第一銀行
First Bank

2019 ANNUAL REPORT

第一銀行 ▪ First Bank　第一銀行 ▪ First Bank

Contents

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Highlights

(Consolidated basis, data as of December 31, 2018 and 2019)

(in millions)	2019 NTD	(After restatement) 2018 NTD	2019 USD
Major financial data at year end			
Total assets	3,116,962	2,862,090	103,933
Total liability	2,898,037	2,656,376	96,633
Total equity	218,924	205,714	7,300
Operating results			
Net interest income	28,691	29,490	957
Net non-interest income	19,270	17,093	643
Net income before income tax	22,848	20,820	762
Income tax expense	(3,813)	(3,258)	(127)
Net income	19,035	17,562	635
Capital adequacy ratio	13.28%	13.81%	
World rank			
The Banker - by tier 1 capital (12/18)	208	216	
The Banker - by total assets (12/18)	190	206	
Distribution network			
Domestic full/mini/sub-branches	188/0/0	188/0/0	
Overseas branches/sub-branches/rep. offices/OBU	19/10/3/1	19/8/2/1	
First Commercial Bank (USA)	1 main office and 7 branches	1 main office and 6 branches	
Number of employees	7,987	7,708	

*NT$29.99:US$1.00
*The Major Financial Data and Operating Results of 2019 and 2018 are Accordance with IFRS.
*Since First Financial Assets Management(BVI) Ltd. had been merged into FCB Leasing Co., Ltd. in April 2019, the financial data of 2018 is restated.

History

2019 was First Commercial Bank's 120th anniversary. The Bank has grown strongly and steadily with Taiwan's economic development over the last 120 years, and consistently adhered to the corporate philosophy of "Customer First, Service Foremost".

The Bank is committed to transforming into a global financial institution that is not only highly recognized by employees, but also is friendly, reliable and sound from customers' perspective.

- 1899 Savings Bank of Taiwan established
- 1912 Merged with Commercial and Industrial Bank of Taiwan (est. 1910)
- 1923 Merged with Chia-I Bank (est. 1905) and Hsin-Kao Bank (est. 1916)
- 1945 Reversion of Taiwan from Japanese Governance
- 1949 The Bank was renamed First Commercial Bank of Taiwan
- 1967 The Bank started international business
- 1976 The Bank's name was shortened to First Commercial Bank
- 1998 The Bank was privatized
- 1999 Centennial Anniversary
- 2003 First Financial Holding Co. established; The Bank transformed to be a wholly owned subsidiary of FFHC
- 2004 A new corporate structure created due to the organizational reshaping
- 2006 Awarded "Bank of the Year 2006" for Taiwan by The Banker, ISO 27001 Certification from BSI
- 2007 Continued winning glory and honor awards from The Banker (UK), Asiamoney (HK) and FSC (Taiwan)
- 2008 Graded A for "Loan Promotion Program to SMEs by Taiwanese Banks" by the FSC; winning "Credit Guarantee Partner Award" from the MOEA and the FSC; awarded "The Best Visa Debit Issuer of the highest Activation Rate in 2008" by Visa organization
- 2010 Shanghai Branch opened for business on December 23, making First Bank the first Taiwanese bank to operate in China
- 2011 Signing MOUs with China's six leading banks; upgrading Hanoi Representative Office into a branch; awarded "The Best Loan Promotion Program to SMEs by Taiwanese Banks" by FSC; OBU launched RMB-denominated business
- 2013 Awarded "Bank of the Year 2013" for Taiwan by The Banker; Winning "USD RTGS Promotion Awards" from BAROC, Taiwan
- 2014 Chengdu Branch opened for business on September 15.
- 2015 Ranked No.1 in SME market share for fifth year in a row; Xiamen Branch opened for business on April 30.
- 2016 Ranked No.1 in SME market share for sixth year in a row; Manila Branch opened for business on December 16.
- 2017 Awarded "Bank of the Year 2017" for Taiwan by The Banker; Ranked No.1 in SME market share for seventh year in a row.
- 2018 Awarded "The Best Cloud Based Initiative, Application or Programme in Taiwan" by The Asian Banker; Awarded "The Best System Stability-Cross Banking Business" and "The Best Service Innovation-Blockchain Auditing Confirmation Service"
- 2019 **Awarded "Giant Award of National Enterprise Environmental Protection Award" and "Corporate Sustainability Award of National Sustainable Development Award"**

Message to Our Shareholders

Operating Performance in 2019

The Domestic and Overseas Financial Environments

1. Global economic and financial situations

Looking back at the global economy in 2019, the China-US trade war and Brexit tended to suppress global investment and consumer confidence. With slower global economic growth, the demand for products has weakened, not only suppressing the performance of the manufacturing industry but also further dampening the growth momentum in the service industry. Statistics provided by the International Monetary Fund (IMF) showed the global economic growth rate in 2019 decreased to 2.9% from 3.6% in 2018, while the growth rate of global trade volume fell sharply to 0.9% from 3.8%.

Liao,Tsan-Chang
Chairman of the Board

In terms of the performance of major economies, the China-US trade war has created uncertainties in policies in the US that had delayed corporate investment and capital expenditures, which had caused the contraction in manufacturing sector and the slowdown in non-manufacturing sector. However, the stable labor market and lower employment rate had supported consumption momentum in private sector, and Fed maintained a relatively loose monetary policy with 75bps rate cut at the end of the year. Thus, the US economy continued to expand moderately. Meanwhile, the impact of weakening external demand has led to a slowdown in industrial output in the eurozone. Trade tensions and Brexit uncertainties have dampened market investment and consumer confidence, which has slowed the momentum of growth in the eurozone economy. In Japan, although its economic fundamentals showed resilience during the first half of the year and maintained a modest growth trend, the overall manufacturing boom cooled because of the slowdown in overseas economy. In addition, the increase in the consumption tax rate and the deterioration of Japan-South Korea relations has decreased the household and tourism expenditures and impacted domestic economy. In China, the momentum in consumption, investment, and export, which are the three main driving forces behind economy, has been slowing down simultaneously. In the painful transition period of "investment reduction and domestic demand expansion," along with the China-US trade war impact and the exacerbation of corporate debt defaults, both enterprises and households in China have decreased investment and consumption, gradually increasing the downward pressure on the overall economy.

2. Domestic economic environment

Grace M. L. Jeng
President

The domestic economy in 2019 showed steady growth and benefited from steady private consumption, semiconductor manufacturers' capital expenditure in high-end processes, the repatriation of investment funds by overseas Taiwanese businesses due to the China-US trade war, the availability of offshore wind power, construction of 5G infrastructure and the government's active optimization of the domestic investment environment. However, the global slowdown and external demand reduction, along with the volatile international trade disputes and the weakening of the businesses in the technology industry, have offset the benefits of the order transfer effect arising from the China-US trade war. This has caused a reduction in exports, which in turn dampened the overall economic growth momentum in Taiwan. According to preliminary statistics from the Directorate-General of Budget, Accounting and Statistics, the real economic growth rate in 2019 fell slightly to 2.71% from 2.75% in 2018. In terms of interest rates, the Central Bank of Taiwan has maintained the rediscount rate at 1.375%, considering the stable outlook of global economy and inflation, as well as the steady growth of domestic economy. Meanwhile, the domestic real interest rate in Taiwan was still neutral compared with other economies. The exchange rate of the New Taiwan dollar (NTD) against the US dollar (USD) had depreciated prior than appreciated in the end of 2019. Affected by global political and economic factors, including the China-US trade dispute and Brexit, market risk aversion increased foreign exchange rate fluctuations, causing foreign exchange rate depreciated from the first to third quarters. However, in the fourth quarter, the Fed consecutively cut the interest rates, prompting liquidity into market. Furthermore, the easing of the China-US trade conflict and the robust domestic economic fundamentals have attracted foreign institutional investment inflows and drove the foreign exchange rate back to 30 figures with an annual appreciation of 2.08%.

3. Domestic financial situation

In terms of the financial industry, the financing demands arose from the recovery of the housing market and the accelerated repatriation of overseas Taiwanese businesses. As of the end of 2019, the loan balances and pre-tax surpluses of domestic banks reached NT $29,685.80 billion and NT $360.73 billion, 4.0% and 7.9% increasing respectively compared with the same period in 2018. Moreover, the non-performing loans ratio and the coverage ratio of loan loss provisions decreased by 0.03% to 0.21% and increased by 76.34% to 651.78%, respectively, over the same period in 2018.

Overview of organizational changes

In May 2019, in accordance with the Bankers Association's Corporate Governance Best Practice Principles for Banks, the Bank specified in its organizational rules that the head of corporate governance was the highest officer in the corporate governance related matters to the Bank, and staffing was set up accordingly. In August, in response to business needs, the Asset Management Department under the Trust Division was abolished, and the relevant business activities were merged into the Project Business Department. Also, in order to implement the principle and culture of fair hospitality, the Fair Treatment to Clients Facilitating Committee was established.

Implementation of business plans and operating strategies

In 2019, the Bank adopted the main theme of "Going Beyond 120 and Being First in Sustainability" for its annual business strategy and formulated five major business strategies, which are "Penetration-based services to strengthen connections," "Intelligent innovation to lead change," "Global operations based on local conditions," "Optimized risk control and advanced governance," "Going beyond the 120th anniversary as a model of happiness," to implement the business development plan and achieve financial budget goals.

With the Bank staff's concerted efforts, the implementation results of the business strategies in 2019 are as follows.

1. Profit at a record high with asset quality improved simultaneously

   In 2019, the Bank's net income before income tax was NT $22.722 billion, an increase of NT $2.026 billion (+ 9.79%) over the previous year, setting a new record. Among the sectors of profit, the net financial commodity profit increased by NT $2.004 billion (+ 21.40%) with the strongest growth momentum. The pre-tax earnings per share (EPS) was NT $2.55. The return on assets (ROA) and the return on equity (ROE) were 0.76% and 10.70%, respectively. At the end of 2019, the non-performing loans ratio was 0.24% and the coverage ratio of loan loss provision 527.52%. This demonstrated that the quality of assets had clearly stabilized, highlighting that the Bank took both of risk control and asset quality optimization into considerations. Meanwhile, the Bank continued to strengthen its capital structure based on the two principles of "Making good use of credit risk mitigation" and "Increasing the value of capital utilization." According to data of December 2019, the capital adequacy ratio (CAR) and Tier 1 capital ratio were 13.00% and 11.11%, respectively, which were better than the regulator's requirement.

2. Stable expansion of overseas territory as a second engine for profit growth

   The Bank held to the strategy of "Global link, local touch" and continued to expand its overseas offices with the business vision of becoming a "regional bank." In the European and US markets, establishment of the Houston branch in Texas and the Frankfurt branch in Germany had been approved by the Financial Supervisory Commission (FSC) and was processed accordingly. In addition, the Bank's US subsidiary bank launched a branch in Chino Hills, in April 2019, to deepen its operations in the local market. Furthermore, the Bank was optimistic about the advantages of demographic dividends, the gradual integration of industrial chains, and the wider spread of business operations in Southeast Asia.The Bank's Jakarta Representative Office in Indonesia officially opened in September 2019, and the Sen Sok and the Phsar Derm Thkov sub-branches under the Phnom Penh Branch, Cambodia, also opened in December 2019. This brings the number of overseas presences to 39 (including 19 branches, 10 sub-branches, and 3 offices, as well as one US subsidiary bank and 7 branches under it). The stable expansion of the overseas network in conjunction with the Bank's implementation of the strategy of "Enhanced local development" and the operation of a cross-border financial service system, brought sustainable growth momentum into the Bank's overseas business. In 2019, the loans provided by the Bank's overseas branches (including OBU) accounted for 19.35% of those provided by the entire Bank. Meanwhile, overseas profits (including OBU and US subsidiary bank) accounted for 46.36% of the total of the entire Bank. In the future, with risk control as the foundation, the Bank's overseas business operations would continue to leverage its existing overseas advantages, maintain the business expanding momentum, steadily increase the Bank's overseas lending business scale and profits, and move toward the vision of becoming a regional bank.

3. Strengthening of core business and innovating through integration of virtual and physical services

   As of the end of 2019, the Bank's small-and-medium enterprise (SME) loan balance reached NT $700.7 billion, an increase of more than 20 billion from the end of 2018, and the market share ranked top one among all domestic banks for 10 consecutive years. The Bank has long been committed to increasing the popularity and convenience of SME financing for the long run, and by transferring cases with insufficient financial stability to the Small & Medium Enterprise Credit Guarantee Fund of Taiwan (Taiwan SMEG) for guarantee, the Bank increased its financing capacity for SMEs and has been awarded the "Excellent Bank in SME Loans", and the "Partner Award of Credit Guarantee" by FSC and Taiwan SMEG, respectively.

   In addition, the Bank supported SMEs as well as small and micro enterprises by launching an online corporate loan application platform, known as "e-micro loan," which allows qualified business owners to apply for financing through this digital platform at any time. The maximum amount of a loan approved online is NT $5 million. Once the customer's documents and the account opening process were completed, the loan could be granted within one day. The number of loan applicants has exceeded 3,500 in 2019. The Bank hopes to continue to provide professional financial assistance to relevant enterprises through integrated on and offline services to support the growth and development of industries and SMEs in Taiwan.

4. Prudent assessment of core system transformation and driving innovation across business through the use of data

   The conversion of the core banking system was one of the Bank's business priorities. The Bank would continue to lead with innovative thinking, updated core systems, and implementation of digital security management to develop bank-wide management thinking and transform the Bank's operating model, aiming to become an open, AI-enabled, synergetic, integrated, and secure bank.

   In addition, in order to leverage information and digital analysis technology and improve marketing accuracy, the Bank strengthened the customer loyalty by developing data analysis application models, modularized product penetration and marketing mechanisms, and developing financial scenes. Meanwhile, to attract the young generation who are more familiar with digital banking, the Bank launched its iLEO mobile banking app in January 2019 and subsequently launched other digital products, including those related to mutual funds, foreign exchange, and unsecured loans. These options provide younger customers with a more intuitive and optimized user-friendly experience. The Bank continued its efforts to optimize customer services and strengthen cross-industry collaboration, and was awarded the "Award for Best Innovative Service in Electronic Cash Flow Business," "Excellence Award for Best Promotion of Electronic Cash Flow Business," and the "Award for Best System Stability in Electronic Cash Flow Business."

5. Sustainable operations beyond the 120th anniversary to grow and share as a model of happiness

   Since the establishment of the "Corporate Social Responsibility Committee" in 2011 by the First Financial Holding Company, the Bank's parent company, the Bank has continued to implement five major aspects of its corporate social responsibilities, namely "Corporate governance," "Customer engagement," "Employee welfare," "Environmental sustainability," and "Philanthropy." The Bank won the gold award at the ROC Enterprise Environmental Protection Award ceremony for three consecutive years. In addition to having been selected as a constituent stock of the "Emerging Market Index" by the Dow Jones Sustainability Index(DJSI) for four consecutive years, the First Financial Holding Company was selected as a constituent stock of the "MSCI World Index" in 2018 and 2019. The Company has also been recognized by the CDP Climate Change Survey for two consecutive years as the first financial institution rated A at the leadership level in Taiwan. All of this indicates that the efforts made by the Bank and the parent company in implementing CSR have been recognized globally.

In order to implement the concept of environmental sustainability, the Bank has actively conserved water and electricity while implementing paperless meetings. With the cooperation of employees throughout the Bank, the cumulative carbon reduction over the past seven years was equivalent to the annual carbon absorption of 289 Daan Parks. Starting from its core business, the Bank has continued to contribute to environmental sustainability. In 2019, it won the Giant Award at the first National Enterprise Environmental Protection Award ceremony and the Corporate Sustainability Award at the National Sustainable Development Awards ceremony. The Bank is the only enterprise in the financial industry that has won the Giant Award.

The year of 2019 coincided with the 120th anniversary of the Bank's establishment. Based on the theme of "Going beyond 120 and Being First in Sustainability," the Bank organized various marketing activities, and charity events for customers and employees. Among them, the Bank organized a road-running event in cooperation with the Ministry of Finance in response to the celebration of the 100th anniversary of the establishment of the Office of the President. The Bank also increased the scale of the "Love Fun First Green Living Carnival" and held the "Celebration of 120th Anniversary to Love First" concert with all 18,000 seats completely full at the Nangang Exhibition Center. In addition, the Bank held the "120th Anniversary Employee Sports Day and Charity Fair" at the Banqiao First Stadium in New Taipei City where more than a total of 8,000 people participated enthusiastically. These included employees, their families, personnel from the parent company — First Financial Holdings, and charity groups. President Ing-Wen Tsai, Chairman Wellington L. Koo of the FSC, Minister Jain-Rong Su, Ministry of Finance among other guests also attended to celebrate the event together. The Bank has aimed to work together with its customers, shareholders, and employees through various charity, environmental protection, as well as cultural and recreational events and activities to jointly promote the harmonious development of society, the environment, and enterprises; the goal was to give full play to its spirit of corporate social responsibility and to move toward a new era with a bright future.

Budget implementation, financial revenue, and profitability analysis

In 2019, the Bank's net profit was NT $47.313 billion, an increase of NT $1.291 billion from 2018. The net income before income tax was NT $22.722 billion.

- Deposit Business
  The average balance of deposits was NT $2.219117 trillion, increasing by NT $124.712 billion from 2018, an increase of 5.95%.
- Loan Business
  The average loan balance was NT $1.705555 trillion, increasing by NT $79.695 billion from 2018, an increase of 4.90%.

- Trust Business
  The balance of the trust business at the end of the year was NT $353.251 billion, increasing by NT $17.558 billion from 2018, an increase of 5.23%.
- Custody Business
  The balance of the custody business at the end of the year was NT $1.5704 trillion, an increase of NT $195.733 billion from the previous year, a growth of 22.73%.

Research and development

In response to the rapid changes in the operating environment of the financial industry, the Bank continued to track the latest developments in the domestic and global economic, financial, and industrial situations, while publishing relevant reports on a regular basis. In addition, the Bank periodically issued research reports, developed bank response strategies from time to time in following the changes in domestic and global financial regulations, and was devoted to increasing the depth and width of research and analysis.

In addition, in the aspect of the financial technology patent layout, as of March 24, 2019, the Bank had submitted 122 patent applications (53 invention patents, 68 utility model patents, and one design patent) to the Intellectual Property Office, Ministry of Economic Affairs. Among them, 21 invention patents have been improved, including patents of "cash flow clustering method and system," "intelligent product marketing method and system," and "cash flow diagram generation method and system." In addition, a total of 66 utility model patents were approved.

Business Plan for 2020

Based on the external business environment trends along with an analysis of the Bank's strengths and weaknesses, the Bank adopted the main theme of "Beyond a New Chapter: First in Sustainability" as our business strategy for 2020. Under turbulent international political and economic situations as well as the changes brought by new domestic online banking competitors, the Bank will continue to develop new customer bases, bring in new funds, and create new channels and new products in addition to the development of existing customers and deep penetration of new business activities, to move toward sustainable business and usher in a new chapter of operations. Based on the theme of "Beyond a New Chapter: First in Sustainability," the concepts of "Introducing new customer groups through new platforms," "Bringing in new funds through new policies," "Creating new models using new technologies," "Grasping new business opportunities in new markets," and "Creating new momentum through new products" will be adopted as the key business directions. The goal is to build a foundation for sustainable operations for the Bank and achieve the business vision of becoming a "regional, niche-based, digital and happiness" bank.

Future Development Strategies

Increasing cross-industry integration efficiency to create a new chapter through a two-pronged strategy of virtual and physical services

The Bank will continue to develop its business layout flexibly to meet the needs of customers and the Bank's development needs while grasping the key to business development by bringing together expertise from different fields and improving key business projects. This will include the development of SMEs and small-and-micro enterprises, policy-based financing and return of investments by overseas Taiwanese businesses, business opportunities for the elderly and the expansion of the scale of wealth management and financial market fund operation and management.

Meanwhile, the Bank will continue to implement the "single account officer (AO) service" mechanism to keep abreast of customer needs through the AO and to strengthen the synchronization and connectivity of the Bank's digital channels and physical branches in providing financial services. The goal is to achieve the advancement of virtual and physical services at the same time, allowing the Bank to enter new markets and obtain new customer groups through its new platforms, models, and products, while introducing new funds and grasping new business opportunities.

Implementing core banking system transformation and providing innovative applications to support business growth

Based on the three core aspects of "Core foundation reshaping", "Integration of virtual and physical services," and "Application and innovation," the Bank will continue to evaluate and promote the transformation of core banking systems, introduce digital products flexibly, and integrate virtual and physical channels to optimize the overall financial services. Meanwhile, the Bank will provide innovative financial services and connect financial services to form an ecosystem through pilot projects so as to increase the development capacity for the Bank's innovative applications.

In terms of digital applications, the Bank has successively improved digital platforms to provide small and micro enterprises as well as individual customers with more convenient financing channels to put intelligent and inclusive financing into practice. In the development of financial scenes, the Bank will start to provide salary account customers with integrated services and continue to increase the momentum of cooperation with different industries through the salary account services options.

Development a global layout to increase scale and keeping abreast of trends to expand steadily

Adhering to the strategy of "Diversified layout and enhanced local development," the Bank will keep expanding its overseas operations. In addition to the establishment of the Frankfurt Branch in Germany and the Houston Branch in Texas, USA, in 2020, the Bank plans to continually establish new branches through the US subsidiary bank; the Bank will evaluate and target new locations in the regions in line with the New Southbound Policy to reinforce the Bank's foundation to expand businesses.

In terms of business development, with the efforts in the three main aspects, which are "Global operations (system support and cross-border cooperation services)," "Enhanced local development (developing local customer groups and featured business activities)," and "Focused development (focusing on global capital flows and business opportunities derived from industrial chain transfer)," the Bank hopes to increase the its overseas lending scale and percentage of profit steadily to move toward the vision of becoming a "regional" bank.

Strengthening reasonable pricing of capital as well as implementing risk-based compliance and governance

The Bank will continue to strengthen its capital structure, improve the value of capital utilization, and stabilize asset quality by optimizing credit review management and enhancing operational risk control. In addition, the Bank will guide branches to focus on the reasonable pricing of credit and strengthening its penetration of business activities with high-quality customers with a view to increasing overall revenue.

In addition, in order to implement risk control mindset along with compliance and governance, the Bank will focus on six major issues, which are compliance and governance, anti money laundering, internal audits, internal controls, behavioral risk, and digital security, to shape the bank-wide risk management culture and improve the quality of corporate governance effectively.

Sustainability and inheritance beyond the 120th anniversary as a model of excellent management and customer satisfaction

The Bank's efforts in implementing corporate social responsibility continue to lead the financial industry. In 2020, the Bank will continue to implement corporate social responsibility and green sustainability efforts through the five major aspects of "Corporate governance," "Customer engagement," "Employee welfare," "Environmental sustainability," and "Philanthropy." Meanwhile, we will call on customers and local enterprises to jointly put into practice the concept of "Taking from and giving back to the local community," to care for the local community and improve corporate governance so that the Bank will develop into a model enterprise with customer satisfaction that can grow with its customers and employees.

Influences from the External Competitive Environment, Regulatory Environment, and Overall Business Operation Environment

External competitive environment

In recent years, the government has loosened various regulations, actively signed memorandums of understanding on financial supervisory cooperation with the Association of Southeast Asian Nations (ASEAN) countries, and implemented the "2030 Bilingual Country Development Policy Blueprint," and the "New Southbound Policy." All of these have helped Taiwan's financial institutions to improve the quality of bilingual services and to enter into international markets.

A huge potential exists in the consumer markets and domestic demand in Southeast Asian countries and the government's continuous promotion of the "New Southbound Policy" has shown progress in medical care, agriculture, tourism, science and technology, and culture. Moreover, overseas Taiwanese companies have developed their businesses in the ASEAN region for many years, which are conducive for Taiwanese financial institutions to go south and establish bases. However, the financial markets of some ASEAN countries are still strictly restricted with barriers, which may increase the local operating costs and the risks for Taiwanese financial institutions. In short, with commitment to improving the competitiveness of cross-border financial services along with keeping the balance between risks and rewards while expending business in local markets will continue be a huge challenge for Taiwanese financial institutions.

Regulatory environment

In order to strengthen the effectiveness of financial supervision and law enforcement in the Taiwanese banking system, amended provisions of the Banking Act of the Republic of China were announced on April 17, 2019. Under the current provisions, the maximum penalty for serious violations has increased five times from NT $10 million to NT $50 million, while the maximum penalty for the remaining provisions has increased four times. The minimum penalty remains unchanged. In response to the amendments, the Bank has strengthened the internal compliance training, including those regulations related to various compliance assessments, and each unit's compliance officer shall review relevant control measures and the implementation of compliance procedures to avoid being fined by the regulatory authorities.

