O-Bank and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2021 and 2020 and Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
O-Bank

Opinion

We have audited the accompanying consolidated financial statements of O-Bank (the "Bank") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2021, December 31, 2020 and June 30, 2020, the consolidated statements of comprehensive income for the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2021 and 2020, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2021, December 31, 2020 and June 30, 2020, its consolidated financial performance for the three months ended June 30, 2021 and 2020 and for the six months ended June 30, 2021 and 2020, and its consolidated cash flows for the six months ended June 30, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the consolidated financial statements for the six months ended June 30, 2021 are as follows:

Allowance for Credit Losses of Loans

The Bank and its subsidiaries are engaged principally in providing loans to customers. The Bank's management performed loans impairment assessment in accordance with the requirements of International Financial Reporting Standard 9 "Financial Instruments". In addition, the allowance for credit losses of loans was calculated and classified in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" (referred to as "Banking Institutions Regulations Governing the Procedures for Bad Debt").

For details about the accounting policy on the allowance for credit losses, refer to Note 4 to the accompanying consolidated financial statements; for details about the critical accounting judgments, estimations and assumptions of loan impairment, refer to Note 5 to the accompanying consolidated financial statements; and for details about the allowance for credit losses, refer to Note 13 to the accompanying consolidated financial statements.

The Bank shall assess the classification of credit-granting assets and recognize allowance for credit losses of loans in accordance with "Banking Institutions Regulations Governing the Procedures for Bad Debt". As the assessment and recognition involve subjective judgments, critical estimations and assumptions of the management, we have included the assessment of allowance for credit losses of loans as a key audit matter.

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

- We obtained an understanding of and performed testing on the internal controls in respect of the Bank's loan impairment assessment.

- We examined that the classifications of loans were in accordance with the "Banking Institutions Regulations Governing the Procedures for Bad Debt". We also recalculated the amount of the allowance for credit losses on loans and checked whether the Bank meets the requirement of regulation or not.

Assessment of Reserve for Losses on Guarantee Contracts

The reserves set aside for the guarantee liabilities of China Bills Finance Corporation are in accordance with both the International Financial Reporting Standard 9 "Financial Instruments", whereby the expected losses of guarantee obligations generated by financial guarantee contracts are evaluated, and the "Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-performing Credit, Non-accrual Loans, and Bad Debt" (referred to as the "Bills Finance Companies Regulations for Evaluating Bad Debt"), whereby the reserves for guarantee liabilities are classified and made.

For details about the accounting policy on the reserve for guarantee liabilities, refer to Note 4 to the accompanying consolidated financial statements; for details about the critical accounting judgments, estimations and assumptions of the reserve for guarantee liabilities, refer to Note 5 to the accompanying consolidated financial statements; and for details about the reserve for guarantee liabilities, refer to Note 13 to the accompanying consolidated financial statements.

The assessment of reserve for guarantee contracts involves subjective judgments, critical estimations and assumptions of the management. The classification of credit-granting assets and recognition of the reserve for guarantee contracts in accordance with the "Bills Finance Companies Regulations for Evaluating Bad Debt" influence the amounts of the reserve for guarantee contracts. Thus, we consider the assessment of reserve losses on guarantee contracts as a key audit matter.

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

- We understood the internal controls about the estimated impairment of reserve for losses on guarantee contracts and we tested the effectiveness of the operation of the controls.

- We reviewed the assessment schedule of reserve for losses on credit-granting assets, which the management used to assess the reserve. We checked the completeness of amount of credit-granting assets in the schedule and rationality of classifications. We recalculated the amounts of reserve for losses on guarantee contracts in the schedule and checked whether the reserve meets the requirement of "Bills Finance Companies Regulations for Evaluating Bad Debt" or not.

Other Matter

We have also audited the parent company only financial statements of the Bank as of and for the six months ended June 30, 2021 and 2020 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yin-Chou Chen and Wang-Sheng Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 20, 2021

Notice to Readers

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

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2021 Amount	%	December 31, 2020 Amount	%	June 30, 2020 Amount	%
CASH AND CASH EQUIVALENTS (Note 6)	$ 11,000,195	2	$ 9,621,739	2	$ 6,696,015	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Note 7)	13,481,326	3	18,125,019	3	22,462,176	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 42)	151,473,563	27	162,494,696	28	158,658,657	28
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 42 and 46)	175,547,128	31	172,509,235	30	162,796,688	28
BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS (Note 10)	6,934,804	1	4,732,882	1	4,010,578	1
RECEIVABLES, NET (Notes 11 and 13)	17,720,966	3	14,952,859	3	15,063,043	3
CURRENT TAX ASSETS	314,717	-	362,328	-	381,968	-
DISCOUNTS AND LOANS, NET (Notes 12, 13, 41 and 42)	174,734,520	31	183,710,973	32	194,231,869	34
INVESTMENT ACCOUNTED FOR USING EQUITY METHOD, NET (Note 16)	743,968	-	789,863	-	-	-
OTHER FINANCIAL ASSETS (Notes 17 and 42)	879,839	-	858,462	-	2,314,252	-
PROPERTY AND EQUIPMENT, NET (Notes 18 and 43)	2,609,219	1	2,672,567	1	2,747,173	1
RIGHT-OF-USE ASSETS, NET (Note 19)	380,261	-	429,678	-	459,125	-
INTANGIBLE ASSETS, NET (Note 20)	2,046,373	1	2,207,244	-	2,260,082	-
DEFERRED TAX ASSETS	890,843	-	895,887	-	714,975	-
OTHER ASSETS (Notes 19 and 21)	1,344,354	-	1,050,198	-	877,587	-
TOTAL	$ 560,102,076	100	$ 575,413,630	100	$ 573,674,188	100
LIABILITIES AND EQUITY						
LIABILITIES						
Deposits from the Central Bank and other banks (Note 22)	$ 27,802,498	5	$ 28,479,755	5	$ 52,049,753	9
Financial liabilities at fair value through profit or loss (Note 8)	447,743	-	790,298	-	394,302	-
Bills and bonds sold under repurchase agreements (Note 23)	172,657,250	31	181,165,826	32	158,289,087	28
Payables (Note 24)	5,922,265	1	2,740,642	1	4,748,158	1
Current tax liabilities	285,890	-	172,428	-	198,047	-
Deposits and remittances (Notes 25 and 41)	258,197,198	46	267,719,672	47	272,278,213	48
Bank debentures payable (Note 26)	15,100,000	3	16,400,000	3	16,400,000	3
Other financial liabilities (Note 27)	19,697,423	4	18,102,763	3	13,780,458	2
Provisions (Notes 13, 28 and 29)	2,106,047	-	2,102,012	-	1,991,524	-
Lease liabilities (Note 19)	397,628	-	444,659	-	475,749	-
Deferred tax liabilities	784,209	-	793,255	-	523,236	-
Other liabilities (Note 30)	2,458,080	-	2,249,555	-	2,263,328	-
Total liabilities	505,856,231	90	521,160,865	91	523,391,855	91
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK						
Capital						
Common stock	27,330,063	5	27,330,063	5	24,130,063	4
Preferred stock	3,000,000	1	3,000,000	-	3,000,000	1
Total capital	30,330,063	6	30,330,063	5	27,130,063	5
Capital surplus	6,743	-	5,966	-	10,574	-
Retained earnings						
Legal reserve	3,729,690	1	3,697,811	1	3,697,811	1
Special reserve	797,783	-	1,396,353	-	1,396,353	-
Unappropriated earnings	1,088,534	-	106,262	-	421,434	-
Total retained earnings	5,616,007	1	5,200,426	1	5,515,598	1
Other equity	(164,766)	-	57,744	-	(50,308)	-
Treasury stock	(38,304)	-	(38,304)	-	(38,304)	-
Total equity attributable to owners of the Bank	35,749,743	7	35,555,895	6	32,567,623	6
NON-CONTROLLING INTERESTS	18,496,102	3	18,696,870	3	17,714,710	3
Total equity (Note 31)	54,245,845	10	54,252,765	9	50,282,333	9
TOTAL	$ 560,102,076	100	$ 575,413,630	100	$ 573,674,188	100

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
INTEREST REVENUE (Notes 32 and 41)	$ 1,671,182	70	$ 1,954,138	98	$ 3,382,835	72	$ 4,173,395	108
INTEREST EXPENSE (Notes 32 and 41)	(525,436)	(22)	(1,015,609)	(51)	(1,103,197)	(23)	(2,309,367)	(60)
NET INTEREST	1,145,746	48	938,529	47	2,279,638	49	1,864,028	48
NET REVENUE OTHER THAN INTEREST REVENUE								
Service fee revenue, net (Notes 33 and 41)	628,588	26	504,845	25	1,297,957	28	976,652	25
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 34)	198,104	8	97,592	5	397,958	9	530,264	14
Realized gains on financial assets at fair value through other comprehensive income (Note 35)	41,644	2	42,078	2	151,877	3	176,703	5
Foreign exchange gain, net	354,878	15	385,082	19	480,645	10	285,603	7
Reversal of impairment losses (impairment losses) on assets	4,486	-	(6,092)	-	3,271	-	(5,637)	-
Share of loss of associates and joint ventures accounted for using equity method	(34,960)	(1)	-	-	(37,049)	(1)	-	-
Other net revenue other than interest	38,723	2	30,939	2	108,041	2	48,445	1
Total net revenue other than interest revenue	1,231,463	52	1,054,444	53	2,402,700	51	2,012,030	52
NET REVENUE	2,377,209	100	1,992,973	100	4,682,338	100	3,876,058	100
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Notes 4 and 13)	(129,185)	(6)	(172,045)	(8)	(155,746)	(3)	(428,365)	(11)
OPERATING EXPENSES								
Employee benefits expenses (Notes 29, 36 and 41)	718,323	30	645,429	32	1,411,676	30	1,303,093	33
Depreciation and amortization expenses (Note 37)	158,611	7	155,926	8	319,948	7	311,374	8
Other general and administrative expenses (Notes 38 and 41)	268,008	11	253,092	13	540,085	12	529,393	14
Total operating expenses	1,144,942	48	1,054,447	53	2,271,709	49	2,143,860	55

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O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	$ 1,103,082	46	$ 766,481	39	$ 2,254,883	48	$ 1,303,833	34
INCOME TAX EXPENSE (Note 39)	246,145	10	151,539	8	555,893	12	302,173	8
INCOME FROM CONTINUING OPERATIONS	856,937	36	614,942	31	1,698,990	36	1,001,660	26
LOSS FROM DISCONTINUED OPERATIONS (Note 14)	(2,408)	-	(1,304)	-	(3,001)	-	(10,392)	(1)
NET PROFIT FOR THE PERIOD	854,529	36	613,638	31	1,695,989	36	991,268	25
OTHER COMPREHENSIVE INCOME (LOSS)								
Components of other comprehensive income (loss) that will not be reclassified to profit or loss:								
Gains (losses) on remeasurements of defined benefit plans	-	-	-	-	(149)	-	111	-
Revaluation gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	(9,878)	-	355,862	18	639,120	14	39,418	1
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 39)	-	-	-	-	30	-	(22)	-
Components of other comprehensive income (loss) that will not be reclassified to profit or loss, net of tax	(9,878)	-	355,862	18	639,001	14	39,507	1
Components of other comprehensive income (loss) that will be reclassified to profit or loss:								
Exchange differences on translation of financial statements of foreign operations	(255,451)	(11)	(228,342)	(12)	(259,055)	(6)	(207,571)	(5)

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	$ 219,175	9	$ 1,216,305	61	$ (678,903)	(14)	$ 487,772	13
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 39)	(10,973)	-	(123,674)	(6)	104,120	2	(23,345)	(1)
Components of other comprehensive income (loss) that will be reclassified to profit or loss, net of tax	(47,249)	(2)	864,289	43	(833,838)	(18)	256,856	7
Other comprehensive income (loss) for the period, net of income tax	(57,127)	(2)	1,220,151	61	(194,837)	(4)	296,363	8
TOTAL COMPREHENSIVE INCOME	$ 797,402	34	$ 1,833,789	92	$ 1,501,152	32	$ 1,287,631	33
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Bank	$ 519,035	22	$ 338,758	17	$ 972,838	21	$ 454,198	11
Non-controlling interests	335,494	14	274,880	14	723,151	15	537,070	14
	$ 854,529	36	$ 613,638	31	$ 1,695,989	36	$ 991,268	25
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Bank	$ 332,416	14	$ 1,045,658	52	$ 866,025	18	$ 438,603	11
Non-controlling interests	464,986	20	788,131	40	635,127	14	849,028	22
	$ 797,402	34	$ 1,833,789	92	$ 1,501,152	32	$ 1,287,631	33
EARNINGS PER SHARE (Note 40)								
From continuing and discontinued operations								
Basic	$0.14		$0.09		$0.31		$0.14	
Diluted	$0.13		$0.08		$0.28		$0.12	
From continuing operations								
Basic	$0.14		$0.09		$0.31		$0.14	
Diluted	$0.13		$0.08		$0.28		$0.12	

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

(Concluded)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Bank (Notes 9 and 31)													
	Capital Stock				Retained Earnings				Other Equity					
	Common Stock	Preferred Stock	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on the Translation of Financial Statements of Foreign Operations	Unrealized Gains (Losses) on Financial Assets at Fair Value Through Other Comprehensive Income	Treasury Stock	Owners of the Bank	Non-controlling Interests (Note 31)	Total Equity
BALANCE AT JANUARY 1, 2020	$ 24,130,063	$ 3,000,000	$ 27,130,063	$ 9,750	$ 3,367,681	$ 1,631,335	$ 1,187,851	$ 6,186,867	$ (307,473)	$ 239,996	$ -	$ 33,259,203	$ 17,557,074	$ 50,816,277
Reversal of special reserve	-	-	-	-	-	(234,982)	234,982	-	-	-	-	-	-	-
Appropriation and distribution of 2019 earnings														
Legal reserve	-	-	-	-	330,130	-	(330,130)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(965,203)	(965,203)	-	-	-	(965,203)	-	(965,203)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	488	-	-	-	-	-	-	-	488	-	488
Unclaimed dividends	-	-	-	336	-	-	-	-	-	-	-	336	1,232	1,568
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(692,624)	(692,624)
Net profit for the six months ended June 30, 2020	-	-	-	-	-	-	454,198	454,198	-	-	-	454,198	537,070	991,268
Other comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	-	25	25	(170,013)	154,393	-	(15,595)	311,958	296,363
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	-	454,223	454,223	(170,013)	154,393	-	438,603	849,028	1,287,631
Purchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(38,304)	(38,304)	-	(38,304)
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(32,789)	(32,789)	-	32,789	-	-	-	-
BALANCE AT JUNE 30, 2020	$ 24,130,063	$ 3,000,000	$ 27,130,063	$ 10,574	$ 3,697,811	$ 1,396,353	$ 421,434	$ 5,515,598	$ (477,486)	$ 427,178	$ (38,304)	$ 32,567,623	$ 17,714,710	$ 50,282,333
BALANCE AT JANUARY 1, 2021	$ 27,330,063	$ 3,000,000	$ 30,330,063	$ 5,966	$ 3,697,811	$ 1,396,353	$ 106,262	$ 5,200,426	$ (697,554)	$ 755,298	$ (38,304)	$ 35,555,895	$ 18,696,870	$ 54,252,765
Reversal of special reserve	-	-	-	-	-	(598,570)	598,570	-	-	-	-	-	-	-
Appropriation and distribution of 2020 earnings														
Legal reserve	-	-	-	-	31,879	-	(31,879)	-	-	-	-	-	-	-
Cash dividends of common stock distributed by the Bank	-	-	-	-	-	-	(545,454)	(545,454)	-	-	-	(545,454)	-	(545,454)
Cash dividends of preferred stock distributed by the Bank	-	-	-	-	-	-	(127,500)	(127,500)	-	-	-	(127,500)	-	(127,500)
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	406	-	-	-	-	-	-	-	406	-	406
Unclaimed dividends	-	-	-	371	-	-	-	-	-	-	-	371	1,026	1,397
Cash dividends distributed by subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	(836,921)	(836,921)
Net profit for the six months ended June 30, 2021	-	-	-	-	-	-	972,838	972,838	-	-	-	972,838	723,151	1,695,989
Other comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	(33)	(33)	(216,488)	109,708	-	(106,813)	(88,024)	(194,837)
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	972,805	972,805	(216,488)	109,708	-	866,025	635,127	1,501,152
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	115,730	115,730	-	(115,730)	-	-	-	-
BALANCE AT JUNE 30, 2021	$ 27,330,063	$ 3,000,000	$ 30,330,063	$ 6,743	$ 3,729,690	$ 797,783	$ 1,088,534	$ 5,616,007	$ (914,042)	$ 749,276	$ (38,304)	$ 35,749,743	$ 18,496,102	$ 54,245,845

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 2,254,883	$ 1,303,833
Loss from discontinued operations before tax	(3,001)	(10,392)
Adjustments for:		
Depreciation expenses	178,564	178,094
Amortization expenses	143,055	133,579
Expect credit losses/recognition of provisions	152,475	434,002
Net gain on financial assets or liabilities at fair value through profit or loss	(403,491)	(527,998)
Interest expense	1,103,197	2,309,367
Interest revenue	(3,382,696)	(4,173,977)
Dividends income	(23,906)	(22,069)
Share of loss of associates and joint ventures accounted for using equity method	37,049	-
Loss on disposal of property and equipment	103	400
Gain on disposal of investments	(127,971)	(154,634)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to other banks	2,927,249	(3,016,482)
Financial assets at fair value through profit or loss	11,054,454	14,453,496
Financial assets at fair value through other comprehensive income	(2,474,780)	(19,710,417)
Bills and bonds purchased under resell agreements	(2,201,922)	(3,910,565)
Receivables	(2,934,042)	1,326,808
Discounts and loans	8,849,896	(318,866)
Deposits from the Central Bank and other banks	(677,257)	8,610,355
Financial liabilities at fair value through profit or loss	(342,555)	(139,280)
Bills and bonds sold under repurchase agreements	(8,508,576)	(1,264,298)
Payables	1,727,789	(503,548)
Deposits and remittances	(9,522,474)	6,546,389
Provisions	(8,407)	(8,663)
Cash (used in) generated from operations	(2,182,364)	1,535,134
Interest received	3,505,157	4,232,644
Interest paid	(1,152,878)	(2,522,718)
Dividends received	21,318	23,928
Income taxes paid	(398,822)	(18,338)
Net cash flows (used in) generated from operating activities	(207,589)	3,250,650
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(43,478)	(36,974)
Proceeds from disposal of property and equipment	2,309	292
Increase in refundable deposits	(246,794)	-
Decrease in refundable deposits	-	37,713
Acquisitions of intangible assets	(4,902)	(50,307)
Increase in other financial assets	-	(792,652)

(Continued)

O-BANK AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2021	**2020**
Decrease in other financial assets	$ 536,024	$ -
Increase in other assets	(47,362)	-
Decrease in other assets	-	1,474
Net cash flows generated from (used in) investing activities	195,797	(840,454)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	147,597	1,589,439
Increase in commercial papers	188,000	1,460,000
Proceeds from issuing bank debentures	1,000,000	-
Repayments of bank debentures	(2,300,000)	(2,300,000)
Proceeds from long-term borrowings	2,654,090	-
Repayments of long-term borrowings	(1,244,236)	(1,531,615)
Repayment of the principal portion of lease liabilities	(87,010)	(87,309)
Decrease in other financial liabilities	(87,964)	(646,383)
Increase in other liabilities	208,407	-
Decrease in other liabilities	-	(153,434)
Payments to acquire treasury stock	-	(38,304)
Net cash flows generated from (used in) financing activities	478,884	(1,707,606)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(247,679)	(150,549)
NET INCREASE IN CASH AND CASH EQUIVALENTS	219,413	552,041
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	16,905,644	17,550,472
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	$ 17,125,057	$ 18,102,513

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at June 30, 2021 and 2020:

	June 30	
	2021	**2020**
Cash and cash equivalents reported in the consolidated balance sheets	$ 11,000,195	$ 6,696,015
Due from the Central Bank and call loans to other banks qualifying for cash and cash equivalents under the definition of IAS 7	5,567,461	10,813,294
Other items qualifying for cash and cash equivalents under the definition of IAS 7	557,401	593,204
Cash and cash equivalents at the end of the period	$ 17,125,057	$ 18,102,513

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

O-BANK AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Industrial Bank of Taiwan started its preparation for incorporation on March 2, 1998, was authorized for incorporation by the Ministry of Finance on July 27, 1999, and began its business operations on September 2, 1999.

To be in coordination with the government's financial liberation policy and to increase the operating efficiency, on August 14, 2015, the Industrial Bank of Taiwan's board of directors approved of the application for a change of registration to a commercial bank and for a change of name to "O-Bank Co., Ltd." ("O-Bank" or the "Bank"). The Financial Supervisory Commission (FSC) accepted the application on December 15, 2016 and required the Bank to submit its proposed adjustment plan to comply with the Banking Act of the Republic of China. On January 1, 2017, the Banking Bureau approved and issued the operating license for the Bank to operate a commercial banking business. The Bank's name was changed from "Industrial Bank of Taiwan" to "O-Bank Co., Ltd." on January 1, 2017.

The Bank's operations include the following: (a) accepting various deposits; (b) issuing bank debentures; (c) providing loans, discounts, and acceptance business; (d) providing domestic and foreign exchange and guarantee business; (e) issuing letters of credit at home and abroad; (f) making receipts and payments by agents; (g) investing in and underwriting offering of securities; (h) dealing in government bonds; (i) factoring; (j) providing financial advisory services to financing and non-financing business; (k) wealth management business; (l) providing personal insurance and property insurance agent business; (m) dealing with credit card business; (n) providing foreign exchange services for client's imports or exports, overseas remittances, foreign currency deposits, and foreign currency loans and guarantees; (o) overseeing trust business under the Trust Business Law and regulations; and (p) dealing in derivative financial instruments and participating in other operations authorized by the central authorities.

As of June 30, 2021, the Bank has eight main departments - Business Department, Principal Investment Department, Treasury Department, Securities Trading Department, Corporate and Institutional Banking Department, Corporate Finance Department, Consumer Lending Department and Wealth Management Department. It also has five domestic branches - Zhongxiao Dunhua branch, Taoyuan branch, Hsinchu branch, Taichung branch and Kaohsiung branch. In addition, it has an Offshore Banking Unit, Hong Kong branch, and Tianjin representative office.

The Bank's stocks were listed on the Emerging Stock Market of the Taipei Exchange ("TPEx") starting in August 2004. The TWSE approved the Bank's application for listing on November 28, 2016 and transferred the listing from the TPEx to the TWSE on May 5, 2017.

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

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Bank and its subsidiaries (the "Group") had 1,474, 1,453 and 1,467 employees, respectively.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 20, 2021.

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

a. Initial application of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively the "IFRSs") endorsed and issued into effect by the FSC.

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

Effect of interest rate benchmark reform

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

The Group elected to apply the practical expedient provided in the amendments to deal with the changes in the basis for determining contractual cash flows of financial assets, financial liabilities or lease liabilities resulting from the interest rate benchmark reform. The changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis.

b. The IFRSs endorsed by the FSC for application starting from 2022

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

Note 1: 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" are 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" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: 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 3: 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 4: 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.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 2)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 3)
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction "	January 1, 2023 (Note 4)

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 will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after 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 AND REPORTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies, 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 the disclosure information required in a complete set of annual consolidated financial statements.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values and the net defined benefit liabilities (assets) recognized at the fair value of the assets. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Since the operating cycle in the banking industry could not be clearly identified, accounts included in the consolidated financial statements of the Bank were not classified as current or noncurrent. Nevertheless, accounts were properly categorized according to the nature of each account and sequenced by their liquidity. Refer to Note 46 for the maturity analysis of liabilities.

Basis of Consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Bank and the entities controlled by the Bank. Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Bank. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. The total comprehensive income of subsidiaries shall be attributed to the owners of the Bank and to the non-controlling interests, even if the balance becomes negative or loss is incurred.

Refer to Note 15, Tables 5 and 6 for the list of main business activities and ownership percentages of subsidiaries.

Other Significant Accounting and Reporting Policies

Except as described in the following paragraphs, other significant accounting and reporting policies used in the preparation of these consolidated financial statements are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2020.

a. Employee 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.

b. 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.

c. Modification of financial instruments

   For the changes in the basis for determining contractual cash flows of financial assets or financial liabilities resulting from the interest rate benchmark reform, the Group elects to apply the practical expedient in which the changes are accounted for by updating the effective interest rate at the time the basis is changed, provided the changes are necessary as a direct consequence of the reform and the new basis is economically equivalent to the previous basis. When multiple changes are made to a financial asset or a financial liability, the Group first applies the practical expedient to those changes required by interest rate benchmark reform, and then applies the requirements of modification of financial instruments to the other changes that cannot apply the practical expedient.

d. Impairment of financial assets

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

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

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

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

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

Impairment losses on all financial assets are reduced by means of a provision account, but the provision for losses on investments in debt instruments measured at fair value through other comprehensive income are recognized as other comprehensive income and loss and do not reduce their book value.

Referring to the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", the Bank classifies the credit assets as normal credit assets according to the financial position of the debtor (excluding the ROC government), and after assessing whether there is a delay in the payment of principal and interest and whether the loans have adequate collaterals, the Bank further classifies credit assets into need attention, expect to recover, difficult to recover, and hopeless to recover.

For the above-mentioned normal credit (excluding the balance of claims against the ROC government), need attention, expect to recover, difficult to recover, and hopeless to recover, minimum provisions of 1%, 2%, 10%, 50%, and 100%, respectively, of the outstanding balance are made. In addition, the Bank recognizes provision of at least 1.5% of normal credit assets in mainland China (including short-term advances for trade finance) and loans for the purchase and repair of residential property and construction loans.

