Taichung Commercial Bank Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2020 and 2019 and Independent Auditors’ Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Taichung Commercial Bank Co., Ltd.

Introduction

We have reviewed the accompanying consolidated financial statements of Taichung Commercial Bank Co., Ltd. (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, the related consolidated statements of comprehensive income for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the consolidated statements of changes in equity and cash flows for the nine months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Securities Firms, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of September 30, 2020 and 2019, its consolidated financial performance for the three months ended September 30, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 2020 and 2019 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Wen-Yea Shyu and Kwan-Chung Lai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

November 5, 2020

Notice to Readers

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

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2020 (Reviewed)		December 31, 2019 (Audited)		September 30, 2019 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Note 6)	$ 11,880,929	2	$ 11,359,548	2	$ 11,190,168	2
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 7 and 36)	33,525,924	5	33,876,974	5	30,689,801	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 8)	25,367,651	3	24,375,536	4	25,341,825	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Note 9)	38,955,524	5	31,599,331	5	29,361,895	4
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST (Notes 10 and 36)	112,351,823	16	108,124,373	16	106,230,844	15
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 11)	12,217,335	2	10,256,716	1	12,902,163	2
RECEIVABLES, NET (Notes 12 and 36)	11,552,013	2	12,819,623	2	17,757,109	3
CURRENT TAX ASSETS (Note 4)	3,363	-	3,279	-	65	-
NOTES DISCOUNTED AND LOANS, NET (Notes 13 and 35)	450,373,747	63	435,398,334	64	434,922,590	64
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET (Note 14)	165,101	-	156,788	-	151,758	-
RESTRICTED ASSETS, NET (Notes 15 and 36)	949,768	-	419,393	-	450,879	-
OTHER FINANCIAL ASSETS, NET (Note 16)	4,746	-	2,246	-	429	-
PROPERTIES AND EQUIPMENT, NET (Note 17)	12,237,584	2	10,683,621	1	10,582,847	2
RIGHT-OF-USE ASSETS, NET (Note 18)	1,037,456	-	880,406	-	901,255	-
INVESTMENT PROPERTIES, NET (Note 19)	18,036	-	18,103	-	111,415	-
INTANGIBLE ASSETS, NET (Note 20)	190,345	-	153,125	-	148,828	-
DEFERRED TAX ASSETS (Note 4)	870,696	-	807,040	-	884,135	-
OTHER ASSETS (Notes 21 and 36)	2,129,018	-	1,754,486	-	1,957,485	-
TOTAL	$ 713,831,059	100	$ 682,688,922	100	$ 683,585,491	100
LIABILITIES AND EQUITY						
DUE TO THE CENTRAL BANK AND OTHER BANKS (Note 22)	$ 7,026,107	1	$ 6,527,060	1	$ 6,151,791	1
FUNDS BORROWED FROM CENTRAL BANK AND OTHER BANKS (Notes 23 and 36)	7,738,085	1	6,092,040	1	6,092,248	1
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Note 8)	473,634	-	233,803	-	196,137	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Note 24)	3,224,876	-	10,369,025	2	8,524,672	2
PAYABLES (Notes 25 and 35)	7,885,296	1	5,988,117	1	12,495,478	2
CURRENT TAX LIABILITIES (Note 4)	73,096	-	385,113	-	273,000	-
DEPOSITS AND REMITTANCES (Notes 26 and 35)	617,160,528	87	583,321,957	85	574,924,445	84
BANK DEBENTURES (Notes 27 and 35)	11,500,000	2	14,000,000	2	20,000,000	3
OTHER FINANCIAL LIABILITIES (Note 28)	1,685,164	-	1,174,083	-	1,338,770	-
PROVISIONS (Notes 4 and 29)	1,368,104	-	1,383,470	-	1,385,084	-
LEASE LIABILITIES (Note 18)	1,062,110	-	895,285	-	912,723	-
DEFERRED TAX LIABILITIES (Note 4)	111,021	-	111,021	-	111,047	-
OTHER LIABILITIES (Note 30)	885,599	-	898,742	-	892,200	-
Total liabilities	660,193,620	92	631,379,716	92	633,297,595	93
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK (Note 31)						
Ordinary shares	39,016,943	6	37,088,349	6	37,088,349	5
Capital surplus	726,981	-	726,981	-	726,981	-
Retained earnings						
Legal reserve	9,469,859	1	8,188,237	1	8,188,237	1
Special reserve	150,243	-	150,243	-	150,243	-
Unappropriated earnings	3,016,377	1	4,302,204	1	3,238,523	1
Other equity	1,257,036	-	853,192	-	895,563	-
Total equity attributable to owners of the Bank	53,637,439	8	51,309,206	8	50,287,896	7
Total equity	53,637,439	8	51,309,206	8	50,287,896	7
TOTAL	$ 713,831,059	100	$ 682,688,922	100	$ 683,585,491	100

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 32 and 35)	$ 2,912,789	95	$ 3,368,883	111	$ 9,189,570	108	$ 10,149,884	112
INTEREST EXPENSE (Notes 32 and 35)	(887,936)	(29)	(1,289,523)	(42)	(3,039,082)	(36)	(3,899,780)	(43)
NET INTEREST	2,024,853	66	2,079,360	69	6,150,488	72	6,250,104	69
NET INCOME AND LOSS OTHER THAN INTEREST								
Service fee income, net (Notes 32 and 35)	777,941	25	757,648	25	2,134,870	25	2,187,353	24
(Losses) gains on financial assets and liabilities at fair value through profit or loss (Note 32)	(178)	-	21,605	1	(61,993)	(1)	319,881	3
Realized gains on financial assets at fair value through other comprehensive income (Note 32)	113,652	4	50,789	2	147,763	2	51,682	1
Foreign exchange gains, net	150,110	5	108,402	3	139,060	2	232,155	2
Reversal of (impairment losses) on financial assets (Notes 9, 10 and 32)	448	-	1,626	-	(6,673)	-	7,737	-
Share of loss of associates accounted for using the equity method (Note 14)	(839)	-	(1,429)	-	(2,510)	-	(1,849)	-
Other non-interest gains, net (Notes 29 and 32)	2,687	-	13,448	-	14,273	-	54,147	1
TOTAL NET REVENUE	3,068,674	100	3,031,449	100	8,515,278	100	9,101,210	100
PROVISION FOR BAD DEBTS EXPENSE, COMMITMENTS AND GUARANTEES (Notes 12, 13, 29 and 32)	(218,794)	(7)	(161,982)	(6)	(398,611)	(5)	(527,458)	(6)
OPERATING EXPENSES								
Employee benefits expenses (Note 32)	(998,710)	(33)	(962,063)	(32)	(2,909,593)	(34)	(2,848,784)	(31)
Depreciation and amortization expenses (Note 32)	(121,645)	(4)	(119,575)	(4)	(359,281)	(4)	(362,734)	(4)
Other selling and administrative expenses (Notes 32 and 35)	(467,039)	(15)	(563,198)	(18)	(1,374,722)	(16)	(1,624,294)	(18)
Total operating expenses	(1,587,394)	(52)	(1,644,836)	(54)	(4,643,596)	(54)	(4,835,812)	(53)
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,262,486	41	1,224,631	40	3,473,071	41	3,737,940	41
INCOME TAX EXPENSE (Notes 4 and 33)	(166,285)	(5)	(192,792)	(6)	(536,032)	(6)	(599,627)	(6)
NET PROFIT FOR THE PERIOD	1,096,201	36	1,031,839	34	2,937,039	35	3,138,313	35

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2020		2019		2020		2019	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	$ 40,197	1	$ (43,947)	(2)	$ 141,281	2	$ 244,146	2
Share of the other comprehensive income of associates accounted for using the equity method	3,653	-	(1,052)	-	10,823	-	184	-
Income tax expense relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 33)	(3,848)	-	(1,125)	-	(74)	-	(14,584)	-
Items that will not be reclassified subsequently to profit or loss, net of income tax	40,002	1	(46,124)	(2)	152,030	2	229,746	2
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on the translation of financial statements of foreign operations	827	-	(30,057)	(1)	(12,484)	-	(31,815)	-
Unrealized gain on investments in debt instruments designated as at fair value through other comprehensive income	106,593	4	19,010	1	290,122	3	115,141	1
Items that may be reclassified subsequently to profit or loss, net of income tax	107,420	4	(11,047)	-	277,638	3	83,326	1
Other comprehensive income (loss) for the period, net of income tax	147,422	5	(57,171)	(2)	429,668	5	313,072	3
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 1,243,623	41	$ 974,668	32	$ 3,366,707	40	$ 3,451,385	38
EARNINGS PER SHARE (Note 34)								
Basic	$ 0.28		$ 0.26		$ 0.75		$ 0.80	
Diluted	$ 0.28		$ 0.26		$ 0.75		$ 0.80	

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Bank							
						Other Equity		
	Capital Stock		Retained Earnings			Exchange Differences on Translating of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings			Total Equity
BALANCE AT JANUARY 1, 2019	$ 35,255,084	$ 726,981	$ 6,985,726	$ 110,159	$ 4,093,133	$ (38,327)	$ 690,897	$ 47,823,653
Appropriation of 2018 earnings								
Legal reserve	-	-	1,202,511	-	(1,202,511)	-	-	-
Special reserve	-	-	-	40,084	(40,084)	-	-	-
Cash dividends	-	-	-	-	(987,142)	-	-	(987,142)
Share dividends	1,833,265	-	-	-	(1,833,265)	-	-	-
Net profit for the nine months ended September 30, 2019	-	-	-	-	3,138,313	-	-	3,138,313
Other comprehensive (loss) income for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	(31,815)	344,887	313,072
Total comprehensive income (loss) for the nine months ended September 30, 2019	-	-	-	-	3,138,313	(31,815)	344,887	3,451,385
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	70,079	-	(70,079)	-
BALANCE AT SEPTEMBER 30, 2019	$ 37,088,349	$ 726,981	$ 8,188,237	$ 150,243	$ 3,238,523	$ (70,142)	$ 965,705	$ 50,287,896
BALANCE AT JANUARY 1, 2020	$ 37,088,349	$ 726,981	$ 8,188,237	$ 150,243	$ 4,302,204	$ (96,316)	$ 949,508	$ 51,309,206
Appropriation of 2019 earnings								
Legal reserve	-	-	1,281,622	-	(1,281,622)	-	-	-
Cash dividends	-	-	-	-	(1,038,474)	-	-	(1,038,474)
Share dividends	1,928,594	-	-	-	(1,928,594)	-	-	-
Net profit for the nine months ended September 30, 2020	-	-	-	-	2,937,039	-	-	2,937,039
Other comprehensive (loss) income for the nine months ended September 30, 2020, net of income tax	-	-	-	-	-	(12,484)	442,152	429,668
Total comprehensive income (loss) for the nine months ended September 30, 2020	-	-	-	-	2,937,039	(12,484)	442,152	3,366,707
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	25,824	-	(25,824)	-
BALANCE AT SEPTEMBER 30, 2020	$ 39,016,943	$ 726,981	$ 9,469,859	$ 150,243	$ 3,016,377	$ (108,800)	$ 1,365,836	$ 53,637,439

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

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	**2019**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,473,071	$ 3,737,940
Adjustments for:		
Depreciation expenses	315,657	324,003
Amortization expenses	43,624	38,731
Provision for bad debts expense, commitments and guarantees liabilities	398,611	527,458
Loss (gain) on financial assets and liabilities at fair value through profit or loss	61,993	(319,881)
Gain on disposal of properties and equipment	(280)	(85)
Interest expense	3,039,082	3,899,780
Interest revenue	(9,189,570)	(10,149,884)
Dividend income	(87,920)	(44,076)
Net changes in provision for losses on others	(1,165)	(5,000)
Share of loss of associates	2,510	1,849
Gains on disposal of investments in debt instruments at fair value through other comprehensive income	(59,843)	(7,606)
(Reversal of) impairment losses on financial assets	6,673	(7,737)
Unrealized loss (gain) on foreign currency exchange	944,804	(105,710)
(Gain) loss on lease suspension	(1,139)	52
Total adjustment	(4,526,963)	(5,848,106)
Net changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	(1,101,237)	195,255
Financial assets at fair value through profit or loss	(206,205)	2,162,459
Receivables	928,629	(5,253,562)
Notes discounted and loans	(15,214,651)	17,199,467
Other financial assets	(1,782)	3,318
Other assets	(600,421)	(155,985)
Due to the Central Bank and other banks	499,047	2,773,039
Financial liabilities at fair value through profit or loss	(608,072)	(817,126)
Securities sold under repurchase agreements	(7,144,149)	(1,379,795)
Payables	1,651,818	(260,726)
Deposits and remittances	33,838,571	(13,043,213)
Other financial liabilities	126,614	(2,127)
Provision for employee benefits	(42,990)	(2,862)
Other liabilities	(4,346)	(55,926)
Changes in operating assets and liabilities	12,120,826	1,362,216
Cash generated from (used in) operations	11,066,934	(747,950)
Interest received	9,583,687	10,476,702
Dividends received	87,920	44,076

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2020	2019
Interest paid	$ (2,793,721)	$ (3,494,366)
Income tax paid	(911,863)	(824,340)
Net cash generated from operating activities	17,032,957	5,454,122
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(12,844,657)	(3,445,663)
Proceeds from disposal of financial assets at fair value through other comprehensive income	5,873,738	3,342,690
Purchase of financial assets at amortized cost	(589,161,984)	(565,166,871)
Proceeds from sale of financial assets at amortized cost	583,827,560	559,417,547
Payments for properties and equipment	(1,717,304)	(1,294,370)
Proceeds from disposal of properties and equipment	765	1,691
Increase in refundable deposits	(237,079)	(121,413)
Payments for intangible assets	(72,842)	(24,343)
Payments for investment properties	-	(7,000)
Net cash used in investing activities	(14,331,803)	(7,297,732)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings from Central Bank and other banks	1,646,045	596,729
Proceeds from commercial papers issued	384,467	340,090
Repayments of bank debentures	(2,500,000)	-
(Refund of) proceeds from guarantee deposits received	(8,797)	20,707
Repayments of principal portion of lease liabilities	(142,198)	(151,294)
Cash dividends distributed	(1,038,474)	(891,116)
Net cash used in financing activities	(1,658,957)	(84,884)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(12,484)	(31,815)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,029,713	(1,960,309)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	38,341,346	39,653,064
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 39,371,059	$ 37,692,755

(Continued)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	September 30	
	2020	**2019**
RECONCILIATIONS OF THE AMOUNTS IN THE CONSOLIDATED STATEMENTS OF CASH FLOWS WITH THE EQUIVALENT ITEMS REPORTED IN THE CONSOLIDATED BALANCE SHEETS AT SEPTEMBER 30, 2020 AND 2019		
Cash and cash equivalents in the consolidated balance sheets	$ 11,880,929	$ 11,190,168
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”	15,272,795	13,600,424
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 “Statement of Cash Flows”	12,217,335	12,902,163
Cash and cash equivalents at the end of the period	$ 39,371,059	$ 37,692,755

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

1. GENERAL INFORMATION

Taichung Commercial Bank Co., Ltd. (the "Bank"), formerly known as Taichung District Association Saving Co., Ltd. (Taichung District Association) was established on September 27, 1952 by the Taiwan Provincial Government. It was incorporated in April 1953 and started operation in August of the same year. In July of 1975, the Banking Law was revised and implemented. On January 1, 1978, the Taichung District Association Saving Co., Ltd. (Taichung District Association) was restructured into Taichung SME Bank Co., Ltd. (Taichung SME Bank) and its shares were listed on May 15, 1984.

In line with the national financial policy to provide public and social financial services and support the economic construction as well as the development of industrial and commercial, Taichung SME Bank was renamed as Taichung Commercial Bank Co., Ltd. in December 1998. As of September 30, 2020, the Bank had a business department, a trust department, a foreign exchange transaction department, 81 domestic branches, a Malaysia Labuan branch and an offshore banking unit (OBU). The operations of the Bank consist of planning, managing, operating a trust business and overseas financial business. These operations are regulated under the Bank Law of the Republic of China ("ROC").

At the time of the establishment, the amount of capital invested by the Bank was $500 thousand. In order to improve the capital structure and cooperate with the government decree, the Bank has successively applied for increase and decrease of capital. As of September 30, 2020, the Bank's capital amount was $39,016,943 thousand.

The consolidated financial statements are presented in the Bank's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank's board of directors on November 5, 2020.

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

a. Initial application of the 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 Financial Supervisory Commission (FSC)

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

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

      The Group applies the amendments to IFRS 3 to transactions that occur on or after January 1, 2020. The amendments require that for an entity to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. To judge whether the acquired process is substantive, there will be different judgement requirements depending on whether there is output on the acquisition date. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether or not an acquired set of activities and assets is a business.

2) Amendments to IAS 1 and IAS 8 “Definition of Material”

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

3) Amendment to IFRS 16 “Covid-19 - Related Rent Concessions”

The Group 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. Related accounting policies are stated in Note 4. Before the application of the amendment, the Group was required to determine whether the abovementioned rent concessions are lease modifications and thus have to be accounted for as lease modifications.

The Group applied the amendment from January 1, 2020. Retrospective application of the amendment has no impact on the retained earnings as of January 1, 2020.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
“Annual Improvements to IFRS Standards 2018-2020”	January 1, 2022 (Note 2)
Amendments to IFRS 3 “Reference to the Conceptual Framework”	January 1, 2022 (Note 3)
Amendments to IFRS 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
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 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 first annual reporting period beginning on or after January 1, 2022.

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

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

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group'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 IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than those required in a complete set of annual financial statements.

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 which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, 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 an 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. Classification of current and non-current assets and liabilities

Accounts included in the Group's consolidated financial statements are not classified as current or non-current but are stated in the order of their liquidity. Refer to Note 39 for the maturity analysis of assets and liabilities.

d. Basis of consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank (i.e. its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

2) Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

Investor Company	Subsidiary	Main Business and Products	Percentage of Equity Held (%) September 30, 2020	December 31, 2019	September 30, 2019
Taichung Commercial Bank Co., Ltd.	Taichung Bank Insurance Brokers Co.	Insurance broker industry	100	100	100
	Taichung Bank Leasing Corporation Limited	Leasing business	100	100	100
	Taichung Commercial Bank Securities Co., Ltd.	Securities industry	100	100	100
Taichung Bank Leasing Corporation Limited	TCCBL Co., Ltd.	Financial leasing and investment business	100	100	100
TCCBL Co., Ltd.	Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Financial leasing business	100	100	100

3) Subsidiaries not included in the consolidated financial statements: None.

e. Other significant accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2019.

1) Employee benefits

Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

Other long-term employee benefits

Other long-term employee benefits for an interim period are accounted for in the same way as the accounting required for defined benefit plans except that annual remeasurement is recognized in profit or loss.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

3) Lease

The Group 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, that results in the revised consideration for the lease. There is no substantive change to other terms and conditions. The Group elects to apply the practical expedient to, and therefore, does not assess whether the rent concessions are lease modifications. Instead, the Group recognizes the reduction in lease payment 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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The Group considers the economic implications of the Covid-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The same critical accounting judgements and key sources of estimation uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2019. Please refer to Note 5 to the consolidated financial statements as of December 31, 2019 for the details of critical accounting judgements and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Cash on hand	$ 4,490,870	$ 4,553,235	$ 4,062,108
Checks for clearing	2,220,161	1,007,649	1,754,990
Due from banks	5,169,898	5,798,664	5,373,070
	$ 11,880,929	$ 11,359,548	$ 11,190,168

a. The loss allowance was measured at an amount equal to 12-month ECLs per historical experience and forward-looking information; there was no loss allowance on cash and cash equivalents as of September 30, 2020, December 31, 2019 and September 30, 2019.

b. Reconciliations of cash and cash equivalents between the consolidated statements of cash flows and the consolidated balance sheets as of September 30, 2020 and 2019 are shown in the consolidated statements of cash flows. Reconciliations as of December 31, 2019 are stated below:

	December 31, 2019
Reconciliations of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at December 31, 2019	
Cash and cash equivalents in the consolidated balance sheets	$ 11,359,548
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"	16,725,082
Securities purchased under resell agreements in accordance with cash and cash equivalents under IAS 7 "Statement of Cash Flows"	10,256,716
Cash and cash equivalents at the end of the year	$ 38,341,346

c. The amount of time deposits due from other banks as the operating deposit of Taichung Commercial Bank Securities Co., Ltd. was $200,000 thousand on September 30, 2020, December 31, 2019 and September 30, 2019, which were transferred to the refundable deposits. Refer to Note 21.

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

	September 30, 2020	December 31, 2019	September 30, 2019
Deposit reserves			
Deposit reserves for checking accounts	$ 12,425,261	$ 14,879,013	$ 7,397,538
Deposit reserves for demand accounts	18,108,129	16,997,138	16,933,699
Inter-bank clearing account	1,998,913	1,512,809	4,503,887
Deposit reserves for foreign currency deposits	75,309	60,000	62,060
Call loans to banks	858,312	368,014	1,732,617
Deposit reserves for trust compensation	60,000	60,000	60,000
	$ 33,525,924	$ 33,876,974	$ 30,689,801

a. The loss allowance are measured at an amount equal to 12-month ECLs per historical experience and forward-looking information; there was no loss allowance on due from the Central Bank and call loans to other banks as of September 30, 2020, December 31, 2019 and September 30, 2019.

b. The monthly depository reserves to be deposited in the Central Bank of the Republic of China are calculated by applying the legally required reserve ratio to the monthly average balance of the reserve accounts. These reserve accounts can be used at any time but the demand accounts can only be used for monthly deposit reserve adjustments. In addition, the Group deposited reserves in the amount of $5,000,000 thousand for demand accounts on deposits paid to other securities lender project from Central Bank on September 30, 2020. Refer to Note 36.

c. The Group deposited the reserves for trust compensation on government bonds measured at amortized cost on September 30, 2020, December 31, 2019 and September 30, 2019, with a nominal amount of $60,000 thousand. Refer to Note 36.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2020	December 31, 2019	September 30, 2019
Financial assets at FVTPL			
Commercial papers	$ 20,399,973	$ 20,074,138	$ 21,422,552
Domestic listed shares and emerging market shares	690,571	724,544	616,693
Domestic unlisted shares	37,500	-	-
PEM group policy assets	801,209	1,029,839	1,052,479
Beneficiary certificates	287,577	360,119	149,700
Corporate bonds	141,161	89,816	68,295
Asset swap contracts	2,546,402	1,812,530	1,804,105
Cross-currency swap contracts	121,237	71,394	29,695

(Continued)

	September 30, 2020	December 31, 2019	September 30, 2019
Foreign exchange forward contracts	$ 89,109	$ 82,809	$ 19,982
Cross-currency option contracts	252,283	125,545	167,311
Non-deliverable forward contracts	-	4,802	11,013
Interest rate-linked structured instrument contracts	629	-	-
	$ 25,367,651	$ 24,375,536	$ 25,341,825
Financial liabilities at FVTPL			
Cross-currency swap contracts	$ 185,297	$ 88,092	$ 23,458
Foreign exchange forward contracts	34,173	27,168	6,981
Cross-currency option contracts	252,435	113,590	154,061
Non-deliverable forward contracts	1,100	4,953	11,637
Interest rate-linked structured instrument contracts	629	-	-
	$ 473,634	$ 233,803	$ 196,137

(Concluded)

a. The Group engages in exchange rate related derivative financial contracts, mainly to provide customers with hedging instruments for foreign exchange positions arising from transactions such as import/export and currency exchange, to avoid the risks arising from the business and to flatten the demand for foreign exchange funds arising from non-transactional operations.

b. As of September 30, 2020, December 31, 2019 and September 30, 2019, the outstanding cross-currency swap contracts were as follows:

September 30, 2020				December 31, 2019				September 30, 2019			
Contract Amounts (In Thousands)			Maturity Date	Contract Amounts (In Thousands)			Maturity Date	Contract Amounts (In Thousands)			Maturity Date
Sell	CNY	749,279	2020/10/21-2021/09/23	Sell	CNY	310,034	2020/01/13-2020/09/18	Sell	CNY	20,661	2019/10/22-2020/01/13
	HKD	291,075	2020/10/30-2021/09/14		HKD	223,175	2020/05/26-2020/06/12		HKD	228,663	2019/10/04-2019/10/31
	USD	8,314	2020/10/13-2021/09/29		USD	20,152	2020/01/03-2020/12/10		USD	41,297	2019/10/01-2020/09/02
	GBP	2,000	2020/10/15		GBP	4,500	2020/01/06		JPY	3,352,644	2019/10/03-2019/12/16
	EUR	28,000	2020/10/06-2020/10/23		EUR	4,600	2020/01/06		EUR	350	2019/10/09
	JPY	5,108,423	2020/10/07-2020/12/28		NZD	3,000	2020/01/03		GBP	1,000	2019/10/01
	TWD	800,437	2021/03/04-2021/09/10		ZAR	206,055	2020/01/10-2020/03/10		TWD	365,620	2019/11/29-2020/09/11
Buy	AUD	19,102	2020/10/07-2020/10/19		TWD	335,433	2020/03/06-2020/09/11	Buy	CNY	34,228	2019/10/22-2020/09/02
	CAD	3,119	2020/10/15	Buy	CNY	30,388	2020/02/11-2020/12/10		NZD	7,500	2019/10/31
	CNY	30,769	2020/10/13-2021/09/29		NZD	7,500	2020/01/03		ZAR	29,947	2019/10/04-2019/10/08
	GBP	4,000	2020/10/13		ZAR	174,963	2020/01/03-2020/03/10		AUD	26,000	2019/10/01-2019/10/15
	NZD	8,000	2020/10/19		AUD	8,445	2020/01/06		CAD	2,500	2019/10/23
	USD	228,456	2020/10/06-2021/09/23		CAD	3,376	2020/01/06-2020/05/26		USD	74,988	2019/10/01-2020/09/11
	TWD	117,207	2020/10/13		USD	96,741	2020/01/03-2020/09/18		JPY	1,291,262	2019/10/03
					JPY	486,180	2020/01/06		SEK	3,756	2019/10/09

c. As of September 30, 2020, December 31, 2019 and September 30, 2019, the outstanding foreign exchange forward contracts were as follows (including non-deliverable forward contracts):