In addition, in response to the trend of international attention to financial consumer protection, in 2019 FSC launched the "Financial Service Enterprises Treating Customers Fairly Principle Assessment Program." The goal is to help financial institution to get a better picture of how they are doing in implementing the principles, and each financial institution is expected to build up a top-down business culture of treating customers fairly. In 2020, FSC will continue the assessment program to encourage financial institution to fulfill protections of customers. On November 8, 2019, with the approval of the Board of Directors the Bank established the "Fair Treatment to Client Facilitating Committee", the committee will review the Bank's implementation of the fair hospitality principles quarterly or report to the Board of Directors, allowing the Board of Directors to understand the Bank's compliance with the Treating Customers Fairly Principle.

According to the results of an on-site evaluation in the third round of mutual evaluations in Taiwan announced by the Asia Pacific Group on Money Laundering in November 2019, Taiwan's overall performance reached the best grade of "regular tracking" level. The Bank was designated as one of the evaluated banks because of its active preparation for the evaluation and was also recognized by the Anti-Money Laundering Office, Executive Yuan with the Award for Evaluated Banks. In addition, in order to implement and strengthen the Bank's control over anti money laundering and the Banks's role in combating the financing of terrorism, the Bankers Association of R.O.C. amended the "Template of Directions Governing Anti-Money Laundering and Countering the Financing of Terrorism of Banks" on June 4, 2019 as well as the "Guidelines Governing Money Laundering and Terrorist Financing Risks Assessment and Relevant Prevention Program Development by the Banking Sector". This was done to facilitate the Banks' compliance with laws and regulations to prevent money laundering and the financing of terrorism and as a reference for practical approaches. The Bank has also updated the relevant internal regulations and operating rules of anti money laundering and combating terrorism accordingly. In addition, in order to facilitate all units in the Bank to follow and review the relevant regulations on anti-money laundering laws and to comply with international standards, the Bank's Compliance Division has compiled the policies and relevant processing rules related to business activities that have been issued in the "The Global AML & CFT Compliance Program" and the "The Global Compliance Program (Non-AML Regulatory Compliance)."; English versions of the aforementioned programs are available for reference.

Macroeconomic environment

Looking forward to 2020, the Covid-19 pandemic in late January has impacted global industrial activities and slowed down the consumption momentum, expecting global economic growth rate would be lower than that in 2019. In terms of major economies, due to the impact of the pandemic, the Fed has urgently announced interest rate cuts by 50bps on March 3 and 100bps on March 15 and launched a large-scale fiscal stimulus plan in response to the Covid-19 pandemic. However, the pandemic has impacted the growth and momentum of consumption and corporate revenues in the US. Moreover, the uncertainties in China-US trade negotiations and in US presidential election still remain, which may affect the corporates' investing willness. The economy is expected to fall into recession. The pandemic is raging across the eurozone; the national lockdown announced by the governments of Italy and Spain in response to the pandemic has halted economic activities. Furthermore, the uncertainties, such as the progress of the transitional negotiations after Brexit and the ongoing US-Europe and US-China trade disputes, may continue to put pressure on the economic prospects of the eurozone. The pandemic continues to escalate, resulting in insufficient consumer demands in global markets. Japanese exports and industrial production are also under pressure; the rise of consumption tax rate may affect the growth momentum of private consumption and challenge domestic and global economic prospects. Although the Chinese government continues to launch fiscal and monetary stimulus policies to ease the downside risks to the economy, the economic structure is in a period of painful transition into "investment reduction and domestic demand expansion" in recent years. Uncertainty still exists in the China-US trade relationship, and the outbreak of the pandemic may slow the momentum of economic growth. Overall speaking, as the economic growth of major economies, including the US and China, has slowed down, global trade disputes have risen, financial vulnerabilities have increased, and geopolitical turmoil has continued; the overall global economy still faces downside risks.

As far as Taiwan is concerned, the domestic housing market is recovering because of the increasingly rigid demand for self-use residence. The total number of property transactions nationwide increased by 8.0% to 300,000 in 2019 compared with 2018. However, in view of the fact that the pressure on the supply-side in the housing market remains (indicators, including the remaining units of new housing projects to be sold and the number of construction licenses issued continue to rise), and the gap between buyers' and sellers' perceptions of housing prices continues to widen. Estimates show that the number of property transactions may not grow significantly across the country in 2020, and the overall housing market may be in the period of "price-quantity adjustment." As for the economic outlook, although the economy impact of the Covid-19 pandemic has gradually risen, the restructuring of the layout of the global supply chain caused by the China-US trade war has urged overseas Taiwanese businesses to increase their production capacity in Taiwan. Moreover, main export products, Integrated Circuits, in Taiwan have a competitive advantage, and production activities in Taiwan are less affected by the pandemic than other countries, contributing to support exports to return to normal track faster after the pandemic.

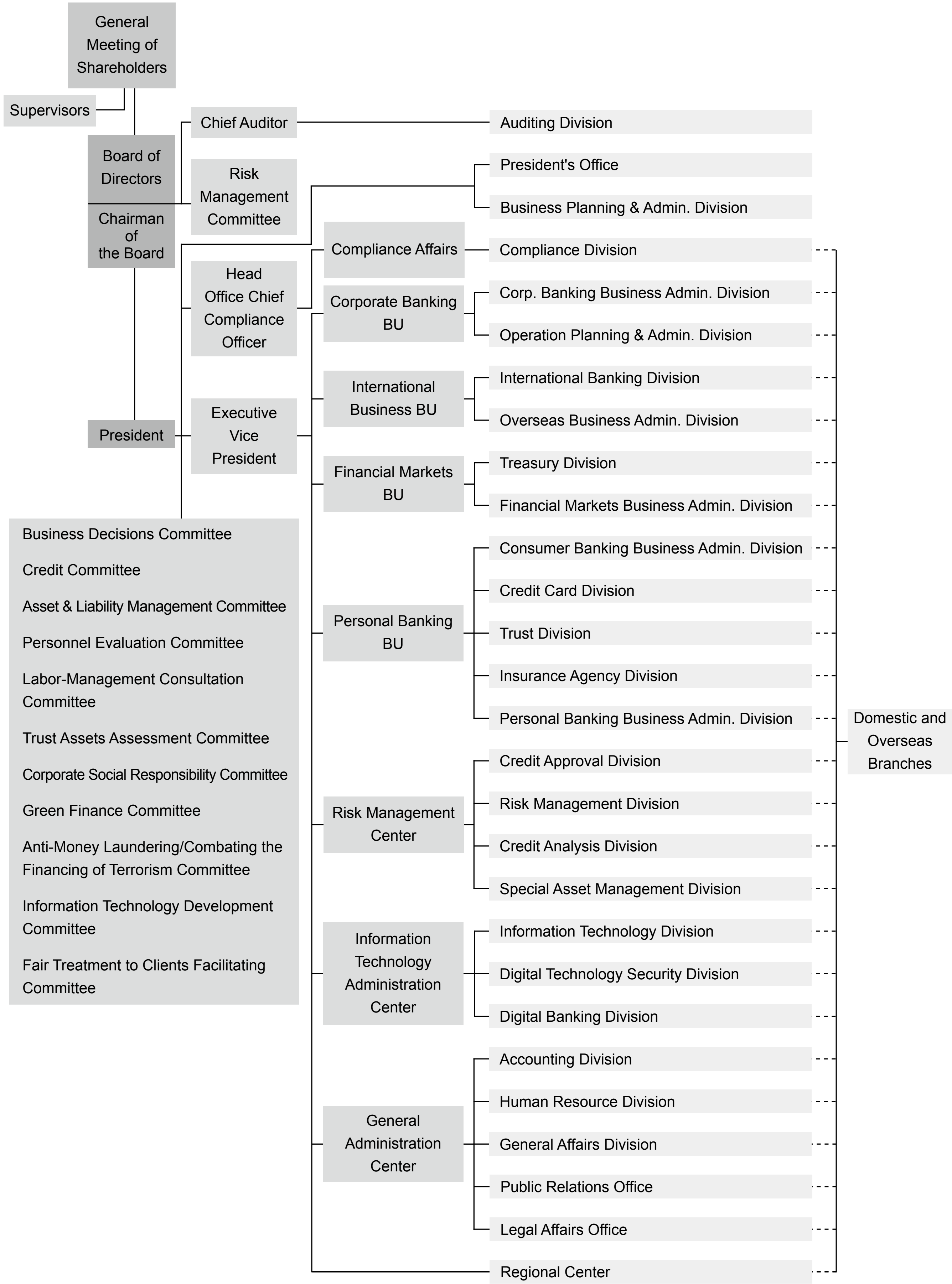
The government has also drawn up budgets to improve government investment efficiency and strengthen private investment incentives to accelerate the progress of the return of investments by Taiwanese businesses, offshore wind power and 5G investments. In addition, to alleviate the impact of the pandemic, the Central Bank of Taiwan cut the base rate(rediscount rate) by 0.25% to a historical low of 1.125% on March 19 to support the business operation and to stabilize the labor market. However, whether the private and government-related investment can be proceed as scheduled, global trade disputes, easing of the monetary policy in major economies and the possible signing of the Regional Comprehensive Economic Partnership could be the variables to our country's economic prospects. According to the latest estimates by the Directorate-General of Budget, Accounting, and Statistics in March 2020, the economic growth rate in 2020 may decrease to 1.92%.

Credit Rating Information

Rating Institution	Published Date	ST	LT	Outlook
Taiwan Ratings Co.	2019.10.18	twA-1 +	twAA +	Stable
Standard & Poor's	2019.10.17	A-2	A-	Stable
Moody's	2020.2.20	P-1	A2	Stable

Chairman
Liao, Tsan-Chang

Organization Chart



2020.4

Board of Directors and Supervisors

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Chairman of the Board	R.O.C.	Tsan-Chang Liao	Apr. 8'19	■ MBA, National Chiao Tung University Branch General Manager, Credit Approval Dept. Manager, Auditing Dept. Manager, Chief Auditor & Auditing Dept. Manager, Chief Auditor, EVP, President, Chairman, Taiwan Business Bank; Chairman, Taiwan Cooperative Holdings & Taiwan Cooperative Bank	Chairman, First Financial Holding Co., Ltd. (FFHC); Chairman, The First Education Foundation; Director, National Credit Card Center of R.O.C; Managing director, The Bankers Association Of The Republic Of China; Consultant, The Bankers Association of Taipei
Managing Director	R.O.C.	Grace M. L. Jeng	Dec. 25'14	■ B.S. in Business Administration, National Taiwan University Department Manager, Trust Division, FCB; Chief of Administration & Planning Dept., FFHC; SVP, Personal Finance Division, FCB; Chief of Personal Banking Business Admin. Division, FCB; Branch General Manager, EVP, FCB; Chairman, First Commercial Bank (USA); Director & President, FFHC; Managing Director & President, FCB; Chairman, First Life Insurance Co., Ltd.	Director, FFHC; Managing Director & President, First Commercial Bank; Chairman, First Commercial Bank (USA) ; Vice Chairman, The First Education Foundation; Director, Taiwan Academy of Banking and Finance; Director, Taiwan Small & Medium Enterprise Counseling Foundation; Director, Joint Credit Information Center
Managing Director	R.O.C.	Chien-Hao Lin	Feb. 23'18	■ B.L., National Taiwan University VP & Division Chief, Strategy Administration Division; VP & Division Chief, Business Planning & Admin. Division; Branch General Manager; Overseas Branch General Manager, FCB; Chief Auditor, FFHC; EVP, Chief of Strategy Planning Department, FFHC; Supervisor, First Securities Inc.; Director, First Commercial Bank; Acting Chairman of the Board, FSITC; Chairman, First Life Insurance Co., Ltd.	Director, President, FFHC; Director, Taiwan Asset Management Corporation; Director, First Commercial Bank Culture Education Foundation
Managing Director	R.O.C.	Hung-Ju Chen	Jul. 26'18	■ Ph.D. in Economics, UCLA Assistant Professor, Associate Professor, Dept. of Economics, National Taiwan University; Editorial Board, Editor in Chief of Taiwan Economic Review Current: Professor, the Dept. of Economics, National Taiwan University	Director, FFHC; Commissioners, International Trade Commission, Ministry of Economic Affairs
Independent Managing Director	R.O.C.	Chun-Hung Lin	Jul. 26'18	■ Ph.D. in Economics, Iowa State University Assistant Professor, Associate Professor, Chinese Cultural University; Associate Professor, Professor, Head of Industrial Economics, CEO of EMBA, Dean of Student Affairs, TamKang University; Director, Taiwan Economic Association Current: Professor, the Dept. of Industrial Economics & Dean of the Student Affairs, TamKang University	Independent Director, FFHC; Director, Eminent II Venture Capital Corporation; Principal, Yu Jie Firm
Independent Director	R.O.C.	Rachel Jui-Ching Huang	Jul. 26'18	■ Ph.D. in Finance, National Taiwan University Associate Professor, Dept. of Finance, Ming Chuan University; Associate Professor, Dept. of Finance, Yuan Ze University; Associate Professor, Graduate school of Finance, National Taiwan University of Science and Technology; Professor, Dept. of Finance, National Central University Current: Distinguished Professor, Dept. of Finance, National Central University	Independent Director, FFHC; Managing Director, Taiwan Risk and Insurance Association
Independent Director	R.O.C.	Yen-Liang Chen	Jul. 26'18	■ Ph.D. in Law, Johannes Gutenberg University Mainz Head of Dept. of Law, National Taipei University; Director of Graduate school of Financial and Economic Law, National Dong Hwa University; Arbitrator, Chinese Arbitration Association, Taipei; Arbitrator, Dept. of Labor, Taipei City Government; Petitions and Appeals Committee member, Hualien County Government; New Listing Companies Advisory Committee member, Taipei Exchange Current: Professor, Dept. of Law & Director, Center for Financial and Economic Law Studies, National Taipei University	Independent Director, FFHC
Director	R.O.C.	Chia-Yin Hung	Apr. 28'11	■ Ph.D. in Law, National Chengchi University Member of Petitions and Appeals Committee, MOF; Member of Legal Affairs Committee, MOEA; Member of Legal Affairs Committee, Ministry of Education; Member of Complaint Review Board for Government Procurement, Taipei City Government; Director, Taiwan Administrative Law Association; Dean of Dept. of Law, Soochow University Current: Professor, Dept. of Law, Soochow University	Supervisor, Taiwan Depository & Clearing Corporation; Member of Petitions and Appeals Committee, MOF
Director	R.O.C.	Nai-Fong Kuo	Jul. 26'18	■ Ph.D. in Economics, National Taipei University Director of Auditing Office, Associate Professor & Director, Dept. of Finance, Secretary General, Secretariat, Shih Shin University Current: Associate Professor, Dept. of Finance & Director of Auditing Office, Shih Shin University	Independent Director, Hakers Enterprise Co., LTD. ; Advisor, Taiwan Institute of Economic Research; Consultant, Business Today
Director	R.O.C.	Terence Jer-Yuh Wan	Jul. 26'18	■ Ph.D. in Economics, National Taiwan University Associate Professor, Head of Dept. of Economics, TamKang University; Adjunct Professor, Dept. of Int'l Business, Soochow University Current: Professor, Dept. of Economics, TamKang University	
Director	R.O.C.	Chi-Pin Hou	Jul. 26'18	■ Ph.D. in Business Administration, China Fudan University Professor& Head of Dept. of Accounting, China University of Technology; Associate Professor & Head of Accounting Information Dept., Tzu Chi University of Science and Technology; Instructor, Dept. of Accounting, China University of Technology; Researcher, Accounting Research and Development Foundation; Lecturer, Dept. of Accounting, National Chengchi University; Auditor, KPMG Current: Professor, Dept. of Accounting, China University of Technology	
Director	R.O.C.	Jy-Wen Wu	Jul. 26'18	■ Ph.D. in Economics, National Taiwan University Head of Dept. of Int'l Business, Assistant Professor, Dept. of Int'l Trade, Lunghwa University of Science and Technology Current: Associate Professor, Dept. of Int'l Business, Lunghwa University of Science and Technology; Associate Professor, Dept. of Int'l Business, Soochow University	
Director	R.O.C.	Wehn-Jyuan Tsai	Jul. 26'18	■ Ph.D. in Economics, National Taiwan University Assistant Professor, Dept. of Economics, Shih Shin University Current: Associate Professor, Dept. of Economics, Shih Shin University	
Director	R.O.C.	Abby Yuan-Wei Chen	Jul. 26'18	■ MBA, University of California-Irvine Financial Manager, Asia Pacific Region, Trend Micro Inc.; Financial Manager, Asia Pacific Region, UTStarcom Taiwan Ltd.; Accounting Deputy Manager, LA branch, Taipei Bank	Director, Golden Gate Investment Co., Ltd.; Director, Golden Garden Investment Co., Ltd.; Director, Golden Gate Motor Co., Ltd.;
Director	R.O.C.	Chieh-Hsin Sung	Sep. 27'18	■ Tsoying Senior High School Director, First Commercial Bank; Member of Labor Funds Supervisory Committee, Ministry of Labor; Chairman, First Commercial Bank Industrial Union Current: Senior Associate, Head Office Business Dept., First Commercial Bank	Chairman, First Commercial Bank Union; Managing Director, FFHC& Subsidiary Union
Standing Supervisor	R.O.C.	Jimmy Her-Jiun Sheu	Sep. 26'19	■ Ph.D. ,New York University Stern Business School Associate Professor & Professor & Chairperson, Dept. of Management Science; Associate Professor, Institute of Finance; Senior Vice President, National Chiao Tung University; Professor, Dept. of Banking and Finance & Dept. of Information Management/ Dean, College of Management/ President, National Chi Nan University; Supervisor, CPC Corporation, Taiwan; Director, Nan Kai University of Technology; Director, Bank Of Overseas Chinese; Deputy Mayor, Tainan City Government; Chair Professor, Department of Finance and International Business, Fu Jen Catholic University; Independent Director, Yi Jinn Industrial Co., Ltd. Current: Professor & Chair Professor, Department of Finance, Ming Chuan University	Director, Taiwan Futures Exchange
Supervisor	R.O.C.	Emil Liang Chen	Jun. 30'11	■MBA, Finance, Bernard M. Baruch College, The City University of New York AVP, International Investments, Oppenheimer & Co. Inc.; Executive Director & Head of Asia, Investment Banking, Paine Webber Inc.; Director, Taiwan Financial Holding Co., Ltd.	Chairman, Peak Capital Co., Ltd.

(to be continued)

Title	Nationality or Place of Registration	Name	Date of First Appointment	Education and Career Background	Other Incumbent Post
Supervisor	R.O.C.	Da-Bai Shen	Aug. 23'12	■ Ph.D., Tulane University, USA External Reviewer, Securities Listing Review Committee, Taiwan Stock Exchange; Member and Convenor of Clearing Committee, Taiwan Futures Exchange; Director, Center for Business Innovation and Incubation, Soochow University; Member of Investment Review Committee, National Development Fund, Executive Yuan; Director, APFC Ltd.; Supervisor, SolidWizard Co., Ltd; Director, Pili International Multimedia Co.,Ltd.; Independent Director, Director, Hualien Media International Co., Ltd.	Supervisor, APFC Ltd.; Independent Director, Pili International Multimedia Co.,Ltd.; Supervisor, Grand Cathay Venture Capital Co.,Ltd.; Independent Director, Grand Green Energy Corp. Independent Director, Dimension Computer Technology Co., Ltd.; Supervisor, Wan Chang Venture Capital Co.,Ltd.
Supervisor	R.O.C.	Yi-Wen Chen	Oct. 26'17	■ Ph.D. in Finance, Alliant International University, USA Accounting Officer, Evergreen Container Terminal Corp.; Executive Officer, Department of Budget, Accounting and Statistics, Taipei City Government; Consultant, Asia Federation of Chinese Traders Association; Dean of Academic Affair Research Center, Dean of International and Cross-strait Affair Center, Dean of Continuing Education Center, Dean of Dept. of Accounting and Information, Dean of College of Commerce, Chief Secretary, Professor, Vice President, Hsing Wu University Current: President, Hsing Wu University	Supervisor, R.O.C. Earthquake Insurance Foundation; Director, Golden Dragon Temple
Supervisor	R.O.C.	Chunto Tso	Jul. 26'18	■ Ph.D. in Economics, Texas A&M University Adjunct Professor, Dept. of Greenergy, National University of Tainan; Adjunct Associate Professor, Institute of Management of Technology & Institute of Business and Management, National Chiao Tung University; Adjunct Associate Professor, Graduate Institute of Business Administration & Graduate Institute of Applied Science and Technology, National Taiwan University of Science and Technology; Adjunct Associate Professor, College of Management, Yuan Ze University; Adjunct Associate Professor, Dept. of Materials Engineering, Tatung University; Adjunct Associate Professor, Graduate Institute of Int'l Business, TamKang University; Adjunct Associate Professor, Graduate Institute of Enterprise Innovation, Shih Chien University Current: Director, Taiwan Institute of Economic Research; Adjunct Associate Professor, Institute of Chemical Engineering, National Taipei University of Technology	Director, Yo Shin Shin Co., Ltd.

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Executive Officers

Title	Nationality or Place of Registration	Name	Date of Appointment	Education Background	Other Incumbent Post
President	R.O.C.	Grace M. L. Jeng	Jun. 11'19	■ B.S. in Business Administration, National Taiwan University	Director, First Financial Holding Co., Ltd. (FFHC); Chairman, First Commercial Bank (USA) ; Director, Joint Credit Information Center; Director, Taiwan Academy of Banking and Finance; Director, Taiwan Small & Medium Enterprise Counseling Foundation
EVP	R.O.C.	Huey-Chin Hung	Jun. 27'14	■ B.A. in Accounting, National Chengchi University	Member ,Claims Case Review Committee, Small and Medium Enterprise Credit Guarantee Fund of Taiwan; Director, First Life Insurance Co., Ltd.
EVP	R.O.C.	Pei-Wen Liu	Oct. 28'16	■ Ph.D. in Electrical Engineering, National Cheng Kung University	Supervisor, Financial Information Service Co., Ltd.
EVP	R.O.C.	Chao-Chung Chou	Aug. 17'18	■ MBA, Da-Yeh University	Chairman, First Financial AMC; Director, Taiwan Urban Regeneration & Financial Service Co. Ltd.; Director, Taiwan Asset Management Corporation; Member, Risk Management Team, Financial Holding Committee, The Bankers Association Of The Republic Of China
EVP	R.O.C.	Ching-Hui, Chou	Aug. 25'17	■ B.S. in Industrial Management, Southern Taiwan University of Science and Technology	Supervisor, TAIFX Director, Taipei Financial Center Corporation Member, Risk Management Committee, The Bankers Association Of The Republic Of China
EVP	R.O.C.	Ma-Li, Shih	Feb. 23'18	■ Diploma of Int'l Trade, National Open College of Continuing Education Affiliated to Taichung University of Science and Technology	Director, Fist Life Insurance Co., Ltd.
EVP	R.O.C.	Su-Hwei Tsai	Oct. 18'19	■ B.B.A. in Banking and Insurance, Feng Chia University	Supervisor, FCB Leasing Co.,Ltd.; Supervisor, FCB International Leasing,Ltd.; Supervisor, FCB Leasing (Xiamen) Ltd.
EVP	R.O.C.	Chih-Tiao Shih	Mar. 20'20	■ M.A. in Economics, National Taiwan University	
Chief Auditor	R.O.C.	Shiow-Ling Wu	Apr. 27'17	■ B.L. in Law, National Chengchi University	Supervisor, First Securities Investment Trust Co.,Ltd. Member, Internal Audit Committee, The Bankers Association Of The Republic Of China

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Main Shareholders of Sole Owner FFHC

Shareholders	Holding %
Ministry of Finance	11.49
Bank of Taiwan	7.45
Hua Nan Bank	2.83
China Life Insurance Company, Ltd.	2.01
Civil Servants' Retirement Fund	1.90
Government of Singapore	1.69
Taiwan Life Insurance Co., Ltd.	1.54
Taiwan Tobacco & Liquor Corporation	1.49
Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	1.27
Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1.24

March 24, 2020

Operational Overview

Business Activities

Business scope

Conduct general business activities that are permitted to be conducted by commercial banks by laws

1. Accept a variety of deposits
2. Issue bank debentures
3. Extend loans
4. Discount bills and notes
5. Invest in securities
6. Handle domestic remittances
7. Accept commercial drafts
8. Issue domestic letter of credit
9. Guarantee issuance of corporate bonds
10. Conduct domestic guarantee business
11. Act as collecting and paying agent
12. Act as agent to sell government bonds, treasury notes, corporate bonds, and stocks
13. Underwrite securities
14. Trade in securities for the Bank's own accounts
15. Conduct custody and warehousing business
16. Conduct safety deposit box business
17. Conduct relevant business activities listed on the business license or agency services approved by the competent authority
18. Conduct credit card business
19. Sell gold bullion, gold coins, and silver coins as an agent
20. Trade gold bullion, gold coins, and silver coins
21. Conduct export-related and import-related foreign exchange business, outward and inward remittance; foreign currency deposit and loan business, and foreign currency guarantee business
22. Conduct outward and inward remittances and foreign currency deposit business
23. Conduct purchase and sale of foreign currency cash and traveler's checks
24. Conduct financial derivatives business approved by the competent authority
25. Conduct business activities that are permitted by the Trust Enterprise Act
26. Handle special-purpose money trust funds investing in foreign securities
27. Conduct proprietary trading of government bonds
28. Conduct brokerage, proprietary trading, certification, and underwriting of short-term bills

29. Conduct financial advisory business related to financing business
30. Conduct agency business for the public welfare lottery approved by the competent authority
31. Conduct foreign currency margin trading
32. Earmark trust funding for investment in domestic securities
33. Handle special purpose trust funds investing in domestic securities investment trust funds
34. Conduct proprietary trading business for corporate bonds and financial debentures
35. Act as an agent to collect and make substantive payments
36. Cooperate with or assist foreign institutions to engage in relevant business activities as electronic payment institutions within Republic of China
37. Concurrently operate personal insurance agency business while increasing property insurance agency business
38. Conduct other relevant business activities approved by the competent authority

The business activities conducted by the dedicated department in trust business as listed on the business license approved by the competent authority

1. Trust business:
   (1) Trust of Money
   (2) Trust of loans and related security interests
   (3) Trust of securities
   (4) Trust of real estate
   (5) Trust of superficies
   (6) Provide trust-type discretionary investment services
2. Supplementary business
   (1) Act as agent for issuance, transfer and registration of securities, and distribution of stock dividends, interest and bonuses
   (2) Provide consulting in connection with the issuance and offering of securities
   (3) Attest for the issuance of securities
   (4) Act as the trustee and agent for the issuance of bonds
   (5) Conduct custody business
   (6) Serve as custodian institution of securities investment trust funds
   (7) Provide consulting services regarding investment, financial management, and real estate development
   (8) Concurrently operate securities investment consulting business
   (9) Conduct trust business that manages real estate owned by the elderly and people with physical and mental disabilities through auxiliary business activities
   (10) Other relevant businesses that are approved by the competent authority

Overview of the business over the past two years (Including DBU, OBU and Overseas branches)

1. Deposit business

Unit: Thousand NT$

Business Item		December 31, 2019		December 31, 2018		Increased (decreased) amount	Growth rate (%)
		Amount	%	Amount	%		
Demand deposits (Note 1)	Checking deposit	45,321,492	1.7	49,218,788	2.0	-3,897,296	-7.9
	Demand deposit	675,904,397	25.3	585,887,228	24.4	90,017,169	15.4
	Current savings deposit	733,245,880	27.4	698,438,802	29.0	34,807,078	5.0
	Sub-total	1,454,471,769	54.4	1,333,544,818	55.4	120,926,951	9.1
Time deposits (Note 1)	Time deposits	549,000,336	20.6	505,008,093	21.0	43,992,243	8.7
	Time savings deposits	383,116,840	14.3	324,749,855	13.5	58,366,985	18.0
	Sub-total	932,117,176	34.9	829,757,948	34.5	102,359,228	12.3
Others (Note 2)	Financial institution deposits	1,392,390	0.1	1,350,975	0.1	41,415	3.1
	Financial institution overdrafts	1,507,203	0.1	1,703,127	0.1	-195,924	-11.5
	Financial institution call loans	280,585,581	10.5	237,651,676	9.9	42,933,905	18.1
	Sub-total	283,485,174	10.7	240,705,778	10.1	42,779,396	17.8
Total		2,670,074,119	100.0	2,404,008,544	100.0	266,065,575	11.1

Note: 1. Demand deposits and time deposits include foreign currency deposits and public treasury deposits.