In addition to valuating the impairment loss of receivables and recognizing allowance or bad debts under IFRS 9, China Bills Finance Corporation (CBF) will evaluate impairment loss under the "Regulations Governing the Procedures for Bills Finance Companies to Evaluate Assets, Set Aside Loss Reserves, and Handle Non-Performing Credit, Non-Accrual Loans, and Bad Debt" issued by the authorities and recognize the higher of allowance of and bad debts between the above regulations and IFRS 9.

The Group writes off credits deemed uncollectable after the write-off is proposed and approved by the board of directors.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Estimated Impairment of Loans and Financial Guarantee Contract

The impairment of loans and financial guarantee contracts is based on assumptions about the risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs of the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand and petty cash	$ 80,610	$ 70,930	$ 94,091
Checking for clearing	1,661,972	451,158	35,248
Due from banks	9,257,613	9,099,651	6,566,676
	$ 11,000,195	$ 9,621,739	$ 6,696,015

The cash and cash equivalents of the consolidated cash flows and the related adjustments of the consolidated balance sheets as of December 31, 2020 are as follows. For the adjustments as of June 30, 2021 and 2020, refer to the statements of cash flows.

	December 31, 2020
Cash and cash equivalents in the consolidated balance sheets	$ 9,621,739
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	7,283,905
Cash and cash equivalents in the consolidated statements of cash flows	$ 16,905,644

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

	June 30, 2021	December 31, 2020	June 30, 2020
Reserves for deposits - Type A	$ 1,664,498	$ 4,091,431	$ 5,924,327
Reserves for deposits - Type B	5,420,669	5,521,144	5,188,322
Reserves for deposits - Financial	800,828	1,200,031	506,573
Call loans to banks	5,567,461	7,283,905	10,813,294
Others	27,870	28,508	29,660
	$ 13,481,326	$ 18,125,019	$ 22,462,176

Under a directive issued by the Central Bank, deposit reserves are determined monthly at prescribed rates on average balances of customers' deposits. Type B deposit reserves are subject to withdrawal restrictions.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets mandatorily classified as at FVTPL			
Hybrid financial assets			
Convertible bond - domestic (include assets swap contracts)	$ 9,211,774	$ 9,793,156	$ 11,454,623
Structured debt	562,250	577,236	597,001
	9,774,024	10,370,392	12,051,624
Derivative financial instruments			
Currency swap contracts	228,306	269,278	208,507
Forward contracts	22,155	30,816	16,391
Currency option contracts-call	18,223	8,028	20,649
Interest rate swap contracts	6,509	8,324	12,800
	275,193	316,446	258,347
Non-derivative financial assets			
Bills	93,766,610	106,494,789	100,518,026
Negotiable certificates of deposit	46,288,788	44,080,443	44,779,759
Stocks and beneficiary certificates	1,368,948	1,232,626	951,648
Government bonds	-	-	99,253
	141,424,346	151,807,858	146,348,686
	$ 151,473,563	$ 162,494,696	$ 158,658,657
Held-for-trading financial liabilities			
Derivative financial instruments			
Currency swap contracts	$ 345,742	$ 682,233	$ 310,465
Forward contracts	24,480	42,719	15,925
Interest rate swap contracts	11,916	18,334	33,596
Currency option contracts-put	19,480	8,030	19,690
Others	45,486	37,022	5,367
	447,104	788,338	385,043
Non-derivative financial liabilities			
Commercial paper contracts	639	1,960	9,259
	$ 447,743	$ 790,298	$ 394,302

The Group engages in derivative transactions, including forward contracts, currency swap contracts and currency option contracts, mainly for accommodating customers' needs and managing the exposure positions. As for the engagement in interest rate swap contracts, its purpose is to hedge risk of cash flow and risk of market value caused by the change of interest rates or exchange rates. The Group strategy is to hedge most of the market risk exposures using hedging instruments with market value changes that have a high negative correlation with the changes in the market of the exposures being hedged.

The contract amounts (or notional amounts) of outstanding derivative transactions as of June 30, 2021, December 31, 2020 and June 30, 2020 as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Interest rate swap contracts	$ 12,328,849	$ 13,219,615	$ 17,939,114
Currency swap contracts	69,346,741	58,701,818	76,067,172
Forward contracts	6,054,362	5,899,199	4,630,092
Currency option contracts			
Buy	1,267,679	368,196	1,355,767
Sell	1,375,114	368,196	846,161
Promised purchase contracts	13,750,000	12,800,000	9,450,000

As of June 30, 2021, December 31, 2020 and June 30, 2020, financial assets at fair value through profit and loss under agreement to repurchase were in the amount of $66,348,100 thousand, $73,379,700 thousand and $56,755,614 thousand, respectively.

Refer to Note 42 for information relating to financial assets at fair value through profit or loss pledged as security.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2021	December 31, 2020	June 30, 2020
Investments in equity instruments at FVTOCI	$ 6,906,308	$ 6,118,890	$ 4,857,373
Investments in debt instruments at FVTOCI			
Government bonds	21,090,664	20,713,254	25,412,082
Bank debentures	36,225,506	38,028,140	37,411,256
Corporate bonds	73,668,772	74,779,579	64,658,174
Overseas government bonds	2,654,026	2,199,467	977,678
Mortgage backed securities	2,368,550	885,917	1,836,963
Commercial papers	7,621,632	-	-
Negotiable certificates of deposit	25,011,670	29,783,988	27,643,162
	$ 175,547,128	$ 172,509,235	$ 162,796,688

a. Investments in equity instruments at FVTOCI

These investments in listed and emerging stocks are not held for trading. Instead, they are 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.

The Group disposed stock classified as at FVTOCI for invested management purpose for the six months end June 30, 2021 and 2020. The fair value of stocks classified as at FVTOCI which had to be disposed of were $1,016,301 thousand and $1,181,267 thousand and the accumulated loss and gain related to the sold assets of $115,730 thousand gain and $32,789 thousand loss, respectively, were transferred from other equity-unrealized valuation gain or loss on financial assets at FVTOCI to retained earnings.

Dividends income from FVTOCI of $23,906 thousand and $22,069 thousand were recognized in profit or loss for the six months ended June 30, 2021 and 2020. The dividends related to investments held at the end of the reporting period were $23,906 thousand and $22,069 thousand, respectively.

b. Investments in debt instruments at FVTOCI

1) Refer to Note 42 for information relating to investments in debt instruments at FVTOCI pledged as security.

2) Refer to Note 46 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

3) Investments in debt instruments at FVTOCI under agreement to repurchase were in the face amount of $95,134,267 thousand, $98,234,855 thousand and $93,134,752 thousand, as of on June 30, 2021, December 31, 2020 and June 30, 2020, respectively.

10. BILLS AND BONDS PURCHASED UNDER RESELL AGREEMENTS

The Group's bills and bonds purchased under resale agreements are all government bonds. As of June 30, 2021, December 31, 2020 and June 30, 2020, the bonds purchased under agreements to resell were in the amount of $6,935,979 thousand, $4,734,256 thousand and $4,011,502 thousand, respectively. As of June 30, 2021, December 31, 2020 and June 30, 2020, bonds purchased under agreements to resell were sold under agreements to repurchase in the face amount of $6,447,100 thousand, $4,726,100 thousand and $4,010,000 thousand, respectively.

11. RECEIVABLES, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Lease payment receivable	$ 15,139,161	$ 12,727,198	$ 10,783,391
Factored receivable	1,271,695	869,297	1,502,485
Interests receivable	970,202	1,098,072	1,660,387
Accounts receivable	1,136,212	1,077,159	844,857
Investment settlements receivable	204,380	92,502	775,253
Acceptances receivable	63,305	43,447	154,920
Settlement accounts receivable - trusteeship	66,233	82,227	87,033
Others	168,515	101,479	230,261
	19,019,703	16,091,381	16,038,587
Less: Unrealized interest revenue	855,621	707,317	536,069
Allowance for possible losses	443,116	431,205	439,475
Receivables, net	$ 17,720,966	$ 14,952,859	$ 15,063,043

The changes in gross carrying amount on receivables (less unrealized interest revenue) for the six months ended June 30, 2021 and 2020 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	$ 15,070,846	$ 86,938	$ 226,280	$ 15,384,064
Transfers				
To 12-month ECLs	125	(124)	(1)	-
To lifetime ECLs	(54,998)	54,998	-	-
To credit-impaired financial assets	(193)	(24,941)	25,134	-
New financial assets purchased	10,343,706	4,538	1,510	10,349,754
Derecognition of financial assets in the reporting period	(7,352,931)	(19,329)	(35,859)	(7,408,119)
Write-offs	-	-	(15,236)	(15,236)
Exchange rate or other changes	(142,003)	(2,151)	(2,227)	(146,381)
Balance at June 30, 2021	$ 17,864,552	$ 99,929	$ 199,601	$ 18,164,082
Balance at January 1, 2020	$ 16,348,342	$ 190,010	$ 425,106	$ 16,963,458
Transfers				
To 12-month ECLs	7,947	(7,933)	(14)	-
To lifetime ECLs	(69,594)	69,594	-	-
To credit-impaired financial assets	(19,966)	(31,908)	51,874	-
New financial assets purchased	7,385,017	2,210	571	7,387,798
Derecognition of financial assets in the reporting period	(8,317,931)	(140,917)	(73,878)	(8,532,726)
Write-offs	-	-	(44,898)	(44,898)
Exchange rate or other changes	(263,098)	(2,507)	(5,509)	(271,114)
Balance at June 30, 2020	$ 15,070,717	$ 78,549	$ 353,252	$ 15,502,518

Rental equipment is held as collateral for the lease payments receivables. The Group is not allowed to sell or re-pledge the collateral if the lessee has no arrears.

The Group provides an appropriate allowance for doubtful debts for the assessment of receivables. Refer to Note 13 for the details and changes in the allowance for doubtful debts of receivables.

Refer to Note 46 for the impairment loss analysis of receivables.

12. DISCOUNTS AND LOANS, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Short-term	$ 64,319,236	$ 55,209,054	$ 58,556,659
Medium-term	84,973,633	102,429,234	109,176,911
Long-term	26,983,986	27,583,799	27,613,785
Accounts receivables financing	102,969	102,706	251,090
Export bill negotiated	58,469	1,222	-
Guaranteed overdraft	153,208	142,971	73,776
Overdue loans	672,214	704,710	1,281,397
	177,263,715	186,173,696	196,953,618
Less: Allowance for credit losses	2,529,195	2,462,723	2,721,749
	$ 174,734,520	$ 183,710,973	$ 194,231,869

The changes in gross carrying amount on discount and loans for the six months ended June 30, 2021 and 2020 were as follows:

	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Total
Balance at January 1, 2021	$ 167,034,025	$ 17,442,689	$ 1,696,982	$ 186,173,696
Transfers				
To 12-month ECLs	238,140	(234,746)	(3,394)	-
To lifetime ECLs	(357,247)	357,247	-	-
To credit-impaired financial assets	(49,379)	(12,092)	61,471	-
New financial assets purchased or originated	65,473,994	7,301,393	225,014	73,000,401
Derecognition of financial assets in the reporting period	(70,499,285)	(10,043,814)	(434,863)	(80,977,962)
Write-offs	-	-	(52,517)	(52,517)
Exchange rate or other changes	(773,509)	(98,509)	(7,885)	(879,903)
Balance at June 30, 2021	$ 161,066,739	$ 14,712,168	$ 1,484,808	$ 177,263,715
Balance at January 1, 2020	$ 177,477,719	$ 16,398,011	$ 3,082,728	$ 196,958,458
Transfers				
To 12-month ECLs	315,336	(300,298)	(15,038)	-
To lifetime ECLs	(514,508)	514,508	-	-
To credit-impaired financial assets	(53,236)	(2,860)	56,096	-
New financial assets purchased or originated	71,742,835	6,837,720	228,975	78,809,530
Derecognition of financial assets in the reporting period	(69,765,832)	(7,631,810)	(541,312)	(77,938,954)
Write-offs	-	-	(314,410)	(314,410)
Exchange rate or other changes	(586,845)	(77,486)	103,325	(561,006)
Balance at June 30, 2020	$ 178,615,469	$ 15,737,785	$ 2,600,364	$ 196,953,618

The balance of the overdue loans of the Group as of June 30, 2021, December 31, 2020 and June 30, 2020 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $11,629 thousand and $27,335 thousand for the six months ended June 30, 2021 and 2020, respectively. For the six months ended June 30, 2021 and 2020, the Group wrote off credits only upon completing the required legal procedures.

Refer to Note 42 for information relating to discounts and loan assets pledged as security.

The Group provides an appropriate allowance for doubtful debts based on the assessment of discounts and loans. Refer to Note 13 for the details and changes in the allowance for doubtful debts of discounts and loans.

Refer to Note 46 for the impairment loss analysis of discounts and loans.

13. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The change in allowance for credit loss and provisions for the six months ended June 30, 2021 and 2020 were as follows:

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2021	$ 220,734	$ 25,785	$ 175,691	$ 422,210	$ 8,995	$ 431,205
Transfers						
To 12-month ECLs	-	-	-	-	-	-
To lifetime ECLs	(8,436)	8,436	-	-	-	-
To credit-impaired financial assets	(117)	(9,532)	9,649	-	-	-
New financial assets purchased or originated	22,322	1,587	1,486	25,395	-	25,395
Derecognition of financial assets in the reporting period	(2,492)	(61)	(10,712)	(13,265)	-	(13,265)
Change in model or risk parameters	134	(9)	(3)	122	-	122
Difference between IFRS 9 and local requirements	-	-	-	-	4,496	4,496
Write-offs	-	-	(15,236)	(15,236)	-	(15,236)
Withdrawal after write-offs	-	-	14,682	14,682	-	14,682
Exchange rate or other changes	(1,913)	(243)	(2,092)	(4,248)	(35)	(4,283)
Balance at June 30, 2021	$ 230,232	$ 25,963	$ 173,465	$ 429,660	$ 13,456	$ 443,116

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2021	$ 530,975	$ 194,967	$ 352,887	$ 1,078,829	$ 1,383,894	$ 2,462,723
Transfers						
To 12-month ECLs	328	(325)	(3)	-	-	-
To lifetime ECLs	(3,074)	3,074	-	-	-	-
To credit-impaired financial assets	(27,099)	(6,168)	33,267	-	-	-
New financial assets purchased or originated	109,121	26,854	196,348	332,323	-	332,323
Derecognition of financial assets in the reporting period	(200,154)	(46,475)	(178,090)	(424,719)	-	(424,719)
Change in model or risk parameters	(28,236)	138	75,894	47,796	-	47,796
Difference between IFRS 9 and local requirements	-	-	-	-	171,156	171,156
Write-offs	-	-	(52,517)	(52,517)	-	(52,517)
Withdrawal after write-offs	-	-	12,523	12,523	-	12,523
Exchange rate or other changes	(3,020)	(2,377)	(44)	(5,441)	(14,649)	(20,090)
Balance at June 30, 2021	$ 378,841	$ 169,688	$ 440,265	$ 988,794	$ 1,540,401	$ 2,529,195

Reserve for Losses on Guarantees and Financing Quota Preparation	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2021	$ 131,948	$ 21,026	$ -	$ 152,974	$ 1,686,303	$ 1,839,277
Transfers						
To 12-month ECLs	6	(6)	-	-	-	-
To credit-impaired financial assets	-	-	-	-	-	-
New financial assets purchased or originated	65,879	23,477	-	89,356	-	89,356
Derecognition of financial assets in the reporting period	(83,511)	(4,643)	-	(88,154)	-	(88,154)
Change in model or risk parameters	(7,256)	1,791	-	(5,465)	-	(5,465)
Difference between IFRS 9 and local requirements	-	-	-	-	16,705	16,705
Withdrawal after write-offs	-	-	-	-	6,901	6,901
Exchange rate or other changes	(277)	(162)	-	(439)	74	(365)
Balance at June 30, 2021	$ 106,789	$ 41,483	$ -	$ 148,272	$ 1,709,983	$ 1,858,255

Allowance for Receivables	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2020	$ 196,173	$ 35,928	$ 226,869	$ 458,970	$ 21,314	$ 480,284
Transfers						
To 12-month ECLs	2,699	(2,693)	(6)	-	-	-
To lifetime ECLs	(7,495)	7,495	-	-	-	-
To credit-impaired financial assets	-	(20,181)	20,181	-	-	-
New financial assets purchased or originated	12,462	12,527	8,885	33,874	-	33,874
Derecognition of financial assets in the reporting period	(14,570)	(106)	(3,896)	(18,572)	-	(18,572)
Change in model or risk parameters	754	(6)	122	870	-	870
Difference between IFRS 9 and local requirements	-	-	-	-	(6,167)	(6,167)
Write-offs	-	-	(44,898)	(44,898)	-	(44,898)
Withdrawal after write-offs	-	-	4,037	4,037	-	4,037
Exchange rate or other changes	(3,905)	(866)	(5,115)	(9,886)	(67)	(9,953)
Balance at June 30, 2020	$ 186,118	$ 32,098	$ 206,179	$ 424,395	$ 15,080	$ 439,475

Allowance for Discounts and Loans	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2020	$ 265,977	$ 77,304	$ 403,522	$ 746,803	$ 1,965,426	$ 2,712,229
Transfers						
To 12-month ECLs	7,553	(1,127)	(6,426)	-	-	-
To lifetime ECLs	(689)	689	-	-	-	-
To credit-impaired financial assets	(173)	(914)	1,087	-	-	-
New financial assets purchased or originated	250,689	40,567	355,532	646,788	-	646,788
Derecognition of financial assets in the reporting period	(67,963)	(7,979)	(75,234)	(151,176)	-	(151,176)
Change in model or risk parameters	249,236	106,955	16,783	372,974	-	372,974
Difference between IFRS 9 and local requirements	-	-	-	-	(535,361)	(535,361)
Write-offs	-	-	(314,410)	(314,410)	-	(314,410)
Withdrawal after write-offs	-	-	3,284	3,284	-	3,284
Exchange rate or other changes	(1,846)	(648)	(2,424)	(4,918)	(7,661)	(12,579)
Balance at June 30, 2020	$ 702,784	$ 214,847	$ 381,714	$ 1,299,345	$ 1,422,404	$ 2,721,749

Reserve for Losses on Guarantees and Financing Quota Preparation	12-month ECLs	Lifetime ECLs	Lifetime ECLs (Credit-impaired Financial Assets)	Accumulated Amount under IFRS 9	Difference Between IFRS 9 and Local Requirements	Total
Balance at January 1, 2020	$ 75,284	$ 4,380	$ -	$ 79,664	$ 1,531,119	$ 1,610,783
Transfers						
To 12-month ECLs	-	-	-	-	-	-
To credit-impaired financial assets	(251)	251	-	-	-	-
New financial assets purchased or originated	90,366	10,557	-	100,923	-	100,923
Derecognition of financial assets in the reporting period	(30,300)	(2,267)	-	(32,567)	-	(32,567)
Change in model or risk parameters	17,484	1,126	-	18,610	-	18,610
Difference between IFRS 9 and local requirements	-	-	-	-	(1,831)	(1,831)
Withdrawal after write-offs	-	-	-	-	449	449
Exchange rate or other changes	(272)	(7)	-	(279)	32	(247)
Balance at June 30, 2020	$ 152,311	$ 14,040	$ -	$ 166,351	$ 1,529,769	$ 1,696,120

14. DISCONTINUED OPERATIONS

Chun Teng New Century Co., Ltd. (the former IBTS) decided to transfer operating rights and property of brokerage of securities to SinoPac Securities Corp. Ltd. approved by the temporary stockholders' meeting on May 25, 2016. The total transfer price was $390,000 thousand, and the business transfer date was set on September 26, 2016.

The subsidiary ended the securities business on September 23, 2016, and was dissolved and liquidated on November 11, 2016 which had been approved by the board of directors in their meeting on October 17, 2016.

From September 30, 2016, the self-operating and new financial assets business of the operating department of subsidiary had ended and conformed to the discontinued operations definition of IFRS 5. Hence, the consolidated financial report regarded the above operating department as discontinued operations.

The details and cash flows information of discontinued operations are exhibited below:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Interest revenue	$ 36	$ 388	$ 82	$ 1,500
Interest expenses	-	-	-	-
Net interest	36	388	82	1,500
Net revenue other than interest				
Gain (loss) on financial assets and liabilities measured at fair value through profit or loss	1,926	2,670	5,533	(2,266)
Foreign exchange gain, net	-	-	-	11
Other net revenue other than interest	(82)	(8)	29	(278)
Total net revenue other than interest	1,844	2,662	5,562	(2,533)
Net revenue	1,880	3,050	5,644	(1,033)
Operating expenses				
Employee benefits expenses	1,870	1,849	4,290	4,152
Depreciation and amortization expense	1,513	149	1,671	299
Other general and administrative expenses	968	2,181	2,806	4,333
Total operating expenses	4,351	4,179	8,767	8,784
Income tax expense	-	-	-	-
Loss from discontinued operations before elimination	(2,471)	(1,129)	(3,123)	(9,817)
Elimination of transactions with related parties	63	(175)	122	(575)
Loss from discontinued operations	$ (2,408)	$ (1,304)	$ (3,001)	$ (10,392)
Loss of discontinued operations attributable to:				
Owners of the Bank	$ (2,402)	$ (1,300)	$ (2,993)	$ (10,365)
Non-controlling interests	(6)	(4)	(8)	(27)
	$ (2,408)	$ (1,304)	$ (3,001)	$ (10,392)

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Cash outflow from:				
Net cash flows used in operating activities	$ (4,584)	$ (7,098)	$ (5,938)	$ (2,811)
Net cash flows generated from (used in) investing activities	36	37	39	(2)
Net cash flows used in financing activities	(1,406)	-	(1,406)	-
Effect of exchange rate changes on cash and cash equivalents	3,943	3,815	4,181	1,022
Net cash outflow	$ (2,011)	$ (3,246)	$ (3,124)	$ (1,791)

(Concluded)

15. SUBSIDIARIES

a. Subsidiary included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership June 30, 2021	% of Ownership December 31, 2020	% of Ownership June 30, 2020	Remark	Audited by CPA
The Bank	China Bills Finance Co. (CBF)	Bonds underwriting, dealing and brokerage of securities	28.37	28.37	28.37	Founded in 1978	Yes
	IBTH	Holding company	100.00	100.00	100.00	Founded in 2006 in California	Yes
	IBT Leasing	Leasing	100.00	100.00	100.00	Founded in 2011	Yes
	IBTM	Investment consulting	100.00	100.00	100.00	Founded in 2000	Yes
	Chun Teng New Century Co., Ltd. (former IBTS)	Investment (former Security Firm)	99.75	99.75	99.75	Founded in 1961 (dissolved on November 11, 2016 and still recognized using the equity method)	Yes
IBT Leasing	IBT International Leasing Corp.	Leasing	100.00	100.00	100.00	Founded in 2011 in mainland China (commonly held with IBT VII)	Yes
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	100.00	100.00	Founded in 2014	Yes
Chun Teng New Century Co., Ltd. (formerly IBTS)	IBTSH	Holding company	100.00	100.00	100.00	Founded in 2003 in the British Virgin Islands	Yes
IBTSH	IBTS HK	Investment	100.00	100.00	100.00	Founded in 2003 in Hong Kong	Yes
	IBTS Asia	Securities and investment	100.00	100.00	100.00	Founded in 2004 in Hong Kong	Yes
IBTH	EverTrust Bank	Banking	91.78	91.78	91.78	Founded in 1994 in California	Yes

b. Details of subsidiaries that have material non-controlling interests

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests June 30, 2021	December 31, 2020	June 30, 2020
CBF	Taipei	71.63%	71.63%	71.63%

The summarized financial information below represents amounts before intragroup eliminations:

	June 30, 2021	December 31, 2020	June 30, 2020
CBF			
Equity attributable to:			
Owners of CBF	$ 7,138,993	$ 7,219,701	$ 6,828,219
Non-controlling interests of CBF	18,025,951	18,229,741	17,241,250
	$ 25,164,944	$ 25,449,442	$ 24,069,469

	For the Six Months Ended June 30	
	2021	2020
Net revenue	$ 1,496,057	$ 1,174,633
Net profit from continuing operations	$ 989,098	$ 737,859
Other comprehensive income for the period	(106,653)	441,359
Total comprehensive income for the period	$ 882,445	$ 1,179,218
Profit attributable to:		
Owners of CBF	$ 280,595	$ 209,322
Non-controlling interests of CBF	708,503	528,537
	$ 989,098	$ 737,859
Total comprehensive income attributable to:		
Owners of CBF	$ 250,339	$ 334,530
Non-controlling interests of CBF	632,106	844,688
	$ 882,445	$ 1,179,218
Net cash inflow (outflow) from:		
Operating activities	$ (4,067,722)	$ (1,387,003)
Investing activities	(4,669)	(8,175)
Financing activities	4,108,215	1,398,242
Net cash inflow	$ 35,824	$ 3,064
Dividends paid to non-controlling interest CBF	$ -	$ -

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD, NET

Investments in Associates

	June 30, 2021	December 31, 2020	June 30, 2020
Associates - Beijing Sunshine Consumer Finance Co., Ltd.,	$ 743,968	$ 789,863	$ -

The investment in Beijing Sunshine Consumer Finance Co., Ltd., was jointly invested by the Bank, China Everbright Bank and China CYTS Tours Holding. The Bank's investment amounted to RMB200,000 thousand with the shareholding ratio of 20%, and Beijing Sunshine Consumer Finance Co., Ltd. has begun operation since August 17, 2020.

