O-Bank and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2019 and 2018 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
O-Bank

Introduction

We have reviewed the accompanying consolidated financial statements of O-Bank and its subsidiaries (collectively referred to as the "Group") as of March 31, 2019 and 2018 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by 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. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note15 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2019 and 2018, combined total assets of these non-significant subsidiaries were NT$875,775 thousand and NT$706,479 thousand, respectively, representing 0.15% and 0.13%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were NT$84,419 thousand and NT$103,663 thousand, respectively, representing 0.02% and 0.02%, respectively, of the consolidated total liabilities; for the three-month periods ended March 31, 2019 and 2018, the amounts of combined comprehensive income of these subsidiaries were NT$30,544 thousand and NT$(18,821) thousand, respectively, representing 2.33% and (9.35%), respectively, of the consolidated total comprehensive income.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of the non-significant subsidiaries described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as at March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended 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.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

April 26, 2019

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

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

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

O-BANK AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019 (Reviewed) Amount	%	December 31, 2018 (Audited) Amount	%	March 31, 2018 (Reviewed) Amount	%
CASH AND CASH EQUIVALENTS (Notes 6 and 41)	$ 6,055,568	1	$ 9,227,068	2	$ 7,517,968	1
DUE FROM THE CENTRAL BANK AND CALL LOANS TO BANKS (Note 7)	26,564,189	5	22,607,002	4	31,884,580	6
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 8 and 41)	166,995,053	29	151,512,614	27	146,072,870	27
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 9, 41 and 45)	144,311,061	25	149,952,752	27	148,219,316	27
INVESTMENTS IN DEBT INSTRUMENTS AT AMORTISED COST (Note 41)	499,968	-	499,939	-	499,850	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Note 10)	300,000	-	991,363	-	5,711,661	1
RECEIVABLES, NET (Notes 11 and 13)	17,921,549	3	20,829,951	4	19,069,879	4
CURRENT TAX ASSETS	356,046	-	381,082	-	323,562	-
DISCOUNTS AND LOANS, NET (Notes 12, 13, 40 and 41)	196,600,313	35	197,338,050	35	181,553,851	33
OTHER FINANCIAL ASSETS (Notes 16 and 41)	1,335,384	-	1,329,918	-	291,258	-
PROPERTY AND EQUIPMENT, NET (Note 17)	2,917,773	1	2,951,660	1	2,997,417	1
RIGHT-OF- USE ASSETS, NET (Notes 4 and 18)	501,758	-	-	-	-	-
INTANGIBLE ASSETS, NET (Note 19)	2,418,276	1	2,457,300	-	2,416,215	-
DEFERRED TAX ASSETS	681,164	-	672,656	-	713,739	-
OTHER ASSETS (Notes 20 and 42)	930,248	-	1,090,219	-	901,903	-
TOTAL	$ 568,388,350	100	$ 561,841,574	100	$ 548,174,069	100

LIABILITIES AND EQUITY	March 31, 2019 (Reviewed) Amount	%	December 31, 2018 (Audited) Amount	%	March 31, 2018 (Reviewed) Amount	%
LIABILITIES						
Deposits from the central bank and banks (Note 21)	$ 32,543,390	6	$ 55,529,376	10	$ 66,902,873	12
Financial liabilities at fair value through profit or loss (Note 8)	475,034	-	793,272	-	1,030,483	-
Notes and bonds issued under repurchase agreement (Note 22)	163,879,603	29	151,446,900	27	171,560,818	31
Payables (Note 23)	4,984,563	1	5,636,437	1	5,053,877	1
Current tax liabilities	169,989	-	17,857	-	180,808	-
Deposits and remittances (Notes 24 and 40)	276,896,595	49	261,803,321	47	212,405,023	39
Bank notes payable (Note 25)	17,850,000	3	17,850,000	3	20,400,000	4
Other financial liabilities (Note 26)	15,818,645	3	15,034,414	3	20,055,990	4
Provisions (Notes 13, 27 and 28)	1,887,958	-	1,869,428	-	1,990,984	-
Lease liabilities (Notes 4 and 18)	503,683	-	-	-	-	-
Deferred income tax liabilities	364,590	-	341,015	-	268,243	-
Other liabilities (Note 29)	2,579,474	-	2,400,842	-	2,159,018	1
Total liabilities	517,953,524	91	512,722,862	91	502,008,117	92
EQUITY ATTRIBUTABLE TO OWNERS OF THE BANK						
Capital stock						
Common stock	24,130,063	4	24,130,063	4	24,130,063	4
Preferred stock	3,000,000	1	3,000,000	1	-	-
	27,130,063	5	27,130,063	5	24,130,063	4
Capital surplus	9,757	-	8,503	-	7,730	-
Retained earnings						
Legal reserve	3,184,667	1	3,184,667	1	2,880,297	1
Special reserve	1,215,831	-	1,215,831	-	1,229,536	-
Unappropriated earnings	1,126,932	-	610,045	-	950,786	-
Total retained earnings	5,527,430	1	5,010,543	1	5,060,619	1
Other equity	251,586	-	(159,981)	-	(181,033)	-
Total equity attributable to owners of the Bank	32,918,836	6	31,989,128	6	29,017,379	5
NON-CONTROLLING INTERESTS	17,515,990	3	17,129,584	3	17,148,573	3
Total equity (Note 30)	50,434,826	9	49,118,712	9	46,165,952	8
TOTAL	$ 568,388,350	100	$ 561,841,574	100	$ 548,174,069	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)
(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2019		2018	
	Amount	%	Amount	%
INTEREST INCOME (Note 31)	$ 2,442,810	110	$ 2,065,365	115
INTEREST EXPENSE (Notes 31 and 40)	(1,456,928)	(66)	(1,060,213)	(59)
NET INTEREST REVENUE	985,882	44	1,005,152	56
NET REVENUE OTHER THAN INTEREST				
Net service fee revenue (Notes 32 and 40)	546,426	25	415,002	23
Gains on financial assets or liabilities measured at fair value through profit or loss (Note 33)	678,460	30	(79,632)	(4)
Realized gain on financial assets at fair value through other comprehensive income (Note 34)	40,066	2	24,004	1
Foreign exchange gain (loss), net	(43,533)	(2)	411,133	23
(Impairment loss on assets) reversal of impairment loss on assets	(9,419)	-	119	-
Other net revenue other than interest income	28,334	1	26,335	1
Total net revenue other than interest	1,240,334	56	796,961	44
NET REVENUE	2,226,216	100	1,802,113	100
BAD DEBTS EXPENSE, COMMITMENT AND GUARANTEE LIABILITY PROVISION (Note 13)	(105,392)	(5)	(134,122)	(7)
OPERATING EXPENSES				
Employee benefits expenses (Notes 35 and 40)	707,509	32	640,726	36
Depreciation and amortization expenses (Note 36)	152,021	7	101,040	6
Other general and administrative expenses (Notes 37 and 40)	319,687	14	331,421	18
Total operating expenses	1,179,217	53	1,073,187	60
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX	941,607	42	594,804	33
INCOME TAX EXPENSE (Note 38)	231,482	10	167,273	10
INCOME FROM CONTINUING OPERATIONS	710,125	32	427,531	23
LOSS FROM DISCONTINUED OPERATIONS (Note 14)	(3,945)	-	(2,830)	-
NET PROFIT FOR THE PERIOD	706,180	32	424,701	23

(Continued)

O-BANK AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Components of other comprehensive income that will not be reclassified to profit or loss:				
Gains (losses) on remeasurements of defined benefit plans	$ (41)	-	$ -	-
Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	247,976	11	129,550	7
Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 38)	437	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss:				
Exchange differences on translation	74,197	3	(148,003)	(8)
Gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	329,659	15	(261,855)	(14)
Income tax related to components of other comprehensive income that will be reclassified to profit or loss (Note 38)	(45,856)	(2)	57,000	3
Other comprehensive income (loss) for the period, net of income tax	606,372	27	(223,308)	(12)
TOTAL COMPREHENSIVE INCOME	$ 1,312,552	59	$ 201,393	11
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Bank	$ 472,292	21	$ 178,517	10
Non-controlling interests	233,888	11	246,184	14
	$ 706,180	32	$ 424,701	24
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Bank	$ 928,454	42	$ 35,797	2
Non-controlling interests	384,098	17	165,596	9
	$ 1,312,552	59	$ 201,393	11

(Continued)

O-BANK AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2019		2018	
	Amount	%	Amount	%
EARNINGS PER SHARE (Note 39)				
From continuing and discontinued operations				
Basic	$0.20		$0.07	
Diluted	$0.20		$0.07	
From continuing operations				
Basic	$0.20		$0.07	
Diluted	$0.20		$0.07	

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)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Bank (Note 30)													
	Capital Stock				Retained Earnings				Other Equity (Notes 9 and 30)					
	Common Stock (In Thousands)	Preferred Stock (In Thousands)	Total	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Foreign Financial Statements	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gains (Losses) on Financial Assets Measures at Fair Value Through Other Comprehensive Income	Owners of the Bank	Non-controlling Interests (Note 30)	Total Equity
BALANCE AT JANUARY 1, 2018	$ 24,130,063	$ -	$ 24,130,063	$ 7,730	$ 2,880,297	$ 1,229,536	$ 1,014,567	$ 5,124,400	$ (216,266)	$ 236,666	$ -	$ 29,282,593	$ 16,892,050	$ 46,174,643
Effect of retrospective application	-	-	-	-	-	-	(208,457)	(208,457)	-	(236,666)	144,112	(301,011)	90,927	(210,084)
BALANCE AT JANUARY 1, 2018	24,130,063	-	24,130,063	7,730	2,880,297	1,229,536	806,110	4,915,943	(216,266)	-	144,112	28,981,582	16,982,977	45,964,559
Net income for the three months ended March 31, 2018	-	-	-	-	-	-	178,517	178,517	-	-	-	178,517	246,184	424,701
Other comprehensive loss for the three months ended March 31, 2018	-	-	-	-	-	-	-	-	(113,492)	-	(29,228)	(142,720)	(80,588)	(223,308)
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	-	-	178,517	178,517	(113,492)	-	(29,228)	35,797	165,596	201,393
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	(33,841)	(33,841)	-	-	33,841	-	-	-
BALANCE AT MARCH 31, 2018	$ 24,130,063	$ -	$ 24,130,063	$ 7,730	$ 2,880,297	$ 1,229,536	$ 950,786	$ 5,060,619	$ (329,758)	$ -	$ 148,725	$ 29,017,379	$ 17,148,573	$ 46,165,952
BALANCE AT JANUARY 1, 2019	$ 24,130,063	$ 3,000,000	$ 27,130,063	$ 8,503	$ 3,184,667	$ 1,215,831	$ 610,045	$ 5,010,543	$ (92,806)	$ -	$ (67,175)	$ 31,989,128	$ 17,129,584	$ 49,118,712
Unclaimed dividends	-	-	-	914	-	-	-	-	-	-	-	914	2,308	3,222
Changes in capital surplus from investments in subsidiaries accounted for using the equity method	-	-	-	340	-	-	-	-	-	-	-	340	-	340
Net income for the three months ended March 31, 2019	-	-	-	-	-	-	472,292	472,292	-	-	-	472,292	233,888	706,180
Other comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	-	(9)	(9)	62,774	-	393,397	456,162	150,210	606,372
Total comprehensive income for the three months ended March 31, 2019	-	-	-	-	-	-	472,283	472,283	62,774	-	393,397	928,454	384,098	1,312,552
Disposals of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	-	-	44,604	44,604	-	-	(44,604)	-	-	-
BALANCE AT MARCH 31, 2019	$ 24,130,063	$ 3,000,000	$ 27,130,063	$ 9,757	$ 3,184,667	$ 1,215,831	$ 1,126,932	$ 5,527,430	$ (30,032)	$ -	$ 281,618	$ 32,918,836	$ 17,515,990	$ 50,434,826

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)
(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit from continuing operations before tax	$ 941,607	$ 594,804
Loss from discontinued operations before tax	(3,945)	(2,776)
Adjustments to reconcile profit (loss):		
Depreciation expenses	91,048	46,773
Amortization expenses	61,126	54,272
Expect credit loss/recognition of provisions	114,811	134,003
Net (gain) loss on financial assets or liabilities at fair value through profit or loss	(8,448)	96,122
Interest revenue	(2,442,918)	(2,065,365)
Interest expense	1,456,928	1,060,213
Dividends income	(2,188)	(3,384)
(Gain) loss on disposal of property and equipment	(176)	76
Gain on disposal of investments	(40,432)	(24,003)
Changes in operating assets and liabilities		
Due from the Central Bank and call loans to banks	(437,751)	(18,870,444)
Financial assets at fair value through profit or loss	(15,473,991)	8,191,619
Financial assets at fair value through other comprehensive income	6,041,915	911,500
Receivables	2,927,436	2,257,522
Discounts and loans	624,082	(1,690,743)
Deposits from the Central Bank and banks	(22,985,986)	13,870,234
Financial liabilities at fair value through profit or loss	(318,238)	239,465
Payables	(942,217)	(50,006)
Notes and bonds issued under repurchase agreement	12,432,704	(18,261,150)
Deposits and remittances	15,093,274	14,118,323
Provisions	8,399	18,747
Cash inflow (used in) generated from operations	(2,862,960)	625,802
Interest received	2,663,487	2,404,951
Interest paid	(1,160,579)	(979,011)
Dividends received	2,188	3,384
Income tax paid	(39,247)	(143,852)
Net cash (used in) generated from operating activities	(1,397,111)	1,911,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of property and equipment	(15,913)	(72,136)
Proceeds from disposal of property and equipment	2,441	43,200
Decrease in refundable deposits	166,052	3,030,260
Acquisitions of intangible assets	(18,688)	(41,007)
Decrease (increase) in other financial assets	608,683	(281,108)
(Increase) decrease in other assets	(3,581)	93,524
Net cash flows generated from investing activities	738,994	2,772,733

(Continued)

O-BANK AND SUBSIDIARIES

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

	For the Three Months Ended March 31	
	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	$ (103,684)	$ (652,639)
Increase (decrease) in commercial papers	1,000,000	(1,049,785)
Repayments of long-term borrowings	(470,955)	(15,720)
Repayment of the principal portion of lease liabilities	(42,907)	-
Increase (decrease) in other financial liabilities	359,286	(563,743)
Increase (decrease) in other liabilities	178,600	(318,833)
Net cash flows generated from (used in) financing activities	920,340	(2,600,720)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	10,999	245,242
NET INCREASE IN CASH AND CASH EQUIVALENTS	273,222	2,328,529
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	24,952,785	17,706,368
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 25,226,007	$ 20,034,897

Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets at March 31, 2019 and 2018:

	March 31	
	2019	2018
Cash and cash equivalents reported in the statement of financial position	$ 6,055,568	$ 7,517,968
Due from the Central Bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	18,253,790	6,805,268
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	300,000	5,711,661
Other items under resell agreements that meet the definition of cash and cash equivalents in IAS 7	616,649	-
Cash and cash equivalents at the end of the period	$ 25,226,007	$ 20,034,897

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

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 (the "Board") approved of the application for a change of registration to a commercial bank and for a change of name to "O-Bank Commercial Bank Corp. Ltd." ("O-Bank" or the "Bank"). The Financial Supervisory Commission (the "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 Commercial Bank Corp. Ltd." on January 1, 2017.

The Bank's operations include the following: (a) accepting various deposits; (b) issuing bank notes; (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 March 31, 2019, 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 Digital Wealth Management Department. It also has six domestic branches - Taipei Vieshow branch, Zhongxiao Dunhua 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. The Bank and its subsidiaries are collectively referred to as the "Group".

As of March 31, 2019, December 31, 2018 and March 31, 2018, the Bank had 1,440, 1,458 and 1,441 employees, respectively.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on April 26, 2019.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Public Banks, Regulations Governing the Preparation of Financial Reports by Publicly Held Bills Finance Companies and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC

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

   - IFRS 16 "Leases"

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

     Definition of a lease

     The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

     The Group as lessee

     The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows.

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

     Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at the Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 was 2.55%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 596,248
Less: Recognition exemption for short-term leases	(4,270)
Less: Recognition exemption for leases of low-value assets	(19,629)
Undiscounted amounts on January 1, 2019	$ 572,349
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 542,298
Lease liabilities recognized on January 1, 2019	$ 542,298

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

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Right-of-use assets	$ -	$ 536,523	$ 536,523
Total effect on assets		$ 536,523	
Lease liabilities	$ -	$ 542,298	$ 542,298
Other liabilities	2,400,842	(5,775)	2,395,067
Total effect on liabilities		$ 536,523	

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
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, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

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 45 for the maturity analysis of assets and 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 and Table 5 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, 2018.

a. Leases

2019

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

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets; in which case, they are capitalized.

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

b. 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.

c. 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.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences based on the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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.

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

Estimated Impairment of Financial Assets and Financial Guarantee Contract

The impairment of loans and receivables, investments in debt instruments 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

	March 31, 2019	December 31, 2018	March 31, 2018
Cash on hand and petty cash	$ 121,569	$ 153,719	$ 82,059
Checking for clearing	112,765	1,159,621	241,549
Due from banks	5,821,234	7,913,728	7,194,360
	$ 6,055,568	$ 9,227,068	$ 7,517,968

The cash and cash equivalents of the consolidated cash flows and the related adjustments of the consolidated balance sheets on December 31, 2018 are as follows. The adjustments as March 31, 2019 and 2018, refer to the statements of cash flows.

	December 31, 2018
Cash and cash equivalents in the consolidated balance sheets	$ 9,227,068
Due from the Central Bank and call loans to banks that meet the definition of cash and cash equivalents in IAS 7	14,734,354
Securities purchased under resell agreements that meet the definition of cash and cash equivalents in IAS 7	991,363
Cash and cash equivalents in the consolidated statements of cash flows	$ 24,952,785

Refer to Note 41 for information relating to due from bank's pledge.