2. Financial institution deposits includes postal savings deposits redeposited with the bank.

2. Loan business

Unit: Thousand NT$

Business Item	December 31, 2019		December 31, 2018		Increased (decreased) amount	Growth rate (%)
	Amount	%	Amount	%		
Short-term loans	538,182,164	30.4	547,941,164	32.3	-9,759,000	-1.8
Medium-term loans	512,513,748	29.0	467,462,953	27.5	45,050,795	9.6
Long-term loans	717,653,353	40.6	681,604,431	40.2	36,048,922	5.3
Total	1,768,349,265	100.0	1,697,008,548	100.0	71,340,717	4.2
Percentage of total assets (%)	57.1		59.7		-2.6	

Note: Loans discounted, overdrafts and bills negotiations are included.

3. Foreign exchange business

Unit: Thousand NT$

Business Item	2019		2018		Increased (decreased) amount	Growth rate (%)
	Amount	%	Amount	%		
Export	4,006,284	1.9	4,600,637	2.0	-594,353	-12.9
Import	5,006,879	2.3	5,493,450	2.4	-486,571	-8.9
Remittance	207,505,794	95.8	218,292,203	95.6	-10,786,409	-4.9
Total	216,518,957	100.0	228,386,290	100.0	-11,867,333	-5.2

4. Wealth management and insurance agency business

Unit: Thousand NT$

Business Item	2019	2018	Increased (decreased) amount	Growth rate (%)
	Amount	Amount		
Non-discretionary Money Trust Investing on Securities	115,763,416	104,625,009	11,138,407	10.6
Insurance agency business	35,711,101	44,457,627	-8,746,526	-19.7

5. Trust business

Unit: Thousand NT$

Business Item	December 31, 2019	December 31, 2018	Increased (decreased) amount	Growth rate (%)
Non-discretionary Money Trust Investing on Foreign Securities	75,488,022	67,746,769	7,741,253	11.4%
Non-discretionary Money Trust Investing on Domestic Securities	141,751,535	141,277,553	473,982	0.3%
Other Trust Assets	134,868,144	125,684,507	9,183,637	7.3%
Total Trust Assets	352,107,701	334,708,829	17,398,872	5.2%
Custody Business	1,057,040,082	861,307,168	195,732,914	22.7%

Note: Trust assets do not include Taiwan Depository Receipt (TDR).

6. Amount of electronic financial transactions

Unit: Thousand NT$

Business Item	2019	2018	Increased (decreased) amount	Growth rate (%)
Corporate online banking	5,492,460,000	5,065,251,000	427,209,000	+8.4
Individual online banking	215,676,000	236,412,000	-20,736,000	-8.7
Mobile banking	213,018,000	138,498,000	74,520,000	53.8

7. Investment business

(1) The volume of domestic bill trading and commercial paper underwrting

Unit: Thousand NT$

Business Item	2019	2018	Increased (decreased) amount	Growth rate (%)
Outright purchase/sale of bills (OB/OS)	668,925,622	364,449,804	304,475,818	83.5
Repurchase agreement and reverse repurchase agreement (RP/RS)	0	0	0	-
Bills underwriting	3,280,000	8,014,000	-4,734,000	-59.1

(2) Balance of investments in bonds and stocks

Unit: Thousand NT$

Business Item	Investment cost as of December 31, 2019	Investment cost as of December 31, 2018	Increased (decreased) amount	Growth rate (%)
	Balance	Balance		
Bond	330,356,547	271,379,729	58,976,818	21.7
Stocks (short-term investment)	2,529,148	2,673,323	-144,175	-5.4

8. Credit card business

Unit: Number of card / Thousand NT$

Business Item	2019	2018	Increased (decreased) amount	Growth rate (%)
Number of valid cards	748,749	715,657	33,092	4.6
Amount of credit card payments	56,514,101	52,336,605	4,177,496	8.0
Revolving credit balance	1,529,811	1,490,395	39,416	2.6

Note: The number of valid cards and revolving credit balance are based on the data on the last date of the year.

9. Total revenue

Unit: Thousand NT$

Year / Item	2019		2018		Increased (decreased) amount	Growth rate (%)
	Amount	%	Amount	%		
Interest income	51,341,760	52.4	47,251,910	51.2	4,089,850	8.7
Fee income	9,673,479	9.9	9,213,418	10.0	460,061	5.0
Net profit of financial products	9,495,303	9.7	6,683,377	7.2	2,811,926	42.1
Investment income recognized by equity method	352,311	0.4	417,443	0.5	-65,132	-15.6
Foreign exchange gains	1,518,611	1.5	2,257,828	2.4	-739,217	-32.7
Other non-interest income	25,578,720	26.1	26,546,941	28.7	-968,221	-3.6
Total	97,960,184	100.0	92,370,917	100.0	5,589,267	6.1

10. Total expenditure

Unit: Thousand NT$

Item \ Year	2019		2018		Increased (decreased) amount	Growth rate (%)
	Amount	%	Amount	%		
Interest expense	23,509,806	31.2	18,582,602	25.9	4,927,204	26.5
Fee expense	1,815,012	2.4	1,650,101	2.3	164,911	10.0
Bad debt expense	3,757,486	5.0	5,462,966	7.6	-1,705,480	-31.2
Service and management cost	20,833,636	27.7	19,862,766	27.7	970,870	4.9
Other non-interest expense and loss	25,321,934	33.7	26,116,257	36.5	-794,323	-3.0
Total	75,237,874	100.0	71,674,692	100.0	3,563,182	5.0

Business Plan of the Year (listed according to major financial business categories)

1. Corporate banking and deposits & remittances
   (1) Focus on increasing loans to small and medium enterprises and micro enterprises. Continue to enhance system functions for "e-micro loan" to enrich user experience and attract micro enterprises to apply for loans on-line
   (2) Continue to track the investment activities of Taiwanese businesses. Under the government's plan to boost "Three Projects Investing in Taiwan", actively pursue opportunities to finance businesses (including SME) returning to Taiwan.
   (3) Maintain relationship between the Group's large enterprises and take hold of investment opportunities. Expand participation in medium or long-term syndicated lending cases as the lead
   (4) Provide financing in support of the government's policies, including strengthening social housing, building up long-term care agencies, temporary factory registration and diesel vehicle replacement, and actively expand financing for reconstruction of aged and damaged buildings
   (5) Increase the volume of loans granted with the credit guarantee facility in order to gain maximum advantage from capital mitigation and increase the return on assets.
   (6) Attract TWD deposits and expand the bank's market share
   (7) Integrate the resources of different businesses to meet the needs of payroll account customers and increase product penetration in this segment
   (8) Deploy financial technologies to optimize customer experience and lower operational risks
   (9) Ensure legal compliance of all branches and rigorously implement AML financing procedures
   (10) Create a friendly environment offering bilingual services and improved digital financial experiences

2. Foreign exchange and international business

(1) Expand foreign exchange businesses with the support from head office. Attract small and medium enterprises and deepen relationship with existing institutional customers

(2) Gain full knowledge of the Offshore Fund Repatriation Act. Assist branches in attracting businesses abroad while providing professional advisory services

(3) Strengthen relationships with correspondent banks and work with other banks to seek collaboration and receive the latest news on financial developments

(4) Launch marketing campaigns for foreign-currency deposits from time to time. Optimize digital functions for foreign currency transactions to enhance user experience

(5) Launch marketing campaigns through social media and digital channels to market precisely to target customers

(6) Continue expansion in Southeast Asia and South Asia in support of the "New Southbound Policy" and assess the possibility of adding new locations based on the pace of economic growth in the United States and advanced economies

(7) Seek opportunities arising from the shift in global industrial chains. Cultivate overseas customers while deepening relationship with existing ones

(8) Utilize strength as a financial center to lead syndicated lending cases. Guide others to participate in the capital market while developing local featured businesses

(9) Lead overseas branches to optimize capital mitigation tools, such as securing fund guarantees or seek qualified credit guarantees

(10) Refine overseas business development management mechanism and thoroughly implement AML/CFT financing procedures

3. Treasury and financial market

(1) Make use of branch channels to deepen derivative product penetration and increase customer adhesion

(2) Expand the range and issuance frequency of publicly offered structured products; provide incentives to boost overall sales momentum

(3) Visit clients with branch units, organize seminars for clients, and deploy staff to branches to expand client base and deepen relationships with clients

(4) Maximize opportunities to serve institutional investors and seek to underwrite international bonds in order to raise profitability

(5) Continue internal derivatives training to enable branch staff to enhance their expertise and take advantage of sales opportunities

(6) Keep abreast of price and interest rate movements and increase investment positions in fixed income and corporate bonds with positive performances in order to raise overall profit and diversify risk

(7) Expand onshore and offshore RMB spread transactions and increase carry trade transactions in FXSWAP and money markets in order to increase capital efficiency

(8) Following the head office's loan policies and the need for business development, issue NTD denominated senior green bonds while interest rates are at lower levels. Acquire long-term stable funding to support green financing and build up our brand as a green enterprise.

(9) Adjust the optimal timing for deploying capital according to capital planning in order to enhance return on capital

4. Personal banking

(1) Focus on customer needs. Introduce strategic products to deepen product penetration and expand trust assets under management

(2) Expand our trust businesses by offering family trusts, elderly care trusts, employee benefit trusts, and escrow trusts, and designing exclusive trust products

(3) Introduce suitable products in response to an aging population and low-birth rates. Meet the customer's need to manage their personal risks

(4) Facilitate and increase sales efficiency through data selection and simplifying the underwriting procedure.

(5) Use big data analysis and product preference models to expand the dollar-cost or value averaging fund business. Encourage customers to make long-term investments and increase assets under management

(6) Utilize the Family Tree Scheme to provide diverse wealth management products

(7) Optimize digital channels and establish the smart financial management system to provide personalized portfolios

(8) Deepen relationships with corporate salary account holders and through home loan or batch mortgage channels. Develop open banking to expand customer base

(9) Set up the online loan platform "iLEO", expand the online marketing team and utilize big data to market to different segments

(10) Expand issuance of co-branded/affiliated credit cards and form strategic alliances under the acquiring business to provide diverse payment services. In addition, enable new mobile payment experiences for customers while reaching new customers through online and offline marketing

(11) Discover potential financial service needs through the analysis of consumer behavior data from credit card transactions. Combine cross-selling of wealth management, insurance, and consumer lending products to create satisfying financial service experiences for customers.

5. Risk management
   (1) Adjust credit-related regulations in accordance with laws and regulations and strengthened internal controls
   (2) Implement industrial risk management in response to changes in industrial risks
   (3) Reduce operational risks by advancing information system functions
   (4) Integrate internal and external resources and strengthen credit risk assessment and improve credit checking efficiency
   (5) Adopt strategies adapted to local conditions to grasp information on industrial changes in various regions of the country. Strengthen the ability to collect global economic and industrial information in a timely manner, and expand the breadth of cross-border business
   (6) Conduct risk and business development strategy planning to enhance capital allocation and returns
   (7) In response to the digital trend, improve the ability of risk management personnel to analyze data, develop application tools and verify models
   (8) Adjust risk control mechanisms in a timely manner in response to development strategies of business units and to ensure stable operations
   (9) Continue to strengthen the bank's awareness of credit risk. Implement an account alert system, develop action plans and follow up regularly
   (10) Strengthen management of debt collection and take a proactive approach to handling long-standing NPLs in order to expedite collection and prevent bad debt
6. Digital banking and information technology
   (1) Strengthen the iLEO sub-brand user experience and plan exclusive financial services for young customers
   (2) Enhance global financial services and continue to expand overseas online banking and mobile banking
   (3) Assess possible partnerships for opening banking, and integrate across industries to enhance synergy in smart finance
   (4) Strengthen social media management and highlight the Bank's digital and youthful brand image
   (5) Continue to reinforce the use of marketing technology
   (6) Continue to plan the transmission of core systems
   (7) Expand the scope of design thinking and agile development to optimize customer experience
   (8) Strengthen the network's ability to detect threats and to clear threats for mail files. Improve the quality of the data security monitoring service
   (9) Replace the firewall of overseas branches, and set up centralized overseas branch firewall management equipment. Strengthen network segment controls and the real-time distribution of rules

7. General administration
   (1) Expand recruitment of professionals from diverse backgrounds and improve recruitment channels and procedures to optimize talent pool
   (2) Assist the bank's overseas expansion and enhance overseas HR system
   (3) Strengthen occupational safety management and push for health promotion to create a culture of wellbeing
   (4) Optimize asset allocation and management to enhance the group's resource efficiency
   (5) Contribute to environmental protection and focus on green finance to fulfill corporate social responsibility
   (6) Improve staff's legal knowledge and raise awareness of legal issues in various day-to-day operations
   (7) Assist in the planning and development of new products and businesses as well as in the application and management of patents
   (8) Address local issues and use digital media to increase impact so as to bolster the bank's image
8. Compliance affairs
   (1) Conduct comprehensive compliance risk assessment and regularly monitor compliance risk warning indicators and assess their suitability
   (2) Strengthen AML/CFT control measures and carry out comprehensive AML/CFT assessments
   (3) Conduct evaluation according to the financial service industry fair dealing principle and promote changes in relevant regulations
   (4) Announce important laws and regulations, penalty cases and related deficiencies in a timely manner to raise awareness of legal compliance risks across the bank.

Market Analysis

1. Geographic scope of operations

   As of the end of 2019, there were a total of 188 domestic business units and 29 foreign branches, three offices, and one subsidiary bank (including its six branches) abroad. To meet customers' needs and provide full range of services to Taiwanese companies, the Bank has entered international metropolises and financial centers, with operations across Asia, the Americas, Europe, and Oceania, the four major continents. In the future, the Bank will continue to expand its overseas business with diversified operational models and focus on Southern Asia countries, and Europe and the US to build a intense global financial service network.
2. Future supply and demand of the market and its growth
   (1) Supply side

   With numerous domestic banks, the market has been relatively saturated; the overall financial environment is still highly competitive. In recent years, the domestic market is in the low interest rate environment. With the challenges from non-bank competitors and internet banking where e-commerce is combined with online payment, it is not easy for the Bank to grow business and increase profits.

(2) Demand side

In order to grasp the opportunities from Asian economic growth, Taiwan's financial industry has actively developed its business in the Asian market with a balanced focus on business development and risk control. In addition to diversifying operational risks while seeking and grasping favorable cooperative investment opportunities, the Bank aims to develop into a regional financial institution in Asia. As the U.S.-China trade war unfolds, the global supply chain has been restructured, along with the Taiwanese government's policy of promoting investment, overseas Taiwanese businesses are attracted to repatriate their investments funds. Banks also provide financial services in accordance with the government policy. Moreover, with the rise of the digital banking, the public's demand for digital financial services has gradually increased. Taiwan's financial industry has actively promoted financial innovative services while FSC has continued to adjust regulations, strengthen consumer protection, reinforce information security, and enhance financial information capabilities, as well as expand the scope of online financial services and popularize mobile payment to create a favorable environment for digital financial development. Furthermore, in response to the advent of an aging and low-birth-rate society, banks have begun to provide the elderly care trust and commercial reverse mortgage to provide the elderly with economic security and meet their diverse needs.

3. Strength, weakness and countermeasure of future development

In recent years, the global economic and financial situation has been changing rapidly. Upholding the spirit of pursuing robust operation, innovation and changes, the Bank continues to expand domestic and overseas markets and deepen customer relationship. In addition to consolidating the existing niche, it actively cooperates with the government's the "New Southbound Policy" and "Welcoming Overseas Taiwanese Businesses to Return to Invest in Taiwan" policies, and formulate relevant plans to grasp business development opportunities according to changes in the trends in various industries.

In addition, in response to the digital finance era, besides strengthening employees' digital capabilities, the Bank will provide diversified digital devices to seize business opportunities in the e-commerce era, to actively launch cross-industry cooperation and to break through the traditional banking service model.

(1) Favorable factors

A. Century-old brand value and business philosophy of stable development

B. A close-knit network of domestic channels, in-depth local development, close relationships with clients

C. Complete layout of business spots in Europe, the U.S., and Greater China and leading role in the internationalization level in the financial industry

D. Active development of the Southeast Asian markets, linking the Asia Pacific financial services

E. Consolidation of core corporate banking business to continue profitability

F. Provision of innovative services, such as cross-border supply chain, sales chain and value chain financing, which is widely recognized by the industry

G. Acceleration of the transformation of virtual and physical channels and strengthening of development in social media

H. Integration of the resources of the Group and exertion of synergy of diversified business operations

I. Great asset quality and implementation of risk control mechanisms

J. A simple equity structure and stable management team

K. Focus on international financial professionals training to enhance the niche in international competition

(2) Unfavorable factors

A. Diminished function of financial intermediation with the rise of direct finance and the diversification of corporate financing channels

B. The number of domestic banks is numerous; low interest rate spread sustain; price-cutting competition remains

C. The financial products and business provided by domestic banks are quite similar with insufficient innovative capabilities

D. The scale of domestic banks is far smaller than that of international ones

E. International political and economic turmoil has intensified the volatility in financial markets

(3) Response measures

A. Keep abreast of the latest macro-economic and industrial trends and propose countermeasures in a timely manner

B. Strengthen business process integration and achieve robust operation through forward-looking transformation plans

C. Improve the integration of virtual and physical channels, develop diverse intelligent services, and advance data marketing

D. Make good use of capital to create value and strive to promote value-based, highlighted business activities to increase customer stickiness and build long-term relationships

E. Adhere to the concept of "diversified layout and enhanced local development," expand the overseas business layout steadily, and guide overseas branches to expand the scope of business activities

F. Assist returning overseas Taiwanese businesses to invest in Taiwan in line with the government's policies and provide diversified and high-quality financial products to meet the needs for financial service of overseas Taiwanese companies

G. Take stock of business personnel, accelerate the training of core competent succession teams, continue to promote the cultivation of international talents, and enhance the synergy of talent training

H. Implement corporate social responsibility and demonstrate the value of contribution to society by the financial service industry

Financial product research and summary of business development

4. Major financial instruments and additional business units, the scale of operation and profitability status in the past two years

   Departments set up over the last two years: In March 2018, the Legal Affairs Department was moved out of the Compliance Division and renamed the Legal Affairs Office to separate compliance from legal affairs. In addition, the Loan Syndication Department and Cross-Border Marketing Department under the Corporate Banking Business Administration Division were renamed the Loan Syndication & Project Financing Department and Conglomerate Marketing Department, respectively. The Personal Banking Development Department was set up under the Personal Banking Business Administration Division; the Personal Banking Management Department and the Product Marketing Department were renamed the Personal Banking Management Department and the Marketing Planning Department, respectively; the original Credit Approval Department under the Credit Approval Division was divided into the Credit Approval Department 1 and the Credit Approval Department 2 to be responsible for reviewing credit applications of domestic branches and overseas branches (including OBU), respectively. In August 2019, in response to business needs, the Asset Management Department under the Trust Division was abolished and the business activities under the department's responsibility were merged into the Project Business Department.

   Please refer to the relevant items in the financial performance for the business scale and profit and loss of the newly established departments and divisions.

5. R&D expenditure and achievements for the past two years

   (1) R&D expenses over the past two years

   2018: NT$10,902 thousand

   2019: NT$13,565 thousand

   (2) Important business research reports over the last two years

   In addition to the purchase of electronic databases and professional books and magazines, the research and development expenditure included holding of a number of lectures, internal training courses related to the financial industry, and business research and development report competitions, as well as issuance of "Domestic and International Economic and Financial Trends Weekly," "Global Economic Weekly," and the "Global Production and Economic Information Weekly." The contents include monographs and summaries of important economic and financial information at home and abroad. In addition, research reports on the latest trends in domestic and international industrial and economic situations are provided on a regular and irregular basis.

(3) Future research and development plans

Increase the breadth and depth of the industrial and economic analysis reports and the strength of business connections. Analyze the domestic and international financial situations and trends in-depth through studying the changes in the economic climate and the interest rate and exchange rate dynamics in major countries in the world, along with the research on real-time information about domestic and international banks' financial supervision, industry, and economy. In addition, integrate analyses of industrial trends, technology development, and industrial relations, keep abreast of the major industrial development trends in the region timely, fully disclose information, such as business opportunities and risks, and provide important information to relevant business departments in a timely manner.