Refer to Table 5 "Name, locations and other information of investees on which the Group exercises significant influence" and Table 6 "Information on Investments in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associate.

17. OTHER FINANCIAL ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
Time deposits with original maturities more than 3 months	$ 49,860	$ 57,843	$ 77,235
Pledged time deposits	215,597	744,108	734,616
Compensation account for payment	16,218	15,500	20,251
Prepaid investment	-	-	863,564
Call loans to securities firms	557,401	-	593,204
Others	40,763	41,011	25,382
	$ 879,839	$ 858,462	$ 2,314,252

18. PROPERTY AND EQUIPMENT

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amounts of each class of			
Land	$ 781,970	$ 781,970	$ 781,970
Buildings	1,262,271	1,284,858	1,302,782
Machinery and computer equipment	299,991	326,010	330,635
Transportation equipment	27,361	31,574	32,988
Office and other equipment	59,337	65,234	72,488
Lease improvement	141,292	161,712	171,503
Construction in progress and prepayments for equipment	36,997	21,209	54,807
	$ 2,609,219	$ 2,672,567	$ 2,747,173

The movements of property and equipment for the six months ended June 30, 2021 and 2020 are summarized as follows:

	Freehold Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Lease Improvement	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2021	$ 781,970	$ 1,905,429	$ 842,003	$ 80,683	$ 282,030	$ 393,822	$ 21,209	$ 4,307,146
Additions	-	601	7,604	3,340	5,789	5,216	20,928	43,478
Disposals and scrapped	-	-	(12,017)	(6,042)	(2,103)	(829)	-	(20,991)
Reclassification	-	-	173	50	582	2,289	(5,036)	(1,942)
Effect of foreign currency exchange differences	-	-	(1,006)	(235)	(1,216)	(3,481)	(104)	(6,042)
Balance at June 30, 2021	$ 781,970	$ 1,906,030	$ 836,757	$ 77,796	$ 285,082	$ 397,017	$ 36,997	$ 4,321,649
Accumulated depreciation and impairment								
Balance at January 1, 2021	$ -	$ 620,571	$ 515,993	$ 49,109	$ 216,796	$ 232,110	$ -	$ 1,634,579
Disposals and scrapped	-	-	(11,649)	(4,108)	(1,993)	(829)	-	(18,579)
Depreciation expense	-	23,188	33,566	5,540	11,444	26,607	-	100,345
Reclassification	-	-	(429)	-	429	-	-	-
Effect of foreign currency exchange differences	-	-	(715)	(106)	(931)	(2,163)	-	(3,915)
Balance at June 30, 2021	$ -	$ 643,759	$ 536,766	$ 50,435	$ 225,745	$ 255,725	$ -	$ 1,712,430
Carrying amounts								
Balance at June 30, 2021	$ 781,970	$ 1,262,271	$ 299,991	$ 27,361	$ 59,337	$ 141,292	$ 36,997	$ 2,609,219
Cost								
Balance at January 1, 2020	$ 781,970	$ 1,898,849	$ 809,120	$ 78,739	$ 280,283	$ 373,783	$ 91,330	$ 4,314,074
Additions	-	1,362	10,907	3,065	1,324	2,412	17,904	36,974
Disposals and scrapped	-	-	(10,384)	(2,371)	(37)	-	-	(12,792)
Reclassification	-	-	5,887	-	38	7,459	(54,374)	(40,990)
Effect of foreign currency exchange differences	-	-	(1,420)	(352)	(828)	(2,406)	(53)	(5,059)
Balance at June 30, 2020	$ 781,970	$ 1,900,211	$ 814,110	$ 79,081	$ 280,780	$ 381,248	$ 54,807	$ 4,292,207
Accumulated depreciation and impairment								
Balance at January 1, 2020	$ -	$ 574,367	$ 459,515	$ 42,797	$ 196,897	$ 186,304	$ -	$ 1,459,880
Disposals and scrapped	-	-	(9,985)	(2,084)	(31)	-	-	(12,100)
Depreciation expense	-	23,062	34,949	5,523	12,032	25,395	-	100,961
Reclassification	-	-	-	-	-	(733)	-	(733)
Effect of foreign currency exchange differences	-	-	(1,004)	(143)	(606)	(1,221)	-	(2,974)
Balance at June 30, 2020	$ -	$ 597,429	$ 483,475	$ 46,093	$ 208,292	$ 209,745	$ -	$ 1,545,034
Carrying amounts								
Balance at June 30, 2020	$ 781,970	$ 1,302,782	$ 330,635	$ 32,988	$ 72,488	$ 171,503	$ 54,807	$ 2,747,173

(Concluded)

The above items of property and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	5-55 years
Machinery and computer equipment	3-25 years
Transportation equipment	3-5 years
Office and other equipment	3-15 years
Lease improvement	5-8 years

19. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amounts			
Buildings	$ 364,552	$ 418,692	$ 448,190
Transportation equipment	13,771	8,369	7,582
Office equipment	1,938	2,617	3,353
	$ 380,261	$ 429,678	$ 459,125

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Additions to right-of-use assets	$ 26,713	$ 32,878	$ 27,283	$ 50,295
Depreciation charge for right-of-use assets				
Buildings	$ 35,165	$ 35,985	$ 71,489	$ 72,923
Transportation equipment	2,646	1,829	4,725	3,704
Office equipment	321	506	646	506
	$ 38,132	$ 38,320	$ 76,860	$ 77,133

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets during the six months ended June 30, 2021 and 2020.

b. Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amounts	$ 397,628	$ 444,659	$ 475,749

Range of discount rates for lease liabilities was as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Buildings	0.44%-5.70%	0.44%-5.70%	0.44%-5.70%
Transportation equipment	2.04%-6.00%	2.28%-6.00%	2.28%-6.00%
Office equipment	1.71%-2.76%	1.71%-2.76%	1.71%-2.76%

c. Material lease-in activities

Due to the rental of buildings, the Group had entered into various leasehold contracts with others, respectively. These contracts are gradually expiring before the end of October 2028.

As of June 30, 2021, December 31, 2020 and June 30, 2020, refundable deposits paid under operating lease amounted to $35,093 thousand and $37,809 thousand and $29,824 thousand.

d. Other lease information

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Expenses relating to short-term leases	$ 5,330	$ 1,227	$ 10,565	$ 6,524
Expenses relating to low-value asset leases	$ 536	$ 806	$ 1,237	$ 1,420
Total cash outflow for leases			$ (98,812)	$ (95,253)

20. INTANGIBLE ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amounts of each class of			
Computer software	$ 987,830	$ 1,124,681	$ 1,134,159
Goodwill	1,058,543	1,082,563	1,125,911
Others	-	-	12
	$ 2,046,373	$ 2,207,244	$ 2,260,082

The changes in of intangible assets for the six months ended June 30, 2021 and 2020 are summarized as follows:

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2021	$ 2,376,821	$ 1,082,563	$ 6,960	$ 3,466,344
Additions	4,902	-	-	4,902
Reclassification	2,592	-	-	2,592
Effect of foreign currency exchange differences	(2,040)	(24,020)	(156)	(26,216)
Balance at June 30, 2021	$ 2,382,275	$ 1,058,543	$ 6,804	$ 3,447,622
Accumulated amortization and impairment				
Balance at January 1, 2021	$ 1,252,140	$ -	$ 6,960	$ 1,259,100
Amortization	143,055	-	-	143,055
Reclassification	650	-	-	650
Effect of foreign currency exchange differences	(1,400)	-	(156)	(1,556)
Balance at June 30, 2021	$ 1,394,445	$ -	$ 6,804	$ 1,401,249
Carrying amounts				
Balance at June 30, 2021	$ 987,830	$ 1,058,543	$ -	$ 2,046,373

(Continued)

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2020	$ 2,157,522	$ 1,142,865	$ 7,351	$ 3,307,738
Additions	50,307	-	-	50,307
Reclassification	40,979	-	-	40,979
Effect of foreign currency exchange differences	(1,086)	(16,954)	(110)	(18,150)
Balance at June 30, 2020	$ 2,247,722	$ 1,125,911	$ 7,241	$ 3,380,874
Accumulated amortization and impairment				
Balance at January 1, 2020	$ 981,402	$ -	$ 6,789	$ 988,191
Amortization	133,030	-	549	133,579
Effect of foreign currency exchange differences	(869)	-	(109)	(978)
Balance at June 30, 2020	$ 1,113,563	$ -	$ 7,229	$ 1,120,792
Carrying amounts				
Balance at June 30, 2020	$ 1,134,159	$ 1,125,911	$ 12	$ 2,260,082

(Concluded)

The goodwill was recognized from IBT Holding Corp.'s purchase of 100% of the stocks of Ever Trust Bank on March 30, 2007. The investment cost exceeded the fair value of net identifiable assets.

When the Group executes the goodwill impairment test, Ever Trust Bank was used as a cash-generating unit, and the recoverable amount is assessed by the value in use of the cash-generating unit. The key assumptions base the expected future cash flows on the actual profit conditions of the cash-generating units. On the assumption of sustainable operations, the Group discounts the net cash flows from those of the operations of the cash-generating units in the next five years in order to calculate the value in use. Under the estimation of the Group, there is no occurrence of impairment.

The computer software and other intangible assets are amortized on a straight-line basis of 3 and 15 years, respectively.

21. OTHER ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
Refundable deposits	$ 709,083	$ 462,289	$ 232,759
Life insurance cash surrender value	321,114	327,517	337,957
Prepayment	131,044	84,754	120,785
Others	183,113	175,638	186,086
	$ 1,344,354	$ 1,050,198	$ 877,587

22. DUE TO THE CENTRAL BANK AND OTHER BANKS

	June 30, 2021	December 31, 2020	June 30, 2020
Due to other banks	$ 18,015,495	$ 18,628,924	$ 42,083,733
Deposits from Chunghwa Post Co., Ltd.	7,000,000	7,000,000	7,000,000
Call loans from the Central Bank	2,787,003	2,850,831	2,966,020
	$ 27,802,498	$ 28,479,755	$ 52,049,753

23. BILLS AND BONDS SOLD UNDER REPURCHASE AGREEMENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Bills	$ 66,307,625	$ 73,092,529	$ 55,818,402
Government bonds	27,268,444	24,707,835	27,529,044
Corporate bonds	57,757,817	62,377,074	55,611,611
Bank debentures	21,323,364	20,988,388	19,330,030
	$ 172,657,250	$ 181,165,826	$ 158,289,087
Date of agreement to repurchase	April 2022	December 2021	June 2021
Amount of agreement to repurchase	$ 172,710,737	$ 181,233,857	$ 158,384,172

24. PAYABLES

	June 30, 2021	December 31, 2020	June 30, 2020
Investment settlements payable	$ 568,623	$ 202,014	$ 859,401
Settlement accounts payable - trusteeship	66,242	82,226	86,899
Dividends payable	1,510,005	-	1,785,464
Acceptances	63,305	43,447	154,920
Accrued interest	491,519	545,613	671,792
Accrued expenses	936,216	1,020,850	638,394
Collections payable	83,318	95,555	97,967
Factored payables	334,103	79,059	119,936
Checks clearing payables	1,661,972	451,158	35,248
Others	206,962	220,720	298,137
	$ 5,922,265	$ 2,740,642	$ 4,748,158

25. DEPOSITS AND REMITTANCES

	June 30, 2021	December 31, 2020	June 30, 2020
Deposits			
Checking	$ 7,848,674	$ 6,534,134	$ 4,149,161
Demand	62,150,267	51,119,498	42,860,145
Time	169,136,555	193,289,924	209,495,620
Savings deposits	19,003,660	16,729,084	15,752,474
Export remittances	58,042	47,032	20,813
	$ 258,197,198	$ 267,719,672	$ 272,278,213

26. BANK DEBENTURES PAYABLE

	June 30, 2021	December 31, 2020	June 30, 2020
Subordinate bonds first issued in 2014; fixed 1.95% interest rate; maturity: March 27, 2021; interest paid annually and repayment of the principal at maturity	$ -	$ 1,300,000	$ 1,300,000
Subordinate bonds second issued in 2014; fixed 1.85% interest rate; maturity: June 26, 2021; interest paid annually and repayment of the principal at maturity	-	1,000,000	1,000,000
Subordinate bonds third issued in 2014; fixed 1.95% interest rate; maturity: September 26, 2021; interest paid annually and repayment of the principal at maturity	600,000	600,000	600,000
Subordinate bonds forth issued in 2014; fixed 2.20% interest rate; maturity: May 5, 2022; interest paid annually and repayment of the principal at maturity	1,500,000	1,500,000	1,500,000
Subordinate bonds first issued in 2015; fixed 1.85% interest rate; maturity: December 29, 2022; interest paid annually and repayment of the principal at maturity	1,000,000	1,000,000	1,000,000
Subordinate bonds type A first issued in 2016; fixed 1.70% interest rate; maturity: June 29, 2023; interest paid annually and repayment of the principal at maturity	1,500,000	1,500,000	1,500,000
Subordinate bonds type B first issued in 2016; fixed 1.80% interest rate; maturity: June 29, 2024; interest paid annually and repayment of the principal at maturity	1,500,000	1,500,000	1,500,000
Subordinate bonds first issued in 2017; fixed 1.97% interest rate; maturity: September 5, 2027; interest paid annually and repayment of the principal at maturity	2,000,000	2,000,000	2,000,000
Subordinate bonds type A second issued in 2017; fixed 4% interest rate; no maturity, interest paid annually	750,000	750,000	750,000

(Continued)

	June 30, 2021	December 31, 2020	June 30, 2020
Subordinate bonds type B second issued in 2017; fixed 1.82% interest rate; maturity: December 27, 2027; interest paid annually and repayment of the principal at maturity	$ 1,000,000	$ 1,000,000	$ 1,000,000
Subordinate bonds type A first issued in 2018; fixed 4% interest rate; no maturity, interest paid annually	700,000	700,000	700,000
Subordinate bonds type B first issued in 2018; fixed 1.75% interest rate; maturity: June 29, 2028; interest paid annually and repayment of the principal at maturity	1,050,000	1,050,000	1,050,000
Subordinate bonds first issued in 2019; fixed 1.5% interest rate; maturity: June 6, 2026; interest paid annually and repayment of the principal at maturity	2,500,000	2,500,000	2,500,000
Subordinate bonds first issued in 2021; fixed 0.9% interest rate; maturity: June 25, 2028; interest paid annually and repayment of the principal at maturity	1,000,000	-	-
	$ 15,100,000	$ 16,400,000	$ 16,400,000

(Concluded)

27. OTHER FINANCIAL LIABILITIES

	June 30, 2021	December 31, 2020	June 30, 2020
Bank borrowings	$ 11,488,008	$ 9,993,528	$ 8,998,434
Commercial papers payable	5,449,371	5,261,227	1,959,758
Structured products	153,258	25,939	187,741
Funds obtained from the government - intended for specific types of loans	2,606,786	2,822,069	2,634,525
	$ 19,697,423	$ 18,102,763	$ 13,780,458

a. Bank borrowings

	June 30, 2021	December 31, 2020	June 30, 2020
Short-term borrowings	$ 5,119,121	$ 4,971,524	$ 6,102,934
Long-term borrowings	6,368,887	5,022,004	2,895,500
	$ 11,488,008	$ 9,993,528	$ 8,998,434
Interest rate interval			
New Taiwan dollars	1.00%-1.35%	1.00%-1.60%	1.00%-1.25%
U.S. dollars	0.95%-1.79%	0.95%-1.93%	0.95%-2.62%
Renminbi	4.52%-5.50%	4.69%-5.50%	4.69%-5.70%

b. Commercial papers payable

	June 30, 2021	December 31, 2020	June 30, 2020
Commercial papers payable	$ 5,450,000	$ 5,262,000	$ 1,960,000
Less: Unamortized discount	(629)	(773)	(242)
	$ 5,449,371	$ 5,261,227	$ 1,959,758
Interest rate interval	0.21%-1.14%	0.27%-1.14%	0.44%-1.15%

c. Funds obtained from the government - intended for specific types of loans

	June 30, 2021	December 31, 2020	June 30, 2020
Funds obtained from the government - intended for specific types of loans	$ 2,606,786	$ 2,822,069	$ 2,634,525

The Lending Fund is a development fund established by the Executive Yuan to promote the development of the financial market economy. The Bank applied for the quota and appointed Export-Import Bank of the Republic of China, China Trust Commercial Bank, and Taiwan Enterprise Bank to act as the managing bank wherein the loan quota is available for use.

28. PROVISIONS

	June 30, 2021	December 31, 2020	June 30, 2020
Provisions for employee benefits	$ 247,792	$ 262,735	$ 295,404
Provisions for losses on guarantees contracts	1,766,534	1,747,556	1,614,894
Provision for losses on financing commitment	91,721	91,721	81,226
	$ 2,106,047	$ 2,102,012	$ 1,991,524

Refer to Note 13 for the details and changes in the provision for losses on guarantees and financing commitment.

29. RETIREMENT BENEFIT PLANS

Defined Contribution Plan

The pension system under the "Labor Pensions Ordinance" applicable to the Bank and its subsidiaries is the required retirement plan stipulated by the government, except that of Ever Trust Bank which is not more than 10% of the annual salary of the respective employees. A pension of 6% of an employee's monthly salary is paid to the Labor Insurance Bureau under each individual's account.

The amount to be paid in accordance with the percentage specified in the proposed plan for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020 was recognized in the consolidated statements of comprehensive income in the total amounts of $16,851 thousand, $17,975 thousand, $34,373 thousand and $37,026 thousand, respectively.

Defined Benefit Plan

The retirement expense recognized under defined benefit plans for the three months ended June 30, 2021 and 2020 and the six months ended June 30, 2021 and 2020 were calculated using the respective 2020 and 2019 annually determined discount rates as of December 31, 2020 and 2019 and amounted to $2,920 thousand, $1,876 thousand, $5,674 thousand and $3,767 thousand, respectively.

30. OTHER LIABILITIES

	June 30, 2021	December 31, 2020	June 30, 2020
Guarantee deposits received	$ 2,037,945	$ 1,929,469	$ 1,675,523
Advance receipts	55,508	47,999	26,477
Payable for custody	16,078	39,403	32,407
Others	348,549	232,684	528,921
	$ 2,458,080	$ 2,249,555	$ 2,263,328

31. EQUITY

a. Capital stock

	June 30, 2021	December 31, 2020	June 30, 2020
Number of stock authorized (in thousands)	3,500,000	3,500,000	3,500,000
Amount of capital stock authorized	$ 35,000,000	$ 35,000,000	$ 35,000,000
Number of stocks issued and fully paid (in thousands)			
Common stock	2,733,006	2,733,006	2,413,006
Preferred stock	300,000	300,000	300,000
Amount of stocks issued	$ 30,330,063	$ 30,330,063	$ 27,130,063

Fully paid common stock, which have a par value of $10, carry one vote per share and carry a right to dividends.

The Bank's board of directors resolved to issue 300,000 thousand Series A preferred stock, with a par value of $10 on June 27, 2018. The subscription date was November 29, 2018. The registration was finished on December 21, 2018. The rights and obligations of Series A preferred stockholders are as follows:

1) The interest rate of Series A preferred stock shall be based on the 5-year Interest Rate Swap (IRS) rate on the pricing date and the interest shall be calculated on the issue price per share; the interest rate is initially set at 0.94375% plus 3.30625% (total 4.25%) per annum. The interest Rate Swap issued price per share. Interest rate per annum will be reset on the day after the 5.5-year anniversary of the issue date and the day after each subsequent period of 5.5 years thereafter. Dividends for the Series A preferred stock shall be declared once every year in cash. After the stockholders' approval of the Bank's financial statements at its annual stockholders' meeting, the board of directors may set a record date for the distribution of dividends declared from the previous year. Dividend distribution for the years of issuance and redemption shall be calculated pursuant to actual issued days of the given year.

2) The Bank has sole discretion on dividend issuance of Series A preferred stock including, but not limited to, its discretion to not declare dividends when no profit is recorded, or insufficient profit is recorded for preferred stock dividends, or preferred stock dividend declaration would render the Bank of International Settlement (BIS) ratio below the level required by the law or relevant authorities, or due other necessary consideration. The Series A preferred stockholders shall not have any objection towards the Bank's cancellation of preferred stock dividend declaration. Undeclared or under declared dividends are not cumulative and are not paid in subsequent years with profit.

3) Unless the authorities take over the Bank, order the Bank to suspend, terminate or liquidate its business in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks", Series A preferred stockholders shall have the same priority as the common stockholders in the event of liquidation, both second to tier 2 capital instrument holder, depositor, and common creditor, but will be capped at the value of issuance.

4) Series A preferred stockholders have no voting rights at the annual stockholders' meeting and cannot elect directors. However, the preferred stockholders should have voting rights at the preferred stockholders' meeting and also at the stockholders' meeting when it involves the rights and obligations of the preferred stockholders, and the aforesaid stockholders are eligible for director candidacy. Series A preferred stockholders have voting rights at Series A stockholders' meeting.

5) The preferred stock issued by the Bank shall not be converted within one year from the date of issuance. Starting from the day after the expiration of one year, stockholders of convertible preferred stock may apply for the conversion of part or all of the preferred stock held, from preferred stock to common stock during the conversion period (conversion ratio 1:1). After the convertible preferred stock are converted into common stock, their rights and obligations are the same as the common stock. The issuance of annual dividends for the convertible preferred stock is based on the ratio of the actual number of issued days in the current year to the number of days within the whole year. However, stockholders who converted their preferred stock into common stock before the date of distribution of dividends (interests) in each year shall not participate in the distribution in that year but may participate in the distribution of common stock surplus and additional paid in capital.

6) When the Bank issues new shares for cash, Series A preferred stockholders have the same subscription rights as the common stockholders.

On July 7, 2020, the Bank's board of directors resolved to issue 320,000 thousand common shares with a par value of $10, for a consideration of $6.35 per share, which increased the share capital issued and fully paid to $30,330,063 thousand. The above transaction was approved by the FSC and the Ministry of Economic Affairs (MOEA).

b. Capital surplus

	June 30, 2021	December 31, 2020	June 30, 2020
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note)			
Treasury share transactions	$ 3,193	$ 3,193	$ 3,193
Stock-based payments	-	-	4,537
Must be used to offset a deficit			
Unclaimed dividends	1,349	978	985
May not be used for any purpose			
Share of changes in capital surplus of associates or joint ventures	2,201	1,795	1,859
	$ 6,743	$ 5,966	$ 10,574

Note: 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 capital stock (limited to a certain percentage of the Bank's capital surplus and once a year).

c. Special reserves

	June 30, 2021	December 31, 2020	June 30, 2020
Trading loss and default loss reserve	$ 133,955	$ 133,955	$ 133,955
Employee transfer or placement expenditure arising from financial technology development	15,902	17,181	17,181
Other equity deductions special reserves	-	67,477	67,477
According to the Bank's policy	647,926	1,177,740	1,177,740
	$ 797,783	$ 1,396,353	$ 1,396,353

The Bank reclassified reserve for trading loss and default losses as of December 31, 2010 to a special reserve account, which is part of equity, in accordance with Order No. 10010000440 issued by the FSC.

In addition, according to Rule No. 10510001510 issued by the FSC on May 25, 2016, a public bank shall appropriate to special reserve an amount in the range of 0.5% to 1% of net profit after tax from 2016 to 2018; from 2017, the same amount of employee transfer or placement expenditure arising from financial technology development shall be reversed from the balance of the special reserve. The above order was repealed by the FSC Rule No. 10802714560 on May 15, 2019, which stipulates that in 2019, a public bank shall no longer continue to provide a special reserve for the purpose of protecting the interests of domestic bank practitioners in the development of financial technology. The Bank is allowed to reverse the special reserve appropriated in 2016 to 2018 at the amounts of the following expenses.

1) Expenses for staff transfer or placement, including the related expenses for assisting employees to transfer between departments or groups, and the payment of retirement and severance benefits to employees that are superior to labor-related laws and regulations.

2) Expenses for financial technology or banking business development, i.e., expenditure for education and training to enhance or develop employee functions.

   Under related regulations, the Bank should appropriate or reverse to a special reserve according to the net debit balance. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and thereafter distributed.

d. Retained earnings and dividend policy

1) The Bank's dividend policy approved by the stockholders' meeting of the Bank on June 19, 2020 is as follows:

   Under the dividends policy as set forth in the amended Articles, where the Bank made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit until the accumulated legal reserve equals the Bank's paid-in capital, 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 board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders.

In principle, common stock dividends shall not be less than 20% of the available for distribution retained earnings minus the amount for preferred stock dividends. Cash dividend shall not be less than 20% of the total dividend for the current year. When the amount of legal reserve has not reached the Bank's total capital, the amount of cash dividends cannot exceed 15% of the Bank's paid-in capital.

The Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the stockholders' meeting.

2) The dividend policy before June 19, 2020 is as follows:

Under the dividends policy as set forth in the amended Articles, where the Bank made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 30% of the remaining profit until the accumulated legal reserve equals the Bank's paid-in capital, 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 board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for distribution of dividends and bonus to stockholders. When the amount of legal reserve has not reached the Bank's total capital, the amount of cash dividends cannot exceed 15% of the Bank's paid-in capital.

In addition, according to the provisions of the Bank's articles of incorporation, the Bank shall consider its future capital budget plan, financial needs for various businesses, and financial structure in the adoption of a stable and balanced dividend policy. In principle, cash dividend shall not be less than 20% of the total dividend for the current year. The board of directors may, according to the actual needs, propose adjustments to the dividend distribution, and submit the proposal for approval in the shareholders' meeting.