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

	March 31, 2019	December 31, 2018	March 31, 2018
Call loans	$ 18,253,790	$ 14,734,354	$ 6,805,268
Deposits - Type A	2,509,442	1,560,003	20,628,202
Reserves for deposits - Type B	4,837,961	4,808,616	4,208,108
Others	962,996	1,504,029	243,002
	$ 26,564,189	$ 22,607,002	$ 31,884,580

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 INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2019	December 31, 2018	March 31, 2018
Financial assets mandatorily classified as at FVTPL			
Convertible bond - domestic	$ 7,891,056	$ 6,894,527	$ 7,144,812
Convertible bond - overseas	309,244	308,774	411,469
Structured debt	622,816	610,614	556,419
	8,823,116	7,813,915	8,112,700
Derivative financial assets			
Foreign exchange forward contracts	375,834	740,592	535,404
Forward contracts	16,814	28,342	46,089
Interest rate swap contracts	24,943	39,083	59,067
Cross-currency swap contract	16,574	29,827	-
Buy foreign exchange option contract	2,642	-	-
	436,807	837,844	640,560

(Continued)

	March 31, 2019	December 31, 2018	March 31, 2018
Non-derivative financial assets			
Short-term instruments	$ 90,575,920	$ 75,261,511	$ 79,408,995
Negotiable certificate of deposit	66,386,559	67,139,658	55,408,561
Stocks and beneficiary certificates	472,717	359,716	960,279
Government bonds	299,745	99,970	1,191,092
When-issued bonds	189	-	350,683
	157,735,130	142,860,855	137,319,610
	$ 166,995,053	$ 151,512,614	$ 146,072,870
Financial liabilities designated as at fair value through profit or loss			
Financial liabilities held for trading			
Derivative financial instruments			
Foreign exchange swap contracts	$ 259,998	$ 619,881	$ 778,293
Cross-currency swap contract	5,960	-	-
Forward contracts	90,295	39,163	98,160
Interest rate swap contracts	111,001	128,343	149,486
Sale of foreign exchange option contract	2,655	-	-
Others	1,044	961	1,180
	470,953	788,348	1,027,119
Non-derivative financial liabilities			
Commercial paper contracts	4,081	4,924	3,364
	$ 475,034	$ 793,272	$ 1,030,483

(Concluded)

The Group engages in derivative transactions, including forward contracts, cross-currency swap contracts and foreign currency option contracts, mainly for accommodating customers' needs and managing the exposure positions. As the engagement in interest rate swap contracts and cross-currency 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 highly negative correlation with the changes in the market of the exposures being hedged.

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The contract amounts (or notional amounts) of outstanding derivative transactions as of March 31, 2019, December 31, 2018 and March 31, 2018 as follows:

	March 31, 2019	December 31, 2018	March 31, 2018
Interest rate swap contracts	$ 21,850,015	$ 23,279,433	$ 27,727,774
Foreign exchange swap contracts	62,747,279	84,155,536	98,325,417
Cross-currency swap contracts	1,638,740	1,079,651	-
Forward contracts	8,960,447	6,239,093	2,893,111
Foreign currency options			
Call	842,042	-	-
Put	842,042	-	-
Purchase commitments	700,000	700,000	500,000

As of March 31, 2019, December 31, 2018 and March 31, 2018, financial instruments at fair value through profit and loss under agreement to repurchase were in the amounts of $69,898,700 thousand, $62,414,535 thousand and $66,860,403 thousand, respectively.

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2019	December 31, 2018	March 31, 2018
Investments in equity instruments at FVTOCI	$ 2,566,469	$ 2,954,899	$ 3,264,421
Investments in debt instruments at FVTOCI			
Domestic government bonds	41,698,868	49,458,259	49,968,385
Bank debentures	35,412,970	33,449,576	21,398,715
Corporate bonds	60,812,872	60,676,073	57,762,536
Overseas government bonds	1,390,550	1,400,934	13,707,989
American mortgage backed securities	2,429,332	2,013,011	2,117,270
	$ 144,311,061	$ 149,952,752	$ 148,219,316

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 of stocks classified as at FVTOCI for invested management purpose for the three months ended March 31, 2019 and 2018. The fair values of stocks classified as at FVTOCI which had to be disposed of were $882,418 thousand and $1,729,970 thousand and the accumulated gain and loss related to the sold assets of $44,604 thousand and $33,841 thousand, respectively, were transferred from equity to retained earnings.

b. Investments in debt instruments at FVTOCI

1) Refer to Note 41 for information relating to investments in debt instruments at FVTOCI pledged as security.

2) Refer to Note 45 for information relating to the credit risk management and impairment assessment of investments in debt instruments at FVTOCI.

3) The Group had sold investments in debt instruments at FVTOCI on the condition of buying them back were in the amounts of $89,811,932 thousand, $84,563,136 thousand, and $88,430,586 thousand, on March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

10. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

The Group's securities purchased under resale agreements and bond investments are all government bonds. As of March 31, 2019, December 31, 2018 and March 31, 2018, the bonds purchased under agreements to resell were in the amounts of $300,053 thousand, $991,720 thousand and $5,713,807 thousand, respectively. As of December 31, 2018 and March 31, 2018, bonds purchased under agreements to resell were sold under agreements to repurchase in the amounts of $990,000 thousand and $5,710,000 thousand, respectively.

11. RECEIVABLES, NET

	March 31, 2019	December 31, 2018	March 31, 2018
Lease payment receivable	$ 11,548,310	$ 12,399,120	$ 12,416,581
Factoring	3,278,075	4,714,725	3,334,340
Interest receivable	1,648,874	1,890,250	1,672,979
Account receivable	1,217,551	1,213,552	1,576,879
Receivable spot remittance	462,375	-	-
Investment settlement receivable	420,438	459,188	60,076
Acceptances	131,599	225,582	352,586
Receivables and payments	81,666	84,729	-
Others	361,287	1,188,591	367,473
	19,150,175	22,175,737	19,780,914
Less: Allowance for possible losses	577,427	611,254	597,470
Unrealized interest revenue	651,199	734,532	113,565
Receivables, net	$ 17,921,549	$ 20,829,951	$ 19,069,879

Rental equipment is held as collateral for the lease payment 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 45 for the impairment loss analysis of receivables.

12. DISCOUNTS AND LOANS, NET

	March 31, 2019	December 31, 2018	March 31, 2018
Short-term	$ 67,958,391	$ 67,402,492	$ 63,091,876
Medium-term	116,574,431	119,135,400	111,795,776
Long-term	14,292,661	13,151,025	8,812,347
Accounts receivables financing	322,758	508,098	272,878
Export bill negotiated	30,248	50,167	60,861
Guaranteed overdraft	76,710	15,660	-
Overdue loans	410,875	27,337	129,147
	199,666,074	200,290,179	184,162,885
Less: Allowance for credit losses	3,065,761	2,952,129	2,609,034
	$ 196,600,313	$ 197,338,050	$ 181,553,851

The balance of the overdue loans of the Group as of March 31, 2019, December 31, 2018 and March 31, 2018 no longer include the calculation of interest. The unrecognized interest revenue on the above loans amounted to $4,071 thousand and $301 thousand for the three months ended March 31, 2019 and 2018, respectively. For the three months ended March 31, 2019 and 2018, the Group wrote off credits only upon completing the required legal procedures.

Refer to Note 41 for information relating to discounts and loan assets pledged as security.

13. ALLOWANCE FOR CREDIT LOSSES AND PROVISIONS

The movements of allowance for credit losses and reserve for losses on guarantees liabilities for the three months ended March 31, 2019 are summarized 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, 2019	$ 218,853	$ 111,931	$ 227,909	$ 558,693	$ 52,561	$ 611,254
Transfers						
To 12-month ECLs	4,138	(4,138)	-	-	-	-
To lifetime ECLs	(2,691)	2,701	(10)	-	-	-
To credit-impaired financial assets	(1)	(40,629)	40,630	-	-	-
New financial assets purchased	3,493	26,713	3,689	33,895	-	33,895
Derecognition of financial assets	(33,993)	(36)	(1,264)	(35,293)	-	(35,293)
Change in model or risk parameters	11	(13)	(6)	(8)	-	(8)
Difference between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	-	(15,803)	(15,803)
Write-offs	-	-	(28,598)	(28,598)	-	(28,598)
Withdrawal after write-offs	-	-	1,832	1,832	-	1,832
Exchange rate or other changes	3,840	2,497	3,796	10,133	15	10,148
Balance at March 31, 2019	$ 193,650	$ 99,026	$ 247,978	$ 540,654	$ 36,773	$ 577,427

Allowance for Discounts and Loans, Net	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, 2019	$ 203,195	$ 49,620	$ 334,761	$ 587,576	$ 2,364,553	$ 2,952,129
Transfers						
To 12-month ECLs	871	(871)	-	-	-	-
To lifetime ECLs	(242)	8,519	(8,277)	-	-	-
To credit-impaired financial assets	(65)	(1,378)	1,443	-	-	-
New financial assets purchased	42,556	4,323	27,500	74,379	-	74,379
Derecognition of financial assets	(46,607)	(3,171)	(17,756)	(67,534)	-	(67,534)
Change in model or risk parameters	(4,355)	(4,676)	(4,270)	(13,301)	-	(13,301)
Difference between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	-	120,111	120,111
Write-offs	-	-	(2,853)	(2,853)	-	(2,853)
Withdrawal after write-offs	-	-	268	268	-	268
Exchange rate or other changes	62	94	622	778	1,784	2,562
Balance at March 31, 2019	$ 195,415	$ 52,460	$ 331,438	$ 579,313	$ 2,486,448	$ 3,065,761

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, 2019	$ 98,213	$ 11,098	$ -	$ 109,311	$ 1,466,472	$ 1,575,783
Transfers						
To lifetime ECLs	(14)	14	-	-	-	-
New financial assets purchased	25,509	1,669	-	27,178	-	27,178
Derecognition of financial assets	(18,175)	(6,968)	-	(25,143)	-	(25,143)
Change in model or risk parameters	(29,157)	2,429	-	(26,728)	-	(26,728)
Difference between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans	-	-	-	-	33,639	33,639
Write-offs	-	-	-	-	-	-
Withdrawal after write-offs	-	-	-	-	1,184	1,184
Exchange rate or other changes	150	1	-	151	(23)	128
Balance at March 31, 2019	$ 76,526	$ 8,243	$ -	$ 84,769	$ 1,501,272	$ 1,586,041

The movements of allowance for credit losses and reserve for losses on guarantees liabilities for the three months ended March 31, 2018 are summarized 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, 2018 per IAS 39	$ 242,967	$ 242,621	$ 115,909	$ 601,497	$ 43,861	$ 645,358
Adjustment on initial application of IFRS 9	65,095	101,325	59,665	226,085	-	226,085
Balance at January 1, 2018 per IFRS 9	308,062	343,946	175,574	827,582	43,861	871,443
Transfers						
To lifetime ECLs	(27)	27	-	-	-	-
To credit-impaired financial assets	-	(1)	1	-	-	-
New financial assets purchased	(16,281)	(149,889)	235,407	69,237	(5,842)	63,395
Write-offs	(580)	(18,301)	(323,366)	(342,247)	-	(342,247)
Withdrawal after write-offs	-	-	221	221	-	221
Exchange rate or other changes	2,750	3,176	(1,132)	4,794	(136)	4,658
Balance at March 31, 2018	$ 293,924	$ 178,958	$ 86,705	$ 559,587	$ 37,883	$ 597,470

Allowance for Discounts and Loans, Net	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, 2018 per IAS 39	$ 583,146	$ 109,356	$ 615,603	$ 1,308,105	$ 1,373,747	$ 2,681,852
Adjustment on initial application of IFRS 9	-	-	-	-	157,897	157,897
Balance at January 1, 2018 per IFRS 9	583,146	109,356	615,603	1,308,105	1,531,644	2,839,749
Transfers						
To 12-month ECLs	311	(311)	-	-	-	-
To lifetime ECLs	(1,973)	1,973	-	-	-	-
To credit-impaired financial assets	(73)	(65)	138	-	-	-
New financial assets purchased	(30,884)	(15,513)	46,837	440	46,127	46,567
Write-offs	-	(136)	(251,039)	(251,175)	-	(251,175)
Withdrawal after write-offs	-	-	1,649	1,649	-	1,649
Exchange rate or other changes	(16,419)	(50,685)	(14,038)	(81,142)	53,386	(27,756)
Balance at March 31, 2018	$ 534,108	$ 44,619	$ 399,150	$ 977,877	$ 1,631,157	$ 2,609,034

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, 2018 per IAS 39	$ 72,391	$ 3,134	$ -	$ 75,525	$ 1,494,026	$ 1,569,551
Adjustment on initial application of IFRS 9	61,822	19,144	-	80,966	-	80,966
Balance at January 1, 2018 per IFRS 9	134,213	22,278	-	156,491	1,494,026	1,650,517
Transfers						
To 12-month ECLs	1	(1)	-	-	-	-
New financial assets purchased	(671)	114	-	(557)	24,717	24,160
Withdrawal after write-offs	4,697	-	-	4,697	-	4,697
Exchange rate or other changes	(709)	(775)	-	(1,484)	(16)	(1,500)
Balance at March 31, 2018	$ 137,531	$ 21,616	$ -	$ 159,147	$ 1,518,727	$ 1,677,874

14. DISCONTINUED OPERATIONS

Chun Teng New Century Co., Ltd. (formerly IBTS) decided to transfer operating rights and property of brokerage of securities to SinoPac Securities Corp. Ltd. which had been approved by the temporary stockholders in their meeting on May 25, 2016. The total transfer price was $390,000 thousand, and the business transfer date was set for 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 business assets of the operating department of subsidiary had ended and conformed to the discontinued operations definition of IFRS 5. Hence, the consolidated financial reports 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 Mach 31	
	2019	2018
Interest income	$ 881	$ 2,411
Interest expenses	-	-
Net interest revenue	881	2,411
Net revenues other than interest income		
Net service fee revenue	8	21
Gain on financial assets and liabilities at fair value through profit or loss	610	2,195
Foreign exchange gain (loss), net	3	(3,282)
Other net revenue other than interest income	158	2,165
Net revenues other than interest income	779	1,099
Total net revenues	1,660	3,510
Operating expenses		
Employee benefits expenses	2,344	2,181
Depreciation and amortization expense	153	5
Other general and administrative expenses	2,516	2,733
Total operating expenses	5,013	4,919
Income tax expense	-	54
Income (loss) from discontinued operations before written off	(3,353)	(1,463)
Write-off transactions with related parties	(592)	(1,367)
Income (loss) from discontinued operations	$ (3,945)	$ (2,830)
Income (loss) of discontinued operations attributable to:		
Owners of the Bank	$ (3,935)	$ (2,822)
Non-controlling interests	(10)	(8)
	$ (3,945)	$ (2,830)
Cash inflow from:		
Operating activities	$ 5,699	$ 125,579
Investing activities	(2)	48,968
Financing activities	-	(221)
Effects of exchange rate changes on cash and cash equivalents	(134)	(8,358)
Net cash inflow (outflow)	$ 5,563	$ 165,968

15. SUBSIDIARIES

a. Subsidiary included in consolidated financial statements:

Investor	Investee	Main Business	% of Ownership March 31, 2019	% of Ownership December 31, 2018	% of Ownership March 31, 2018	Remark	Review by CPA
The Bank	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	No
	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)	No
IBT Leasing	IBT International Leasing Corp.	Leasing	100.00	100.00	100.00	Founded in 2011 in mainland China	Yes
	IBT Tianjin International Leasing Corp.	Leasing	-	100.00	100.00	Founded in 2013 in mainland China	Note
	IBT VII Venture Capital Co., Ltd.	Venture capital	100.00	100.00	100.00	Founded in 2014	No
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	No
IBTSH	IBTS HK	Investment	100.00	100.00	100.00	Founded in 2003 in Hong Kong	No
	IBTS Asia	Securities and investment	100.00	100.00	100.00	Founded in 2004 in Hong Kong	No
IBTH	EverTrust Bank	Banking	91.78	91.78	91.78	Founded in 1994 in California	Yes

Note: To improve the development of China leasing business, the board of directors approved, the merger between IBT International Leasing Corp. merges and IBT Tianjin International Leasing Corp., and the date of merger was on will be January 1, 2019. The board of directors meeting date was September 26, 2018.

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 March 31, 2019	December 31, 2018	March 31, 2018
CBF	Taipei	71.63%	71.63%	71.63%

The summarized financial information below represents amounts before intragroup eliminations:

	March 31, 2019	December 31, 2018	March 31, 2018
CBF			
Equity attributable to:			
Owners	$ 6,757,804	$ 6,609,502	$ 6,634,989
Non-controlling interests of CBF	17,063,451	16,688,991	16,753,344
	$ 23,821,255	$ 23,298,493	$ 23,388,333

	For the Three Months Ended March 31	
	2019	2018
Net revenue	$ 501,264	$ 497,521
Net profit from continuing operations	$ 313,694	$ 334,476
Other comprehensive income for the period	205,848	(97,587)
Total comprehensive income for the period	$ 519,542	$ 236,889
Profit attributable to:		
Owners of CBF	$ 88,991	$ 94,887
Non-controlling interests of CBF	224,703	239,589
	$ 313,694	$ 334,476
Total comprehensive income attributable to:		
Owners of CBF	$ 147,388	$ 67,202
Non-controlling interests of CBF	372,154	169,687
	$ 519,542	$ 236,889
Net cash inflow (outflow) from:		
Operating activities	$ 15,125,837	$ 1,776,331
Investing activities	(2,697)	(29)
Financing activities	(15,069,328)	(1,776,664)
Net cash inflow (outflow)	$ 53,812	$ (362)
Dividends paid to non-controlling interest CBF	$ -	$ -

16. OTHER FINANCIAL ASSETS

	March 31, 2019	December 31, 2018	March 31, 2018
Time deposits with original maturities more than 3 months	$ 112,785	$ 113,913	$ -
Pledged deposits	527,500	527,500	-
Reserve Account	54,088	49,598	-
Dismantling securities companies	616,649	614,919	291,258
Others	24,362	23,988	-
	$ 1,335,384	$ 1,329,918	$ 291,258

Refer to Note 41 for information relating to due from banks pledged.