Short- and long-term business development plans

1. For short-term business development plans, please refer to the business plan for the current year.
2. Long-term business development plans
   (1) Expand our international presence
   (2) Strengthen integrated marketing
   (3) Transition to digital services
   (4) Deepen customer relationships and value
   (5) Create a comprehensive cross-border operational platform
   (6) Enhance our ability to innovate business
   (7) Improve risk management, internal control, and internal audit
   (8) Optimize IT security and compliance regimes
   (9) Enhance our corporate brand value
   (10) Create culture of well-being in the company

Employees

Year		2018	2019	As of February 29, 2020
No. of employees	Clerk	7,139	7,379	7,410
	Janitor	190	185	185
	Local recruitment in overseas employment	379	423	423
	Total	7,708	7,987	8,018
Average age		42.67	42.32	42.27
Average years of service		17.57	16.98	16.78
Level of Education (%)	Ph.D.	0.05	0.07	0.07
	Master	19.95	22.94	22.91
	University/College	71.73	69.58	69.76
	Senior high school	7.52	6.73	6.58
	Below senior high school	0.75	0.69	0.68
Certifications and Licenses held by employees	Passed the Bank's internal control and internal auditing tests	5,389	5,721	5,750
	Basic Foreign Exchange Personnel	1,848	2,031	2,046
	Basic Bank Lending Personnel	2,477	2,677	2,703
	The Stock Affair Specialist	709	748	752
	The Bond Specialist	285	287	289
	FinTech Knowledge Test (former financial digital knowledge test)	1,747	2,116	2,205
	Investment Trust and Consulting Representative	1,208	1,261	1,275
	Investment Trust and Consulting Regulations	4,289	4,658	4,724
	Trust Representative	6,150	6,528	6,574
	Investment-orientated Insurance Product Representative	4,875	5,080	5,097
	Certification Test for Financial Derivatives Sales Personnel (including Structured Products Sales Personnel)	4,482	4,799	4,836
	Personal Insurance Representative	6,401	6,745	6,783
	Personal Insurance Broker	8	8	8
	Human Insurance Agent	17	18	18
	Sales of Non-investment Insurance Products in Foreign Currencies	5,097	5,291	5,299
	Property Insurance Representative	5,744	5,989	6,000
	The Securities Specialist	1,220	1,362	1,378
	The Senior Securities Specialist	1,599	1,636	1,639
	The Securities Investment Analyst	234	233	233

Year		2018	2019	As of February 29, 2020
Certifications and Licenses held by employees	Representative of Securities Firms Handling Margin Purchases and Short Sales of Securities	11	10	10
	The Futures Specialist	1,288	1,321	1,328
	The Futures Commission Merchant Specialist	0	0	0
	The Futures Trading Analyst	15	15	15
	Financial Risk Manager (FRM)	91	94	95
	AML/CFT Professional Personnel	304	1,454	1,555
	Certified Anti-Money Laundering Specialist	1,291	1,488	1,502
	Financial Planner	1,818	1,850	1,847
	Certified Financial Planner (CFP)	15	19	19
	Chartered Financial Analyst (CFA) (Level 1)	8	6	7
	Chartered Financial Analyst (CFA) (Level 2)	0	1	1
	Chartered Financial Analyst (CFA) (Level 3)	8	9	9
	Certified Internal Auditor	7	7	7
	Certified Information Systems Auditor	5	5	5
	Attorney	21	21	21
	Certified Public Accountant	17	18	20
	Life Insurance Management Institute of the Republic of China - Assessor Certification	1	3	3
	Life Insurance Management Institute of the Republic of China - Claim Adjuster Certification	1	3	3
Employee training	Internal training	28,790 persons	20,150 persons	1,232 persons
	External training	6,904 persons	7,686 persons	406 persons
	Overseas workshop	41 persons	36 persons	0

Note: 1. The personnel and ratios listed in this table do not contain any personnel dispatched by other entities on a temporary term.

2. The number of personnel requisitioned by other entities on a temporary term in the years of 2018 and 2019, and as of February 28, 2020 are 58, 63, and 64, respectively.

III.Corporate Social Responsibility and Ethical Conduct

(I) To fulfill its corporate responsibility to society, the Bank has taken the initiative to participate in charitable events and activities in 2019:

1. Participated in the "2019 Taiwan Lantern Festival" organized by the Pingtung County Government in February, which attracted nearly 10 million tourists from home and abroad and received international and domestic media coverage.
2. Participated in the "2019 Taipei Lantern Festival" organized by the Taipei City Government in February, which attracted 4 million tourists from home and abroad. Of the activities, the ten-thousand-people lighting ceremony and parade combined traditional customs, local and street cultures, and wonderful performance of theater art; the diverse activities brought people great joy during the Lunar New Year.
3. Participated in the "School Environmental Education Promotion Lecture on the Beauty of Taiwan National Parks" organized by the Taiwan Society of Indigo Dyeing in February in the hope that children would be able to contact, learn about, and in turn love nature from an early age as small ecological conservationists.
4. In March, the First Financial Group and the Ministry of Finance co-organized the "Centennial Anniversary of the Presidential Office and the 2019 Uniform Invoice Cup of Ministry of the Finance—Road Running Event" in Taipei City. To celebrate the centenary of the construction of the presidential palace, which coincided with the 120th anniversary of the establishment of the First Bank and the 10th anniversary of the road running of the uniform invoice cup of the Ministry of Finance, the road running event was launched in a grand manner on the Ketagalan Boulevard in front of the presidential palace, to support and encourage people to donate receipts for a charitable cause with practical actions. As a result, 328,888 receipts were successfully collected, of which 220,000 were donated by the employees of the Group. All the receipts were donated to five social welfare groups. More than 20,000 people were attracted to participate in the road running event on the day. It was hoped that the enthusiasm of all walks of life could be aroused through enterprises' efforts, so that the benefits of public welfare events could spread to all corners of society.
5. Made a donation to the "Financial Services Education Fund" in April to provide underprivileged and disadvantaged students with actual benefits to help them complete the education and to participate in financial education courses organized by training institutions to help them improve their family financial conditions.
6. Purchased 10,000 kg of guava through the Alian District Farmers' Association in April, considering farmers' toil, to support Taiwan's local agriculture with practical actions and shared the nutritious and delicious guava to 50 social welfare groups and food banks across the country.
7. Participated in the "Taiwanese Indigenous Children Choir Tour in the UK"

jointly organized by the Nibuen Culture and Education Association of Kaohsiung City and the Cultural Division of the Taipei Representative Office in the UK in May. The event was held in London from May 25 to May 29 to promote the cultural exchanges between Taiwan, the UK, and Japan, bringing the Taiwanese indigenous choir to the international stage through international arts and cultural exchanges.

8. Participated the "2019 Financial Services Charity Carnival" organized by the Taiwan Financial Services Roundtable (June 29 in Tainan and November 2 in Hsinchu), in which the First Bank, First Securities, and First Securities Investment Trust Co. jointly planned and set up the stalls for interaction with the public, and the public had fun playing the games again and again. It was hoped that these activities would arouse people's attention to financial knowledge and care for the disadvantaged groups in the society, and demonstrate the charitable image of the financial service industry for active participation in charity and fulfillment of corporate social responsibility.
9. Set up an environmental protection stall for the celebration activities of 120th anniversary employee sports day and charity fair in November, to disseminate environmental protection knowledge to employees and their families and to respond to the environmental protection cause with practical actions.
10. Worked with the client Chin-Wen Hsiao Dancing Troupe to stage the tour performance of "Strawberries Say No to Drugs" at four schools in Chiayi City. By incorporating art performances into education, teenagers were guided to reject drugs and strengthen their own awareness of self-protection. Financial 101 was launched to teach teenagers the correct financial and wealth management concepts, benefiting around 1,520 students.

(II) The First Education Foundation established by the Bank through donations is committed to promoting charitable as well as art and cultural events and enhancing the quality of citizens' life. Various charitable and art and cultural events were held in 2019:

1. To continue promote local arts, support local artists, and increase the popularization of the beauty of art and integrate it into life, the Bank invited famous Taiwanese artists to exhibit their works every month. There were 12 series of art exhibitions: "Diligence & Development–Deng-Yi Wu's Ink and Color Painting Exhibition" in January; "One-eared Rabbit's Quiet Proposal—Hoper Hsu's Life Art Exhibition" in February; "Flow—Tsung-Hsiung Su's Oil Painting Exhibition" in March; "Ink and Rhyme—Jui-Tsung Kuo's Art Exhibition" in April; "Misty Woods—Chien-Kun Chen's Ink Painting Exhibition" in May, "Lyric Pieces—Shian-Fa Su" in June; "Zen-style Sculpture—Kai-Chen Li's Sculpture Exhibition" in July; "Advance with Prosperity—Chiu-Ti Ko's Stainless Steel Sculpture Exhibition" in August; "Sincere Art—Hsiao-Ning Li's Watercolor Exhibition" in September; "One Mountain and One River with Thousands of Ink Spots—Hsiang-Yuan

Lin's Modern Ink Painting Exhibition" in October; " The First Bank's 120th Anniversary Joint Exhibition by Employee Clubs" in November; "Looking Back on the Past 40 Years— Hsing-Lung Li's Ceramic Arts Exhibition" in December, which had attracted roughly 12,000 visitors.

2. Held a total of 12 events of "Celebrate the Year of Pig and Give Away Spring Couplets" in January to celebrate the Year of Pig and welcome the New Year while allowing people decorate their home before the Lunar New Year; famous calligraphers were invited to nine branches across Taiwan to write spring couplets and give them away to the public, along with commemorative coins and red envelopes.
3. Launched the "Care for the Disadvantaged Children Implementation Plan" in March; adopted three primary schools and went deep into the schoolyard to improve academically low-achieving children's learning effect through remedial teaching, talent and academic support courses, and establish their correct values and good attitude for life.
4. Launched "Humanities Education Train of the First" and held five lectures under the theme of "Love and Care for Life Education Lecture—See a Different Life;" Rising Impression Star—Che-Jui Chang (visually impaired), Po-Yi Wu, head of Life, a jazz band, and his students Nuo Chen and Yi-Ting Liao, who formed a Duo of Promise (visually impaired), Life Fighter Boy with Wings — Cheng-Wei Lin (physically disabled), martial arts fighter from the Mei-Men Clan (physically and mentally disabled), Three-Finger Queen of Singer—Pei-Fu Tsai, and Wing Spreading Angel—Li-Hung Liu (physically disabled) were invited to the schools adopted on May 16, June 10, June 25, October 5, November 14, and December 19, respectively, to share how to face life in a positive way with students and let them experience the life of people with disabilities, enabling them to learn about the inconvenience encountered by people with disabilities and in turn to love and cherish themselves, so as to stimulate their empathy for others.
5. Held a series of music evenings under the theme of "Flying across 120 for You," to which the public and public welfare groups were invited. " On April 10, "Music of Spring" was held at the Taipei International Convention Center; disadvantaged residents and the elderly living alone served by he Jen Ji Hsiang Social Service Institute in Taipei City were invited to participate together. On June 28, "Music of Summer" was held at the Hui-Sun Hall at the National Chung Hsing University, the Children and Youth Residential Placement Institution under the Ministry of Health and Welfare, the Joy Nursery School, the Tsu-Hsin Children's Home, the Huei Ming Nursing Home for the Blind were invited. On September 27, the "Music of Autumn" was held at the National Kaohsiung Center for the Arts (Weiwuying). These events aimed to offer the disadvantaged groups the opportunity to enjoy a high-quality music feast, and the musical literacy of the Taiwanese people could be cultivated through the promotion of arts and cultural activities. A total of three concerts were held, and more than 8,000 people were attracted to participate in the events.

6. To encourage the disadvantaged groups and the patients to be optimistic and have a positive attitude toward life, the Bank has held a series of "Love and Care" events at the National Taiwan University Hospital every two months to provide a platform for friends with physical disabilities, in the hope of benefiting more patients, encouraging friends with physical and mental disabilities, and delivering the positive energy to patients and the public. The events were warm and touching, namely "Celebration of the Year of Golden Pig; Three Aspirational Handsome Men Performing Dance Skills" on January 28; "Gleeful and Inspiring Celebration; Angels from Kuang Jen Showing Vitality" on March 27; "Celebration of the Dragon Boat Festival by Rock Boys Group with Beautiful Voice Comforting Heart" on June 5; "Confident Dance by Wheelchair Life Fighter; Celebration of the Father's Day" on August 7; "Playing Drum to Welcome Mid-Autumn Festival; Breaking Through Adversity to Embrace Brightness" on September 11; "Christmas Music Event to Thank, Believe, and Love" on December 18. A total of 6 events were held with roughly 1,300 people participating.
7. Organized health lectures on diverse topics and invited employees and customers to join the events together, through which the knowledge on different topics, such as health and wellness, diet concepts, and stress relief, were disseminated to the public. Held thematic forums and health seminars with the Corporate Banking Business Administration Division of the First Bank in 2019 to share Taiwan's economic situation and body health knowledge. A total of five seminars on finance and health were held on May 24, May 31, June 14, July 19, and October 15, and about 963 employees and customers participated.
8. Sponsored the research fund of the Cancer Prevention and Treatment Foundation, subsidized disadvantaged patients in remote areas for medical treatment and accommodation, participation of cancer professionals in international academic exchanges, training, and relevant seminars on June 4, to enhance the professionalism of cancer-related medical professionals and promote international medical science development so as to provide better medical care for cancer patients.
9. Participated in the "Charity Concert for Love" on July 2, which was organized by the Taipei Kuanyin-Line Psychological and Social Service Association, to promote the physical and psychological health of the country and the harmony of the society.
10. Worked with the medical team of the Taipei Medical University in the Penghu area on August 3 to offer free medical services, including ophthalmology, dentistry, traditional Chinese and Western medical consultation, and physical therapy; even, ultrasound equipment, electrocardiogram equipment, bone densitometer were included. Through professional medical treatment and health education as well as home visits provided by medical personnel, local residents were helped with

practical actions. A total of 15 volunteers participated in free medical services in Penghu in 2019, benefiting about 57 people. (A total of 17 free medical service sessions in Penghu were sponsored in 2019, benefiting about 520 persons, and around NT$78,000 in medical expenses was estimated to be saved for local residents.)

Joined hands with the Mennonite Christian Hospital in Wanrung Township, Hualien County, on October 26 and December 7 to offer free medical services to provide liver disease screening and a preventive treatment tour. We have been even dedicated to the repair of housing for disadvantaged families and the elderly living alone since last year, to help local residents with practical actions. There were two free medical service sessions in Hualien with eight volunteers participating, benefiting about 78 people; about NT$11,700 in medical expenses were saved for local residents.

11. Made donations to the breakfast program implemented by the Tannan Elementary School in rural areas in Nantou, to provide breakfast of love to enhance children's nutrition and assist 80 students from economically disadvantaged families to learn in a carefree environment so as to assist these disadvantaged students in rural areas with their studies and life.
12. Sponsored training funds for Wen-Tzu Tien and Meng-Chun Shih, members on the archery team at the Taoyuan Municipal Yung-Feng High School, allowing the disadvantaged children to concentrate on the field of archery without further worries, so that they could stride toward becoming the stars of tomorrow and win glory for the country.
13. Donated 0.1% of the First Bank's Glory Card cashback for 2018 to support the education, school lunch, and remedial classes for disadvantaged students in rural areas and help 162 economically disadvantaged students or students whose family suffered from unforeseen incidents to allow them to go to school without interruption through the platform of the "School Education Savings Account" of the Ministry of Education; a total of NT$806,662 was donated.

(III) The Bank has established a volunteer service team since 2011; in the six major service areas, namely North 1, North 2, Taochumiao (Taoyuan, Hsinchu, and Miaoli), Chungchangtou (Taichung, Changhua, and Nantou), Yunchianan (Yunlin, Chiayi, and Tainan), and Kaoping (Kaohsiung and Pingtung), volunteers were sent on the ground to provide supplies to organizations for the disadvantaged and in rural areas every month, to show care to people. In addition, based on the concept of environmental sustainability and environmental friendliness, the Bank has been dedicated to the neighborhoods, famous scenic spots, and organic farming to contribute its share to the environment. Thirty-five volunteer care events were held with 813 participating volunteers from home and abroad and 6,038 beneficiaries. Forty-one volunteer green events were held with 1,666 participating volunteers and 4,165 beneficiaries. The traces of the First Bank's love were all over Taiwan and overseas with the aim of inspiring others and motivating the public to follow suit, to create a society filled with positive energy and love.

1. Care and Love
   (1) Organized volunteer activities every month to donate supplies and equipment and clean the environment in organizations for the disadvantaged, including homes for children's and the elderly; meanwhile, the elderly and the disadvantaged groups were accompanied through festive activities. A total of 20 activities were held with 517 participating volunteers and about 1,904 beneficiaries.
   (2) On May 8 and May 9, the Bank's volunteer service team headed to Vientiane, Laos; together with colleagues from the Vientiane Branch, they visited local primary schools in rural areas, including a special education school and two elementary schools, to provide the warmest and most needed assistance and to donate basic equipment, such as wardrobes, washing machines, gas stoves, lights, and living supplies, including toothpaste, toothbrush, soap, nutritious rations, and long-life milk, while promoting the basic health and hygiene concepts, such as tooth brushing and hand washing. They even thoughtfully prepared nearly 500 sets of stationery bags specially packed from Taiwan. Meanwhile, children were guided experience the fun of hand-made activities, benefiting more than 500 disadvantaged children with 33 participating volunteers.
   (3) On July 27, the volunteer service team and traditional art teachers visited the Huaguang Social Welfare Foundation—Jiezi Community Life Support Service Center, enabling the disadvantaged friends to have the opportunity to learn about arts and experience the fun of making dough figurines. A total of 27 volunteers and 31 friends from disadvantaged backgrounds participated.
   (4) On the eve of the Mid-Autumn Festival on September 5, volunteers of the First Bank visited the Nanjichang Lohas, donated supplies to the Nanjichang Food Bank, and accompany the elderly living alone and from disadvantaged backgrounds to enjoy a happy meal and gathering. Meanwhile, they purchased pesticide-free pomelo from small organic farmers to care for the local disadvantaged people through actual actions. A total of 20 volunteers participated, benefiting around 80 people.
2. Green Care
   (1) The First Loves the Earth: The First Bank's green volunteers teamed up with the disadvantaged children to learn about organic vegetables, cultivated seedlings, purchased 2,220 kilograms of organic vegetables, and taught other green volunteers how to grow organic sprouts, dye fabric organically, and make organic mosquito repellents, to put green living into practice. A total of 31 activities were completed, with 1,306 volunteers (including disadvantaged children) participating, benefiting roughly 3,918 people.

(2) Promotion of environmental education by the First Green Academy

A. In response to the Arbor Day, green volunteers held the activities of "Plant Trees to Send Love," in which about 246 seedlings were planted, to promote the concept of environmental protection through the green life education. A total of three activities of this kind were completed. A total of 88 volunteers participated, benefiting about 182 people.

B. Two camps on green finance experience were organized at the Wanhua Branch on July 12, in which three highlight activities were held, namely "Green Organic DIY," "Environmental Education," and "Financial 101," to help develop the concept of wealth management and saving through fun and educational games and interactions, while guiding children to guard the environment from an early age. In order to care for local disadvantaged children, in addition to grade 3-6 students, children from the Erh-Chung Elementary School in New Taipei City were invited to have fun together. A total of 12 volunteers and 54 children participated.

(3) The Living Green and Light Program:

In order to promote the "Green Light Classroom" program, the Bank assisted five social welfare organizations, including Chensenmei Sanatorium, Chensenmei Social Welfare Foundation, Home of Hope, Sofa Garden under Faith, Hope, and Love Development Center, and Dann Center for Individuals with Development Disabilities, in replacing traditional old lights with energy-saving LED lights, effectively reducing monthly electricity cost in addition to improving lighting. Colleagues at the Chung-Li Branch and at the Dongshi Branch participated in the unveiling ceremony and volunteer activities on November 16 and December 7, respectively, at which they engaged in the environmental bag silk screen printing activity to experience the handmade fun together with the mentally challenged elderly and make a bag exclusive to themselves; thus, participants were left with an artistic and eco-friendly commemorative gift. A total of 56 volunteers participated, benefiting a total of 65 people.

(4) "Coastal Beach Guardian": In response to the Earth Day and the International Coastal Cleanup Day, five beach cleanup sessions under the theme of "Love the Beautiful Ocean" were held at the Waimushan Beach in Keelung, the Daan Beach in Taichung, Zhenhai Park in Donggang, the Jiabao Beach in Linkou, and the north coast of Zhuwei Fishing Harbor (in conjunction with the Hsinchu Forest Disctrict Office) in Luzhu District, Taoyuan City, in 2019. A total of 6,521 kilograms of fishery waste, general waste, and driftwood were picked up; it was estimated that the waste disposal cost would be reduced by around NT$30,000, to protect the beautiful ocean, safeguard the environment, and love the earth with practical actions. A total of 216 volunteers participated.

(4) To fulfill the corporate social responsibility and the responsibility for employee's

healthcare, the Bank's on-site physicians was particularly entrusted to organize on-site health services and health seminars every month.

(5) In order to prevent employees from violating the ethical standards and tarnishing the image of the Bank, the Bank not only strengthened the assessment of employee character review but also established an abnormal sign report and counseling and tracking management mechanism to implement employee care management and understand their work, physical and psychological, as well as financial conditions. Employee behavior was regulated strictly; should any violation of ethics arise, it would be handled in accordance with regulations.

(6) The Bank was committed to environmental protection and abode by environmental laws and regulations. In addition to offering environmental education classes for new staff and general affairs staff, the Bank provided online environmental education classes for all staff to actively promote environmental sustainability concepts and regulations.

IV. Number of non-supervisory employees working full time, average and median salary of non-supervisory employees working full time, and the difference compared with the previous year

Unit: Number of People/Thousand NT$

Item	2018	2019	Growth Rate (%)
Number of non-supervisory employees working full time(Person)	6,616	6,882	4.02
Average salary of non-supervisory employees working full time	1,294	1,297	0.23
Median salary of non-supervisory employees working full time	1,194	1,181	-1.08

V. Information Equipment

Deployment and maintenance of hardware and software for information systems

In response to the trend of technological development, the Bank actively introduced the "server virtualization" framework with cloud computing technology and integrated the distributed server framework; various business systems, online banking, automated service system, and management information system were established on the Bank's shared server platform; in addition to saving the hardware equipment, personnel management, and electricity costs effectively, the Bank paid attention to new technology trends and monitored and maintained software and hardware of information equipment centrally to ensure normal operations of the systems.

Future development or procurement plan for hardware and software of information systems

In line with the development of the business strategy of the whole Bank, the Bank will develop new systems and improve existing systems to strengthen customer service and provide operational management information. The information development strategies planned for 2020 are: (1) optimizing customers' and employees' experience; (2) building a new digital center; (3) reshaping the digital core of the Bank; (4) improving information infrastructure; (5) assisting business system development. All important projects were planned in detail and executed accordingly.

Emergency backup and security protection measures

1. The Bank has established a remote backup center at one place in Taichung and adopted a real-time backup model, that is all information at the major center was transmitted to the backup center via an exclusive optical fiber cable in real-time and the data at the backup center were updated accordingly. When a disaster occurred, the Internet system would be switched, and the system at the backup center would be active and provide services.
2. The Bank adopted central control management of personal computers to control the use and security of the Bank's personal computers.
3. The Bank obtained ISO 27001 and ISO 20000 certification at the same time in the field of information governance as the first bank in Taiwan that has obtained both ISO 27001 and ISO 20000 certification, and the Bank continued to pass the renewal review to maintain the validity of the certification.
4. The Bank has established various safety protection measures and information security monitoring systems to comprehensively protect the security of the host system, the internet, and electronic transaction systems, such as online banking.

VI. Labor-management relations

Employee benefit measures

1. The Bank has established the Employee Welfare Committee, which is composed of 15 members in accordance with the Donation Charter and Organization Regulations of the Employee Welfare Committee. The main sources of the welfare fund were 0.15% of the Bank's operating revenue and 0.5% of the employee's salaries every month. This welfare fund enabled all employees to share benefits in a fair and universal manner, and how it was used is as follows:
   (1) Each unit would hold its own cultural and recreational activities in each quarter, and the Employee Welfare Committee would subsidize the activities.
   (2) Organized employee birthday celebration events.
   (3) Accepted applications for educational scholarships for employees' children.
   (4) Gifts to retired employees.
   (5) Set up a medical room to provide employees with health counseling services.
   (6) Handled interest-free loans for hospitalization for employees' families, interest-free loans for funeral expenses for employees' families, and death benefits for employees.
   (7) Offered subsidies according to each sport and recreational activity organized by the Banks' Sports and Recreation Association.
   (8) A restaurant, a laundry, a hairdressing room, and a supply unit have been established that provided general daily necessities to enable employees to enjoy cheap services.
2. Marriage subsidy and childbirth allowance.
3. Provided labor insurance and National Health Insurance in accordance with regulations.

4. Employees' on-the-job training.
5. Employee health checkup (once every two years).
6. Holiday travel subsidies.
7. Catastrophic illness and disaster care.
8. Employee savings and employee shareholding trusts.

Retirement policy and implementation status

The Bank's employees retired in accordance with the relevant provisions of the Labor Standards Act and the Labor Pension Act.

