERCIAL BANK, LTD.

THE RELATED INFORMATION AND PROPORTIONATE SHARE IN INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Percentage of Ownership	Carrying Value	Investment Income	Proportionate Share of the Bank and its Affiliates in Investees (Note 1)				Note
							Shares (Thousands)	Pro Forma Shares (Note 2)	Total		
									Shares (Thousands)	Percentage of Ownership	
E.SUN Commercial Bank, Ltd. (The Bank)	Finance-related business										
	Taipei Forex Inc.	Taipei	Foreign exchange brokering	0.81	$ 10,387	$ 960	160	-	160	0.81	
	Taiwan Futures Exchange Co., Ltd.	Taipei	Futures clearing	0.45	281,639	4,143	1,657	-	1,657	0.45	
	Financial Information Service Co., Ltd.	Taipei	Information service	2.28	443,431	32,658	11,876	-	11,876	2.28	
	Taiwan Asset Management Corporation	Taipei	Acquisition of delinquent loans	0.57	42,780	3,900	6,000	-	6,000	0.57	
	Taiwan Financial Asset Service Corporation	Taipei	Property auction	2.94	44,150	400	5,000	-	5,000	2.94	
	Taiwan Finance Corp.	Taipei	Bills financing	0.41	24,041	1,081	2,120	-	2,120	0.41	
	Sunny Asset Management Co.	Taipei	Acquisition of delinquent loans	4.35	4,974	643	261	-	261	4.35	
	Taiwan Mobile Payment Co.	Taipei	Information service	3.00	12,240	-	1,800	-	1,800	3.00	
	BankPro E-Service Technology Co., Ltd.	Taipei	E-commerce application service	61.67	285,725	35,288	8,650	-	8,650	64.07	Note 3
	Union Commercial Bank PLC.	Phnom Penh Cambodia	Commercial banking	100.00	3,868,077	260,273	80	-	80	100.00	Note 3
	E.SUN Bank (China), Ltd.	Shenzhen, China	Commercial banking	100.00	8,962,614	107,994	-	-	-	100.00	Note 3
	Non-finance-related business										
	Taiwan Incubator Small & Medium Enterprises Development Co., Ltd.	Taipei	Small and medium enterprise incubation	3.44	19,270	73	2,425	-	2,425	3.44	
	EASYCARD Investment Holding Co., Ltd.	Taipei	Investment	4.82	151,299	6,189	5,013	-	5,013	4.82	
	Alliance Digital Tech Co.	Taipei	Information service	2.16	2,243	-	900	-	900	2.16	

Note 1: Shares or pro forma shares held by the Bank, directors, supervisors, president, vice president and affiliates have been included in accordance with the Company Act.

Note 2: a. Pro forma shares are shares that are assumed to be obtained through buying equity-based securities or entering into equity-linked derivative contracts for purposes defined in Article 74 of the Banking Law.

b. Equity-based securities, such as convertible bonds and warrants, are covered by Article 11 of “Securities and Exchange Law Enforcement Rules.”

c. Derivative contracts, such as stock options, are those conforming to the definition of derivatives in International Financial Reporting Standard 9.

Note 3: When preparing the consolidated financial statements, it has been eliminated.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	% Ownership of Direct or Indirect Investment	Investment Income	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of December 31, 2020
					Outflow	Inflow					
E.SUN Bank (China), Ltd.	Deposits, loans, import and export, exchange and foreign exchange business	$ 9,758,742 (Note 1)	Direct	$ 9,758,742	$ -	$ -	$ 9,758,742 (Note 1)	100	$ 107,994	$ 8,962,614	$ -

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
$9,758,742 (Note 1)	$9,758,742 (Note 1)	$106,678,836

Note 1: Translation into New Taiwan dollars at the spot rates on the dates of investment outflow from Taiwan.

Note 2: Based on the Investment Commission’s “Regulation on the Examination of Investment or Technical Cooperation in Mainland China,” investments are limited to larger of 60% of the Bank’s net assets value or 60% of the Company’s consolidated net assets value.