17. PROPERTY AND EQUIPMENT

	March 31, 2019	December 31, 2018	March 31, 2018
Carrying amounts of each class			
Land	$ 781,970	$ 781,970	$ 781,970
Buildings	1,356,320	1,369,375	1,404,643
Machinery and computer equipment	326,794	338,826	368,743
Transportation equipment	34,943	36,715	41,611
Office and other equipment	100,311	103,446	73,775
Lease improvement	222,845	233,827	198,988
Construction in progress and prepayments for equipment	94,590	87,501	127,687
	$ 2,917,773	$ 2,951,660	$ 2,997,417

The movements of property and equipment for the three months ended March 31, 2019 and 2018 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, 2019	$ 781,970	$ 1,898,675	$ 747,969	$ 77,088	$ 282,253	$ 385,137	$ 87,501	$ 4,260,593
Additions	-	-	3,683	1,425	352	221	10,232	15,913
Disposals and scrapped	-	(2,429)	(1,461)	(1,574)	-	-	(522)	(5,986)
Reclassification	-	-	683	-	2,016	436	(2,630)	505
Effect of foreign currency exchange differences	-	-	869	210	190	467	9	1,745
Balance at March 31, 2019	$ 781,970	$ 1,896,246	$ 751,743	$ 77,149	$ 284,811	$ 386,261	$ 94,590	$ 4,272,770
Accumulated depreciation								
Balance at January 1, 2019	$ -	$ 529,300	$ 409,143	$ 40,373	$ 178,807	$ 151,310	$ -	$ 1,308,933
Disposals and scrapped	-	(960)	(1,461)	(1,300)	-	-	-	(3,721)
Depreciation expense	-	11,586	15,899	3,084	6,164	12,481	-	49,214
Reclassification	-	-	603	-	(598)	(542)	-	(537)
Effect of foreign currency exchange differences	-	-	765	49	127	167		1,108
Balance at March 31, 2019	$ -	$ 539,926	$ 424,949	$ 42,206	$ 184,500	$ 163,416	$ -	$ 1,354,997
Carrying amounts								
Balance at March 31, 2019	$ 781,970	$ 1,356,320	$ 326,794	$ 34,943	$ 100,311	$ 222,845	$ 94,590	$ 2,917,773
Cost								
Balance at January 1, 2018	$ 848,222	$ 1,944,911	$ 732,062	$ 82,406	$ 241,495	$ 358,067	$ 140,912	$ 4,348,075
Additions	-	-	3,856	9,291	317	360	58,312	72,136
Disposals and scrapped	(66,252)	(45,624)	(1,475)	(14,223)	(1,727)	(28,043)	-	(157,344)
Reclassification	-	-	6,045	-	1,216	(3,555)	(71,460)	(67,754)
Effect of foreign currency exchange differences	-	-	(24)	(92)	(1,039)	(2,612)	(77)	(3,844)
Balance at March 31, 2018	$ 781,970	$ 1,899,287	$ 740,464	$ 77,382	$ 240,262	$ 324,217	$ 127,687	$ 4,191,269
Accumulated depreciation								
Balance at January 1, 2018	$ 48,038	$ 506,380	$ 356,323	$ 47,080	$ 163,702	$ 141,600	$ -	$ 1,263,123
Disposals and scrapped	(48,038)	(23,362)	(1,181)	(14,069)	(1,455)	(25,963)	-	(114,068)
Depreciation expense	-	11,626	16,658	2,866	4,838	10,785	-	46,773
Reclassification	-	-	1	-	4	(5)	-	-
Effect of foreign currency exchange differences	-	-	(80)	(106)	(602)	(1,188)	-	(1,976)
Balance at March 31, 2018	$ -	$ 494,644	$ 371,721	$ 35,771	$ 166,487	$ 125,229	$ -	$ 1,193,852
Carrying amounts								
Balance at March 31, 2018	$ 781,970	$ 1,404,643	$ 368,743	$ 41,611	$ 73,775	$ 198,988	$ 127,687	$ 2,997,417

The above items of property and equipment are depreciated on a straight-line basis at the following estimated useful lives:

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

18. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	March 31, 2019
Carrying amounts	
Buildings	$ 497,943
Transportation equipment	3,815
	$ 501,758

	For the Three Months Ended March 31, 2019
Depreciation charges for right-of-use assets	
Buildings	$ 40,576
Transportation equipment	1,258
	$ 41,834

b. Lease liabilities - 2019

	March 31, 2019
Carrying amounts	$ 503,683

Range of discount rates for lease liabilities was as follows:

	March 31, 2019
Buildings	1.3%-5.7%
Transportation equipment	2.28%-6.00%

c. Other lease information

2019

	For the Three Months Ended March 31, 2019
Expenses relating to short-term leases	$ 3,705
Expenses relating to low-value asset leases	$ 501
Total cash outflow for leases	$ (47,102)

19. INTANGIBLE ASSETS

	March 31, 2019	December 31, 2018	March 31, 2018
Carrying amounts of each class			
Computer software	$ 1,245,977	$ 1,287,701	$ 1,303,305
Goodwill	1,170,025	1,166,769	1,105,800
Others	2,274	2,830	7,110
	$ 2,418,276	$ 2,457,300	$ 2,416,215

The movements of intangible assets for the three months ended March 31, 2019 and 2018 are summarized as follows:

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2019	$ 2,120,054	$ 1,166,769	$ 7,506	$ 3,294,329
Additions	18,688	-	-	18,688
Scrapped	(360)	-	-	(360)
Effect of foreign currency exchange differences	359	3,256	21	3,636
Balance at March 31, 2019	$ 2,138,741	$ 1,170,025	$ 7,527	$ 3,316,293
Accumulated amortization and impairment loss				
Balance at January 1, 2019	$ 832,353	$ -	$ 4,676	$ 837,029
Amortization expenses	60,562	-	564	61,126
Scrapped	(360)	-	-	(360)
Effect of foreign currency exchange differences	209	-	13	222
Balance at March 31, 2019	$ 892,764	$ -	$ 5,253	$ 898,017
Carrying amounts				
Balance at March 31, 2019	$ 1,245,977	$ 1,170,025	$ 2,274	$ 2,418,276

(Continued)

	Computer Software	Goodwill	Others	Total
Cost				
Balance at January 1, 2018	$ 1,885,101	$ 1,133,222	$ 7,289	$ 3,025,612
Additions	41,007	-	-	41,007
Scrapped	(2,920)	-	-	(2,920)
Reclassification	53,897	-	-	53,897
Effect of foreign currency exchange differences	(1,240)	(27,422)	(179)	(28,841)
Balance at March 31, 2018	$ 1,975,845	$ 1,105,800	$ 7,110	$ 3,088,755
Accumulated amortization and impairment loss				
Balance at January 1, 2018	$ 622,245	$ -	$ -	$ 622,245
Amortization expenses	54,272	-	-	54,272
Scrapped	(2,920)	-	-	(2,920)
Effect of foreign currency exchange differences	(1,057)	-	-	(1,057)
Balance at March 31, 2018	$ 672,540	$ -	$ -	$ 672,540
Carrying amounts				
Balance at March 31, 2018	$ 1,303,305	$ 1,105,800	$ 7,110	$ 2,416,215

(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 executed the goodwill impairment test, Ever Trust Bank was used as a cash-generating unit, of which the recoverable amount was assessed by the value in use of the cash-generating unit. The key assumptions for the expected future cash flows are based on the actual profit conditions of the cash-generating units. On the assumption of sustainable operations, the Group will discount the net cash flows from those of the operations of cash-generating units in the next five years to calculate the value in use. According to the estimation of the Group, there was no occurrence of impairment.

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

20. OTHER ASSETS

	March 31, 2019	December 31, 2018	March 31, 2018
Refundable deposits	$ 267,103	$ 433,155	$ 249,584
Life insurance cash surrender value	346,075	344,395	324,059
Prepayment	126,294	74,585	96,063
Others	190,776	238,084	232,197
	$ 930,248	$ 1,090,219	$ 901,903

21. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	March 31, 2019	December 31, 2018	March 31, 2018
Due to other banks	$ 29,768,468	$ 53,377,161	$ 65,155,326
Call loans from Central Bank	2,774,922	2,152,215	1,747,547
	$ 32,543,390	$ 55,529,376	$ 66,902,873

22. SECURITIES SOLD UNDER AGREEMENTS TO REPURCHASE

	March 31, 2019	December 31, 2018	March 31, 2018
Transactions instruments	$ 69,471,973	$ 62,123,793	$ 66,056,244
Government bonds	26,688,010	31,013,011	36,139,313
Corporate bonds	49,134,536	43,415,222	51,315,670
Bank debentures	18,585,084	14,894,874	18,049,591
	$ 163,879,603	$ 151,446,900	$ 171,560,818
Date of agreement to repurchase	March 2020	June 2019	September 2018
Amount of agreement to repurchase	$ 163,979,200	$ 151,544,513	$ 171,662,603

23. ACCOUNTS PAYABLE

	March 31, 2019	December 31, 2018	March 31, 2018
Investment settlement payables	$ 490,734	$ 107,965	$ 1,200,878
Settlement accounts payable - execution of customer orders	81,623	84,724	-
Acceptances	116,436	225,582	352,586
Accrued interest	890,236	894,253	692,848
Accrued expenses	553,042	941,904	428,697
Collections for others	121,996	146,221	139,320
Factored receivables	1,925,343	1,821,591	1,626,985
Checks clearing payables	112,765	1,159,621	241,549
Others	692,388	254,576	371,014
	$ 4,984,563	$ 5,636,437	$ 5,053,877

24. DEPOSITS AND REMITTANCES

	March 31, 2019	December 31, 2018	March 31, 2018
Deposits			
Checking	$ 4,670,055	$ 5,114,611	$ 3,199,799
Demand	43,824,724	35,746,655	37,617,896
Time	217,879,808	211,109,170	164,895,085
Export remittance	109	6	60,107
Saving deposits	10,521,899	9,832,879	6,632,136
	$ 276,896,595	$ 261,803,321	$ 212,405,023

25. BANK NOTES PAYABLE

	March 31, 2019	December 31, 2018	March 31, 2018
Subordinate debenture bonds first issued in 2011; fixed 2.30% interest rate; maturity: August 26, 2018; interest paid annually and repayment of principal at maturity	$ -	$ -	$ 950,000
Subordinate debenture bonds second issued in 2011; fixed 2.30% interest rate; maturity: October 28, 2018; interest paid annually and repayment of principal at maturity	-	-	3,350,000
Subordinate debenture bonds first issued in 2012; fixed 1.85% interest rate; maturity: August 17, 2019; interest paid annually and repayment of principal at maturity	1,650,000	1,650,000	1,650,000
Subordinate debenture bonds first issued in 2013; fixed 1.95% interest rate; maturity: May 30, 2020; interest paid annually and repayment of principal at maturity	2,300,000	2,300,000	2,300,000
Subordinate debenture bonds first issued in 2014; fixed 1.95% interest rate; maturity: March 27, 2021; interest paid annually and repayment of principal at maturity	1,300,000	1,300,000	1,300,000
Subordinate debenture bonds second issued in 2014; fixed 1.85% interest rate; maturity: June 26, 2021; interest paid annually and repayment of principal at maturity	1,000,000	1,000,000	1,000,000
Subordinate debenture bonds third issued in 2014; fixed 1.95% interest rate; maturity: September 26, 2021; interest paid annually and repayment of principal at maturity	600,000	600,000	600,000
Subordinate debenture bonds forth issued in 2014; fixed 2.2% interest rate; maturity: May 5, 2022; interest paid annually and repayment of principal at maturity	1,500,000	1,500,000	1,500,000

(Continued)

	March 31, 2019	December 31, 2018	March 31, 2018
Subordinate debenture bonds first issued in 2015; fixed 1.85% interest rate; maturity: December 29, 2022; interest paid annually and repayment of principal at maturity	$ 1,000,000	$ 1,000,000	$ 1,000,000
Subordinate debenture bonds A first issued in 2016; fixed 1.70% interest rate; maturity: June 29, 2023; interest paid annually and repayment of principal at maturity	1,500,000	1,500,000	1,500,000
Subordinate debenture bonds B first issued in 2016; fixed 1.80% interest rate; maturity: June 29, 2024; interest paid annually and repayment of principal at maturity	1,500,000	1,500,000	1,500,000
Subordinate debenture bonds first issued in 2017; fixed 1.97% interest rate; maturity: September 5, 2027; interest paid annually and repayment of principal at maturity	2,000,000	2,000,000	2,000,000
Subordinate debenture bonds A second issued in 2017; fixed 4% interest rate; no maturity, interest paid annually	750,000	750,000	750,000
Subordinate debenture bonds B second issued in 2017; fixed 1.82% interest rate; maturity: December 27, 2027; interest paid annually and repayment of principal at maturity	1,000,000	1,000,000	1,000,000
Subordinate debenture bonds A first issued in 2018; fixed 4% interest rate; no maturity, interest paid annually	700,000	700,000	-
Subordinate debenture bonds B first issued in 2018; fixed 1.75% interest rate; maturity: June 29, 2028; interest paid annually and repayment of principal at maturity	1,050,000	1,050,000	-
	$ 17,850,000	$ 17,850,000	$ 20,400,000

(Concluded)

26. OTHER FINANCIAL LIABILITIES

	March 31, 2019	December 31, 2018	March 31, 2018
Bank loans	$ 9,138,603	$ 9,713,242	$ 12,372,179
Commercial papers	1,999,465	999,881	2,249,772
Structured products	707,003	-	-
Funds obtained from the government - intended for specific types of loans	3,973,574	4,321,291	5,434,039
	$ 15,818,645	$ 15,034,414	$ 20,055,990

a. Bank loans

	March 31, 2019	December 31, 2018	March 31, 2018
Short-term loans	$ 4,965,190	$ 5,068,874	$ 5,746,926
Long-term loans	4,173,413	4,644,368	6,625,253
	$ 9,138,603	$ 9,713,242	$ 12,372,179
Interest rate interval			
New Taiwan dollars (NTD)	1.20-1.50%	1.15%-1.50%	1.21-1.50%
U.S. dollars (USD)	2.60-4.60%	3.71%-5.00%	0.98%-3.65%
Renminbi (RMB)	4.79%-6.18%	4.99%-6.18%	4.99%-6.23%

b. Commercial paper

	March 31, 2019	December 31, 2018	March 31, 2018
Commercial papers	$ 2,000,000	$ 1,000,000	$ 2,250,000
Less: Unamortized discount	(535)	(119)	(228)
	$ 1,999,465	$ 999,881	$ 2,249,772
Interest rate interval	0.62%-1.23%	0.65%-1.23%	0.49%-1.20%

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

	March 31, 2019	December 31, 2018	March 31, 2018
Funds obtained from the government - intended for specific types of loans	$ 3,973,574	$ 4,321,291	$ 5,434,039

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 Mega Bank, 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.

27. PROVISIONS

	March 31, 2019	December 31, 2018	March 31, 2018
Reserve for losses on guarantees	$ 1,507,924	$ 1,497,762	$ 1,596,218
Provisions for employee benefits	301,917	293,645	304,018
Reserve for financing limit	78,117	78,021	81,656
Reserve for claims outstanding	-	-	9,092
	$ 1,887,958	$ 1,869,428	$ 1,990,984

28. RETIREMENT BENEFIT PLANS

Draw Plan

The pension system under the "Labor Pensions Ordinance" applicable to the Group 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 March 31, 2019 and 2018 was recognized in the consolidated statements of comprehensive income in the total amounts of $15,236 thousand and $18,569 thousand, respectively.

Welfare Plan

The retirement expenses recognized under defined benefit plans for the three months ended March 31, 2019 and 2018 were calculated using the respective 2018 and 2017 annually determined discount rates as of December 31, 2018 and 2017 which amounted to $2,128 thousand, and $3,235 thousand, respectively.

29. OTHER LIABILITIES

	March 31, 2019	December 31, 2018	March 31, 2018
Guarantee deposits received	$ 2,114,763	$ 1,981,734	$ 1,926,742
Advance revenue	119,293	119,378	120,445
Others	345,418	299,730	111,831
	$ 2,579,474	$ 2,400,842	$ 2,159,018

30. EQUITY

a. Capital stock

	March 31, 2019	December 31, 2018	March 31, 2018
Number of stock authorized (in thousands)	3,500,000	3,500,000	3,000,000
Amount of capital stock authorized	$ 35,000,000	$ 35,000,000	$ 30,000,000
Number of stocks issued and fully paid (in thousands)			
Common stock	2,413,006	2,413,006	2,413,006
Preferred stock	300,000	300,000	-
Amount of stocks issued	$ 27,130,063	$ 27,130,063	$ 24,130,063

Fully paid common stocks, which have a par value of $10, carry one vote per stock 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. And finished the registration on December 21, 2018. The rights and obligations of Series A preferred stockholders are as follows:

1) Series A preferred stock at 0.94375% plus 3.30625% (total 4.25%) per annum are a 5-year - calculation pursuant to 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 hereafter. Series A preferred stock are declared once per 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 available dividends 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 capping 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 special year of distribution but may participate in the distribution of common stock surplus and additional paid in capital.