Protection measures for employees' rights and interests

1. Health checkups
   (1) The Bank provided regular health checkups that were superior to the laws. High-level supervisors could have two days of official leaves a year for health checkup in the hospital. Deputy supervisors and below who were dispatched overseas could have one day of official leave a year for health checkup in the local hospital or hospital in Taiwan; the health checkup fee was also subsidized within the budget. As for the remaining employees, a cooperating hospital team would be arranged every two years to conduct health checkup at each unit and would inform employees with abnormal signs for re-examination in the hospital. Meanwhile, employees' families could sign up for the health checkup at a preferential group price, to achieve the purpose of preventive health care, early detection, and early treatment. In addition, employees who worked night shifts and catering personnel were provided with health checkup once a year.
   (2) To actively fulfill its corporate social responsibility, the Bank implemented measures for employee care and continued to provide bank-wide employees with the "low-radiation-dose lung CT scan," so as to help them detect lung cancer early and treat it promptly.
2. Employee health care
   (1) Set up a section dedicated to health on the internal website and also recruited nurses. As for employees' serious diseases and top 10 abnormal items in health checkup, health care information and health counseling services were provided, as well as health seminars and health promotion activities were held from time to time, and a professional medical room was set up, equipped with the sphygmomanometer, blood glucose meter, and body fat meter as a site for emergency medical care and resting for employees. In addition, when the Board of (Managing) Directors met, there were nursing staff providing blood pressure measuring services on a regular basis to remind the management of paying attention to health.
   (2) Entrusted the Bank's on-site physicians to provide on-site health services every Monday or Wednesday; professional medical consultations were provided during business hours to understand employees' health and check if there were any signs. Telephone calls would be made to employees at high risk of cardiovascular diseases, and improvement measures would be carried out, including follow-up and health guidance.

(3) To reduce employees' and customers' personal risks, Automated External Defibrillators (AEDs) were set up at the headquarters building and business units; 30 AEDs have been set up as of the end of 2019.

(4) Continued to implement the "Abnormal Workload-Induced Disease Prevention Program" to screen the employees who met the conditions of "working in shifts, working night shifts, and working long time" each month, assess their risk levels, and entrust the Bank's on-site physicians to provide health guidance to the employees at high risk.

(5) Continued to implement the "Ergonomics Hazard Prevention Program;" through the "Employees' Perceived Musculoskeletal Symptoms Questionnaire," the employees with suspected hazards were identified, and a tracking list was established for the aforementioned employees. The Bank's on-site physicians were entrusted to call them to understand the cause of the symptoms and offer appropriate suggestions for improvement on the phone; then, a follow-up would be conducted on the improving situation every four months to stay updated with the effectiveness of the improvement.

(6) Developed the awareness-raising materials for the "Prevention Program for Illegal Violence, Aggression and Bullying at Work," which were placed on the Bank's internal website for the occupational health and safety supervisor at each unit to include in the "Occupational Safety and Health On-the-job Training" classes.

(7) Continued to implement the "Maternal Health Protection Program" to provide physical and psychological care to female employees during pregnancy or within one year after childbirth. Both the employees and their relevant supervisors were asked to fill out the "Employee Health Risk During Pregnancy Assessment Form" or "Employee Health Risk After Childbirth Assessment Form," to conduct risk assessment, hazard control, risk communication, and work adjustment regarding their jobs, so as to achieve the purpose of maintaining maternal health. Then, the Bank's on-site physicians and nursing staff would continue to provide health guidance and implement health protection measures while reminding the employees of what to pay attention to during pregnancy and after childbirth and informing them about relevant maternity subsidies and allowances.

(8) To maintain employees' health, the Bank invited personnel from the Zhongzheng District Health Center and Datong District Health Center of the Department of Health of the Taipei City Government to the headquarters building and Information Building to provide free influenza vaccination service.

(9) In order to take care of the physical and psychological health of the employees of the Bank and establish a sound and healthy work environment, so that employees could work with a healthy body and mind, the Bank has commissioned the Teacher Chang Foundation to provide its employees with psychological counseling services.

3. Care for serious illness

Established a care mechanism for serious illness; in addition to granting consolation payments to employees suffering from serious illness, the Bank has set up the "Warm Family Union" and donated books to continue to provide care to them and encourage them to support each other and share their medical experience. Full-time registered professional nurses would make phone calls to check upon them from time to time.

4. Promotion of work-family balance

To help employees achieve a balance between work and family, the Bank provided support to its employees and their families, the breastfeeding rooms set up at the headquarters building were awarded the Excellence Breastfeeding Room Certification of the Department of Health of the Taipei City Government in 2017. Furthermore, additional breastfeeding rooms were set up at the Zhongshan Building and the Bade Building for the Credit Card Division as well as the Information Building for employees to use, and were awarded the Excellence Breastfeeding Room Certification of the Department of Health of the Taipei City Government in 2018.

Implementation status of protection measures for employee work environment and personal safety

1. Implementation of occupational safety- and health-related business and education and training

To maintain employees' safety and health, the Bank implemented occupational safety and health management work and established the "Occupational Safety and Health Management Program" to specify the implementation methods of various management measures. Moreover, the "Safety and Health Work Rules" formulated were submitted to the competent authority for approval; all employees shall comply with the rules and maintain workplace safety. In addition, in accordance with the "Occupational Safety and Health Education and Training Rules", safety and health education and training were provided to new and in-service employees to raise their awareness of occupational safety and health, so as to create a zero-hazard workplace.

2. Regular implementation of safety maintenance and disaster prevention exercises

(1) In accordance with the regulations of the competent authority and self-developed "Guidelines on Safety Maintenance" and "Enforcement Rules of Employee Self-Defense Training," each business unit of the Bank shall hold employee self-defense training once every six months, which is divided into two parts: demonstration exercises and self-exercises. The demonstration exercises are carried out by 22 business units in their area. The demonstration exercises are observed and evaluated by representatives from each unit in a given area. The self-exercises shall be conducted within one month after the observation of the demonstration exercises on a date selected by each unit or in the month specified in the annual plan. After the end of the year, the top six units in the evaluation will be rewarded.

(2) The headquarters building of the First Financial Holding has set up a

security corp and the standard operating procedures for emergency response. The head of the security corp was served by the Executive Vice President; deputy heads were served by the supervisors from the Human Resource Division and the General Affairs Division, along with an executive secretary and an officer. Under the corp, the control center was established and divided into the firefight team, engineering team, prevention team, supply team, and rescue team. As such, in the case of any incident, necessary contingency measures could be taken to ensure the safety of the employees and security of the property of the headquarters building of the First Financial Holding. In 2019, two fire lectures and exercises and one session of security corp annual training were held.

3. Promotion of friendly workplace

(1) Healthy workplace accredited—Badges of Accredited Healthy Workplace for Health Activation and for Health Promotion

The Bank was committed to promoting tobacco hazard prevention and control and health promotion in the workplace and actively implemented the occupational smoke-free and health promotion measures to establish a good healthy work environment. The Zhongshan Building and the Bade Building for the Credit Card Division as well as the Information Building were awarded the Badge of Accredited Healthy Workplace for Health Activation in 2018; the five branches, namely Xi-Men Branch, Chung-Hsiao-Road Branch, Nan-Men Branch, Wan-Hua Branch, and Shuang-Yuan Branch, also obtained the Badge of Accredited Healthy Workplace for Health Activation (January 1, 2020-December 31, 2022); also, the headquarters building was awarded the extended Badge of Accredited Healthy Workplace for Health Promotion in 2018 (January 1, 2019-December 31, 2021).

(2) AED certification

In order to better protect the life and safety of employees and customers in the Bank's business premises, the Bank has assisted units with AEDs set up in applying for AED certification since 2019. Currently, the three units, namely the Zhongshan Building and the Bade Building for the Credit Card Division, the Wan-Hua Branch, and Wu-Ku Branch have obtained the certification.

Agreements between labor and management

To demonstrate the belief of mutual trust and co-prosperity between labor and management, the Bank has completed signing the collective agreement with the union on November 11, 2019 for the third time, to provide conditions superior to what was specified in the labor laws, including pregnancy leave, breastfeeding right, and child care.

The loss arising from labor-management disputes in the most recent fiscal year up to the date of publication of the Annual Report	None.
Important Contracts	None.
Types of Asset Securitization Products and Relevant Information Approved after Application in the Most Current Year, in Accordance with the Financial Asset Securitization Act or the Clauses of the Real Estate Securitization Act	None.

Corporate Governance

Item	Yes/ No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
A. Ownership Structure and Shareholders' Equity			
1. Does the bank develop and implement internal operating procedure to handle shareholder's suggestions, doubts, disputes and lawsuits? 2. Is the bank the major shareholder of controlling stake in the bank? 3. Has the bank developed risk assessment and firewalls established against the operations with the affiliates?	No. Yes. Yes.	1. The Bank's sole shareholder is First Financial Holding Co.; no shareholder's suggestions, doubts, disputes and lawsuits. 2. The Bank is owned by a single shareholder, the structure is quite simple. 3. The subject matters are governed by the "Rule for Personnel, Information and Business Exchanges between First Commercial Bank and its Investee Companies." and "Rules for Long Term Equity Investment of First Commercial Bank and Subsidiary Management"	no deficiency no deficiency no deficiency
B. Organization and Responsibilities of the Board of Directors			
1. Apart from establishing remuneration committee and audit committee according to law, has the bank voluntarily established other committees with similar function? 2. Does the bank evaluate the independence of the CPAs periodically?	Yes. Yes.	1. The Bank's sole shareholder is First Financial Holding Co., which has set up "Ethical Management Committee", "Remuneration Committee" and "Audit Committee". Under the supervision of the board, the Bank has set up "Risk Management Committee", "Business Decisions Committee", "Asset & Liability Management Committee", "Personnel Evaluation Committee" and "Fair Treatment to Clients Facilitating Committee". 2. When the Bank employs CPAs to audit financial condition and tax filing each year, it will seek independent statement from the auditor and submits the commissioning of the auditor to the Board of Directors for approval.	no deficiency no deficiency
C. Has the bank designated an appropriate number of qualified corporate governance personnel and a corporate governance officer to be responsible for matters related to corporate governance (including but not limited to providing directors and supervisors with the necessary information for the execution of business, assisting directors and supervisors with compliance, handling matters related to the board of directors meeting and the shareholders' meeting in accordance with the laws, and keeping minutes of the board of directors meeting and the shareholders' meeting)?	Yes.	The Bank has designated an appropriate number of qualified corporate governance personnel and a corporate governance office to be responsible for matters related to corporate governance.	no deficiency

Item	Yes/ No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
D. Does the bank establish communications with Interested Parties (including but not limited to shareholders, employees, customers and suppliers), and set up an Interested Parties area on its external website to properly respond CSR issues which Interested Parties are concerned with?	Yes.	1. To provide open communication with interested parties, the website of the Bank's parent company, First Financial Holding Co., has set up grievance hotlines and email addresses for employees, investors, clients of the parent company and other subsidiaries under "Stakeholder Communication" sector, and opinion questionnaire for clients, employees, investors, nonprofit organizations, communities, media, financial counterparts, government departments, suppliers, research institutes under "CSR-CSR Report" sector. 2. According to "Spokesperson System & Procedure Management Method of First Commercial Bank", the Bank has established a spokesperson system, customer feedback hotline and email, and set up a customer service board, VoIP phone and text customer service on its external website along with its branch networks, providing for open communication with the interested parties. The Bank has also established "The Consumer Protection Principles and Implementation Guidelines for First Commercial Bank", "Financial Consumer Protection Policy and Operational Rules for First Commercial Bank" and "Principles for First Commercial Bank to Treat Clients Fairly" to protect the interests of customers. 3. The Bank's internal website contains a discussion forum and bank-wide videoconferences are held regularly, providing for open communication with employees, along with the sexual harassment grievance system. 4. According to article 32 of "Labor Inspection Act", the Bank has issued "Labor Grievance Statement", which declared the agencies, persons, scope, format and the procedure of handling labor grievance. Once the Bank violates "Labor Standards Act", "Labor Insurance Act", "Labor Inspection Act" and "Employee Service Act", employees may raise a grievance to supervisors of any branch networks and administrative departments of the Bank, labor competent authorities under county or municipal government and labor inspection authorities according to legal procedure and format.	no deficiency no deficiency no deficiency no deficiency

Item	Yes/ No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
E. Disclosure of Information			
1. Does the bank set up a website to disclose financial information and corporate governance? 2. Does the bank use other methods? 3. Does the bank publicly announce and declare the annual financial report within the time limit in accordance with the relevant provisions of the Banking Act of the Republic of China and the Securities and Exchange Act at the end of the fiscal year, and publicly announce and declare the financial reports for the first, second, and third quarters and the monthly operating situation in advance of the prescribed time limit?	Yes. Yes. Yes.	1. Annual Report, major financial statements and corporate governance are publicized on the Bank's website. 2. The Bank has set up an English website, where Annual Report and monthly financial information, etc. are available. A spokesperson system has also been established; Ms. Su-Hwei Tsai, EVP is appointed spokesperson. 3. The Bank publicly announces and declares the following in accordance with Paragraph 1, Article 36 of the Securities and Exchange Act and Jin-Guan-Yin-Fa Letter No. 10110002230 issued on May 18, 2012: A. The annual financial report publicly announced and declared within three months after the end of each fiscal year. B. The financial reports for the first quarter and third quarter publicly announced and declared within 45 days after the end of the first quarter and third quarter of each fiscal year, as well as the semi-annual financial report quarter publicly announced and declared within two months after the end of every six months C. The operation situation of the previous month publicly announced and declared prior to the 10th day of each month.	no deficiency no deficiency no deficiency
F. Does the bank has other information related to corporate governance(Including but not limited to employee rights, employee care, investor relations, supplier relations, rights of interested parties, director and supervisor training, risk management policies and risk measurement standards, customer policy implementation, purchase of liability insurance for directors and supervisors, donations to political parties, interested parties and public welfare organizations, etc.)?	Yes. Yes.	1. Employee welfare The Bank is committed to looking after its employees' well-being through an employee welfare program that includes career development planning, continuing education and training, open channels of communication, health check-ups and regular review of the compensation system. 2. Investor relations and stakeholders' rights Any directors having conflict of interest, legal requirements and procedures of donations and stakeholders' transactions in compliance with the "Guideline for the Board of Directors Meetings of First Commercial Bank," "Policy for Credit and Non-Credit Transactions of Stakeholders of First Commercial Bank," "Instructions for Stakeholder Credit Business Management of First Commercial Bank" and "Directions of Non-Credit Transactions of Stakeholders of First Commercial Bank."	no deficiency no deficiency

Item	Yes/ No	Operation	Deficiency with the Corporate Governance Best-Practice Principles for Banks, and the Reasons
	Yes.	3. Implementation of continuing education for directors and supervisors In addition to supporting directors' individual needs for continuing education, the Bank provides directors and supervisors with full access to information on relevant courses.	no deficiency
	Yes.	4. Implementation of risk policies and processes: The Bank has formulated a risk management policy and established a risk governance framework for identifying, assessing, monitoring and managing risks in order to create a cohesive risk management environment. The goal is to adopt a risk-centric approach to the Bank's operations to achieve business performance targets and to enhance shareholders' return. The Risk Management Committee reviews, oversees and coordinates all risk-related activities.	no deficiency
	Yes.	5. Consumer protection policy: The Bank has established "The Consumer Protection Principles and Implementation Guidelines for First Commercial Bank", "Financial Consumer Protection Policy and Operational Rules for First Commercial Bank" and "Principles for First Commercial Bank to Treat Clients Fairly" to ensure that consumer interests are protected.	no deficiency
	Yes.	6. Liability insurance for directors and supervisors: In line with First Financial Holding Company's policy, the Bank purchases directors and supervisors liability insurance to reduce or eliminate risks from damages to the Bank and its shareholders as a result of wrongful or negligent acts committed within the scope of duty by directors and supervisors.	no deficiency
G. Please explain the improvements made according to the corporate governance evaluation results issued by the Corporate Governance Center, Taiwan Stock Exchange Corporation, in the most recent year, and put forward priority improvements and measures for the items that have not yet been improved.	No.	The Bank is not a TWSE/TPEX listed company, so the corporate governance evaluation launched by the Taiwan Stock Exchange Corporation is not applicable to the Bank.	not applicable

Risk Management Overview

Risk Governance

The Bank's risk management program is established based on its risk management strategy and business operating objectives as approved by the Board of Directors, and in accordance with the "Risk Management Policies and Guiding Principles for the First Financial Holding Company and its Subsidiaries", Basel rules, and the relevant regulations of the competent authorities of Taiwan. The Policy is to be timely adjusted in response to economic change and industry cycle, and in view of the Bank's loan portfolio, asset quality and its business promotion strategy, etc. by the governed laws; and its adjustment has to be approved by the Board of Directors or reported to the top executives for approval.

Organization and Structure

The Board of Directors is the highest level of risk management oversight.

The Risk Management Committee is in charge of risk review, risk oversight, reporting and coordination of all risk related business activities.

The Top Executives oversee the implementation of the risk management program as approved by the Board of Directors.

The Risk Management Center consists of four Divisions and six Regional Centers and is responsible for the assessment and monitoring of credit risk, market risk, operational risk and integrated risk.

A centralized management framework in relation to ***operational risk*** is employed with three lines of defense, each with its defined authority and reporting threshold:

- Units bank-wide: All units should conduct regular control of business activities and carry out operational risk management within the scope of their respective duties and responsibilities.
- Risk Management Division: This Division is responsible for establishing the Bank's risk management system, planning of management tools and procedures, and implementation of exposure monitoring and reporting bank-wide.
- Auditing Division: This Division, independent of business units, is responsible for auditing and assessing whether the management framework is operating effectively.

Credit Risk

Process

- In order to comply with the new Basel Accord and establish applicable appraisal standards, various internal and external modeling techniques for the rating of credit risk are gradually developed and further introduced to the processes of credit analysis and loans review, as well as linked with warning mechanism employed for the post-credit control, so as to establish a complete credit risk management process.
- The credit limits for the conglomerate, business type, country, stocks listed on TSE or OTC as collateral and real estate loan etc. have been prescribed so as to control loans concentration risk.
- To operate effectively on the process of risk management, the Bank sets up related internal auditing and control system.

Risk Reporting and Assessment

- Risk Management Report: To avoid the excessive concentration of credit risk and monitor the changes in credit rating of the loan assets, the Bank conforms to the limits for "one person", "a related person" and "a related enterprise". In addition, the credit risk analysis reports including credit rating, asset quality, NPL ratio and credit concentration etc. are submitted to the Risk Management Committee or the Board of Directors for their reviews periodically.
- Measurement system: We developed the risk modules to evaluate the risk of borrowers on the products of corporate banking, credit loans, mortgages and credit cards, which are further put into system to perform stress test in order to quantify credit risk within the Bank's risk tolerance.

Risk Hedging

- Periodic monitoring and reporting of concentration risk by group, business type, country, stocks listed on TSE or OTC as collateral and real estate loan. According to the market conditions, the complexity of businesses and risk management strategies, we evaluate and adjust the risk limits.
- According to borrower's credit or the type of credit limit to request proper collateral or guarantee in order to lower credit risk.

The Credit Exposures after Risk Mitigation and Minimum Capital Requirements by the Standardized Approach as of December 31, 2019 (in NT$,000)

Type of risk	Credit exposures after risk mitigation	Minimum capital requirements
Sovereigns	669,844,020	289,110
Non-central government public sector entities	3,835,209	62,061
Banks (including multilateral development banks)	377,362,520	10,341,550
Corporates (including securities firms and insurance co.)	995,993,981	74,599,063
Regulatory retail portfolios	313,257,370	19,147,279
Residential property	489,192,683	20,818,924
Equity investments	11,974,610	957,969
Other assets	74,313,759	3,729,687
Total	2,935,774,152	129,945,643

Market Risk

Strategy

Under the market risk appetite approved by the Board of Directors, the Bank sets risk limits and management, scheduled reporting process, the internal auditing system, independent monitoring and management units, and high-level committee organizations.

Process

- Appropriate market risk management indexes and quotas are established and updated on a scheduled basis in response to changes and trends in the market.
- Risk management methods are established for different areas of business, and the recognition, measurement, monitoring, control, and reporting of market risk are included within the rules of operating procedure.
- Market risk management department reports the current status and results of market risk management to the Board of Directors or the top executives on a scheduled basis.

Risk Reporting and Assessment

- Assets and derivative products on or off the balance sheet are at risk of potential losses caused by unfavorable changes in market prices. The "market price" referred to encompasses interest rate, equity, foreign exchange rate, and commodity price, etc.
- The Bank makes its investment portfolios based on risk factors.
- The risk-measuring tools of VaR and Greek are employed to evaluate risk exposure.
- The market risk reports will themselves present the extent of risk exposure, and be used as references by the management executives to timely adjust the risk control policy.

Risk Hedging

The trading positions of financial products dealt with customers will be properly hedged or squared, and some will be held as risk assets within adequate risk tolerance. The hedging financial derivatives primarily encompass interest rate swaps, cross-currency swaps, interest rate swap options, and interest caps or floors, etc. The Bank has engaged in interest rate swaps to mitigate the fair value risk of fixed-rate loan assets held by overseas branches.
The methodology for calaulating capital requirements: standardized approach.

The Minimum Capital Requirements for Market Risk as of December 31, 2019

Item	Minimum capital requirements (in NT$,000)
Interest rate risk	1,810,472
Equity position risk	43,166
Foreign exchange risk	530,593
Commodities risk	0
Total	2,384,231

Operational Risk

Strategy

- A "risk appetite" instruction manual has been compiled to serve as a basis for the establishment of the Bank's risk control mechanism.
- Employees at different levels are directly charged with the management of risk within their own scope of responsibility, and are required to observe the internal control and auditing systems together with related rules.

Process

Methods of management are differentiated as risk recognition, assessment, monitoring, reporting, and countermeasures, and are exercised in line with the introduction of management tools such as Loss Data Collection (LDC), Risk and Control Self-Assessment (RCSA), Control Self-Assessment (CSA) and Key Risk Indicators (KRI).

Risk Reporting and Assessment

- Standardized operating methods are used for risk recognition and assessment so that managers would be able to observe the risk profile and constantly monitor potential risks.
- The headquarter's risk management unit discloses the status of bank-wide exposure monitoring on a regular basis, compiles bank-wide operational risk data, and reports to the top executives, the Risk Management Committee, and the Board of Directors.
- If a unit discovers a major risk exposure that threatens the Bank's financial or business situation, it must report immediately to the Auditing Division and the business management unit, and risk management unit involved must report to the chief auditor and the top executives. Should the incident induces disciplinary action by regulatory agencies, a report must also be submitted to the compliance unit.

Risk Hedging

- The primary method employed to transfer or mitigate the operational risk is insurance. To ensure the continuous implementation of those methods, RCSA and CSA are regularly conducted.
- To reduce the risk of potential losses from a stoppage of operations caused by fire, explosion, typhoon, earthquake, robbery, bank-run, labor strike, or other major incidents, the Bank has established the contingency and business non-interruption guidelines including the rules for implementation.

The methodology for calculating capital requirements: standardized approach.

The Minimum Capital Requirements for Operational Risk as of December 31, 2019

Year	Operating profit	Minimum capital requirements (in NT$,000)
2019	47,248,830	
2018	45,371,805	-
2017	42,667,023	
Total	135,287,658	6,667,473

Asset Securitization Risk

Strategy and Process

The Bank currently holds all of its securitized products as a non-originating bank, employing strategy and process the same as those for market risk management.

Risk Reporting and Assessment

- The Bank's securitization investment positions are all allocated to the banking book. Risk assessment and reporting are in accordance with the Bank's internal regulations.
- The Bank emphasizes the credit ratings and changes in market prices of the invested instruments. The results of related evaluations are reported regularly to the business management unit and top executives. Since the proportion of this investment is small, the same assessment system is employed without specific variations.

Risk Hedging

- The Bank's hedging policy for securitized products is the same as that for market risk.

The methodology for calculating capital requirements: standardized approach.