	Currency	Expiration Date	Contract Amounts (In Thousands)
September 30, 2020			
Sell forward exchange	USD/NTD	2020/10/05-2021/09/30	USD102,396/NTD3,019,555
Sell forward exchange	EUR/NTD	2020/12/21	EUR1,000/NTD33,050
Sell forward exchange	CNY/NTD	2020/12/23-2021/02/19	CNY2,025/NTD8,540
Sell forward exchange	JPY/NTD	2020/11/19-2021/07/21	JPY336,850/NTD93,117
Buy forward exchange	NTD/USD	2020/10/13-2021/01/26	NTD214,072/USD7,250
Buy forward exchange	NTD/EUR	2020/11/13-2021/02/17	NTD20,581/EUR600
Buy forward exchange	NTD/CNY	2020/12/29	NTD13,568/CNY3,200
Buy forward exchange	USD/EUR	2020/11/04-2021/08/19	USD23,569/EUR20,500
Buy forward exchange	USD/GBP	2021/01/06-2021/03/29	USD4,304/GBP3,400
Buy forward exchange	USD/JPY	2020/10/05-2021/09/17	USD57,320/JPY6,095,960
Buy forward exchange	USD/AUD	2020/10/28-2020/12/21	USD666/AUD1,000
Buy forward exchange	EUR/USD	2020/10/05-2021/03/25	EUR12,500/USD14,788
Buy forward exchange	GBP/USD	2020/12/05-2021/03/09	GBP2,400/USD3,102
Buy forward exchange	JPY/USD	2020/10/08-2021/03/11	JPY1,377,170/USD13,000
Buy forward exchange	CNY/USD	2020/10/13-2021/09/29	CNY120,921/USD17,621
Buy forward exchange	AUD/USD	2020/12/08-2021/02/05	AUD2,300/USD1,670
Buy forward exchange	GBP/JPY	2020/12/14	GBP500/JPY68,180
December 31, 2019			
Sell forward exchange	USD/NTD	2020/01/02-2020/12/09	USD52,017/NTD1,587,474
Sell forward exchange	EUR/NTD	2020/01/03-2020/03/27	EUR1,840/NTD62,316
Sell forward exchange	CNY/NTD	2020/02/10-2020/12/24	CNY5,370/NTD23,208
Sell forward exchange	JPY/NTD	2020/01/09-2020/11/19	JPY198,000/NTD55,703
Sell forward exchange	AUD/NTD	2020/04/23-2020/09/30	AUD1,550/NTD32,371
Sell forward exchange	HKD/NTD	2020/02/14-2020/04/01	HKD2,731/NTD10,603
Buy forward exchange	NTD/USD	2020/01/17-2020/06/11	NTD422,335/USD14,000
Buy forward exchange	JPY/GBP	2020/01/15-2020/02/27	JPY829,400/GBP6,000
Buy forward exchange	USD/CNY	2020/01/10-2020/04/14	USD29,850/CNY208,618
Buy forward exchange	USD/EUR	2020/01/16-2020/07/02	USD13,386/EUR12,000
Buy forward exchange	USD/GBP	2020/02/18-2020/07/02	USD11,786/GBP9,200
Buy forward exchange	USD/NZD	2020/03/06	USD1,302/NZD2,000
Buy forward exchange	CNY/USD	2020/01/10-2020/12/10	CNY55,696/USD7,904
Buy forward exchange	EUR/USD	2020/01/17	EUR1,000/USD1,145
Buy forward exchange	GBP/USD	2020/01/13-2020/03/27	GBP7,500/USD9,902
Buy forward exchange	JPY/USD	2020/01/07-2020/04/17	JPY2,277,230/USD21,000
Buy forward exchange	EUR/JPY	2020/03/09	EUR600/JPY72,444
Buy forward exchange	USD/ZAR	2020/02/14-2020/03/19	USD9,000/ZAR133,478
Buy forward exchange	USD/AUD	2020/03/30-2020/06/12	USD3,474/AUD5,000

(Continued)

	Currency	Expiration Date	Contract Amounts (In Thousands)
<u>September 30, 2019</u>			
Sell forward exchange	USD/NTD	2019/10/01-2020/09/11	USD43,809/NTD1,356,695
Sell forward exchange	EUR/NTD	2019/10/01-2020/03/25	EUR1,730/NTD59,397
Sell forward exchange	CNY/NTD	2019/10/15-2020/02/10	CNY 6,789/NTD30,349
Sell forward exchange	JPY/NTD	2019/11/06-2020/07/15	JPY205,000/NTD57,234
Buy forward exchange	NTD/USD	2019/10/25-2020/01/17	NTD 443,037/USD14,300
Buy forward exchange	USD/CNY	2019/10/14-2020/04/14	USD10,210/CNY71,776
Buy forward exchange	USD/EUR	2019/10/15-2020/03/06	USD5,847/EUR5,200
Buy forward exchange	USD/GBP	2019/11/29-2020/06/15	USD4,112/GBP3,300
Buy forward exchange	USD/JPY	2019/10/15-2020/03/26	USD17,730/JPY1,901,451
Buy forward exchange	CNY/USD	2019/10/14-2020/09/02	CNY265,902/USD37,563
Buy forward exchange	EUR/USD	2019/10/02-2020/03/03	EUR1,600/USD1,805
Buy forward exchange	EUR/JPY	2020/02/14	EUR1,000/JPY118,020
Buy forward exchange	JPY/USD	2019/10/25-2019/12/30	JPY1,286,700/USD12,000

(Concluded)

d. As of September 30, 2020, December 31, 2019 and September 30, 2019, the outstanding asset swap contracts of the Group amounted to $2,541,300 thousand, $1,811,600 thousand and $1,803,300 thousand, respectively, with interest rates ranging from 0.90% to 3.50%, 0.90% to 1.35% and 0.90% to 1.35%, respectively.

e. As of September 30, 2020, December 31, 2019 and September 30, 2019, the outstanding cross-currency option contracts of the Group amounted to $26,335,046 thousand (US$909,202 thousand), $12,375,872 thousand (US$412,529 thousand) and $16,197,256 thousand (US$521,987 thousand), respectively.

f. As of September 30, 2020, the interest rate-linked structured instrument contracts of the Group amounted to $126,614 thousand, with interest rates ranging from 6.20% to 6.75%.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	September 30, 2020	December 31, 2019	September 30, 2019
Investments in equity instruments at FVTOCI	$ 2,740,101	$ 1,598,987	$ 1,528,928
Investments in debt instruments at FVTOCI	36,215,423	30,000,344	27,832,967
	$ 38,955,524	$ 31,599,331	$ 29,361,895

a. Investments in equity instruments at FVTOCI

	September 30, 2020	December 31, 2019	September 30, 2019
Domestic listed shares	$ 1,663,402	$ 651,358	$ 622,654
Domestic unlisted shares	778,983	664,957	638,241
Foreign listed shares	297,716	282,672	268,033
	$ 2,740,101	$ 1,598,987	$ 1,528,928

These investments in equity instruments are not held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

Dividends income of $77,994 thousand, $43,183 thousand, $87,920 thousand and $44,076 thousand were recognized in profit or loss for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, respectively. Those were related to investments held as of September 30, 2020 and 2019, respectively.

b. Investments in debt instruments at FVTOCI

	September 30, 2020	December 31, 2019	September 30, 2019
Corporate bonds	$ 26,228,004	$ 21,503,613	$ 19,884,483
Government bonds	5,581,002	5,997,423	5,923,897
Foreign bonds	2,399,499	799,314	824,587
Bank debentures	2,006,918	1,699,994	1,200,000
	$ 36,215,423	$ 30,000,344	$ 27,832,967

1) The Group recognized gains on reversal of impairment loss of $15 thousand, $937 thousand, an impairment loss of $4,049 thousand and a gain on reversal of impairment loss of $1,273 thousand for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, respectively, after assessing the expected credit losses of the investments in debt instruments at FVTOCI.

2) Refer to Note 39 for information relating to their credit risk management and impairment.

10. INVESTMENTS IN DEBT INSTRUMENTS AT AMORTIZED COST

	September 30, 2020	December 31, 2019	September 30, 2019
Foreign bonds	$ 25,400,717	$ 23,806,064	$ 23,106,425
Government bonds	12,675,397	14,246,649	14,286,996
NCDs issued by the CBC	64,070,000	59,535,000	58,300,000
Corporate bonds	11,160,571	11,413,931	11,415,084
Credit certificate	-	9,291	9,610
	113,306,685	109,010,935	107,118,115
Less: Allowance for impairment loss	(34,462)	(41,662)	(42,371)
Less: Withdrawal of reserves for trust compensation and refundable deposits	(920,400)	(844,900)	(844,900)
	$ 112,351,823	$ 108,124,373	$ 106,230,844

a. The foreign bonds denominated in foreign currencies were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
USD	$ 670,159	$ 638,859	$ 613,859
CNY	890,000	550,000	420,000
AUD	66,000	61,000	61,000
ZAR	490,000	450,000	450,000

b. As of September 30, 2020, December 31, 2019 and September 30, 2019, the government bonds and the foreign bonds at amortized cost amounted to $1,200,000 thousand and $2,039,136 thousand (US$70,400 thousand), $2,000,000 thousand and $8,850,000 thousand (US$295,000 thousand), and $700,000 thousand and $8,297,422 thousand (US$267,400 thousand), respectively, which had been sold under repurchase agreements. Refer to Note 40 for information relating to their carrying amounts.

c. The Group recognized gains on reversal of impairment loss of $433 thousand, $689 thousand, impairment loss of $2,624 thousand and a gain on reversal of impairment loss of $6,464 thousand for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, respectively, after assessing the expected credit losses of the investments in debt instruments at amortized cost.

d. Refer to Note 39 for information relating to their credit risk management and impairment.

11. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

Securities purchased amounted to $12,217,335 thousand, $10,256,716 thousand and $12,902,163 thousand under repurchase agreements as of September 30, 2020, December 31, 2019 and September 30, 2019, were subsequently sold for $12,218,539 thousand, $10,258,145 thousand and $12,904,404 thousand, respectively, with interest rates ranging from 0.28% to 0.29%, 0.54% to 0.56% and 0.57% to 0.60%, respectively.

12. RECEIVABLES, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Notes receivable	$ 4,316,484	$ 4,586,001	$ 4,239,598
Receivables on credit cards	698,905	785,636	734,288
Accounts receivable factored without recourse	145,957	649,997	287,367
Acceptances	531,439	505,650	747,901
Interest receivables	976,801	1,216,731	1,181,192
Receivables on foreign currency settlement	631,765	870,200	1,177,944
Lease receivables	3,259,716	3,358,947	3,131,338
Assignment receivables	753,985	756,458	1,288,137
Receivables on sale of securities	65,309	-	-
Receivables on securities settlement	620,060	686,758	655,891
Receivables on interbank settlement	23,682	38,917	4,559,585
Other receivables	467,767	317,410	605,758
	12,491,870	13,772,705	18,608,999
Less: Unrealized interest income	(654,369)	(658,785)	(527,007)
Less: Allowance for doubtful accounts	(285,488)	(294,297)	(324,883)
	$ 11,552,013	$ 12,819,623	$ 17,757,109

a. Movements in the total carrying amount of receivables for the nine months ended September 30, 2020 and 2019 were as follows:

For the nine months ended September 30, 2020

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Total
Balance at January 1, 2020	$ 62,904,165	$ 557,317	$ 315,071	$ 63,776,553
Transfers to lifetime ECL	(133,702)	134,222	(520)	-
Transfers to credit-impaired financial assets	(53,837)	(138,401)	192,238	-
Transfers to 12-month ECLs	7,341	(7,178)	(163)	-
New receivables purchased or originated	6,227,712	3,572	31,978	6,263,262
Write-offs	-	(423)	(118,704)	(119,127)
Derecognition	(5,262,172)	(301,110)	(99,967)	(5,663,249)
Foreign exchange differences and other changes	(228,217)	(6,015)	10,526	(223,706)
Balance at September 30, 2020	$ 63,461,290	$ 241,984	$ 330,459	$ 64,033,733

For the nine months ended September 30, 2019

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Total
Balance at January 1, 2019	$ 59,094,832	$ 226,460	$ 314,656	$ 59,635,948
Transfers to lifetime ECL	(331,782)	332,430	(648)	-
Transfers to credit-impaired financial assets	(35,089)	(36,598)	71,687	-
Transfers to 12-month ECLs	22,501	(9,298)	(13,203)	-
New receivables purchased or originated	14,115,579	5,088	128,313	14,248,980
Write-offs	-	-	(136,216)	(136,216)
Derecognition	(5,743,897)	(56,240)	(45,660)	(5,845,797)
Foreign exchange differences and other changes	(361,715)	9,130	12,269	(340,316)
Balance at September 30, 2019	$ 66,760,429	$ 470,972	$ 331,198	$ 67,562,599

The abovementioned carrying amounts of receivables include due from the banks, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, notes receivable, receivables on credit cards, accounts receivable factored without recourse, acceptances, interest receivables, lease receivables, assignment receivables, receivables on sale of securities, receivables on securities settlement, other receivables, other financial assets, net (including delinquent receivables not arising from loans) and refundable deposits.

b. Movements in the allowance for doubtful accounts of receivables for the nine months ended September 30, 2020 and 2019 were as follows:

For the nine months ended September 30, 2020

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	$ 95,880	$ 11,625	$ 165,224	$ 272,729	$ 23,828	$ 296,557
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(1,304)	1,673	(369)	-	-	-
Transfers to credit-impaired financial assets	(494)	(2,633)	3,127	-	-	-
Transfers to 12-month ECLs	1,205	(1,077)	(128)	-	-	-
Derecognition of financial assets in current period	(51,082)	(7,169)	(32,660)	(90,911)	-	(90,911)
New financial assets purchased or originated	51,785	565	10,973	63,323	-	63,323
Difference of impairment loss under regulations	-	-	-	-	74,353	74,353
Write-offs	-	(423)	(43,701)	(44,124)	(75,003)	(119,127)
Recovery of written-offs	-	-	-	-	11,267	11,267
Foreign exchange differences and other changes	(11,402)	2,026	60,944	51,568	-	51,568
Balance at September 30, 2020	$ 84,588	$ 4,587	$ 163,410	$ 252,585	$ 34,445	$ 287,030

For the nine months ended September 30, 2019

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2019	$ 87,567	$ 5,695	$ 151,315	$ 244,577	$ 57,500	$ 302,077
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(4,145)	4,273	(128)	-	-	-
Transfers to credit-impaired financial assets	(88)	(1,024)	1,112	-	-	-
Transfers to 12-month ECLs	6,480	(1,329)	(5,151)	-	-	-
Derecognition of financial assets in current period	(60,751)	(1,665)	(5,185)	(67,601)	-	(67,601)
New financial assets purchased or originated	72,080	566	75,954	148,600	-	148,600
Difference of impairment loss under regulations	-	-	-	-	39,886	39,886
Write-offs	-	-	(91,179)	(91,179)	(45,037)	(136,216)
Recovery of written-offs	-	-	-	-	12,385	12,385
Foreign exchange differences and other changes	(2,721)	3,426	26,643	27,348	-	27,348
Balance at September 30, 2019	$ 98,422	$ 9,942	$ 153,381	$ 261,745	$ 64,734	$ 326,479

The allowance for doubtful accounts of the abovementioned receivables includes allowances for delinquent receivables not arising from loans, refer to Note 16.

c. Refer to Note 36 for information relating to notes receivable as a guarantee for interbank financing.

13. NOTES DISCOUNTED AND LOANS, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Bills negotiated	$ 345,783	$ 393,291	$ 333,211
Overdrafts	687	1,404	793
Secured overdrafts	26,088	38,166	28,756
Accounts receivable financing	68,038	51,595	54,461
Securities margin loans receivables	1,016,352	929,368	1,028,919
Short-term unsecured loans	40,193,932	39,586,875	41,160,530
Short-term secured loans	100,501,803	100,653,393	98,988,167
Medium-term unsecured loans	54,560,597	49,151,361	48,063,853
Medium-term secured loans	107,069,733	103,127,599	102,519,482
Long-term unsecured loans	6,115,636	5,210,470	5,004,730
Long-term secured loans	145,820,721	141,838,997	143,133,615
Delinquent loans	1,430,715	963,045	1,395,234
	457,150,085	441,945,564	441,711,751
Add: Adjustment of premium or discount	20,802	26,487	32,508
Less: Allowance for doubtful accounts	(6,797,140)	(6,573,717)	(6,821,669)
	$ 450,373,747	$ 435,398,334	$ 434,922,590

a. As of September 30, 2020, December 31, 2019 and September 30, 2019, the delinquent loans on which interest ceased to accrue amounted to $1,412,429 thousand, $949,601 thousand and $1,376,137 thousand, respectively. The unrecognized interest receivables on these loans were $24,229 thousand, $22,534 thousand and $26,640 thousand as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

b. There was no credit loan written off without a lawsuit for the nine months ended September 30, 2020 and 2019.

c. Movements in the total carrying amount of notes discounted and loans for the nine months ended September 30, 2020 and 2019 were as follows:

For the nine months ended September 30, 2020

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Total
Balance at January 1, 2020	$ 415,543,744	$ 16,873,865	$ 9,554,442	$ 441,972,051
Transfers to lifetime ECL	(6,404,508)	6,637,971	(233,463)	-
Transfers to credit-impaired financial assets	(693,022)	(1,603,415)	2,296,437	-
Transfers to 12-month ECLs	2,517,913	(2,504,873)	(13,040)	-
New notes discounted and loans purchased or originated	196,572,970	1,228,874	375,746	198,177,590
Write-offs	-	(1,834)	(487,805)	(489,639)
Derecognition	(162,537,506)	(4,281,055)	(1,587,289)	(168,405,850)
Foreign exchange differences and other changes	(13,867,947)	(223,413)	8,095	(14,083,265)
Balance at September 30, 2020	$ 431,131,644	$ 16,126,120	$ 9,913,123	$ 457,170,887

For the nine months ended September 30, 2019

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Total
Balance at January 1, 2019	$ 435,868,501	$ 15,341,731	$ 7,916,421	$ 459,126,653
Transfers to lifetime ECL	(10,180,736)	10,261,471	(80,735)	-
Transfers to credit-impaired financial assets	(616,514)	(1,731,195)	2,347,709	-
Transfers to 12-month ECLs	2,262,939	(2,196,373)	(66,566)	-
New notes discounted and loans purchased or originated	178,273,134	1,759,577	308,028	180,340,739
Write-offs	-	(198,049)	(729,634)	(927,683)
Derecognition	(173,399,114)	(3,633,922)	(2,672,512)	(179,705,548)
Foreign exchange differences and other changes	(17,202,813)	(407,959)	520,870	(17,089,902)
Balance at September 30, 2019	$ 415,005,397	$ 19,195,281	$ 7,543,581	$ 441,744,259

d. Movements in the allowance for doubtful accounts of notes discounted and loans for the nine months ended September 30, 2020 and 2019 were as follows:

For the nine months ended September 30, 2020

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	$ 1,776,628	$ 852,354	$ 2,468,257	$ 5,097,239	$ 1,476,478	$ 6,573,717
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(12,240)	181,222	(168,982)	-	-	-
Transfers to credit-impaired financial assets	(3,922)	(100,426)	104,348	-	-	-
Transfers to 12-month ECLs	86,512	(85,274)	(1,238)	-	-	-
Derecognition of financial assets in current period	(895,004)	(179,080)	(328,379)	(1,402,463)	-	(1,402,463)
New financial assets purchased or originated	995,266	47,658	204,012	1,246,936	-	1,246,936
Difference of impairment loss under regulations	-	-	-	-	200,755	200,755
Write-offs	-	(550)	(180,957)	(181,507)	(308,132)	(489,639)
Recovery of written-offs	-	-	-	-	473,824	473,824
Foreign exchange differences and other changes	(213,417)	196,530	210,897	194,010	-	194,010
Balance at September 30, 2020	$ 1,733,823	$ 912,434	$ 2,307,958	$ 4,954,215	$ 1,842,925	$ 6,797,140

For the nine months ended September 30, 2019

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2019	$ 1,768,334	$ 661,840	$ 2,035,208	$ 4,465,382	$ 2,066,719	$ 6,532,101
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(22,856)	33,511	(10,655)	-	-	-
Transfers to credit-impaired financial assets	(1,741)	(107,941)	109,682	-	-	-
Transfers to 12-month ECLs	128,225	(123,774)	(4,451)	-	-	-
Derecognition of financial assets in current period	(934,020)	(132,260)	(580,978)	(1,647,258)	-	(1,647,258)
New financial assets purchased or originated	1,011,273	68,606	112,477	1,192,356	-	1,192,356
Difference of impairment loss under regulations	-	-	-	-	(298,262)	(298,262)
Write-offs	-	(38,573)	(342,711)	(381,284)	(546,399)	(927,683)
Recovery of written-offs	-	-	-	-	744,755	744,755
Foreign exchange differences and other changes	(112,447)	550,589	787,518	1,225,660	-	1,225,660
Balance at September 30, 2019	$ 1,836,768	$ 911,998	$ 2,106,090	$ 4,854,856	$ 1,966,813	$ 6,821,669

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

The following table shows the Group’s proportion of ownership and voting right of associates at the end of the reporting date:

	September 30, 2020		December 31, 2019		September 30, 2019	
	Amount	Proportion of Ownership (%)	Amount	Proportion of Ownership (%)	Amount	Proportion of Ownership (%)
Associates that are not individually material						
Taichung Bank Securities Investment Trust Co., Ltd.	$ 165,101	38.46	$ 156,788	38.46	$ 151,758	38.46

The share of profit (loss) of the investments in associates accounted for using the equity method was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
Investee Company	2020	2019	2020	2019
Taichung Bank Securities Investment Trust Co., Ltd.	$ (839)	$ (1,429)	$ (2,510)	$ (1,849)

Investment was accounted for using the equity method and the share of profit (loss) of the investment was calculated based on financial statements which have been reviewed.

The Group is the single largest shareholder of Taichung Bank Securities Investment Trust Co., Ltd. with 38.46% interest in the investee, in which the remaining interest is held by several other shareholders. The Group considered the absolute size of its holding, and the relative size and dispersion of the other shareholdings in Taichung Bank Securities Investment Trust Co., Ltd. and concluded that it does not have control over Taichung Bank Securities Investment Trust Co., Ltd. The management of the Group considered the Group as exercising significant influence over Taichung Bank Securities Investment Trust Co., Ltd. and, therefore, classified Taichung Bank Securities Investment Trust Co., Ltd. as associate of the Group.

15. RESTRICTED ASSETS, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Restricted assets - cash in banks	$ 422,893	$ 419,388	$ 450,725
Receipts under payment for shares underwriting	524,861	-	-
Payments pending settlement	2,014	5	154
	$ 949,768	$ 419,393	$ 450,879

Refer to Note 36 for information relating to the restricted assets - cash in banks, which are used as collateral for financing to other banks.

16. OTHER FINANCIAL ASSETS, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Other delinquent receivables, net	$ 2,246	$ 2,246	$ 429
Time deposits with original maturities of more than 3 months	2,500	-	-
	$ 4,746	$ 2,246	$ 429

The interest rate of time deposits with original maturities of more than 3 months was 0.82% on September 30, 2020.

Other delinquent receivables, net were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Delinquent receivables not arising from loans	$ 3,788	$ 4,506	$ 2,025
Less: Allowance for doubtful accounts (Note 12)	(1,542)	(2,260)	(1,596)
	$ 2,246	$ 2,246	$ 429

17. PROPERTIES AND EQUIPMENT, NET

	For the Nine Months Ended September 30, 2020						
	Land	Building and Structures	Transportation Equipment	Miscellaneous Equipment	Lease Improvement	Construction in Progress	Total
Cost							
Balance, January 1, 2020	$ 7,847,588	$ 2,101,530	$ 54,053	$ 1,900,254	$ 7,799	$ 1,526,236	$ 13,437,460
Additions	-	-	530	104,981	318	1,611,475	1,717,304
Disposals	-	-	(126)	(19,002)	-	-	(19,128)
Exchange differences, net	-	-	(28)	(771)	-	-	(799)
Balance, September 30, 2020	7,847,588	2,101,530	54,429	1,985,462	8,117	3,137,711	15,134,837
Accumulated depreciation							
Balance, January 1, 2020	-	1,191,481	29,932	1,453,794	1,632	-	2,676,839
Additions	-	30,007	4,704	126,771	1,009	-	162,491
Disposals	-	-	(126)	(18,517)	-	-	(18,643)
Exchange differences, net	-	-	(8)	(426)	-	-	(434)
Balance, September 30, 2020	-	1,221,488	34,502	1,561,622	2,641	-	2,820,253
Impairment							
Balance, January 1, 2020	77,000	-	-	-	-	-	77,000
Balance, September 30, 2020	77,000	-	-	-	-	-	77,000
Balance, September 30, 2020	$ 7,770,588	$ 880,042	$ 19,927	$ 423,840	$ 5,476	$ 3,137,711	$ 12,237,584

	For the Nine Months Ended September 30, 2019						
	Land	Building and Structures	Transportation Equipment	Miscellaneous Equipment	Lease Improvement	Construction in Progress	Total
Cost							
Balance, January 1, 2019	$ 7,843,120	$ 2,086,402	$ 48,195	$ 1,830,060	$ 6,938	$ 202,835	$ 12,017,550
Additions	-	-	8,721	52,561	876	1,232,212	1,294,370
Disposals	-	-	(5,454)	(11,093)	(5,488)	-	(22,035)
Reclassifications	4,468	6,603	-	927	-	(800)	11,198
Exchange differences, net	-	-	(37)	(950)	-	-	(987)
Balance, September 30, 2019	7,847,588	2,093,005	51,425	1,871,505	2,326	1,434,247	13,300,096
Accumulated depreciation	-	1,145,069	29,111	1,314,540	5,061	-	2,493,781
Balance, January 1, 2019	-	29,842	4,187	126,143	927	-	161,099
Additions	-	-	(4,787)	(11,040)	(4,602)	-	(20,429)
Disposals	-	6,603	-	-	-	-	6,603
Exchange differences, net	-	-	(13)	(792)	-	-	(805)
Balance, September 30, 2019	-	1,181,514	28,498	1,428,851	1,386	-	2,640,249
Impairment							
Balance, January 1, 2019	77,000	-	-	-	-	-	77,000
Balance, September 30, 2019	77,000	-	-	-	-	-	77,000
Balance, September 30, 2019	$ 7,770,588	$ 911,491	$ 22,927	$ 442,654	$ 940	$ 1,434,247	$ 10,582,847

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

Building and structures	
Building	30 to 60 years
Renovation	10 to 29 years
Transportation equipment	2 to 5 years
Miscellaneous equipment	1 to 15 years
Lease improvements	2 to 5 years

18. LEASE ARRANGEMENTS

a. Right-of-use assets

	September 30, 2020	December 31, 2019	September 30, 2019
Carrying amounts			
Land and buildings	$ 818,940	$ 800,549	$ 810,583
Transportation equipment	218,516	79,857	90,672
	$ 1,037,456	$ 880,406	$ 901,255

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Additions to right-of-use assets	$ 279,734	$ 100,192	$ 362,325	$ 264,612
Depreciation charge for right-of-use assets				
Land and buildings	$ 32,897	$ 34,900	$ 99,850	$ 103,996
Transportation equipment	18,664	18,457	53,249	58,841
	$ 51,561	$ 53,357	$ 153,099	$ 162,837

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the nine months ended September 30, 2020 and 2019.

b. Lease liabilities

	September 30, 2020	December 31, 2019	September 30, 2019
Carrying amounts	$ 1,062,110	$ 895,285	$ 912,723

Range of discount rate for lease liabilities was as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Land	1.01%-4.14%	1.01%-4.14%	1.01%-4.14%
Buildings	1.01%-5.95%	1.01%-5.95%	1.01%-5.95%
Transportation equipment	1.01%-5.96%	1.01%-5.96%	1.01%-5.96%

c. Material lease-in activities and terms

The Group leases domestic offices, ATM sites and business cars with lease terms of 1 to 15 years. The lease contract specifies that lease payments will be adjusted on the basis of changes in market rental rates. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of freehold properties are set out in Note 19.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Expenses relating to short-term leases	$ 705	$ 1,337	$ 2,245	$ 3,910
Expenses relating to low-value asset leases	$ 1,888	$ 777	$ 5,661	$ 3,080
Total cash outflow for leases	$ (58,901)	$ (60,858)	$ (175,546)	$ (183,890)

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

19. INVESTMENT PROPERTIES, NET

	For the Nine Months Ended September 30, 2020			
	Land	Structures	Investment Properties Under Construction	Total
Cost				
Balance, January 1, 2020	$ 15,801	$ 5,972	$ -	$ 21,773
Balance, September 30, 2020	15,801	5,972	-	21,773
Accumulated depreciation				
Balance, January 1, 2020	-	3,670	-	3,670
Additions	-	67	-	67
Balance, September 30, 2020	-	3,737	-	3,737
Balance, September 30, 2020	$ 15,801	$ 2,235	$ -	$ 18,036

	For the Nine Months Ended September 30, 2019			
	Land	Structures	Investment Properties Under Construction	Total
Cost				
Balance, January 1, 2019	$ 20,269	$ 12,575	$ 86,290	$ 119,134
Additions	-	-	7,000	7,000
Reclassifications	(4,468)	(6,603)	-	(11,071)
Balance, September 30, 2019	15,801	5,972	93,290	115,063
Accumulated depreciation				
Balance, January 1, 2019	-	10,184	-	10,184
Additions	-	67	-	67
Reclassifications	-	(6,603)	-	(6,603)
Balance, September 30, 2019	-	3,648	-	3,648
Balance, September 30, 2019	$ 15,801	$ 2,324	$ 93,290	$ 111,415

a. The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Building and structures	
Building	60 years
Renovation	10 to 25 years

b. The fair values of the investment properties of the Group on December 31, 2019 and 2018 were $53,847 thousand and $149,412 thousand, respectively. The fair value was not evaluated by independent qualified professional valuers. The valuation was arrived at by reference to the market evidence of transaction price for similar properties, and the fair value was measured by using Level 3 inputs. There was no significant change in the fair value as of September 30, 2020 and 2019 compared to that of December 31, 2019 and 2018.

c. The abovementioned investment properties were leased out for 5 years. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

d. The maturity analysis of lease payments receivable under operating leases of investment properties as of September 30, 2020, December 31, 2019 and September 30, 2019 is as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Year 1	$ -	$ 646	$ 864

20. INTANGIBLE ASSETS, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Business rights	$ 28,000	$ 28,000	$ 28,000
Computer software	162,345	125,125	120,828
	$ 190,345	$ 153,125	$ 148,828

a. Business rights of the Group arose from the transfer of Fengxing Securities Co., Ltd., which was classified as intangible assets with indefinite useful lives and not subject to amortization. As of September 30, 2020, there was no impairment loss of the business rights.

b. Movements of intangible assets were as follows:

	For the Nine Months Ended September 30	
	2020	2019
Balance, January 1	$ 153,125	$ 163,172
Additions	72,842	24,343
Amortization	(43,624)	(38,731)
Reclassifications	8,093	-
Exchange differences, net	(91)	44
Balance, September 30	$ 190,345	$ 148,828

Computer software is amortized on a straight-line basis over its estimated useful life as follows:

Computer software	1-5 years

21. OTHER ASSETS, NET

	September 30, 2020	December 31, 2019	September 30, 2019
Refundable deposits	$ 1,908,552	$ 1,595,973	$ 1,691,492
Prepayments	219,054	138,477	216,125
Credit transaction	-	15,014	-
Others	1,412	5,022	49,868
	$ 2,129,018	$ 1,754,486	$ 1,957,485

As of September 30, 2020, December 31, 2019 and September 30, 2019, the time deposits and government bonds at amortized cost amounted to $1,060,400 thousand, $984,900 thousand and $984,900 thousand, respectively, were pledged as collateral to the district court for litigation related to the overdraft of the U.S. dollar clearing account and the guarantee deposits of business operations. These amounts were stated as refundable deposits. Refer to Note 36.