6) When the Bank conducts rights for cash issuance, Series A preferred stockholders have the same subscription rights as the common stockholders.

b. Capital surplus

	March 31, 2019	December 31, 2018	March 31, 2018
May be used to offset a deficit, distributed as dividends, or transferred to capital stock (Note)			
Treasury stock transactions	$ 3,193	$ 3,193	$ 3,193
Stock-based payments	4,537	4,537	4,537
Must be used to offset a deficit			
Unclaimed dividends	1,222	308	-
May not be used for any purpose			
Share of changes in capital surplus of associates or joint ventures	805	465	-
	$ 9,757	$ 8,503	$ 7,730

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. Retained earnings and dividend policy

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, except 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. Legal reserve shall be appropriated until it has reached the Bank's capital surplus. When the legal reserve has exceeded 15% of the Bank's capital surplus, the excess may be distributed in cash. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to Note 35.

The Bank's Articles of Incorporation also stipulate a dividend policy that the issuance of a stock dividend takes precedence over the payment of cash dividends. In principle, cash dividends are limited to 20% of total dividends distributed. The distribution method is stipulated by standard, so the Bank may make adjustment approved by the stockholders' meeting when the board of directors asks for it.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Bank's capital surplus. 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 capital surplus, the excess may be transferred to capital or distributed in cash.

Under the Company Law, legal reserve shall be appropriated until it has reached the Bank's capital surplus. This reserve may be used to offset deficit. When the Bank has no loss and the legal reserve has exceeded 15% of the Bank's capital surplus, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490, and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserved by the Bank.

Under Rule No. 10510001510 issued by the FSC on May 25, 2016 a public issuing bank shall make a special surplus in the range of 0.5% to 1% of net profit after tax in 2016 to 2018. Since 2017, the staff of financial technology development arising from the transfer or placement of the same amount of spending opened a special reserve balance within the scope of the rotary when the deduction of other equity was reversed, and the reversed part could be distributed in cash.

The appropriations of earnings for 2018 and 2017 were approved in stockholders' meetings on February 27, 2019 and June 14, 2018, respectively. The appropriations and dividends per share were as follows:

	2018	2017
	Appropriation of Earnings	**Appropriation of Earnings**
Legal reserve	$ 183,014	$ 304,370
Special reserve appropriated (reversed)	415,504	(13,705)
Cash dividends - common stock	-	723,902
Preferred stock dividends	11,527	-

The appropriation of earnings for 2018 are subject to the resolution of the shareholders in their meeting to be held on June 14, 2019.

d. Other equity items

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

	For the Three Months Ended March 31	
	2019	**2018**
Balance at January 1	$ (92,806)	$ (216,266)
Exchange differences arising on translating the financial statements of foreign operations	72,960	(138,246)
Income tax related to gains arising on translating the financial statements of foreign operations	(10,186)	24,754
Balance at March 31	$ (30,032)	$ (329,758)

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

	For the Three Months Ended March 31	
	2019	**2018**
Balance at January 1	$ (67,175)	$ 144,112
Recognized during the period		
Unrealized gain (loss) - debt instruments	202,033	(118,306)
Unrealized gain - equity instruments	188,984	89,949
Loss allowance of debt instruments	2,380	(871)
Other comprehensive income recognized in the period	393,397	(29,228)
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	(44,604)	33,841
Balance at March 31,	$ 281,618	$ 148,725

e. Non-controlling interests

	For the Three Months Ended March 31	
	2019	2018
Balance at January 1 (IAS 39)		$ 16,892,050
Effect of IFRS 9 retrospective application		90,927
Balance at January 1 (IFRS 9)	$ 17,129,584	16,982,977
Attributed to non-controlling interests		
Share of profit for the year	233,888	246,184
Other comprehensive income		
Exchange differences arising on translation of foreign entities	1,236	(9,757)
Unrealized gains and losses on FVTOCI	148,998	(70,831)
Actuarial profit and loss of welfare plan	(24)	-
Changes in capital surplus	2,308	-
Balance at March 31	$ 17,515,990	$ 17,148,573

31. NET INTEREST

	For the Three Months Ended March 31	
	2019	2018
Interest revenue		
Discounts and loans	$ 1,539,087	$ 1,237,538
Investment in marketable securities	514,822	464,918
Installment sales and lease	265,033	298,472
Due from the Central Bank and call loans to banks	87,159	39,066
Others	36,709	25,371
	2,442,810	2,065,365
Interest expense		
Deposits	836,212	472,300
Due to the Central Bank and banks	180,673	149,957
Bank debentures	90,961	103,913
Securities sold under agreement to repurchase	246,409	215,767
Others	102,673	118,276
	1,456,928	1,060,213
	$ 985,882	$ 1,005,152

32. NET SERVICE FEE REVENUE (CHARGE)

	For the Three Months Ended March 31	
	2019	2018
Service fee		
Guarantee business	$ 200,424	$ 170,400
Credit examine business	113,707	86,003
Underwrite business	76,274	69,080
Loan business	71,432	22,623
Lease business	45,263	54,029
Factoring business	12,178	21,744
Import and export business	6,737	7,703
Trust business	6,604	1,424
Others	53,478	22,936
	586,097	455,942
Service charge		
Others	39,671	40,940
	$ 546,426	$ 415,002

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

	For the Three Months Ended March 31	
	2019	2018
Realized gain profit or loss		
Bills	$ 14,344	$ 26,150
Stocks	72,614	(42,562)
Bonds	16,877	(8,200)
Derivatives	307,882	(153,494)
	407,359	(178,106)
Gains (losses) on valuation		
Bills	(5,044)	5,642
Stocks	33,859	70,662
Bonds	16,877	2,582
Derivatives	(73,107)	(189,282)
Others	35,253	(13,471)
	7,838	(123,867)
Interest revenue	263,263	222,341
	$ 678,460	$ 79,632

34. GAINS ON FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended March 31	
	2019	2018
Realized income-debt instruments	$ 37,878	$ 21,980
Dividend revenue	2,188	2,024
	$ 40,066	$ 24,004

35. EMPLOYEE BENEFITS EXPENSES

	For the Three Months Ended March 31	
	2019	2018
Short-term employee benefits		
Salaries and wages	$ 577,172	$ 520,946
Directors' remuneration and fees	29,582	17,695
Labor insurance and national health insurance	38,311	33,820
Others	45,080	46,461
Post-employment benefits		
Pension	17,364	21,804
	$ 707,509	$ 640,726

The Bank accrued employees' compensation and remuneration of directors and supervisors at the rates of 1%-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 three months ended March 31, 2019 and 2018 were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2019	2018
Employees' compensation	1.25%	1.25%
Remuneration of directors	2.50%	2.50%

Balance

	For the Three Months Ended March 31	
	2019	2018
Employees' compensation	$ 7,312	$ 3,100
Remuneration of directors	$ 14,624	$ 6,200

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 2018 and 2017, which were approved by the board of directors on February 27, 2019 and February 27, 2018 respectively, were as follows:

	2018		2017	
	Cash Dividends	**Stock Dividends**	**Cash Dividends**	**Stock Dividends**
Bonuses to employees	$ 14,632	$ -	$ 15,919	$ -
Bonuses to directors	29,265	-	31,838	-

There are no differences between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the annual consolidated financial statements for 2018 and 2017.

Information for 2019 and 2018 on the bonus to employees, directors proposed by the Bank's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

36. DEPRECIATION AND AMORTIZATION EXPENSES

	For the Three Months Ended March 31	
	2019	**2018**
Property and equipment	$ 49,061	$ 46,768
Right-of-use assets	41,834	-
Intangible assets	61,126	54,272
	$ 152,021	$ 101,040

37. OTHER GENERAL AND ADMINISTRATIVE EXPENSE

	For the Three Months Ended March 31	
	2019	**2018**
Taxation	$ 70,085	$ 50,988
Rental	3,122	52,568
Management fee	11,824	9,749
Computer operating and consulting fees	63,833	40,814
Entertainment	13,764	14,892
Professional services	22,115	23,235
Advertisement	19,345	34,795
Others	115,599	104,380
	$ 319,687	$ 331,421

38. 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 March 31	
	2019	2018
Current tax		
In respect of the current period	$ 249,230	$ 210,809
Income tax on unappropriated earnings	7,311	-
In respect of prior periods	-	(10,583)
	256,541	200,226
Deferred tax		
In respect of the current period	(25,059)	(32,953)
Income tax expense recognized in profit or loss	$ 231,482	$ 167,273

The Income Tax Act in the Republic of China was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. Gains and losses of the deferred income tax to be recognized in profit or loss are recognized in which the tax rate changes in the period. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings had been reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2019	2018
Deferred tax		
Translation of foreign operations	$ 10,186	$ (24,754)
Losses on remeasurements of defined benefit plans	(8)	-
Unrealized gain (loss) on financial assets at FVTOCI	35,241	(32,246)
Income tax recognized in other comprehensive income	$ 45,419	$ (57,000)

c. Assessment of the income tax

The income tax returns of the Bank its subsidiary IBTM through 2016 have been assessed by the tax authorities. The income tax returns of other subsidiaries through 2016 have been assessed by the tax authorities, except the Bank’s subsidiary CBF for 2015. The Bank disagreed with the tax authorities’ assessment of its 2016 tax return and planned to re-examine them.

39. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended March 31	
	2019	**2018**
Basic earnings per share		
From continuing operations	$ 0.20	$ 0.07
From discontinued operations	-	-
Total basic earnings per share	$ 0.20	$ 0.07
Diluted earnings per share		
From continuing operations	$ 0.20	$ 0.07
From discontinued operations	-	-
Total diluted earnings per share	$ 0.20	$ 0.07

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

Net Profit for the period is as follows:

	For the Three Months Ended March 31	
	2019	**2018**
Profit for the period attributable to owners of the Bank	$ 472,292	$ 178,517
Less: profit for the period from discontinued operations used in the computation of basic earnings per share from discontinued operations	(3,945)	(2,830)
Earnings used in the computation of basic and diluted earnings per share from continuing operations	$ 476,237	$ 181,347

The weighted average number of common stocks outstanding (in thousands of shares) is as follows:

	For the Three Months Ended March 31	
	2019	**2018**
Weighted average number of common stocks in computation of basic earnings per share	2,413,006	2,413,006
Effect of potentially dilutive common stocks:		
Employees’ compensation or bonus issue to employees	1,222	633
Weighted average number of common stocks used in the computation of diluted earnings per share	2,414,228	2,413,639

If the Group 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.

40. 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 Bank are summarized as follows:

Related Party	Relationship with the Bank
IBT II Venture Capital Co., Ltd. (IBT II Venture) (dissolved March 31, 2017)	Associates
IBT Education Foundation (IBTEF)	The Bank 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 Bank's legal director
Others	The Bank's management and their other relatives

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

1) Deposits

	Ending Balance	Interest Expense	Rate (%)
For the three months ended March 31, 2019			
Associates	$ 18,450	$ -	0.45
Others	3,153,229	17,392	0.00-6.56
	$ 3,171,679	$ 17,392	
For the three months ended March 31, 2018			
Associates	$ 4,651	$ 1	0.15-0.25
Others	1,529,003	8,513	0.00-6.56
	$ 1,533,654	$ 8,514	

2) Loan

	Maximum Balance	Ending Balance	Interest Income	Rate (%)
For the three months ended March 31, 2019				
Others	$ 430,000	$ 430,000	$ 1,530	1.4429
For the three months ended March 31, 2018				
Others	$ -	$ -	$ -	-

3) Service fees

	For the Three Months Ended March 31	
	2019	**2018**
Others	$ 3	$ 11

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

4) Other expenses

	For the Three Months Ended March 31	
	2019	**2018**
Others	$ 4,800	$ 4,800

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 ended March 31, 2019 and 2018 were as follows:

	For the Three Months Ended March 31	
	2019	**2018**
Short-term employee benefits	$ 64,157	$ 64,233
Post-employment benefits	2,531	1,441
Stock-based payments	330	-
	$ 67,018	$ 65,674

The remuneration of directors and other key management personnel is determined by the remuneration committee based on individual performance and market trends.

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 parties should be 100% secured, and the terms of credits extended to related parties should be similar to those for third parties.

41. PLEDGED ASSETS

	March 31, 2019	December 31, 2018	March 31, 2018
Due from banks	$ 229,121	$ 223,500	$ 232,551
Financial assets at FVTPL	22,070,214	15,059,868	19,375,005
Financial assets at FVTOCI	1,526,036	2,140,376	2,318,103
Debt instruments measured at amortized costs	49,997	166,680	166,649
Discounts and loans	6,449,700	9,067,994	8,679,918
Pledged time deposits	527,500	527,500	559,500
Compensation account for payment	54,088	49,598	70,368
	$ 30,906,656	$ 27,235,516	$ 31,402,094

Under the requirement for joining the Central Bank's Real-time Gross Settlement (RTGS) clearing system, the Bank provided time deposits (parts of due from banks) and negotiable certificates of deposits (part of financial assets at fair value through profit or loss and debt instrument investments measured at amortized cost) 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 at FVTOCI were bond 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 U.S.A. Besides, the above loans were provided as collateral for EverTrust Bank to apply for credit limits with Federal Home Loan Bank of San Francisco. Restricted assets were provided not merely as collateral for bank overdraft mortgage guarantee, short-term loans, commercial paper issued, contract security deposit and administrative reliefs but were also pledged for the Central Bank's bond bidding.

42. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Except for other disclosures, As of March 31, 2019, December 31, 2018 and March 31, 2018, the Company had commitments as follows:

	March 31, 2019	December 31, 2018	March 31, 2018
Office decorating and contracts of computer software			
Amount of contracts	$ 158,515	$ 146,125	$ 179,404
Payments for construction in progress and prepayments for equipment	94,590	87,501	127,686

b. The Group as lessee

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

As of March 31, 2019, December 31, 2018 and March 31, 2018, refundable deposits paid under operating lease amounted to $33,082 thousand, $33,183 thousand and $30,374 thousand, respectively.

The future minimum payments under non-cancellable operating lease are summarized as follows:

	December 31, 2018	March 31, 2018
Up to 1 years	$ 162,811	$ 153,309
Over 1 year to 5 years	325,856	280,562
Over 5 years	82,714	95,990
	$ 571,381	$ 529,861

43. TRUST BUSINESS UNDER THE TRUST LAW

Balance Sheet of Trust Accounts

	March 31, 2019	December 31, 2018	March 31, 2018
Trust assets			
Petty cash	$ 100	$ 100	$ -
Bank deposits	1,927,471	2,799,410	472,535
Financial assets	2,226,609	1,072,855	514,450
Interest receivable	44	51	-
Prepayments	1,103	1,267	-
Real estate	9,188,676	9,165,624	1,957,995
Other assets	30,431	32,292	-
Total trust assets	$ 13,374,434	$ 13,071,599	$ 2,944,980
Trust capital and liability			
Payables	$ 44,817	$ 1,542	$ -
Unearned receipts	531	839	-
Taxes payable	7,839	4,233	-
Receipts under custody	106	106	-
Deposits received	73,550	76,680	-
Other liabilities	491	968	-
Trust capital	13,109,104	12,828,013	2,944,980
Provisions and accumulated profit and loss	137,996	159,218	-
Trust capital and liability	$ 13,374,434	$ 13,071,599	$ 2,944,980

Income Statements of Trust Accounts

	For the Three Months Ended March 31	
	2019	**2018**
Trust revenue		
Interest revenue	$ 9,986	$ 171
Rent revenue	29,464	-
Other revenue	1	-
Trust expenses		
Management fees	(205)	(98)
Fees	(24)	(21)
Tax	(3,606)	-
Other expenses	(3,246)	-
Income tax expense	(974)	(15)
	$ 31,396	$ 37

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

Trust Property List

	March 31, 2019	December 31, 2018	March 31, 2018
Petty cash	$ 100	$ 100	$ -
Bank deposits	1,927,471	2,799,410	472,535
Stocks	228,378	228,378	228,378
Funds	1,998,231	844,477	286,072
Land	8,343,053	8,320,001	1,865,892
Real estates	845,623	845,623	92,103
Interest receivables	44	51	-
Prepayments	1,103	1,267	-
Other	30,431	32,292	-
	$ 13,374,434	$ 13,071,599	$ 2,944,980

44. 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 or their fair values cannot be reliably measured.