The Securitization Risk Exposures and Minimum Capital Requirements as of December 31, 2019 (in NT$,000)

Type	Purchased or Held Securitized Products Exposure	Minimum capital requirements
Banking book		
Collateralized Mortgage Obligations	2,541,596	40,666
Assets Backed Securities	600,607	24,024
Trading book	-	-
Total	3,142,203	64,690

Information on Securitized Products as of December 31, 2019 (in NT$,000)

Items	Accounting category	Original cost	Gain/ Loss of accumulated valuation	Accumulated impairment	Book value
CMO	Financial assets measured at fair value through other comprehensive income	120,909	2,460	0	123,369
	Financial assets measured at amortised cost	2,412,659	0	0	2,412,659
ABS	Financial assets designated as at fair value through profit or loss	299,900	-867	0	299,033
	Financial assets measured at fair value through other comprehensive income	299,900	1,844	-50	301,694
REITs	Financial assets measured at fair value through other comprehensive income	420,057	3,390	0	423,447

Significant Financial Information - Consolidated

Condensed balance sheets (IFRS compliant)

NT$,000	12.31.2019	(After restatement) 12.31.2018	12.31.2017	12.31.2016	12.31.2015
Cash and cash equivalents, due from the Central Bank and call loans to banks	326,296,701	269,022,739	239,344,421	271,425,310	301,787,880
Financial assets at fair value through profit or loss	156,410,445	138,999,510	100,249,302	83,253,379	87,332,352
Financial assets at fair value through other comprehensive income	278,096,776	222,182,260	-	-	-
Available-for-sale financial assets, net	-	-	149,792,285	139,290,914	88,705,301
Derivative financial assets for hedging	-	-	-	-	-
Notes and bonds issued under resell agreements	500,000	-	-	-	-
Receivables, net	59,351,274	77,352,470	63,380,967	54,763,105	67,658,175
Current tax assets	1,304,013	1,302,565	437,888	416,404	1,610,276
Assets classified as held for sale	-	-	-	-	-
Loan discounted, net	1,764,670,377	1,695,769,851	1,580,079,849	1,544,205,607	1,480,108,873
Investment in debt instruments at amortised cost	483,204,788	415,604,459	-	-	-
Held-to-maturity financial assets, net	-	-	386,605,113	344,583,594	356,817,150
Investments accounted for using equity method, net	2,453,113	2,428,038	1,829,956	1,770,970	1,748,629
Restricted assets	-	-	-	-	-
Other financial assets, net	149,465	152,384	8,115,659	7,682,304	12,871,246
Property and equipment, net	25,937,524	26,508,042	26,660,231	26,707,125	26,988,698
Right-of-use assets, net	2,845,773	-	-	-	-
Investment property, net	7,551,986	6,921,617	6,942,132	6,960,837	6,975,756
Intangible assets, net	617,101	456,668	394,255	360,736	347,268
Deferred tax assets, net	2,852,871	2,724,899	3,019,820	1,585,551	1,764,265
Others assets, net	4,719,506	2,664,587	3,063,629	2,247,288	2,364,782
Total assets	**3,116,961,713**	**2,862,090,089**	**2,569,915,507**	**2,485,253,124**	**2,437,080,651**
Deposits from the Central Bank and banks	285,023,923	240,743,329	153,890,754	126,253,621	129,174,491
Due to the Central Bank and banks	263,595	333,951	82,364	95,859	63,088
Financial liabilities at fair value through profit or loss	34,446,111	33,153,145	34,398,308	23,923,922	30,513,494
Derivative financial liabilities for hedging	-	-	-	-	-
Notes and bonds issued under repurchase agreements	17,894,625	15,840,590	11,588,250	7,532,897	2,608,441
Payables	61,585,435	85,521,342	76,374,564	66,594,839	63,328,273
Current tax liabilities	2,978,144	1,839,451	2,523,826	1,582,953	2,106,651
Liabilities related to assets classified as held for sale	-	-	-	-	-
Deposits and remittances	2,404,323,978	2,180,091,785	2,019,708,298	1,975,466,701	1,949,300,514
Financial bonds payable	27,950,000	37,150,000	29,300,000	37,300,000	37,300,000
Preferred stock liabilities	-	-	-	-	-
Other financial liabilities	43,120,508	43,581,823	32,883,096	40,304,757	22,000,339
Provisions	5,850,378	6,505,136	6,001,360	5,902,962	6,293,640
Lease liabilities	2,633,825	-	-	-	-
Deferred tax liabilities	7,011,095	6,722,425	6,356,729	5,721,707	5,720,501
Other liabilities	4,955,810	4,893,160	4,548,792	3,941,820	5,187,166
Total liabilities	**2,898,037,427**	**2,656,376,137**	**2,377,656,341**	**2,294,622,038**	**2,253,596,598**
Equity attributable to owners of parent	**218,924,286**	**205,160,003**	**192,259,166**	**190,631,086**	**183,484,053**
Common stock	89,064,000	89,064,000	89,064,000	89,064,000	86,244,000
Capital surplus	34,470,351	34,462,221	34,848,216	34,848,216	34,848,216
Retained earnings	76,733,391	69,463,070	62,587,008	60,184,504	53,778,098
Other equity interest	18,656,544	12,170,712	5,759,942	6,534,366	8,613,739
Treasury shares	-	-	-	-	-
Predecessor interests under common control	-	553,949	-	-	-
Non-controlling interests	-	-	-	-	-
Total equity	**218,924,286**	**205,713,952**	**192,259,166**	**190,631,086**	**183,484,053**
Total liabilities and equity	**3,116,961,713**	**2,862,090,089**	**2,569,915,507**	**2,485,253,124**	**2,437,080,651**

Condensed Statements of Income (IFRS compliant)

NT$,000	2019	(After restatement) 2018	2017	2016	2015
Interest income	52,462,227	48,204,120	43,355,647	41,088,913	42,021,429
Interest expenses	(23,771,254)	(18,714,564)	(13,808,263)	(12,639,626)	(13,905,978)
Net interest income	28,690,973	29,489,556	29,547,384	28,449,287	28,115,451
Net non-interest income	19,270,369	17,093,488	13,932,907	13,743,171	10,939,218
Net profit	47,961,342	46,583,044	43,480,291	42,192,458	39,054,669
Bad debts expense, commitment and guarantee liability provisions	(3,860,597)	(5,530,263)	(6,808,128)	(2,221,178)	(506,456)
Operating expenses	(21,252,568)	(20,233,051)	(18,817,603)	(19,332,057)	(19,365,772)
Income from continuing operations before income tax	22,848,177	20,819,730	17,854,560	20,639,223	19,182,441
Income tax expense	(3,813,406)	(3,257,734)	(2,712,676)	(2,940,687)	(3,082,350)
Income from continuing operations, net of tax	19,034,771	17,561,996	15,141,884	17,698,536	16,100,091
Income from discontinued operations	-	-	-	-	-
Net income	19,034,771	17,561,996	15,141,884	17,698,536	16,100,091
Other comprehensive income, net of tax	6,450,573	503,269	(1,213,804)	(2,099,071)	994,557
Total comprehensive income	25,485,344	18,065,265	13,928,080	15,599,465	17,094,648
Net income, attributable to owners of parent	19,018,140	17,530,747	15,141,884	17,698,536	16,100,091
Net income attributable to predecessor interests under common control	16,631	31,249	-	-	-
Net income, attributable to non-controlling interests	-	-	-	-	-
Comprehensive income attributable to owners of parent	25,455,609	18,043,947	13,928,080	15,599,465	17,094,648
Comprehensive income attributable to predecessor interests under common control	29,735	21,318	-	-	-
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Basic and diluted earnings per share (In New Taiwan dollars)	2.14	1.97	1.70	1.99	1.93

Financial Ratios (IFRS compliant)

(%)	2019	(After restatement) 2018	2017	2016	2015
Financial structure					
Debt ratio (total liabilities to total assets)	92.95	92.79	92.48	92.30	92.44
Property & equipment to net worth	11.85	12.89	13.87	14.01	14.71
Solvency					
Liquidity reserve ratio	37.93	32.88	30.36	27.33	27.71
Operating performance					
Loans to deposits	74.42	78.87	79.45	79.23	77.09
NPL ratio	0.24	0.32	0.38	0.20	0.19
Total assets turnover (times)	0.02	0.02	0.02	0.02	0.02
Profitability					
ROA (net income to average total assets)	0.64	0.65	0.6	0.72	0.68
ROE (net income to average shareholders' equity)	8.97	8.70	7.91	9.46	9.56
Profit margin ratio	39.69	37.7	34.82	41.95	41.22
Cash flows					
Cash flow adequacy ratio	201.36	150.76	219.22	332.59	669.76
Capital adequacy					
Capital adequacy ratio	13.28	13.81	13.67	13.51	13.94
Tier-one capital ratio	11.17	11.63	11.30	11.01	10.98

Significant Financial Information - Standalone

Condensed balance sheets (IFRS compliant)

NT$,000	**12.31.2019**	(After restatement) 12.31.2018	12.31.2017	12.31.2016	12.31.2015
Cash and cash equivalents, due from the Central Bank and call loans to banks	321,318,940	265,660,497	236,640,640	268,521,556	297,902,883
Financial assets at fair value through profit or loss	156,410,445	138,999,510	100,249,302	83,253,379	87,332,352
Financial assets at fair value through other comprehensive income	277,242,627	221,868,874	-	-	-
Available-for-sale financial assets, net	-	-	149,482,009	138,955,127	88,493,506
Derivative financial assets for hedging	-	-	-	-	-
Notes and bonds issued under resell agreements	500,000	-	-	-	-
Receivables, net	54,420,691	72,794,883	59,818,878	51,348,689	62,919,918
Current tax assets	1,303,857	1,296,515	428,701	415,046	1,610,273
Assets classified as held for sale	-	-	-	-	-
Loan discounted, net	1,750,439,419	1,681,888,050	1,567,853,879	1,531,757,945	1,468,743,031
Investment in debt instruments at amortised cost	482,997,678	415,396,816	-	-	-
Held-to-maturity financial assets, net	-	-	386,445,449	344,456,759	356,678,138
Investments accounted for using equity method, net	8,056,524	7,587,727	6,665,615	6,760,097	6,707,786
Restricted assets	-	-	-	-	-
Other financial assets, net	149,465	152,384	8,115,659	7,682,304	12,871,246
Property and equipment, net	25,772,659	26,361,611	26,531,962	26,563,033	26,836,010
Right-of-use assets, net	2,717,866	-	-	-	-
Investment property, net	7,551,986	6,921,617	6,942,132	6,960,837	6,975,756
Intangible assets, net	613,751	454,830	392,146	357,803	346,386
Deferred tax assets, net	2,653,502	2,519,986	2,846,352	1,335,428	1,479,200
Others assets, net	3,610,169	1,525,639	1,875,448	921,586	760,964
Total assets	**3,095,759,579**	**2,843,428,939**	**2,554,288,172**	**2,469,289,589**	**2,419,657,449**
Deposits from the Central Bank and banks	283,524,659	240,743,582	153,891,049	126,253,977	128,624,163
Due to the Central Bank and banks	263,595	333,951	82,364	95,859	63,088
Financial liabilities at fair value through profit or loss	34,446,111	33,153,145	34,398,308	23,923,922	30,513,494
Derivative financial liabilities for hedging	-	-	-	-	-
Notes and bonds issued under repurchase agreements	17,894,625	15,840,590	11,588,250	7,532,897	2,608,441
Payables	61,453,919	85,438,615	76,298,979	66,527,381	63,252,342
Current tax liabilities	2,967,366	1,831,126	2,529,886	1,584,746	2,091,567
Liabilities related to assets classified as held for sale	-	-	-	-	-
Deposits and remittances	2,389,450,067	2,166,264,926	2,007,810,178	1,963,243,664	1,937,614,944
Financial bonds payable	27,950,000	37,150,000	29,300,000	37,300,000	37,300,000
Preferred stock liabilities	-	-	-	-	-
Other financial liabilities	39,271,473	39,532,588	29,933,504	37,405,279	18,011,070
Provisions	5,828,640	6,498,616	5,995,387	5,897,347	6,284,623
Lease liabilities	2,506,068	-	-	-	-
Deferred tax liabilities	6,944,481	6,679,557	6,331,031	5,708,001	5,710,999
Other liabilities	4,334,289	4,248,291	3,870,070	3,185,430	4,098,665
Total liabilities	**2,876,835,293**	**2,637,714,987**	**2,362,029,006**	**2,278,658,503**	**2,236,173,396**
Equity attributable to owners of parent	**218,924,286**	**205,160,003**	**192,259,166**	**190,631,086**	**183,484,053**
Common stock	89,064,000	89,064,000	89,064,000	89,064,000	86,244,000
Capital surplus	34,470,351	34,462,221	34,848,216	34,848,216	34,848,216
Retained earnings	76,733,391	69,463,070	62,587,008	60,184,504	53,778,098
Other equity interest	18,656,544	12,170,712	5,759,942	6,534,366	8,613,739
Treasury shares	-	-	-	-	-
Predecessor interests under common control	-	553,949	-	-	-
Non-controlling interests	-	-	-	-	-
Total equity	**218,924,286**	**205,713,952**	**192,259,166**	**190,631,086**	**183,484,053**
Total liabilities and equity	**3,095,759,579**	**2,843,428,939**	**2,554,288,172**	**2,469,289,589**	**2,419,657,449**

Condensed Statements of Income (IFRS compliant)

NT$,000	2019	(After restatement) 2018	2017	2016	2015
Interest income	51,341,760	47,251,910	42,575,709	40,359,605	41,314,707
Interest expenses	(23,509,806)	(18,582,602)	(13,732,522)	(12,561,786)	(13,818,844)
Net interest income	27,831,954	28,669,308	28,843,187	27,797,819	27,495,863
Net non-interest income	19,481,478	17,352,649	14,070,826	13,739,458	11,089,682
Net profit	47,313,432	46,021,957	42,914,013	41,537,277	38,585,545
Bad debts expense, commitment and guarantee liability provisions	(3,757,486)	(5,462,966)	(6,839,495)	(2,050,028)	(472,808)
Operating expenses	(20,833,636)	(19,862,766)	(18,465,738)	(18,963,492)	(18,997,266)
Income from continuing operations before income tax	22,722,310	20,696,225	17,608,780	20,523,757	19,115,471
Income tax expense	(3,687,539)	(3,134,229)	(2,466,896)	(2,825,221)	(3,015,380)
Income from continuing operations, net of tax	19,034,771	17,561,996	15,141,884	17,698,536	16,100,091
Income from discontinued operations	-	-	-	-	-
Net income	19,034,771	17,561,996	15,141,884	17,698,536	16,100,091
Other comprehensive income, net of tax	6,450,573	503,269	(1,213,804)	(2,099,071)	994,557
Total comprehensive income	25,485,344	18,065,265	13,928,080	15,599,465	17,094,648
Net income, attributable to owners of parent	19,018,140	17,530,747	15,141,884	17,698,536	16,100,091
Net income attributable to predecessor interests under common control	16,631	31,249	-	-	-
Net income, attributable to non-controlling interests	-	-	-	-	-
Comprehensive income attributable to owners of parent	25,455,609	18,043,947	13,928,080	15,599,465	17,094,648
Comprehensive income attributable to predecessor interests under common control	29,735	21,318	-	-	-
Comprehensive income attributable to non-controlling interests	-	-	-	-	-
Basic and diluted earnings per share(In New Taiwan dollars)	2.14	1.97	1.70	1.99	1.93

Financial Ratios (IFRS compliant)

(%)	2019	(After restatement) 2018	2017	2016	2015
Financial structure					
Debt ratio (total liabilities to total assets)	92.90	92.74	92.44	92.25	92.38
Property & equipment to net worth	11.77	12.81	13.80	13.93	14.63
Solvency					
Liquidity reserve ratio	37.93	32.88	30.36	27.33	27.71
Operating performance					
Loans to deposits	74.28	78.73	79.30	79.07	76.96
NPL ratio	0.24	0.32	0.38	0.20	0.19
Total assets turnover (times)	0.02	0.02	0.02	0.02	0.02
Profitability					
ROA (net income to average total assets)	0.64	0.65	0.60	0.72	0.69
ROE (net income to average shareholders' equity)	8.97	8.70	7.91	9.46	9.56
Profit margin ratio	40.23	38.16	35.28	42.61	41.73
Cash flows					
Cash flow adequacy ratio	202.31	154.23	217.71	335.89	670.70
Capital adequacy					
Capital adequacy ratio	13.00	13.57	13.42	13.27	13.67
Tier-one capital ratio	11.11	11.58	11.25	10.95	10.93
Market share					
Assets	6.04	5.80	5.45	5.49	5.51
Net worth	5.49	5.53	5.53	5.70	5.84
Deposits	5.85	5.59	5.36	5.50	5.61
Loans	5.97	5.96	5.86	5.93	5.85

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of First Commercial Bank

Opinion

We have audited the accompanying consolidated balance sheets of First Commercial Bank, Ltd. (the “Bank”) and its subsidiaries as at December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Public Banks”, “Regulations Governing the Preparation of Financial Reports by Securities Firms”, and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audit for the year ended December 31, 2019 in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants”, Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and generally accepted auditing standards in the Republic of China (ROC GAAS); and our audit for the year ended December 31, 2018 in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants” and ROC GAAS. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Bank and its subsidiaries in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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The Bank and its subsidiaries' key audit matters for the year ended December 31, 2019 are stated as follows:

Recognition and measurement of expected credit losses on loans discounted

Description

The recognition and measurement of expected credit losses on loans discounted complies with the regulations under IFRS 9 "Financial Instruments" and relevant regulations issued by the competent authority. For the accounting policy of recognition and measurement of expected credit losses on loans discounted, please refer to Note 4(9); for critical accounting judgements, estimates, and assumption uncertainty of the recognition and measurement of expected credit losses on loans discounted, please refer to Note 5(3). For information on loans discounted allowance for doubtful debts, which amounted to $22,598,525 thousand, as at December 31, 2019, please refer to Note 6(8); for disclosures of related credit risks, please refer to Note 12(2)C(C).

As stated in Note 5(3), impairment assessment of loans discounted is based on the expected credit loss model. At each financial reporting date, financial instruments are categorised into three stages based on the degree of change in its credit risk since initial recognition. Provision for impairment loss is measured either using 12-month expected credit losses (stage 1, there has been no significant increase in credit risk since initial recognition) or lifetime expected credit losses (stage 2, there has been a significant increase in credit risk since initial recognition; or stage 3, the credit has been impaired). The measurement of expected credit losses is based on a complex model, which includes various parameters and assumptions and reflects reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. For example, the probability of default and loss given default are estimated using grouping and historical data and subsequently calibrated according to forward-looking information. Major exposure at default of on-balance sheet items is the outstanding loan balance.

The aforementioned recognition and measurement of expected credit losses on loans discounted use a complex model, which involves various assumptions, estimates, and judgements, as well as predictions and assessments of future economic conditions and credit behavior of debtors. The amounts, recognised in a manner consistent with regulations and interpretations, are directly subject to the measurement results. Thus, we have included recognition and measurement of expected credit losses on loans discounted as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, the expected credit loss impairment model and methodology (including various parameters and assumptions, reasonableness of the measurement criteria for the three stages of credit risk, and

the relevancy of future economic condition criteria in forward-looking information), and the assessment and approval process.

2. Sampled and tested the implementation effectiveness of internal controls related to the recogni-tion and measurement of expected credit losses, including management of collateral and its value assessment, controls for changes in parameters, and approval for provisioning of expected credit losses.
3. Sampled and tested the consistency of measurement criteria for the samples in the three stages of expected credit loss with the judgement results of the system.
4. Sampled and tested assumptions for the parameters of the expected credit loss model, including the reasonableness of historical data on probability of default, loss given default, and exposure at default.
5. Sampled and tested forward-looking information.
   (1) Sampled and tested the reliability of data on historical economic conditions (economic growth rate, annual inflation rate, etc.) adopted by management to determine whether there is significant increase in credit risk when measuring expected credit losses under IFRS 9 "Financial Instruments".
   (2) Assessed the reasonableness of the forward-looking scenarios and their respective weights adopted by the management.
6. Assessed cases in stage 3 (credit impaired) with material amounts that were previously assessed individually.
   Assessed the reasonableness and calculation accuracy of the various assumed parameter values (including debtor due period, financial and operational conditions, guarantees by external parties and historical data) adopted in the estimation of future cash flows.

Fair value measurement of unlisted stocks without an active market

Description

For the accounting policy for unlisted stocks without an active market (included financial assets at fair value through other comprehensive income), please refer to Note 4(7); for critical accounting judgements, estimates, and assumption uncertainty of unlisted stocks without an active market, please refer to Note 5(2). For information on unlisted stocks of financial assets at fair value through other comprehensive income (Level 3), which amounted to $8,171,542 thousand, as at December 31, 2019, please refer to Notes 6(4) and 12(1)E.

The fair value of unlisted stocks is determined by valuation methods since these financial instruments have no quoted prices from active market. Management primarily relies on valuation reports prepared by management's expert for the fair value measurement of these financial instruments. These measurements are largely based on comparable listed companies in similar industries or recently published market multiples and subsequently discounted according to market liquidity or specified risk.

The aforementioned fair value measurement of unlisted stocks includes the determination of assumptions and parameters adopted in valuation models and methods. Because this involves subjective judgement and various assumptions and estimates, the measurement result of using these assumptions and estimates will directly affect the related recognised amounts. Thus, we have included the fair value measurement of stocks of unlisted companies with no active market as one of the key audit matters in our audit.

<u>How our audit addressed the matter</u>

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, fair value measurement models and methodologies, and approval process of the fair value measurement of unlisted stocks.
2. Understood and assessed the independence, professionalism, and competency of management's expert.
3. Assessed whether the valuation models and methodologies used by management's expert are widely adopted in the applicable industries.
4. Inspected whether the management's report had been assessed and approved by management and assessed the reasonableness of the results of valuation.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of First Commercial Bank, Ltd. as at and for the years ended December 31, 2019 and 2018.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

Those charged with governance are responsible for overseeing the Bank and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank and its subsidiaries' internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Chou, Chien-Hung

Chi, Shu-Mei

Chou, Chien-Hung　　Chi, Shu-Mei

For and on behalf of PricewaterhouseCoopers, Taiwan

March 20, 2020

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2019 AMOUNT	%	(After restatement) December 31, 2018 AMOUNT	%
11000	Cash and cash equivalents	6(1) and 7	$ 46,335,994	1	$ 50,366,717	2
11500	Due from the Central Bank and call loans to banks	6(2) and 7	279,960,707	9	218,656,022	8
12000	Financial assets at fair value through profit or loss	6(3) and 7	156,410,445	5	138,999,510	5
12100	Financial assets at fair value through other comprehensive income	6(4) and 8	278,096,776	9	222,182,260	8
12200	Investment in debt instruments at amortised cost	6(5) and 8	483,204,788	16	415,604,459	14
12500	Notes and bonds issued under resell agreements	6(6)	500,000	-	-	-
13000	Receivables, net	6(7)	59,351,274	2	77,352,470	3
13200	Current tax assets	7	1,304,013	-	1,302,565	-
13500	Loans discounted, net	6(8) and 7	1,764,670,377	57	1,695,769,851	59
15000	Investments accounted for using equity method, net	6(9)	2,453,113	-	2,428,038	-
15500	Other financial assets, net	6(10)	149,465	-	152,384	-
18500	Property and equipment, net	6(11)	25,937,524	1	26,508,042	1
18600	Right-of-use assets, net	6(12) and 7	2,845,773	-	-	-
18700	Investment property, net	6(14)	7,551,986	-	6,921,617	-
19000	Intangible assets, net		617,101	-	456,668	-
19300	Deferred tax assets, net	6(37)	2,852,871	-	2,724,899	-
19500	Other assets, net	6(15) and 8	4,719,506	-	2,664,587	-
	Total assets		$ 3,116,961,713	100	$ 2,862,090,089	100

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2019 AMOUNT	%	(After restatement) December 31, 2018 AMOUNT	%
21000	Deposits from the Central Bank and banks	6(16) and 7	$ 285,023,923	9	$ 240,743,329	9
21500	Due to the Central Bank and banks		263,595	-	333,951	-
22000	Financial liabilities at fair value through profit or loss	6(17) and 7	34,446,111	1	33,153,145	1
22500	Notes and bonds issued under repurchase agreements	6(18)	17,894,625	1	15,840,590	1
23000	Payables	6(19)	61,585,435	2	85,521,342	3
23200	Current tax liabilities	7	2,978,144	-	1,839,451	-
23500	Deposits and remittances	6(20) and 7	2,404,323,978	77	2,180,091,785	76
24000	Financial bonds payable	6(21)	27,950,000	1	37,150,000	1
25500	Other financial liabilities	6(22)	43,120,508	2	43,581,823	2
25600	Provisions	6(23)	5,850,378	-	6,505,136	-
26000	Lease liabilities	7	2,633,825	-	-	-
29300	Deferred tax liabilities	6(37)	7,011,095	-	6,722,425	-
29500	Other liabilities	6(24)	4,955,810	-	4,893,160	-
	Total Liabilities		2,898,037,427	93	2,656,376,137	93
	Equity					
31101	Common stock	6(25)	89,064,000	3	89,064,000	3
31500	Capital surplus	6(25)	34,470,351	1	34,462,221	1
32000	**Retained earnings**					
32001	Legal reserve	6(25)	50,995,215	2	45,735,991	2
32003	Special reserve	6(25)	4,317,308	-	4,229,939	-
32011	Unappropriated earnings	6(26)	21,420,868	1	19,497,140	1
32500	**Other equity interest**	6(27)	18,656,544	-	12,170,712	-
36000	Predecessor interests under common control		-	-	553,949	-
	Total Equity		218,924,286	7	205,713,952	7
	Total Liabilities and Equity		$ 3,116,961,713	100	$ 2,862,090,089	100