22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	September 30, 2020	December 31, 2019	September 30, 2019
Call loans from banks	$ 6,400,000	$ 6,200,860	$ 5,720,600
Due to Chunghwa Post Co., Ltd.	326,094	326,187	431,177
Due to banks	300,013	13	14
	$ 7,026,107	$ 6,527,060	$ 6,151,791

23. FUNDS BORROWED FROM CENTRAL BANK AND OTHER BANKS

	September 30, 2020	December 31, 2019	September 30, 2019
Funds borrowed from central bank	$ 1,749,180	$ -	$ -
Funds borrowed from other banks	5,988,905	6,092,040	6,092,248
	$ 7,738,085	$ 6,092,040	$ 6,092,248
Funds borrowed from central banks (%)	0.10	-	-
Funds borrowed from other banks (%)	1.00-5.31	1.00-5.44	1.00-5.44

Refer to Note 36 for information relating to collateral provided for funds borrowed from central bank and other banks.

24. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	September 30, 2020	December 31, 2019	September 30, 2019
Government bonds	$ 1,203,055	$ 2,002,755	$ 701,131
Foreign bonds	2,021,821	8,366,270	7,823,541
	$ 3,224,876	$ 10,369,025	$ 8,524,672

The details of repurchase price and interest rate at the end of period were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Government bonds	$ 1,203,395	$ 2,003,566	$ 701,531
Foreign bonds	2,022,949	8,415,535	7,868,157
	$ 3,226,344	$ 10,419,101	$ 8,569,688
Government bonds	0.25%-0.26%	0.50%-0.54%	0.50%-0.51%
Foreign bonds	0.34%-0.35%	2.18%-2.45%	2.32%-2.65%

The foreign bonds denominated in foreign currencies were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
USD	$ 69,802	$ 278,876	$ 252,128

25. PAYABLES

	September 30, 2020	December 31, 2019	September 30, 2019
Notes and checks in clearing	$ 2,220,161	$ 1,007,649	$ 1,754,990
Accrued expenses	1,482,315	1,550,678	1,587,107
Collections payable	785,644	38,414	512,230
Accounts payable for delivery	747,159	716,756	548,371
Interest payable	710,453	465,092	960,044
Foreign currency settlement payable	631,905	870,282	1,176,375
Acceptances	533,420	514,383	749,530
Factored accounts payable	111,594	49,615	30,653
Interbank settlement payable	37,091	25,235	4,364,148
Cash dividends payable	-	-	96,026
Securities settlement payable	-	-	4,325
Other payables	625,554	750,013	711,679
	$ 7,885,296	$ 5,988,117	$ 12,495,478

26. DEPOSITS AND REMITTANCES

	September 30, 2020	December 31, 2019	September 30, 2019
Checking	$ 6,637,778	$ 8,067,443	$ 6,505,252
Demand	158,222,906	138,021,835	135,599,108
Demand savings	140,396,488	134,211,159	130,136,644
Time	157,124,241	143,834,144	139,579,368
Time savings	154,746,175	159,025,088	162,888,695
Remittances	32,940	162,288	215,378
	$ 617,160,528	$ 583,321,957	$ 574,924,445

27. BANK DEBENTURES

	September 30, 2020	December 31, 2019	September 30, 2019
Subordinated financial debenture	$ 11,500,000	$ 14,000,000	$ 20,000,000

a. The Bank issued first subordinated financial debenture on November 13, 2012, which was approved under ruling reference No. 10100305900 issued by the Banking Bureau of the FSC on September 24, 2012. Details of the subordinated financial debenture's issuance are summarized as follows:

   1) Total approved principal: $3,000,000 thousand.

   2) Principal issued: $3,000,000 thousand.

   3) Denomination: $1,000 thousand, issued at par.

   4) Period: 7 years with maturities on November 13, 2019.

   5) Nominal interest rate: Fixed interest rate, 2.1%.

   6) Repayment: The subordinated financial debenture will be paid on the maturity date.

   7) The interest will be paid semi-annually from the issuance date.

b. The Bank issued first subordinated financial debenture and second subordinated financial debenture on June 25, 2013 and December 16, 2013, respectively, which were approved under ruling reference No. 10200089330 issued by the Banking Bureau of the FSC on April 8, 2013. Details of the financial subordinated debenture's issuance are summarized as follows:

   1) Total approved principal: $6,000,000 thousand.

   2) Principal issued:

      a) Debenture I on 2013: $2,500,000 thousand.
      b) Debenture II on 2013: $3,000,000 thousand.

   3) Denomination:

      a) Debenture I on 2013: $500 thousand, issued at par.
      b) Debenture II on 2013: $500 thousand, issued at par.

   4) Period:

      a) Debenture I on 2013: 7 years with maturities on June 25, 2020.
      b) Debenture II on 2013: 6 years with maturities on December 16, 2019.

   5) Nominal interest rate:

      a) Debenture I on 2013: Fixed interest rate, 2.1%.
      b) Debenture II on 2013: Fixed interest rate, 2.1%.

   6) Repayment: The subordinated financial debenture will be paid on the maturity date.

   7) The interest will be paid semi-annually from the issuance date.

c. The Bank issued first subordinated financial debenture on December 28, 2015, which was approved under ruling reference No. 10400200460 issued by the Banking Bureau of the FSC on August 26, 2015. Details of the subordinated financial debenture's issuance are summarized as follows:

   1) Total approved principal: $1,500,000 thousand.

   2) Principal issued: $1,500,000 thousand.

3) Denomination: $10,000 thousand, issued at par.

4) Period: No due date.

5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.

6) Repayment: To be executed according to the issuance.

7) The interest will be paid annually from the issuance date.

d. The Bank issued first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture, third no due date non-cumulative subordinated financial debenture and first no due date non-cumulative subordinated financial debenture on March 28, 2017, May 18, 2017, August 28, 2017 and December 28, 2016, respectively, which were approved under ruling reference No. 10500210950 issued by the Banking Bureau of the FSC on September 2, 2016. Details of the subordinated financial debenture's issuance are summarized as follows:

1) Total approved principal: $3,500,000 thousand.

2) Principal issued:

a) Debenture I on 2016: $1,500,000 thousand.
b) Debenture I on 2017: $1,000,000 thousand.
c) Debenture II on 2017: $500,000 thousand.
d) Debenture III on 2017: $500,000 thousand.

3) Denomination:

a) Debenture I on 2016: $10,000 thousand, issued at par.
b) Debenture I on 2017: $10,000 thousand, issued at par.
c) Debenture II on 2017: $10,000 thousand, issued at par.
d) Debenture III on 2017: $10,000 thousand, issued at par.

4) Period: No due date.

5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.

6) Repayment: To be executed according to the issuance.

7) The interest will be paid annually from the issuance date.

e. The Bank issued first no due date non-cumulative subordinated financial debenture, fourth no due date non-cumulative subordinated financial debenture and fifth no due date non-cumulative subordinated financial debenture on April 25 2018, December 5, 2017 and December 27, 2017, respectively, which were approved under ruling reference No. 10600229120 issued by the Banking Bureau of the FSC on September 22, 2017. Details of the subordinated financial debenture's issuance are summarized as follows:

1) Total approved principal: $5,000,000 thousand.

2) Principal issued:

a) Debenture IV on 2017: $1,350,000 thousand.
b) Debenture V on 2017: $2,650,000 thousand.
c) Debenture I on 2018: $1,000,000 thousand.

3) Denomination:

a) Debenture IV on 2017: $10,000 thousand, issued at par.
b) Debenture V on 2017: $10,000 thousand, issued at par.
c) Debenture I on 2018: $10,000 thousand, issued at par.

4) Period: No due date.

5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.

6) Repayment: To be executed according to the issuance.

7) The interest will be paid annually from the issuance date.

f. The Bank issued second no due date non-cumulative subordinated financial debenture on December 18, 2018, which was approved under ruling reference No. 10702156550 issued by the Banking Bureau of the FSC on August 23, 2018. Details of the subordinated financial debenture issuance is summarized as follows:

1) Total approved principal: $1,500,000 thousand.

2) Principal issued: $1,500,000 thousand.

3) Denomination: $10,000 thousand, issued at par.

4) Period: No due date.

5) Nominal interest rate: According to the interest rate of one-year time savings deposit of Chunghwa Post Co., Ltd., plus 3.08%.

6) Repayment: To be executed according to the issuance.

7) The interest will be paid annually from the issuance date.

28. OTHER FINANCIAL LIABILITIES

	September 30, 2020	December 31, 2019	September 30, 2019
Commercial papers payable	$ 1,558,550	$ 1,174,083	$ 1,338,770
Structured commodity principal	126,614	-	-
	$ 1,685,164	$ 1,174,083	$ 1,338,770

29. PROVISIONS

	September 30, 2020	December 31, 2019	September 30, 2019
Provision for employee benefits	$ 1,090,782	$ 1,133,772	$ 1,141,362
Provision for losses on guarantees	199,963	174,463	168,419
Provision for accidental losses	10,634	11,878	18,957
Provision for loan commitments	66,725	63,357	56,346
	$ 1,368,104	$ 1,383,470	$ 1,385,084

a. Details of provision for employee benefits were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Benefit plans	$ 922,773	$ 972,820	$ 991,661
Preferential interest on employees' deposits	134,953	131,433	123,982
Other long-term employee benefit liabilities	33,056	29,519	25,719
	$ 1,090,782	$ 1,133,772	$ 1,141,362

1) Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The amount appropriated by the Group in accordance with the defined contribution plan had been recognized in the consolidated statements of comprehensive income for the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019 in the amounts of $25,399 thousand, $24,599 thousand, $74,902 thousand and $73,384 thousand, respectively.

2) Defined benefit plans

The defined benefit plan adopted by the Bank of the Group in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Bank contributes amounts equal to 10% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Bank has no right to influence the investment policy and strategy.

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans in accordance with the pension cost rate for the nine months ended September 30, 2020 and 2019 is as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Operating expenses	$ 4,167	$ 5,752	$ 12,455	$ 17,483

3) Preferential interest on employees' deposit plans

The Group has revised the interest rate of the employees' savings deposit since December 21, 2014, in accordance with the regulations of the Financial Management Law No. 10110000850 and the Regulations Governing the Preparation of Financial Reports by Public Banks. The estimation of preferential interest on employee's deposit liabilities was carried out by qualified actuaries.

For the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the related expenses under preferential interest on employees' deposits plan recognized in the consolidated statements of comprehensive income amounted to $1,173 thousand, $1,071 thousand, $3,520 thousand and $3,213 thousand, respectively.

4) Other long-term employee benefit liabilities

Other long-term employee benefits of the Group are long-term disability benefits. If the employee does not encounter any casualty due to occupational disaster or accidental death, the Group will pay the pension according to the seniority.

For the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the Bank recognized $1,179 thousand, $911 thousand, $3,537 thousand and $2,731 thousand of total expenses related to the long-term employee benefits in the consolidated statements of comprehensive income, respectively.

b. Movements of the provision for losses on guarantees were as follows:

For the nine months ended September 30, 2020

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	$ 109,720	$ 1,778	$ 58,621	$ 170,119	$ 4,344	$ 174,463
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(54)	54	-	-	-	-
Transfers to credit-impaired financial assets	(6)	-	6	-	-	-
Transfers to 12-month ECLs	7,402	(768)	(6,634)	-	-	-
Derecognition of financial assets in current period	(72,856)	(1,010)	(15,608)	(89,474)	-	(89,474)
New financial assets purchased or originated	110,532	2,164	-	112,696	-	112,696
Difference of impairment loss under regulations	-	-	-	-	13,835	13,835
Write-offs	-	-	-	-	-	-
Recovery of written-offs	-	-	-	-	-	-
Foreign exchange differences and other changes	(11,786)	725	(496)	(11,557)	-	(11,557)
Balance at September 30, 2020	$ 142,952	$ 2,943	$ 35,889	$ 181,784	$ 18,179	$ 199,963

For the nine months ended September 30, 2019

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2019	$ 121,061	$ 1,751	$ 55,221	$ 178,033	$ 11,815	$ 189,848
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(32)	32	-	-	-	-
Transfers to credit-impaired financial assets	(157)	-	157	-	-	-
Transfers to 12-month ECLs	11,035	(300)	(10,735)	-	-	-
Derecognition of financial assets in current period	(83,108)	(1,450)	(3,652)	(88,210)	-	(88,210)
New financial assets purchased or originated	70,256	5,970	927	77,153	-	77,153
Difference of impairment loss under regulations	-	-	-	-	(2,867)	(2,867)
Write-offs	-	-	-	-	-	-
Recovery of written-offs	-	-	-	-	-	-
Foreign exchange differences and other changes	(13,350)	503	5,342	(7,505)	-	(7,505)
Balance at September 30, 2019	$ 105,705	$ 6,506	$ 47,260	$ 159,471	$ 8,948	$ 168,419

For the nine months ended September 30, 2020 and 2019, a provision was recognized for bad debts expense, commitments and guarantee liabilities.

c. Movements of the provision for losses on accidental were as follows:

For the nine months ended September 30, 2020

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	$ 9,638	$ -	$ 7	$ 9,645	$ 2,233	$ 11,878
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	-	-	-	-	-	-
Transfers to credit-impaired financial assets	-	-	-	-	-	-
Transfers to 12-month ECLs	-	-	-	-	-	-
Derecognition of financial assets in current period	(9,638)	-	(7)	(9,645)	-	(9,645)
New financial assets purchased or originated	9,182	-	-	9,182	-	9,182
Difference of impairment loss under regulations	-	-	-	-	(781)	(781)
Write-offs	-	-	-	-	-	-
Recovery of written-offs	-	-	-	-	-	-
Foreign exchange differences and other changes	-	-	-	-	-	-
Balance at September 30, 2020	$ 9,182	$ -	$ -	$ 9,182	$ 1,452	$ 10,634

For the nine months ended September 30, 2019

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2019	$ 12,108	$ -	$ -	$ 12,108	$ 11,825	$ 23,933
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	-	-	-	-	-	-
Transfers to credit-impaired financial assets	-	-	-	-	-	-
Transfers to 12-month ECLs	-	-	-	-	-	-
Derecognition of financial assets in current period	(11,973)	-	-	(11,973)	-	(11,973)
New financial assets purchased or originated	8,206	1,154	7	9,367	-	9,367
Difference of impairment loss under regulations	-	-	-	-	(2,272)	(2,272)
Write-offs	-	-	-	-	-	-
Recovery of written-offs	-	-	-	-	-	-
Foreign exchange differences and other changes	(98)	-	-	(98)	-	(98)
Balance at September 30, 2019	$ 8,243	$ 1,154	$ 7	$ 9,404	$ 9,553	$ 18,957

For the nine months ended September 30, 2020 and 2019, a provision was recognized for net income and loss other than interest.

d. Movements of the loan commitments were as follows:

For the nine months ended September 30, 2020

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2020	$ 48,760	$ 1,848	$ 4,025	$ 54,633	$ 8,724	$ 63,357
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(4)	4	-	-	-	-
Transfers to credit-impaired financial assets	(2)	(7)	9	-	-	-
Transfers to 12-month ECLs	1,689	(1,689)	-	-	-	-
Derecognition of financial assets in current period	(3,375)	(137)	(4,025)	(7,537)	-	(7,537)
New financial assets purchased or originated	16,822	956	1,672	19,450	-	19,450
Difference of impairment loss under regulations	-	-	-	-	(3,084)	(3,084)
Write-offs	-	-	-	-	-	-
Recovery of written-offs	-	-	-	-	-	-
Foreign exchange differences and other changes	(5,916)	464	(9)	(5,461)	-	(5,461)
Balance at September 30, 2020	$ 57,974	$ 1,439	$ 1,672	$ 61,085	$ 5,640	$ 66,725

For the nine months ended September 30, 2019

	12-month ECLs	Lifetime ECL	Credit-impaired Financial Assets	Impairment Loss Assessed under IFRS 9	Difference of Impairment Loss under Regulations	Total
Balance at January 1, 2019	$ 61,769	$ 2,040	$ -	$ 63,809	$ -	$ 63,809
Reconciliation arising from financial instruments recognized at the beginning of the period:						
Transfers to lifetime ECL	(5)	5	-	-	-	-
Transfers to credit-impaired financial assets	(3)	(9)	12	-	-	-
Transfers to 12-month ECLs	1,171	(1,171)	-	-	-	-
Derecognition of financial assets in current period	(34,466)	(785)	-	(35,251)	-	(35,251)
New financial assets purchased or originated	28,020	754	-	28,774	-	28,774
Difference of impairment loss under regulations	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-
Recovery of written-offs	-	-	-	-	-	-
Foreign exchange differences and other changes	(1,477)	503	(12)	(986)	-	(986)
Balance at September 30, 2019	$ 55,009	$ 1,337	$ -	$ 56,346	$ -	$ 56,346

For the nine months ended September 30, 2020 and 2019, a provision was recognized for bad debts expense, commitments and guarantee liabilities.

30. OTHER LIABILITIES

	September 30, 2020	December 31, 2019	September 30, 2019
Guarantee deposits received	$ 573,267	$ 582,064	$ 589,142
Advance receipts	225,372	238,650	210,542
Credit transactions	2,720	-	557
Others	84,240	78,028	91,959
	$ 885,599	$ 898,742	$ 892,200

31. EQUITY

a. Share capital

Ordinary shares

	September 30, 2020	December 31, 2019	September 30, 2019
Number of shares authorized (in thousands)	6,150,000	4,320,000	4,320,000
Shares authorized	$ 61,500,000	$ 43,200,000	$ 43,200,000
Number of shares issued and fully paid (in thousands)	3,901,694	3,708,835	3,708,835
Shares issued	$ 39,016,943	$ 37,088,349	$ 37,088,349

Ordinary shares issued have a par value of $10, carry one vote per share and carry the right to receive dividends.

As of January 1, 2019, the Bank had issued ordinary shares totaling $35,255,084 thousand, divided into 3,525,508 thousand ordinary shares at par value of $10 per share.

In September 2019, the Bank transferred $1,833,265 thousand of unappropriated earnings to ordinary shares, consisting of 183,327 thousand ordinary shares at par value of $10 per share. As of September 30, 2020, the Bank had increased the number of ordinary shares to $37,088,349 thousand, consisting of 3,708,835 thousand ordinary shares at par value of $10 per share.

In September 2020, the Bank transferred $1,928,594 thousand of unappropriated earnings to ordinary shares, consisting of 192,859 thousand ordinary shares at par value of $10 per share. As of September 30, 2020, the Bank had increased ordinary shares to $39,016,943 thousand, consisting of 3,901,694 thousand ordinary shares at par value of $10 per share. In July 2020, the board of directors of the Bank resolved to issue 250,000 thousand ordinary shares with a par value of $10, for a consideration of $10.2 per share issued at premium. On October 13, 2020, the above transaction was approved under ruling reference No. 1090359541 issued by the Banking Bureau of the FSC.

b. Capital surplus

	September 30, 2020	December 31, 2019	September 30, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital*			
Issuance of ordinary shares	$ 663,633	$ 663,633	$ 663,633
May be used to offset a deficit only			
Issuance of ordinary shares - employee share options	32,124	32,124	32,124
Expired employee share options	6,682	6,682	6,682
Share of changes in capital surplus of associates	16,813	16,813	16,813
Conversion of bank debentures' components	7,729	7,729	7,729
	$ 726,981	$ 726,981	$ 726,981

* Such capital surplus may be used to offset a deficit; in addition, when the Bank has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Bank's capital surplus and to once a year).

c. Appropriation of earnings and dividend policy

Under the Bank's dividend policy as set forth in the Articles, where the Bank made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 30% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Bank's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors, refer to employees' compensation and remuneration of directors in Note 32.

The appropriation of earnings mentioned above shall be retained by the board of directors in accordance with the changing operating environment, operation and investment needs. When dividends are declared, cash dividends must be at least 10% of total dividends declared.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Bank's paid-in capital. The legal reserve may be used to offset deficits. If the Bank has no deficit and the legal reserve has exceeded 25% of the Bank's paid-in capital, the excess may be transferred to capital or distributed in cash.

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. If the ratio of own capital to risky assets does not meet the standards set by the competent authority, the appropriation of earnings in cash or other assets should be subject to the restrictions or prohibitions of the relevant regulations.

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 shareholders' equity section. Afterward, if there is any reversal of the decrease in shareholders' equity, the Bank is allowed to appropriating retained earnings from the reversal amount.

According to Order No. 1010012865 issued by the FSC, Order No. 1010047490 issued by the FSC and International Financial Reporting Standards and "Q&A on the application of the reference to the special reserve following adoption of IFRSs", retained earnings should be appropriated to or reversed from a special reserve by the Bank. Afterward, if there is any reversal of the decrease in other shareholders' equity, the Bank is allowed to appropriating retained earnings from the reversal amount. 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. After that, under No. 10802714560 issued by the FSC, the Bank no longer use special reserve to protect the right of its employee in response to the developments of financial technology since 2019. From the fiscal year of 2019, the Bank can reverse the amount of expenditure of employees' transfer arising from financial technology development within the amount of the abovementioned special reserve from 2016 to 2018.