	March 31, 2019		December 31, 2018		March 31, 2018	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets						
Financial assets at amortized costs	$ 499,968	$ 500,940	$ 499,939	$ 501,732	$ 499,850	$ 504,056
Financial liabilities						
Bank debentures	17,850,000	17,914,709	17,850,000	17,906,381	20,400,000	20,473,495

2) The fair value hierarchy

(In Thousands of New Taiwan Dollars)

Financial Instrument Items at Fair Value	March 31, 2019 Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized costs	$ 500,940	$ -	$ 500,940	$ -
Financial liabilities				
Bank notes payable	17,914,709	17,914,709	-	-

Item	December 31, 2018 Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized costs	$ 501,732	$ -	$ 501,732	$ -
Financial liabilities				
Bank notes payable	17,906,381	17,906,381	-	-

Item	March 31, 2018 Total	Level 1	Level 2	Level 3
Financial assets				
Financial assets at amortized costs	$ 504,056	$ -	$ 504,056	$ -
Financial liabilities				
Bank notes payable	20,473,495	20,473,495	-	-

Refer to quoted market prices for fair value if there are public quotation on amortized cost financial assets and bank notes 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 March 31, 2019, December 31, 2018 and March 31, 2018 were as follows:

(In Thousands of New Taiwan Dollars)

Item	March 31, 2019 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 472,717	$ 400,470	$ -	$ 72,247
Bonds	299,745	-	299,745	-
Bills	90,575,920	-	90,575,920	-
Convertible bonds and structured bonds	8,823,116	318,852	1,437,412	7,066,852
Others	66,386,559	-	66,386,559	-
Financial assets at FVTOCI				
Equity instruments	2,566,469	1,525,760	133,945	906,764
Debt instruments	141,744,592	-	141,744,592	-
Liabilities				
Financial liabilities mandatorily classified as at FVTPL	4,081	-	4,081	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	436,807	-	436,807	-
Liabilities				
Financial liabilities at FVTPL	470,953	-	470,953	-

Item	December 31, 2018 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 359,716	$ 288,217	$ -	$ 71,499
Bonds	99,970	-	99,970	-
Bills	90,661,572	-	90,661,572	-
Convertible bonds and structured bonds	7,813,915	293,692	1,021,828	6,498,395
Others	51,739,597	-	51,739,597	-
Financial assets at FVTOCI				
Equity instruments	2,954,899	1,963,220	135,161	856,518
Debt instruments	146,997,853	-	146,997,853	-
Liabilities				
Financial liabilities at FVTPL	4,924	-	4,924	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	837,844	-	837,844	-
Liabilities				
Financial liabilities at fair value through profit or loss	788,348	-	788,348	-

Item	March 31, 2018 Total	Level 1	Level 2	Level 3
Non-derivative financial instruments				
Assets				
Financial assets at FVTPL				
Stocks and beneficial certificates	$ 960,279	$ 889,666	$ -	$ 70,613
Bonds	1,541,775	113,813	1,427,962	-
Bills	96,358,238	-	96,358,238	-
Convertible bonds and structured bonds	8,112,700	-	1,197,395	6,915,305
Others	38,459,318	-	38,459,318	-
Financial assets at FVTOCI				
Equity instruments	3,264,421	2,058,520	126,312	1,079,589
Debt instruments	144,954,895	-	144,954,895	-
Non-derivative financial instruments				
Liabilities				
Financial liabilities at FVTPL	3,364	-	3,364	-
Derivative financial instruments				
Assets				
Financial assets at FVTPL	640,560	-	640,560	-
Liabilities				
Financial liabilities at FVTPL	1,027,119	-	1,027,119	-

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 available-for-sale financial assets 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) Valuation in fair value of Level 3 items of financial instruments

For the three months ended March 31, 2019

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Convertible Bonds	Equity Instruments		
Beginning balance	$ 6,498,395	$ 71,499	$ 856,518	$ 7,426,412
Recognition in profit or loss - financial assets at fair value through profit or loss	7,357	643	-	8,000
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	(12,785)	(12,785)
Purchases	2,732,600	105	-	2,732,705
Disposals	(2,171,500)	-	(23,250)	(2,194,750)
Transfer to Level 3	-	-	86,281	86,281
Ending balance	$ 7,066,852	$ 72,247	$ 906,764	$ 8,045,863

For the three months ended March 31, 2018

Financial Assets	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Compre-hensive Income Equity Instruments	Total
	Convertible Bonds	**Equity Instruments**		
Beginning balance	$ 6,891,357	$ 34,628	$ -	$ 6,925,985
Effect of retrospective application (IFRS 9)	-	38,787	1,072,809	1,111,596
Recognition in profit or loss - financial assets at fair value through profit or loss	(52)	(2,802)	-	(2,802)
Recognition in other comprehensive income - financial assets at fair value through other comprehensive income	-	-	52,020	51,968
Purchases	2,277,700	-	-	2,277,700
Disposals	(2,253,700)	-	(45,240)	(2,298,940)
Ending balance	$ 6,915,305	$ 70,613	$ 1,079,589	$ 8,065,507

The assets held at the balance sheet date, which were included in the profit and loss and the unrealized gains and losses on March 31, 2019 and 2018, consisted of $7,357 thousand in profit and $52 thousand in loss, respectively.

Some of the Group’s investment targets had been withdrawn for the three months period ended March 31, 2019. After evaluation, they were transferred from Level 1 to Level 3 fair market price for reference was not available. There was no transfer from the Level 3 for three months period ended March 31, 2018.

4) Transfers between Level 1 and Level 2

The Group had no significant transfers between Level 1 and Level 2 for the three months period ended March 31, 2019 and 2018.

5) Sensitivity analysis 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; and bonds and convertible corporate bonds for asset swaps which have no quoted market prices are evaluated using the future cash flows discounted model. In order to calculate the zero coupon yield curve, the Group uses LIBOR rate and U.S. dollar swap rate plus margin. If there was 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 2018 and 2017 would be as follows:

For the three months ended March 31, 2019

(In Thousands of New Taiwan Dollars)

	Movement: Upward/ Downward	Effect on Profit and Loss		Effect on Other Comprehensive Income	
		Favorable	Unfavorable	Favorable	Unfavorable
Convertible bond	1BP	$ 1,119	$ (1,119)	$ -	$ -
Equity instruments	10%	7,225	(7,225)	97,677	(97,677)

For the three months ended March 31, 2018

(In Thousands of New Taiwan Dollars)

	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Financial assets at fair value through profit or loss				
Derivative financial instruments	$ 1,047	$ (1,047)	$ -	$ -

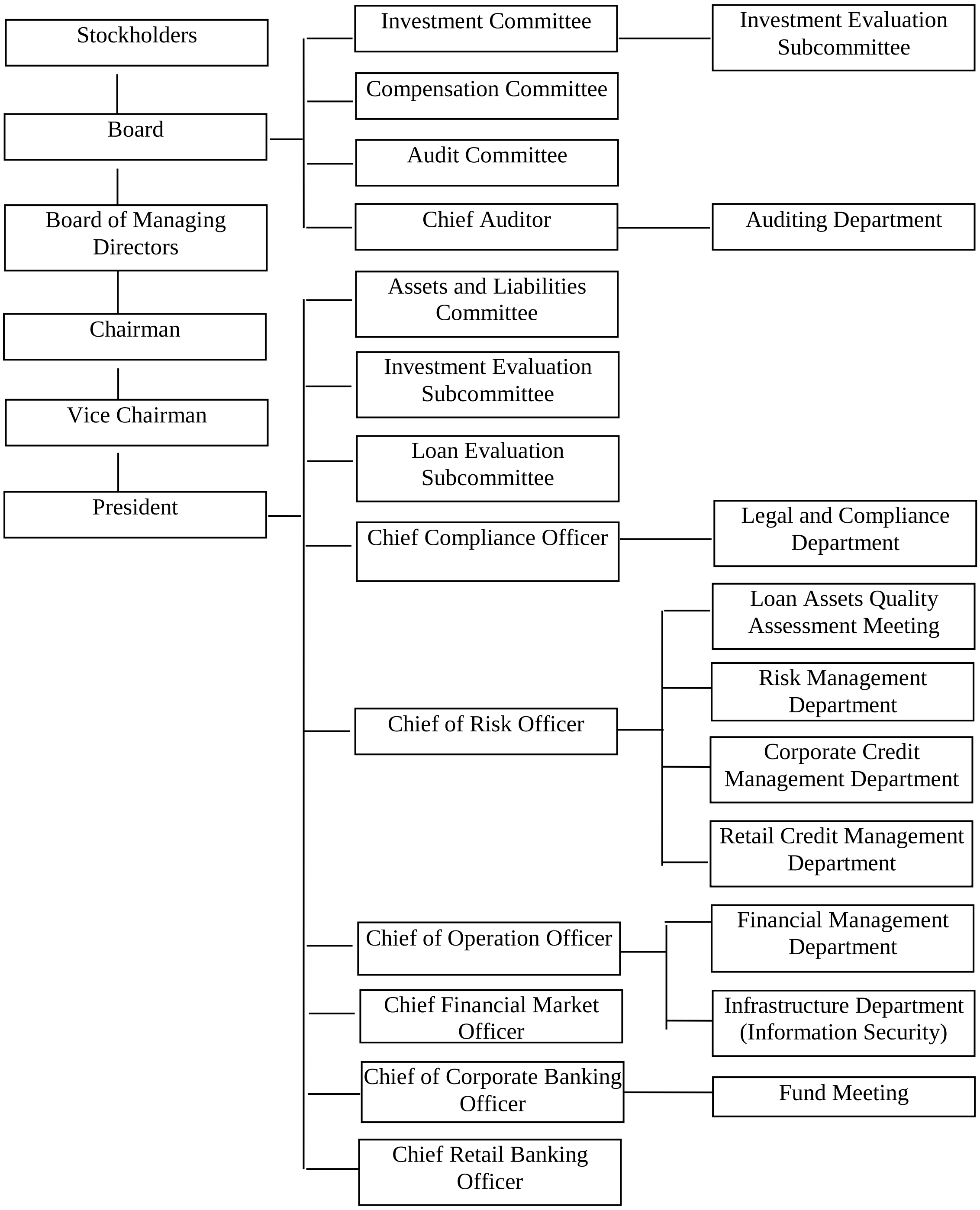
45. FINANCIAL RISK MANAGEMENT

a. Overview

For anticipating 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 maintaining capital adequacy ratio with in the accordance to the regulator’s requirements and monitors regulations to meet the Basel III international standards of the Basel Commission.

b. Risk management framework

The ultimate responsibility for setting the Bank's risk management rests with the board of directors. The Auditing Department, Audit Committee, Investment Committee and Compensation Committee are set up under the board of directors. Assets and Liabilities Committee, Investment Evaluation Subcommittee, and Loan Evaluation Subcommittee, which are under the President, will 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 bank-wide risk mechanism to supervise and monitor the effectiveness of risk management across the Bank.



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: Responsible for reviewing and approving the loan cases rendered by the Corporate Credit Management Department and Retail Credit Management Department. After approval, the provisions should still be submitted to the competent authority for review based on regulations.

3) Investment Evaluation Subcommittee: Responsible for assessing and reviewing the investment cases forwarded by the ministry of investment, which shall still be submitted to the Investment Review Committee as required and also need to be submitted to the standing committee for consideration and approval.

4) Assets assessment meetings of loan and investment assets held for various businesses:

   a) Loan assets quality assessment meeting

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

      ii. Assess the probable loss of loan assets and review the adequacy of allowance provision for bad debts, and guarantee liabilities.

      iii. The above-mentioned assessment of loan assets shall be submitted to the board of directors with the consent of general manager after the resolution of the allowance for bad debts and guarantees.

   b) Investment assets quality assessment meeting

      i. Assess the current status of each 5-8 investment asset quality, and choose the strategy and course of actions to be taken.

      ii. Discuss the investment results provided by evaluation staff. The composition of evaluation results is consisted of each investor's period, industries, economic recycle and evaluation methods referred to suggested by accounting principles.

      iii. Assess the probable loss of investment assets and discuss the recognition of investment loss case, as well as submit the proposal to the board of directors.

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 supervision of the audit office, and the business risk control management unit. To effectively manage the overall risk and risks associated with integration of relevant 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 items in balance sheet and off-balance sheet.

2) Strategy/objectives/policies and procedures

a) Credit risk management strategy: The Bank implements the relevant provisions of the principles of credit risk management and establishes the credit risk management mechanism to ensure that credit risk control is within effective but affordable range, and also to maintain adequate capital, 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, are required performing make credit management and monitoring functions to ensure compliance with laws and regulations, and the Bank's standards, as well as maintaining high credit standards and asset quality.

c) Credit risk management policy: The Bank establishes risk management system to ensure the integrity of business risk management and compliance particularly with the Financial Supervisory Commission, which issued the "financial holding companies and banking internal control and Auditing System Implementation Measures "and "norms for formulating proposals and execution of risk management policies by subsidiaries of banks", to limit the credit risk of the Bank within the acceptable range, maintain adequate capital and credit risk strategy and to create maximum risk-adjusted returns to achieve the objectives.

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, along. With financial innovation, new types of credit businesses become increasingly complex; thus, before undertaking existing and new credit businesses, business executives should be fully aware of the complexity involved in the business of credit risk 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 scales are used evaluate the probabilities of default and major operational difficulties of investees in the next year. Risk ratings need to be scaled when individual credit and investment accounts are approved. The continuous change in the credit status is due to the change in credit or investment household. Therefore, risk rating scales must be frequently reevaluated and updated for verification according to its credit changes.

ii) The purpose of portfolio management:

- Develop and monitor the Bank's credit portfolio to ensure the risk of loan is within the tolerable scope,
- "Concentration risks" are concentration-limited, which means avoiding the concentration of risks and achieving risk dispersion.
- Achieve the optimal target profits.

iii. Risk communication

i) Internal reporting: Risk management unit should establish appropriate credit risk reporting mechanism for regular statistical reporting and the preparation of a variety of business risk management reports which contain actual, 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 content of above communication may include asset quality, portfolio rating classification status, and all kinds of exception reports.

ii) External disclosure: To comply with the principles of requirements for capital adequacy supervisory review and market discipline, the business director of credit risk level should prepare reports in the format specified by the competent authority showing contents, methods and frequency for providing information on the credit risk of the Bank 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 (i.e. bonds issuer and guarantor of issuers of equity related products, derivatives counterparties' credit rating information and credit information), which serve as timely detection of problems on assets or transactions, and 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 on nationalities, 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) 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.

d) 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.

e) 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.

f) 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.

g) Corporate Credit 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.

h) 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 HKMA risk stress test, 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		
	March 31, 2019	December 31, 2018	March 31, 2018
Financial guarantees and irrevocable documentary letter of credit			
Contract amounts	$ 124,041,366	$ 121,652,586	$ 170,554,713
Maximum exposure amounts	124,041,366	121,652,586	170,554,713
Agreed financing	55,232,817	51,883,120	51,256,143

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 nature of operating activities property of the debtor. The Group does not concentrate its transactions on single customer or counterparty but have similar counterparty, industry and geographic region on the loan business (including loan commitments and guarantees and commercial bond issuing commitments).

On March 31, 2019, December 31, 2018 and March 31, 2018, the Group's significant concentration of credit risk were summarized as follows (only the top three):

a) By industry

Credit Risk Profile by Industry Sector	March 31, 2019		December 31, 2018		March 31, 2018	
	Amount	%	Amount	%	Amount	%
Financial intermediary	$ 82,448,762	27	$ 69,975,701	23	$ 53,427,602	19
Real estate	60,309,780	20	58,336,211	19	61,556,481	21
The printed circuit board component manufacturing	33,575,900	11	37,442,251	12	38,305,715	13

b) By counterparty

Credit Risk Profile by Industry Sector	March 31, 2019		December 31, 2018		March 31, 2018	
	Amount	%	Amount	%	Amount	%
Private sector	$ 181,827,508	91	$ 183,749,738	92	$ 173,569,311	94
Natural person	17,838,566	9	16,540,441	8	10,593,575	6

c) By geographical area

Credit Risk Profile by Industry Sector	March 31, 2019		December 31, 2018		March 31, 2018	
	Amount	%	Amount	%	Amount	%
Domestic	$ 121,617,592	61	$ 122,863,558	61	$ 112,699,108	61
America	37,368,174	19	34,140,109	17	32,548,542	18
Other Asia area	31,726,332	16	35,143,990	18	32,199,658	17

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 banks, financial asset at fair value through profit or loss, repos and debt securities, refundable deposits, guaranty bond and clearing 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.

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 changes in bond yields and other public information 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 gross carrying amounts of debt instrument investments by credit category and the corresponding expected loss rates were as follows:

March 31, 2019

Category	Expected Loss Rate	Gross Carrying Amount
Performing	0.0189%-0.4050%	$ 139,709,206
Doubtful	0.2005%-0.2354%	1,400,052
In default	-	-

December 31, 2018

Category	Expected Loss Rate	Gross Carrying Amount
Performing	0.0014%-0.4050%	$ 146,682,749
Doubtful	-	-
In default	-	-

March 31, 2018

Category	Expected Loss Rate	Gross Carrying Amount
Performing	0.0014%-0.6870%	$ 145,454,745
Doubtful	-	-
In default	-	-

The allowance for impairment loss of investments in debt instruments at FVTOCI and at amortized cost for the three months ended March 31, 2019 and 2018, grouped by credit rating, is reconciled are summarized as follows:

	Credit Rating		
	Performing (12-month ECLs)	Doubtful (Lifetime ECLs - Not Credit-impaired)	Total
Balance at January 1, 2019	$ 35,671	$ -	$ 35,671
Transfers			
From performing to doubtful	(923)	923	-
Net remeasurement	(557)	10,386	9,829
New financial assets purchased	542	-	542
Derecognition	(817)	-	(817)
Change in model or risk parameters	(135)	-	(135)
Change in exchange rates or others	5	-	5
Balance at March 31, 2019	$ 33,786	$ 11,309	$ 45,095

	Credit Rating
	Performing (12-month ECLs)
Balance at January 1, 2018 per IAS 39	$ -
Adjustment on initial application of IFRS 9	44,061
Balance at January 1, 2018 per IFRS 9	44,061
Net remeasurement	40
New financial assets purchased	871
Derecognition of financial assets	(1,030)
Exchange rate or other changes	(348)
Balance at March 31, 2018	$ 43,594

a) Credit analysis for receivables and discounts and loans

March 31, 2019

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Receivables	$ 17,803,659	$ 322,479	$ 372,838	$ -	$ 18,498,976
Allowance for credit losses	(193,650)	(99,026)	(247,978)	-	(540,654)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual loans	-	-	-	(36,773)	(36,773)
Net total	$ 17,610,009	$ 223,453	$ 124,860	$ (36,773)	$ 17,921,549

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Discounts and loans	$ 184,802,808	$ 13,482,629	$ 1,380,637	$ -	$ 199,666,074
Allowance for credit losses	(195,415)	(52,460)	(331,438)	-	(579,313)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual loans	-	-	-	(2,486,448)	(2,486,448)
Net total	$ 184,607,393	$ 13,430,169	$ 1,049,199	$ (2,486,448)	$ 196,600,313

December 31, 2018

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Receivables	$ 20,765,683	$ 304,253	$ 371,269	$ -	$ 21,441,205
Allowance for credit losses	(218,853)	(111,931)	(227,909)	-	(558,693)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual loans	-	-	-	(52,561)	(52,561)
Net total	$ 20,546,830	$ 192,322	$ 143,360	$ (52,561)	$ 20,829,951

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Discounts and loans	$ 183,751,973	$ 15,147,609	$ 1,390,597	$ -	$ 200,290,179
Allowance for credit losses	(203,195)	(49,620)	(334,761)	-	(587,576)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual loans	-	-	-	$ (2,364,553)	(2,364,553)
Net total	$ 183,548,778	$ 15,097,989	$ 1,055,836	$ (2,364,553)	$ 197,338,050

March 31, 2018

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Receivables	$ 18,892,747	$ 430,808	$ 343,793	$ -	$ 19,667,348
Allowance for credit losses	(293,924)	(178,958)	(86,705)	-	(559,587)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual loans	-	-	-	(37,883)	(37,883)
Net total	$ 18,598,823	$ 251,850	$ 257,088	$ (37,883)	$ 19,069,879

	Stage 1 12-month ECLs	Stage 2 Lifetime ECLs	Stage 3 Lifetime ECLs	Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing /Non-accrual Loans	Total
Discounts and loans	$ 169,822,374	$ 13,326,961	$ 1,013,550	$ -	$ 184,162,885
Allowance for credit losses	(534,108)	(44,619)	(399,150)	-	(977,877)
Difference Between IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual loans	-	-	-	(1,631,157)	(1,631,157)
Net total	$ 169,288,266	$ 13,282,342	$ 614,400	$ (1,631,157)	$ 181,553,851

Note: Receivables means the amount of gross receivables.

b) Credit analysis for marketable securities

March 31, 2019

	At FVTOCI	At Amortized Cost
Gross carrying amount	$ 141,109,258	$ 499,968
Allowance for impairment loss	(45,095)	-
Amortized cost	141,064,163	$ 499,968
Fair value adjustment	680,429	
	$ 141,744,592	

December 31, 2018

	At FVTOCI	At Amortized Cost
Gross carrying amount	$ 146,682,749	$ 499,939
Allowance for impairment loss	(35,671)	-
Amortized cost	146,647,078	$ 499,939
Fair value adjustment	350,775	
	$ 146,997,853	

March 31, 2018

	At FVTOCI	At Amortized Cost
Gross carrying amount	$ 145,454,745	$ 499,850
Allowance for impairment loss	(43,594)	-
Amortized cost	145,411,151	$ 499,850
Fair value adjustment	(456,256)	
	$ 144,954,895	

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 March 31, 2019, 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 Bank’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 Bank and its subsidiaries 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 Bank’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 Bank 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 banking operating environment and conditions, and can continue to play its role effectively.