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	For the years ended December 31, 2019 AMOUNT	%	(After restatement) 2018 AMOUNT	%	Changes Percentage (%)
41000	Interest income		$ 52,462,227	109	$ 48,204,120	103	9
51000	Less: Interest expense		(23,771,254)	(49)	(18,714,564)	(40)	27
	Net interest income	6(28) and 7	28,690,973	60	29,489,556	63	(3)
	Net non-interest income						
49100	Net service fee income	6(29) and 7	7,880,379	17	7,584,462	16	4
49200	Gains on financial assets or liabilities measured at fair value through profit or loss	6(3)(30) and 7	8,348,618	17	5,482,289	12	52
43100	Realised gains on financial assets at fair value through other comprehensive income	6(4)(31)	1,158,260	2	1,220,695	3	(5)
45000	Impairment losses on assets	6(32)	(11,575)	-	(15,611)	-	(26)
49750	Share of profit or loss of associates accounted for using equity method	6(9)	121,056	-	108,371	-	12
49600	Foreign exchange gains		1,518,538	3	2,257,800	5	(33)
49800	Net other non-interest income	6(33) and 7	255,093	1	455,482	1	(44)
	Net profit		47,961,342	100	46,583,044	100	3
58200	Bad debt expense, commitment and guarantee liability provisions	6(8)(21)	(3,860,597)	(8)	(5,530,263)	(12)	(30)
	Operating expenses						
58500	Employee benefit expenses	6(34) and 7	(13,812,334)	(29)	(13,154,063)	(28)	5
59000	Depreciation and amortization expenses	6(35) and 7	(1,642,184)	(3)	(983,988)	(2)	67
59500	Other general and administrative expenses	6(36) and 7	(5,798,050)	(12)	(6,095,000)	(13)	(5)
61001	**Income from continuing operations before income tax**		22,848,177	48	20,819,730	45	10
61003	Income tax expense	6(37)	(3,813,406)	(8)	(3,257,734)	(7)	17
64000	**Net income**		19,034,771	40	17,561,996	38	8

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	For the years ended December 31, 2019 AMOUNT	%	(After restatement) 2018 AMOUNT	%	Percentage (%)
	Other comprehensive income						
	Items that will not be reclassified to profit or loss						
65201	Remeasurement of defined benefit plan	6(23)	($ 117,162)	-	($ 692,393)	(1)	(83)
65204	Gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(4)(27)	4,615,466	9	1,118,086	2	313
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(37)	23,433	-	179,881	-	(87)
	Items that may be reclassified subsequently to profit or loss						
65301	Exchange differences on translation of foreign financial statements	6(27)	(1,756,350)	(4)	1,044,497	2	(268)
65306	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	6(9)(27)	(18,517)	-	(77,998)	-	(76)
65309	Gains (losses) on valuation of debt instruments at fair value through other comprehensive income	6(27)	3,747,358	8	(1,088,444)	(2)	(444)
65310	Reversal of impairment loss in debt instruments at fair value through other comprehensive income	6(27)	7,679	-	2,749	-	179
65320	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	6(27)(37)	(51,334)	-	16,891	-	(404)
	Other comprehensive income, net of tax		6,450,573	13	503,269	1	1182
	Total comprehensive income		$ 25,485,344	53	$ 18,065,265	39	41
	Net income, attributable to:	6(38)					
67101	Owners of parent		$ 19,018,140	40	$ 17,530,747	38	8
67105	**Predecessor interests under common control**		16,631	-	31,249	-	(47)
			$ 19,034,771	40	$ 17,561,996	38	8

(Continued)

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	For the years ended December 31, 2019 AMOUNT	2019 %	(After restatement) 2018 AMOUNT	2018 %	Changes Percentage (%)
	Comprehensive income, attributable to :						
67301	Owners of parent		$ 25,455,609	53	$ 18,043,947	39	41
67305	**Predecessor interests under common control**		29,735	-	21,318	-	39
			$ 25,485,344	53	$ 18,065,265	39	41
	Basic and diluted earnings per share (In New Taiwan dollars)	6(38)					
	Owners of parent		$	2.14	$	1.97	
	Predecessor interests under common control		$	-	$	-	
	Basic and diluted earnings per share		$	2.14	$	1.97	

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent									
			Retained earnings			Other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on valuation of available-for-sale financial assets	Gain or loss on financial assets at fair value through other comprehensive income	Predecessor interests under common control	Total equity
Year 2018 (After restatement)										
Balance at January 1, 2018	$ 89,064,000	$ 34,848,216	$ 41,193,426	$ 4,157,452	$ 17,236,130	($ 2,046,445)	$ 7,806,387	$ -	$ 532,631	$ 192,791,797
Retrospective application and retrospective adjustment effects	-	-	-	-	(72,144)	-	(7,806,387)	13,209,416	-	5,330,885
Balance at 1 January after adjustments	89,064,000	34,848,216	41,193,426	4,157,452	17,163,986	(2,046,445)	-	13,209,416	532,631	198,122,682
Net income for the year	-	-	-	-	17,530,747	-	-	-	31,249	17,561,996
Other comprehensive income (loss) for the year	-	-	-	-	(512,512)	976,430	-	49,282	(9,931)	503,269
Total comprehensive income	-	-	-	-	17,018,235	976,430	-	49,282	21,318	18,065,265
Appropriation and distribution of prior year's earnings										
Legal reserve	-	-	4,542,565	-	(4,542,565)	-	-	-	-	-
Special reserve	-	-	-	75,709	(75,709)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(10,088,000)	-	-	-	-	(10,088,000)
Other capital reserves										
Share-based payment transaction	-	(385,995)	-	-	-	-	-	-	-	(385,995)
Gain or loss on disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	17,971	-	-	(17,971)	-	-
Reversal of special reserve	-	-	-	(3,222)	3,222	-	-	-	-	-
Balance at December 31, 2018(After restatement)	$ 89,064,000	$ 34,462,221	$ 45,735,991	$ 4,229,939	$ 19,497,140	($ 1,070,015)	$ -	$ 13,240,727	$ 553,949	$ 205,713,952

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FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent									
			Retained earnings			Other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on valuation of available-for-sale financial assets	Gain or loss on financial assets at fair value through other comprehensive income	Predecessor interests under common control	Total equity
Year 2019										
Balance at January 1, 2019	$ 89,064,000	$ 34,462,221	$ 45,735,991	$ 4,229,939	$ 19,497,140	($ 1,070,015)	$ -	$ 13,240,727	$ 553,949	$ 205,713,952
Net income for the year	-	-	-	-	19,018,140	-	-	-	16,631	19,034,771
Other comprehensive income (loss) for the year	-	-	-	-	(93,729)	(1,787,971)	-	8,319,169	13,104	6,450,573
Total comprehensive income for the year	-	-	-	-	18,924,411	(1,787,971)	-	8,319,169	29,735	25,485,344
Appropriation and distribution of prior year's earnings										
Legal reserve	-	-	5,259,224	-	(5,259,224)	-	-	-	-	-
Special reserve	-	-	-	87,654	(87,654)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(11,692,550)	-	-	-	-	(11,692,550)
Gain or loss on disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	38,460	-	-	(38,460)	-	-
Effect of reorganization	-	8,130	-	-	-	(6,906)	-	-	(583,684)	(582,460)
Reversal of special reserve	-	-	-	(285)	285	-	-	-	-	-
Balance at December 31, 2019	$ 89,064,000	$ 34,470,351	$ 50,995,215	$ 4,317,308	$ 21,420,868	($ 2,864,892)	$ -	$ 21,521,436	$ -	$ 218,924,286

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	2019	(After restatement) 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from continuing operations before tax	$ 22,848,177	$ 20,819,730
Adjustments to reconcile income before tax to net cash used in operating activities		
Income and expenses having no effect on cash flows		
Provision for bad debt expense, commitment and guarantee liability	6,758,105	8,546,813
Depreciation of property and equipment	756,856	779,932
Depreciation of investment property	8,719	8,613
Depreciation of right-of-use assets	637,783	-
Amortization expense	238,826	195,443
Interest income	(52,462,227)	(48,204,120)
Interest expense	23,771,254	18,714,564
Dividend income	(1,009,979)	(736,977)
Impairment losses on assets	11,575	15,611
Share of profit of associates accounted for using equity method	(121,056)	(108,371)
Losses on retired property and equipment	3,099	2,629
Losses on disposal of property and equipment	-	567
(Gains) losses on disposal of investment property	(1,624)	7,053
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the Central Bank	(6,855,323)	(5,722,332)
Increase in financial assets at fair value through profit or loss	(17,410,935))	(43,135,640)
Increase in financial assets at fair value through other comprehensive income	(47,551,692)	(18,181,281)
Increase in investments in debt instruments at amortised cost	(67,603,512)	(67,086,110)
Decrease (increase) in receivables	18,239,373	(12,658,590)
Increase in loans discounted	(75,409,087)	(121,777,710)
Increase in other financial assets	(100,724)	(305,318)
Changes in operating liabilities		
Increase in deposits from the Central Bank and banks	44,280,594	86,852,575
Increase (decrease) in financial liabilities at fair value through profit or loss	1,292,966	(1,245,163)
(Decrease) increase in payables	(31,609,418)	8,273,071
Increase in deposits and remittances	224,232,193	160,383,487
(Decrease) increase in other financial liabilities	(429,334)	10,698,727
Decrease in liability provisions	(687,071)	(629,862)
Increase in other liabilities	62,650	344,368
Cash inflow (outflow) generated from operations	41,890,188	(4,148,291)
Interest received	52,092,840	46,795,958
Interest paid	(16,097,491)	(17,840,857)
Dividend received	1,006,061	738,177
Income tax paid	(2,543,364)	(3,949,397)
Net cash flows generated from operating activities	76,348,234	21,595,590

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FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	2019	(After restatement) 2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments using equity method	($ 582,460)	$ -
Acquisition of property and equipment	(1,018,131)	(628,204)
Proceeds from disposal of property and equipment	43	-
Increase in intangible assets	(401,357)	(258,412)
Acquisition of investment property	(726)	(1,885)
Proceeds from disposal of investment property	2,494	6,734
Proceeds from disposal of investments using the equity method	-	14,167
(Increase) decrease in other assets	(2,117,351)	403,038
Net cash flows used in investing activities	(4,117,488)	(464,562)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to the Central Bank and banks	(70,356)	251,587
Increase in notes and bonds issued under repurchase agreements	2,054,035	4,252,340
(Decrease) increase in financial bonds payable	(9,200,000)	7,850,000
Repayment of principal portion of lease liabilities	(643,411)	-
Payment of cash dividends	(11,692,550)	(10,088,000)
Share-based payment transactions	-	(385,995)
Net cash flows (used in) generated from financing activities	(19,552,282)	1,879,932
Effect of exchange rate changes on cash and cash equivalents	(1,756,343)	938,738
Net increase in cash and cash equivalents	50,922,121	23,949,698
Cash and cash equivalents at beginning of year	211,248,155	187,298,457
Cash and cash equivalents at end of year	$ 262,170,276	$ 211,248,155
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	$ 46,335,994	$ 50,366,717
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	215,334,282	160,881,438
Notes and bonds issued under resale agreements qualified as cash and cash equivalent as defined by IAS 7	500,000	-
Cash and cash equivalents at end of year	$ 262,170,276	$ 211,248,155

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

FIRST COMMERCIAL BANK AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

1. Organization and business

(1) The Bank was incorporated in 1899 as a company limited by shares and had been a listed company since February 9, 1962. The Bank was privatized on January 22, 1998. On January 2, 2003, the Bank became a subsidiary of First Financial Holding Co., Ltd. ("FFHC") through an exchange of shares. After the exchange of shares, the Bank ceased from being listed on the Taiwan Stock Exchange ("TSE") but remains as a public company. As of December 31, 2019, the Bank's operating units consist of Business Division, Trust Division, Offshore Banking Branch, as well as domestic and overseas branches.

(2) The Bank's primary services are as follows:

A. Engaging in business as prescribed under the Banking Law;

B. Conducting trust business as authorized by the competent authorities;

C. Concurrently engaging in insurance agency related businesses as a commercial bank pursuant to the Insurance Act;

D. Establishing overseas branches to operate business approved by the local government; and

E. Engaging in other businesses approved by the competent authorities.

(3) The Bank's parent company is First Financial Holding Co., Ltd., which holds 100% of the Bank's shares as of December 31, 2019.

2. The date of authorization for issuance of the consolidated financial statements and procedures for authorization

These consolidated financial statements were authorized for issuance by the Board of Directors on March 20, 2020.

3. Application of new standards, amendments, and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Bank's and its subsidiaries' financial condition and financial performance based on the assessment.

IFRS 16, 'Leases'

(a) IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

(b) The Bank and its subsidiaries have elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Bank and its subsidiaries increased 'right-of-use asset' by $2,307,929, increased 'lease liability' by $2,100,784, decreased property and equipment, net by $176,694, decreased other assets, net by $62,432 and decreased other financial liabilities by $31,981 with respect to the lease contracts of lessees on January 1, 2019.

(c) The Bank and its subsidiaries have used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

i. The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $80,196 was recognised in 2019.

ii. The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

(d) The Bank and its subsidiaries calculated the present value of lease liabilities by using the incremental borrowing interest rate at the date of initial application range from 0.079% to 3.026%.

(e) The Bank and its subsidiaries recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	2,493,027
Add: Lease payable recognised under finance lease by applying IAS 17 as at December 31, 2018		32,148
Less: Short-term leases	(	198,094)
Less: Low-value assets	(	18,328)
Add: Lease contracts previously identified as service agreements		3,114
Less: Contracts reassessed as service agreements	(	114,759)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$	2,197,108
Incremental borrowing interest rate at the date of initial application		0.079% ~ 3.026%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	2,100,784

(2)Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Bank and its subsidiaries

New standards, interpretations and amendments endorsed by the FSC effective from 2020 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7, 'Interest rate benchmark reform'	January 1, 2020

The above standards and interpretations have no significant impact on the Bank's and its subsidiaries' financial condition and financial performance based on the Bank's and its subsidiaries' assessment.

(3)Effect of new issuances of or amendments to IFRSs by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 1, 'Classification of liabilities as current or noncurrent'	January 1, 2022

The above standards and interpretations have no significant impact on the Bank's and its subsidiaries' financial condition and financial performance based on the Bank's and its subsidiaries' assessment.

4. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Bank and its subsidiaries have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms", and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the financial assets or financial liabilities (including derivative instruments) at fair value through profit or loss, defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation and foreclosed asset (which are stated at the lower of its carrying amount or fair value less costs to sell at the end of period) these consolidated financial statements have been prepared under the historical cost convention.

B. The analysis of expense is classified based on the nature of expenses.

C. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank and its subsidiaries' accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Principles for preparation of consolidated financial statements

(A) The Bank and its subsidiaries prepare the consolidated financial statements by aggregating the Bank's and its subsidiaries assets, liabilities, revenues and expenses, which have been eliminated versus owners' equity during the consolidation. In addition, the financial statements of the Bank and its subsidiaries are made in the same reporting period. (Item included in the consolidated financial statements are not classified as current and non-current items.) Relevant items are arranged in order based on current and non-current nature.

(B) A subsidiary refers to an investee that the Bank and its subsidiaries have controlling power over. The Bank and its subsidiaries have control over an investee if the following elements are met:

a. power over the relevant activities of the investee, i.e. the investor has voting rights or other existing rights that give it the ability to direct the relevant activities;
b. exposure, or rights, to variable returns from its involvement with the investee;

c. the ability to use its power over the investee to affect the amount of the investor's returns.

(C) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Bank and its subsidiaries are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Bank and its subsidiaries.

B. The consolidated financial statements include the following directly owned subsidiaries:

Investor	Subsidiary	Business activities	Percentage of holding shares (%) December 31, 2019	Percentage of holding shares (%) December 31, 2018
FCB	First Commercial Bank (USA)	Banking services	100	100
FCB	FCB Leasing Co. Ltd. (FCBL)	Leasing(Note)	100	100

Note： FCBL was approved for establishment in May 1998. Its main business includes chattel guarantees and related repo trades, lease businesses, and receivable factoring.

C. Unconsolidated entities：None.

D. Adjustment on different accounting periods of the subsidiaries: None.

E. Information with respect to the subsidiaries' significant restriction to transfer its funds to the parent company: None.

F. Specific operation risks of the foreign subsidiaries: None.

G. Restrictions on earnings distribution of subsidiaries: None.

(4) Foreign currency translation

A. Functional and presentation currency

Financial statements of the entities in the Bank and its subsidiaries are presented by the currency of the primary economic environment in which the entities operate (that is the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars.

B. Transactions and balances

Foreign currency transactions denominated in a foreign currency or required to settle in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign currency monetary items should be reported using the closing rate (market exchange rate) at the date of each balance sheet. When multiple exchange rates are available for use, they should be reported using the rate that would be used to settle the future cash flows of the foreign currency transactions or balances at the measurement date.

Foreign currency non-monetary items measured at historical cost should be reported using the exchange rate at the date of the transaction. Foreign currency non-monetary items measured at fair value should be reported at the rate that existed when the fair values were determined.

Exchange differences arising when foreign currency transactions are settled or when monetary items are translated at rates different from those at which they were translated when initially recognized or in previous financial statements are reported in profit or loss in the period, with one exception. The exception is that exchange differences associated with the gains or losses of the parts of effective hedges of cash flow hedges or hedges of net investments in foreign operations are recognized in other comprehensive income.

If a gain or loss on a non-monetary item is recognized in other comprehensive income, any foreign exchange component of that gain or loss is also recognized in other comprehensive income. Conversely, if a gain or loss on a non-monetary item is recognized in profit or loss, any foreign exchange component of that gain or loss is also recognized in profit or loss.

C. Translation of foreign operations

If the Bank and its subsidiaries have a functional currency (not in an economy with high inflation) that is different from their presentation currency in the consolidated financial statements, its operating results and financial position are translated into the presentation currency using the following procedures:

(A) Assets and liabilities presented are translated using the Bank's and its subsidiaries' closing exchange rate at the balance sheet date;

(B) Profit or loss presented is translated using the current average exchange rate (if exchanges rates in the period fluctuate rapidly, then translations use the exchange rates of the dates of transaction); and

(C) All exchange differences arising from translation are recognized in other comprehensive income.

Exchange differences arising from the above-mentioned procedures are recognized as "Exchange differences on translation of foreign financial statements" under equity.

When preparing consolidated financial statements, exchange differences arising from the translation of the net investment in foreign operations and monetary hedges considered a part of those net investments are recognized in other comprehensive income. When a foreign operation is partially disposed of or sold, related exchange differences that were originally recorded in other comprehensive income are reclassified to profit or loss.

(5) Cash and cash equivalents

"Cash and cash equivalents" in the consolidated balance sheet includes cash on hand, due from other banks, short-term highly liquid time deposits and investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. For the consolidated statement of cash flows, cash includes cash and cash equivalents, due from Central Bank and call loans to other banks, securities purchased under resell agreements qualified as cash and cash equivalents as defined by IAS 7.

(6) Securities purchased or sold under resell or repurchase agreements

The transactions of bills and bonds with a condition of repurchase agreement or resell agreement are accounted for under the financing method. The interest expense and interest income are recognized as incurred at the date of sale and purchase and the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.

(7) Financial assets and financial liabilities

The financial assets and liabilities of the Bank and its subsidiaries including derivatives are recognized in the consolidated balance sheet and are properly classified in accordance with IFRSs as endorsed by FSC.

A. Financial assets

All financial assets held by the Bank and its subsidiaries are classified according to the business model and characteristics of the contractual cash flows of the underlying asset. The categories are: “loans discounted”, “receivables”, “financial assets at fair value through profit or loss”, “financial assets at fair value through other comprehensive income”, and “investment in debt instruments at amortised cost”.

Business model refers to the method by which the Bank and its subsidiaries manage the financial assets to generate cash flows, which originates from collecting contractual cash flows, selling financial assets, or both. When determining whether the contractual cash flows of the asset are solely payments of principal and interest on principal amount outstanding, the Bank and its subsidiaries assess whether the contractual cash flows are consistent with those required in a basic loan agreement. In other words, the Bank and its subsidiaries determine whether interest is solely based on the time value of money, credit risk related to the principal amount outstanding on specified dates, other risks and costs associated with the basic loan agreement, and marginal profits consideration.

(A) Regular purchase or sale

Financial assets held by the Bank and its subsidiaries, regardless of type or accounting classification, are all accounted for using trade date accounting by convention at the time of purchase or sale.

(B) Loans and receivables

Loans discounted consist of export bills negotiation, export bills discount, loans, and overdue receivables arising from loans. Loans discounted are measured at amortised cost using the effective interest rate method. Measurement at initial investment amount is allowed if effect of discounting is immaterial.

If a loan discounted held by the Bank and its subsidiaries is renegotiated or has its terms modified due to financial difficulties of the borrower, so that it is required to be derecognised, entirely or partially, in accordance with IFRS 9, the old financial asset is derecognised, and a new financial asset and related gains or losses are recognised.

If a loan discounted held by the Bank and its subsidiaries is renegotiated or has its terms modified due to financial difficulties of the borrower, but is not required to be derecognised, or if renegotiations or modification of terms are for reasons other than financial difficulties, which rarely results in the derecognition of the asset, the carrying amount of the asset is recalculated and resulting gains or losses are recognised in profit or loss.

(C) Receivables

Receivables include those originated and those not originated by the Bank and its subsidiaries. The former originated directly from money, products or services that the Bank and its subsidiaries provided to the debtors, while the latter refers to all other kinds of receivables. Receivables are measured at amortised cost using the effective interest rate method. However, short-term receivables without bearing interest are measured at initial invoice amount if the effect of discounting is material.

(D) Financial assets at fair value through profit or loss

a. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

b. At initial recognition, the Bank and its subsidiaries measure the financial assets at fair value and recognise the transaction costs in profit or loss. The Bank and its subsidiaries subsequently measure the financial assets at fair value, and recognise the gain or loss in profit or loss.

c. The Bank and its subsidiaries recognise the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Bank and its subsidiaries and the amount of the dividend can be measured reliably.

(E) Financial assets at fair value through other comprehensive income

a. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Bank and its subsidiaries have made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Bank and its subsidiaries' business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

b. At initial recognition, the Bank and its subsidiaries measure the financial assets at fair value plus transaction costs. The Bank and its subsidiaries subsequently measure the financial assets at fair value:

   (a) The changes in fair value of equity instruments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Bank and its subsidiaries and the amount of the dividend can be measured reliably.

   (b) Except for the recognition of impairment loss, interest income and gain or loss on foreign exchange which are recognised in profit or loss, the changes in fair value of debt instruments are taken through other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss.

(F) Investments in debt instruments at amortised cost

a. Financial assets at amortised cost are those that meet all of the following criteria:

   (a) The objective of the Bank and its subsidiaries' business model is achieved by collecting contractual cash flows.

   (b) The assets' contractual cash flows represent solely payments of principal and interest.

b. At initial recognition, the Bank and its subsidiaries measure the financial assets at fair value plus transaction costs. Interest income from these financial assets is amortised to profit or loss over the period of bond circulation using the effective interest method. A gain or loss is recognised in profit or loss when the asset is derecognised.

c. The Bank and its subsidiaries' time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(G) Reclassification of financial assets

Excluding equity instruments and financial assets designated as at fair value through profit or loss that cannot be reclassified, the Bank and its subsidiaries reclassify certain financial assets when there is a change in the business model used to manage the assets. The reclassification of the asset is applied prospectively beginning on the reclassification date, and previously recognised gains, losses (including impairment or reversal of gains), and interest income cannot be restated.

(H) Derecognition of financial assets

The Bank and its subsidiaries derecognise a financial asset when one of the following conditions is met:

a. The contractual rights to receive the cash flows from the financial asset expire.

b. The contractual rights to receive cash flows of the financial asset have been transferred and the Bank and its subsidiaries have transferred substantially all risks and rewards of ownership of the financial asset.

c. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Bank and its subsidiaries have not retained control of the financial asset.

B. Financial liabilities

Financial liabilities held by the Bank and its subsidiaries include financial liabilities at fair value through profit and loss and financial liabilities measured at amortised cost.

(A) Financial liabilities at fair value through profit and loss

These include financial liabilities held for trading and those designated as financial liabilities at fair value through profit and loss.

Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

a. Hybrid (combined) contracts; or

b. They eliminate or significantly reduce a measurement or recognition inconsistency; or

c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

At initial recognition, the Bank and its subsidiaries measure the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Bank and its subsidiaries subsequently measure these financial liabilities at fair value with any gain or loss recognised in profit or loss.

If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(B) Financial liabilities carried at amortised cost

Financial liabilities, which are not classified as financial liabilities at fair value through profit or loss or financial guarantee contract, all belong to financial liabilities at amortised cost.