The appropriations of earnings for 2019 and 2018 had been approved in the shareholders' meeting of the Bank on June 30, 2020 and June 28, 2019, respectively, as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2019	**2018**	**2019**	**2018**
Legal reserve	$ 1,281,622	$ 1,202,511	$ -	$ -
Special reserve	-	40,084	-	-
Cash dividends	1,038,474	987,142	0.28	0.28
Share dividends	1,928,594	1,833,265	0.52	0.52

d. Other equity items

	Exchange Differences on Translating the Financial Statements of Foreign Operations	**Unrealized Gain on Financial Assets at FVTOCI**	**Total**
Balance at January 1, 2020	$ (96,316)	$ 949,508	$ 853,192
Recognized for the period			
Unrealized gains			
Equity instruments	-	141,281	141,281
Debt instruments	-	286,073	286,073
Net remeasurement of loss allowance - debt instruments	-	4,049	4,049
Share from associates accounted for using the equity method	-	10,823	10,823
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(25,824)	(25,824)
Cumulative translation adjustment			
Exchange differences for current period	(12,484)	-	(12,484)
Income tax related to other comprehensive income	-	(74)	(74)
Balance at September 30, 2020	$ (108,800)	$ 1,365,836	$ 1,257,036

(Continued)

	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain on Financial Assets at FVTOCI	Total
Balance at January 1, 2019	$ (38,327)	$ 690,897	$ 652,570
Recognized for the period			
Unrealized gains			
Equity instruments	-	244,146	244,146
Debt instruments	-	116,414	116,414
Net remeasurement of loss allowance - debt instruments	-	(1,273)	(1,273)
Share from associates accounted for using the equity method	-	184	184
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(70,079)	(70,079)
Cumulative translation adjustment			
Exchange differences for current period	(31,815)	-	(31,815)
Income tax related to other comprehensive income	-	(14,584)	(14,584)
Balance at September 30, 2019	$ (70,142)	$ 965,705	$ 895,563

(Concluded)

32. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Net interest

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Interest revenue				
Notes discounted and loans	$ 2,378,977	$ 2,747,648	$ 7,519,126	$ 8,350,901
Due from banks and call loans to the other banks	20,890	38,777	73,840	109,018
Investment in securities	363,293	403,709	1,148,841	1,193,144
Installment plan	68,018	76,870	205,186	216,447
Rental	63,251	71,546	178,254	199,591
Revolving interests of credit cards	8,929	10,375	27,741	31,331
Securities purchased under resell agreements	7,519	18,308	29,874	44,256
Accounts receivable factoring without recourse	1,820	1,613	6,397	4,552
Others	92	37	311	644
	2,912,789	3,368,883	9,189,570	10,149,884

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Interest expense				
Deposits	$ (715,911)	$ (1,006,776)	$ (2,409,679)	$ (3,011,159)
Financial debentures	(117,971)	(165,002)	(380,614)	(489,623)
Funds borrowed from the Central Bank and other banks	(35,302)	(50,331)	(134,082)	(172,883)
Due to the Central Bank and other banks	(1,094)	(1,352)	(2,707)	(3,951)
Securities sold under repurchase agreements	(4,117)	(57,068)	(79,137)	(195,615)
Structured instruments	(2,066)	(27)	(4,372)	(98)
Lease liabilities	(9,204)	(8,488)	(25,442)	(25,606)
Others	(2,271)	(479)	(3,049)	(845)
	(887,936)	(1,289,523)	(3,039,082)	(3,899,780)
	$ 2,024,853	$ 2,079,360	$ 6,150,488	$ 6,250,104

(Concluded)

b. Service fee income, net

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Service fee income				
Brokering	$ 301,261	$ 317,767	$ 814,780	$ 1,010,229
Trust business	299,058	265,391	763,718	670,747
Loans	131,492	116,964	411,258	337,411
Guarantee	34,711	37,301	107,037	109,839
Others	78,791	85,862	224,810	254,484
	845,313	823,285	2,321,603	2,382,710
Service fee expense				
Commission	(26,404)	(27,987)	(71,747)	(91,049)
Cross-bank transactions	(9,543)	(9,075)	(27,022)	(26,809)
Others	(31,425)	(28,575)	(87,964)	(77,499)
	(67,372)	(65,637)	(186,733)	(195,357)
	$ 777,941	$ 757,648	$ 2,134,870	$ 2,187,353

The Group provides custody, trust, investment management and consultancy services to third parties, so the Group's activities involve the planning, management and trading decisions of financial instruments. For the trust funds or investment portfolios that are managed and used on behalf of the trustee, the independent accounting reports and preparation of financial statements for internal management purposes are not included in the Group's consolidated financial statements.

c. Gain on financial assets and liabilities at fair value through profit or loss

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Realized profit or loss				
Commercial papers	$ 17,126	$ 33,664	$ 67,999	$ 99,837
Shares	65,199	54,049	67,258	323,850
Beneficiary certificates	10,483	3,278	(35,999)	(1,454)
Derivative financial instruments	(50,684)	8,531	55,982	(40,238)
Corporate bonds	-	-	906	-
	42,124	99,522	156,146	381,995
Valuation				
Commercial papers	348	1,566	(7,645)	(1,750)
Shares	3,828	(26,415)	1,814	(161,745)
Beneficiary certificates	12,388	1,295	30,336	12,227
PEM Group policy assets	(6,917)	(10,007)	(198,811)	39,054
Derivative financial instruments	(52,282)	(44,356)	(44,538)	50,100
Corporate bonds	333	-	705	-
	(42,302)	(77,917)	(218,139)	(62,114)
	$ (178)	$ 21,605	$ (61,993)	$ 319,881

1) For the nine months ended September 30, 2020 and 2019, realized profit or loss of gain on financial assets and liabilities at fair value through profit or loss included disposal profit amounted to $45,468 thousand and $231,712 thousand, dividend income amounted to $26,616 thousand and $36,783 thousand and interest revenue amounted to $84,062 thousand and $113,500 thousand, respectively.

2) Net income from exchange rate commodities includes realized and unrealized gains and losses on exchange forward contracts, cross-currency options and cross-currency swaps. The translation gains or losses included net income from exchange rate commodities when significant assets and liabilities denominated in foreign currencies classified as at FVTPL are not designated for hedging relationship.

d. Realized gains on financial assets at fair value through other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Dividend income	$ 77,994	$ 43,183	$ 87,920	$ 44,076
Gain on disposal of bonds	35,658	7,606	59,843	7,606
	$ 113,652	$ 50,789	$ 147,763	$ 51,682

e. Reversal of (impairment losses) on financial assets

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Investments in debt instruments at FVTOCI	$ 15	$ 937	$ (4,049)	$ 1,273
Financial assets at amortized cost	433	689	(2,624)	6,464
	$ 448	$ 1,626	$ (6,673)	$ 7,737

f. Other non-interest gains (losses), net

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Gains (losses) on disposal of properties and equipment	$ 235	$ (933)	$ 280	$ 85
Other provisions	(18)	-	1,165	5,000
Others	2,470	14,381	12,828	49,062
	$ 2,687	$ 13,448	$ 14,273	$ 54,147

g. Provision for bad debts expense, commitments and guarantee liabilities

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Bad debts on receivables	$ 41,875	$ 26,725	$ 100,281	$ 94,155
(Reversal of) bad debts on notes discounted and loans	157,366	148,745	268,555	462,482
(Reversal of) losses on guarantees	11,500	(15,000)	25,500	(21,500)
(Reversal of) loan commitments	8,053	1,512	4,275	(7,679)
	$ 218,794	$ 161,982	$ 398,611	$ 527,458

h. Employee benefits expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Salaries	$ 866,715	$ 833,170	$ 2,489,827	$ 2,436,872
Labor and health insurance	51,318	48,852	167,639	157,020
Pension expense	29,566	30,351	87,357	90,867
Other employee expenses	51,111	49,690	164,770	164,025
	$ 998,710	$ 962,063	$ 2,909,593	$ 2,848,784

i. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Bank, the Bank accrues employees' compensation and remuneration of directors at rates of 0.5%-3% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation and remuneration of directors. For the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019, the accrual rates and amounts of employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Employees' compensation	0.75%	0.62%	0.94%	0.61%
Remuneration of directors	1.50%	1.34%	1.50%	1.31%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Employees' compensation	$ 9,469	$ 7,537	$ 32,884	$ 22,550
Remuneration of directors	$ 18,954	$ 16,251	$ 52,385	$ 48,753

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

The appropriations of employees' compensation and remuneration of directors for 2019 and 2018 that were resolved by the Bank's board of directors on February 25, 2020 and March 14, 2019, respectively, are as shown below:

	Cash	
	2019	**2018**
Employees' compensation	$ 38,880	$ 33,198
Remuneration of directors	$ 77,759	$ 71,138

There was no difference between the actual amounts of employee's compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the employees' compensation and remuneration of directors resolved by the Bank's board of directors in 2020 and 2019 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

j. Depreciation and amortization expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Properties and equipment	$ 54,762	$ 53,288	$ 162,491	$ 161,099
Investment properties	22	22	67	67
Right-of-use assets	51,561	53,357	153,099	162,837
Intangible assets	15,300	12,908	43,624	38,731
	$ 121,645	$ 119,575	$ 359,281	$ 362,734

k. Other selling and administrative expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Taxes	$ 163,055	$ 178,904	$ 497,829	$ 540,339
Professional service	34,349	45,155	130,520	133,599
Advertisement	31,554	26,361	95,585	163,978
Insurance	37,933	42,029	119,852	136,887
Entertainment	20,676	47,569	46,565	99,140
Donation	38,956	35,708	97,123	102,542
Postage	16,830	16,489	48,844	48,456
Others	123,686	170,983	338,404	399,353
	$ 467,039	$ 563,198	$ 1,374,722	$ 1,624,294

33. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Current tax				
In respect of the current period	$ 229,510	$ 246,472	$ 601,711	$ 715,593
Income tax on unappropriated earnings	-	-	1,169	1,507
Adjustments for prior periods	(87)	(461)	(3,118)	(1,019)
Deferred tax				
In respect of the current period	(63,138)	(53,219)	(63,730)	(116,814)
Income tax expense recognized in profit or loss	$ 166,285	$ 192,792	$ 536,032	$ 599,627

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Deferred tax				
In respect of the current period				
Fair value changes of financial assets at FVTOCI	$ 3,848	$ 1,125	$ 74	$ 14,584
Total income tax expense recognized in other comprehensive income	$ 3,848	$ 1,125	$ 74	$ 14,584

c. Income tax assessments

The income tax returns of Taichung Commercial Bank Co., Ltd. through 2018 have been assessed by the tax authorities, while the income tax returns of Taichung Bank Insurance Brokers Co., Taichung Bank Leasing Corporation Limited, and Taichung Commercial Bank Securities Co., Ltd. through 2017 have been assessed and approved by the tax authorities.

34. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Basic earnings per share	$ 0.28	$ 0.26	$ 0.75	$ 0.80
Diluted earnings per share	$ 0.28	$ 0.26	$ 0.75	$ 0.80

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares. The basic and diluted earnings per share adjusted retrospectively for the nine months ended September 30, 2019 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 0.85	$ 0.80
Diluted earnings per share	$ 0.85	$ 0.80

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Earnings used in the computation of basic earnings per share	$ 1,096,201	$ 1,031,839	$ 2,937,039	$ 3,138,313
Earnings used in the computation of diluted earnings per share	$ 1,096,201	$ 1,031,839	$ 2,937,039	$ 3,138,313

The weighted average number of ordinary shares outstanding (in thousands of shares) was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	**2019**	**2020**	**2019**
Weighted average number of ordinary shares used in the computation of basic earnings per share	3,901,694	3,901,694	3,901,694	3,901,694
Effect of potentially dilutive ordinary shares				
Employees' compensation or bonuses issued to employees	3,073	2,002	3,722	2,863
Weighted average number of ordinary shares used in the computation of diluted earnings per share	3,904,767	3,903,696	3,905,416	3,904,557

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

35. RELATED-PARTY TRANSACTIONS

Related Party	Relationship with the Group
China Man-Made Fiber Corporation	Parent company of the Bank
Hsu Tian Investment Co., Ltd.	Legal director of the Bank
Pan Asia Chemical Co., Ltd. and Ho Yang Management Consultant Co., Ltd. (Note 3)	Legal directors of the Bank
Kuei-Fong Wang (Note 2)	Legal director of the Bank
Hsin-Chang Tsai, Li-Woon Lim, Pi-Ta Chen, Chien-An Shin (Note 2)	Independent directors of the Bank
Jin-Yi Lee (Note 3)	Independent director of the Bank
Hsin-Ching Chang, Wei-Liang Lin, Ming-Hsiung Huang, Te-Wei Chia, Siou-Huei Ye (Note 1), Shih-Yi Chiang, Li-Tzu Lai (Note 2)	Legal representatives of the Bank's director
Lai-Hsing Tsai, Chien-Hui Huang, Ming-Shan Chuang (Note 3)	Legal representatives of the Bank's director
24 persons including the Chairman and general manager's spouse	The spouses and second-degree relatives, etc. of the Bank's chairman and general managers
41 persons including the director of the Board's spouse	The spouses and children of the Bank's directors
6 persons including Yi-Yuan Tung	Key management personnel
18 persons including associate general manager's spouse	The spouses and children of the Bank's associate general managers
111 persons including Hung-Lung Tsai	Managers of the Bank
11 persons including Kuei-Hsien Wang	The spouses and children of the parent company's chairman and general managers
Taichung Bank Securities Investment Trust Co., Ltd.	Associate accounted for using the equity method
China Fiber Investment Co., Ltd.	Related party in substance
Pan Asia Investment Co., Ltd.	Related party in substance
Taichung Commercial Bank Cultural and Educational Foundation, Taichung Commercial Bank Workers' Welfare Commission	Related party in substance
Deh Hsing Investment Co., Ltd.	Related party in substance
Iolite Company Limited	Related party in substance
Hammock (Hong Kong) Company Limited	Related party in substance
Hebei Hanoshi Contact Lens Co., Ltd.	Related party in substance
Chou Chin Industrial Co., Ltd.	Related party in substance
Chou Chang Co., Ltd.	Related party in substance
Pan Feng Enterprise Co., Ltd.	Related party in substance
Greenworld Food Co., Ltd.	Related party in substance
Nan Chung Petrochemical Corporation	Related party in substance
Je Mi Fang Corporation	Related party in substance
Rai Chia Investment Co., Ltd.	Related party in substance
Xiang Fong Development Co., Ltd.	Related party in substance
Reliance Securities Co., Ltd.	Related party in substance
Sheen Ren Knitting Factory Co., Ltd.	Related party in substance
Ta Fa Investment Co., Ltd.	Related party in substance
Tai Yi Investment Co., Ltd.	Related party in substance
Formosa Imperial Wineseller Corp.	Related party in substance
Tou Ming Industry Limited Company	Related party in substance
Jin Bang Ge Industrial Company Limited.	Related party in substance

(Continued)

Related Party	Relationship with the Group
Ta Yi Development Co., Ltd.	Related party in substance
Yu Hui Limited	Related party in substance
Formosawine Vintners Corporation	Related party in substance
Bomi International Co., Ltd.	Related party in substance
Shanghai Bomi Food Co., Ltd.	Related party in substance
Noble House Global Limited	Related party in substance
Noble House Glory Corporation	Related party in substance
Wang Wanjin Culture and Education Foundation	Related party in substance
Chaoqing Investment Co., Ltd.	Related party in substance
Sheng Yuan Ze Investment Limited Company	Related party in substance
Pan Hsu Investment Co., Ltd.	Related party in substance
Precious Wealth International Limited	Related party in substance
Storm Model Management Co., Ltd.	Related party in substance
Bonwell Praise Co., Ltd.	Related party in substance
Chen Teng Public Relations (Shanghai) Company	Related party in substance
Shanghai Bomi Consulting management Limited Company	Related party in substance
Shuo-Jung Co., Ltd.	Related party in substance
Fengteng Co., Ltd.	Related party in substance
Shanghai Nianjia Culture Communication Co., Ltd.	Related party in substance

(Concluded)

Note 1: Chin-Yuan Lai, who was the legal representative of Hsu Tian Investment Co., Ltd. and the legal director of the Bank, resigned on June 26, 2018. Hsu Tian Investment Co., Ltd. reassigned the position of legal representative to Siou-Huei Ye on May 28, 2019.

Note 2: 12 directors out of 24 directors (including 4 independent directors), were elected at the shareholders' meeting of the Bank on June 30, 2020. The followings were respectively elected as directors: Kuei-Fong Wang and Ming-Hsiung Huang (legal representative of Hsu Tian Investment Co., Ltd), Wei-Liang Lin (legal representative of Hsu Tian Investment Co., Ltd), Te-Wei Chia (legal representative of Hsu Tian Investment Co., Ltd), Shih-Yi Chiang (legal representative of Hsu Tian Investment Co., Ltd), Hsin-Ching Chang (legal representative of Hsu Tian Investment Co., Ltd), Siou-Huei Ye (legal representative of Hsu Tian Investment Co., Ltd), Li-Tzu Lai (legal representative of Hsu Tian Investment Co., Ltd), Hsin-Chang Tsai (independent directors of the Bank), Li-Woon Lim (independent directors of the Bank), Chien-An Shin (independent directors of the Bank) and Pi-Ta Chen (independent directors of the Bank).

Note 3: Resigned after the shareholders' meeting of the Bank on June 30, 2020.

Significant transactions between the Group and related party are as follows

a. Loans

For the nine months ended September 30, 2020

	Numbers/ Name	Highest Balance	Balance, End of the Period	Compliance		Interest Revenue	Collaterals	The Difference Between Related and Non-related Party
				Performing Loans	Overdue Loans			
Employees' consumption loans	12	$ 4,029	$ 3,067	$ 3,067	$ -	$ 39	Credit loans	None
Loans on mortgage	35	180,915	125,027	125,027	-	1,149	Real estate	None
Other loans	Lee OO	2,552	2,449	2,449	-	27	Real estate	None
	Liu OO	1,911	1,809	1,809	-	19	Real estate	None
	Lin OO	504	435	435	-	-	Real estate	None
	Fang OO	21,732	11,816	11,816	-	29	Real estate	None
	Lin OO	18,800	17,900	17,900	-	229	Real estate	None
	Tsai OO	380	281	281	-	4	Real estate	None
	Liang OO	886	797	797	-	8	Real estate	None
	Ye OO	11,000	11,000	11,000	-	113	Real estate	None
	Huang OO	1,570	1,469	1,469	-	17	Real estate	None
	Chiu OO	3,238	3,012	3,012	-	31	Real estate	None

For the nine months ended September 30, 2019

	Numbers/ Name	Highest Balance	Balance, End of the Period	Compliance		Interest Revenue	Collaterals	The Difference Between Related and Non-related Party
				Performing Loans	Overdue Loans			
Employees' consumption loans	10	$ 4,182	$ 3,009	$ 3,009	$ -	$ 44	Credit loans	None
Loans on mortgage	33	153,369	114,748	114,748	-	1,114	Real estate	None
Other loans	Lee OO	2,685	2,585	2,585	-	31	Real estate	None
	Chen OO	4,000	-	-	-	17	Real estate	None
	Liu OO	2,044	1,944	1,944	-	22	Real estate	None
	Yang OO	846	-	-	-	4	Real estate	None
	Zhong OO	12,230	11,663	11,663	-	141	Real estate	None
	Fang OO	4,432	1,916	1,916	-	25	Real estate	None
	Lin OO	19,000	19,000	19,000	-	254	Real estate	None
	Liang OO	1,002	915	915	-	10	Real estate	None
	Ye OO	11,000	11,000	11,000		124	Real estate	None
	Huang OO	1,701	1,603	1,603	-	21	Real estate	None
	Chiu OO	3,534	3,312	3,312	-	37	Real estate	None
	Tsai OO	1,529	1,463	1,463	-	22	Real estate	None
	Chen OO	1,600	-	-	-	5	Real estate	None

According to Articles 32 and 33 of the Banking Law, credit loans cannot be made to Related party except loans to government and consumers; secured loans to Related party shall be provided with adequate collateral, and the terms of credits to Related party should be similar to those for third parties.

b. Deposits

	For the Nine Months Ended September 30, 2020		
	Ending Balance	**Interest Ratio**	**Interest Expense**
Taichung Bank Securities Investment Trust Co., Ltd.	$ 165,492	0.00-1.05	$ 886
Taichung Commercial Bank Workers' Welfare Commission	144,687	0.01-4.80	5,450
China Man-Made Fiber Corporation	127,662	0.01-0.05	20
Taichung Commercial Bank Cultural and Educational Foundation	8,285	0.01-0.84	55
Formosa Imperial Wineseller Corp.	659	0.04	-
Greenworld Food Co., Ltd.	6,557	0.04	1
Pan Asia Chemical Corporation	22,843	0.01-0.04	5
Pan Feng Enterprise Co., Ltd.	198	0.04	-
Chou Chin Industrial Co., Ltd.	28,990	0.01-0.04	1
Chou Chang Co., Ltd.	4,784	0.01	-
Je Mi Fang Corporation	20,020	0.04-0.81	9
Yu Hui Limited	4	0.01	-
Hsu Tian Investment Co., Ltd.	37,905	0.01-0.04	1
Pan Asia Investment Co., Ltd.	6	0.01	-
Pan Hsu Investment Co., Ltd.	4	0.01	-
Reliance Securities Co., Ltd.	13,730	0.04-0.55	78
Shuo-Jung Co., Ltd.	15,401	0.01	-
Deh Hsing Investment Co., Ltd.	6,833	0.04	3
Others	315,388	0.00-4.80	2,900
	$ 919,448		$ 9,409

	For the Nine Months Ended September 30, 2019		
	Ending Balance	**Interest Ratio**	**Interest Expense**
Taichung Bank Securities Investment Trust Co., Ltd.	$ 176,782	0.00-1.05	$ 942
Taichung Commercial Bank Workers' Welfare Commission	139,048	0.01-5.09	5,492
China Man-Made Fiber Corporation	125,549	0.01-0.48	35
Taichung Commercial Bank Cultural and Educational Foundation	8,302	0.01-1.09	66
Formosa Imperial Wineseller Corp	290	0.08	1
Greenworld Food Co., Ltd.	5,244	0.08	1
Pan Asia Chemical Corporation	84,908	0.01-0.08	8
Pan Feng Enterprise Co., Ltd.	268	0.08	-
Chou Chin Industrial Co., Ltd.	21,529	0.01-0.08	1
Chou Chang Co., Ltd.	4,728	0.01	-
Je Mi Fang Corporation	14,621	0.08	9
Yu Hui Limited	4	0.01	-
Hsu Tian Investment Co., Ltd.	27,613	0.01-0.48	13

(Continued)

	For the Nine Months Ended September 30, 2019		
	Ending Balance	**Interest Ratio**	**Interest Expense**
Reliance Securities Co., Ltd.	$ 13,626	0.08-0.80	$ 78
Pan Hsu Investment Co., Ltd.	2	0.01	-
Pan Asia Investment Co., Ltd.	6	0.01	-
Others	300,780	0.00-5.09	3,050
	$ 923,300		$ 9,696

(Concluded)

The interest rates did not significantly differ from those with ordinary customers except for the interest rates on the Bank's employee deposits at 4.80%, 5.09% and 5.09% as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively.

c. Financial debentures

The Bank issued, first no due date non-cumulative subordinated financial debenture on 2015, first no due date non-cumulative subordinated financial debenture on 2016, first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture, third no due date non-cumulative subordinated financial debenture, fourth no due date non-cumulative subordinated financial debenture and fifth no due date non-cumulative subordinated financial debenture on 2017, first no due date non-cumulative subordinated financial debenture and second no due date non-cumulative subordinated financial debenture on 2018, and entrusted Concord Securities Co., Ltd. and KGI Securities Co., Ltd. as financial advisors for the issuance and collection of bonds.

As of September 30, 2020, the Related party subscribed for the financial debentures issued by the Bank through underwriting brokers were as follows:

Counterparty	Subscription	Period
Hsu Tian Investment Co., Ltd.	$ 4,000,000	First no due date non-cumulative subordinated financial debenture on 2015, first no due date non-cumulative subordinated financial debenture on 2016, first no due date non-cumulative subordinated financial debenture and fifth no due date non-cumulative subordinated financial debenture on 2017, first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture on 2018
Others	3,750,000	First no due date non-cumulative subordinated financial debenture on 2015, first no due date non-cumulative subordinated financial debenture on 2016, first no due date non-cumulative subordinated financial debenture, second no due date non-cumulative subordinated financial debenture, third no due date non-cumulative subordinated financial debenture, fourth no due date non-cumulative subordinated financial debenture, fifth no due date non-cumulative subordinated financial debenture on 2017, first no due date non-cumulative subordinated financial debenture and second no due date non-cumulative subordinated financial debenture on 2018

The interest payables on the financial debentures of the abovementioned related parties amounted to $193,399 thousand, $50,136 thousand and $194,073 thousand as of September 30, 2020, December 31, 2019 and September 30, 2019, respectively. The interest expenses amounted to $79,588 thousand, $80,877 thousand, $239,574 thousand and $239,994 thousand for the three months ended September 30, 2020 and 2019, and for the nine months ended September 30, 2020 and 2019, respectively

d. Service fee income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Taichung Bank Securities Investment Trust Co., Ltd.	$ 129	$ 233	$ 425	$ 690

The above amounts are for the promotion and channel revenue, etc. The price of transactions with its Related party is similar to those of the non-Related party.

e. Other expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Greenworld Food Co., Ltd.	$ 349	$ 144	$ 901	$ 639
Je Mi Fang Corporation	-	-	1,472	198
Pan Feng Enterprise Co., Ltd.	80	72	161	348
	$ 429	$ 216	$ 2,534	$ 1,185

The above amounts are other business expenses. The price of transactions with its Related party is similar to those of the non-Related party.

f. Compensation of directors and key management personnel

For the for the three months ended September 30, 2020 and 2019, and for the nine months ended September 30, 2020 and 2019, the amounts of compensation of directors and key management personnel were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2020	2019	2020	2019
Short-term benefits	$ 54,337	$ 44,270	$ 173,216	$ 159,390
Post-employee benefits	349	331	1,011	951
Other long-term benefits	390	4	399	10
	$ 55,076	$ 44,605	$ 174,626	$ 160,351

36. PLEDGED ASSETS

	September 30, 2020	December 31, 2019	September 30, 2019
Call loans to other banks - time deposits	$ 200,000	$ 200,000	$ 200,000
Restricted assets - cash in banks	422,893	419,388	450,725
Notes receivable	2,327,677	2,889,030	2,808,169
Investments in debt instruments at amortized cost - government bonds	920,400	844,900	844,900
Deposit reserves for demand accounts	5,000,000	-	-
	$ 8,870,970	$ 4,353,318	$ 4,303,794

Call loans to other banks - time deposits were the provision for operational deposits. Restricted assets - cash in banks and notes receivable were the guarantee for financing to other banks. Government bonds were pledged as collateral to the district court for litigation related to the overdraft of the clearing account and the compensation reserve for the securities firm and the trust business. The details were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Guarantee to district court for litigation	$ 360,400	$ 284,900	$ 284,900
Collateral for overdraft of clearing account	500,000	500,000	500,000
Reserve of trust compensation	60,000	60,000	60,000
	$ 920,400	$ 844,900	$ 844,900

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Notes 8, 11 and 24, significant commitments and contingencies of the Group as of September 30, 2020, December 31, 2019 and September 30, 2019 were as follows:

a. Significant commitments

	September 30, 2020	December 31, 2019	September 30, 2019
Loan commitments (excluding credit card)	$ 142,279,682	$ 139,176,198	$ 137,607,453
Loan commitments - credit card	12,670,498	11,743,903	11,421,509
Guarantee receivables	19,536,341	16,485,312	15,910,781
Trust liabilities	64,713,932	67,330,687	65,982,983
Letters of credit	3,301,684	3,318,935	2,798,914
Lease contract commitment	2,125,587	1,240,804	1,564,685

b. According to Article 17 of the Implementation Rules of Trust Law, the Bank should disclose its balance sheet of trust account and its asset items, which were as follows:

Trust Account Balance Sheet
September 30, 2020

Trust Assets	Amount	Trust Liabilities	Amount
Cash in banks	$ 4,586,339	Securities under custody payable	$ 4,140,562
Short-term investments	52,894,870	Trust capital	60,573,370
Structured finance instruments	1,316,282	Net income	1,228,699
Real estate		Deferred carryover amounts	(1,228,699)
Land	1,641,939		
Buildings	133,940		
Securities under custody	4,140,562		
Trust assets	$ 64,713,932	Trust liabilities	$ 64,713,932

Trust Account Asset Items
September 30, 2020

Item	Amount
Cash in banks	$ 4,586,339
Short-term investments	52,894,870
Structured finance instruments	1,316,282
Real estate	
Land	1,641,939
Buildings	133,940
Securities under custody	4,140,562
	$ 64,713,932

Trust Account Income Statement
Nine Months Ended September 30, 2020

	Amount
Trust income	
Interest revenue	$ 1,996,340
Trust expense	
Management fee	(767,641)
Tax	-
Income before income tax	1,228,699
Income tax expense	-
Net income	$ 1,228,699

Trust Account Balance Sheet
December 31, 2019

Trust Assets	Amount	Trust Liabilities	Amount
Cash in banks	$ 3,588,759	Securities under custody payable	$ 5,884,557
Short-term investments	54,341,837	Trust capital	61,446,130
Structured finance instruments	2,041,602	Net income	2,047,880
Real estate		Deferred carryover amounts	(2,047,880)
Land	1,350,853		
Buildings	123,079		
Securities under custody	5,884,557		
Trust assets	$ 67,330,687	Trust liabilities	$ 67,330,687

Trust Account Asset Items
December 31, 2019

Item	Amount
Cash in banks	$ 3,588,759
Short-term investments	54,341,837
Structured finance instruments	2,041,602
Real estate	
Land	1,350,853
Buildings	123,079
Securities under custody	5,884,557
	$ 67,330,687

Trust Account Income Statement
Year Ended December 31, 2019

	Amount
Trust income	
Interest revenue	$ 2,921,019
Dividend income	27,138
Trust expense	
Management fee	(900,164)
Tax	(113)
Income before income tax	2,047,880
Income tax expense	-
Net income	$ 2,047,880

Trust Account Balance Sheet
September 30, 2019

Trust Assets	Amount	Trust Liabilities	Amount
Cash in banks	$ 2,472,062	Securities under custody payable	$ 6,243,292
Short-term investments	53,689,711	Trust capital	59,739,691
Structured finance instruments	2,104,155	Net income	1,509,997
Real estate		Deferred carryover amounts	(1,509,997)
Land	1,350,013		
Buildings	123,750		
Securities under custody	6,243,292		
Trust assets	$ 65,982,983	Trust liabilities	$ 65,982,983

Trust Account Asset Items
September 30, 2019

Item	Amount
Cash in banks	$ 2,472,062
Short-term investments	53,689,711
Structured finance instruments	2,104,155
Real estate	
Land	1,350,013
Buildings	123,750
Securities under custody	6,243,292
	$ 65,982,983

Trust Account Income Statement
For the Nine Months Ended September 30, 2019

	Amount
Trust income	
Interest revenue	$ 2,179,870
Trust expense	
Management fee	(669,873)
Tax	-
Income before income tax	1,509,997
Income tax expense	-
Net income	$ 1,509,997

c. Maturity analysis of lease commitments and capital expenditures

The lease contract commitments of the Group include operating leases and finance leases.