As of March 31, 2019, December 31, 2018 and March 31, 2018, the liquidity reserve ratio was 39.37%, 45.61% and 42.10%, 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:

March 31, 2019	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1+ Year	Total
Deposits from the Central Bank and banks	$ 27,330,273	$ 5,213,117	$ -	$ -	$ -	$ 32,543,390
Financial liabilities at fair value through profit or loss	4,081	-	-	-	-	4,081
Securities sold under agreements to repurchase	135,199,320	27,708,548	976,860	94,472	-	163,979,200
Accounts payable	1,853,231	314,821	2,274,136	458,675	83,700	4,984,563
Deposits	57,083,309	81,314,327	63,828,038	50,503,490	24,167,431	276,896,595
Financial bonds	-	-	1,650,000	-	16,200,000	17,850,000
Other financial liabilities	4,423,049	1,995,890	1,429,203	1,481,012	6,489,491	15,818,645
	$ 225,893,263	$ 116,546,703	$ 70,158,237	$ 52,537,649	$ 46,940,622	$ 512,076,474

December 31, 2018	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1+ Year	Total
Deposits from the Central Bank and banks	$ 48,781,709	$ 6,747,667	$ -	$ -	$ -	$ 55,529,376
Financial liabilities at fair value through profit or loss	4,924	-	-	-	-	4,924
Securities sold under agreements to repurchase	125,561,932	24,799,314	980,470	202,797	-	151,544,513
Accounts payable	2,183,750	431,407	2,048,855	933,391	39,034	5,636,437
Deposits	75,701,417	71,367,790	46,562,669	42,107,083	26,064,362	261,803,321
Financial bonds	-	-	-	1,650,000	16,200,000	17,850,000
Other financial liabilities	2,154,084	1,762,372	1,079,679	3,110,559	6,927,720	15,034,414
	$ 254,387,816	$ 105,108,550	$ 50,671,673	$ 48,003,830	$ 49,231,116	$ 507,402,985

March 31, 2018	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1+ Year	Total
Deposits from the Central Bank and banks	$ 61,233,568	$ 5,669,305	$ -	$ -	$ -	$ 66,902,873
Financial liabilities at fair value through profit or loss	3,364	-	-	-	-	3,364
Securities sold under agreements to repurchase	137,019,604	33,696,820	946,179	-	-	171,662,603
Accounts payable	2,237,060	114,677	2,183,052	436,663	82,425	5,053,877
Deposits	54,975,868	60,626,738	52,646,276	21,557,115	22,599,026	212,405,023
Financial bonds	-	-	950,000	3,350,000	16,100,000	20,400,000
Other financial liabilities	5,749,070	1,714,656	747,397	1,864,913	9,979,954	20,055,990
	$ 261,218,534	$ 101,822,196	$ 57,472,904	$ 27,208,691	$ 48,761,405	$ 496,483,730

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

March 31, 2019	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1+ Year	Total
Deliverable						
Foreign forward contracts	$ 6,229	$ 4,539	$ 18,057	$ 61,470	$ -	$ 90,295
Foreign currency swap contracts	221,432	12,890	8,556	17,120	-	259,998
Others	2,803	436	6,420	-		9,659
	230,464	17,865	33,033	78,590	-	359,952
Non-deliverable						
Interest rate swap contracts	1,220	817	578	-	108,386	111,001
	$ 231,684	$ 18,682	$ 33,611	$ 78,590	$ 108,386	$ 470,953

December 31, 2018	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1+ Year	Total
Deliverable						
Foreign forward contracts	$ 11,258	$ 1,022	$ 1,669	$ 25,214	$ -	$ 39,163
Foreign currency swap contracts	335,349	55,470	215,891	13,171	-	619,881
Others	961	-	-	-	-	961
	347,568	56,492	217,560	38,385	-	660,005
Non-deliverable						
Interest rate swap contracts	-	1,647	4,000	1,334	121,362	128,343
	$ 347,568	$ 58,139	$ 221,560	$ 39,719	$ 121,362	$ 788,348

March 31, 2018	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1+ Year	Total
Deliverable						
Foreign forward contracts	$ 9,976	$ 16,919	$ 36,680	$ 34,585	$ -	$ 98,160
Foreign currency swap contracts	253,838	217,661	64,221	242,573	-	778,293
Others	1,180	-	-	-	-	1,180
	264,994	234,580	100,901	277,158	-	877,633
Non-deliverable						
Interest rate swap contracts	-	-	7,873	4,716	136,897	149,486
	$ 264,994	$ 234,580	$ 108,774	$ 281,874	$ 136,897	$ 1,027,119

5) The maturity analysis of off-balance sheet items shows the remaining balance from the balance sheet date to the maturity date. For the issued 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.

March 31, 2019	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1⁺ Year	Total
Unused letters of credit	$ 541,495	$ 938,014	$ 136,838	$ 21,583	$ 7,262	$ 1,645,192
Other guarantee amounts	38,500,537	70,481,036	7,382,262	5,837,981	194,358	122,396,174
Agreed financing amount	1,636,440	3,272,881	4,909,321	9,818,642	35,595,533	55,232,817
	$ 40,678,472	$ 74,691,931	$ 12,428,421	$ 15,678,206	$ 35,797,153	$ 179,274,183

December 31, 2018	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1⁺ Year	Total
Unused letters of credit	$ 604,084	$ 840,096	$ 328,568	$ -	$ 7,389	$ 1,780,137
Other guarantee amounts	41,321,550	65,333,900	7,089,769	5,998,775	128,455	119,872,449
Agreed financing amount	1,613,326	2,311,405	3,467,107	6,934,213	37,557,069	51,883,120
	$ 43,538,960	$ 68,485,401	$ 10,885,444	$ 12,932,988	$ 37,692,913	$ 173,535,706

March 31, 2018	Less Than 1 Month	1-3 Months	3 Months to 6 Months	6 Months to 1 Year	1⁺ Year	Total
Unused letters of credit	$ 974,304	$ 1,146,957	$ 282,396	$ 50,220	$ -	$ 2,453,877
Other guarantee amounts	37,141,602	70,981,325	5,044,401	3,612,213	65,152	116,844,693
Agreed financing amount	1,702,446	1,958,101	2,937,152	5,874,304	38,784,140	51,256,143
	$ 39,818,352	$ 74,086,383	$ 8,263,949	$ 9,536,737	$ 38,849,292	$ 170,554,713

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 a potential loss on the balance sheet of financial instruments classified in trading book.

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 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) Assets and Liabilities Committee: In charge of stipulating market risk management policy and monitoring the operating of market risk management. The Bank assembles related departments to hold an assets-and-liabilities assessment meeting to review the market risk management policy and the next year proposal of product parts quotas and annual stop-loss of the trading business expected to be submitted to the board of directors.

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, 20-Day average liquidity and FS 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 (VaR) to evaluate the market risk of financial instruments related to currency exchange rate, NTD interest rate, and price of listed stock. VaR is the potential loss in market values of financial instruments held by the Bank, which is measured within a set confidence interval for a specified period. The Bank estimated VaR on the basis of Monte Carlo method, with 99% confidence interval. The sample period of currency exchange rate products and stock is past 1 year. The sample period of interest rate products is past 3 years. The Bank simulates 5,000 times with GBM model. The table below presents VaR of financial instruments, which is according to confidence interval, using estimation of potential loss amount in a day to assume possible fluctuation in market during a day under unfavorable changes in interest rates, exchange rates or market price per share. Based on the assumption, the VaRs of the financial instruments may exceed the following values due to the fluctuations of interest rate or currency exchange rate in 1 day out of 100 days. The average VaR, the high and low VaRs were calculated based on daily VaRs in the year. The whole market risk of the Bank was less than the aggregated value of VaRs of fair value, currency exchange rate and price.

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

	March 31, 2019			December 31, 2018			March 31, 2018		
	Average	High	Low	Average	High	Low	Average	High	Low
Currency exchange rate risk	$ 1,148	$ 3,108	$ 20	$ 960	$ 7,992	$ 105	$ 1,336	$ 3,300	$ 105
Fair value risk resulting from interest rate	1,529	5,410	121	2,551	8,991	-	3,495	8,991	-
Fair value resulting from stock price	10,012	14,831	3,880	7,114	14,004	321	10,880	13,955	6,952

6) Foreign currency rate risk information

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

Unit: Each Foreign Currencies (Thousand)/NT$ (Thousand)

	March 31, 2019		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 2,982,755	30.8325	$ 91,965,666
JPY	1,621,308	0.2782	450,984
HKD	8,052,395	3.9278	31,628,039
EUR	21,210	34.6037	733,940
AUD	1,202	21.8566	26,272
RMB	2,580,052	4.5824	11,822,853
Financial liabilities			
Monetary item			
USD	2,806,899	30.8325	86,543,593
JPY	1,254,302	0.2782	348,897
HKD	6,404,734	3.9278	25,156,389
EUR	10,748	34.6037	371,921
AUD	8,624	21.8566	188,491
RMB	2,116,438	4.5824	9,698,386

	December 31, 2018		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 3,655,151	30.7459	$ 112,381,036
JPY	1,384,579	0.2781	385,062
HKD	8,911,525	3.9254	34,981,039
EUR	18,765	35.2119	660,751
AUD	2,318	21.6701	50,231
RMB	2,781,862	4.4700	12,434,883
Financial liabilities			
Monetary item			
USD	3,663,930	30.7459	112,650,950
JPY	1,344,156	0.2781	373,820
HKD	6,513,703	3.9254	25,568,699
EUR	10,228	35.2119	360,147
AUD	8,661	21.6701	187,685
RMB	2,618,361	4.4700	11,704,039

	March 31, 2018		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 2,847,956	29.1258	$ 82,948,953
JPY	1,898,747	0.2740	520,265
HKD	7,241,891	3.7099	26,866,875
EUR	12,800	35.8806	459,275
AUD	1,975	22.3668	44,174
RMB	2,945,039	4.6510	13,697,449
Financial liabilities			
Monetary item			
USD	3,490,706	29.1258	101,669,549
JPY	952,018	0.2740	260,857
HKD	6,065,203	3.7099	22,501,449
EUR	9,870	35.8806	354,141
AUD	7,596	22.3668	169,898
RMB	2,389,903	4.6510	11,115,497

f. Bank book interest risk

1) Source and definition of bank book interest risk

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

2) Bank book interest risk management strategy and process

The Bank controls this interest 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 bank book interest risk within the limit.

3) Bank book interest risk management organization and framework

a) The Board of Directors: It is the top bank book interest 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 and approved by the board of directors are the top stipulation in bank book interest risk.

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

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

4) The extent and characteristics of the bank book interest risk report and evaluation system

The Risk Management Department set the regulation with bank book interest risk 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 bank book interest risk.

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 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:

O-Bank

	For the Three Months Ended March 31			
	2019		2018	
	Average Balance	**Average Rate (%)**	**Average Balance**	**Average Rate (%)**
Interest-earning assets				
Cash and cash equivalents - due from banks	$ 1,125,978	3.03	$ 814,559	2.32
Call loans to banks	17,169,428	1.75	9,242,181	1.31
Due from the Central Bank	4,732,480	0.66	3,772,048	0.66
Financial assets at fair value through profit or loss	59,090,595	0.65	40,186,314	0.56
Securities purchased under resell agreements	98,025	0.13	490,087	0.14
Discounts and loans	181,153,373	2.63	165,775,450	2.36
Financial assets at fair value through other comprehensive income	41,557,622	1.88	41,040,450	1.48
Financial assets at amortized costs	499,949	1.13	499,831	1.13
Receivables	4,023,469	1.39	3,650,995	1.28
Interest-bearing liabilities				
Deposits from the Central Bank and banks	29,111,545	2.02	35,110,880	1.45
Demand deposits	39,529,812	0.49	34,868,039	0.49
Time deposits	202,055,393	1.40	156,020,587	1.00
Securities sold under repurchase agreements	3,953,063	0.42	6,027,071	0.87
Bank debentures	17,850,000	2.04	20,400,000	2.04

China Bills Finance Corporation (CBF)

	For the Three Months Ended March 31					
	2019			2018		
	Average Balance		Average Rate (%)	Average Balance		Average Rate (%)
Interest-earning assets						
Cash and cash equivalents (including certificate of deposit)	$	865,944	0.09	$	846,324	0.26
Call loans to banks		-	-		7,778	0.18
Financial assets at fair value through profit or loss - bonds and bills		90,109,693	0.64		102,361,874	0.57
Financial assets at fair value through other comprehensive income-bond investment		96,916,619	1.35		96,448,306	1.33
Financial assets at fair value through profit or loss - mixed financial assets		6,751,341	1.52		6,816,442	1.45
Securities purchased under resell agreements		599,484	0.34		9,549,462	0.20
Interest-bearing liabilities						
Due to other banks		17,336,120	0.79		17,477,806	0.53
Bank overdrafts		2,993	1.83		2,388	1.74
Securities (bills and bonds) sold under repurchase agreements		154,826,371	0.63		172,620,873	0.48
Commercial paper payable		722,222	0.68		2,150,000	0.55

46. CAPITAL MANAGEMENT

a. Strategies to maintain capital adequacy

The Bank'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 the competent authority regulations.

b. Capital assessment program

Regularly on various capital ratio and leverage ratio calculation, analysis, monitoring and reporting, the annual allocation of each business's capital adequacy ratio targets and regularly track the target achievement rate in the capital ratio, or leverage ratio has deteriorated because of the circumstances should be taken when measure.

47. 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: Refer to Table 4.