For the policies on distribution of compensation of employees and remuneration of directors, please refer to Note 36.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Bank's paid-in capital. Legal reserve may be used to offset deficit. 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.

The appropriations of earnings for 2020 and 2019 have been proposed by the Bank's board of directors and approved in the stockholders' meetings on July 20, 2021 and June 19, 2020, respectively. The appropriations and dividends per share were as follows:

	2020	2019
Legal reserve	$ 31,879	$ 330,130
Special reserve appropriated (reversed)	(598,570)	(234,982)
Cash dividends - common stock	545,454	965,203
Cash dividends - preferred stock	127,500	127,500

The Bank suspends its originally scheduled shareholders' meeting in response to the FSC's announcement: "For pandemic prevention, the FSC demands public companies to postpone their shareholders' meetings". The shareholders' meeting will be held on July 20, 2021. However, the voting result by way of electronic transmission regarding the other proposed appropriation for 2020 reached the legal resolution threshold and the Bank adjusted related amount accordingly.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	$ (697,554)	$ (307,473)
Exchange differences arising on translating the financial statements of foreign operations	(242,088)	(186,039)
Income tax related to gains arising on translating the financial statements of foreign operations	25,600	16,026
Balance at June 30	$ (914,042)	$ (477,486)

2) Unrealized gain (loss) on financial assets at FVTOCI

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	$ 755,298	$ 239,996
Recognized during the period		
Unrealized gain (loss)		
Debt instruments	(371,270)	110,291
Equity instruments	480,827	41,899
Loss allowance of debt instruments	151	2,203
Other comprehensive income (loss) recognized in the period	109,708	154,393
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(115,730)	32,789
Balance at June 30	$ 749,276	$ 427,178

f. Non-controlling interests

	For the Six Months Ended June 30	
	2021	2020
Balance at January 1	$ 18,696,870	$ 17,557,074
Attributed to non-controlling interests		
Share of profit for the year	723,151	537,070
Capital surplus	1,026	1,232
Other comprehensive income		
Exchange differences arising on translation of foreign entities	(10,617)	(7,111)
Unrealized valuation gain or loss on FVTOCI	(77,322)	319,005
Actuarial profit and loss of defined benefit plan	(85)	64
Cash dividends paid by subsidiaries	(836,921)	(692,624)
Balance at June 30	$ 18,496,102	$ 17,714,710

g. Treasury stocks

Unit: In Thousands of Shares

	For the Six Months Ended June 30	
	2021	2020
Number of shares at January 1	5,737	-
Increase during the period	-	5,737
Number of shares at June 30	5,737	5,737

On March 19, 2020, the board of directors proposed to repurchase treasury stocks transfer to employees. The repurchase period is from March 20, 2020 to May 19, 2020. As of May 19, 2020, the Bank had repurchased 5,737 thousand shares of treasury stocks for $38,304 thousand.

Under the Securities and Exchange Act, the Bank shall neither pledge treasury stocks nor exercise shareholders' rights on these shares, such as the rights to dividends and to vote.

32. NET INTEREST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest revenue				
Discounts and loans	$ 972,279	$ 1,227,803	$ 1,981,573	$ 2,629,587
Investments in securities	407,824	466,165	826,522	973,598
Installment sales and leases	257,814	206,149	507,241	442,101
Due from the Central Bank and call loans to other banks	10,068	33,733	22,719	85,132
Others	23,197	20,288	44,780	42,977
	1,671,182	1,954,138	3,382,835	4,173,395
Interest expense				
Deposits	263,175	593,158	563,344	1,348,741
Due to the Central Bank and other banks	9,586	63,775	24,034	166,160
Bank debentures	76,104	89,560	157,379	183,016
Bills and bonds sold under repurchase agreements	97,798	197,822	208,101	450,992
Others	78,773	71,294	150,339	160,458
	525,436	1,015,609	1,103,197	2,309,367
	$ 1,145,746	$ 938,529	$ 2,279,638	$ 1,864,028

33. SERVICE FEE REVENUE, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Service fee				
Guarantee business	$ 295,266	$ 240,395	$ 583,451	$ 472,171
Loan business	37,092	21,077	140,052	44,143
Underwrite business	132,225	118,706	285,774	223,183
Trust business	15,520	8,105	30,661	14,600
Lease business	99,005	60,083	159,751	91,136
Credit examining business	34,537	31,723	74,633	91,059
Import and export business	2,959	2,338	6,476	5,778
Factoring business	6,350	5,728	11,536	10,600
Insurance agent business	10,436	30,202	18,691	52,370
Others	20,295	13,438	36,982	27,760
	653,685	531,795	1,348,007	1,032,800
Service charge				
Others	25,097	26,950	50,050	56,148
	$ 628,588	$ 504,845	$ 1,297,957	$ 976,652

34. GAINS ON FINANCIAL ASSETS OR LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Realized gains or losses				
Bills	$ 39,452	$ 27,011	$ 82,599	$ 42,519
Stocks and beneficiary certificates	273,384	70,371	326,409	33,522
Bonds	38,431	10,962	44,966	2,907
Derivatives	(183,657)	(224,845)	(716,417)	(363,873)
	167,610	(116,501)	(262,443)	(284,925)
Gains (losses) on valuation				
Bills	3,423	(23,624)	38	47,186
Stocks and beneficiary certificates	36,781	20,740	40,721	(2,987)
Bonds	(671)	19,601	5,607	3,915
Derivatives	(156,850)	(38,228)	305,340	244,136
	(117,317)	(21,511)	351,706	292,250
Interest revenue	147,811	235,604	308,695	522,939
	$ 198,104	$ 97,592	$ 397,958	$ 530,264

35. REALIZED GAIN ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Realized income - debt instruments	$ 23,201	$ 24,631	$ 127,971	$ 154,634
Dividend revenue	18,443	17,447	23,906	22,069
	$ 41,644	$ 42,078	$ 151,877	$ 176,703

36. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term employee benefits				
Salaries and wages	$ 591,979	$ 570,203	$ 1,158,266	$ 1,115,547
Labor insurance and national health insurance	37,516	32,605	74,936	68,133
Others	69,057	22,763	138,427	78,036
Post-employment benefits				
Pension expenses	19,771	19,851	40,047	40,793
Pension benefits	-	7	-	584
	$ 718,323	$ 645,429	$ 1,411,676	$ 1,303,093

The Bank accrued employees' compensation and remuneration of directors at the rates between 1% to 2.5% and no higher than 2.5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors.

The amounts and accrual rates of employees' compensation and remuneration of directors for the six months ended June 30, 2021 and 2020 were as follows:

Accrual rate

	For the Six Months Ended June 30	
	2021	2020
Compensation of employees	1.25%	1.25%
Remuneration of directors	2.50%	2.50%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Employees' compensation	$ 7,710	$ 4,825	$ 14,610	$ 6,250
Remuneration of directors	$ 15,420	$ 9,650	$ 29,220	$ 12,500

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

The employees' compensation and remuneration of directors for 2020 and 2019, which were approved by the Bank's board of director on March 22, 2021 and March 25, 2020, respectively, were as follows:

	2020		2019	
	Cash	**Stock**	**Cash**	**Stock**
Employees' compensation	$ 16,056	$ -	$ 15,715	$ -
Remuneration of directors	32,111	-	31,430	-

There are no differences between the 2020 and 2019 actual amounts of employees' compensation and remuneration of directors paid and the amount recognized in the annual consolidated financial statements for the years ended December 31, 2020 and 2019.

Information for the employee' compensation and remuneration of directors proposed by the Board is available at the Market Observation Post System website of the Taiwan Stock Exchange.

37. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Property and equipment	$ 49,738	$ 50,309	$ 100,033	$ 100,662
Right-of-use assets	38,132	38,320	76,860	77,133
Intangible assets	70,741	67,297	143,055	133,579
	$ 158,611	$ 155,926	$ 319,948	$ 311,374

38. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Taxation	$ 57,169	$ 59,129	$ 117,724	$ 118,437
Rental	1,111	1,060	7,904	5,993
Management fees	9,884	13,344	20,662	24,551
Computer operating and consulting fees	73,625	70,687	147,500	145,106
Entertainment	5,807	9,681	15,082	21,329
Professional services	25,065	20,380	44,865	43,364
Advertisement	16,966	6,941	28,040	17,854
Others	78,381	71,870	158,308	152,759
	$ 268,008	$ 253,092	$ 540,085	$ 529,393

39. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Current tax				
In respect of the current period	$ 236,525	$ 98,364	$ 480,045	$ 259,668
Income tax on unappropriated earnings	139	-	139	-
Adjustment of prior period	(19,506)	(18,827)	(19,506)	(18,827)
	217,158	79,537	460,678	240,841
Deferred tax				
In respect of the current period	28,987	72,002	95,215	61,332
Income tax expense recognized in profit or loss	$ 246,145	$ 151,539	$ 555,893	$ 302,173

b. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Deferred tax				
Translation of foreign operations	$ (30,673)	$ (36,155)	$ (31,950)	$ (30,448)
Gains (losses) on remeasurements of defined benefit plans	-	-	(30)	22
Unrealized gain on financial assets at FVTOCI	41,646	159,829	(72,170)	53,793
Income tax expense (benefit) recognized in other comprehensive income	$ 10,973	$ 123,674	$ (104,150)	$ 23,367

c. Assessment of the income tax returns

The income tax returns of the Bank through 2018 have been assessed by the tax authorities (except 2017). The income tax returns of the Bank's subsidiary IBT Leasing, IBTM and IBT VII Venture Capital Co., Ltd. through 2019 have been assessed. The income tax returns of other subsidiaries through 2017 have been assessed by the tax authorities.

40. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Basic earnings per share				
From continuing operations	$ 0.14	$ 0.09	$ 0.31	$ 0.14
From discontinued operations	-	-	-	-
Total basic earnings per share	$ 0.14	$ 0.09	$ 0.31	$ 0.14
Diluted earnings per share				
From continuing operations	$ 0.13	$ 0.08	$ 0.28	$ 0.12
From discontinued operations	-	-	-	-
Total diluted earnings per share	$ 0.13	$ 0.08	$ 0.28	$ 0.12

Earnings used in calculating earnings per share and weighted average number of common stocks are as above are as follows:

Net Profit for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Profit for the period attributable to owners of the Bank	$ 519,035	$ 338,758	$ 972,838	$ 454,198
Less: Declared preferred stock dividend	127,500	127,500	127,500	127,500
Earnings used in the computation of basic earnings per share	391,535	211,258	845,338	326,698
Less: Loss for the period from discontinued operations used in the computation of basic earnings per share from discontinued operations	(2,402)	(1,300)	(2,993)	(10,365)
Earnings used in the computation of basic and diluted earnings per share from continuing operations	$ 393,937	$ 212,558	$ 848,331	$ 337,063

Stock (In Thousand Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Weighted average number of common stocks in computation of basic earnings per share	2,727,269	2,403,896	2,727,269	2,410,441
Effect of potentially dilutive common stocks:				
Employees' compensation issued to employees	1,089	669	3,094	2,011
Convertible preferred stock	300,000	300,000	300,000	300,000
Weighted average number of common stocks in the computation of diluted earnings per share	3,028,358	2,704,565	3,030,363	2,712,452

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

41. RELATED PARTY TRANSACTIONS

The transactions, account balances, income and loss of the Bank and its subsidiaries (which are the related parties of the Bank) are all eliminated upon consolidation, so they are not disclosed in this note. Except for other transactions disclosed in other notes, the transactions between the Group and other related parties are as follows:

a. The related parties and their relationships with the Group are summarized as follows:

Related Party	Relationship with The Bank
IBT II Venture Capital Co., Ltd. (IBT II Venture) (dissolved March 31, 2017) (Company in liquidation)	Associates
Beijing Sunshine Consumer Finance Co., Ltd.	Associates
IBT Education Foundation (IBTEF)	The Group is the major donor of the foundation
Taiwan Cement Corporation	The Bank's legal director
Yi Chang Investment Co., Ltd.	The Bank's legal director
Ming Shan Investment Co., Ltd.	The Group's legal director
TCC Chemical Corporation (TCC)	Other related party
Others	The Group's management and their other relatives

b. The significant transactions and balances with the related parties are summarized as follows:

1) Deposits (part of deposits and remittances)

	Ending Balance	Interest Expense	Rate (%)
For the six months ended June 30, 2021			
Associates	$ 261	$ -	0.03-0.04
Others	4,189,987	19,286	0.00-6.29
	$ 4,190,248	$ 19,286	
For the six months ended June 30, 2020			
Associates	$ 2,145	$ 1	0.05
Others	4,254,641	27,050	0.00-6.56
	$ 4,256,786	$ 27,051	

2) Loan

	Maximum Balance	Ending Balance	Interest Income	Rate (%)
For the six months ended June 30, 2021				
Others	$ 430,000	$ 430,000	$ 2,513	1.18
For the six months ended June 30, 2020				
Others	$ 430,000	$ 430,000	$ 2,781	1.18

June 30, 2021

Category	Name	Maximum Balance (Note 1)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Trans-actions with Unrelated Parties
Others	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None

December 31, 2020

Category	Name	Maximum Balance (Note 1)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Trans-actions with Unrelated Parties
Others	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None

					June 30, 2020		
Category	Name	Maximum Balance (Note 1)	Ending Balance	Normal Loans	Non-performing Loans	Collateral	Difference of Terms of the Trans-actions with Unrelated Parties
Others	TCC	$ 430,000	$ 430,000	$ 430,000	$ -	Real estate	None

Note: The maximum balance of daily total for each category of loan.

3) Service fees (part of service fee income, net)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Others	$ 8	$ 18	$ 10	$ 24

Service fee is earned by providing authentication, custody and fund purchase services.

4) Other expenses (part of other general and administrative expense)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Others	$ -	$ -	$ 5,650	$ 5,720

Other expenses are donations.

c. Compensation of key management personnel

The remuneration of directors and other members of key management personnel for the three months and six months ended June 30, 2021 and 2020 were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	$ 61,685	$ 57,180	$ 125,853	$ 120,306
Post-employment benefits	2,975	2,181	9,274	4,510
	$ 64,660	$ 59,361	$ 135,127	$ 124,816

The remuneration of directors and other key management personnel is determined by the remuneration committee.

The terms of the transactions with related parties are similar to those for third parties, except for the preferential interest rates given to employees for savings and loans. These rates should be within certain limits.

Under the Banking Law Article 32 and 33, except for consumer loans and government loans, credits extended by the Bank to any related party should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

42. PLEDGED ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets at FVTPL	$ 15,897,546	$ 9,100,504	$ 13,907,013
Financial assets at FVTOCI	6,739,349	8,470,589	10,959,705
Discounts and loans	6,651,298	6,065,517	5,248,522
Pledged time deposits	215,597	744,108	734,616
Compensation account for payment	16,218	15,500	20,251
	$ 29,520,008	$ 24,396,218	$ 30,870,107

Under the requirement for joining the Central Bank's Real-time Gross Settlement (RTGS) clearing system, the Bank provided time deposits (parts of other financial assets) and negotiable certificates of deposits (part of financial assets at FVTPL and financial assets at FVTOCI) as collateral for day-term overdrafts. The pledged amount is adjustable based on the respective overdraft amount, and at the end of the day, the unused part can be used for liquidity reserve. The above financial assets were debt and equity investments and were mainly provided as collateral for exchange clearing, interest rate swap contracts, trust compensation, and for EverTrust Bank to issue certificates of deposit in the United States. Besides, the above loans were provided as collateral for EverTrust Bank to apply for credit limits with Federal Home Loan Bank of San Francisco. Pledged time deposits and compensation account for payment (both were parts of other financial assets) have been provided as collaterals or short-term loans.

43. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. In addition to those mentioned in other notes, as of June 30, 2021, December 31, 2020 and June 30, 2020, the Group had commitments as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Office decorating and contracts of computer software			
Amount of contracts	$ 69,865	$ 31,836	$ 69,054
Payments for construction in progress and prepayments for equipment	36,997	21,209	54,807

b. HIGHLITE INDUSTRIES, INC. allegedly applied to the Bank for loan receivables factoring through false transactions, causing damage to the Bank. The Bank filed a criminal complaint against HIGHLITE INDUSTRIES, INC. and the relevant persons. The case was pronounced sentence in the criminal court of Taiwan Taipei District Court in December 2020 and HIGHLITE INDUSTRIES, INC. filed an appeal in the Taiwan High Court. The Bank also filed a lawsuit in the civil court of the Taiwan Taipei District Court in January 2020 in accordance with the law and banks involved in negligence in handling the remittance related to this case also sued for compensation in May 2021. Both cases are under trial in the civil court.

44. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	June 30, 2021	December 31, 2020	June 30, 2020
Trust assets			
Petty cash	$ 100	$ 100	$ 100
Bank deposits	2,006,218	2,404,446	1,672,049
Financial assets	4,205,284	3,285,615	2,886,964
Receivables	18	18	27
Prepayments	374	1,374	394
Real estate	6,648,885	8,544,916	7,729,005
Other assets	52	21,329	23,906
Total trust assets	$ 12,860,931	$ 14,257,798	$ 12,312,445
Trust capital and liabilities			
Payables	$ 2,034	$ 1,188	$ 1,202
Unearned receipts	1,618	1,201	1,709
Taxes payable	2,949	4,256	2,948
Guarantee deposits received	45,187	51,530	57,870
Other liabilities	980	955	976
Trust capital	12,628,506	14,022,448	12,085,697
Provisions and accumulated profit and loss	179,657	176,220	162,043
Total trust capital and liabilities	$ 12,860,931	$ 14,257,798	$ 12,312,445

Income Statements of Trust Accounts

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Trust revenue				
Interest revenue	$ 254	$ 1,161	$ 531	$ 2,627
Rent revenue	28,754	29,030	57,145	58,106
Other revenue	757	362	1,687	725
	29,765	30,553	59,363	61,458
Trust expenses				
Management fees	(1,003)	(518)	(1,912)	(1,381)
Service charge	(4,657)	(1,212)	(7,429)	(2,517)
Other expenses	(3,416)	(3,386)	(6,519)	(6,669)
Tax	(3,482)	(3,495)	(7,030)	(7,094)
Income tax expense	(4)	(93)	(4)	(210)
	(12,562)	(8,704)	(22,894)	(17,871)
	$ 17,203	$ 21,849	$ 36,469	$ 43,587

Note: The above income accounts of the trust business were not included in the Group's income statement.

Trust Property List

	June 30, 2021	December 31, 2020	June 30, 2020
Petty cash	$ 100	$ 100	$ 100
Bank deposits	2,006,218	2,404,446	1,672,049
Bonds	371,230	218,089	88,963
Stocks	228,378	228,378	228,378
Funds	3,557,115	2,839,148	2,569,623
Investment of structured products	48,561	-	-
Land	5,808,190	7,704,221	6,888,414
Buildings	840,695	840,695	840,591
Receivables	18	18	27
Prepayments	374	1,374	394
Other	52	21,329	23,906
	$ 12,860,931	$ 14,257,798	$ 12,312,445

45. FINANCIAL INSTRUMENTS

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

1) Financial instruments significant difference between carrying amount and fair value

Except as detailed in the following table, the management consider that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values.

	June 30, 2021		December 31, 2020		June 30, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities						
Bank debentures payable	$ 15,100,000	$ 15,255,093	$ 16,400,000	$ 16,574,644	16,400,000	16,690,438

2) The fair value hierarchy

Financial Instrument Items at Fair Value	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Financial liabilities				
Bank debentures payable	$ 15,255,093	$ -	$ 15,255,093	$ -

Financial Instrument Items at Fair Value	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Financial liabilities				
Bank debentures payable	$ 16,574,644	$ -	$ 16,574,644	$ -

Financial Instrument Items at Fair Value	June 30, 2020 Total	Level 1	Level 2	Level 3
Financial liabilities				
Bank debentures payable	$ 16,690,438	$ -	$ 16,690,438	$ -

Refer to quoted market prices for fair value if there are public quotation on bank debentures payable with active market. If quoted market prices are not available, the fair value is determined by using a valuation technique or counterparty quotation.

b. Fair value information - financial instruments carried at fair value on a duplicated basis

1) The fair value hierarchy of the financial instruments as of June 30, 2021, December 31, 2020 and June 30, 2020 were as follows:

Item	June 30, 2021 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,368,948	$ 711,982	$ 502,965	$ 154,001
Bills	93,766,610	-	93,766,610	-
Hybrid financial assets	9,774,024	182,156	1,136,709	8,455,159
Negotiable certificates of deposit	46,288,788	-	46,288,788	-
Financial assets at FVTOCI				
Equity instruments	6,906,308	5,963,954	118,575	823,779
Bills	7,621,632	-	7,621,632	-
Debt instruments	136,007,518	34,507,952	101,499,566	-
Negotiable certificates of deposit	25,011,670	-	25,011,670	-
Liabilities				
Financial liabilities at FVTPL	639	-	639	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	275,193	-	275,193	-
Liabilities				
Financial liabilities at FVTPL	447,104	-	447,104	-

Item	December 31, 2020 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 1,232,626	$ 596,870	$ 503,298	$ 132,458
Bills	106,494,789	-	106,494,789	-
Hybrid financial assets	10,370,392	176,050	1,097,692	9,096,650
Negotiable certificates of deposit	44,080,443	-	44,080,443	-
Financial assets at FVTOCI				
Equity instruments	6,118,890	5,175,647	118,719	824,524
Debt instruments	136,606,357	-	136,606,357	-
Negotiable certificates of deposit	29,783,988	-	29,783,988	-
Liabilities				
Financial liabilities at FVTPL	1,960	-	1,960	-

(Continued)

Item	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Derivative financial instruments				
Assets				
Financial assets at FVTPL	$ 316,446	$ -	$ 316,446	$ -
Liabilities				
Financial liabilities at FVTPL	788,338	-	788,338	-

(Concluded)

Item	June 30, 2020			
	Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 951,648	$ 326,119	$ 500,000	$ 125,529
Bonds	99,253	-	99,253	-
Bills	100,518,026	-	100,518,026	-
Convertible bonds and structured bonds	12,051,624	144,366	1,515,630	10,391,628
Negotiable certificates of deposit	44,779,759	-	44,779,759	-
Financial assets at FVTOCI				
Equity instruments	4,857,373	4,073,204	128,129	656,040
Debt instruments	130,296,153	-	130,296,153	-
Negotiable certificates of deposit	27,643,162	-	27,643,162	-
Liabilities				
Financial liabilities at FVTPL	9,259	-	9,259	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	258,347	-	258,347	-
Liabilities				
Financial liabilities at FVTPL	385,043	-	385,043	-

2) Valuation techniques and assumptions applied for the purpose of measuring the fair values

In a fair deal, the transaction is fully understood and there is willingness to achieve by the two sides, in exchange of assets or settle of liabilities, fair value is the amount settled. Financial instruments at fair value through profit or loss and financial assets at fair value through other comprehensive income refer to quoted market prices for fair value. If quoted market prices are not available, then fair value is determined by using a valuation technique.

a) Marking-to-market

This measurement should be used first. Following are the factors that should be considered when using marking-to-market:

i. Ensure the consistency and completeness of market data.

ii. The source of market data should be transparent, easy to access, and should come from independent resources.

iii. Listed securities with high liquidity and representative closing prices should be valued at closing prices.

iv. Unlisted securities which lack tradable closing prices should use quoted middle prices from independent brokers and follow the guidelines required by regulatory authorities.

b) Marking-to-model

The marking-to-model is used if marking-to-market is infeasible. This valuation methodology is based upon the market parameters to derive the value of the positions and incorporate estimates, as well as assumptions consistent with acquirable information generally used by other market participants to price financial instruments.

Fair values of forward contracts used by the Group are estimated based on the forward rates provided by Reuters. Fair values of interest rate swap and cross-currency swap contracts are based on counterparties' quotation, using the Murex$^+$ information system to capture market data from Reuters for calculating the fair value assessment of individual contracts. Option trading instruments use option pricing model commonly used in the market (ex: Black-Scholes model) to calculate the fair value.

i. Level 1 - quoted prices in active markets for identical assets or liabilities. Active markets are markets with all of the following conditions: (i) the products traded in the market are homogeneous, (ii) willing parties are available anytime in the market, and (iii) price information is available to the public.

ii. Level 2 - inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e., prices) or indirectly (i.e., derived from prices).

iii. Level 3 - inputs not based on observable market data (unobservable inputs. i.e., option pricing model of historical volatility, due to historical volatility could not represent the overall market participants' volatility expectations of the future).

3) Reconciliation of Level 3 fair value measurement the financial instruments

For the six months ended June 30, 2021

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments	Total
	Hybrid Financial Assets	Equity Instruments		
Beginning balance	$ 9,096,650	$ 132,458	$ 824,524	$ 10,053,632
Recognition in profit or loss - financial assets at fair value through profit or loss	4,109	22,222	-	26,331
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	(745)	(745)
Purchases	7,380,900	-	-	7,380,900
Disposals	(8,026,500)	(203)	-	(8,026,703)
Other	-	(476)	-	(476)
Ending balance	$ 8,455,159	$ 154,001	$ 823,779	$ 9,432,939

For the six months ended June 30, 2020

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Hybrid Financial Assets	**Equity Instruments**		
Beginning balance	$ 8,623,449	$ 203,543	$ 854,704	$ 9,681,696
Recognition in profit or loss - financial assets at fair value through profit or loss	21,879	(38,366)	-	(16,487)
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	33,864	33,864
Purchases	5,656,300	89,352	-	5,745,652
Disposals	(3,910,000)	(1,132)	(232,528)	(4,143,660)
Other	-	(127,868)	-	(127,868)
Ending balance	$ 10,391,628	$ 125,529	$ 656,040	$ 11,173,197

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses on June 30, 2021 and 2020, were consisted of $24,320 thousand in profit and $41,589 thousand in profit, respectively.