Operating lease commitment is the minimum lease payment when the Group is lessee or lessor with non-cancellation condition. The lease contract commitments of the operating leases are referred to in Note 19.

The finance lease commitments refer to the total lease investment of the lessor under the finance lease conditions and the present value of the minimum lease payments receivable.

Capital expenditure commitments represent contractual commitments for the acquisition of capital expenditures on construction and equipment.

Considering the expansion of business scale and the increasing number of employees in the future, the Group held a tender for the construction project of head office through an online open bidding process on February 11, 2019. Dacin Construction Co., Ltd. and Earthpower Co., Ltd. won the bidding, both parties entered into a joint venture agreement worth $11,160,000 thousand on March 29, 2019, and started construction on April 27, 2019. In addition, the Group entered into a contract of planning, design and supervision worth $480,492 thousand with YSL architects & associates.

Maturity analysis of lease commitments and capital expenditures is summarized as follows:

Financing lease income

	September 30, 2020	December 31, 2019	September 30, 2019
Year 1	$ 2,135,237	$ 2,836,102	$ 2,708,872
Year 2	724,972	288,642	408,556
Year 3	198,697	19,172	13,910
Year 4	13,030	13,300	-
Year 5	13,030	13,300	-
Year 6 onwards	174,750	188,431	-
	$ 3,259,716	$ 3,358,947	$ 3,131,338

Present value of financing lease income

	September 30, 2020	December 31, 2019	September 30, 2019
Year 1	$ 1,901,142	$ 2,551,965	$ 2,444,239
Year 2	661,091	261,072	392,837
Year 3	165,460	8,545	13,673
Year 4	3,376	3,026	-
Year 5	3,715	3,343	-
Year 6 onwards	95,009	97,593	-
	$ 2,829,793	$ 2,925,544	$ 2,850,749

Capital expenditure commitment

	September 30, 2020	December 31, 2019	September 30, 2019
Year 1	$ 203,194	$ 823,970	$ 158,407
Year 2	3,987,621	4,580,756	773,553
Year 3	3,213,827	3,510,676	4,648,066
Year 4	1,236,643	1,233,408	3,443,366
Year 5	-	71,971	1,290,985
	$ 8,641,285	$ 10,220,781	$ 10,314,377

38. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Except as detailed in the following table, the carrying amounts of financial instruments recognized in the consolidated financial statements approximate their fair values or that the fair values cannot be reasonably measured. Therefore, those were not disclosed in this note.

1) Fair value hierarchy

September 30, 2020

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Investments in debt instruments at amortized cost	$ 113,272,223	$ 88,457,336	$ 25,903,097	$ -	$ 114,360,433
Financial liabilities					
Financial liabilities at amortized cost					
Bank debentures	11,500,000	-	11,663,367	-	11,663,367

December 31, 2019

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Investments in debt instruments at amortized cost	$ 108,969,273	$ 85,512,551	$ 24,092,164	$ -	$ 109,604,715
Financial liabilities					
Financial liabilities at amortized cost					
Bank debentures	14,000,000	-	14,014,140	-	14,014,140

September 30, 2019

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Investments in debt instruments at amortized cost	$ 107,075,744	$ 84,362,277	$ 23,367,295	$ -	$ 107,729,572
Financial liabilities					
Financial liabilities at amortized cost					
Bank debentures	20,000,000	-	20,034,365	-	20,034,365

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Non-derivatives	The market transaction price in the non-active market is taken as the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

	September 30, 2020			
	Total	Level 1	Level 2	Level 3
Financial assets at FVTPL				
Derivative financial assets	$ 3,009,660	$ -	$ 3,009,660	$ -
Commercial papers	20,399,973	20,399,973	-	-
Domestic listed shares and emerging market shares	690,571	660,730	29,841	-
Domestic unlisted shares	37,500	-	-	37,500
Beneficiary certificates	287,577	287,577	-	-
Domestic corporate bonds	141,161	141,161	-	-
Others	801,209	-	801,209	-
	$ 25,367,651	$ 21,489,441	$ 3,840,710	$ 37,500
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ 778,983	$ -	$ -	$ 778,983
Domestic listed shares	1,663,402	1,663,402	-	-
Foreign listed shares	297,716	297,716	-	-
Investments in debt instruments				
Domestic corporate bonds	26,228,004	26,228,004	-	-
Domestic government bonds	5,581,002	5,581,002	-	-
Foreign bonds	2,399,499	-	2,399,499	-
Bank debentures	2,006,918	2,006,918	-	-
	$ 38,955,524	$ 35,777,042	$ 2,399,499	$ 778,983
Financial liabilities at FVTPL				
Derivative financial liabilities	$ 473,634	$ -	$ 473,634	$ -

Reconciliation of Level 3 fair value measurements of financial instruments:

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTPL Unlisted shares	$ -	$ -	$ 37,500	$ -	$ -	$ -	$ 37,500

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTOCI Unlisted shares	$ 664,957	$ 114,026	$ -	$ -	$ -	$ -	$ 778,983

	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Financial assets at FVTPL				
Derivative financial assets	$ 2,097,080	$ -	$ 2,097,080	$ -
Commercial papers	20,074,138	20,074,138	-	-
Domestic listed shares and emerging market shares	724,544	688,208	36,336	-
Beneficiary certificates	360,119	360,119	-	-
Domestic corporate bonds	89,816	89,816	-	-
Others	1,029,839	-	1,029,839	-
	$ 24,375,536	$ 21,212,281	$ 3,163,255	$ -

(Continued)

	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ 664,957	$ -	$ -	$ 664,957
Domestic listed shares	651,358	651,358	-	-
Foreign listed shares	282,672	282,672	-	-
Investments in debt instruments				
Domestic corporate bonds	21,503,613	21,503,613	-	-
Domestic government bonds	5,997,423	5,997,423	-	-
Foreign bonds	799,314	-	799,314	-
Bank debentures	1,699,994	1,699,994	-	-
	$ 31,599,331	$ 30,135,060	$ 799,314	$ 664,957
Financial liabilities at FVTPL				
Derivative financial liabilities	$ 233,803	$ -	$ 233,803	$ -

(Concluded)

Reconciliation of Level 3 fair value measurements of financial instruments:

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTPL Unlisted shares	$ 510,523	$ 154,434	$ -	$ -	$ -	$ -	$ 664,957

	September 30, 2019			
	Total	Level 1	Level 2	Level 3
Financial assets at FVTPL				
Derivative financial assets	$ 2,032,106	$ -	$ 2,032,106	$ -
Commercial papers	21,422,552	21,422,552	-	-
Domestic listed shares and emerging market shares	616,693	581,494	35,199	-
Beneficiary certificates	149,700	149,700	-	-
Domestic corporate bonds	68,295	68,295	-	-
Others	1,052,479	-	1,052,479	-
	$ 25,341,825	$ 22,222,041	$ 3,119,784	$ -
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares	$ 638,241	$ -	$ -	$ 638,241
Domestic listed shares	622,654	622,654	-	-
Foreign listed shares	268,033	268,033	-	-
Investments in debt instruments				
Domestic corporate bonds	19,884,483	19,884,483	-	-
Domestic government bonds	5,923,897	5,923,897	-	-
Foreign bonds	824,587	-	824,587	-
Bank debentures	1,200,000	1,200,000	-	-
	$ 29,361,895	$ 27,899,067	$ 824,587	$ 638,241
Financial liabilities at FVTPL				
Derivative financial liabilities	$ 196,137	$ -	$ 196,137	$ -

Reconciliation of Level 3 fair value measurements of financial instruments:

Item	Beginning Balance	Valuation Gains (Losses)	Increase		Decrease		Ending Balance
			Buy or Issue	Transfer in	Sell, Disposal	Transfer Out	
Financial assets at FVTPL							
Unlisted shares	$ 510,523	$ 127,718	$ -	$ -	$ -	$ -	$ 638,241

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2020 and 2019.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Non-derivatives	The market transaction price in the non-active market is taken as the fair value.
Derivatives	
Option contracts	Valuation model: The execution price, maturity date, market volatility, interest rate and exchange rate set by the contract are used as valuation parameters. The model with closed-form solution is then used for valuation.
Cross-currency swap contracts, Foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and forward rates of contracts, discounted at a rate that reflects the credit risk of various counterparties.
Asset swap contract	The closing price for convertible corporate bond minus bond value. The pure bond value is discounted by the cash flow provided by the convertible corporate bond in accordance with Taiwan Bills Index Rate (TAIBIR).
Structured finance instruments	
Interest rate-linked structured instruments	The counterparty quotes.

3) The quantitative information on fair value of significant unobservable input (Level 3)

The quantitative information on unobservable inputs of the financial instruments classified as Level 3, and held by the Group on September 30, 2020, December 31, 2019 and September 30, 2019, were as follows:

Items	Fair value on September 30, 2020	Fair value on December 31, 2019	Fair value on September 30, 2019	Valuation Techniques	Significant Unobservable Input	Range (Weighted-average)	Relationship Between Inputs and Fair Value
Financial assets at fair value through profit or loss							
Domestic unlisted shares	$ 37,500	$ -	$ -	Seller's quote (Monte Carlo Simulation Method)	Volatility rate	27%	The lower the volatility rate, the higher the fair value
Financial assets at fair value through other comprehensive income							
Domestic unlisted shares	778,983	664,957	638,241	Seller's quote (Monte Carlo Simulation Method)	Volatility rate	24.78%-25.19%	The lower the volatility rate, the higher the fair value

4) The assessment of Level 3 fair value

The Group assessed fair value in accordance with valuation report provided by independent company, and compiled the valuation results into a quarterly report presented to the board of directors.

5) Sensitivity analysis of Level 3 fair value if reasonable possible alternative assumptions may be used.

The Group uses market multiple approach to estimate the volatility rate of quantitative information on its significant unobservable input. The sensitivity analysis based on category of assets is as follows:

Risk Factor	Sensitivity Rate	Impact
Liquidity discount ratio	10%	$ (18,245)

c. Categories of financial instruments

	September 30, 2020	December 31, 2019	September 30, 2019
Financial assets			
Financial assets at FVTPL	$ 25,367,651	$ 24,375,536	$ 25,341,825
Financial assets at amortized cost (Note 1)	634,764,837	613,853,180	615,835,475
Financial assets at FVTOCI			
Equity instruments	2,740,101	1,598,987	1,528,928
Debt instruments	36,215,423	30,000,344	27,832,967
Financial liabilities			
Financial liabilities at FVTPL	473,634	233,803	196,137
Financial liabilities at amortized cost (Note 2)	656,793,323	628,054,346	630,116,546

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, due from the Central Bank and call loans to other banks, investments in debt instruments at amortized cost, securities purchased under resell agreements, receivables, notes discounted and loans, restricted assets, refundable deposits, and other financial assets.

Note 2: The balances include financial liabilities at amortized cost, which comprise due to the Central Bank and other banks, funds borrowed from Central Bank and other banks, securities sold under repurchase agreements, payables, deposits and remittances, bank debentures, other financial liabilities, and guarantee deposits received.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The financial risk management objectives of the Group is to achieve the goal of balancing risk tolerance, business objectives and external legal restrictions. These risks include market risks (including interest rate, exchange rate, equity securities and product price) and liquidity risks of on and off-balance sheet business.

The Group has formulated a relevant risk management policy, which has been approved by the board of directors to effectively identify, measure, monitor and control credit risk, market risk and liquidity risk.

Risk Management Organizational Structure

The board of directors is the highest decision-making unit for the Group's corporate risk management and assumes the ultimate responsibility for risk management. The Group has a risk management committee and a risk management department, which grants risk authority and confers responsibilities on the relevant departments to ensure the smooth operation of risk management. The responsibilities of the committee are as follows:

a. Consideration of the risk management programme.

b. Consideration and review of risk limits.

c. Consideration of the bill on institutionalization of risk management.

d. Report to the board of directors regularly.

   Members of the risk management committee set up various risk management measurement indicators according to the nature of their business and the scope of their duties, and the risk management department should report to the risk management committee to provide a reference for senior decision-making.

   1) Market risk

      a) The source and definition of market risk

         Market risks refer to the loss due to the changes in market price, such as the changes of the market interest rate, the exchange rate, the share price and the product price.

      b) Market risk management policy

         The objective of the Group market risk management is to develop a sound and effective market risk management mechanism that is consistent with the size, nature and complexity of the Group's business to ensure that the risks borne by the Group can be properly managed and market risks are effectively identified, measured, monitored and controlled, and strike a balance between the level of risk tolerance and the expected level of compensation.

      c) Market risk management process

         i. Identification and measurement

            The relevant market risks should be assessed through appropriate procedures to consider whether the risk is within an acceptable risk range before new products, business activities, processes and systems are rolled out or operated. The relevant units should use the methods of business analysis or product analysis to identify the sources of market risks, define the market risk factors of each financial commodity and make appropriate specifications.

            Market risk measurement can use a variety of effective measures to properly measure risk, including but not limited to the following methods: Statistical basis of measures, sensitivity analysis and situational analysis. The risk management department should measure the risk of the site on a daily basis and conduct regular stress tests to measure the amount of abnormal losses that may occur under the current or historical extremes.

ii. Monitoring and reporting

The risk management department should report to the risk management committee and the board of directors regularly on the implementation of the Group's market risk management, including the Group's market risk allocation, risk level, profit and loss status, quota usage and compliance with relevant market risk management regulations and suggestions. The authorities also set up relevant limit management, stop loss mechanism, overrun treatment and exception management methods to effectively monitor market risks. In the event of an overrun or exception, it should be notified immediately to facilitate the immediate response.

d) Interest rate risk

i. Definition of interest rate risk

Interest rate risk refers to the change in interest rate, which causes the Group to bear the risk of changes in the fair value of the interest rate risk or the loss of surplus liquidity. The main sources of risk include deposits and interest rate-related securities.

ii. Measurement methods and management procedures

The Group monitors the interest rate risk system, sets the scope of the indicators to regularly monitor and report the results to the asset and liability management committee, the risk management committee and the board of directors, and adjusts according to the overall operating conditions of the Group. In addition, the Group measures the interest rate risk by DV01, assuming that the interest rate curve has a parallel shift of 100 basis points, the degree of impact on earnings and equity is used to control the interest rate risk.

e) Exchange rate risk

i. Definition of exchange rate risk

Exchange rate risk is the gain or loss resulting from the conversion of two different currencies at different times. The Group's exchange rate risk is mainly due to the changes in spot and forward foreign exchange rates of the business operations. Since the foreign exchange transactions are mostly based on the principle of flattening the customer's position for the day, the exchange rate risk is relatively small.

ii. Measurement methods and management procedures

The Group adopts the quota management mechanism for the exchange rate risk system, sets the business quota and overnight limit for each currency, controls the maximum net foreign exchange position that can be held by all levels of personnel, and sets the maximum transaction amount according to the counterparty, and monitors it regularly. The results will be reported to the risk management committee and the board of directors for discussion.

In addition, the Group assesses the degree of impact on earnings and equity under the hypothetical scenarios when the USD/NTD, CNY/NTD, and AUD/NTD separately appreciates/depreciates by 3%, in order to control exchange rate risk.

f) Equity securities price risk

i. Definition of equity securities price risk

The market risk of the Group's equity securities is the individual risk arising from changes in the market price of individual equity securities and the general market risk arising from changes in the overall market price. The main risks include listed shares and beneficiary certificates.

ii. Measurement methods and management procedures

The Group adopts a quota management mechanism for the equity securities price risk, ensuring that all levels are traded within the authorized amount, and sets up relevant mechanisms for stop loss control, and regularly reports the monitoring results to the risk management committee and the board of directors for discussion.

In addition, the Group assesses the degree of impact on earnings and equity under the hypothetical scenarios when the price of equity securities rises/falls by 15% in order to control the risk of equity securities.

g) Market risk sensitivity analysis

Interest risk

The Group assumed that when other factors remain unchanged, if the yield curve increased/decreased by 100 basis points, the income before income tax of the Group as of September 30, 2020, December 31, 2019 and September 30, 2019 would have increased/decreased by $632,419 thousand, $759,373 thousand and $690,789 thousand, respectively, and other equity would have decreased/increased by $2,191,464 thousand, $2,039,615 thousand and $2,124,595 thousand, respectively.

Exchange rate risk

The Group assumed that when other factors remain unchanged, if the exchange rate of USD/NTD, CNY/NTD, and AUD/NTD appreciated/depreciated by 3%, the income before income tax as of September 30, 2020, December 31, 2019 and September 30, 2019 would have increased/decreased by $3,605 thousand, $20,939 thousand and $34,465 thousand, respectively, and other equity would have increased/decreased by $94,078 thousand, $48,665 thousand and $49,312 thousand, respectively.

Equity securities price risk

The Group assumed that when other factors remain unchanged, if the price of equity securities increased/decreased by 15%, the income before income tax as of September 30, 2020, December 31, 2019 and September 30, 2019 would have increased/decreased by $152,347 thousand, $162,699 thousand and $114,959 thousand, respectively, and other equity would have increased/decreased by $411,015 thousand, $239,848 thousand and $229,339 thousand, respectively.

The summary of sensitivity analysis was as follows:

September 30, 2020			
Main Risk	**Range of Change**	**Influence Amount**	
		Other Equity	**Income**
Interest risk	Interest rate curve rises 100BPS	$ (2,191,464)	$ 632,419
	Interest rate curve falls 100BPS	2,191,464	(632,419)
Exchange rate risk	USD/NTD, CNY/NTD, AUD/NTD increase by 3%	94,078	3,605
	USD/NTD, CNY/NTD, AUD/NTD decrease by 3%	(94,807)	(3,605)
Equity securities price risk	Equity securities prices rise by 15%	411,015	152,347
	Equity securities prices fall by 15%	(411,015)	(152,347)

December 31, 2019			
Main Risk	**Range of Change**	**Influence Amount**	
		Other Equity	**Income**
Interest risk	Interest rate curve rises 100BPS	$ (2,039,615)	$ 759,373
	Interest rate curve falls 100BPS	2,039,615	(759,373)
Exchange rate risk	USD/NTD, CNY/NTD, AUD/NTD increase by 3%	48,665	20,939
	USD/NTD, CNY/NTD, AUD/NTD decrease by 3%	(48,665)	(20,939)
Equity securities price risk	Equity securities prices rise by 15%	239,848	162,699
	Equity securities prices fall by 15%	(239,848)	(162,699)

September 30, 2019			
Main Risk	**Range of Change**	**Influence Amount**	
		Other Equity	**Income**
Interest risk	Interest rate curve rises 100BPS	$ (2,124,595)	$ 690,789
	Interest rate curve falls 100BPS	2,124,595	(690,789)
Exchange rate risk	USD/NTD, CNY/NTD, AUD/NTD increase by 3%	49,312	34,465
	USD/NTD, CNY/NTD, AUD/NTD decrease by 3%	(49,312)	(34,465)
Equity securities price risk	Equity securities prices rise by 15%	229,339	114,959
	Equity securities prices fall by 15%	(229,339)	(114,959)

2) Credit risk

a) Defining credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk exists in both on and off-balance sheet items. The on-balance sheet exposures to credit risks are mainly from notes discounted and loans, the credit card business, due from other banks and call loans to other banks, acceptances, investments in debt instruments and derivatives. The off-balance sheet exposures to credit risks are mainly from financial guarantees, letter of credits and loan commitments.

b) Credit risk management policy

Before launching new products or businesses, the Group ensures compliance with all applicable rules and regulations and identifies relevant credit risks. On September 30, 2020, the ratio of loans with collateral to the total amount of loans was approximately 78%. The ratio of financing guarantees to commercial letters of collateral held was approximately 36%, and the collateral required for loans, loan commitments or guarantees is usually in the forms of cash, inventories, liquid securities or other asset in circulation. If the customers default, the Group will execute its rights on collateral in accordance with the terms of contracts.

c) Credit risk management program

The measurement and management of credit risks from the Group’s main businesses were as follows:

i. Loan’s business (including loan commitments and guarantees)

i) Determination that credit risk has increased significantly since the initial recognition.

The Group assesses the change in the probability of default of loans during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Group’s considerations show the reasonable and supportable information that the credit risk has increased significantly since the initial recognition (including forward-looking information). The main considerations include:

<u>Quantitative indicators</u>

- Changes in external credit ratings of Taiwan Corporate Credit Rating Index (TCRI)

  The TCRI rating of the listed cabinet company corresponding to the external rating has been reduced from the investment grade to the non-investment grade, that is, the credit risk has significantly increased since the initial recognition.

- Information on overdue status

  When the contract amount is overdue for more than one month, it is determined that the credit risk of the financial asset has increased significantly since the initial recognition.

Qualitative indicators

- Unfavorable changes in the current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the debtor to perform debt obligations.

- Significant changes in actual or expected results of the debtor's operations.

- The credit risk of other financial instruments from the same debtor has increased significantly.

ii) Definition of default and credit-impaired financial assets

The definition of financial asset default is the same as that of financial asset credit impairment. If one or more of the following conditions are met, the Group determines that the financial asset has defaulted and becomes credit impaired:

Quantitative indicators

- Changes in external TCRI credit ratings

  The TCRI rating of the listed cabinet company is default grade, which means that the credit has been deducted since the initial recognition.

- Information on overdue status

  When the contract amount is overdue for more than three months, it is determined that the credit of the financial asset has been impaired since the initial recognition.

Qualitative indicators

If there is evidence that the borrower will not be able to pay the contract, or that the borrower has significant financial difficulties, such as:

- The debtor has gone bankrupt or may have called for bankruptcy or financial restructuring.

- Other debt instrument contracts of the debtor have defaulted.

- Due to the economic or contractual reasons associated with the debtor's financial difficulties, the debtor's creditors give the borrower an unconfirmed concession and report the overdue loan.

The aforementioned default and credit impairment definitions are used to consolidate all financial assets held by the Group and are consistent with the definitions used for the internal credit risk management purposes of the financial assets, and are also applied to the relevant impairment assessment model.

iii) Measurement of expected credit losses

In order to assess the expected credit losses, the Group divides the credit assets into the following combinations according to the credit risk characteristics such as the use of borrowing, industrial nature, collateral type and borrowing status.

Product Portfolio	
Corporate loans	Corporate loans - secured
	Corporate loans - unsecured
Consumer loans	House mortgage
	Consumer loans - secured
	Consumer loans - unsecured
	Credit loans
	Debit card
	Credit card

The Group evaluates loss allowance of financial assets, which credit risk does not significantly increase after initial recognition based on 12-month expected credit losses. The Group evaluates loss allowance of financial assets, which credit risk significantly increases after initial recognition based on lifetime expected credit losses.

In order to evaluate expected credit losses, the Group takes into consideration the debtor's probability of default (PD) within the next 12 months, which includes the loss given default (LGD), the results are then multiplied by the exposure at default (EAD), while also considering the effect of time value of money to calculate the expected credit losses during the duration of 12 months.

PD is the default percentage of a borrower. LGD is the loss ratio once a borrower default. The Group applied PD and LGD to evaluate loan business impairment based on each portfolio's historical information calculated internally (i.e. credit loss experience), and adjusted historical data based on current observable information and forward-looking macroeconomic information calculated by using direct estimation method.

The Group evaluates the loan default risk by using direct estimation method. The Group calculates 12-month and lifetime ECLs of financing commitments based on direct estimation method. The Group uses credit conversion factor to calculate the portion of financing commitments expected to be used in 12 months after the record date and the credit duration to calculate the default exposure amount of ECLs.

Consideration of forward-looking estimation

In estimating the expected credit losses, the Group uses forward-looking economic factors that affect credit risk and expected credit losses to consider forward-looking information. Forward-looking information is based on the Taiwan National Development Council's regular promulgation of the "Benefit Strategy Signal" of Taiwan's overall prosperity as indicators, which are divided into boom expansion period, contraction period and flat period. The Group evaluates the economic situation to adjust the default probability every quarter, and then incorporates it into the overall expected credit loss assessment.

ii. Debt instrument investments

The Group considers the historical default loss rate provided by the external rating agencies and the current financial status of the debtor to calculate 12-month and lifetime ECLs of financing commitments in debt instrument investments.

The securities held by the Group recognize the impairment loss according to the lifetime ECLs of financing commitments. The credit quality of the Group's securities was as follows:

i) The determination that the credit risk has increased significantly since the initial recognition

The Group assesses the change in the probability of default of debt instrument investments during the lifetime on each reporting date to determine if the credit risk has increased significantly since the initial recognition. In order to make this assessment, the Group's considerations show the reasonable and supportable information that the credit risk has increased significantly since the initial recognition. The main considerations include:

<u>Quantitative indicators</u>

- At the time of initial recognition, the issuer's credit rating is above the investment grade, but at the financial reporting date, the issuer's credit rating is reduced to a non-investment grade.

- For debt instrument investments on the initial recognition date, the issuer's credit rating is below the non-investment grade and the credit rating on the reporting date has not changed.

- When the issuer's credit rating is a non-investment grade, the reported daily credit rating is reduced to a certain extent.

<u>Qualitative indicators</u>

- The credit rating of the issuer indicates that its credit risk has increased significantly.