2) Concentration of credit extensions

March 31, 2019

(In Thousands of New Taiwan Dollars, %)

Rank	Company Name	Credit Extensions Balance	% of Net Asset Value
1	A Company (unclassified other financial service)	$ 5,660,601	17.20
2	B Company (unclassified other financial service)	5,000,000	15.19
3	C Company (real estate development)	3,386,930	10.29
4	D Company (ocean transportation)	3,139,666	9.54
5	E Company (accommodation industry)	3,137,370	9.53
6	F Company (LCD and component manufacturing)	3,001,724	9.12
7	G Company (real estate development)	2,493,068	7.57
8	H Company (chemistry manufacturing)	2,206,000	6.70
9	I Company (unclassified other financial service)	2,096,983	6.37
10	J Company (accommodation industry)	2,028,499	6.16

December 31, 2018

(In Thousands of New Taiwan Dollars, %)

Rank	Company Name	Credit Extensions Balance	% of Net Asset Value
1	A Company (unclassified other financial service)	$ 6,363,353	19.89
2	B Company (unclassified other financial service)	4,536,476	14.18
3	C Company (real estate development)	3,376,930	10.56
4	E Company (accommodation industry)	3,344,736	10.46
5	D Company (ocean transportation)	3,194,081	9.98
6	F Company (LCD and component manufacturing)	2,563,619	8.01
7	G Company (real estate development)	2,538,157	7.93
8	H Company (chemistry manufacturing)	2,417,984	7.56
9	I Company (unclassified other financial service)	2,109,623	6.59
10	L Company (real estate development)	2,045,098	6.39

March 31, 2018

(In Thousands of New Taiwan Dollars, %)

Rank	Company Name	Credit Extensions Balance	% of Net Asset Value
1	A Company (unclassified other financial service)	$ 6,963,516	24.00
2	D Company (ocean transportation)	3,518,365	12.13
3	G Company (real estate development)	3,457,656	11.92
4	F Company (LCD and component manufacturing)	3,441,936	11.86
5	E Company (accommodation industry)	2,342,774	8.07
6	K Company (real estate development)	2,070,216	7.13
7	L Company (real estate development)	2,017,806	6.95
8	H Company (chemistry manufacturing)	2,030,166	7.00
9	M Company (paper manufacturing)	1,975,901	6.81
10	J Company (accommodation industry)	1,954,625	6.74

b. Market risk

Interest Rate Sensitivity Balance Sheet (New Taiwan Dollars)
March 31, 2019

(In Thousands of New Taiwan Dollars, %)

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	$ 157,714,958	$ 8,298,808	$ 9,884,162	$ 52,515,824	$ 228,413,752
Interest rate-sensitive liabilities	59,147,960	72,682,076	45,240,171	41,563,968	218,634,175
Interest rate-sensitive gap	98,566,998	(64,383,268)	(35,356,009)	10,951,856	9,779,577
Net worth					30,033,079
Ratio of interest rate-sensitive assets to liabilities					104.47%
Ratio of interest rate sensitivity gap to net worth					32.56%

December 31, 2018

(In Thousands of New Taiwan Dollars, %)

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	$ 153,895,676	$ 3,701,113	$ 5,156,795	$ 59,203,989	$ 221,957,573
Interest rate-sensitive liabilities	80,313,253	45,671,299	41,035,656	45,437,973	212,458,181
Interest rate-sensitive gap	73,582,423	(41,970,186)	(35,878,861)	13,766,016	9,499,392
Net worth					29,476,185
Ratio of interest rate-sensitive assets to liabilities					104.47%
Ratio of interest rate sensitivity gap to net worth					32.23%

March 31, 2018

(In Thousands of New Taiwan Dollars, %)

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	$ 156,016,223	$ 9,404,429	$ 7,859,013	$ 35,412,726	$ 208,692,391
Interest rate-sensitive liabilities	74,580,582	62,532,420	23,718,043	40,590,503	201,421,548
Interest rate-sensitive gap	81,435,641	(53,127,991)	(15,859,030)	(5,177,777)	7,270,843
Net worth					27,187,807
Ratio of interest rate-sensitive assets to liabilities					103.61%
Ratio of interest rate sensitivity gap to net worth					26.74%

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 (U.S. Dollars)
March 31, 2019

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

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	$ 1,583,784	$ 75,346	$ 24,973	$ 816,451	$ 2,500,554
Interest rate-sensitive liabilities	1,604,741	671,386	148,414	5,134	2,429,675
Interest rate-sensitive gap	(20,957)	(596,040)	(123,441)	811,317	70,879
Net worth					83,676
Ratio of interest rate-sensitive assets to liabilities					102.92%
Ratio of interest rate sensitivity gap to net worth					84.71%

December 31, 2018

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

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	$ 1,496,271	$ 15,499	$ 36,800	$ 968,185	$ 2,516,755
Interest rate-sensitive liabilities	1,892,767	520,320	87,390	-	2,500,477
Interest rate-sensitive gap	(396,496)	(504,821)	(50,590)	968,185	16,278
Net worth					64,062
Ratio of interest rate-sensitive assets to liabilities					100.65%
Ratio of interest rate sensitivity gap to net worth					25.41%

March 31, 2018

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

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	$ 1,500,444	$ 81,514	$ 4,000	$ 855,326	$ 2,441,284
Interest rate-sensitive liabilities	1,777,509	621,548	25,673	4	2,424,734
Interest rate-sensitive gap	(277,065)	(540,034)	(21,673)	855,322	16,550
Net worth					55,160
Ratio of interest rate-sensitive assets to liabilities					100.68%
Ratio of interest rate sensitivity gap to net worth					30.00%

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

(%)

Items		**For the Three Months Ended March 31, 2019**	**For the Three Months Ended March 31, 2018**
Return on total assets	Before income tax	0.17	0.08
	After income tax	0.14	0.06
Return on equity	Before income tax	1.72	0.81
	After income tax	1.46	0.61
Net income ratio		31.65	17.66

Note 1: Return on total assets = Income before (after) income tax ÷ Average total assets

Note 2: Return on equity = Income before (after) income tax ÷ Average equity

Note 3: Net income ratio = Income after income tax ÷ Total net revenues

Note 4: Income before (after) income tax represents income for the three months ended March 31, 2019 and 2018.

2) Maturity analysis of assets and liabilities

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
March 31, 2019

(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	$ 262,424,577	$ 54,532,356	$ 24,145,979	$ 32,519,292	$ 17,826,985	$ 20,247,360	$ 113,152,605
Main capital outflow on maturity	301,172,313	9,088,073	29,280,462	63,758,873	53,265,251	55,635,216	90,144,438
Gap	(38,747,736)	45,444,283	(5,134,483)	(31,239,581)	(35,438,266)	(35,387,856)	23,008,167

December 31, 2018

(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	$ 261,684,702	$ 66,366,860	$ 21,782,255	$ 22,834,590	$ 18,588,439	$ 19,785,994	$ 112,326,564
Main capital outflow on maturity	299,504,646	31,670,930	36,010,964	52,474,249	41,206,123	49,853,927	88,288,453
Gap	(37,819,944)	34,695,930	(14,228,709)	(29,639,659)	(22,617,684)	(30,067,933)	24,038,111

March 31, 2018

(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	$ 262,439,826	$ 60,228,155	$ 13,829,347	$ 30,304,659	$ 19,521,926	$ 29,182,485	$ 109,373,254
Main capital outflow on maturity	292,906,933	44,908,392	20,976,205	60,582,836	43,799,478	42,560,564	80,079,458
Gap	(30,467,107)	15,319,763	(7,146,858)	(30,278,177)	(24,277,552)	(13,378,079)	29,293,796

Note: The Bank amounts refer to the total NTD amounts of the overall group.

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
March 31, 2019

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 3,495,099	$ 1,061,602	$ 818,733	$ 491,811	$ 261,893	$ 861,060
Main capital outflow on maturity	3,678,573	1,411,689	949,331	583,781	264,973	468,799
Gap	(183,474)	(350,087)	(130,598)	(91,970)	(3,080)	392,261

December 31, 2018

(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	$ 3,865,995	$ 1,551,474	$ 698,979	$ 509,652	$ 324,982	$ 780,908
Main capital outflow on maturity	4,008,431	1,858,382	1,012,637	522,411	207,076	407,925
Gap	(142,436)	(306,908)	(313,658)	(12,759)	117,906	372,983

March 31, 2018

(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	$ 4,213,400	$ 1,224,245	$ 1,074,400	$ 398,376	$ 638,896	$ 877,483
Main capital outflow on maturity	4,542,783	1,829,532	1,183,077	595,727	423,326	511,121
Gap	(329,383)	(605,287)	(108,677)	(197,351)	215,570	366,362

Note 1: The Bank amounts refer to the total USD amounts of the overall group.

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

Maturity Analysis of Overseas Assets and Liabilities (U.S. Dollars)
March 31, 2019

(In Thousands of U.S. Dollars)

	Total	Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Main capital inflow on maturity	$ 1,033,951	$ 465,735	$ 146,406	$ 30,398	$ 11,733	$ 379,679
Main capital outflow on maturity	1,038,201	423,563	216,167	210,912	38,606	148,953
Gap	(4,250)	42,172	(69,761)	(180,514)	(26,873)	230,726

December 31, 2018

(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	$ 1,071,742	$ 487,386	$ 155,816	$ 43,623	$ 20,899	$ 364,018
Main capital outflow on maturity	1,071,400	510,060	289,780	90,435	45,654	135,471
Gap	342	(22,674)	(133,964)	(46,812)	(24,755)	228,547

March 31, 2018

(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	$ 922,473	$ 279,698	$ 191,034	$ 19,254	$ 74,630	$ 357,857
Main capital outflow on maturity	999,367	365,974	282,008	143,180	37,363	170,842
Gap	(76,894)	(86,276)	(90,974)	(123,926)	37,267	187,015

China Bills Finance Corporation

a. Asset quality

(Unit: In Thousands of New Taiwan Dollars, %)

Period / Item	March 31, 2019	December 31, 2018	March 31, 2018
Balance of guarantees and endorsement credits overdue within 3 months	$ -	$ -	$ -
Nonperforming debts (include overdue receivables)	-	-	-
Credits under observation	-	-	-
Overdue receivables	-	-	-
Ratio of nonperforming debts	0.00%	0.00%	0.00%
Ratio of nonperforming debts and credits under observation	0.00%	0.00%	0.00%
Required provision for credit losses and reserve for losses on guarantees	1,048,268	1,045,899	1,047,175
Actual provision for credit losses and reserve for losses on guarantees	1,310,077	1,310,077	1,429,477

b. The principal operation

(Unit: In Thousands of New Taiwan Dollars, %)

Item \ Period	March 31, 2019	December 31, 2018	March 31, 2018
Balance of guarantees and endorsement securities	$ 104,672,100	$ 104,434,900	$ 104,302,800
Ratio of guarantees and endorsement securities to net worth (Note)	4.72	4.77	4.93
Short-term bills and bonds sold under agreement to repurchase	$ 159,978,030	$ 147,142,872	$ 165,648,285
Ratio of short-term bills and bonds sold under agreement to repurchase to net worth (Note)	7.21	6.72	7.84

Note: The net worth mentioned above is the net worth after appropriation in prior year minus the original cost of financial assets carried at cost.

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

d. Concentrations of credit extensions

(In Thousands of New Taiwan Dollars, %)

Item \ Period	March 31, 2019		December 31, 2018		March 31, 2018	
Credit of the common interested party	$ -		$ -		$ -	
Credit ratio of the interested party (Credit of the common interested party ÷ Total credit)	-		-		-	
Credit ratio of pledged stocks (Credit of pledged stocks ÷ Total credit)	19.49		19.80		18.76	
Loan concentration by industry (The concentration of listed industries were the Top 3 of all industries)	**Type of Industry**	**%**	**Type of Industry**	**%**	**Type of Industry**	**%**
	1) Finance and insurance industry	34.30	1) Finance and insurance industry	36.16	1) Finance and insurance industry	30.65
	2) Manufacturing industry	22.94	2) Manufacturing industry	22.25	2) Manufacturing industry	25.41
	3) Real estate industry	23.60	3) Real estate industry	22.94	3) Real estate industry	23.99

Note 1: Ratio of credit extensions to common interest parties: Credit to common interest 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

March 31, 2019

(In Millions of New Taiwan Dollars, %)

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	$ 86,913	$ 10,163	$ 8,276	$ 89,960	$ 195,312
Interest rate-sensitive liabilities	170,787	977	94	-	171,858
Interest rate-sensitive gap	(83,874)	9,186	8,182	89,960	23,454
Net worth					23,821
Ratio of interest rate-sensitive assets to liabilities (%)					113.65
Ratio of interest rate sensitivity gap to net worth (%)					98.46

December 31, 2018

(In Millions of New Taiwan Dollars, %)

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	$ 85,776	$ 13,639	$ 5,451	$ 90,728	$ 195,594
Interest rate-sensitive liabilities	172,907	980	203	-	174,090
Interest rate-sensitive gap	(87,131)	12,659	5,248	90,728	21,504
Net worth					23,299
Ratio of interest rate-sensitive assets to liabilities (%)					112.35
Ratio of interest rate sensitivity gap to net worth (%)					92.30

March 31, 2018

(In Millions of New Taiwan Dollars, %)

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	$ 101,140	$ 6,406	$ 9,287	$ 90,132	$ 206,965
Interest rate-sensitive liabilities	183,976	946	-	-	184,922
Interest rate-sensitive gap	(82,836)	5,460	9,287	90,132	22,043
Net worth					23,388
Ratio of interest rate-sensitive assets to liabilities (%)					111.92
Ratio of interest rate sensitivity gap to net worth (%)					94.25

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

March 31, 2019

(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	$ 43,713	$ 38,830	$ 7,774	$ 1,100	$ -
	Bonds	718	3,036	2,389	7,176	89,960
	Due from banks	316	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under agreement to resell	300	-	-	-	-
	Total	45,047	41,866	10,163	8,276	89,960
Cash provided by	Borrowing	11,979	-	-	-	-
	Securities sold under agreement to repurchase	131,099	27,709	977	94	-
	Eligible capital	-	-	-	-	23,821
	Total	143,078	27,709	977	94	23,821
Net cash flows		(98,031)	14,157	9,186	8,182	66,139
Accumulated cash flows		(98,031)	(83,874)	(74,688)	(66,506)	(367)

December 31, 2018

(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	$ 44,934	$ 36,756	$ 8,820	$ 110	$ -
	Bonds	1,479	1,354	4,819	5,341	90,728
	Due from banks	262	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under agreement to resell	991	-	-	-	-
	Total	47,666	38,110	13,639	5,451	90,728
Cash provided by	Borrowing	27,044	-	-	-	-
	Securities sold under agreement to repurchase	121,064	24,799	980	203	-
	Eligible capital	-	-	-	-	23,299
	Total	148,108	24,799	980	203	23,299
Net cash flows		(100,442)	13,311	12,659	5,248	67,429
Accumulated cash flows		(100,442)	(87,131)	(74,472)	(69,224)	(1,795)

March 31, 2018

(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	$ 45,241	$ 46,410	$ 4,580	$ 100	$ -
	Bonds	927	2,942	1,826	9,187	90,132
	Due from banks	306	-	-	-	-
	Call loans	-	-	-	-	-
	Securities purchased under agreement to resell	4,564	750	-	-	-
	Total	51,038	50,102	6,406	9,287	90,132
Cash provided by	Borrowing	19,361	-	-	-	-
	Securities sold under agreement to repurchase	133,617	30,998	946	-	-
	Eligible capital	-	-	-	-	23,388
	Total	152,978	30,998	946	-	23,388
Net cash flows		(101,940)	19,104	5,460	9,287	66,744
Accumulated cash flows		(101,940)	(82,836)	(77,376)	(68,089)	(1,345)

g. Matters requiring special notation

(In Thousands of New Taiwan Dollars)

Causes	March 31, 2019	December 31, 2018	March 31, 2018
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	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	None
Within the past year, misconduct occurred, resulting in the Ministry of Finance's imposing strict corrective measures	None	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	None
Other	None	None	None

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

48. 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 Bank - not applicable; investees - Table 1 (attached)

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

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

4) The amount of buying or selling stocks for joint venture is at least $300 million or 10% of the paid-in capital: None

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

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

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

8) Receivables from related parties amounting to at least $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 Bank exercises significant influence.” Uncovering

13) Derivative instrument transactions: Note 8

c. Investment in mainland China: Table 5 (attached)

d. Business relationships and significant transactions among the group: Table 6 (attached)

49. 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 three months ended March 31, 2019							
Net interest							
From unaffiliated segment	$ 495,740	$ 266,586	$ 189,310	$ 423,000	$ (4)	$ (7,996)	$ 985,936
From other segment	(877)	-	2	-	48	773	(54)
	$ 494,863	$ 266,586	$ 189,312	$ 423,000	$ 44	$ (7,223)	$ 985,882
Net revenue other than interest							
From unaffiliated segment	$ 996,824	$ 12,762	$ 58,194	$ 459,178	$ 2,326	$ -	$ 1,529,284
From other segment	494	-	-	(214)	(227)	(289,003)	(288,950)
	$ 997,318	$ 12,762	$ 58,194	$ 458,964	$ 2,099	$ (289,003)	$ 1,240,334
Segment profits	$ 472,292	$ 111,700	$ 105,606	$ 313,694	$ (2,185)	$ (290,982)	$ 710,125
Identifiable assets	$ 327,596,767	$ 28,264,462	$ 13,452,650	$ 198,705,929	$ 221,573	$ 146,969	$ 56,388,350
Depreciation and amortization	$ 125,066	$ 14,335	$ 9,643	$ 6,186	$ 285	$ (3,494)	$ 152,021
Capital expenditure	$ 11,390	$ 818	$ 830	$ 2,875	$ -	$ -	$ 15,913

(Continued)

	Bank	Overseas	Leasing	Bills	Others	Eliminations	Consolidated
For the three months ended March 31, 201							
Net interest							
From unaffiliated segment	$ 511,304	$ 218,206	$ 186,631	$ 88,983	$ 28	$ -	$ 1,005,152
From other segment	(3,158)	-	155	1,248	209	1,546	-
	$ 508,146	$ 218,206	$ 186,786	$ 90,231	$ 237	$ 1,546	$ 1,005,152
Net revenue other than interest							
From unaffiliated segment	$ 318,415	$ 11,110	$ 59,299	$ 407,290	$ 2,542	$ -	$ 798,656
From other segment	3,877	-	-	-	-	(5,572)	(1,695)
	$ 322,292	$ 11,110	$ 59,299	$ 407,290	$ 2,542	$ (5,572)	$ 796,961
Segment profits	$ 178,517	$ 80,100	$ 14,075	$ 334,476	$ (802)	$ (178,835)	$ 427,531
Identifiable assets	$ 297,996,410	$ 24,268,760	$ 15,374,524	$ 210,345,379	$ 1,229,271	$ (1,040,275)	$ 548,174,069
Total assets							$ 548,174,069
Depreciation and amortization	$ 90,496	$ 4,006	$ 4,310	$ 2,179	$ 49	$ -	$ 101,040
Capital expenditure	$ 58,674	$ 12,595	$ 1,464	$ 403	$ -	$ -	$ 72,136

(Concluded)