The Group had no significant transfers Level 3 for the six months period ended June 30, 2021 and 2020.

4) Transfers between Level 1 and Level 2

The Group had no significant transfers between Level 1 and Level 2 for the six months ended June 30, 2021 and 2020.

5) Sensitivity to using reasonable alternative in assumption against Level 3 fair value

The fair value measurement of financial instruments is reasonable, although the use of different valuation models or parameters may lead to different evaluation results. For the fair value measurements of structured bonds which fall under Level 3 of the fair value hierarchy, they are evaluated according to counterparty quotes; for bonds and convertible bonds for asset swaps which have no quoted market prices, they are evaluated using the future cash flows discounted model. Were there to be a 10% or 1 basis point change in either direction of the quotes from respective counterparties or in discount rates and all other conditions remained the same, the effects on the income and other comprehensive income for the six months ended June 30, 2021 and 2020 periods would be as follows:

For the six months ended June 30, 2021

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 1,347	$ (1,347)	$ -	$ -
Equity instruments	10%	15,400	(15,400)	92,084	(92,084)

For the six months ended June 30, 2020

Item	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 1,476	$ (1,476)	$ -	$ -
Equity instruments	10%	12,553	(12,553)	74,343	(74,343)

c. Transfer of financial assets

Transferred financial assets not derecognized

Most of the transferred financial assets of the Group that were not fully derecognized were securities sold under repurchase agreements. Under the terms of these transfers, the right to the cash flows of 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. Since the Group is restricted from using, selling, or pledging the transferred financial assets within the transaction period, and is still exposed to interest rate risks and credit risks on these assets, the transferred financial assets were not fully derecognized.

June 30, 2021

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	$ 66,273,936	$ 66,307,625
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	97,520,884	99,642,017
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	6,934,804	6,707,608

December 31, 2020

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	$ 73,059,276	$ 73,092,529
Bonds sold under repurchase agreements	245,568	245,180
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	100,837,056	102,892,974
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	4,732,882	4,935,143

June 30, 2020

Category of Financial Assets	Carrying Amount of Transferred Financial Assets	Carrying Amount of Associated Financial Liabilities
Financial assets at fair value through gain or loss		
Bills sold under repurchase agreements	$ 53,917,871	$ 55,818,402
Bonds sold under repurchase agreements	898,955	893,204
Financial assets at FVTOCI		
Bonds sold under repurchase agreements	96,035,976	97,250,877
Securities purchase under resell agreements		
Bonds sold under repurchase agreements	4,010,578	4,326,604

d. Offsetting financial assets and financial liabilities

Certain transactions of the Bank and its subsidiaries are covered by enforceable master netting agreements or similar agreements, or under similar repurchase agreements may not meet all offsetting criteria under IFRSs. However, in these transactions, financial liabilities are allowed to be offset against financial assets when any of the counterparties specifies to settle at net amounts. If no counterparty specifies to settle at net amounts, the transactions will be settled at gross amounts instead. One of the counterparties can decide to settle at net amounts if the other party of the transaction defaults.

The tables below present the quantitative information of financial assets and financial liabilities on the balance sheets that had been offset or are covered by enforceable master netting arrangements or similar agreements.

June 30, 2021

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet: Financial Instruments (Note)	Related Amounts Not Set Off in the Balance Sheet: Cash Collateral Pledged	Net Amount
Repurchase agreements	$ 172,657,250	$ -	$ 172,657,250	$ 170,560,813	$ -	$ 2,096,437

December 31, 2020

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Repurchase agreements	$ 181,165,826	$ -	$ 181,165,826	$ 178,827,335	$ -	$ 2,338,491

June 30, 2020

Financial Liabilities	Gross Amounts of Recognized Financial Liabilities	Gross Amounts of Recognized Financial Assets Set Off in the Balance Sheet	Net Amounts of Financial Liabilities Presented in the Balance Sheet	Related Amounts Not Set Off in the Balance Sheet		Net Amount
				Financial Instruments (Note)	Cash Collateral Pledged	
Repurchase agreements	$ 158,289,087	$ -	$ 158,289,087	$ 154,829,583	$ -	$ 3,459,504

Note: Included non-cash financial collaterals.

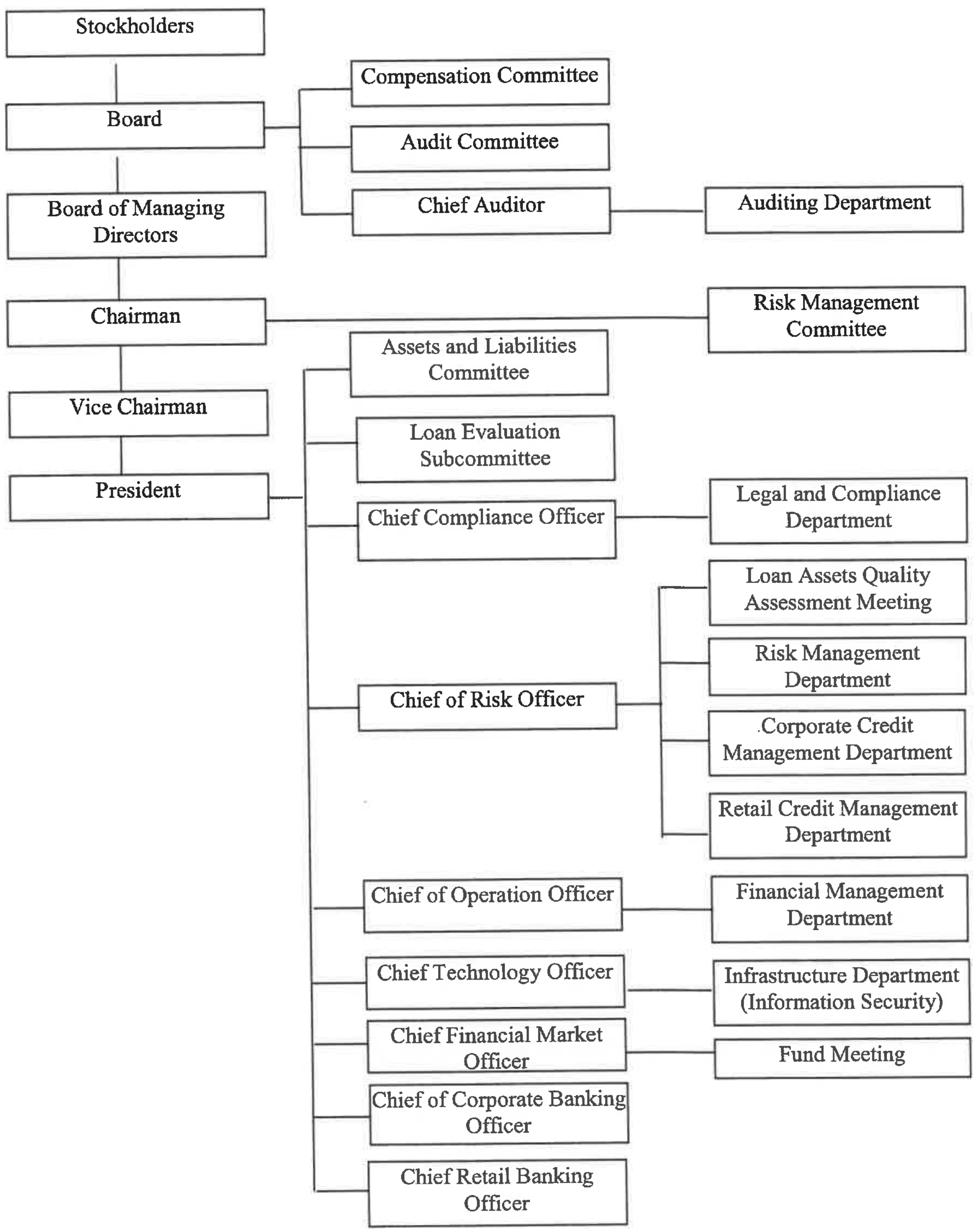
46. FINANCIAL RISK MANAGEMENT

a. Overview

For the potential expected and unexpected risk, the Group establishes a comprehensive risk management system to distribute resource effectively and enhance competitiveness by ensuring that all operating risks are controlled to an acceptable extent. The Group continues to engage actively in the capital adequacy ratio with in the accordance to the regulator's requirements and monitors to meet the international requirement of the Basel Commission.

b. Risk management framework

Ultimate responsibility for setting the Bank's risk appetite rests with the board of director. The Auditing Department, Audit Committee and Compensation Committee report to the board of director. Risk Management Committee, which is under the Chairman, deliberate the bank risk management mechanism and the risk management proposals of the board of directors, supervising the risk management of each risk and review the implementation effect. Assets and Liabilities Committee and Loan Evaluation Subcommittee, which are under the President, hold Capital Meetings and Quality Evaluation of Assets Meetings for discussing and considering risk management proposals regularly. The Risk Management Department is responsible for establishing a total scheme of risk management and monitoring the execution of such management.



1) Assets and Liabilities Committee: Responsible for overseeing and reviewing of significant issues and policies relating to management of assets and liabilities, liquidity risk, interest rate sensitivity, market risk, as well as review the allocation of asset and liability and capital adequacy. It holds assets and liabilities management meeting once a month.

2) Loan Evaluation Subcommittee: The subcommittee reviews the loan cases rendered by the Corporate Credit Management Department and Retail Credit Management Department. After passing, the provisions should still be submitted to the level of competence review.

3) Loan assets quality assessment meeting

   a) Assess the status of credit asset quality and decide/review the strategy and course of action to be taken.

   b) Assess the probable loss of loan assets and discuss the adequacy of allowance for credit losses, assurance of responsibility to prepare and its recognition.

   c) Pass cases of credit assets, provision of allowances for bad debts and guarantee liability shall be reported after the approval of the president.

China Bills Finance Corporation's (CBF) board of directors has the ultimate responsibility for risk framework decision making and oversees the implementation of risk management. Business risk management which is headed by the President is comprised of Financial Assets and Liabilities Management Committee, Business Committee and the Investment Commission for the joint implementation of market risk, credit risk, operational risk control, and other set of business and oversight of the audit office, and the business risk control management unit case. To effectively manage the overall risk and risks associated with integration of information, CBF has defined risk assessment methods and has summarized risk positions for the risk management group responsible for implementing the risk management operations.

c. Credit risk

1) Sources and definition of credit risk

   Credit risk is the potential loss due to the failure of counterparty to meet its obligations to pay the Group in accordance with agreed terms. The source of credit risks includes the subjects in the balance sheet and off-balance sheet items.

2) Strategy/objectives/policies and procedures

   a) Credit risk management strategy: The Bank implements the relevant provisions of the principles of credit risk management requirement and establish the Bank's credit risk management mechanism to ensure that credit risk control is within effective but affordable range, and maintain adequate capital, and execute sound management of the Bank credit risk, and achieve operational and management objectives.

   b) Credit risk management objectives: Through appropriate risk management strategies, policies and procedures, application of the principle of risk diversification, implementation of the Bank's credit risk management, to minimize potential financial losses and pursue optimal rewards.

      Sound risk management systems and control processes, strengthened information integration, analysis and early warning validation, make credit management and monitoring to ensure compliance with laws and regulations, the Bank's standards, as serve to maintaining high credit standards and asset quality.

c) Credit risk management policy: To establish risk management system and to ensure the integrity of business risk management and compliance, the Bank stipulated its "Risk Management Policy" which is in accordance with the "Implementation Rules of Internal Audit and Internal Control System of Financial Holding Companies and Banking Industries" issued by the FSC. The Bank keeps its capital adequately, achieves the goal of credit risk strategy and creates risk adjusted return maximization plan under the Bank's acceptable range of credit risk.

d) Credit risk management process:

i. Risk identification

Credit risk management process begins with the identification of existing and potential risks, including all the transactions in banking book and trading book, balance sheet and off-balance sheet transactions. With financial innovation, as new credit businesses become increasingly complex; business executives in order do existing and new credit businesses, should be fully aware of the complexity involved in the business of re-order business and other cases or transactions to be able to identify any possibility of having an event of default.

ii. Risk measurement

i) The Bank manages asset portfolios by the risk rating scale.

The risk rating scale qualifies the default possibilities of debtors and operation difficulty possibilities of investees in the next year. Risk ratings must actually be scaled when the individual credit and investment accounts are approved. The continual change of the market gives rise to the change in credit or investment household. Therefore, risk ratings must be reevaluated and updated often to adjust the risk rating scale when it is verified.

ii) Portfolio management:

- It is used to ensure the risk of loan is within the tolerable scope.

- "Concentrative risks" are concentration-limited, avoiding the risks to be overly centralized to sufficiently diversify the risk.

- It achieves the optimal profits.

iii. Risk communication

i) Internal reporting: Risk management position shall establish appropriate credit risk reporting mechanism for regular statistical reporting and the preparation of a variety of business risk management reports which contain correct, consistent, and real-time credit risk reporting information to ensure any exceptions can be acted on immediately, and as a reference for decision-making. The above communication may include asset quality, portfolio rating classification status, and all kinds of exception reports.

ii) External disclosure: To comply with the requirements for capital adequacy supervisory review and market discipline principles, the business director of credit risk level should prepare reports in the format specified by the competent authority showing contents, methods and frequency to provide information on the credit risk of the Bank's quantitative, qualitative indicators to illustrate the self-assessment and credit risk management system and disclose information about capital and other capital adequacy matters.

iv. Risk monitoring

i) The Bank shall establish monitoring system to assess the changes in credit risk of borrower or counterparty or issuer (e.g., bonds issuer and guarantor of issuers of equity related products, derivatives counterparties' credit rating information and credit information), to serve timely detection of problems on assets or transactions, and take immediate action to cope with the possible breach.

ii) Besides monitoring the individual credit risk, the Bank also deal with credit portfolio monitoring and management.

iii) Establish stringent credit processes, credit standards and loan management; the project includes the credit factors that should be considered for new credit and credit transfer period, commitment to the periodic review of credit, maintenance of credit records and the proportion of various types of loans in the credit portfolio.

iv) Establish quota management system to avoid excessive concentration of credit risk to nationality, industry types, same group, same relations, etc.

v) Establish collateral management system to ensure that collaterals can be effectively managed.

3) Credit risk management and framework

a) Board of Directors: Responsible for authorizing and reviewing the credit risk management strategies and approving the credit risk management framework. The strategy reflects the level of risk that the Bank can tolerate and the level of profitability that the Bank expects to achieve under various credit risks.

b) Audit Committee: Responsible for the stipulation and amendment on issues relating to internal control framework, effectiveness of internal control framework, acquisition or disposal of assets or derivatives, monitoring of directors' self-interest issues, appointment or dismissal of the CPA and internal auditors, and other important issues ruled by the FSC.

c) Risk Management Committee: Responsible for the risk management policies, various risk management regulations, annual risk appetites, limits, risk management proposals for the board of directors' approval levels and various risk management mechanisms, supervising and reviewing credit, market, operations, liquidity, information security, AML, personal data protection, emergencies and other risk management, improving the Bank's risk management mechanism to ensure the effective implementation of the Bank's risk management procedures.

d) Assets and Liabilities Committee: Holds asset/liability management meeting to inspect asset/liability management, liquidity risk, interest rate sensitivity risk management, market risk, BIS management and in charge of making decisions on policies.

e) Loan Evaluation Subcommittee: Reviews the loan cases rendered by the corporate credit management department and retail credit management department. After passing the provisions, they are still need to be submitted to the competent level for review.

f) Loan Assets Quality Evaluation Meeting: In charge of making policies and strategies for identifying the possibilities of loss on credit assets. The Bank evaluates the adequacy of the allowance for credit assets.

g) The Risk Management Department: Independent risk management unit which is in charge of risk management and responsible for the related operations of credit risks. It also makes sure the Bank follows the BASEL regulations. It is also responsible for the preparation of risk management reports presented to appropriate management, and plans to establish monitoring tools for credit risk measurement.

h) Corporate Credit Management Department: Supervises the establishment of corporate finance risk identification, measurement, monitoring and management, preparation of regulatory review of credit grading, devising and enhancement of deed lists, deed for credit and guarantee amount control, proper release and other release matters.

i) Retail Credit Management Department: Manages personal financial risk, identifies, measures, monitors the allowance for bad debts, and prepares for bad debts presentation, loss assessment and post-loan management.

4) The scope and characteristics of credit risk reports and measurement system

For the credit risks implicated in all products and business activities, new products and business, the Bank regularly monitors the credit risk management and is authorized by the board of directors or appropriate committee.

Credit risk measurement and control procedures include credit review, rating scoring, credit control, post-loan management and collection operations. The risk management units regularly provide analysis reports of various types of credit risk and asset quality in addition to the above operational procedures for management indicators. In addition, the Bank also actively controls and periodically reports the monitoring results to the board of directors to grasp the risk situations faced by the state, the group, the industry, the same related parties and the related enterprise risks.

In order to understand the risk appetite and its changes in the financial environment and the impact on capital adequacy, the Bank handles its credit according to the "Regulation on Stress Test Operation for Banks" and "Bank Credit Risk Stress Test Guidelines" issued by the FSC, as an important basis for credit risk management, and continues to adjust the direction of business development, credit policy and credit evaluation procedures.

5) Mitigation of risks or hedging of credit risk and monitoring the risk avoidance

The Bank primarily applies the following risk mitigation tools to reduce extent of credit risk exposures: (1) by requiring the counterparty or third parties to provide collateral, (2) the balance sheet netting: Credit is backed by the counterparty's bank deposits (on-balance sheet netting), (3) third party guarantees.

Credit risk mitigation tools can reduce or transfer credit risk, but may give rise to other residual risks, including: Legal risk, operational risk, liquidity risk and market risk. The Bank adopted stringent procedures necessary to control these risks, such as policy formulation, development of operating procedures to conduct credit checks and evaluation, system implementation, contract control and so on.

The Bank has developed collateral management policies and operating procedures, including recognition of collateral data, and building of collateral management system. The Bank uses a computing platform for mitigation of complex risk and completes the required collateral to offset data field collection and analysis, and links credit systems and collateral management system information to build up capital provision.

6) Maximum exposure to credit risk

The maximum credit risk exposure amount of financial assets is the book value of the specific asset on the balance sheet date. The analysis of the maximum credit exposure amount (excluding the fair value of collateral) of each off-balance sheet financial instrument held by the Bank and its subsidiaries is as follows:

Off-balance Sheet Item	Maximum Exposure Amount		
	June 30, 2021	December 31, 2020	June 30, 2020
Financial guarantees and irrevocable documentary letter of credit			
Contract amounts	$ 148,830,074	$ 145,888,269	$ 136,885,745
Maximum exposure amounts	148,830,074	145,888,269	136,885,745
Loan commitments	41,739,610	42,770,934	38,005,926

7) Concentration of credit risk exposure

Concentration of credit risk exist when the counterparty includes only one specific person or include many people who engage in similar business which are similar in economic characteristics. The emergence of concentrations of credit risk includes the operating activities property of the debtor. The Group does not concentrate on single customer or counterparty in trading but have similar counterparty, industry and geographic region on the loan business (including loan commitments and guarantees and commercial bond issuing commitments).

On June 30, 2021, December 31, 2020 and June 30, 2020, the Group's significant concentration of credit risk were summarized as follows (only the top three are shown below):

a) By industry

Credit Risk Profile by Industry Sector	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Financial and insurance	$ 79,683,550	28	$ 78,116,172	26	$ 79,487,350	26
Real estate	55,536,413	19	56,497,428	19	59,062,702	19
Manufacturing	58,783,736	20	63,281,714	21	65,925,793	22

b) By counterparty

Credit Risk Profile by Counterparty Sector	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Private sector	$ 141,232,669	80	$ 150,712,058	81	$ 163,706,026	83
Natural person	36,031,046	20	35,461,639	19	33,247,592	17

c) By geographical area

Credit Risk Profile by Geographical Sector	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Domestic	$ 116,792,967	66	$ 122,417,279	66	$ 125,974,167	64
America	30,676,190	17	31,854,819	17	34,801,908	18
Other Asia area	24,948,311	14	25,203,739	14	28,077,760	14

8) Credit quality and impairment assessment of financial assets

Some financial assets such as cash and cash equivalents, due from Central Bank and call loan to other banks, financial asset at fair value through profit or loss, bills and bonds purchased under resale agreements, refundable deposits, operating deposits and settlement fund are regarded as very low credit risk owing to the good credit rating of counterparties.

The related financial asset impairment valuation is as follows:

a) Credit business (including loan commitments and guarantees)

On each reporting date, the Group assesses the change in the default risk of financial assets and considers reasonable and corroborative information that shows the credit risk has increased significantly since initial recognition, including the overdue status of credit assets from clients, actual repayment situations, credit investigation results, announcements of dishonored checks and negotiations of the debts from other financial institutions, or information that the debtor has reorganized or is likely to reorganize, to determine whether the credit risk has increased significantly.

The Group adopts the 12-month ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has not increased significantly since initial recognition and adopts the lifetime ECLs for the evaluation of the loss allowance of financial instruments whose credit risk has increased significantly since initial recognition or which are credit-impaired.

The Group considers both the 12-month and lifetime probability of default ("PD") of the borrower together with the loss given default ("LGD"), multiplied by the exposure at default ("EAD"), and considers the impact of the time value of money in order to calculate the 12-month ECLs and lifetime ECLs, respectively.

The PD refers to the borrower's probability to default, and the LGD refers to losses caused by such default. The Group applies the PD and LGD for the impairment assessment of the credit business according to each group entity's historical information (such as credit loss experience) from internal statistical data and adjusts such historical data based on the current observable and forward-looking macroeconomic information. It then calculates the respective impairment by applying the progressive one factor model (ASRF).

Considering the impact of COVID-19 to the overall economy which caused obvious changes in macroeconomic information, the Bank has adjusted the weights of the assessment forward-looking factors to reflect the estimated influence of the economic indicator changes in the default rate.

The Group estimates the balance of each account based on the method of amortization and considers the possible survival rate in order to calculate the EAD. In addition, the Group estimates the 12-month ECLs and lifetime ECLs of loan commitments based on the guidelines issued by the Bank's Association and Basel Accords. The Group calculates the EAD of expected credit losses by considering the portion of the loan commitments expected to be used within 12 months after the reporting date as compared with the expected lifetime of the loan commitments.

The Group uses the same definitions for default and credit impairment of financial assets. If one or more of the conditions are met, for instance, the financial assets are overdue for more than 90 days or the credit investigation appears to be abnormal, then the Group determines that the financial assets have defaulted and are credit-impaired.

Credit assets are classified into five categories. In addition to the first category of credit assets, which are normal credit assets classified as sound assets, the remaining credit assets are classified as unsound assets and assessed according to the respective collateral and the length of time in which the respective payments become overdue. Such unsound credit assets are then categorized within the second category if they should only be noted; within the third category if they have substandard expected recovery; within the fourth category if their collectability is highly doubtful; and within the fifth category if they are considered uncollectable. The Group also sets up policies for the management of provisions for doubtful credit assets and the collection and settlement of overdue debts in order to deal with collection problems.

b) Credit risk management for investments in debt instruments

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Bank and its subsidiaries' exposure and the external credit ratings are continuously monitored. The Bank and its subsidiaries review other public information on debtors and make an assessment as to whether there has been a significant increase in credit risk since the last period to the current reporting date.

In order to minimize credit risk, the Group has tasked its credit management committee with developing and maintaining a credit risk grading framework for categorizing exposures according to the degree of risk of default. The credit rating information may be obtained from independent rating agencies where available, and if not available, the credit management committee uses other publicly available financial information to rate the debtors.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecasts to estimate 12-month or lifetime expected credit losses.