- The fair value of the debt instrument investments has significantly and adversely changed on the reporting date.

ii) Definition of default and credit-impaired financial assets

If the debt instrument investment meets one or more of the following conditions, it determines that the financial asset has defaulted and becomes credit impaired.

<u>Quantitative indicators</u>

- Debt instrument investments, such as bonds, have become credit impaired since they were purchased.

- The default rate for credit rating of the issuer or debt instrument investments will be adjusted on the reporting date.

<u>Qualitative indicators</u>

- The issuer modifies the issue conditions of the debt instrument investments due to financial difficulties or fails to pay the principal or interest according to the conditions of the issue.

- The issuer or the guarantee institution has ceased operations or has applied for reorganization, bankruptcy, dissolution, and sale of major assets that have a significant impact on the company's continued operations.

Measurement of expected credit losses

- In order to evaluate expected credit losses, the Group takes into consideration the debtor's probability of default (PD) within the next 12 months, which includes the loss given default (LGD), the results are then multiplied by the exposure at default (EAD), while also considering the effect of time value of money to calculate the expected credit losses during the duration of 12 months.

- Comparing the risk of default on the debt instrument with the default risk at the time of initial recognition, and considering the reasonable and corroborative information for a significant increase in credit risk since the initial recognition, to determine whether the financial instrument's credit risk has increased significantly since the initial recognition.

  - Those who meet the normal credit risk status will estimate the expected loss amount based on the one-year probability of default (PD).

  - Those who meet the significant increase in credit risk status must consider the duration of the assets and calculate the probability of default (PD) for each duration. If the cash flow of the contract in the future period (i.e., the default exposure amount of each period) can be assessed, the cash flow method is used to assess the expected amount of credit loss, and if the cash flow of each period cannot be assessed, the current risk calculation method is used.

  - Those who meet the abnormal credit risk status are considered to be 100%, and will not consider the probability of default in each duration. Only consider the relevant recoverable amount and evaluate the overall expected credit loss amount.

  - Debt instrument investments' probability of default is the value released by external credit rating agencies, which implies the possibility of future market fluctuations.

d) Credit risk hedging or mitigation policies

i. Collaterals

The Group implements a series of policies and measures to reduce credit risks when granting of credit. One of the commonly used methods is to require borrowers to provide collaterals. To enforce the rights to collaterals, the Group manages and assesses the collaterals according to the procedures adopted in determining the scope of collateralization and valuation of collaterals.

The main types of collateral for granting credit are as follows:

i) Real estate.

ii) Chattels and rights of pledge.

iii) Guarantee from external agency.

To enhance guarantee of transaction risk, the Group's demand for collaterals depends on the nature of derivative transactions as follows:

i) Guarantee of amount invested: Asking different ratio of guarantee based on the credit rating scale of clients.

ii) Guarantee of high-risk transactions: Asking for collaterals when option contracts are under resell agreement.

iii) Performance bond (loss on investment position): Asking for collaterals when loss on investment position exceeds the limit of approved market value.

The Group closely observed the value of pledged financial assets and evaluated which financial assets had been impaired in order to recognize allowance for impairment. Credit-impaired financial assets and their pledged values which eliminate potential loss, are as follows:

September 30, 2020

	Total Book Value	Allowance for Impairment Loss	Total Value of Exposure	Fair Value of Collateral
Financial assets that were impaired				
Notes discounted and loans	$ 9,913,123	$ (2,307,958)	$ 7,605,165	$ 7,605,165
Receivables	330,459	(163,410)	167,049	135,222
Guarantees and letters of credit	92,708	(35,889)	56,819	38,599
Debt instruments	7,904	(7,904)	-	-
Others	27,930	(1,672)	26,258	-
Total financial assets that were impaired	$ 10,372,124	$ (2,516,833)	$ 7,855,291	$ 7,778,986

December 31, 2019

	Total Book Value	Allowance for Impairment Loss	Total Value of Exposure	Fair Value of Collateral
Financial assets that were impaired				
Notes discounted and loans	$ 9,554,442	$ (2,468,257)	$ 7,086,185	$ 7,086,185
Receivables	315,071	(165,224)	149,847	76,067
Guarantees and letters of credit	182,882	(58,628)	124,254	88,672
Debt instruments	17,477	(17,477)	-	-
Others	11,000	(4,025)	6,975	6,975
Total financial assets that were impaired	$ 10,080,872	$ (2,713,611)	$ 7,367,261	$ 7,257,899

September 30, 2019

	Total Book Value	Allowance for Impairment Loss	Total Value of Exposure	Fair Value of Collateral
Financial assets that were impaired				
Notes discounted and loans	$ 7,543,581	$ (2,106,090)	$ 5,437,491	$ 5,437,491
Receivables	331,198	(153,381)	177,817	99,599
Guarantees and letters of credit	141,550	(47,267)	94,283	30,294
Debt instruments	18,078	(18,078)	-	-
Total financial assets that were impaired	$ 8,034,407	$ (2,324,816)	$ 5,709,591	$ 5,567,384

ii. Credit risk concentration limits and control

To avoid the concentration of credit risks, the Group has included credit limits for the same person (entity) and for the same related-party corporation (group) based on the credit risk arising from loans, securities investment and derivatives transactions.

Meanwhile, for trading and banking book investments, the Group has set a ratio, which is the credit limit of a single issuer in proportion to the total securities position. The Group has also included credit limits for a single counterparty and a single group.

In addition, to manage the concentration risk of the financial assets, the Group has set credit limits by industry, conglomerate, country and transactions collateralized by shares, and integrated within one system to supervise the concentration of credit risk in these categories. The Group monitors concentration of each asset and controls various types of credit risk concentration in a single transaction involving counterparties, groups, related-party corporations, industries and nations.

iii. Other credit enhancements

To reduce its credit risks, the Group stipulates in its credit contracts the term for offsetting which clearly stated that the Group reserves the right to offset the borrowers' debt against their deposits in the Group.

e) Maximum exposure to credit risk

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 were as follows:

	September 30, 2020	December 31, 2019	September 30, 2019
Irrevocable loan commitments	$ 9,106,381	$ 7,152,089	$ 5,856,399
Credit card commitments	12,670,498	11,743,903	11,421,509
Guarantee receivables	19,536,341	16,485,312	15,910,781
Letters of credit	3,301,684	3,318,935	2,798,914

The management of the Group believes their abilities to minimize the credit risk exposures of the off-balance sheet items are mainly attributed to their rigorous evaluation of extended credit and the periodic reviews of these credits.

f) Credit risk concentration of the Group

When the counterparty of financial product transactions is concentrated on one person, or when there are several counterparties but they are mostly engaged in similar economic activities and have similar economic characteristics, causing their abilities to fulfill contract obligations to be similarly affected by economic or other situations, credit risk concentration is deemed to have occurred. The characteristics of significant credit risk concentration include the nature of the debtor’s activities. The Group’s transactions are not concentrated on a single customer or counterparty but spread among counterparties with similar industry types and operating regions. The contract amounts of significant credit risk concentration was as follows:

Counterparty	**September 30, 2020**	**December 31, 2019**	**September 30, 2019**
Private enterprise	$ 255,884,008	$ 248,612,635	$ 246,526,919
Natural person	226,906,651	217,305,317	218,918,145
Government agencies	1,000,000	-	-
Others	2,059,878	2,626,646	2,175,590
	$ 485,850,537	$ 468,544,598	$ 467,620,654

Credit Risk Profile by Group or Industry	**September 30, 2020**	**December 31, 2019**	**September 30, 2019**
Natural person	$ 226,906,651	$ 217,305,317	$ 218,918,145
Manufacturing	82,354,489	84,278,234	84,754,491
Commercial	55,043,242	54,445,987	57,587,856
Real estate and leasing	63,440,783	60,316,865	55,742,097
Construction industry	15,814,774	14,458,438	14,537,388
Servicing	11,553,895	11,490,230	11,829,719
Finance and insurance	14,986,604	10,820,858	11,739,688
Transportation warehousing and information communication	8,333,372	8,000,869	7,357,182
Others	7,416,727	7,427,800	5,154,088
	$ 485,850,537	$ 468,544,598	$ 467,620,654

Credit Risk Profile by Regions	**September 30, 2020**	**December 31, 2019**	**September 30, 2019**
Domestic	$ 453,079,953	$ 434,606,494	$ 434,062,882
Asia	17,973,909	18,224,815	17,834,607
North America	10,967,316	11,519,422	11,725,231
Others	3,829,359	4,193,867	3,997,934
	$ 485,850,537	$ 468,544,598	$ 467,620,654

Credit Risk Profile by Collaterals	September 30, 2020	December 31, 2019	September 30, 2019
Unsecured	$ 75,212,507	$ 73,956,256	$ 74,633,068
Secured			
Real estate	365,589,699	352,931,718	351,042,460
Letter of bank guarantee	17,190,574	15,598,868	16,107,078
Chattel	5,893,695	5,755,471	5,824,077
Debenture	13,324,198	12,696,708	12,148,591
Notes receivable	1,574,156	1,582,648	1,631,336
Stocks	3,983,325	2,872,996	2,769,765
Others	3,082,383	3,149,933	3,464,279
	$ 485,850,537	$ 468,544,598	$ 467,620,654

g) Write-off policy

If one of the following events have occurred, overdue loans and delinquent receivables should have the estimated recoverable amount deducted and should then be written off as bad debts:

- The debtor may not recover all or part of the obligatory claim due to dissolution, disappearance, settlement, bankruptcy or other reasons.
- The appraisal value of collateral and asset of the main and subordinate debtors are very low, or the compensation is not available after deducting the amount of the first mortgage, or it is not beneficial that execution fee is close to or may exceed the Bank's reimbursable amount.
- The collateral and the assets of the main and subordinate debtors are auctioned off at multiple auctions, of which the Bank did not receive any benefit.
- Overdue loans and delinquent receivables which have been overdue for more than 2 years have been collected but not yet received.
- The minimum payable amount of credit card which is overdue for six months that should be written off in three months.

h) Information of credit quality

i. Notes discounted, loans and receivables

September 30, 2020

	Notes Discounted and Loans				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 221,078,281	$ 3,133,570	$ 6,731,177	$ -	$ 230,943,028
Consumer loans	210,033,768	12,991,195	3,182,094	-	226,207,057
Others	19,595	1,355	(148)	-	20,802
Total book value	431,131,644	16,126,120	9,913,123		457,170,887
Allowance for doubtful accounts	(1,733,823)	(912,434)	(2,307,958)	-	(4,954,215)
Difference of impairment loss under regulations	-	-	-	(1,842,925)	(1,842,925)
	$ 429,397,821	$ 15,213,686	$ 7,605,165	$ (1,842,925)	$ 450,373,747

	Receivables				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 9,437,296	$ 219,814	$ 246,483	$ -	$ 9,903,593
Consumer loans	1,410,340	22,138	32,970	-	1,465,448
Others	52,613,654	32	51,006	-	52,664,692
Total book value	63,461,290	241,984	330,459	-	64,033,733
Allowance for doubtful accounts	(84,588)	(4,587)	(163,410)	-	(252,585)
Difference of impairment loss under regulations	-	-	-	(34,445)	(34,445)
	$ 63,376,702	$ 237,397	$ 167,049	$ (34,445)	$ 63,746,703

	Irrevocable Loan Commitments				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 7,912,851	$ -	$ 27,930	$ -	$ 7,940,781
Consumer loans	1,165,600	-	-	-	1,165,600
Total book value	9,078,451	-	27,930	-	9,106,381
Allowance for doubtful accounts	(53,279)	-	(1,672)	-	(54,951)
Difference of impairment loss under regulations	-	-	-	(4,392)	(4,392)
	$ 9,025,172	$ -	$ 26,258	$ (4,392)	$ 9,047,038

	Credit Card Commitments				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Consumer loans	$ 12,610,410	$ 60,088	$ -	$ -	$ 12,670,498
Total book value	12,610,410	60,088	-	-	12,670,498
Allowance for doubtful accounts	(4,695)	(1,439)	-	-	(6,134)
Difference of impairment loss under regulations	-	-	-	(1,248)	(1,248)
	$ 12,605,715	$ 58,649	$ -	$ (1,248)	$ 12,663,116

	Guarantee Receivables				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 19,387,354	$ 56,279	$ 92,708	$ -	$ 19,536,341
Total book value	19,387,354	56,279	92,708	-	19,536,341
Allowance for doubtful accounts	(142,952)	(2,943)	(35,889)	-	(181,784)
Difference of impairment loss under regulations	-	-	-	(18,179)	(18,179)
	$ 19,244,402	$ 53,336	$ -	$ (18,179)	$ 19,336,378

	Letters of Credit				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 3,301,684	$ -	$ -	$ -	$ 3,301,684
Total book value	3,301,684	-	-	-	3,301,684
Allowance for doubtful accounts	(9,182)	-	-	-	(9,182)
Difference of impairment loss under regulations	-	-	-	(1,452)	(1,452)
	$ 3,292,502	$ -	$ -	$ (1,452)	$ 3,291,050

December 31, 2019

	Notes Discounted and Loans				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 216,003,227	$ 3,305,915	$ 6,117,319	$ -	$ 225,426,461
Consumer loans	199,516,196	13,565,815	3,437,092	-	216,519,103
Others	24,321	2,135	31	-	26,487
Total book value	415,543,744	16,873,865	9,554,442	-	441,972,051
Allowance for doubtful accounts	(1,776,628)	(852,354)	(2,468,257)	-	(5,097,239)
Difference of impairment loss under regulations	-	-	-	(1,476,478)	(1,476,478)
	$ 413,767,116	$ 16,021,511	$ 7,086,185	$ (1,476,478)	$ 435,398,334

	Receivables				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 10,696,826	$ 526,388	$ 230,201	$ -	$ 11,453,415
Consumer loans	873,412	30,693	33,988	-	938,093
Others	51,333,927	236	50,882	-	51,385,045
Total book value	62,904,165	557,317	315,071	-	63,776,553
Allowance for doubtful accounts	(95,880)	(11,625)	(165,224)	-	(272,729)
Difference of impairment loss under regulations	-	-	-	(23,828)	(23,828)
	$ 62,808,285	$ 545,692	$ 149,847	$ (23,828)	$ 63,479,996

	Irrevocable Loan Commitments				
	Stage 1	**Stage 2**	**Stage 3**	**Difference of Impairment Loss under**	
	12-month ECLs	**Lifetime ECL**	**Lifetime ECL**	**Regulations**	**Total**
Product category					
Corporate loans	$ 7,015,489	$ -	$ 11,000	$ -	$ 7,026,489
Consumer loans	125,600	-	-	-	125,600
Total book value	7,141,089	-	11,000	-	7,152,089
Allowance for doubtful accounts	(44,515)	-	(4,025)	-	(48,540)
Difference of impairment loss under regulations	-	-	-	(5,435)	(5,435)
	$ 7,096,574	$ -	$ 6,975	$ (5,435)	$ 7,098,114

	Credit Card Commitments				
	Stage 1	**Stage 2**	**Stage 3**	**Difference of Impairment Loss under**	
	12-month ECLs	**Lifetime ECL**	**Lifetime ECL**	**Regulations**	**Total**
Product category					
Consumer loans	$ 11,670,034	$ 73,869	$ -	$ -	$ 11,743,903
Total book value	11,670,034	73,869	-	-	11,743,903
Allowance for doubtful accounts	(4,245)	(1,848)	-	-	(6,093)
Difference of impairment loss under regulations	-	-	-	(3,289)	(3,289)
	$ 11,665,789	$ 72,021	$ -	$ (3,289)	$ 11,734,521

	Guarantee Receivables				
	Stage 1	**Stage 2**	**Stage 3**	**Difference of Impairment Loss under**	
	12-month ECLs	**Lifetime ECL**	**Lifetime ECL**	**Regulations**	**Total**
Product category					
Corporate loans	$ 16,287,614	$ 14,864	$ 182,834	$ -	$ 16,485,312
Total book value	16,287,614	14,864	182,834	-	16,485,312
Allowance for doubtful accounts	(109,720)	(1,778)	(58,621)	-	(170,119)
Difference of impairment loss under regulations	-	-	-	(4,344)	(4,344)
	$ 16,177,894	$ 13,086	$ 124,213	$ (4,344)	$ 16,310,849

	Letters of Credit				
	Stage 1	**Stage 2**	**Stage 3**	**Difference of Impairment Loss under**	
	12-month ECLs	**Lifetime ECL**	**Lifetime ECL**	**Regulations**	**Total**
Product category					
Corporate loans	$ 3,318,887	$ -	$ 48	$ -	$ 3,318,935
Total book value	3,318,887	-	48	-	3,318,935
Allowance for doubtful accounts	(9,638)	-	(7)	-	(9,645)
Difference of impairment loss under regulations	-	-	-	(2,233)	(2,233)
	$ 3,309,249	$ -	$ 41	$ (2,233)	$ 3,307,057

September 30, 2019

	Notes Discounted and Loans				
	Stage 1 **12-month ECLs**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Difference of Impairment Loss under Regulations**	**Total**
Product category					
Corporate loans	$ 213,964,171	$ 4,962,878	$ 4,601,759	$ -	$ 223,528,808
Consumer loans	201,011,018	14,230,065	2,941,860	-	218,182,943
Others	30,208	2,338	(38)	-	32,508
Total book value	415,005,397	19,195,281	7,543,581	-	441,744,259
Allowance for doubtful accounts	(1,836,768)	(911,998)	(2,106,090)	-	(4,854,856)
Difference of impairment loss under regulations	-	-	-	(1,966,813)	(1,966,813)
	$ 413,168,629	$ 18,283,283	$ 5,437,491	$ (1,966,813)	$ 434,922,590

	Receivables				
	Stage 1 **12-month ECLs**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Difference of Impairment Loss under Regulations**	**Total**
Product category					
Corporate loans	$ 10,374,996	$ 434,073	$ 243,131	$ -	$ 11,052,200
Consumer loans	1,409,942	36,856	37,137	-	1,483,935
Others	54,975,491	43	50,930	-	55,026,464
Total book value	66,760,429	470,972	331,198	-	67,562,599
Allowance for doubtful accounts	(98,422)	(9,942)	(153,381)	-	(261,745)
Difference of impairment loss under regulations	-	-	-	(64,734)	(64,734)
	$ 66,662,007	$ 461,030	$ 177,817	$ (64,734)	$ 67,236,120

	Irrevocable Loan Commitments				
	Stage 1 **12-month ECLs**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Difference of Impairment Loss under Regulations**	**Total**
Product category					
Corporate loans	$ 5,704,799	$ -	$ -	$ -	$ 5,704,799
Consumer loans	151,600	-	-	-	151,600
Total book value	5,856,399	-	-	-	5,856,399
Allowance for doubtful accounts	(46,964)	-	-	-	(46,964)
Difference of impairment loss under regulations	-	-	-	-	-
	$ 5,809,435	$ -	$ -	$ -	$ 5,809,435

	Credit Card Commitments				
	Stage 1 **12-month ECLs**	**Stage 2** **Lifetime ECL**	**Stage 3** **Lifetime ECL**	**Difference of Impairment Loss under Regulations**	**Total**
Product category					
Consumer loans	$ 11,373,825	$ 47,684	$ -	$ -	$ 11,421,509
Total book value	11,373,825	47,684	-	-	11,421,509
Allowance for doubtful accounts	(8,045)	(1,337)	-	-	(9,382)
Difference of impairment loss under regulations	-	-	-	-	-
	$ 11,365,780	$ 46,347	$ -	$ -	$ 11,412,127

	Guarantee Receivables				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 15,688,405	$ 80,875	$ 141,501	$ -	$ 15,910,781
Total book value	15,688,405	80,875	141,501	-	15,910,781
Allowance for doubtful accounts	(105,705)	(6,506)	(47,260)	-	(159,471)
Difference of impairment loss under regulations	-	-	-	(8,948)	(8,948)
	$ 15,582,700	$ 74,369	$ 94,241	$ (8,948)	$ 15,742,362

	Letters of Credit				
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Difference of Impairment Loss under Regulations	Total
Product category					
Corporate loans	$ 2,773,612	$ 25,253	$ 49	$ -	$ 2,798,914
Total book value	2,773,612	25,253	49	-	2,798,914
Allowance for doubtful accounts	(8,243)	(1,154)	(7)	-	(9,404)
Difference of impairment loss under regulations	-	-	-	(9,553)	(9,553)
	$ 2,765,369	$ 24,099	$ 42	$ (9,553)	$ 2,779,957

ii. Debt instrument investments

September 30, 2020

	Financial Assets at FVTOCI			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 36,234,868	$ -	$ -	$ 36,234,868
Non-investment grade bond	-	-	-	-
Total book value	36,234,868	-	-	36,234,868
Allowance for impairment	(19,445)	-	-	(19,445)
Difference of impairment loss under regulations	-	-	-	-
	$ 36,215,423	$ -	$ -	$ 36,215,423

	Investments in Debt Instruments at Amortized Cost			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 49,228,781	$ -	$ -	$ 49,228,781
Non-investment grade bond	-	-	7,904	7,904
Others (NCDs issued by the CBC)	64,070,000	-	-	64,070,000
Total book value	113,298,781	-	7,904	113,306,685
Allowance for impairment	(26,558)	-	(7,904)	(34,462)
Difference of impairment loss under regulations	-	-	-	-
	$ 113,272,223	$ -	$ -	$ 113,272,223

Note: The bond rating is based on the original credit rating of Moody’s, Fitch (Fitch), Standard & Poor’s (S&P) and China Credit Rating.

The breakdown below shows the Group's investments in debt instruments classified as financial assets at FVTOCI and financial assets at amortized cost:

September 30, 2020

	Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Total book value	$ 35,790,659	$ 113,306,685
Loss allowance	(19,445)	(34,462)
Amortized cost	35,771,214	113,272,223
Fair value adjustment	444,209	-
	$ 36,215,423	$ 113,272,223

The Group's current credit risk rating mechanism and the total book value of the investments in debt instruments of each credit rating are as follows:

Credit Rating	Definition	Recognition Basis	Expected Credit Loss	Total Book Value	
				Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	0.00%-0.74%	$ 35,790,659	$ 113,298,781
Abnormal (Stage 2)	Credit risk has increased significantly since the initial recognition.	Lifetime expected credit losses (no credit impaired)		-	-
Default (Stage 3)	There is evidence that the credit is impaired.	Lifetime expected credit losses (credit impaired)	100%	-	7,904
Write offs	There is evidence that the debtor is facing serious financial difficulties and the Bank cannot reasonably expect to recover the debt.	Write-off		-	-

With respect to the Group's investments in debt instruments at FVTOCI and at amortized cost, information on the changes in their loss allowance summarized by credit risk rating is as follows:

	Credit Rating		
	Normal (12-Month Expected credit Losses)	Abnormal (Lifetime ECL and not Credit Impaired)	Default (Lifetime ECL and Credit Impaired)
Financial assets at FVTOCI			
Balance, January 1, 2020	$ 15,405	$ -	$ -
Change in credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	7,840	-	-
Dispose	(4,247)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	447	-	-
Loss allowance, September 30, 2020	$ 19,445	$ -	$ -

	Credit Rating		
	Normal (12-Month Expected credit Losses)	Abnormal (Lifetime ECL and not Credit Impaired)	Default (Lifetime ECL and Credit Impaired)
Financial assets at amortized cost			
Balance, January 1, 2020	$ 24,185	$ -	$ 17,477
Change credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	1,665	-	-
Dispose	(2,068)	-	(9,136)
Model/risk parameter change	-	-	-
Exchange rate and other changes	2,776	-	(437)
Loss allowance, September 30, 2020	$ 26,558	$ -	$ 7,904

December 31, 2019

	Financial Assets at FVTOCI			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 30,015,749	$ -	$ -	$ 30,015,749
Non-investment grade bond	-	-	-	-
Total book value	30,015,749	-	-	30,015,749
Allowance for impairment	(15,405)	-	-	(15,405)
Difference of impairment loss under regulations	-	-	-	-
	$ 30,000,344	$ -	$ -	$ 30,000,344

	Investments in Debt Instruments at Amortized Cost			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 49,458,458	$ -	$ -	$ 49,458,458
Non-investment grade bond	-	-	17,477	17,477
Others (NCDs issued by the CBC)	59,535,000	-	-	59,535,000
Total book value	108,993,458	-	17,477	109,010,935
Allowance for impairment	(24,185)	-	(17,477)	(41,662)
Difference of impairment loss under regulations	-	-	-	-
	$ 108,969,273	$ -	$ -	$ 108,969,273

Note: The bond rating is based on the original credit rating of Moody's, Fitch (Fitch), Standard & Poor's (S&P) and China Credit Rating.

The breakdown below shows the Group's investments in debt instruments classified as financial assets at FVTOCI and financial assets at amortized cost:

December 31, 2019

	Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Total book value	$ 29,857,621	$ 109,010,935
Loss allowance	(15,405)	(41,662)
Amortized cost	29,842,216	108,969,273
Fair value adjustment	158,128	-
	$ 30,000,344	$ 108,969,273

The Group's current credit risk rating mechanism and the total book value of the investments in debt instruments of each credit rating are as follows:

Credit Rating	Definition	Recognition Basis	Expected Credit Loss	Total Book Value	
				Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	0.00%-0.45%	$ 29,857,621	$ 108,993,458
Abnormal (Stage 2)	Credit risk has increased significantly since the initial recognition.	Lifetime expected credit losses (no credit impaired)		-	-
Default (Stage 3)	There is evidence that the credit is impaired.	Lifetime expected credit losses (credit impaired)	100%	-	17,477
Write offs	There is evidence that the debtor is facing serious financial difficulties and the Bank cannot reasonably expect to recover the debt.	Write-off		-	-

With respect to the Group's investments in debt instruments at FVTOCI and at amortized cost, information on the changes in its loss allowance summarized by credit risk rating is as follows:

	Credit Rating		
	Normal (12-Month Expected credit Losses)	**Abnormal (Lifetime ECL and not Credit Impaired)**	**Default (Lifetime ECL and Credit Impaired)**
Financial assets at FVTOCI			
Balance, January 1, 2019	$ 15,525	$ -	$ -
Change credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	2,910	-	-
Dispose	(2,142)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	(888)	-	-
Loss allowance, December 31, 2019	$ 15,405	$ -	$ -

	Credit Rating		
	Normal (12-Month Expected credit Losses)	**Abnormal (Lifetime ECL and not Credit Impaired)**	**Default (Lifetime ECL and Credit Impaired)**
Financial assets at amortized cost			
Balance, January 1, 2019	$ 30,685	$ -	$ 74,444
Change credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	2,017	-	-
Dispose	(800)	-	(56,967)
Model/risk parameter change		-	-
Exchange rate and other changes	(7,717)	-	-
Loss allowance, December 31, 2019	$ 24,185	$ -	$ 17,477

September 30, 2019

	Financial Assets at FVTOCI			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 27,847,221	$ -	$ -	$ 27,847,221
Non-investment grade bond	-	-	-	-
Total book value	27,847,221	-	-	27,847,221
Allowance for impairment	(14,254)	-	-	(14,254)
Difference of impairment loss under regulations	-	-	-	-
	$ 27,832,967	$ -	$ -	$ 27,832,967

	Investments in Debt Instruments at Amortized Cost			
	Stage 1 12-month ECLs	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Product category (Note)				
Investment grade bond	$ 48,800,037	$ -	$ -	$ 48,800,037
Non-investment grade bond	-	-	18,078	18,078
Others (NCDs issued by the CBC)	58,300,000	-	-	58,300,000
Total book value	107,100,037	-	18,078	107,118,115
Allowance for impairment	(24,293)	-	(18,078)	(42,371)
Difference of impairment loss under regulations	-	-	-	-
	$ 107,075,744	$ -	$ -	$ 107,075,744

Note: The bond rating is based on the original credit rating of Moody’s, Fitch (Fitch), Standard & Poor’s (S&P) and China Credit Rating.