TABLE 1

O-BANK AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(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 (Note 3)	Aggregate Financing Limits (Notes 4 and 5)	Note
													Item	Value			
1	IBT Leasing	Lei Xin Construction	Account receivable - short-term accommodations	No	$ 91,560	$ 68,660	$ 68,660	2-8	2	$ -	Working capital turnover	$ 5,648	Real estate	$ 124,389	$ 219,357	$ 877,428	
		Kaiju Aluminum Industry Co., Ltd.	Account receivable - short-term accommodations	No	8,601	4,947	4,947	2-8	1	30,000	Working capital turnover	89	Real estate	24,288	219,357	2,193,569	
		Kaiju Aluminum Industry Co., Ltd.	Account receivable - short-term accommodations	No	8,601	4,947	4,947	2-8	2	-	Working capital turnover	89	Real estate	24,288	219,357	877,428	
		General Energy Solutions	Account receivable - short-term accommodations	No	2,324	-	-	2-8	2	-	Working capital turnover	-	Margin	-	219,357	877,428	
		San Rong Fisheries Corp.	Account receivable - short-term accommodations	No	13,080	13,080	13,080	2-8	2	-	Working capital turnover	13,080	Margin	5,000	219,357	877,428	
		Shanyue development Co., Ltd.	Account receivable - short-term accommodations	No	165,000	165,000	165,000	2-8	2	-	Working capital turnover	2,970	Real estate	88,310	219,357	877,428	
		Kuang Ming shipping Corp.	Account receivable - short-term accommodations	No	167,100	110,000	110,000	2-8	2	-	Working capital turnover	1,782	Performance bond	11,000	219,357	877,428	
		Inhon Communication Co., Ltd.	Account receivable - short-term accommodations	No	66,587	58,230	58,230	2-8	2	-	Working capital turnover	1,414	Margin	20,000	219,357	877,428	
		Huimin Environmental Tech. Corp.	Account receivable - short-term accommodations	No	30,000	26,982	26,982	2-8	2	-	Working capital turnover	351	-	-	219,357	877,428	
		Power Home Construction	Account receivable - short-term accommodations	No	82,500	61,902	61,902	2-8	2	-	Working capital turnover	805	Real estate	96,949	219,357	877,428	
		General Energy Solutions	Account receivable - short-term accommodations	No	43,994	36,923	36,923	2-8	1	77,159	Working capital turnover	405	Margin	5,800	219,357	2,193,569	
		Shinex Machinery Engineering Inc.	Account receivable - short-term accommodations	No	15,668	8,749	8,749	2-8	2	-	Working capital turnover	157	-	-	219,357	877,428	
		An Chieh Bao Corp.	Account receivable - short-term accommodations	No	29,691	21,791	21,791	2-8	2	-	Working capital turnover	205	Margin	6,000	219,357	877,428	
		Advanced Wireless and Antenna Inc.	Account receivable - short-term accommodations	No	28,231	22,879	22,879	2-8	2	-	Working capital turnover	625	Margin	10,916	219,357	877,428	
		Yuan Mao Construction Co., Ltd.	Account receivable - short-term accommodations	No	120,000	120,000	120,000	2-8	2	-	Working capital turnover	2,160	Stock	64,800	219,357	877,428	
2	IBT International Leasing Corp.	Qingdao Liansheng Industry Co., Ltd.	Entrusted loans	Yes	85,954	73,439	73,439	6-16	2	-	Working capital turnover	1,469	Real estate	126,499	221,414	885,656	
		Shanghai Meijiaqi Electronics Co., Ltd.	Entrusted loans	No	20,259	9,228	9,228	6-16	2	-	Working capital turnover	28	Real estate	92,569	221,414	885,656	
		Shanghai Kuang Di Entertainment Co., Ltd.	Entrusted loans	No	19,962	12,598	12,598	6-16	2	-	Working capital turnover	50	Real estate	42,827	221,414	885,656	
		Shanghai Qiaoyou Garment Co., Ltd.	Entrusted loans	No	12,630	8,052	8,052	6-16	2	-	Working capital turnover	32	Real estate	26,653	221,414	885,656	
		Qiangsheng (Shanghai) Multimedia Co., Ltd.	Entrusted loans	No	48,458	38,804	38,804	6-16	2	-	Working capital turnover	119	Real estate and margin	62,295	221,414	885,656	
		Zhangjiajie Zhongjun Real Estate Co., Ltd.	Entrusted loans	No	64,236	64,236	64,236	6-16	2	-	Working capital turnover	257	Real estate	70,830	221,414	885,656	
		Dong Sheng Machine Co., Ltd.	Entrusted loans	No	42,464	37,206	37,206	6-16	2	-	Working capital turnover	149	Real estate	36,275	221,414	885,656	

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 net assets.

O-BANK AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	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 3)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 1)										
1	IBT Leasing	IBT International Leasing Corp.	b	$ 17,548,555	$ 13,291,777	$ 13,070,446	$ 5,651,354	$ -	595.85	$ 26,322,833	No	No	Yes

Note 1: 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 50% 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.

Note 2: Based on the Bank’s guidelines, the maximum amount of guarantee to IBT International Leasing Corp. is up to eight times of the Bank’s net value under direct and indirect holding voting right of stockholders; the maximum amount of guarantee to the Bank is up to twelve times of the Bank’s net value.

Note 3: The endorsement belongs to the grandson company from IBT International Leasing Corp.

O-BANK AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				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$ 164,490	91.78	US$ 164,490	
IBT Management Corp.	Open type beneficiary certificate							
	Taishin Ta-Chong Money Market Fund	-	Financial asset at FVTPL	750	10,657	-	10,657	
	Uni Money Market Fund	-	Financial asset at FVTPL	803	10,597	-	10,597	
	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust “Successful One”	-	Financial asset at FVTOCI	15,319	139,709	-	139,709	
	Stocks							
	Gatetech Technology Co., Ltd.	-	Financial asset at FVTOCI	92	1,102	0.18	1,102	
IBT Leasing Co., Ltd.	Stocks							
	IBT International Leasing Corp.	Subsidiaries	Investments accounted for using the equity method	-	2,103,434	95.00	2,103,434	
	IBT VII Venture Capital Co., Ltd.	Subsidiaries	Investments accounted for using the equity method	65,000	438,108	100.00	438,108	Note 1
IBT VII Venture Capital Co., Ltd.	Closed type beneficiary certificate							
	O-Bank Real Estate Investment Trust “Successful One”	-	Financial asset at FVTOCI	14,000	127,680	-	127,680	
	Stocks							
	IBT International Leasing Corp.	Subsidiaries	Investments accounted for using the equity method	-	110,707	5.00	110,707	
	EirGenix Co., Ltd.	-	Financial asset at FVTPL	593	35,901	0.40	35,901	
	TAIRX Corp.	-	Financial asset at FVTPL	1,842	11,748	2.74	11,748	
	Meridigen Corp.	-	Financial asset at FVTPL	500	22,321	0.55	22,321	
	Femcosteel Tech Co., Ltd.	-	Financial asset at FVTPL	1,298	26,089	3.13	26,089	
	Shihlian China Holdings Corp.	-	Financial asset at FVTPL	9,135	40,616	0.21	40,616	Note 2
	New Applied Materials Co., Ltd.	-	Financial asset at FVTPL	330	10,485	0.59	10,485	
	Polaris Co., Ltd.	-	Financial asset at FVTPL	140	3,288	0.05	3,288	

Note 1: Unreviewed by certified public accountant.

Note 2: 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.

TABLE 4

O-BANK AND SUBSIDIARIES

NON-PERFORMING LOANS
MARCH 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, %)

Period			March 31, 2019					December 31, 2017				
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		$ 402,209	$ 84,230,125	0.48%	$ 1,016,225	252.66%	$ 21,623	$ 85,631,246	0.03%	$ 1,036,438	4,793.22%
	Unsecured		-	82,584,843	-	1,592,887	-	-	85,108,167	-	1,480,041	-
Consumer banking	Housing mortgage (Note 4)		-	8,912,175	-	133,683	-	-	8,074,049	-	121,111	-
	Cash card		-	-	-	-	-	-	-	-	-	-
	Small-scale credit loans		8,666	3,581,353	0.24%	40,849	471.37%	5,714	3,245,770	0.18%	33,214	581.27%
	Other	Secured	-	-	-	-	-	-	-	-	-	-
		Unsecured	-	-	-	-	-	-	-	-	-	-
Total			410,875	179,308,496	0.23%	2,783,644	677.49%	27,337	182,059,232	0.02%	2,670,804	9,769.92%
			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			-	-	-	-	-	-	-	-	-	-
Factoring accounts receivable without recourse (Note 5)			-	3,264,293	-	34,247	-	-	4,714,725	-	50,500	-

	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable
Exempt amount - due to debt negotiation and performance (Note 6)	$ 143	$ -	$ -	$ -
Debt settlement plan and rehabilitative program (Note 7)	-	-	-	-
Total	143	-	-	-

Period			March 31, 2017				
Items			Nonperforming Loans (Note 1)	Outstanding Loan Balance	Ratio of Nonperforming Loans (Note 2)	Allowance for Possible Losses	Coverage Ratio (Note 3)
Corporate banking	Secured		$ 21,623	$ 71,124,865	0.03%	$ 845,282	3,909.18%
	Unsecured		107,350	89,089,632	0.12%	1,403,967	1,307.84%
Consumer banking	Housing mortgage (Note 4)		-	5,576,114	-	83,642	-
	Cash card		-	-	-	-	-
	Small-scale credit loans (Note 5)		174	1,104,638	0.02%	11,109	6,384.48%
	Other (Note 6)	Secured	-	-	-	-	-
		Unsecured	-	-	-	-	-
Total			129,147	166,895,249	0.08%	2,344,000	1,814.99%
			Nonperforming Receivables	Outstanding Receivable Balance	Ratio of Nonperforming Receivables	Allowance for Possible Losses	Coverage Ratio
Credit cards			-	-	-	-	-
Factoring accounts receivable without recourse			-	3,334,340	-	37,113	-

(Continued)

	Exempt from Reporting the Total Balance of Overdue Loans	Exempt from Reporting the Total Balance of Overdue Account Receivable
Exempt amount - due to debt negotiation and performance (Note 6)	$ -	$ -
Debt settlement plan and rehabilitative program (Note 7)	-	-
Total	-	-

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: As required by the Banking Bureau in its letter dated July 19, 2005 (Ref. No. 0945000494), 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 6: 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 7: 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.

(Concluded)

O-BANK AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

O-Bank

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2019	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2019	Accumulated Inward Remittance of Earnings as of March 31, 2019
					Outflow	Inflow					
Shinlien Chemical Industrial Jiangsu Co.	Production of glass materials	$ 24,665,968 (US$ 800,000)	Note 1 c.	$ 212,682 (US$ 6,898)	$ -	$ -	$ 212,682 (US$ 6,898)	1.39	$ -	$ 212,682 (US$ 6,898)	$ -
Shinlien Brine Huaian Co.	Production of glass materials	986,639 (US$ 32,000)	Note 1 c.	10,267 (US$ 333)	-	-	10, 267 (US$ 333)	1.39	-	10, 267 (US$ 333)	-
Suzhou Dio F&B Management Co., Ltd.	Coffee retailing	591,983 (US$ 19,200)	Note 1 c.	61,665 (US$ 2,000)	-	-	61,665 (US$ 2,000)	2.09	-	61,665 (US$ 2,000)	-
Ou Suomiluo Food Co., Ltd.	Coffee retailing	45,883 (RMB 10,000)	Note 1 c.	15,416 (US$ 500)	-	-	15, 416 (US$ 500)	2.09	-	15, 416 (US$ 500)	-
Beijing Shengzhuang Co., Ltd.	Cosmetic OEM	249,145 (RMB 54,300)	Note 1 c.	61,665 (US$ 2,000)	-	-	61,665 (US$ 2,000)	2.175	-	61,665 (US$ 2,000)	-
Shanghai Douniushi F&B Management Co., Ltd.	Restaurant retailing	133,505 (US$ 4,330)	Note 1 c.	18,037 (US$ 585)	-	-	18,037 (US$ 585)	2.17	-	18,037 (US$ 585)	-
Topping Cuisine International Holding, Ltd.	Food retailing	160,329 (US$ 5,200)	Note 1 c.	18,037 (US$ 585)	-	-	18,037 (US$ 585)	2.17	-	18,037 (US$ 585)	-
Shanghai Dou Mao Food Management Co., Ltd.	Trading	6,166 (US$ 200)	Note 1 c.	123 (US$ 4)	-	-	123 (US$ 4)	2.17	-	123 (US$ 4)	-
Beauty Essential International, Ltd.	Cosmetic retailing	92,497 (US$ 3,000)	Note 1 c.	24,234 (US$ 786)	-	-	24,234 (US$ 786)	2.64	-	24,234 (US$ 786)	-

Accumulated Investment in Mainland China as of March 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$422,126 (US$13,691)	$422,126 (US$13,691)	Note 3

(Continued)

IBT Leasing Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow					
IBT International Leasing Corp.	Leasing	$ 2,004,110 (US$ 65,000)	Note 1 d.	$ 1,627,954 (US$ 52,800)	$ -	$ -	$ 1,627,954 (US$ 52,800)	95.00	$ 76,392 (Note 2)	$ 2,103,434	$ -

Accumulated Investment in Mainland China as of March 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$1,627,954 (US$52,800)	$1,627,954 (US$52,800)	Note 4

IBT VII Venture Capital Co., Ltd.

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2019	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2019	Accumulated Inward Remittance of Earnings as of March 31, 2019
					Outflow	Inflow					
IBT International Leasing Corp.	Leasing	$ 2,004,110 (US$ 65,000)	Note 1 d.	$ 376,156 (US$ 12,200)	$ -	$ -	$ 376,156 (US$ 12,200)	5.00	$ 4,021	$ 110,707	$ -

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$376,156 (US$12,200)	$376,156 (US$12,200)	$262,865

Note 1: 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 2: Investment gain or loss.

a. No investment gain or loss for the reason of being under preparation.

b. Recognition of investment gain or loss is classified as follows.

1) From financial statements reviewed by international accounting firms in cooperation with accounting firms in the Republic of China.
2) From financial statements reviewed by certified public accountants of parent company in the Republic of China.
3) Others.

Note 3: The Bank got the recognition from the Industrial Development Bureau, Industry of Economic Affairs in April 2017, so it is not under “the regulation of investing or technology-cooperation in China”.

Note 4: IBT Leasing Co., Ltd. obtained the documents issued by the Industrial 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 5: IBT Tianjin International Leasing Corp. was merged by IBT Leasing Co., Ltd. at of 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.

(Concluded)

TABLE 6

O-BANK AND SUBSIDIARIES

BUSINESS RELATIONSHIP AND SIGNIFICANT TRANSACTIONS AMONG THE BANK AND SUBSIDIARIES
FOR THE THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars)

No.	Transaction Corporation	Counterparty	Nature of Relationship (Note 1)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
1	The Bank	Chun Teng New Century, IBTM, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing and IBTVC7	a	Deposits	$ 217,716	Note 2	0.04
2	The Bank	Chun Teng New Century, IBTM, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing and IBTVC7	a	Interest expense	822	Note 2	0.04
3	The Bank	Chun Teng New Century, IBTM, IBTS Financial (HK) Limited, IBTS Asia (HK) Limited, IBT Leasing and IBTVC7	a	Payables	488	Note 2	-
4	The Bank	IBTM and CBF	a	Other net revenue other than interest	3,762	Note 2	0.17
5	Chun Teng New Century	The Bank	b	Cash and cash equivalents	39,598	Note 2	0.01
6	Chun Teng New Century	The Bank	b	Discontinued operations - interest revenue	36	Note 2	-
7	Chun Teng New Century	The Bank	b	Accounts receivable	33	Note 2	-
8	Chun Teng New Century	IBT Leasing	c	Discontinued operations - operation expenses	182	Note 2	0.01
9	IBTM	The Bank	b	Accounts receivable	8	Note 2	-
10	IBTM	The Bank	b	Cash and cash equivalents	51,334	Note 2	0.01
11	IBTM	The Bank	b	Interest revenue	48	Note 2	-
12	IBTM	The Bank	b	Other operating and administrative expenses	229	Note 2	-
13	IBTM	The Bank	b	Interest expense	5	Note 2	-
14	IBTM	IBTVC7	c	Consultancy service income	1,514	-	0.07
15	CBF	The Bank	b	Other operating and administrative expenses	3,502	Note 2	0.16
16	CBF	The Bank	b	Interest expense	49	Note 2	-

(Continued)

No.	Transaction Corporation	Counterparty	Nature of Relationship (Note 1)	Description of Transactions			
				Financial Statement Account	Amounts	Trading Terms	Percentage of Total Revenue or Total Assets
17	IBTS Financial (HK) Limited	The Bank	b	Cash and cash equivalents	$ 15,483	Note 2	-
18	IBTS Financial (HK) Limited	The Bank	b	Discontinued operations - interest revenue	107	Note 2	-
19	IBTS Financial (HK) Limited	The Bank	b	Accounts receivable	82	Note 2	-
20	IBTS Asia (HK) Limited	The Bank	b	Cash and cash equivalents	107,456	Note 2	0.02
21	IBTS Asia (HK) Limited	The Bank	b	Discontinued operations - interest revenue	630	Note 2	0.03
22	IBTS Asia (HK) Limited	The Bank	b	Accounts receivable	365	Note 2	-
23	IBTL	The Bank	b	Cash and cash equivalents	1,984	Note 2	-
24	IBTL	Chun Teng New Century	c	Other net revenue other than interest	182	-	0.01
25	IBTVC7	The Bank	b	Cash and cash equivalents	1,861	Note 2	-
26	IBTVC7	The Bank	b	Interest revenue	1	Note 2	-
27	IBTVC7	IBTM	c	Other operating and administrative expenses	1,514	-	0.07

Note 1: 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 2: The terms for the transactions between the Bank and related parties are similar to those with unrelated parties.

(Concluded)