The Group's current credit risk grading mechanism is as follows:

Category	Description	Basis for Recognizing Expected Credit Losses (ECLs)
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECLs
Doubtful	There has been a significant increase in credit risk since initial recognition	Lifetime ECLs - not credit-impaired
In default	There is evidence indicating the asset is credit-impaired	Lifetime ECLs - credit-impaired

The Group's gross carrying amounts of investments in debt instruments by credit category was as follows:

Category	June 30, 2021	December 31, 2020	June 30, 2020
Performing	$ 166,537,139	$ 163,611,133	$ 155,703,998
Doubtful	1,000,017	1,000,025	1,000,032
In default	-	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost is reconciled are summarized as follows:

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Total
Balance at January 1, 2021	$ 42,548	$ 8,821	$ 51,369
New financial assets purchased	8,972	-	8,972
Derecognition of financial assets	(9,764)	-	(9,764)
Change in model or risk parameters	(2,038)	(159)	(2,197)
Exchange rates or others	(434)	-	(434)
Balance at June 30, 2021	$ 39,284	$ 8,662	$ 47,946

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Total
Balance at January 1, 2020	$ 38,272	$ 8,136	$ 46,408
Provision (reversal of provision)	792	3,923	4,715
New financial assets purchased	3,059	-	3,059
Derecognition of financial assets	(2,155)	-	(2,155)
Change in model or risk parameters	18	-	18
Exchange rates or others	(57)	-	(57)
Balance at June 30, 2020	$ 39,929	$ 12,059	$ 51,988

In addition to the above, the credit quality analysis of the remaining financial assets of the Bank and subsidiaries is as follows:

a) Credit analysis for receivables and discounts and loans

June 30, 2021

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 17,864,552	$ 99,929	$ 199,601	$ -	$ 18,164,082
Allowance for credit losses	(230,232)	(25,963)	(173,465)	-	(429,660)
Difference of impairment loss under regulations	-	-	-	(13,456)	(13,456)
Net total	$ 17,634,320	$ 73,966	$ 26,136	$ (13,456)	$ 17,720,966

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Discounts and loans	$ 161,066,739	$ 14,712,168	$ 1,484,808	$ -	$ 177,263,715
Allowance for credit losses	(378,841)	(169,688)	(440,265)	-	(988,794)
Difference of impairment loss under regulations	-	-	-	(1,540,401)	(1,540,401)
Net total	$ 160,687,898	$ 14,542,480	$ 1,044,543	$ (1,540,401)	$ 174,734,520

December 31, 2020

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 15,070,846	$ 86,938	$ 226,280	$ -	$ 15,384,064
Allowance for credit losses	(220,734)	(25,785)	(175,691)	-	(422,210)
Difference of impairment loss under regulations	-	-	-	(8,995)	(8,995)
Net total	$ 14,850,112	$ 61,153	$ 50,589	$ (8,995)	$ 14,952,859

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Discounts and loans	$ 167,034,025	$ 17,442,689	$ 1,696,982	$ -	$ 186,173,696
Allowance for credit losses	(530,975)	(194,967)	(352,887)	-	(1,078,829)
Difference of impairment loss under regulations	-	-	-	(1,383,894)	(1,383,894)
Net total	$ 166,503,050	$ 17,247,722	$ 1,344,095	$ (1,383,894)	$ 183,710,973

June 30, 2020

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Receivables	$ 15,070,717	$ 78,549	$ 353,252	$ -	$ 15,502,518
Allowance for credit losses	(186,118)	(32,098)	(206,179)	-	(424,395)
Difference of impairment loss under regulations	-	-	-	(15,080)	(15,080)
Net total	$ 14,884,599	$ 46,451	$ 147,073	$ (15,080)	$ 15,063,043

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference of Impairment Loss Under Regulations	Total
Discounts and loans	$ 178,615,469	$ 15,737,785	$ 2,600,364	$ -	$ 196,953,618
Allowance for credit losses	(702,784)	(214,847)	(381,714)	-	(1,299,345)
Difference of impairment loss under regulations	-	-	-	(1,422,404)	(1,422,404)
Net total	$ 177,912,685	$ 15,522,938	$ 2,218,650	$ (1,422,404)	$ 194,231,869

b) Credit analysis for marketable securities

June 30, 2021

	At FVTOCI - Debt Instruments
Gross carrying amount	$ 167,537,156
Allowance for impairment loss	(47,946)
Amortized cost	167,489,210
Fair value adjustment	1,151,610
	$ 168,640,820

December 31, 2020

	At FVTOCI - Debt Instruments
Gross carrying amount	$ 164,611,158
Allowance for impairment loss	(51,369)
Amortized cost	164,559,789
Fair value adjustment	1,830,557
	$ 166,390,346

June 30, 2020

	At FVTOCI - Debt Instruments
Gross carrying amount	$ 156,704,030
Allowance for impairment loss	(51,988)
Amortized cost	156,652,042
Fair value adjustment	1,287,273
	$ 157,939,315

9) Aging analysis for overdue but not yet impaired financial assets

Delays in processing payments by borrowers and other administrative reasons could result in financial assets which are overdue but not yet impaired.

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Group had no financial assets which were overdue but not impaired.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity is the Group's capacity to realize assets, obtain financing or funds to meet obligations at maturity, including deposits and off-balance sheet guarantees.

Liquidity risk is the risk that the Group is unable to meet its payment obligation and to operate normally.

2) Management strategy and principles of liquidity risk

a) Liquidity risk management process should be able to adequately identify, measure effectively, monitor continuously, and properly control of the Group's liquidity risk, to ensure that banks both in normal operating environments or under pressure, have sufficient funds to cope assets or settle liabilities when due.

b) Manage current assets to ensure that the Group have enough instantly-realized assets to deal with currency risks.

c) Capital management should include regular review of the asset and liability structure, and proper configuration of assets and liabilities, and should take into account the realization of assets and the stability of financing sources to plan combinations of funding sources to ensure that the Group's liquidity.

d) To establish an appropriate information system to measure, monitor and report liquidity risk.

e) The setting of the measurement systems or models should include important factors which affect the currency risks of the Bank fund (including the introduction of new products or services) for managing current risks to help the Bank to evaluate and monitor the fund currency risks in the regular condition and under pressure.

f) To use early warning tools and continuously monitor and report liquidity risk profile, and set liquidity risk limits, with due consideration of business strategy, operational characteristics and risk preference factors.

g) In addition to the monitoring of the capital requirements, under normal business conditions, the Group should regularly conduct stress tests to evaluate the assumptions in the liquidity position and ensure that banks have sufficient liquidity to withstand stress scenarios; assessment should be made to view liquidity risk management indicators and reasonableness of limits.

h) Develop appropriate action plans to respond to possible occurrence of liquidity crisis, and regularly review such plans to ensure that the action plans are in line with the Bank's operating environment and conditions, and can continue to play its role effectively.

As of June 30, 2021, December 31, 2020 and June 30, 2020, the liquidity reserve ratio was 45.27%, 46.39% and 47.05%, respectively.

3) The analysis of cash inflow and outflow of non-derivative financial liabilities held was prepared according to the remaining periods from reporting date to contractual maturity date. The maturity analysis of non-derivative financial liabilities was as follows:

June 30, 2021	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Due to the Central Bank and other banks	$ 20,802,498	$ -	$ -	$ -	$ 7,000,000	$ 27,802,498
Financial liabilities at fair value through profit or loss	-	-	-	-	639	639
Bills and bonds sold under repurchase agreements	139,551,527	29,605,438	3,437,847	115,925	-	172,710,737
Payables	2,553,782	1,911,635	494,677	708,779	223,724	5,892,597
Deposits and remittances	47,692,814	72,927,569	53,312,756	38,274,654	45,989,405	258,197,198
Bank debentures payable	-	600,000	-	1,500,000	13,000,000	15,100,000
Other financial liabilities	7,907,118	2,816,228	977,321	3,072,329	4,924,427	19,697,423
Lease liabilities	12,023	27,877	39,387	78,518	255,760	413,565
	$ 218,519,762	$ 107,888,747	$ 58,261,988	$ 43,750,205	$ 71,393,955	$ 499,814,657

December 31, 2020	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Due to the Central Bank and other banks	$ 21,479,755	$ -	$ -	$ -	$ 7,000,000	$ 28,479,755
Financial liabilities at fair value through profit or loss	-	-	-	-	1,960	1,960
Bills and bonds sold under repurchase agreements	139,138,761	39,633,058	2,450,172	11,866	-	181,233,857
Payables	1,350,419	296,256	224,223	680,370	151,903	2,703,171
Deposits and remittances	51,209,846	84,746,765	37,206,852	50,379,624	44,176,585	267,719,672
Bank debentures payable	-	1,300,000	1,000,000	600,000	13,500,000	16,400,000
Other financial liabilities	5,591,440	2,023,964	1,371,701	1,868,192	7,247,466	18,102,763
Lease liabilities	12,336	29,097	39,871	75,686	315,950	472,940
	$ 218,782,557	$ 128,029,140	$ 42,292,819	$ 53,615,738	$ 72,393,864	$ 515,114,118

June 30, 2020	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Due to the Central Bank and other banks	$ 42,504,763	$ 2,544,990	$ -	$ -	$ 7,000,000	$ 52,049,753
Financial liabilities at fair value through profit or loss	-	-	-	-	9,259	9,259
Bills and bonds sold under repurchase agreements	130,846,988	24,382,353	2,734,994	419,837	-	158,384,172
Payables	2,617,592	1,025,367	401,609	566,342	137,248	4,748,158
Deposits and remittances	55,417,988	74,956,757	60,219,756	43,925,162	37,758,550	272,278,213
Bank debentures payable	-	-	-	2,300,000	14,100,000	16,400,000
Other financial liabilities	4,034,563	1,542,106	1,299,189	1,673,173	5,231,427	13,780,458
Lease liabilities	15,401	27,119	41,937	79,122	366,068	529,647
	$ 235,437,295	$ 104,478,692	$ 64,697,485	$ 48,963,636	$ 64,602,552	$ 518,179,660

4) The Group assessed based contractual maturities at the balance sheet to understand all the basic elements of derivative financial instruments. The maturity consolidated analysis of derivative financial liabilities was as follows:

June 30, 2021	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 7,894	$ 9,916	$ 3,105	$ 3,565	$ -	$ 24,480
Currency swap contracts	65,864	215,567	31,495	32,816	-	345,742
Others	5,687	10,157	3,711	78	45,333	64,966
	79,445	235,640	38,311	36,459	45,333	435,188
Non-deliverable						
Interest rate swap contracts	-	-	606	1,455	9,855	11,916
	$ 79,445	$ 235,640	$ 38,917	$ 37,914	$ 55,188	$ 447,104

December 31, 2020	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 12,252	$ 21,126	$ 5,384	$ 3,957	$ -	$ 42,719
Currency swap contracts	211,140	268,534	114,314	88,245	-	682,233
Others	3,658	2,511	342	2,031	36,510	45,052
	227,050	292,171	120,040	94,233	36,510	770,004
Non-deliverable						
Interest rate swap contracts	-	-	2,992	1,158	14,184	18,334
	$ 227,050	$ 292,171	$ 123,032	$ 95,391	$ 50,694	$ 788,338

June 30, 2020	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Deliverable						
Forward contracts	$ 10,020	$ 3,490	$ 1,776	$ 639	$ -	$ 15,925
Currency swap contracts	78,923	152,229	59,630	19,683	-	310,465
Others	4,173	10,399	4,898	220	5,367	25,057
	93,116	166,118	66,304	20,542	5,367	351,447
Non-deliverable						
Interest rate swap contracts	-	5,810	1,118	6,107	20,561	33,596
	$ 93,116	$ 171,928	$ 67,422	$ 26,649	$ 25,928	$ 385,043

5) The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the financial guarantee contracts, the maximum amounts are possibly asked for settlement in the earliest period. The amounts in the table below were on cash flow basis; therefore, some disclosed amounts will not match with the consolidated balance sheet.

June 30, 2021	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 531,490	$ 1,104,150	$ 139,376	$ -	$ -	$ 1,775,016
Other guarantees	47,495,824	85,593,496	11,851,895	2,094,247	19,596	147,055,058
Loan commitments	3,527,832	7,055,664	10,583,495	20,572,619	-	41,739,610
	$ 51,555,146	$ 93,753,310	$ 22,574,766	$ 22,666,866	$ 19,596	$ 190,569,684

December 31, 2020	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 500,885	$ 309,705	$ 99,347	$ -	$ -	$ 909,937
Other guarantees	50,971,514	78,156,967	11,193,704	4,626,849	29,298	144,978,332
Loan commitments	3,614,999	7,229,999	10,844,998	21,080,938	-	42,770,934
	$ 55,087,398	$ 85,696,671	$ 22,138,049	$ 25,707,787	$ 29,298	$ 188,659,203

June 30, 2020	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	More Than 1 Year	Total
Unused letters of credit	$ 440,524	$ 309,768	$ 74,434	$ -	$ -	$ 824,726
Other guarantees	49,650,783	75,056,054	7,932,388	3,384,807	36,987	136,061,019
Loan commitments	955,555	1,911,110	2,866,665	5,733,330	26,539,266	38,005,926
	$ 51,046,862	$ 77,276,932	$ 10,873,487	$ 9,118,137	$ 26,576,253	$ 174,891,671

e. Market risk

1) Source and definition of market risk

Market risk is defined as an unfavorable change in market prices (such as interest rates, exchange rates, stock prices and commodity prices) which may cause financial instruments classified in trading book a potential loss on or off the balance sheet.

2) Market risk management strategy and process

The Bank manage the market risk with active, careful attitude.

The Bank makes the profit majorly by doing trading business through knowing well correctly how market risk of factors fluctuate. (e.g., market price, exchange rate, interest rate). More violent the market risk factors fluctuate, the bigger the opportunity of the implicit profit is. When preparing the Annual Trading Budget Report of the trading business, the Bank will refer to the overall economic and industrial analysis of the Bank itself and also the other similar business. After discussed to the full and stipulated by the president, the trading department and the market risk management department, it is submitted to the Assets and Liabilities Committee and the board of directors with the plan of stop-loss quotas and product parts quotas to avoid setting up proposed the goal in an impracticable way that leads the dealer to take more risk on operating.

The Bank sets up definite management rules and risk management indicators for different trading business and its risk attribute, and stipulates exposure amount, submission of expiration, authorizing management and ways of disposure. Implement certainly and ensure the trading department to abide by the discipline to control the market risk exposure extent in a safe range.

3) Market risk management organization and framework

a) The Board of Directors: It is the top market risk supervising organization. The product part quotas and total annual stop-loss quotas of the trading business market risk monitored and managed by the Bank, approved by the board of directors, are the top stipulation in market risk management.

b) Risk Management Committee: It is the supervisory agency which responsible for setting risk management limits and supervising market risk management operations. In principle, a risk management committee meeting is held monthly to deliberate the revision of market risk limits and regulations, reporting various market risk limit control situations and market risk related matters.

c) Risk Management Department: In charge of market risk management. According to the Bank's regulation, the department is in charge of every operation related to market risk management, including planning of market risk limit, statistics, reporting and monitoring.

4) Market risk report and evaluation system

The Bank setup the risk index, exposure amount and authority levels by products' type (e.g. equity, interest rate, currency exchange rate).

The Bank setup the limit amount of trading and loss, and other index including VaR, MAT limit, 20-Day average liquidity and FS sensitivity limit to enhance the risk control system.

The Bank calculates the risk exposure amount of the trade department and traders based on authorized amount, and submits risk report, monitors the limits and executes the following measures.

The Bank sets up the index of stop loss to control the risk of transaction including bonds, Forex, securities and derivative by building the risk evaluation module, and monitor the loss caused by the fluctuation of stock market, exchange rate and interest rates.

5) Value at risk

The Bank adopts Value at Risk to evaluate trading book products such as rate financial instruments, TWD interest products and market risks of trading assets IPO stocks. When market factors happen negative changes, Value at Risk reveals the potential losses of holding financial instruments during a certain period and in a confidence interval. The bank adopts Monte Carlo method to estimate Value at Risk, the confidence interval is 99%, the sample interval of rate and stock products is the past year, the sample interval of interest products is the past three years, simulation times is 5,000 times, simulation path is GBM.

The following table illustrates the Value at Risk of the Bank, this risk value is based on confidence interval, estimated in one day potential losses and assumed unfavorable interest and rate changes can cover all possible fluctuation in one day. Based on this assumption, the Value at Risk of financial assets and liabilities in the table have one in hundred days possibility more than the amount in the table due to the fluctuation of interest, rate and stock prices. Annual average value, maximum value and minimum value are calculated based on daily Value at Risk. The total market risk value of the bank is less than the sum of the fair value risk value, rate risk value and price risk value of interest changes.

O-Bank

	June 30, 2021			December 31, 2020			June 30, 2020		
	Average	High	Low	Average	High	Low	Average	High	Low
Currency exchange rate risk	$ 2,040	$ 3,651	$ 631	$ 2,701	$ 5,282	$ 352	$ 2,246	$ 4,434	$ 352
Fair value risk resulting from interest rate	2,688	4,162	1,643	4,043	6,925	1,243	3,694	6,925	1,243
Fair value resulting from stock price	19,962	31,270	5,183	9,019	16,652	1,526	8,244	13,154	1,526

6) Effect of interest rate benchmark reform

The Group is exposed to USD LIBOR and HKD HIBOR which are subject to interest rate benchmark reform. The exposures arise on non-derivative financial assets. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. HONIA (Hong Kong Dollar Overnight Index Average) is expected to replace HKD HIBOR. There are key differences among these benchmarks. USD LIBOR is "forward looking", which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a "backward-looking" rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Group established USD LIBOR and HKD HIBOR transition project plans for each benchmark. These transition projects are considering changes to risk management policies, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. As at June 30, 2021, the bank has identified all the information systems and internal processes that need to be updated, and planned the update schedule. The bank has completed the identification of the affected contracts, and expects to gradually switch to alternative interest rate indicators in the second half of 2021, and pay close attention to the regulations of the competent authority, market development, and processing methods among other banks.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of HKD HIBOR and USD LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into.

The following table contains details of all of the financial instruments held by the Group at March 31, 2021 which are subject to the reform and have not transitioned to an alternative benchmark interest rate:

	Book Value Not Transitioned to Alternative Benchmark Rates	Transition Progress
USD LIBOR financial assets		
Financial assets at fair value through other comprehensive income	$ 5,812,578	The Group will pay close attention to the regulations of the competent authority, market development, and processing methods among other banks, and will cooperate with the issuer and counterparty to negotiate the contract revision. It is expected that the contract revision will be sold or completed in the first half of 2023.
Discounts and loans	2,158,534	It is expected to gradually switch to alternative interest rate indicators in the second half of 2021, and pay close attention to the regulations of the competent authority, market development, and processing methods among other banks.
	7,971,112	

(Continued)

	Book Value Not Transitioned to Alternative Benchmark Rates	Transition Progress
HKD HIBOR financial asset		
Discounts and loans	$ 514,388	It is expected to gradually switch to alternative interest rate indicators in the second half of 2021, and pay close attention to the regulations of the competent authority, market development, and processing methods among other banks.
	$ 8,485,500	

(Concluded)

7) Foreign currency rate risk information

The information of significant foreign financial assets and liabilities is as follows:

Unit: Foreign Currencies (Thousands)/NT$ (Thousands)

	June 30, 2021		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 2,507,062	27.8700	$ 69,871,897
JPY	3,037,188	0.2523	766,323
HKD	5,987,409	3.5892	21,490,068
EUR	20,649	33.1485	684,487
AUD	158,054	20.9204	3,306,541
RMB	3,108,530	4.3120/4.3157	13,413,948
Investments accounted for using equity method			
RMB	172,388	4.3157	743,968
Financial liabilities			
Monetary item			
USD	3,160,460	27.8700	88,082,111
JPY	3,288,862	0.2523	829,824
HKD	4,426,168	3.5892	15,886,445
EUR	14,416	33.1485	477,868
AUD	38,612	20.9204	807,775
RMB	2,470,654	4.3120/4.3157	10,659,631

	December 31, 2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 2,488,873	28.5083	$ 70,953,550
JPY	1,535,130	0.2763	424,210
HKD	6,380,651	3.6774	23,464,080
EUR	20,543	35.0416	719,868
AUD	204,922	21.9686	4,501,838
RMB	2,755,208	4.3665/4.3822	12,036,006
Investments accounted for using equity method			
RMB	180,891	4.3665	789,863
Financial liabilities			
Monetary item			
USD	2,994,593	28.5083	85,370,790
JPY	2,569,136	0.2763	709,943
HKD	4,719,183	3.6774	17,354,229
EUR	9,831	35.0416	344,494
AUD	8,597	21.9686	188,874
RMB	1,954,158	4.3665/4.3822	8,563,414

	June 30, 2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 3,085,693	29.6602	$ 91,522,273
JPY	1,696,242	0.2754	467,193
HKD	7,535,216	3.8270	28,837,496
EUR	15,871	33.2878	528,308
AUD	62,272	20.3284	1,265,882
RMB	2,299,010	4.1936/4.1923	9,640,659
Financial liabilities			
Monetary item			
USD	3,710,967	29.6602	110,068,022
JPY	582,332	0.2754	160,391
HKD	4,984,593	3.8270	19,076,186
EUR	12,138	33.2878	404,042
AUD	9,929	20.3284	201,845
RMB	1,548,549	4.1936/4.1923	6,493,362

f. Banking book interest rate risk

1) Source and definition of interest rate risk of banking book

Banking book's interest rate risk means the probably loss of non-trading book's position within balance sheet and off-balance sheet arise from interest change.

2) Management strategy and process of interest rate risk of banking book

The Bank controls this interest rate risk with a positive and strict attitude. The Bank hopes to pursue the stability and growth of surplus without liquidity flaws.

The Bank set the clear management methods and risk management indicators with different trading, investment and risk, and set the report of risk amount and over limit, approved level and reaction plan. The Bank executes the procedures clearly, establishes a trading discipline that upholds the discipline of investment, and controls the interest rate risk of banking book within the limit.

3) Management organization and framework of interest rate risk of banking book

a) The Board of Directors: It is the top organization to supervise interest rate risk of banking book. The product part quotas and total annual stop-loss quotas of the trading business market risk monitored and managed by the Bank and approved by the board of director are the top stipulation in bank book interest risk.

b) Assets and Liabilities Committee: In charge of stipulating risk management policy of interest rate risk of banking book and monitoring the risk management operating of interest rate risk of banking book. The Bank assembles related departments to hold an assets-and-liabilities assessment meeting to review the risk management conditions of interest rate risk of banking book and the result of interest rate pressure test once a month.

c) Risk Management Department: In charge of risk management of interest rate risk of banking book. According to the Bank's regulation, the department is in charge of every operation related to management of interest rate risk of banking book, including planning limits, statistics, reporting and monitoring.

4) The extent and characteristics of interest rate risk report and evaluation system of banking book

The Risk Management Department set the regulation with interest rate risk of banking book as follow, limit of position, annual stop buying maximum loss limit, FS sensitivity limit, duration limit, Individual Investment Target Warning Limits, Individual Investment Target stop buying limit, Tier I Capital Interest Rate Sensitivity Warning Limit-Rising/falling interest rates by 1bp, net income interest rate sensitivity warning limit: Interest rate rise/fall 25bps, 50bps, 75bps, 100bps.

In summary, it is intended to enhance the risk control framework of interest rate risk of banking book.

Besides, the Risk Management Department executes the following tests to assess the impact to the Bank's net income in each quarter, including the interest rate pressure test and special situation pressure test, and reports the result to the Assets and Liabilities Committee.

The Risk Management Department calculates the exposure amount of each trading departments and traders, and it also reports the risk reports, monitors over-limits, and performs follow-up actions under the regulations.

g. Average amount and average interest rate of interest-earning assets and interest-bearing liabilities

Interest rate fluctuations affect the earning assets and interest-bearing liabilities, and current average interest rates are as follows:

Average balance was calculated at the daily average balances of interest-earning assets and interest-bearing liabilities.

O-Bank

	For the Six Months Ended June 30			
	2021		2020	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Due from banks (part of cash and cash equivalents and other financial assets)	$ 846,654	1.12	$ 960,136	1.54
Call loans to other banks	10,834,517	0.19	9,970,030	1.19
Due from the Central Bank	5,503,958	0.39	5,211,425	0.50
Financial assets at FVTPL	45,984,013	0.30	74,367,699	0.60
Bills and bonds purchased under resell agreements	20,639	0.09	-	-
Discounts and loans	158,525,572	1.89	176,956,567	2.36
Financial assets at FVTOCI	68,052,072	0.63	41,952,042	1.29
Receivables	843,128	1.09	1,451,025	1.69
Interest-bearing liabilities				
Due to the Central Bank and other banks	20,658,433	0.43	34,640,255	0.92
Demand deposits	63,151,029	0.21	45,940,672	0.43
Time deposits	175,797,175	0.46	197,019,056	1.10
Bills and bonds sold under repurchase agreements	1,850,030	0.21	2,503,468	0.36
Bank debentures payable	15,741,436	2.00	18,320,879	2.00

China Bills Finance Corporation (CBF)

	For the Six Months Ended June 30			
	2021		2020	
	Average Balance	Average Rate (%)	Average Balance	Average Rate (%)
Interest-earning assets				
Cash and cash equivalents (including certificate of deposit)	$ 429,534	0.03	$ 777,842	0.07
Call loans to banks	45,746	0.09	78,511	0.25
Financial assets at FVTPL - bonds and bills	95,412,461	0.38	85,376,749	0.55
FVTOCI - debt instruments	99,366,633	1.21	98,606,664	1.37
Financial assets at FVTPL - hybrid financial assets	8,528,244	1.51	9,581,060	1.48
Securities purchased under resell agreements	6,071,609	0.17	2,245,399	0.19
Interest-bearing liabilities				
Due to other banks	6,591,069	0.21	15,405,795	0.52
Bank overdrafts	1,484	0.61	1,874	1.63
Securities sold under repurchase agreement	174,719,912	0.24	156,761,562	0.57
Commercial paper payable	4,500,000	0.31	412,088	0.53

47. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

The Group's common equity ratio of Tier I capital ratio and capital adequacy ratio required by the competent authority shall comply with the minimum capital ratio for each year; leverage ratio measurement basis subject to the competent authorities. The calculation of the ratio mentioned above by competent authority regulations.

b. Capital assessment program

Measures are taken when capital ratio and leverage ratio deteriorates such as regular calculation, analysis, monitoring and reporting, the annual allocation of each business's capital adequacy ratio targets and regularly tracking the target achievement rate in the capital.

c. Capital adequacy ratio

O-Bank

(In Thousands of New Taiwan Dollars or in %)

Items		Year	June 30, 2021	
			Own Capital Adequacy Ratio	**Consolidated Capital Adequacy Ratio**
Eligible capital	Common stocks equity		$ 26,770,120	$ 26,770,120
	Other Tier 1 capital		283,148	283,148
	Tier 2 capital		2,515,963	2,515,963
	Eligible capital		29,569,231	29,569,231
Risk-weighted assets	Credit risk	Standardized approach	185,642,675	185,642,675
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	9,020,363	9,020,363
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	10,305,800	10,305,800
		Internal model approach	-	-
	Total risk-weighted assets		204,968,838	204,968,838
Capital adequacy ratio			14.43%	14.43%
Ratio of common stockholders' equity to risk-weighted assets			13.06%	13.06%
Ratio of Tier 1 capital to risk-weighted assets			13.20%	13.20%
Leverage ratio			7.76%	7.76%

(In Thousands of New Taiwan Dollars or in %)

Items		Year	December 31, 2020	
			Own Capital Adequacy Ratio	**Consolidated Capital Adequacy Ratio**
Eligible capital	Common stocks equity		$ 26,668,441	$ 26,668,441
	Other Tier 1 capital		300,001	300,001
	Tier 2 capital		2,843,868	2,843,868
	Eligible capital		29,812,310	29,812,310
Risk-weighted assets	Credit risk	Standardized approach	204,697,317	204,697,317
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	9,020,363	9,020,363
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	21,536,500	21,536,500
		Internal model approach	-	-
	Total risk-weighted assets		235,254,180	235,254,180
Capital adequacy ratio			12.67%	12.67%
Ratio of common stockholders' equity to risk-weighted assets			11.34%	11.34%
Ratio of Tier 1 capital to risk-weighted assets			11.46%	11.46%
Leverage ratio			7.49%	7.49%

(In Thousands of New Taiwan Dollars or in %)

Items		Year	June 30, 2020 Own Capital Adequacy Ratio	June 30, 2020 Consolidated Capital Adequacy Ratio
Eligible capital	Common stocks equity		$ 24,277,981	$ 24,277,981
	Other Tier 1 capital		662,312	662,312
	Tier 2 capital		3,813,979	3,813,979
	Eligible capital		28,754,272	28,754,272
Risk-weighted assets	Credit risk	Standardized approach	201,251,451	201,251,451
		Internal rating based approach	-	-
		Asset securitization	-	-
	Operational risk	Basic indicator approach	8,785,450	8,785,450
		Standardized/alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	23,350,825	23,350,825
		Internal model approach	-	-
	Total risk-weighted assets		233,387,726	233,387,726
Capital adequacy ratio			12.32%	12.32%
Ratio of common stockholders' equity to risk-weighted assets			10.40%	10.40%
Ratio of Tier 1 capital to risk-weighted assets			10.69%	10.69%
Leverage ratio			6.72%	6.72%

Note 1: Eligible capital, risk-weighted assets total exposure are calculated under the "Regulations Governing the Capital Adequacy Ratio of Banks" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Banks."