E.SUN COMMERCIAL BANK, LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions (Notes 3 and 5)			
				Financial Statement Account	Amounts	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%)
0	E.SUN Commercial Bank, Ltd.	Union Commercial Bank PLC.	a	Discounts and loans	$ 2,394,840	Note 4	0.08
1	Union Commercial Bank PLC.	E.SUN Commercial Bank, Ltd.	b	Other financial liabilities	2,394,840	Note 4	0.08
0	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	a	Due from the Central Bank and call loans to other banks	7,403,580	Note 4	0.25
2	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	b	Deposits from the Central Bank and other banks	7,403,580	Note 4	0.25
0	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	a	Deposits from the Central Bank and other banks	798,280	Note 4	0.03
2	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	b	Due from the Central Bank and call loans to other banks	798,280	Note 4	0.03
0	E.SUN Commercial Bank, Ltd.	E.SUN Bank (China), Ltd.	a	Interest revenue	101,319	Note 4	0.19
2	E.SUN Bank (China), Ltd.	E.SUN Commercial Bank, Ltd.	b	Interest expense	101,319	Note 4	0.19

Note 1: The parent company and subsidiaries are numbered as follows:

a. Parent company: 0
b. Subsidiaries are numbered in an order starting from 1.

Note 2: Transaction flows are as follows:

a. From parent company to subsidiary,
b. From subsidiary to parent company, and
c. Between subsidiaries.

Note 3: For calculating the percentages, asset or liability account is divided by the total consolidated assets and the revenue or expense account is divided by the total consolidated net revenue of the same period.

Note 4: The terms for the transactions between the transaction companies and related parties are similar to those for unrelated parties.

Note 5: Referring to transactions exceeding $100,000 thousand.

Service Network of E.SUN Commercial Bank, Ltd.