The breakdown below shows the Group’s investments in debt instruments classified as financial assets at FVTOCI and financial assets at amortized cost:

September 30, 2019

	Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Total book value	$ 27,622,918	$ 107,118,115
Loss allowance	(14,254)	(42,371)
Amortized cost	27,608,664	107,075,744
Fair value adjustment	224,303	-
	$ 27,832,967	$ 107,075,744

The current credit risk rating mechanism of the Group and the total book value of the investments in debt instruments of each credit rating are as follows:

Credit Rating	Definition	Recognition Basis	Expected Credit Loss	Total Book Value	
				Financial Assets at FVTOCI	Financial Assets at Amortized Cost
Normal (Stage 1)	The debtor has a low credit risk and is fully capable of paying off contractual cash flows.	12-month expected credit losses	0.00%-0.45%	$ 27,622,918	$ 107,100,037
Abnormal (Stage 2)	Credit risk has increased significantly since the initial recognition.	Lifetime expected credit losses (no credit impaired)		-	-
Default (Stage 3)	There is evidence that the credit is impaired.	Lifetime expected credit losses (credit impaired)	100%	-	18,078
Write offs	There is evidence that the debtor is facing serious financial difficulties and the Bank cannot reasonably expect to recover the debt.	Write-off		-	-

With respect to the Group's investments in debt instruments at FVTOCI and at amortized cost, information on the changes in their loss allowance summarized by credit risk rating is as follows:

	Credit Rating		
	Normal (12-month Expected Credit Losses)	Abnormal (Lifetime ECL and Not Credit Impaired)	Default (Lifetime ECL and Credit Impaired)
Financial assets at FVTOCI			
Balance, January 1, 2019	$ 15,525	$ -	$ -
Change credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	1,161	-	-
Dispose	(1,558)	-	-
Model/risk parameter change	-	-	-
Exchange rate and other changes	(874)	-	-
Loss allowance, September 30, 2019	$ 14,254	$ -	$ -

	Credit Rating		
	Normal (12-month Expected Credit Losses)	**Abnormal (Lifetime ECL and Not Credit Impaired)**	**Default (Lifetime ECL and Credit Impaired)**
Financial assets at amortized cost			
Balance, January 1, 2019	$ 30,685	$ -	$ 74,444
Change credit rating			
Normal turned to abnormal	-	-	-
Abnormal turned to default	-	-	-
Default turned to write off	-	-	-
Purchase of new debt instruments	1,207	-	-
Dispose	(667)	-	(56,366)
Model/risk parameter change	-	-	-
Exchange rate and other changes	(6,932)	-	-
Loss allowance, September 30, 2019	$ 24,293	$ -	$ 18,078

3) Liquidity risk

a) The source and definition of liquidity risk:

Liquidity risk refers to the potential loss resulting from the shortage of funds in acquiring assets or repaying debts on maturity, such as the cash outflow arising from the depositors' withdrawal of deposits, loan drawdown, other interests, expenses, or off-balance sheet transactions. To ensure sufficient capital liquidity, measures that can be taken include enough cash buffer in stock or readily realizable marketable securities, allocation of the period, absorbing deposits or financial borrowings, etc.

b) The Group's liquidity risk policies

The Group establishes a strategy based on the conservatism principle to diversify the source and duration of funds, participates in the fund's lending market and maintains strong relationship with fund providers to ensure the stability and reliability of funding sources.

The Group formulates relevant standards including risk identification, measurement, monitoring and reporting in order to control and grasp the potential adverse effects, regularly performs stress tests and analyzes the crisis situation to mitigate impact of excessive capital flows, establishes a limit monitoring mechanism, and sets management indicators such as liquidity ratios, cash flow gaps, etc.

The Group's liquidity risk management unit is the Asset and Liability Management Committee (hereinafter referred to as the "Committee"). The Committee must adopt necessary monitoring steps to maintain adequate liquidity and ensure that certain committees should regularly report to the board of directors for effective management of liquidity risks.

Maturity analysis of non-derivative financial liabilities

The Group disclosed the analysis of cash outflows from non-derivative financial liabilities by the residual maturities as of the balance sheet date. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some of these amounts may not correspond to the amounts shown on the consolidated balance sheets.

September 30, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 6,700,013	$ 164,379	$ 158,420	$ 3,295	$ -	$ 7,026,107
Funds borrowed from Central Bank and other banks	1,208,449	1,475,651	1,432,340	1,982,178	1,639,467	7,738,085
Securities sold under repurchase agreements	702,741	2,523,603	-	-	-	3,226,344
Payables	5,003,607	507,507	1,074,504	268,689	342,569	7,196,876
Deposits and remittances	57,012,820	85,867,500	76,781,998	134,837,808	263,048,951	617,549,077
Bank debentures	-	273,547	-	26,324	11,500,000	11,799,871
Lease liabilities	23,116	46,205	68,465	133,509	925,466	1,196,761
Other items of cash outflow on maturity	1,140,003	570,790	53,807	165,975	327,856	2,258,431

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 4,760,161	$ 1,599,224	$ 730	$ 166,945	$ -	$ 6,527,060
Funds borrowed from Central Bank and other banks	1,259,401	2,162,174	1,118,150	1,429,534	122,781	6,092,040
Securities sold under repurchase agreements	6,870,766	3,548,335	-	-	-	10,419,101
Payables	4,235,819	440,279	175,081	402,401	328,930	5,582,510
Deposits and remittances	44,994,675	65,647,490	74,775,933	150,359,693	247,880,067	583,657,858
Bank debentures	-	-	2,501,005	68,701	11,500,000	14,069,706
Lease liabilities	18,694	37,439	56,058	88,458	817,249	1,017,898
Other items of cash outflow on maturity	1,170,015	177,790	74,584	114,448	219,310	1,756,147

September 30, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Due to the Central Bank and other banks	$ 5,822,201	$ 167,782	$ 158,512	$ 3,296	$ -	$ 6,151,791
Funds borrowed from Central Bank and other banks	1,831,935	1,571,315	669,565	1,848,126	171,307	6,092,248
Securities sold under repurchase agreements	5,109,911	3,459,777	-	-	-	8,569,688
Payables	9,255,818	567,070	1,184,885	243,014	341,672	11,592,459
Deposits and remittances	54,678,499	78,242,160	71,471,559	128,628,130	242,449,604	575,469,952
Bank debentures	-	6,329,496	-	2,528,016	11,500,000	20,357,512
Lease liabilities	18,662	38,691	59,793	109,058	813,200	1,039,404
Other items of cash outflow on maturity	1,196,199	312,236	57,841	143,429	218,207	1,927,912

Maturity analysis of derivative financial liabilities

a) Derivative instruments settled at net amounts

Derivative instruments settled at net amounts include:

Foreign exchange derivative instruments: Foreign exchange forward contracts and cross-currency option contracts

The Group assesses the maturity dates of derivative contracts to understand the basic elements of all derivative financial instruments shown on the consolidated balance sheets. The amounts used in the consolidated balance sheets are based on contractual cash flows. Therefore, some amounts may not correspond to the amounts shown on the consolidated balance sheets. The maturity analysis of derivative financial liabilities is as follows:

September 30, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives	$ 8,600	$ 39,220	$ 58,272	$ 71,061	$ -	$177,153
Total	$ 8,600	$ 39,220	$ 58,272	$ 71,061	$ -	$177,153

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives	$ 8,052	$ 26,392	$ 25,784	$ 26,322	$ -	$ 86,550
Total	$ 8,052	$ 26,392	$ 25,784	$ 26,322	$ -	$ 86,550

September 30, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives	$ 13,901	$ 36,390	$ 21,249	$ 24,559	$ -	$ 96,099
Total	$ 13,901	$ 36,390	$ 21,249	$ 24,559	$ -	$ 96,099

b) Derivative instruments settled at gross amounts

Derivative instruments settled at gross amounts include:

Foreign exchange derivatives instruments: Foreign exchange forward contracts and cross-currency swap contracts.

The Group disclosed the analysis of derivative instruments to be settled at gross amount by the residual maturities as of the balance sheet date. The Group assesses the maturity dates of derivative contracts to understand the basic elements of all derivative financial instruments shown in the balance sheets. The amounts used in the maturity analyses of derivative financial liabilities are based on contractual cash flows, so some of these amounts may not correspond to the amounts shown on the consolidated balance sheets. The maturity analysis of derivative financial liabilities settled at gross amounts was as follows:

September 30, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives						
Outflows	$ 3,417,614	$ 703,498	$ 1,888,508	$ 4,912,127	$ -	$ 10,921,747
Inflows	3,368,291	691,043	1,861,221	4,795,026	-	10,715,581
Total outflows	3,417,614	703,498	1,888,508	4,912,127	-	10,921,747
Total inflows	3,368,291	691,043	1,861,221	4,795,026	-	10,715,581
Net flows	$ (49,323)	$ (12,455)	$ (27,287)	$ (117,101)	$ -	$ (206,166)

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives						
Outflows	$ 1,104,025	$ 1,907,146	$ 2,013,035	$ 929,481	$ -	$ 5,953,687
Inflows	1,087,564	1,876,039	1,974,123	904,147	-	5,841,873
Total outflows	1,104,025	1,907,146	2,013,035	929,481	-	5,953,687
Total inflows	1,087,564	1,876,039	1,974,123	904,147	-	5,841,873
Net flows	$ (16,461)	$ (31,107)	$ (38,912)	$ (25,334)	$ -	$ (111,814)

September 30, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Derivative financial liabilities at FVTPL						
Foreign currency derivatives						
Outflows	$ 2,438,338	$ 1,622,527	$ 766,941	$ 455,274	$ -	$ 5,283,080
Inflows	2,425,652	1,606,751	758,754	450,880	-	5,242,037
Total outflows	2,438,338	1,622,527	766,941	455,274	-	5,283,080
Total inflows	2,425,652	1,606,751	758,754	450,880	-	5,242,037
Net flows	$ (12,686)	$ (15,776)	$ (8,187)	$ (4,394)	$ -	$ (41,043)

4) Maturity analysis of off-balance-sheet items

The following table shows the Group's maturity analysis of off-balance sheet items based on the residual maturities from the consolidated balance sheets. For the financial guarantee contract issued, the maximum amount of guarantee is included in the earliest period that may be required to perform the guarantee. The amounts in the table below were prepared on contractual cash flow basis; therefore, some disclosed amounts would not match with the consolidated balance sheets.

September 30, 2020	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments	$ 8,230,094	$ 21,941,967	$ 26,870,445	$ 64,407,440	$ 33,500,234	$ 154,950,180
Letters of credit	870,656	2,246,173	117,813	67,042	-	3,301,684
Guarantee receivables	4,859,090	6,464,450	881,101	1,903,381	5,428,319	19,536,341
Lease contract commitment	1,691,511	399,997	-	34,079	-	2,125,587
Total	$ 15,651,351	$ 31,052,587	$ 27,869,359	$ 66,411,942	$ 38,928,553	$ 179,913,792

December 31, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments	$ 10,197,687	$ 17,979,600	$ 27,233,146	$ 64,306,327	$ 31,203,341	$ 150,920,101
Letters of credit	985,636	1,955,514	276,456	101,329	-	3,318,935
Guarantee receivables	2,095,901	5,829,509	1,215,728	1,878,103	5,466,071	16,485,312
Lease contract commitment	963,551	252,675	7,727	16,851	-	1,240,804
Total	$ 14,242,775	$ 26,017,298	$ 28,733,057	$ 66,302,610	$ 36,669,412	$ 171,965,152

September 30, 2019	0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year	Total
Loan commitments	$ 8,073,581	$ 21,892,670	$ 27,922,207	$ 61,211,929	$ 29,928,575	$ 149,028,962
Letters of credit	1,050,091	1,566,980	68,548	113,295	-	2,798,914
Guarantee receivables	4,648,964	2,971,127	1,116,753	2,285,829	4,888,108	15,910,781
Lease contract commitment	1,228,857	206,891	125,177	3,760	-	1,564,685
Total	$ 15,001,493	$ 26,637,668	$ 29,232,685	$ 63,614,813	$ 34,816,683	$ 169,303,342

5) Cash flow and fair value risk of interest rate fluctuation

The floating-rate assets/liabilities held by the Group may be exposed to risks of future cash inflow/outflow. Since the risk is considered substantial, it is therefore hedged by the Group.

40. TRANSFERS OF FINANCIAL ASSETS

The Transferred Financial Assets That Do Not Qualify for Derecognition

Most of the transferred financial assets of the Group that are not derecognized in their entirety are securities sold under repurchase agreements. According to these transactions, the right of receiving cash flows from the transferred financial assets would be transferred to other entities and the associated liabilities of the Group's obligation to repurchase the transferred financial assets at a fixed price in the future would be recognized. As the Group 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:

	September 30, 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 amortized cost					
Securities sold under repurchase agreements	$ 3,264,349	$ 3,224,876	$ 3,372,773	$ 3,224,876	$ 147,897

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 amortized cost					
Securities sold under repurchase agreements	$ 11,011,466	$ 10,369,025	$ 11,123,977	$ 10,369,025	$ 754,952

September 30, 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 amortized cost					
Securities sold under repurchase agreements	$ 9,107,803	$ 8,524,672	$ 9,235,593	$ 8,524,672	$ 710,921

41. OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group did not hold financial instruments covered by Section 42 of the IAS 32 "Financial Instruments: Presentation" endorsed by the Financial Supervisory Commission; thus, it made an offset of financial assets and liabilities and reported the net amount in the consolidated balance sheets.

The Group engages in transactions on the following financial assets and liabilities that are not subject to balance sheet offsetting based on IAS 32 but are under master netting arrangements or similar agreements. These agreements allow both the Group and its counterparties to opt for the net settlement of financial assets and financial liabilities. If one party defaults, the other party may choose net settlement.

The netting information of financial assets and financial liabilities is set out below:

September 30, 2020

Financial Assets	**Gross Amounts of Recognized Financial Assets**	**Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheets**	**Net Amounts of Financial Assets Presented in the Balance Sheets**	**Related Amounts Not Offset in the Balance Sheets**		**Net Amount**
				Financial Instruments	**Cash Collateral Received**	
Securities purchased under resell agreements	$ 12,217,335	$ -	$ 12,217,335	$ 12,217,335	$ -	$ -

Financial Liabilities	**Gross Amounts of Recognized Financial Liabilities**	**Gross Amounts of Recognized Financial Assets Offset in the Balance Sheets**	**Net Amounts of Financial Liabilities Presented in the Balance Sheets**	**Related Amounts Not Offset in the Balance Sheets**		**Net Amount**
				Financial Instruments	**Cash Collateral Pledged**	
Securities sold under repurchase agreements	$ 3,224,876	$ -	$ 3,224,876	$ 3,224,876	$ -	$ -

December 31, 2019

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amounts of Financial Assets Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets: Financial Instruments	Related Amounts Not Offset in the Balance Sheets: Cash Collateral Received	Net Amount
Securities purchased under resell agreements	$ 10,256,716	$ -	$ 10,256,716	$ 10,256,716	$ -	$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheets	Net Amounts of Financial Liabilities Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets: Financial Instruments	Related Amounts Not Offset in the Balance Sheets: Cash Collateral Pledged	Net Amount
Securities sold under repurchase agreements	$ 10,369,025	$ -	$ 10,369,025	$ 10,369,025	$ -	$ -

September 30, 2019

Financial Assets	Gross Amounts of Recognized Financial Assets	Gross Amounts of Recognized Financial Liabilities Offset in the Balance Sheets	Net Amounts of Financial Assets Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets: Financial Instruments	Related Amounts Not Offset in the Balance Sheets: Cash Collateral Received	Net Amount
Securities purchased under resell agreements	$ 12,902,163	$ -	$ 12,902,163	$ 12,902,163	$ -	$ -

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Offset in the Balance Sheets	Net Amounts of Financial Liabilities Presented in the Balance Sheets	Related Amounts Not Offset in the Balance Sheets: Financial Instruments	Related Amounts Not Offset in the Balance Sheets: Cash Collateral Pledged	Net Amount
Securities sold under repurchase agreements	$ 8,524,672	$ -	$ 8,524,672	$ 8,524,672	$ -	$ -

42. INFORMATION ABOUT THE BANK

a. Asset quality

Category			September 30, 2020					September 30, 2019				
			Non-performing Loan (Note 1)	Total Loan	NPL Ratio (Note 2)	Allowance For Loan Losses	Coverage Ratio (Note 3)	Non-performing Loan (Note 1)	Total Loan	NPL Ratio (Note 2)	Allowance For Loan Losses	Coverage Ratio (Note 3)
Corporate loans	Secured		$ 616,594	$ 151,318,128	0.41%	$ 1,522,466	246.92%	$ 617,860	$ 144,321,916	0.43%	$ 1,443,315	233.60%
	Unsecured		403,927	79,613,169	0.51%	2,955,542	731.70%	150,986	79,160,530	0.19%	2,903,530	1,923.05%
Consumer loans	Mortgage (Note 4)		134,915	56,162,112	0.24%	894,928	663.33%	331,300	55,674,766	0.60%	894,300	269.94%
	Cash card		-	18	-	2	-	-	33	-	5	-
	Microcredit (Note 5)		2,197	851,481	0.26%	82,107	3,737.23%	4,366	828,334	0.53%	86,226	1,974.94%
	Other (Note 6)	Secured	362,018	146,939,750	0.25%	934,540	258.15%	576,295	145,900,374	0.39%	1,143,124	198.36%
		Unsecured	58,981	21,249,074	0.28%	407,157	690.32%	61,643	14,796,879	0.42%	350,771	569.04%
Loans			1,578,632	456,133,732	0.35%	6,796,742	430.55%	1,742,450	440,682,832	0.40%	6,821,271	391.48%

Category	September 30, 2020					September 30, 2019				
	Overdue Receivable	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio	Overdue Receivable	Accounts Receivable	Delinquency Ratio	Allowance for Credit Losses	Coverage Ratio
Credit card	$ 2,216	$ 699,182	0.32%	$ 25,054	1,130.60%	$ 3,156	$ 735,202	0.43%	$ 23,416	741.95%
Accounts receivable without recourse (Note 7)	-	145,957	-	5,914	-	-	287,366	-	7,221	-

Non-reportable overdue loans and receivables

	September 30, 2020		September 30, 2019	
	Non-Reportable NPL Balance	**Non-reportable Overdue Receivable Balance**	**Non-Reportable NPL Balance**	**Non-reportable Overdue Receivable Balance**
Non-reportable amount upon performance of debt negotiation program (Note 8)	$ 1,697	$ 884	$ 2,275	$ 1,158
Amount received from performance of debt negotiation program (Note 9)	8,026	18,852	10,150	17,063
Total	9,723	19,736	12,425	18,221

Note 1: The amount recognized as non-performing loans (NPL) is in compliance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans". Non-performing credit loans represent the amounts of non-performing loans reported to the FSC, as required by the FSC in its letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Non-performing loan ratio = Non-performing loans ÷ Outstanding loan balance; Non-performing credit loan ratio = Non-performing loans ÷ Accounts receivable balance.

Note 3: Allowance for doubtful accounts ratio = Allowance for doubtful accounts in loans ÷ Overdue loans; Allowance for doubtful accounts ratio of credit card = Allowance for doubtful accounts in credit cards ÷ Overdue loans.

Note 4: Home mortgage refers to financing obtained to buy, build, or fix houses owned by the borrowers' spouse or children, with the house used as loan collateral.

Note 5: Microcredit is covered by the FSC pronouncement dated December 19, 2005 (Ref No. 09440010950) and is excluded from credit card and cash card loans.

Note 6: "Others" under consumer loans refers to secured or unsecured loans other than mortgage loans, cash cards, microcredit, and credit cards.

Note 7: As required by the FSC in its letter dated July 19, 2005 (Ref No. 094000494), a provision for bad debts is recognized once no compensation is made by a factor or insurance company for accounts receivable factored without recourse.

Note 8: Accounts under "loans not required to be classified as NPL upon performance of a debt negotiation program" and "accounts receivable not required to be classified as overdue receivable upon debt negotiation program" were processed according the FSC pronouncement dated April 25, 2006 (Ref No. 09510001270).

Note 9: Accounts under "loans not required to be classified as NPL upon performance of a debt discharge program and rehabilitation program" and "accounts receivable not required to be classified as overdue receivable upon debt discharge program and rehabilitation program" were processed according the FSC pronouncement dated September 15, 2008 (Ref No. 09700318940).

b. Concentration of credit extensions

(In Thousands of New Taiwan Dollars, %)

Year	September 30, 2020		
Top 10 Rank (Note 1)	Group (Note 2)	Total Credit (Note 3)	Percentage of Net Worth (%)
1	Group A 016700 real estate development activities	$ 4,527,227	8.44
2	Group B 016811 real estate activities for sale and rental with own or leased property	2,494,650	4.65
3	Group C 010892 manufacture of macaroni, noodles, couscous and similar farinaceous products	2,485,776	4.63
4	Group D 016700 real estate development activities	2,446,000	4.56
5	Group E 012411 smelting and refining of iron and steel	2,321,020	4.33
6	Group F 016700 real estate development activities	2,257,493	4.21
7	Group G 015500 accommodation	2,085,229	3.89
8	Group H 016700 real estate development activities	1,937,777	3.61
9	Group I 012699 manufacture of other electronic parts and components not elsewhere classified	1,762,563	3.29
10	Group J 013822 hazardous industrial waste treatment	1,371,591	2.56

Year	September 30, 2019		
Top 10 Rank (Note 1)	Group (Note 2)	Total Credit (Note 3)	Percentage of Net Worth (%)
1	Group C 010892 manufacture of macaroni, noodles, couscous and similar farinaceous products	$ 2,647,438	5.26
2	Group F 016700 real estate development activities	2,593,442	5.16
3	Group B 016811 real estate activities for sale and rental with own or leased property	2,405,714	4.78
4	Group D 016700 real estate development activities	2,259,000	4.49
5	Group K 016499 other financial intermediation	2,191,302	4.36
6	Group A 016700 real estate development activities	2,169,322	4.31
7	Group G 015500 accommodation	2,116,561	4.21
8	Group H 016700 real estate development activities	2,114,472	4.20
9	Group L 012413 smelting and refining of iron and steel	1,331,715	2.65
10	Group M 014612 wholesale of chemical materials and related products	1,277,351	2.54

Note 1: The ranking is arranged in descending order of the outstanding loan balance, excluding all the government entities and nation-owned enterprises. If the borrower is a member company of a group, then the disclosed amount will be the total granted loan amount for that entire group. (i.e., Group A real estate development activities).

Note 2: According to Article 6 of the "Supplementary Provisions to the Stock Exchange Corporation Criteria for the Review of Securities Listings", Group refers to the entity that has a controlling or subordinate relationship with the counterparty that obtained loans from the Bank.

Note 3: Credit balance means the sum of all the loans (including import bill negotiated, discounted export bills negotiated, overdrafts, short-term secured and unsecured loans, securities margin loan receivables, medium-term secured and unsecured loans, long-term secured and unsecured loans and delinquent receivables), exchange bills negotiated, accounts receivable factored without recourse, acceptances receivable, and guarantees issued.

c. Interest rate sensitivity information

Interest Rate Sensitivity
September 30, 2020

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 476,826,981	$ 6,888,166	$ 16,697,247	$ 92,423,790	$ 592,836,184
Interest-sensitive liabilities	170,617,022	308,510,557	83,448,089	6,124,566	568,700,234
Interest sensitivity gap	306,209,959	(301,622,391)	(66,750,842)	86,299,224	24,135,950
Net equity					53,637,439
Ratio of interest-sensitive assets to liabilities					104.24%
Ratio of interest sensitivity gap to net equity					45.00%

September 30, 2019

(In Thousands of New Taiwan Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 466,045,293	$ 7,418,239	$ 10,456,863	$ 81,637,771	$ 565,558,166
Interest-sensitive liabilities	172,068,489	278,562,647	81,409,549	5,453,423	537,494,108
Interest sensitivity gap	293,976,804	(271,144,408)	(70,952,686)	76,184,348	28,064,058
Net equity					50,287,896
Ratio of interest-sensitive assets to liabilities					105.22%
Ratio of interest sensitivity gap to net equity					55.81%

Note 1: The above amounts included only the 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 mean the revenues or costs of interest-earning assets and interest-bearing liabilities 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
September 30, 2020

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 1,249,488	$ 286,685	$ 106,622	$ 332,981	$ 1,975,776
Interest-sensitive liabilities	604,700	1,139,739	272,447	-	2,016,886
Interest sensitivity gap	644,788	(853,054)	(165,825)	332,981	(41,110)
Net equity					1,851,802
Ratio of interest-sensitive assets to liabilities					97.96%
Ratio of interest sensitivity gap to net equity					(2.22%)

September 30, 2019

(In Thousands of U.S. Dollars, %)

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest-sensitive assets	$ 1,141,276	$ 295,726	$ 20,036	$ 453,582	$ 1,910,620
Interest-sensitive liabilities	736,989	816,048	321,384	-	1,874,421
Interest sensitivity gap	404,287	(520,322)	(301,348)	453,582	36,199
Net equity					1,620,622
Ratio of interest-sensitive assets to liabilities					101.93%
Ratio of interest sensitivity gap to net equity					2.23%

Note 1: The above amounts included only the 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 mean the revenues or costs of interest-earning assets and interest-bearing liabilities 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		September 30, 2020	September 30, 2019
Return on total assets	Pretax	0.49	0.54
	After tax	0.43	0.46
Return on net equity	Pretax	6.49	7.42
	After tax	5.60	6.40
Profit margin		37.52	37.71

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 for the nine months ended September 30, 2020 and 2019.

e. Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities
September 30, 2020

(In Thousands of New Taiwan Dollars)

	Total	Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Major capital inflow on maturity	$ 638,644,207	$ 72,593,092	$ 59,952,728	$ 34,824,292	$ 49,897,434	$ 103,259,151	$ 318,117,510
Major capital outflow on maturity	759,105,962	28,899,317	40,443,421	95,276,487	106,138,944	164,673,802	323,673,991
Gap	(120,461,755)	43,693,775	19,509,307	(60,452,195)	(56,241,510)	(61,414,651)	(5,556,481)

September 30, 2019

(In Thousands of New Taiwan Dollars)

	Total	Period Remaining until Due Date and Amount Due					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Major capital inflow on maturity	$ 608,455,447	$ 87,417,103	$ 43,328,947	$ 33,966,025	$ 46,458,098	$ 103,067,897	$ 294,217,377
Major capital outflow on maturity	726,079,684	35,403,935	35,304,748	91,183,561	94,957,640	168,979,234	300,250,566
Gap	(117,624,237)	52,013,168	8,024,199	(57,217,536)	(48,499,542)	(65,911,337)	(6,033,189)

Note: The above amounts included only the New Taiwan dollar amounts held by the head office and domestic branches of the Bank (excluding foreign currency).