Note 2: Formulas used were as follows:

1) Eligible capital = Common stocks equity Tier 1 + Other Tier 1 capital + Tier 2 capital.

2) Risk-weighted assets = Risk-weighted asset for credit risk + Capital requirements for operational risk and market risk x 12.5.

3) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

4) Ratio of common stockholders' equity to risk-weighted assets = Common stocks equity Tier 1 ÷ Risk-weighted assets.

5) Ratio of Tier 1 capital to risk-weighted assets = (Common stocks equity Tier 1 + Other Tier 1 capital) ÷ Risk-weighted assets.

6) Leverage ratio = Tier 1 capital ÷ Exposure amount.

According to the Banking Law and other related regulations, in order to improve the financial foundation of banks, the Bank's stand-alone and consolidated capital adequacy ratio shall not be lower than 10.5%. The ratio of Tier 1 capital shall not be lower than 8.5%. The ratio of common stockholders' equity shall not be lower than 7.0%. Should any actual ratios be lower than the requirements, the central competent authority has the right to constrain the earnings distribution.

China Bills Finance Corporation

(Unit: In Thousands of New Taiwan Dollars or in %)

Items		June 30, 2021	June 30, 2020
Eligible capital	Tier 1 capital	$ 23,857,859	$ 22,981,312
	Tier 2 capital	166,458	131,830
	Tier 3 capital	616,722	506,873
	Eligible capital	24,641,039	23,620,015
Risk-weighted assets	Credit risk	124,635,972	124,377,005
	Operational risk	4,062,412	3,807,116
	Market risk	69,856,044	61,408,454
	Total risk-weighted assets	198,554,428	189,592,575
Capital adequacy ratio (Note)		12.41%	12.46%
Ratio of Tier 1 capital to risk-weighted assets (Note)		12.02%	12.12%
Ratio of Tier 2 capital to risk-weighted assets (Note)		0.08%	0.07%
Ratio of Tier 3 capital to risk-weighted assets (Note)		0.31%	0.27%
Ratio of common stockholders' equity to total assets (Note)		6.30%	6.72%

Note:

1) Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.

2) The amount of total assets used in the calculation refers to all assets in the balance sheets.

3) The capital adequacy ratios (CARs) should be computed at the end of June and December. In the reports of the first-quarter and the third-quarter the CARs disclosed are based on the data of the last preceding period, i.e., the end of December and the end of June, respectively.

4) Eligible capital and risk-weighted assets are calculated under the "Regulations Governing the Capital Adequacy Ratio of Bills Finance Companies" and "Explanation of Methods for Calculating the Eligible Capital and Risk-weighted Assets of Bills Finance Companies."

48. ASSET QUALITY OF LOANS, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND DISCLOSURE OF RELATED INFORMATION OF INDUSTRY REGULATIONS OF MATURITY ANALYSIS OF ASSETS AND LIABILITIES

O-Bank

a. Credit risk

1) Asset quality of loans: See Table 4.

2) Concentration of credit extensions

June 30, 2021

(In Thousands of New Taiwan Dollars or in %)

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Group (real estate development)	$ 5,942,269	16.62
2	B Group (real estate development)	3,659,000	10.24
3	C Group (real estate development)	3,274,716	9.16
4	D Group (real estate lease industry)	3,180,000	8.90
5	E Group (glass and glass made products manufacturing)	3,102,287	8.68
6	F Group (unclassified other financial service)	2,940,000	8.22
7	G Group (manufacture of ready-mix concrete)	2,577,182	7.21
8	H Group (non-hazardous waste treatment industry)	2,543,908	7.12
9	I Group (short-term accommodation activities)	2,316,780	6.48
10	J Group (real estate development)	2,148,909	6.01

June 30, 2020

(In Thousands of New Taiwan Dollars or in %)

Rank	Industry of Group Enterprise	Credit Extensions Balance	% of Net Asset Value
1	A Group (real estate development)	$ 6,718,987	20.63
2	F Group (unclassified other financial service)	5,000,000	15.35
3	E Group (glass and glass made products manufacturing)	3,565,053	10.95
4	K Group (ocean transportation)	3,269,466	10.04
5	I Group (short-term accommodation activities)	3,006,600	9.23
6	C Group (real estate development)	2,972,369	9.13
7	L Group (retail sale of other food, beverages and tobacco in specialized stores)	2,906,324	8.92
8	H Group (non-hazardous waste treatment industry)	2,646,286	8.13
9	B Group (real estate development)	2,453,400	7.53
10	M Group (unclassified other financial service)	2,200,000	6.76

Note 1: The list shows top 10 rankings by total amount of credit, endorsement or other transactions but excludes government-owned or state-run enterprises. If the borrower is a member of a group enterprise, the total amount of credit, endorsement or other transactions of the entire group enterprise must be listed and disclosed by code and line of industry. The industry of the group enterprise should be presented as the industry of the member firm with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate - General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: Group enterprise refers to a group of corporate entities as defined by Article 6 of "Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings"

Note 3: Total amount of credit, endorsement or other transactions is the sum of various loans (including import and export negotiations, discounts, overdrafts, unsecured and secured short-term loans, margin loans receivable, unsecured and secured medium-term loans, unsecured and secured long-term loans and overdue loans), exchange bills negotiated, accounts receivable factored without recourse, acceptances and guarantees.

b. Market risk

Interest Rate Sensitivity Balance Sheet (New Taiwan Dollars)
June 30, 2021

(In Thousands of New Taiwan Dollars or in %)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 164,528,259	$ 10,186,345	$ 26,397,624	$ 13,048,797	$ 214,161,025
Interest rate-sensitive liabilities	72,770,107	65,768,594	33,695,745	34,045,153	206,279,599
Interest rate-sensitive gap	91,758,152	(55,582,249)	(7,298,121)	(20,996,356)	7,881,426
Net worth					32,477,754
Ratio of interest rate-sensitive assets to liabilities					103.82%
Ratio of interest rate sensitivity gap to net worth					24.27%

June 30, 2020

(In Thousands of New Taiwan Dollars or in %)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 180,231,940	$ 30,062,845	$ 22,623,687	$ 10,479,700	$ 243,398,172
Interest rate-sensitive liabilities	92,673,518	70,156,223	39,994,151	34,147,435	236,971,327
Interest rate-sensitive gap	87,558,422	(40,093,378)	(17,370,464)	(23,667,735)	6,426,845
Net worth					28,909,223
Ratio of interest rate-sensitive assets to liabilities					102.71%
Ratio of interest rate sensitivity gap to net worth					22.23%

Note 1: The above amounts included only New Taiwan dollar amounts held by the Bank and excluded contingent assets and contingent liabilities items.

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 Balance Sheet (In U.S. Dollars)
June 30, 2021

(In Thousands of U.S. Dollars or in %)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,315,223	$ 39,718	$ 1	$ 1,080,700	$ 2,435,642
Interest rate-sensitive liabilities	927,549	1,127,343	201,303	-	2,256,195
Interest rate-sensitive gap	387,674	(1,087,625)	(201,302)	1,080,700	179,447
Net worth					129,532
Ratio of interest rate-sensitive assets to liabilities					107.95%
Ratio of interest rate sensitivity gap to net worth					138.53%

June 30, 2020

(In Thousands of U.S. Dollars or in %)

Items	0 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 1,452,377	$ 12,002	$ 10,815	$ 941,881	$ 2,417,075
Interest rate-sensitive liabilities	1,326,970	791,338	205,693	-	2,324,001
Interest rate-sensitive gap	125,407	(779,336)	(194,878)	941,881	93,074
Net worth					116,892
Ratio of interest rate-sensitive assets to liabilities					104.00%
Ratio of interest rate sensitivity gap to net worth					79.62%

Note 1: The above amounts included only U.S. dollar amounts held by 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).

c. Liquidity risk

1) Profitability

(In %)

Items		For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Return on total assets	Before income tax	0.34	0.14
	After income tax	0.30	0.13
Return on equity	Before income tax	3.04	1.46
	After income tax	2.73	1.38
Net income ratio		35.29	19.96

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 revenue.

Note 4: Income before (after) income tax represents income for the six months ended June 30, 2021 and 2020.

2) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (In New Taiwan Dollars)
June 30, 2021

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 251,047,321	$ 50,313,002	$ 13,823,522	$ 29,476,601	$ 19,094,856	$ 38,754,777	$ 99,584,563
Main capital outflow on maturity	282,358,387	17,772,103	27,187,560	65,186,572	42,722,228	51,651,933	77,837,991
Gap	(31,311,066)	32,540,899	(13,364,038)	(35,709,971)	(23,627,372)	(12,897,156)	21,746,572

June 30, 2020

(In Thousands of New Taiwan Dollars)

	Total	Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 283,212,632	$ 86,628,118	$ 18,515,874	$ 26,550,439	$ 22,051,614	$ 28,377,971	$ 101,088,616
Main capital outflow on maturity	311,981,962	34,221,188	19,421,791	67,894,526	47,699,221	47,370,872	95,374,364
Gap	(28,769,330)	52,406,930	(905,917)	(41,344,087)	(25,647,607)	(18,992,901)	5,714,252

Note: The above amounts included only New Taiwan dollar amounts held by the Bank.

Maturity Analysis of Assets and Liabilities (In U.S. Dollars)
June 30, 2021

(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
Main capital inflow on maturity	$ 3,883,824	$ 1,723,999	$ 610,664	$ 427,897	$ 264,994	$ 856,270
Main capital outflow on maturity	3,978,589	1,686,171	836,771	636,647	344,676	474,324
Gap	(94,765)	37,828	(226,107)	(208,750)	(79,682)	381,946

June 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
Main capital inflow on maturity	$ 3,507,706	$ 1,121,960	$ 728,858	$ 489,200	$ 156,295	$ 1,011,393
Main capital outflow on maturity	3,546,904	1,304,300	944,730	494,221	264,976	538,677
Gap	(39,198)	(182,340)	(215,872)	(5,021)	(108,681)	472,716

Note 1: The above amounts included only U.S. dollar amounts held by the Bank.

Note 2: If the overseas assets are at least 10% of the Bank's total assets, there should be additional disclosures.

Maturity Analysis of Overseas Branch's Assets and Liabilities (In U.S. Dollars)
June 30, 2021

(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
Main capital inflow on maturity	$ 1,598,517	$ 1,126,003	$ 91,148	$ 49,266	$ 63,425	$ 268,675
Main capital outflow on maturity	1,561,107	622,245	313,528	303,412	108,287	213,635
Gap	37,410	503,758	(222,380)	(254,146)	(44,862)	55,040

June 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
Main capital inflow on maturity	$ 1,217,283	$ 627,014	$ 182,404	$ 34,043	$ 23,222	$ 350,600
Main capital outflow on maturity	1,180,910	446,805	288,766	194,934	37,342	213,063
Gap	36,373	180,209	(106,362)	(160,891)	(14,120)	137,537

China Bills Finance Corporation

a. Asset quality

(Unit: In Thousands of New Taiwan Dollars or in %)

Item \ Period	June 30, 2021	June 30, 2020
Balance of guarantees and endorsement credits overdue within 3 months	$ -	$ -
Nonperforming debts (include overdue receivables)	-	-
Credits under observation	-	-
Overdue receivables	-	-
Ratio of non-performing debts	0.00%	0.00%
Ratio of non-performing debts and credits under observation	0.00%	0.00%
Required provision for credit losses and reserve for losses on guarantees	1,203,310	1,187,612
Actual provision for credit losses and reserve for losses on guarantees	1,375,077	1,325,077

b. The principal operation

(Unit: In Thousands of New Taiwan Dollars or in %)

Item \ Period	June 30, 2021	June 30, 2020
Balance of guarantees and endorsement securities	$ 109,856,600	$ 107,802,300
Multiple of guarantees and endorsement securities to net worth	4.88	4.78
Short-term bills and bonds sold under repurchase agreement	$ 169,632,315	$ 155,732,508
Multiple of short-term bills and bonds sold under repurchase agreement to net worth	7.53	6.91

c. The provision policy and allowance for doubtful accounts, refer to Note 13.

d. Concentrations of credit extensions

(In Thousands of New Taiwan Dollars or in %)

Item \ Period	June 30, 2021		June 30, 2020	
Credit of the common interested party	$ -		$ -	
Ratio of credit extensions to common interest parties	-		-	
Ratio of credit extensions secured by pledged share	24.12		22.49	
Loan concentration by industry (ratio of top three industries to which credit line issued to credit extension balance)	**Type of Industry**	**%**	**Type of Industry**	**%**
	Finance and insurance industry	33.52	Finance and insurance industry	33.25
	Manufacturing industry	20.73	Manufacturing industry	22.85
	Real estate industry	25.44	Real estate industry	24.24

Note 1: Ratio of credit extensions to common interest related parties: Credit to common interest related party ÷ Total credit.

Note 2: Ratio of credit extensions secured by pledged stocks: Credit with stocks pledged ÷ Total credit.

Note 3: Total credit included guarantees, endorsement notes and overdue credit (including overdue receivables, accounts receivable, and notes receivable).

e. Interest rate sensitivity information of the balance sheet

June 30, 2021

(In Millions of New Taiwan Dollars or in %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 96,723	$ 9,713	$ 11,798	$ 91,528	$ 209,762
Interest rate-sensitive liabilities	180,779	3,433	116	-	184,328
Interest rate-sensitive gap	(84,056)	6,280	11,682	91,528	25,434
Net worth					25,165
Ratio of interest rate-sensitive assets to liabilities (%)					113.80
Ratio of interest rate sensitivity gap to net worth (%)					101.07

June 30, 2020

(In Millions of New Taiwan Dollars or in %)

Items	1 to 90 Days (Included)	91 to 180 Days (Included)	181 Days to One Year (Included)	Over One Year	Total
Interest rate-sensitive assets	$ 82,564	$ 7,788	$ 10,289	$ 94,992	$ 195,633
Interest rate-sensitive liabilities	168,392	2,728	418	-	171,538
Interest rate-sensitive gap	(85,828)	5,060	9,871	94,992	24,095
Net worth					24,069
Ratio of interest rate-sensitive assets to liabilities (%)					114.05
Ratio of interest rate sensitivity gap to net worth (%)					100.11

Note 1: 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 2: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets ÷ Interest rate-sensitive liabilities (in New Taiwan dollars).

Note 3: Interest rate sensitivity gap = Interest rate-sensitive assets - Interest rate-sensitive liabilities.

f. The use of funding sources table

June 30, 2021

(In Millions of New Taiwan Dollars)

Items	Period	1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 49,394	$ 38,281	$ 5,398	$ 1,379	$ -
	Bonds	600	1,212	4,315	10,419	91,528
	Due from banks	301	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	6,235	700	-	-	-
	Total	56,530	40,193	9,713	11,798	91,528
Cash provided by	Borrowing	14,749	-	-	-	-
	Securities sold under resell agreements	136,837	29,193	3,433	116	-
	Eligible capital	-	-	-	-	25,165
	Total	151,586	29,193	3,433	116	25,165
Net cash flows		(95,056)	11,000	6,280	11,682	66,363
Accumulated cash flows		(95,056)	(84,056)	(77,776)	(66,094)	269

June 30, 2020

(In Millions of New Taiwan Dollars)

Items \ Period		1 to 30 Days	31 to 90 Days	91 to 180 Days	181 Days to 1 Year	Over 1 Year
Cash used in	Bills	$ 42,883	$ 33,795	$ 3,272	$ 876	$ -
	Bonds	770	857	4,516	9,413	94,992
	Due from banks	248	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under resell agreements	4,011	-	-	-	-
	Total	47,912	34,652	7,788	10,289	94,992
Cash provided by	Borrowing	15,900	-	-	-	-
	Securities sold under resell agreements	128,141	24,351	2,728	418	-
	Eligible capital	-	-	-	-	24,069
	Total	144,041	24,351	2,728	418	24,069
Net cash flows		(96,129)	10,301	5,060	9,871	70,923
Accumulated cash flows		(96,129)	(85,828)	(80,768)	(70,897)	26

g. Matters requiring special notation

Causes	June 30, 2021	June 30, 2020
Within the past year, a responsible person or professional employee violated the law in the course of business, resulting in an indictment by a prosecutor	None	None
Within the past year, a fine was levied on for violations of the Act Governing Bills Finance Business and the other laws	None	None
Within the past year, misconduct occurred, resulting in the Ministry of Finance's imposing strict corrective measures	None	None
Within the past year, the individual loss or total loss from employee fraud, accidental and material events, or failure to abide by the "Guidelines for Maintenance of Soundness of Financial Institutions" which exceeded NT$50 million dollars	None	None
Other	None	None

Note: The term "within the past year" means one year before the balance sheet date.

49. CASH FLOWS INFORMATION

a. None cash flow activities

The cash dividends allotted by the Bank as determined by the stockholders' meeting were not issued on June 30, 2021 and 2020, refer to Notes 24 and 31 d.

b. Changes in liabilities from financing activities

For the six months ended June 30, 2021

	January 1, 2021	Cash Inflow (Outflow)	Non-cash Changes New Leases	Non-cash Changes Other	June 30, 2021
Bank debentures payable	$ 16,400,000	$ (1,300,000)	$ -	$ -	$ 15,100,000
Lease liabilities	444,659	(87,010)	27,283	12,696	397,628
Other financial liabilities	18,102,763	1,657,487	-	(62,827)	19,697,423
Other liabilities	2,249,555	208,407	-	118	2,458,080
	$ 37,196,977	$ 478,884	$ 27,283	$ (50,013)	$ 37,653,131

For the six months ended June 30, 2020

	January 1, 2020	Cash Inflow (Outflow)	Non-cash Changes New Leases	Non-cash Changes Other	June 30, 2020
Bank debentures payable	$ 18,700,000	$ (2,300,000)	$ -	$ -	$ 16,400,000
Lease liabilities	498,832	(87,309)	50,295	13,931	475,749
Other financial liabilities	12,909,259	871,441	-	(242)	13,780,458
Other liabilities	2,416,851	(153,434)	-	(89)	2,263,328
	$ 34,524,942	$ (1,669,302)	$ 50,295	$ 13,600	$ 32,919,535

50. OTHERS

The Group has evaluated the economic impact of the COVID-19. Until the issue date of the consolidated financial statements, the Group found no significant impact on its financial condition and operations through its relevant risk management and control procedures.

51. ADDITIONAL DISCLOSURES

a. Related information of significant transactions and investees and b. Names, locations, and other information of investees over which the Bank exercises significant influence.

1) Financing provided: The Group - not applicable; investees - Table 1 (attached)

2) Endorsement/guarantee provided: The Group - not applicable; investees - Table 2 (attached)

3) Marketable securities held: The Group - not applicable; investees - Table 3 (attached)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: None

6) Disposal of individual real estate at costs of at least NT$300 million or 10% of the paid-in capital: None

7) Allowance of service fees to related parties amounting to at least NT$5 million: None

8) Receivables from related parties amounting to at least NT$300 million or 10% of the paid-in capital: None

9) Sale of nonperforming loans: None

10) Information of applying for authorization of securitized product type according to the "Regulations of Financial Assets Securitization or Regulations of Real Estate Securitization": None

11) Other significant transactions which may affect the decisions of users of individual financial reports: None

12) Related information and total stockholding circumstances of "Name, locations and other information of investees on which the Group exercises significant influence.": Table 5 (attached)

13) Derivative instrument transactions: Note 8

c. Investment in mainland China: Table 6 (attached)

d. Business relationships and significant transactions among the group: Table 7 (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 8 (attached)

52. OPERATING SEGMENT FINANCIAL INFORMATION

The Group provides CODM to assess segment performance, focusing on the nature of business operations, assets and profit and loss. The accounting policies of each operating segment are described in Note 4. the same significant accounting policies. The Group shall be reported to the operating divisions are as follows:

a. Bank: Business ruled by Banking Law Article 71.

b. Overseas: Overseas banking business.

c. Leasing: Leasing business.

d. Bills: Bills-related business approved by the competent authority.

e. Others: Other non-core businesses.

The following was an analysis of the Group's revenue and results by reportable segment.

	Bank	Overseas	Leasing	Bills	Others	Eliminations	Consolidated
For the six months ended June 30, 2021							
Net interest							
From unaffiliated segment	$ 1,059,770	$ 434,220	$ 395,125	$ 390,513	$ (159)	$ 169	$ 2,279,638
From other segment	(244)	-	22	-	1	221	-
	$ 1,059,526	$ 434,220	$ 395,147	$ 390,513	$ (158)	$ 390	$ 2,279,638
Net revenue other than interest							
From unaffiliated segment	$ 1,690,314	$ 26,352	$ 271,515	$ 1,112,651	$ 19,113	$ -	$ 3,119,945
From other segment	7,108	-	(2,685)	(7,107)	3,043	(717,604)	(717,245)
	$ 1,697,422	$ 26,352	$ 268,830	$ 1,105,544	$ 22,156	$ (717,604)	$ 2,402,700
Income from continuing operation	$ 972,838	$ 178,015	$ 247,860	$ 989,098	$ 14,152	$ (702,973)	$ 1,698,990
Identifiable assets	$ 301,054,492	$ 28,818,213	$ 17,162,419	$ 213,184,681	$ 247,537	$ (365,266)	$ 560,102,076
Depreciation and amortization	$ 265,634	$ 24,051	$ 27,355	$ 6,590	$ 414	$ (4,096)	$ 319,948
Capital expenditures	$ 26,401	$ 370	$ 15,852	$ 774	$ 81	$ -	$ 43,478
For the six months ended June 30, 2020							
Net interest							
From unaffiliated segment	$ 923,565	$ 438,076	$ 308,353	$ 193,841	$ (14)	$ 222	$ 1,864,043
From other segment	(938)	-	1	-	4	918	(15)
	$ 922,627	$ 438,076	$ 308,354	$ 193,841	$ (10)	$ 1,140	$ 1,864,028
Net revenue other than interest							
From unaffiliated segment	$ 1,333,431	$ 35,879	$ 100,263	$ 1,000,386	$ 2,055	$ -	$ 2,472,014
From other segment	19,595	-	(2,685)	(19,594)	3,038	(460,338)	(459,984)
	$ 1,353,026	$ 35,879	$ 97,578	$ 980,792	$ 5,093	$ (460,338)	$ 2,012,030
Income from continuing operation	$ 454,198	$ 103,879	$ 140,477	$ 737,859	$ (2,259)	$ (432,494)	$ 1,001,660
Identifiable assets	$ 333,672,239	$ 27,422,137	$ 12,676,777	$ 199,786,187	$ 227,692	$ (110,844)	$ 573,674,188
Depreciation and amortization	$ 260,262	$ 27,019	$ 21,135	$ 6,532	$ 505	$ (4,079)	$ 311,374
Capital expenditures	$ 25,213	$ 289	$ 6,025	$ 5,443	$ 4	$ -	$ 36,974

O-BANK AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing (Note 2)	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3)	Aggregate Financing Limits (Notes 4)	Note
													Item	Value			
1	IBT Leasing	Priority International Finance	Account receivable - short-term accommodations	No	$ 24,000	$ 1,566	$ 1,566	2-8	2	$ -	Working capital turnover	$ 28	Deposit	$ 1,200	$ 295,868	$ 1,183,471	
		An Chieh Bao Corp.	Account receivable - short-term accommodations	No	29,679	13,731	13,731	2-8	2	-	Working capital turnover	101	Margin	6,000	295,868	1,183,471	
		Taroko Recreation Management Co., Ltd.	Account receivable - short-term accommodations	No	38,907	18,128	18,128	2-8	2	-	Working capital turnover	326	Stock	-	295,868	1,183,471	
		Inhon Communication Co., Ltd.	Account receivable - short-term accommodations	No	50,000	50,000	50,000	2-8	2	-	Working capital turnover	720	Margin	10,000	295,868	1,183,471	
		Qiaoding Investment Co., Ltd.	Account receivable - short-term accommodations	No	96,000	90,000	90,000	2-8	2	-	Working capital turnover	1,620	Stock/real estate	51,830	295,868	1,183,471	
		Teamphon Energy Co., Ltd.	Account receivable - short-term accommodations	No	120,000	96,659	96,659	2-8	2	-	Working capital turnover	1,257	-	-	295,868	1,183,471	
		Taiwan Star Telecom Corporation Limited	Account receivable - short-term accommodations	No	150,000	100,640	100,640	2-8	1	150,000	-	503	Equipment	33,152	295,868	2,958,678	
		Yuan Mao Construction Co., Ltd.	Account receivable - short-term accommodations	No	135,000	126,900	126,900	2-8	2	-	Working capital turnover	1,650	Stock	64,680	295,868	1,183,471	
2	IBT International Leasing Corp.	Nanjing Forland Automobile Leasing Co., Ltd.	Entrusted loans	No	14,952	-	-	6-16	2	-	Working capital turnover	-	Margin	-	287,188	1,148,751	
		Suzhou Leading Car Service Co., Ltd.	Entrusted loans	No	14,952	-	-	6-16	2	-	Working capital turnover	-	Margin	-	287,188	1,148,751	

Note 1: Explanation:

a. Issuing entity: 0.
b. Invested companies were sequentially numbered from No. 1.