Branch	Phone	Branch	Phone	Branch	Phone
Head Office Business Department	+886 2 2719 1313	SinBan District Branch	+886 2 2954 1313	Changhua Branch	+886 4 728 1313
Customer Service Division	+886 2 2175 1313	Guangfu Branch	+886 2 2957 1313	Yuanlin Branch	+886 4 836 1313
International Banking Department / OBU	+886 2 2175 1313	Sanhe Branch	+886 2 2280 1313	Douliou Branch	+886 5 532 1313
Trust Department	+886 2 2175 1313	Sanchung Branch	+886 2 2984 1313	Chiayi Branch	+886 5 223 1313
Insurance Agency Department	+886 2 2175 1313	Er-Chong Branch	+886 2 2278 1313	East Chiayi Branch	+886 5 216 1313
Credit Card and Payment Division	+886 2 2182 1313	East Sanchung Branch	+886 2 2971 1313	Puzih Branch	+886 5 379 1313
Nanching East Road Branch	+886 2 2760 1313	Tucheng Branch	+886 2 2274 1313	Tainan Branch	+886 6 241 1313
Chengjhong Branch	+886 2 2389 1313	South Tucheng Branch	+886 2 2267 1313	East Tainan Branch	+886 6 289 1313
Chengtung Branch	+886 2 2504 1313	Shulin Branch	+886 2 8675 1313	Yanhang Branch	+886 6 253 1313
Hsinyi Branch	+886 2 8789 1313	Hueilong Branch	+886 2 2689 1313	Jinhua Branch	+886 6 291 1313
Nanshan Plaza Branch	+886 2 2722 8913	Wugu Branch	+886 2 2290 1313	Annan Branch	+886 6 357 1313
Keelung Road Branch	+886 2 2378 1313	Sindian Branch	+886 2 2916 1313	Yungkang Branch	+886 6 201 1313
Tienmu Branch	+886 2 2835 1313	Beixin Branch	+886 2 8911 1313	South Yungkang Branch	+886 6 313 1313
Minsheng Branch	+886 2 2509 1313	Sanxia Branch	+886 2 8970 6613	Chiali Branch	+886 6 721 1313
Songjiang Branch	+886 2 2562 1313	LujhouBranch	+886 2 2848 1313	Rende Branch	+886 6 270 6613
Fuhsing Branch	+886 2 2771 1313	Xinzhuang Fuduxin Branch	+886 2 2297 1313	Sinying Branch	+886 6 656 8813
Tunnan Branch	+886 2 2754 1313	Xizhi Branch	+886 2 2647 6613	Kaohsiung Branch	+886 7 336 1313
Changchun Branch	+886 2 2546 1313	East Linkuo Branch	+886 2 2606 9813	Lingya Branch	+886 7 716 1313
Chungshan Branch	+886 2 2537 1313	Taoyuan Branch	+886 3 332 1313	Gianjhen Branch	+886 7 761 1313
Neihu Branch	+886 2 2659 1313	Yiwen Branch	+886 3 357 1313	Chihsien Branch	+886 7 235 1313
Chenggong Branch	+886 2 2791 8813	South Taoyuan Branch	+886 3 337 1313	Zuoying Branch	+886 7 559 1313
Songshan Branch	+886 2 3765 1313	Taoyin Branch	+886 3 375 1313	Nanzih Branch	+886 7 364 1313
Heping Branch	+886 2 2362 1313	Linkou Branch	+886 3 396 1313	North Kaohsiung Branch	+886 7 350 1313
Minquan Branch	+886 2 2568 1313	Nankan Branch	+886 3 352 1313	Dachang Branch	+886 7 341 1313
Jhonglun Branch	+886 2 2731 1313	Bade Branch	+886 3 367 1313	Chengcing Branch	+886 7 386 1313
Daan Branch	+886 2 2755 1313	Jhongli Branch	+886 3 427 1313	Siaogang Branch	+886 7 807 1313
NTU Branch	+886 2 2368 1313	Lisin Branch	+886 3 492 1313	Fongshan Branch	+886 7 743 1313
Guting Branch	+886 2 2364 1313	Zhongyuan Branch	+886 3 428 1313	Gangshan Branch	+886 7 621 1313
Beitou Branch	+886 2 2895 1313	Yangmei Branch	+886 3 488 1313	Linyuan Branch	+886 7 643 1313
Donghu Branch	+886 2 2632 1313	Hsinchu Branch	+886 3 523 1313	Houjhuang Branch	+886 7 702 1313
Xinhu Branch	+886 2 8791 6613	Guanghua Branch	+886 3 533 1313	Pingtung Branch	+886 8 733 1313
Ruiguang Branch	+886 2 2797 8813	JhuBei Branch	+886 3 554 1313	Donggang Branch	+886 8 835 1313
Shilin Branch	+886 2 2834 1313	Lioujia Branch	+886 3 658 9013	Keelung Branch	+886 2 2427 1313
Mujha Branch	+886 2 2936 1313	Juke Branch	+886 3 564 1313	Luodong Branch	+886 3 957 1313
Jhongsiao Branch	+886 2 8772 1313	Sinfong Branch	+886 3 557 1313	Hualien Branch	+886 3 831 1313
Dongmen Branch	+886 2 2321 1313	Jhunan Branch	+886 3 746 1313	Taitung Branch	+886 89 36 1313
Jiancheng Branch	+886 2 2556 1313	Toufen Branch	+886 3 768 3313	Penghu Branch	+886 6 927 1313
Nangang Branch	+886 2 2789 1313	Houlong Branch	+886 3 773 1313	Los Angeles Branch	+1 626 810 2400
Renai Branch	+886 2 2708 1313	Taichung Branch	+886 4 2254 1313	Hong Kong Branch	+852 3405 6168
Taipei Branch	+886 2 2507 1313	Wunsin Branch	+886 4 2291 1313	Singapore Branch	+65 6533 1313
Hsinchuang Branch	+886 2 2202 1313	Dadun Branch	+886 4 2320 1313	Sydney Branch	+61 2 9295 1399
North Hsinchuang Branch	+886 2 2997 1313	Beitun Branch	+886 4 2241 6813	Brisbane Branch	+61 7 3033 8813
Sinshu Branch	+886 2 2203 1313	Nantun Branch	+886 4 2380 1313	Tokyo Branch	+81 3 6213 1301
Shwangho Branch	+886 2 2923 1313	Situn Branch	+886 4 2461 1313	Dong Nai (Vietnam) Branch	+84 251 367 1313
Yonghe Branch	+886 2 2949 1313	Wuquan Branch	+886 4 2377 1313	Hanoi (Vietnam) Representative Office	+84 24 35551313
Jixian Branch	+886 2 8283 1313	Daya Branch	+886 4 2568 1313	Yangon (Vietnam) Branch	+95 1 9345186 190
Yung An Branch	+886 2 8921 1313	Fongyuan Branch	+886 4 2512 1313	E.SUN Bank (China)	+86 755 8898 1313
Jhonghe Branch	+886 2 2222 1313	Taiping Branch	+886 4 2270 8813	Shenzhen Branch	+86 755 8360 1313
Liancheng Branch	+886 2 8228 1313	Jhonggong Branch	+886 4 2350 8913	Guangzhou Branch	+86 20 6199 1313
Nanshijiao Branch	+886 2 2942 8813	Wurih Branch	+886 4 2260 8813	Dongguan Branch	+86 769 2868 1313
Taihe Branch	+886 2 2242 1313	Shalu Branch	+886 4 2662 1813	Dongguan Changan Sub-branch	+86 769 2330 8813
Banciao Branch	+886 2 8257 1313	Dali Branch	+886 4 2418 1313	Union Commercial Bank Plc	+855 2391 1313
Puchain Branch	+886 2 2963 1313	Caotun Branch	+886 4 9238 1313		

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