Maturity Analysis of Assets and Liabilities
September 30, 2020

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Major capital inflow on maturity	$ 2,399,418	$ 399,036	$ 238,005	$ 241,381	$ 314,630	$ 1,206,366
Major capital outflow on maturity	3,031,726	515,529	762,724	559,752	919,787	273,934
Gap	(632,308)	(116,493)	(524,719)	(318,371)	(605,157)	932,432

September 30, 2019

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days - 1 Year	Over 1 Year
Major capital inflow on maturity	$ 2,135,066	$ 330,989	$ 260,696	$ 239,607	$ 110,211	$ 1,193,290
Major capital outflow on maturity	2,684,953	621,008	667,260	414,905	813,116	168,664
Gap	(549,887)	(290,019)	(406,291)	(175,298)	(702,905)	1,024,626

Note 1: The above amounts included only the 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: When the OBU’s assets account for 10% of total assets of the Bank, the Bank should provide complimentary disclosed information.

43. CAPITAL MANAGEMENT

a. The purpose of capital management is to meet the criteria set by administration which is the basic goal of the Group’s capital management. The calculation method of the relevant qualified eligible capital and legal capital should be handled in accordance with the regulations of the competent authority.

   To maintain the ratio of eligible capital to risk-weighted assets above the target level, the capital management structure of the Group should be properly planned depending on the conditions of capital market, the characteristics of various capital instruments, the efficiency of capital utilization and the impact of operational performance.

b. The Group follows the relevant regulations of the competent authority and the internal operating procedures of the Bank, to regularly disclose relevant information on capital adequacy and report to the competent authority on a quarterly basis.

   Self-owned capital of the Bank is divided into Tier 1 capital and Tier 2 capital according to principles of capital adequacy management.

   1) The term “Net Tier 1 Capital” shall mean the aggregate amount of net common Equity Tier 1 and net additional Tier 1 Capital.

      a) The common equity Tier 1 capital consists of the common shares and additional paid-in capital in excess of par - common shares, the capital collected in advance, the capital reserves, the statutory surplus reserves, the special reserves, the accumulated profit or loss, the non-controlling interests and other items of interest.

      b) Additional Tier 1 capital consists of non-cumulative perpetual preferred shares and its capital share premium, the non-cumulative perpetual subordinated debts, the non-cumulative perpetual preferred shares and its capital share premium, and the non-cumulative perpetual subordinated debts which are issued by banks’ subsidiaries, and are not directly or indirectly held by banks.

2) Tier 2 capital

The Tier 2 capital consists of cumulative perpetual preferred shares and its capital share premium, the cumulative perpetual subordinated debts, the convertible subordinated debts, the long-term subordinated debts, the non-perpetual preferred shares and its capital share premium, when applying International Financial Reporting Standards in real estate and using the fair value method or the re-estimated value method as the deemed cost for the first time, the difference in amount between the deemed cost and the book value recognized in retained earnings, the 45% of unrealized gains on changes in the fair value of investment properties using the fair value method, as well as the 45% of unrealized gains on available-for-sale financial assets, the operational reserves and loan-loss provisions and the cumulative perpetual preferred shares and its capital share premium, the cumulative perpetual subordinated debts, the convertible subordinated debts, the long-term subordinated debts, and the non-perpetual preferred shares and its capital share premiums, which are issued by banks' subsidiaries, and are not directly or indirectly held by banks.

44. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Details of significant assets and liabilities denominated in foreign currencies were as follows:

	September 30, 2020						
	USD	**CNY**	**JPY**	**AUD**	**EUR**	**Others**	**Total**
Financial assets in foreign currencies							
Cash and cash equivalents	$ 2,623,952	$ 1,125,747	$ 400,317	$ 97,943	$ 187,393	$ 330,636	$ 4,765,988
Due from the Central Bank and call loans to other banks	75,309	233,750	-	206,100	-	418,462	933,621
Financial assets at fair value through profit or loss	1,076,054	2,497	-	-	3,984	629	1,083,164
Financial assets at fair value through other comprehensive income	1,468,509	1,103,569	-	125,137	-	-	2,697,215
Notes discounted and loans	33,126,642	1,035,010	400,431	77,288	1,116,346	1,086,655	36,842,372
Receivables	1,064,221	2,722,156	256,451	2,898	51,287	29,946	4,126,959
Financial assets at amortized cost	19,403,813	3,783,751	-	1,360,074	-	836,646	25,384,284
Other assets	269,820	-	-	-	-	-	269,820
Financial liabilities in foreign currencies							
Funds borrowed from Central Bank and other banks	-	2,556,599	-	-	-	-	2,556,599
Deposits and remittances	56,335,926	3,547,870	690,984	2,230,370	548,533	1,779,318	65,133,001
Financial liabilities at fair value through profit or loss	226,033	-	-	-	4,278	629	230,940
Other financial liabilities	-	-	-	-	-	126,614	126,614
Payables	560,469	141,659	185,977	2,411	91,727	14,189	996,432
Lease liabilities	-	43,212	-	-	-	6,167	49,379
Securities sold under repurchased agreements	2,021,821	-	-	-	-	-	2,021,821
Provisions	22,377	-	-	-	-	-	22,377
Other liabilities	74,891	8,277	1,816	-	6,880	-	91,864
New Taiwan dollars exchange rate	28.97	4.25	0.27	20.61	33.96		

	December 31, 2019						
	USD	CNY	JPY	AUD	EUR	Others	Total
Financial assets in foreign currencies							
Cash and cash equivalents	$ 1,989,452	$ 1,132,113	$ 1,020,819	$ 369,682	$ 111,721	$ 389,871	$ 5,013,658
Due from the Central Bank and call loans to other banks	60,000	94,754	-	273,260	-	-	428,014
Financial assets at fair value through profit or loss	1,183,605	14,669	-	210	-	-	1,198,484
Financial assets at fair value through other comprehensive income	1,081,986	-	-	-	-	-	1,081,986
Notes discounted and loans	34,318,741	877,054	369,279	78,956	414,949	848,924	36,907,903
Receivables	1,526,730	3,283,336	161,925	39,577	109,455	70,775	5,191,798
Financial assets at amortized cost	19,180,305	2,368,093	-	1,282,208	-	959,972	23,790,578
Other assets	121,236	86,140	-	-	-	-	207,376
Financial liabilities in foreign currencies							
Due to the Central Bank and other banks	1,490,060	-	-	-	100,860	9,940	1,600,860
Funds borrowed from Central Bank and other banks	114,000	2,502,533	-	-	-	-	2,616,533
Deposits and remittances	47,488,086	3,128,176	678,269	2,278,560	539,523	1,838,341	55,950,955
Financial liabilities at fair value through profit or loss	104,773	-	-	300	65	-	105,138
Payables	797,132	200,782	111,876	8,857	126,869	116,283	1,361,799
Lease liabilities	-	48,951	-	-	-	7,726	56,677
Securities sold under repurchased agreements	8,366,270	-	-	-	-	-	8,366,270
Provisions	28,552	-	-	-	-	-	28,552
Other liabilities	73,580	9,505	1,803	-	3,343	-	88,231
New Taiwan dollars exchange rate	30.00	4.31	0.28	21.02	33.62		

	September 30, 2019						
	USD	CNY	JPY	AUD	EUR	Others	Total
Financial assets in foreign currencies							
Cash and cash equivalents	$ 2,099,907	$ 804,585	$ 561,684	$ 109,430	$ 352,207	$ 400,815	$ 4,328,628
Due from the Central Bank and call loans to other banks	93,090	121,772	-	638,975	-	40,840	894,677
Financial assets at fair value through profit or loss	1,192,114	25,539	-	210	-	-	1,217,863
Financial assets at fair value through other comprehensive income	1,092,620	-	-	-	-	-	1,092,620
Notes discounted and loans	36,497,186	971,918	525,647	131	203,345	898,214	39,096,441
Receivables	1,751,724	2,962,863	471,709	5,881	156,707	70,688	5,419,572
Financial assets at amortized cost	19,067,939	1,826,046	-	1,277,983	-	918,594	23,090,562
Other assets	201,230	86,980	-	-	-	-	288,210
Financial liabilities in foreign currencies							
Due to the Central Bank and other banks	620,600	-	-	-	-	-	620,600
Funds borrowed from Central Bank and other banks	155,150	2,473,407	-	-	-	-	2,628,557
Deposits and remittances	49,899,090	3,336,332	589,299	2,402,301	560,782	1,688,143	58,475,947
Financial liabilities at fair value through profit or loss	148,980	-	-	299	170	-	149,449
Payables	1,024,954	167,327	589,265	174,123	163,042	10,897	2,129,608
Lease liabilities	-	51,530	-	-	-	8,291	59,821
Securities sold under repurchased agreements	7,823,541	-	-	-	-	-	7,823,541
Provisions	32,576	-	-	-	-	-	32,576
Other liabilities	89,705	10,716	223	-	3,226	-	103,870
New Taiwan dollars exchange rate	31.03	4.35	0.29	20.95	33.94		

45. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the nine months ended September 30, 2020

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes: New Leases	Non-cash Changes: End of Lease Term	Closing Balance
Funds borrowed from Central Bank and other banks	$ 6,092,040	$ 1,646,045	$ -	$ -	$ 7,738,085
Commercial papers	1,174,083	384,467	-	-	1,558,550
Bank debentures	14,000,000	(2,500,000)	-	-	11,500,000
Guarantee deposits received	582,064	(8,797)	-	-	573,267
Lease liabilities	895,285	(142,198)	362,325	(53,302)	1,062,110
	$ 22,743,472	$ (620,483)	$ 362,325	$ (53,302)	$ 22,432,012

For the nine months ended September 30, 2019

	Opening Balance	Cash Inflows (Outflows)	Non-cash Changes: New Leases	Non-cash Changes: End of Lease Term	Closing Balance
Funds borrowed from Central Bank and other banks	$ 5,495,519	$ 596,729	$ -	$ -	$ 6,092,248
Commercial papers	998,680	340,090	-	-	1,338,770
Guarantee deposits received	568,435	20,707	-	-	589,142
Lease liabilities	1,039,866	(151,294)	264,612	(240,461)	912,723
	$ 8,102,500	$ 806,232	$ 264,612	$ (240,461)	$ 8,932,883

46. OTHER SIGNIFICANT EVENT

Due to the impact of the COVID-19 pandemic, future economic and financial development are uncertain. The Group strengthened its management towards the provision of loans, monitored and assessed financial information (including net revenue, expected impairment loss, operating expenses and capital adequacy ratio, etc.) by applying stress testing under additional pressure. Based on the information available as of the balance sheet date, the epidemic did not have significant influence on the Group’s ability to continue as a going concern, asset impairment and financing risk.

47. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group’s reportable segments are as follows:

Northern area
Central area
Southern area
OBU
Overseas branch
Head office and others

a. Segment revenues and results

The analysis of the Group's revenue and results from continuing operations by reportable segment is as follows:

	Northern Area	Central Area	Southern Area	OBU	Overseas Branch	Head Office and Others	Adjustment and Write-off	Total
For the nine months ended September 30, 2020								
Interest revenue	$ 2,413,410	$ 3,506,123	$ 2,158,542	$ 1,194,020	$ 60,734	$ 1,801,785	$ (1,945,044)	$ 9,189,570
Interest expense	(1,109,397)	(1,068,466)	(704,777)	(617,645)	(17,922)	(1,465,919)	1,945,044	(3,039,082)
Net revenue	1,304,013	2,437,657	1,453,765	576,375	42,812	335,866	-	6,150,488
Net income and loss other than interest								
Service fee income	343,339	613,147	377,156	79,555	5,155	716,518	-	2,134,870
Gain on financial instruments	14,336	44,079	16,051	50,660	-	(48,539)	-	76,587
Others	10,933	17,506	14,805	(21,095)	12,874	174,790	(56,480)	153,333
Provision for bad debts expense, commitments and guarantee liabilities	(323,378)	(1,823)	35,094	(18,789)	(10,485)	(79,230)	-	(398,611)
Operating expenses	(597,749)	(1,083,810)	(742,301)	-	(21,439)	(2,254,777)	56,480	(4,643,596)
Income (loss) before income tax	$ 751,494	$ 2,026,756	$ 1,154,570	$ 666,706	$ 28,917	$ (1,155,372)	$ -	$ 3,473,071
For the nine months ended September 30, 2019								
Interest revenue	$ 2,670,790	$ 3,890,722	$ 2,348,937	$ 1,537,199	$ 34,319	$ 1,809,021	$ (2,141,104)	$ 10,149,884
Interest expense	(1,273,352)	(1,154,437)	(773,456)	(1,046,425)	(15,823)	(1,777,391)	2,141,104	(3,899,780)
Net revenue	1,397,438	2,736,285	1,575,481	490,774	18,496	31,630	-	6,250,104
Net income and loss other than interest								
Service fee income	329,070	619,266	387,350	77,289	4,926	769,452	-	2,187,353
Gain on financial instruments	23,110	33,606	11,793	17,910	-	291,032	-	377,451
Others	10,294	22,190	20,554	(8,441)	14,997	283,230	(56,522)	286,302
Provision for bad debts expense, commitments and guarantee liabilities	(571,290)	(169,105)	(517,324)	(10,759)	(15,262)	756,282	-	(527,458)
Operating expenses	(631,643)	(1,159,314)	(777,624)	-	(21,575)	(2,302,178)	56,522	(4,835,812)
Income (loss) before income tax	$ 556,979	$ 2,082,928	$ 700,230	$ 566,773	$ 1,582	$ (170,552)	$ -	$ 3,737,940

This measure is provided to the chief operating decision maker for resources allocation and measurement of segment performance.

b. Segment assets

Segment Assets	September 30, 2020	December 31, 2019	September 30, 2019
Northern area	$ 137,674,315	$ 131,547,637	$ 133,244,168
Central area	194,164,981	190,521,187	198,311,021
Southern area	99,666,764	97,703,639	96,886,632
OBU	58,188,426	55,115,671	54,675,212
Overseas branch	2,481,167	1,696,811	1,329,620
Head office and others	221,655,406	206,103,977	199,138,838
	$ 713,831,059	$ 682,688,922	$ 683,585,491

c. Revenue from major products and services

The Group is mainly involved in the business of earning interest revenue; therefore, no product or service information is available.

d. Geographical information

Location	For the Nine Months Ended September 30	
	2020	2019
Taiwan	$ 8,359,392	$ 8,901,052
Asia	153,469	189,784
America	2,417	10,374
	$ 8,515,278	$ 9,101,210

e. Information about major customers

The interest revenue of the Group from any single customer does not exceed 10% of the total interest revenue; therefore, information on major customers is not available.

48. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees:

Disclosures of relevant information in accordance with Article 18 of Regulations Governing the Preparation of Financial Reports by Public Banks are as follows:

No.	Item	Note
1	Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital.	None
2	Acquisition of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital.	None
3	Disposal of individual real estate at prices of at least NT$300 million or 10% of the paid-in capital.	None
4	Allowance of service fees to Related party amounting to at least NT$5 million.	None
5	Receivables from Related party amounting to at least NT$300 million or 10% of the paid-in capital.	None
6	Sale of nonperforming loans.	None
7	Financial asset securitization and real estate securitization.	None
8	Other significant transactions which may affect the decisions of users of financial reports.	None

b. The related information of the Group's investees (Note):

No.	Item	Note
1	Related information and proportionate share in investees.	Exempt from disclosure in the review report
2	Financing provided.	Table 1
3	Endorsement/guarantee provided.	Table 2
4	Marketable securities held.	Table 3
5	Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital	None
6	Derivative transactions.	Note 8
7	Other significant transactions which may affect the decisions of users of financial reports.	None

Note: Not required to disclose if the investee is either a bank, insurance company or securities company.

c. Investment in mainland China: Table 4 (attached).

d. Business relationships and significant transactions between the parent company and subsidiaries: Table 5 (attached).

e. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6).

TABLE 1

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statements Account (Note 2)	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 8)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing (Note 4)	Business Transaction Amount (Note 5)	Reasons for Short-term Financing (Note 6)	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 7)	Aggregate Financing Limit (Note 7)	Note
													Item	Value			
1	Taichung Bank Leasing Corporation Limited	Yuan Li Engineering Inc.	Other receivables	Not related	$ 16,298	$ -	$ -	4-10	Necessary for short-term financing	$ -	Business turnover	$ -	None	$ -	$ 190,579	$ 762,316	Note 9
		Kuang Ming Shipping Corp.	Other receivables	Not related	42,150	-	-	4-10	Necessary for short-term financing	-	Business turnover	-	Margin	20,000	190,579	762,316	Note 9
		Wisdom International industrial Co., Ltd.	Other receivables	Not related	75,177	-	-	3.5-10	Necessary for short-term financing	-	Business turnover	-	None	-	190,579	762,316	Note 9
		Pao Mei Construction Inc.	Other receivables	Not related	114,260	69,748	69,748	4-10	Necessary for short-term financing	-	Business turnover	697	Real estate	78,942	190,579	762,316	Note 9
		Wan Ku Fu Co., Ltd.	Other receivables	Not related	128,263	125,704	43,704	4-10	Necessary for short-term financing	-	Business turnover	437	Real estate	111,829	190,579	762,316	Note 9
		Da Fang Skill Color Marketing Consultant Co., Ltd.	Other receivables	Not related	180,000	180,000	-	4-10	Necessary for short-term financing	-	Business turnover	-	Real estate	180,000	190,579	762,316	Note 9
		Qiyi Intergrated Marketing Co., Ltd.	Other receivables	Not related	180,000	180,000	100,000	4-10	Necessary for short-term financing	-	Business turnover	1000	Real estate	372,093	190,579	762,316	Note 9
		TCCBL Co., Ltd	Other receivables	Related	9,804	9,680	9,680	-	Necessary for short-term financing	-	Business turnover	97	None	-	190,579	762,316	Note 9
2	TCCBL Co., Ltd. (B.V.I.)	Cross Border Profits Limited	Other receivables	Not related	23,262	8,342	8,342	4-10	Necessary for short-term financing	-	Business turnover	54	Margin	2,897	76,758	307,032	Note 10
3	Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Zhangjiajie Zhongjun Real Estate Co., Ltd.	Entrusted loan	Not related	14,276	7,523	7,523	9.6	Necessary for short-term financing	-	Capital investment plan expenditure	113	Real estate	229,118	288,806	288,806	Note 11

Note 1: The description of the number column is as follows:

a. Issuer: 0.
b. The invested company is numbered sequentially by the Arabic number 1 according to the company.

Note 2: Items such as accounts receivable, corporate receivables, shareholder transactions, prepayments, provisional payments, etc., which are provided by financing are required to be filled in this field.

Note 3: The annual fund is provided to others to the highest balance.

Note 4: Nature of financing should be filled with business contracts or those who have short-term financing.

Note 5: Nature of the loan of the business contracts should be filled with the amount of business transactions. The amount of business transactions refers to the amount of business transactions between the company that lends the funds and the target of last year’s loan.

Note 6: Nature of the loan required for short-term financing should specify the reasons for the loans and the use of funds for the loan, such as repayment of loans, purchase of equipment, business turnover, etc.

Note 7: The company shall fill in the borrowing limit and total limit for individual objects according to the operating procedures and explains the calculation method of the total limit in the column Note.

Note 8: If the board of directors of the public offering company according to Article 14 (1) of the Public Offering Company’s Financing and Endorsement Guarantee Processing Guidelines will make a resolution, the amount of the resolution of the board of directors shall be included in the announcement balance to disclose its risk; however, if the funds are repaid, the balance after repayment should be disclosed to reflect the adjustment of risk. If the public offering company authorizes the chairman of the board to allocate or repay the loan in a certain amount and within one year according to the resolution of the board of directors in accordance with Article 14(2) of the handling criteria, the fund’s loan and the amount approved by the board of directors shall be the declared balance. Although the funds will be repaid afterwards, the consideration may still be re-loaned. Therefore, the fund loan and the amount approved by the board of directors should still be used as the announced balance.

Note 9: Taichung Bank Leasing Corporation Limited should not exceed 10% of its own net value for a single enterprise. The total amount of financing provided to others is limited to 40% of the net value of Taichung Bank Leasing Corporation Limited

Note 10: TCCBL Co., Ltd. (B.V.I.) should not exceed 10% of its own net value for a single enterprise. The total amount of financing provided to others is limited to 40% of the net value of TCCBL Co., Ltd. (B.V.I.).

Note 11: Taichung Bank Financial Leasing (Suzhou) Co., Ltd. should not exceed 40% of its own net value for a single enterprise. The total amount of financing provided to others is limited to 40% of the net value of Taichung Bank Financial Leasing (Suzhou) Co., Ltd.

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 1)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 2)	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 1)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 3)	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China (Note 3)
		Name	Relationship										
1	Taichung Bank Leasing Corporation Limited	TCCBL Co., Ltd. (B.V.I.)	Direct shareholding of 100% of subsidiary	$ 11,434,740	$ 942,289	$ 651,713	$ -	$ -	34.20	$ 19,057,900	-	-	-
2	Taichung Bank Leasing Corporation Limited	Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Indirect shareholding of 100% of subsidiary	11,434,740	2,124,584	2,098,690	1,704,700	-	110.12	19,057,900	-	-	Y

Note 1: According to Taichung Bank Leasing Corporation Limited's "Operating Procedures to Fund Endorsement and Guarantee", the endorsement limit to single company cannot surpass six times of Taichung Bank Leasing Corporation Limited's audited net worth. The endorsement limits to all subsidiaries cannot surpass 10 times of Taichung Bank Leasing Corporation Limited's audited net worth.

Note 2: The maximum balance guaranteed for endorsement of others during the year.

Note 3: It is a guarantor of the listed parent company to the endorsement of the subsidiary, the subsidiary company's endorsement to the listed parent company and the endorsement of the mainland area must be filled with Y.

TABLE 3

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars or Shares)

Name of Holding Company	Type and Name of Marketable Securities	Relationship	Financial Statements Account	September 30, 2020				Note
				Number of Shares	Carrying Amount (Note)	Percentage of Ownership (%)	Market Value or Net Asset Value (Note)	
Taichung Commercial Bank Co., Ltd.	Domestic unlisted shares							
	Taichung Bank Leasing Corporation Limited	Subsidiary	Investment accounted for using the equity method	196,463	$ 1,905,790	100	$ 1,905,790	
	Taichung Bank Insurance Brokers Co., Ltd.	Subsidiary	Investment accounted for using the equity method	128,600	1,728,894	100	1,728,894	
	Taichung Bank Securities Co., Ltd.	Subsidiary	Investment accounted for using the equity method	140,429	1,437,447	100	1,437,447	
	Taichung Bank Securities Investment Trust Co., Ltd.	Association	Investment accounted for using the equity method	12,000	165,101	38	165,101	
Taichung Bank Leasing Corporation Limited	Foreign unlisted shares							
	TCCBL Co., Ltd. (B.V.I.)	Sub-subsidiary	Investment accounted for using the equity method	30,000	767,581	100	767,581	
TCCBL Co., Ltd. (B.V.I.)	Foreign unlisted shares							
	Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Sub-subsidiary	Investment accounted for using the equity method	-	722,015	100	722,015	

Note: The financial industry, the insurance industry and the securities industry are exempt from disclosure.

TABLE 4

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2020	% Ownership of Direct or Indirect Investment	Investment Gain	Carrying Value as of September 30, 2020	Accumulated Inward Remittance of Earnings as of September 30, 2020
					Outflow	Inflow					
Taichung Bank Financial Leasing (Suzhou) Co., Ltd.	Financial leasing business	$ 893,373 (CNY 186,329 thousand)	Investment in mainland China companies through an existing company established in a third region.	$ 893,373 (CNY 186,329 thousand)	$ -	$ -	$ 893,373 (CNY 186,329 thousand)	100	$ 5,580 (CNY 1,312 thousand)	$ 722,015 (CNY 169,886 thousand)	$ -

Accumulated Investment in Mainland China as of September 30, 2020	Investment Amount Approved by the Investment Commission, MOEA	Maximum Investment Allowable (Note 2)
$893,373	$893,373	$1,143,474

Note 1: Recognition of investment gains and losses based on the financial statements reviewed by the parent company’s accountant.

Note 2: Based on the Investment Commission’s “Regulation on the Examination of Investment or Technical Cooperation in Mainland China”, investments are limited to the regulation of Taichung Bank Leasing Corporation Limited’s calculation.

Note 3: Foreign currency involved translation into the New Taiwan dollar at the spot rate and average exchange rate on the date of the financial statements (CNY1=NT$4.25, CNY1=NT$4.25).

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS BETWEEN THE PARENT COMPANY AND SUBSIDIARIES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Company	Counterparty	Transaction Flow (Note 2)	Description of Transactions			
				Financial Statement Account	Amount (Note 3)	Trading Terms	Transaction Amount/Total Consolidated Net Revenue or Total Consolidated Assets (%) (Note 4)
	September 30, 2020						
0	Taichung Commercial Bank Co., Ltd.	Taichung Insurance Brokers Co.	a	Deposits and remittances	$ 1,280,404	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Insurance Brokers Co.	a	Service fee income	150,003	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	2
		Taichung Insurance Brokers Co.	a	Receivables	16,667	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Commercial Bank Securities Co., Ltd.	a	Deposits and remittances	400,427	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Commercial Bank Securities Co., Ltd.	a	Feedback fund	21,990	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Bank Leasing Corporation Limited.	a	Deposits and remittances	155,394	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
1	Taichung Commercial Bank Securities Co., Ltd.	Taichung Commercial Bank Co., Ltd.	b	Right-of-use assets	20,904	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-
		Taichung Commercial Bank Co., Ltd.	b	Lease liabilities	21,067	The terms for the transactions between the company and related parties are similar to those for unrelated parties.	-

(Continued)

Note 1: The parent company and subsidiaries are numbered as follows:

a. Parent company: 0.
b. Subsidiaries are numbered sequentially 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: Have been eliminated on consolidation.

Note 4: Percentage to the consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total assets as of September 30, 2020 and 2019. Percentage to the consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the nine months ended September 30, 2020 and 2019.

Note 5: Referring to transactions exceeding $10,000 thousand.

(Concluded)

TAICHUNG COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
SEPTEMBER 30, 2020

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
China Man-Made Fiber Corporation	869,716,027	22.29
Pan Asia Chemical Corporation	223,514,317	5.73

Note 1: According to Article 25 of the Banking Act of the Republic of China, the same person or same related party who individually, jointly or collectively acquires more than 5% of a bank’s outstanding voting shares shall report such fact to the authorities within 10 days from the date of acquisition.

Note 2: If the shares of the major shareholders in the above table are held by trustees, the shareholdings should be separately disclosed by the trust accounts opened by the trustee. As for shareholders' handling of insider shareholding declarations with more than 10% of their shares in accordance with the Securities Exchange Act, their shareholdings include their own shareholdings plus those shares held under trust accounts with the right to utilize the trust assets, etc. For more information on insider shareholding declarations, please refer to the market observation post system website of the TWSE.