Note 2: Loan type: Business "1": short-term financial intermediation "2".

Note 3: IBT Leasing and IBT International Leasing Corp. loaned to individual company were limited by 10% net assets.

Note 4: Each issuing entity's total amount of loans was limited to 40% of IBT Leasing Corp.'s and IBT International Leasing Corp.'s net assets. The loan mentioned formerly which belongs to business transactions is limited to 100% of the Corporation's net assets.

TABLE 2

O-BANK AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Endorser/ Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 4)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
1	IBT Leasing	IBT International Leasing Corp.	b	$ 23,669,425	$ 10,220,376	$ 10,220,376	$ 5,128,355	$ -	345.44	$ 35,504,138	No	No	Yes
		IBT VII Venture Capital Co., Ltd.	b	23,669,425	80,000	80,000	-	-	2.70	35,504,138	No	No	No

Note 1: Explanation:

a. Issuing entity: 0.
b. Invested companies were sequentially numbered from 1.

Note 2: Relationships between the endorsement/guarantee provider and the guaranteed party:

a. Trading partner.
b. Directly owns over 50% of the common stocks of the subsidiary.
c. The Bank and subsidiary own over 50% ownership of the investee company.
d. A parent company that own over 90% ownership of the company directly or through a subsidiary.
e. Guaranteed by the Bank according to the construction contract.
f. An investee company, for which the guarantees were provided based on the Bank's proportionate share in the investee company.
g. The inter-industry is engaged in joint and several guarantees for the performance of the pre-sale house sales contract in accordance with the Consumer Protection Law.

Note 3: Based on the IBT International Leasing Corp.'s guidelines, the maximum amount of guarantee to its subsidiary. is up to eight times of the IBT International Leasing Corp.'s net value under direct and indirect holding voting right of stockholders; the maximum amount of guarantee to the IBT International Leasing Corp. is up to twelve times of the Bank's net value.

Note 4: The endorsement belongs to the grandson company from IBT International Leasing Corp.

TABLE 3

O-BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars and U.S. Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
IBT Holdings	Stocks							
	EverTrust Bank	Subsidiaries	Investments accounted for using the equity method	10,714	US$ 188,988	91.78	US$ 188,988	
IBT Management Corp.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	3,059	27,837	1.02	27,837	
	Stocks							
	Thunder Tiger Biotechnology Co., Ltd.	-	Financial asset at FVTPL	1,773	46,440	7.38	46,440	Note 2
	TaiRx, Inc.	-	Financial asset at FVTPL	511	13,803	0.57	13,803	Note 2
	Beauty essentials International Ltd. (Samoa)	-	Financial asset at FVTPL	25,974	28,822	2.41	28,822	Note 2
	Houdou Pinshan (Cayman) Co., Ltd.	-	Financial asset at FVTPL	500	14,485	2.17	14,485	Note 2
	Shihlian China Holdings Corp.	-	Financial asset at FVTPL	19,682	83,273	0.46	83,273	Notes 1 and 2
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	400	16,320	0.18	16,320	
IBT Leasing Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	12,260	111,566	4.09	111,566	
	Stocks							
	IBT International Leasing Corp.	Subsidiaries	Investments accounted for using the equity method	-	2,728,284	95.00	2,728,284	
	IBT VII Venture Capital Co., Ltd.	Subsidiaries	Investments accounted for using the equity method	65,000	589,986	100.00	589,986	
	Shihlian China Holdings Corp.	-	Financial asset at FVTOCI	32,500	137,506	0.75	137,506	Note 1
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	1,700	69,360	0.77	69,360	
IBT VII Venture Capital Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust "Successful One"	-	Financial asset at FVTOCI	14,000	127,400	4.67	127,400	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note
				Stocks/Units (Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value	
	Stocks							
	IBT International Leasing Corp.	Subsidiaries	Investments accounted for using the equity method	-	$ 143,594	5.00	$ 143,594	Note 3
	TaiRx, Inc.	-	Financial asset at FVTPL	3,800	102,681	6.22	102,681	Note 2
	Meridigen Corp.	-	Financial asset at FVTPL	500	10,611	0.55	10,611	
	Femcosteel Tech Co., Ltd.	-	Financial asset at FVTPL	1,298	35,332	3.10	35,332	
	Shihlian China Holdings Corp.	-	Financial asset at FVTPL	9,135	38,652	0.21	38,652	Notes 1 and 2
	New Applied Materials Co., Ltd.	-	Financial asset at FVTPL	600	41,923	0.01	41,923	Note 2
	BioResource International, Inc.	-	Financial asset at FVTPL	1,105	99,475	5.91	99,475	Note 2
	Chipwell tech corporation	-	Financial asset at FVTPL	391	6,267	2.61	6,267	Note 2
	Biocontrol Gene Vaccine Co., Ltd.	-	Financial asset at FVTPL	1,008	462	0.98	462	Note 2
	Reber Genetics Co., Ltd.	-	Financial asset at FVTPL	461	6,176	2.20	6,176	Note 2
	Kaohsiung Rapid Transit Corporation All	-	Financial asset at FVTPL	3,845	51,647	1.38	51,647	
	Rights Reserved.							
	Evergreen Steel Corp.		Financial asset at FVTPL	196	13,661	-	13,661	
	Sunplus Innovation Technology Inc.		Financial asset at FVTPL	4	957	-	957	
	Shin Kong Financial Holding Co., Ltd. preferred shares B	-	Financial asset at FVTOCI	125	5,100	0.06	5,100	

Note 1: The holding company is registered in Hong Kong. The registered capital stock and number of stocks are in Hong Kong dollars and Hong Kong stocks.

Note 2: The securities are transferred within the group and are listed in the financial asset at FVTOCI when they are combined.

Note 3: On April 22, 2021, the board of directors of IBT Leasing Co., Ltd. approved the proposed transfer of 5% of the shares of IBT International Leasing Corp. from IBT VII Venture Capital Co., Ltd., and the acceptance was processed after the completion of the necessary procedures of relevant cross-strait authorities.

(Concluded)

O-BANK AND SUBSIDIARIES

NON-PERFORMING LOANS AND ACCOUNTS RECEIVABLE
JUNE 30, 2021 AND 2020
(In Thousands of New Taiwan Dollars or in %)

Period			June 30, 2021					June 30, 2020				
Items			Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)	Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 404,981	$ 70,768,048	0.57%	$ 934,104	230.65%	$ 898,069	$ 79,128,036	1.13%	$ 1,009,580	112.42%
	Unsecured		253,890	60,114,963	0.42%	908,980	358.02%	371,201	71,063,682	0.52%	1,065,089	286.93%
Consumer banking	Housing mortgage (Note 4)		-	14,341,198	-	215,261	-	-	15,393,330	-	231,042	-
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans (Note 5)		310	1,791,483	0.02%	25,682	8,284.52%	2,190	1,424,533	0.15%	13,917	635.48%
	Other (Note 6)	Secured	-	5,656,121	-	56,763	-	-	5,933,048	-	59,539	-
		Unsecured	13,343	5,865,263	0.23%	115,365	864.61%	10,368	4,229,095	0.25%	64,711	624.14%
Total			672,524	158,537,076	0.42%	2,256,155	335.48%	1,281,828	177,171,724	0.72%	2,443,878	190.66%
			Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio	Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			-	-	-	-	-	-	-	-	-	-
Factored accounts receivable without recourse (Note 7)			-	1,271,695	-	14,695	-	-	1,502,485	-	15,723	-

	June 30, 2021: Exempt from Reporting the Total Balance of Overdue Loans	June 30, 2021: Exempt from Reporting the Total Balance of Overdue Account Receivable	June 30, 2020: Exempt from Reporting the Total Balance of Overdue Loans	June 30, 2020: Exempt from Reporting the Total Balance of Overdue Account Receivable
Exempt amount - due to debt negotiation and performance (Note 8)	-	-	-	-
Debt settlement plan and rehabilitative program (Note 9)	92,241	-	47,966	-
Total	92,241	-	47,966	-

Note 1: Nonperforming loans are reported to the authorities and disclosed to the public, as required by the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Non-accrued Loans." Nonperforming credit card receivables are reported to the authorities and disclosed to the public, as required by the Banking Bureau's letter dated July 6, 2005 (Ref. No. 0944000378).

Note 2: Ratio of Nonperforming loans: Nonperforming loans ÷ Outstanding loan balance. Ratio of Nonperforming credit card receivables: Nonperforming credit card receivables ÷ Outstanding credit card receivables balance.

Note 3: Coverage ratio of loans: Allowance for possible losses for loans ÷ Nonperforming loans. Coverage ratio of credit card receivables: Allowance for possible losses for credit card receivables ÷ Nonperforming credit card receivables.

Note 4: The mortgage loan is for house purchase or renovation and is fully secured by housing that is purchased (owned) by the borrower, the spouse or the minor children of the borrowers.

Note 5: Small-amount pure credit loans that must be governed by the Bank of China Ref. No. 09440010950 dated December 19, 2005 and are not credit cards or cash cards.

Note 6: "Others" in consumer finance refers to other secured or unsecured consumer loans that are not "residential property mortgage", "cash cards", "small amount pure credit loans", excluding credit cards.

Note 7: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 094000494), factored accounts receivable without recourse are reported as Nonperforming receivables within three months after the factoring or insurance companies refuse to indemnify banks for any liabilities on these accounts.

Note 8: According to the letter of the Bank of China Ref. No. 09510001270 dated April 25, 2006, the letters of credit and the information disclosure requirements as required by the "Unsecured Debt Negotiation Mechanism for Consumer Financial Cases of the Republic of China Banking Association" should include supplemental disclosures of related matters.

Note 9: According to the letter of the Bank of China Ref. No. 09700318940 dated September 15, 2008 and the letter of the Bank of China Ref. No. 10500134790 date September 20, 2016 regarding the "Consumer Debt Clearance Regulations" for pre-negotiation, rehabilitation and liquidation cases, credit reporting and the information disclosure requirements should include supplemental disclosures of related matters.

O-BANK AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES OVER WHICH THE BANK EXERCISES SIGNIFICANT INFLUENCE
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

Investee Company	Location	Main Business	Percentage of Ownership (%)	Carrying Amount	Investment Gain (Loss)	Consolidated Investment				Note
						Stocks (Thousands)	Pro-forma Share of Ownership	Total		
								Stocks (Thousands)	Percentage of Ownership (%)	
Financial institution										
Investments accounted for using the equity method										
Beijing Sunshine Consumer Finance Co., Ltd.	Beijing City, China	Financing business	20.00	$ 743,968	$ (37,049)	200,000	-	200,000	20.00	
China Bills Finance Corp.	Taipei City, Taiwan	Bonds underwriting, dealing and brokerage of securities	28.37	7,071,984	280,595	382,532	-	382,532	28.48	
IBT Holdings Corp.	California, America	Holding company	100.00	5,301,593	163,358	10,869	-	10,869	100.00	
IBT Leasing Co., Ltd.	Taipei City, Taiwan	Leasing company	100.00	2,959,127	225,973	264,300	-	264,300	100.00	
IBT Management Corp.	Taipei City, Taiwan	Investment consulting	100.00	243,605	7,491	13,400	-	13,400	100.00	
Financial assets at FVTOCI										
Taiwan Mobile Payment Co., Ltd.	Taipei City, Taiwan	Information software services industry	0.50	1,590	-	300	-	300	0.50	
Non-financial institution										
Investments accounted for using the equity method										
Chun Teng New Century Co., Ltd.	Taipei City, Taiwan	Securities investment consulting	99.75	305,240	(3,114)	318,281	-	318,281	99.75	
Financial assets at FVTOCI										
Dio Investment Ltd.	Cayman Island	Coffee retail	8.82	33,610	-	6,997	-	6,997	8.82	
Shengzhuang Holdings Limited	Cayman Island	Chemical material manufacturing	2.18	8,281	-	244	-	244	2.18	

TABLE 6

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Renminbi and U.S. Dollars)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (Note 1)	Investment Flows (Note 1) Outflow	Investment Flows (Note 1) Inflow	Accumulated Outflow of Investment from Taiwan as of June 30, 2021 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2021 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2021
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	$ 429,171 (US$ 15,399)	Note 2 c.	$ 55,740 (US$ 2,000)	$ -	$ -	$ 55,740 (US$ 2,000)	2.60	$ -	$ 55,740 (US$ 2,000)	$ -
Ou Suomiluo Food Co., Ltd.	Coffee retailing	43,157 (RMB 10,000)	Note 2 c.	13,935 (US$ 500)	-	-	13,935 (US$ 500)	2.09	-	13,935 (US$ 500)	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	234,341 (RMB 54,300)	Note 2 c.	55,740 (US$ 2,000)	-	-	55,740 (US$ 2,000)	2.175	-	55,740 (US$ 2,000)	-
Beijing Sunshine Consumer Finance Co., Ltd.	Financing business	4,315,660 (RMB 1,000,000)	Note 2 d.	863,132 (RMB 200,000)	-	-	863,132 (RMB 200,000)	20.00	(37,049)	743,968 (RMB 200,000)	-

Accumulated Investment in Mainland China as of June 30, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$125,415 (US$4,500) $863,132 (RMB200,000)	$125,415 (US$4,500) $863,132 (RMB200,000)	Note 4

IBT Leasing Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (Note 1)	Investment Flows (Note 1) Outflow	Investment Flows (Note 1) Inflow	Accumulated Outflow of Investment from Taiwan as of June 30, 2021 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2021 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2021
IBT International Leasing Corp.	Leasing	$ 1,811,552 (US$ 65,000)	Note 2 d.	$ 1,471,538 (US$ 52,800)	$ -	$ -	$ 1,471,538 (US$ 52,800)	100.00 (Note 6)	$ 193,294 (Notes 3 and 7)	$ 2,728,284 (Note 7)	$ -
Shinlien Chemical Industrial Jiangsu Co.	Production of glass materials	22,296,024 (US$ 800,000)	Note 2 c.	124,217 (US$ 4,457)	-	-	124,217 (US$ 4,457)	0.75	-	124,217 (US$ 4,457)	-
Shinlien Brine Huaian Co.	Production of glass materials	891,841 (US$ 32,000)	Note 2 c.	10,563 (US$ 379)	-	-	10,563 (US$ 379)	0.75	-	10,563 (US$ 379)	-

Accumulated Investment in Mainland China as of June 30, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$1,606,318 (US$57,636)	$1,606,318 (US$57,636)	Note 5

(Continued)

IBT Management Corp.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (Notes 1 and 9)	Investment Flows (Note 1) Outflow	Investment Flows (Note 1) Inflow	Accumulated Outflow of Investment from Taiwan as of June 30, 2021 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2021 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2021
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	$ 120,677 (US$ 4,330)	Note 2 c.	$ 2,007 (US$ 72)	$ -	$ -	$ 2,007 (US$ 72)	2.17	$ -	$ 2,007 (US$ 72)	$ -
Topping Cuisine International Holding, Ltd.	Food retailing	144,924 (US$ 5,200)	Note 2 c.	11,817 (US$ 424)	-	-	11,817 (US$ 424)	2.17	-	11,817 (US$ 424)	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	5,574 (US$ 200)	Note 2 c.	195 (US$ 7)	-	-	195 (US$ 7)	2.17	-	195 (US$ 7)	-
Beauty Essential International, Ltd.	Cosmetic retailing	83,610 (US$ 3,000)	Note 2 c.	19,175 (US$ 688)	-	-	19,175 (US$ 688)	2.41	-	19,175 (US$ 688)	-
Meike information technology	Cosmetic retailing information technology	47,379 (US$ 1,700)	Note 2 c.	808 (US$ 29)	-	-	808 (US$ 29)	0.93	-	808 (US$ 29)	-
Shinlien Chemical Industrial Jiangsu Co.	Production of glass materials	22,296,024 (US$ 800,000)	Note 2 c.	75,221 (US$ 2,699)	-	-	75,221 (US$ 2,699)	0.46	-	75,221 (US$ 2,699)	-
Shinlien Brine Huaian Co.	Production of glass materials	891,841 (US$ 32,000)	Note 2 c.	6,382 (US$ 229)	-	-	6,382 (US$ 229)	0.46	-	6,382 (US$ 229)	-

Accumulated Investment in Mainland China as of June 30, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$115,605 (US$4,148)	$115,605 (US$4,148)	$146,154 (Note 8)

IBT VII Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital (Note 1)	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2021 (Note 1)	Investment Flows (Note 1) Outflow	Investment Flows (Note 1) Inflow	Accumulated Outflow of Investment from Taiwan as of June 30, 2021 (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of June 30, 2021 (Note 1)	Accumulated Inward Remittance of Earnings as of June 30, 2021
IBT International Leasing Corp.	Leasing	$ 1,811,552 (US$ 65,000)	Note 2 d.	$ 340,014 (US$ 12,200)	$ -	$ -	$ 340,014 (US$ 12,200)	5.00	$ 10,173 (Notes 3 and 7)	$ 143,594 (Note 7)	$ -

Accumulated Investment in Mainland China as of June 30, 2021 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on Investment
$340,014 (US$12,200)	$340,014 (US$12,200)	$353,992 (Note 8)

Note 1: The amount is after the exchange rate adjustment for the year ended June 30, 2021.

Note 2: There were five investment approaches stated as follows.

a. Investment in mainland China by remittance via a third country.
b. Indirect investment in mainland China via setting a company in a third country.
c. Indirect investment in mainland China via investing in a current company in a third country. (Via investing Shilien China Holding Co., Limited, Dio Investment, Ltd., Shengzhuang Holding, Ltd., Topping Cusine International Holding, Ltd., and Beauty Essential International, Ltd.)
d. Direct investment in mainland China.
e. Others.

(Continued)

Note 3: From financial statements audited by other CPA.

Note 4: The Bank got the recognition from the Industrial Development Bureau, Industry of Economic Affairs in April 2020, so the Bank is not under “the regulation of investing or technology-cooperation in China”.

Note 5: IBT Leasing Co., Ltd. obtained the documents issued by the Industrial Development Bureau of the Ministry of Economic Affairs in line with the operational headquarters in September 2018, so it is not under “the regulation of investing or technology-cooperation in China”.

Note 6: IBT Tianjin International Leasing Corp. was merged by IBT Leasing Co., Ltd. on January 1, 2019. IBT Leasing Co., Ltd. holds 95% stock of IBT International Leasing Corp. directly and 5% indirectly through IBT VII Venture Capital Co., Ltd.

Note 7: The accumulated investment amount of IBT Tianjin International Leasing Corp., which included the investment profit and loss and the book value of the investment at the end of the period, is composed of 95% directly held by IBT Leasing Co., Ltd. and 5% indirectly through IBT VII Venture Capital Co., Ltd.

Note 8: The original investment is within the limit.

Note 9: IBT Management Corp. has obtained the verification letter of part of investment from the Investment Review Committee of the Ministry of Economic Affairs, and the remittance amount is mainly based on the verification letter.

(Concluded)

O-BANK AND SUBSIDIARIES

BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Transaction Corporation	Counterparty	Nature of Relationship (Note 2)	Description of Transactions: Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
0	The Bank	Chun Teng New Century, IBTM, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing, IBTVC7 and IBTS	a	Deposits	$ 329,251	Note 3	0.06
0	The Bank	Chun Teng New Century, IBTM, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing and IBTS	a	Interest expense	243	Note 3	0.01
0	The Bank	Chun Teng New Century, IBTM, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing and IBTS	a	Payables	170	Note 3	-
0	The Bank	CBF, IBTM and IBT Leasing	a	Other net revenue other than interest	11,298	Note 3	0.24
0	The Bank	CBF	a	Dividend receivable	331,454	Note 3	0.06
1	Chun Teng New Century	The Bank	b	Cash and cash equivalents	41,681	Note 3	0.01
1	Chun Teng New Century	The Bank	b	Discontinued operations - interest revenue	40	Note 3	-
1	Chun Teng New Century	The Bank	b	Accounts receivable	19	Note 3	-
1	Chun Teng New Century	IBT Leasing	c	Discontinued operations - other operating and administrative expenses	343	Note 3	0.01
2	IBTM	The Bank	b	Cash and cash equivalents	9,851	Note 3	-
2	IBTM	The Bank	b	Other operating and administrative expenses	388	Note 3	0.01
2	IBTM	The Bank	b	Lease interest expense	8	Note 3	-
2	IBTM	The Bank	b	Interest revenue	1	Note 3	-
2	IBTM	The Bank	b	Accounts receivable	1	Note 3	-
2	IBTM	IBTVC7	c	Consultancy service income	3,028	Note 3	0.06
3	CBF	The Bank	b	Other operating and administrative expenses	7,107	Note 3	0.15
3	CBF	The Bank	b	Dividend payable	331,454	Note 3	0.06

(Continued)

No. (Note 1)	Transaction Corporation	Counterparty	Nature of Relationship (Note 2)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
4	IBTS Financial (HK) Limited	The Bank	b	Cash and cash equivalents	$ 47,310	Note 3	0.01
4	IBTS Financial (HK) Limited	The Bank	b	Discontinued operations - interest revenue	47	Note 3	-
4	IBTS Financial (HK) Limited	The Bank	b	Accounts receivable	25	Note 3	-
5	IBTS Asia (HK) Limited	The Bank	b	Cash and cash equivalents	57,728	Note 3	0.01
5	IBTS Asia (HK) Limited	The Bank	b	Discontinued operations - interest revenue	34	Note 3	-
5	IBTS Asia (HK) Limited	The Bank	b	Accounts receivable	7	Note 3	-
6	IBTL	The Bank	b	Cash and cash equivalents	47,068	Note 3	0.01
6	IBTL	The Bank	b	Interest revenue	21	Note 3	-
6	IBTL	The Bank	b	Lease interest expense	161	Note 3	-
6	IBTL	The Bank	b	Other operating and administrative expenses	3,717	Note 3	0.08
6	IBTL	The Bank	b	Accounts receivable	18	Note 3	-
6	IBTL	Chun Teng New Century	c	Other net revenue other than interest	343	Note 3	0.01
7	IBTVC7	The Bank	b	Cash and cash equivalents	3,213	Note 3	-
7	IBTVC7	IBTM	c	Other operating and administrative expenses	3,028	Note 3	0.06
8	IBTS	The Bank	b	Cash and cash equivalents	122,400	Note 3	0.02
8	IBTS	The Bank	b	Accounts receivable	100	Note 3	-
8	IBTS	The Bank	b	Discontinued operations - interest revenue	100	Note 3	-

Note 1: Information about the business transactions between the Bank and its subsidiaries were classified as follows:

a. 0 for the Bank.
b. Subsidiaries are numbered sequentially starting from the number 1.

Note 2: The types of transactions with related parties were classified as follows:

a. Parent company to subsidiaries.
b. Subsidiaries to parent company.
c. Subsidiaries to subsidiaries.

Note 3: The terms for the transactions between the Bank and related parties are similar to those with unrelated parties.

(Concluded)

O-BANK AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
JUNE 30, 2021

Name of Major Shareholders	Shares	
	Number of Shares	Percentage of Ownership (%)
Ming Shan Investment Co., Ltd.	386,271,554	12.74
Yi Chang Investment Co., Ltd.	289,007,997	9.53
Taixuan Investment Co., Ltd.	287,135,501	9.47

Note 1: The major shareholder's information on this table is on the last business day at the end of the quarter from the Taiwan Central Depository and Clearing Co., Ltd. The shareholding included shares that the company has completed the delivery of the common stock and preferred stock without physical registration (including treasury shares) of more than 5%. The share capital recorded in the Bank's financial report and the actual number of shares has been actually delivered without physical registration. Differences, if any, may be due to the basis of preparation and calculation.

Note 2: If shareholders transfer the shareholding to a trust, the trustee will open the trust account to separate the account. Shareholders' handling of insider shareholdings with more than 10% of their shares shall be in accordance with the Securities Exchange Act. However, their shareholdings include their own shares plus their delivery to the trust and the use of decision-making shares in the trust property. Information on insider equity declaration refers to the Public Information Observatory.

Note 3: The number of shares are the total number of common stocks and preferred stocks.

Note 4: Shareholding ratio (%) = The total number of shares held by the shareholder ÷ The total number of shares that have been delivered without physical registration. It is calculated to the second decimal place and rounded off after the third decimal place.