(C) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(8) Offsetting financial instruments

Financial assets and financial liabilities are offset and reported in the net amount in the balance sheet only when (1) there is a legally enforceable right to offset the recognised amounts; and (2) there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(9) Impairment of financial assets

For loans discounted, receivables, debt instruments measured at fair value through other comprehensive income, financial assets at amortised cost, other financial assets, loan commitments and financial guarantee contracts, at each reporting date, the Bank and its subsidiaries recognise the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognise the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition or credit that has been impaired after taking into consideration all reasonable and verifiable information that includes forward-looking information. In measuring the expected credit losses of a financial asset, the Bank and its subsidiaries must reflect the following:

A. Unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes.

B. Discounting for the time value of money.

C. Reasonable and supportable information about past events, current conditions, and forecasts of future economic conditions (available at reporting date without undue cost or effort).

At the balance sheet date, allowance for uncollectible accounts of credit assets should be recognised and impairment assessment performed for credit assets in accordance with relevant regulations such as "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans", Jin-Guan-Yin-Guo-Zi No. 10300329440 issued on December 4, 2014 (related to strengthening the ability of domestic banks to bear risks of real estate loans) and Jin-Guan-Yin-Fa-Zi No. 10410001840 issued on April 23, 2015 (related strengthening the management of domestic banks risk exposure in Mainland China and the risk bearing capacity), and the International Financial Reporting Standard 9 (“IFRS 9”). Between the allowance amount required by the relevant regulations and the allowance amount calculated under IFRS 9, the greater amount should be recorded, and the credit asset should be presented net of such allowance amount.

Loss allowance of lease receivables is measured by lifetime expected credit losses.

(10) Non-hedging and embedded derivatives

A. Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

B. Under the financial assets, the hybrid contracts embedded with derivatives are initially recognised as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets at amortised cost based on the contract terms.

C. Under the non-financial assets, whether the hybrid contracts embedded with derivatives are accounted for separately at initial recognition is based on whether the economic characteristics and risks of an embedded derivative are closely related in the host contract. When they are closely related, the entire hybrid instrument is accounted for by its nature in accordance with the applicable standard. When they are not closely related, the derivative is accounted for differently from the host contract as derivative while the host contract is accounted for by its nature in accordance with the applicable standard. Alternatively, the entire hybrid instrument is designated as financial liabilities at fair value through profit or loss upon initial recognition.

(11) Investments accounted for using equity method

Investments of the Bank and its subsidiaries accounted for using the equity method refers to investments in associates.

A. Associates are all entities over which the Bank and its subsidiaries have significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Bank's and its subsidiaries' share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Bank's and its subsidiaries' share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Bank and its subsidiaries does not recognise further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. Unrealised gains on transactions between the Bank and its subsidiaries and its associates are eliminated to the extent of the Bank and its subsidiaries' interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Bank and its subsidiaries.

(12) Property and equipment

The property and equipment of the Bank and its subsidiaries are recognized on the basis of the historical cost less accumulated depreciation. The historical cost includes any cost directly attributable to the acquisition of the asset.

If the future economic benefit generated from subsequent cost of the asset can be measured reliably and is very likely to flow into the Bank and its subsidiaries, the subsequent cost of property and equipment including the carrying amount may be individually recognized as asset. Additionally, the carrying amounts of a replaced item are derecognized.

Major renewals and improvements incurred to increase the future economic benefits of the assets are capitalized and depreciated. Routine maintenance and repairs are charged to expense as incurred.

Land is not affected by depreciation. Depreciation for other assets is provided on a straight-line basis over the estimated service lives of the assets until salvage value. Service life is as follows:

Land and improvements	3 ~ 30 years
Buildings and structures (including ancilliary equipment)	5 ~ 55 years
Transportation equipment	5 ~ 10 years
Machinery and computer equipment	3 ~ 4 years
Miscellaneous assets	5 ~ 17 years

Leasehold improvements are depreciated over the lease terms of the lease agreements or 5 years.

On balance sheet date, the Bank and its subsidiaries assess or appropriately adjusts the salvage value and service life of the asset. When there is an activity or change in the environment suggesting that the carrying amount may not be recovered, the Bank and its subsidiaries shall evaluate impairment on the asset. If the carrying amount of the asset is higher than the recoverable amount, the carrying amount shall be written off until it is equivalent to the recoverable amount. The recoverable amount is the higher of asset at fair value less disposal expense and value in use. Any gain or loss on disposal is calculated by the difference between the carrying amount and proceeds on disposal, and be recognized in the "Other non-interest income, net" in the statement of comprehensive income.

(13) Investment property

The properties held by the Bank and its subsidiaries, with an intention to obtain long-term rental profit or capital increase or both and not being used by other entities of the consolidated the Bank and its subsidiaries, are classified as investment property. Investment property includes the office building and land rented in the form of an operating lease.

Part of the property may be held by the Bank and its subsidiaries and another part generates rental income or capital increase. If the property held by the Bank and its subsidiaries can be sold individually, then the accounting treatment should be made separately. IAS 16 as endorsed by FSC applies to the self-used property, and property used to generate rental income or capital increase or both is applicable for investment property set out in IAS 40 as endorsed by FSC. If each part of the property cannot be sold individually and the self-used proportion is not material, then the property is deemed as investment property in its entirety.

When the future economic benefit related to the investment property is very likely to flow into the Bank and its subsidiaries and the costs can be reliably measured, the investment property shall be recognized as assets. When the future economic benefit generated from subsequent costs is very likely to flow into the entity and the costs can be reliably measured, the subsequent expenses of the assets shall be capitalized. All maintenance cost are recognized as incurred in the consolidated statement of comprehensive income.

Investment property is subsequently measured by cost model. Depreciated cost is used to calculate amortization expense after initial measurement. The depreciation method, remaining useful life and residual value should apply the same rules as applicable to property and equipment. The fair value of investment property is disclosed in the financial statements at the balance sheet date, of which the valuation should be carried out by the appraisal segment of the Bank and its subsidiaries based on the internal appraisal guidelines.

(14) Foreclosed assets

Foreclosed properties are stated at the lower of its carrying amount or fair value less costs to sell at the end of period.

(15) Leasing arrangements (lessor)–lease receivables/operating leases

When the Bank and its subsidiaries are the lessor, please refer to Note 4(13) for the accounting treatment of the leased assets satisfying investment property set out in IAS 40, “Investment Property”.

The lease contract of the Bank’s and its subsidiaries’ subsidiaries includes operating leases and finance leases.

A. Operating lease

Rental receivable from the operating lease is calculated through straight-line method based on the lease term, which are recognized as “other non-interest income, net” .

B. Finance lease

The asset is derecognized when the finance lease contract is signed and the present value of lease payment is recognized as lease payable. The difference between the total lease payable and present value is recognized as unrealized interest income, and transferred to interest income as incurred at period end. Rental income is calculated based on remaining lease payment receivable using the embedded interest rate or incremental borrowing interest rate and recognized as current gain and loss.

(16) Leasing arrangements (lessee)—right-of-use assets/ lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Bank and its subsidiaries. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(A) Fixed payments, less any lease incentives receivable; and

(B) Variable lease payments that depend on an index or a rate.

The Bank and its subsidiaries subsequently measure the lease liability at amortised cost using the interest method and recognise interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(A) The amount of the initial measurement of lease liability;

(B) Any lease payments made at or before the commencement date;

(C) Any initial direct costs incurred by the lessee; and

(D) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(17) Leased assets/ operating leases (lessee)

Prior to 2019

The lease contract of the Bank's and its subsidiaries' subsidiaries includes operating leases and finance leases.

A. Operating lease

Rental payable from the operating lease is calculated through straight-line method based on the lease term, which are recognized as "other business and administration expense".

B. Finance lease

The lower of fair value of lease assets or the lowest present value of the lease payment is capitalized. Rental payment is amortized through financial leasing liabilities and recognized as interest income. Interest expense is calculated based on beginning balance of lease liabilities of each lease term using the embedded interest rate or incremental borrowing interest rate and recognized as current gain and loss. Financing lease liabilities are recognized as "other financial liabilities". Property and equipment acquired through finance lease contracts are measured by cost model.

(18) Intangible assets

The intangible assets of the Bank and its subsidiaries consist of computer software expenditures, which are recognized by cost and amortized over its economic useful life. The maximum estimated useful life is three years.

Subsequent measurements are based on the cost model.

(19) Impairment of non-financial assets

When there is any evidence indicating a possible impairment, the Bank and its subsidiaries immediately perform impairment tests in relation to the assets applicable for IAS 36, “Impairment of Assets”.

If the testing result of the cash-generating unit of an asset or an individual asset suggests that the recoverable amount is less than the carrying amount, impairment loss is recognized. Recoverable amount refers to the higher of an asset’s fair value less its cost or value in use. Reassess the recoverable amount of an asset when there is an indication that the impairment loss recognized in the prior period decreases or does not exist anymore. If there is any change in the estimated recoverable amount and result in an increase, asset impairment is reversed to the extent that the carrying amounts shall not exceed the amortized cost that would have been determined had no impairment loss been recognized in prior periods.

(20) Provisions, contingent liabilities, and contingent assets

The Bank and its subsidiaries recognize liabilities when all of the following three conditions are met：

(A) present obligation (legal or constructive) has arisen as a result of past event; and

(B) the outflow of economic benefits is highly probable upon settlement; and

(C) the amount is reliably measurable.

The outflow of economic benefit as a result of settlement is determined based on the overall obligation when there are several similar obligations. Contingent assets should be recognized when the outflow of economic benefits is probable in order to settle the obligation as a whole even if the outflow of economic benefits from any one of the obligation is remote.

Measurements for provisions are at discounted present value of expenditure for settlement obligation using a pre-tax discount rate with timely adjustment made that reflects the current market assessments of the time value of money and the risks specific to the liabilities.

Contingent liability is a possible obligation that arises from a past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank and its subsidiaries. Or it could be a present obligation as a result of a past event but the payment is not probable or the amount cannot be measured reliably. The Bank and its subsidiaries did not recognize any contingent liabilities but made appropriate disclosure in compliance with relevant regulations.

Contingent asset is a possible obligation that arises from a past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Bank and its subsidiaries. The Bank and its subsidiaries did not recognize any contingent assets and made appropriate disclosure in compliance with relevant regulations when the economic inflow is probable.

(21) Financial guarantee contract and loan commitments

A financial guarantee contract is a contract that requires the Bank and its subsidiaries to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when they are due in accordance with the original or modified terms of a debt instrument.

The Bank and its subsidiaries initially recognizes financial guarantee contracts at fair value on the date of issuance granted. The Bank and its subsidiaries charges a service fee when the contract is signed and therefore the service fee income charged is the fair value at the date that the financial guarantee contract is signed. Service fee received in advance is recognized in deferred accounts and amortized through straight-line method during the contract term.

Subsequently, the Bank and its subsidiaries should measure the contract at the higher of:

A. Loss allowance recognised in accordance with IFRS 9, as endorsed by the FSC; and

B. The amount initially recognised less, when appropriate, cumulative gains recognised in accordance with IFRS 15.

Impairment loss of the aforementioned guarantee policy reserve is assessed in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" and IFRS 9, and the greater of the two amounts is recorded as provision.

Expected credit losses are recognised for loan commitments of the Bank and its subsidiaries, and the measurement of expect credit losses is described in Note 4(9).

Provision for credit losses is recognised for loan commitments and financial guarantee contracts. If a financial instrument includes a loan (financial asset) and undrawn commitment component (loan commitment), and if the Bank and its subsidiaries cannot separate the expected credit losses of the loan from that of the loan commitment, the expected credit loss of the loan commitment is recognised along with that of the financial asset. The amount of the total credit loss in excess of the carrying amount of the financial asset should be recognised as a provision.

The increase in liabilities due to financial guarantee contract and loan commitments is recognised in "bad debt expense, commitment and guarantee liabilities provision".

(22) Employee benefits

A. Short-term employee benefits

The Bank and its subsidiaries recognize undiscounted short-term employee benefits due in the future as expense during the period that the service is provided.

B. Employee preferential deposit

The Bank provides preferential interest rate for employees, including flat preferential savings rate for current employees and retired employees. The difference gap compared to market interest rate is deemed as employee benefits.

According to “Regulations Governing the Preparation of Financial Statements by Public Banks”, the preferential interest paid to current employees is calculated based on accrual basis, and the difference between the preferential interest and the market interest is recognized under “employee benefit expense”. According to Article 30 of “Regulations Governing the Preparation of Financial Statements by Public Banks”, the interest rate upon retirement agreed with the employees which exceeds general market interest rate is actualized in accordance with IAS 19, Defined Benefit Plan, as endorsed by FSC. However, various parameters should be in compliance with competent authorities if indicated otherwise.

C. Termination benefit

Termination benefit is paid to the employee being terminated who is eligible for retirement or as a result of voluntary termination in exchange of termination benefit. The Bank and its subsidiaries have made commitments in the formal detailed employment termination plan which is irrevocable, and recognizes liabilities when providing termination benefit to employees who voluntarily dismiss. Termination benefit paid 12 months after the financial reporting date should be discounted.

D. Post-employment benefit

The Bank and its subsidiaries adopt both defined benefit plan and defined contribution plan. Overseas branches and subsidiaries adopt defined benefit plans based on regulations of the country in which the entities operate.

The pension in each period is recognized as pension cost in the period as incurred. Prepaid pension assets can only be recognized in the range of refundable cash or decrease in future payment.

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have durations that are approximate to the durations of the related pension liability.

Remeasurement of defined benefit plan includes: (1) actuarial gains and losses; (2) return on plan assets, but not including amounts already included in net interest of net defined benefit liabilities (assets); and (3) any changes in effect of asset ceiling, but not including amounts already included in net interest of defined benefit plan. The Bank and its subsidiaries choose to categorize remeasurement of defined benefit plan under retained earnings.

Any actuarial gains and losses on pension of the defined benefit plan are all recognized in other comprehensive income. Past service cost is recognised immediately in profit in the period incurred.

E. Employees' compensation

Employees' compensation is recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' remuneration is different from the actual distributed amounts as resolved, the differences should be recognised based on the accounting for changes in estimates.

(23) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(24) Income and expense

Income and expense of the Bank and its subsidiaries are recognized as incurred. Expense consists of employee benefit expense, depreciation and amortization expense and other business and administration expenses. However, interest income is recognized on a cash basis upon receiving the interest when (1) reclassified as non- accrual loans; and (2) interest from restructured loans whose maturities have been extended is not recognized as interest income but recorded in the memo accounts.

A. Other than those classified as financial assets and liabilities at fair value through profit and loss, all the interest income and interest expense generated from interest-bearing financial assets are calculated by effective interest according to relevant regulation and recognized as "interest income" and "interest expense" in the consolidated statements of comprehensive income.

B. Handling fees and expenses are recognized when cash is received, or the earning process is substantially completed; service fee earned from performing significant items shall be recognized upon the completion of the service, such as syndication loan service fee received from sponsor, handling fees and expenses of subsequent services of loans are amortized or included in the calculation of effective interest rate of loans and receivables during the service period. However, according to the Articles 10.8 and 10.11 of the "Regulation Governing the Preparation of Financial Reports by Public Banks", the loans and receivables may be measured by the initial amounts if the effects on discount are insignificant.

C. For more details on rental income of operating lease and unrealized interest income of finance lease in relation to lease business, please refer to Note 4(15).

(25) Income tax

A. Current tax

Income tax payable (refundable) is calculated on the basis of the tax laws enacted in the countries where the Bank and its subsidiaries operate and generate taxable income. Except for transactions or other matters that are directly recognized in other comprehensive income or equity, all the other transactions should be recognized as income or expense and recorded as gain and loss in the period. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

Under the amendments to the Income Tax Act which became effective on February 7, 2018, an extra 5% tax will be levied on undistributed retained earnings. This amendment will apply to earnings for the year ended December 31, 2018.

B. Deferred tax

Deferred income tax assets and liabilities are measured based on the tax rate of the anticipated period that the future assets realization or the liabilities settlement requires, which is based on the effective or existing tax rate at the consolidated balance sheet date. The carrying amount of assets and liabilities included in the consolidated balance sheet are calculated through liability method and recognized as deferred income tax. The temporary difference of the Bank and its subsidiaries mainly occurs due to the revaluation on the depreciation of property and equipment and certain financial instruments (including derivatives) and provision and transferring of the reserve for pension and other post-employment benefits. Deductible temporary difference within the scope that it is probable to offset taxable income is recognized as deferred income tax.

Temporary difference related to the investees, branches and affiliated entities are recognized as deferred tax liabilities. However, when the Bank and its subsidiaries are capable of controlling the time length required to reverse the temporary difference and the temporary difference is unlikely to reverse in the foreseeable future, the temporary difference is not recognized.

The land revaluation appraisal occurred due to the revaluation assessment in line with relevant regulations, deemed as taxable temporary difference, and is recognized as deferred tax liabilities. If the future taxable income is probable to be utilized as unused loss carryforwards or deferred income tax credit which can be realized in the future, the proportion of realization is deemed as deferred income tax assets.

C. Consolidated tax return

Pursuant to the provisions of Tai-Cai-Shui-Zi No. 910458039, 'profit-seeking enterprises shall jointly declare and report profit-seeking enterprise income tax in accordance with Article 49 of the Financial Holding Company Act and Article 40 of the Business Mergers And Acquisitions Act', in which where a financial holding company holds more than 90% of the outstanding issued shares of a domestic subsidiary, such a financial holding company may, for the tax year in which its such shareholding in the subsidiary has existed for the entire twelve months of the tax year, elect to be the tax payer itself, and jointly declare and report profit-seeking enterprise income tax. Thus, in accordance with the aforementioned Letter, the Company along with its parent company, First Financial Holding Co., Ltd. (FFHC), and affiliated companies, First Securities Inc. (FS); First Securities Investment Trust Co., Ltd. (FSIT); First Financial Asset Management Co., Ltd.; First Venture Capital Co., Ltd.; and First Financial Management Consulting Co., Ltd., elect to use a consolidated tax return for the declaration and reporting of their profit-seeking income tax and surplus retained earnings, as well as elect FFHC as the tax payer for the consolidated tax return.

The Company along with its parent company and affiliates elected the consolidated tax return to jointly declare and report their income tax. Related reimbursements and disbursements are accounted for receivables or payables and are presented in net value when preparing the consolidated as financial statements.

D. Certain transactions of the Bank and its subsidiaries are recognized in other comprehensive income. The tax effects on these kinds of transactions are also recognized in other comprehensive income.

E. Current tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(26) Share capital and dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds. Dividends are recorded in the Bank's and its subsidiaries' consolidated financial statements in the period in which they are resolved by the Bank's and its subsidiaries' Board of Directors in substitution for the stockholders. Cash dividends are recorded as liabilities, stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Operating segments

The Bank and its subsidiaries' operating segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance.

5. Critical accounting judgments, estimates and key source of assumption uncertainty

The consolidated financial statements of the Bank and its subsidiaries may be affected by the adoption of accounting policies, accounting estimates and assumptions. Therefore, adoption of the significant accounting policies in Note 4 requires the management's judgment, estimate and assumption, which involves information of significant adjustment made on the carrying amount of assets and liabilities in the next financial statements due to lack of resources. Estimate and assumptions of the Bank and its subsidiaries are the best estimates compliance with IFRS as endorsed by FSC. Estimate and assumptions are made on the basis of past experience and other elements deemed to be relevant. However, the actual results may differ from the estimates. The Bank and its subsidiaries will continually monitor the estimates and assumptions and if the revision of estimate leaves an impact in the current period, the adjustment is recognized in the period. If a revision could affect both current and future periods, then the estimated revision shall be made in current and future periods.

Certain accounting policies and judgments of management could have significantly affected the recognized amounts in the consolidated financial statements. Details are as follows:

(1) Evaluation on financial instruments - debt instruments and derivatives

The Bank and its subsidiaries evaluate the financial instrument at fair value not traded in an active market or with no quoted price. The fair value may be estimated with reference to observable market price in the market if there is observable information of similar instruments. If not, fair value is calculated based on the appropriate evaluation models generally used in the market. The input used in the model should first primarily be based on the observable information in the market. However, in the event that certain information or input cannot be observed directly in the market and/or the model assumption itself is comparatively objective, then the measurement of financial instrument at fair value can be retrieved from historical data or other appropriate assumptions. Every valuation model of the Bank and its subsidiaries are assessed and tested on a regular basis to ensure the output can reflect actual information and the market price. Note 12(1)C provides the main assumptions used in determining the financial instruments at fair value. The competent authorities recognize that the valuation models and assumptions chosen can be appropriately used to determine the fair value of financial instruments.

(2) Evaluation on financial instruments - equity instruments

The fair value of unlisted stocks without active market held by the Bank and its subsidiaries are measured using valuation techniques that involve observable data or models of financial instruments with similar characteristics. If there are no observable inputs from the market, the fair value of the instrument is measured with appropriate assumptions. If fair value is determined by a valuation model, it should be calibrated so that the end result reflects actual data and market prices, and observable data should be used whenever it is possible.

The measurement of fair value is primarily calculated using recently published market multipliers of comparable publicly listed companies in similar industries, and discounted according to market liquidity and particularity of risk. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(1)C for the financial instruments fair value information.

(3) Expected credit losses

For debt instruments measured at fair value through other comprehensive income and financial assets measured at amortised cost, the measurement of expected credit losses uses complex models and multiple assumptions. These models and assumptions take into account future macro-economic conditions and credit behaviors of borrowers (e.g. probability of customer default and loss). Please refer to Note 12(2)C for detailed information on parameters, assumptions, and estimation methods used in measuring expected credit losses and disclosure of the sensitivity of credit loss to the aforementioned factors.

The measurement of expected credit losses according to applicable accounting rules involves significant judgement in several areas, for example:

1. The criteria used to judge whether there is significant increase in credit risk.
2. The selection of appropriate models and assumptions for measuring expected credit losses.
3. Determining the forward-looking factors that are necessary for the measurement of expected credit losses for each type of product.
4. For the purpose of measuring expected credit losses, classifying the financial instruments according to similar credit risk characteristics.

Judgements and estimations used in above expected credit losses, please refer to Note 12(2)C.

(4) Post-employment benefit

The present value of post-employment benefit obligation is based on actuarial result of various assumptions, through which any change could affect the carrying amount of post-employment benefit obligation.

Discount rate is included when determining the net pension cost (income), and the Bank and its subsidiaries decide the appropriate discount rate at the end of each year, which is used to calculate the estimated present value of future cash outflow of post-employment benefit obligation needed. The Bank and its subsidiaries should consider interest rate of government bonds of the same currency and maturity in order to determine the appropriate discount rate.

Other significant assumptions on post-employment benefit are made based on the current market situation.

6. Summary of significant accounts

(1) Cash and cash equivalents

	December 31, 2019	December 31, 2018
Cash on hand	$ 22,983,926	$ 13,661,465
Checks for clearance	6,917,507	22,583,171
Due from other banks	16,440,623	14,122,081
Less：Allowance for bad debts- due from other banks	(6,062)	-
Total	$ 46,335,994	$ 50,366,717

Information relating to credit risk is provide in Note 12(2) C.

(2) Due from the Central Bank and call loans to banks

	December 31, 2019	December 31, 2018
Reserve for deposits-account A	$ 33,476,652	$ 33,557,817
Reserve for deposits-account B	59,462,268	53,271,378
Inter-Bank clearing fund	8,105,917	6,619,043
Deposits of national treasury account	75,007	79,746
Deposits of overseas branches with foreign Central Banks	12,119,430	7,189,572
Reserve for deposits- foreign currency	515,228	483,461
Call loans and overdrafts to other banks	166,234,968	117,480,286
Subtotal	279,989,470	218,681,303
Less: Allowance for bad debt expense - call loans to banks	(28,763)	(25,281)
Total	$ 279,960,707	$ 218,656,022

A. The Bank and its subsidiaries' reserve for deposits is required by the Banking Law and is determined by applying the reserve ratios set by the Central Bank to the monthly average balance of each type of deposit. The reserve amount is deposited in the reserve deposit account at the Central Bank. According to the regulations, such reserve for deposits - account B cannot be withdrawn except for monthly adjustments of the reserve for deposits.

B. Amounts in conformity and not in conformity with cash and cash equivalents as defined by IAS No.7 were as follows：

	December 31, 2019	December 31, 2018
In conformity with cash and cash equivalents as defined by IAS No.7	$ 215,334,282	$ 160,881,438
Not in conformity with cash and cash equivalents as defined by IAS No.7		
Reserve for deposits-account B	59,462,268	53,271,378
Deposits by overseas branches with foreign Central Banks (Note)	5,192,920	4,528,487
Total	$ 279,989,470	$ 218,681,303

Note: The deposits by overseas branches are reserves required by the respective local central banks. The deposits are restricted from deployment.

C. Information relating to credit risk is provided in Note 12(2)C.

(3) Financial assets at fair value through profit or loss

	December 31, 2019	December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss		
Short-term bills	$ 70,998,861	$ 58,841,197
Stocks	270,139	224,662
Bonds (government bonds, bank debentures, and corporate bonds)	70,956,807	69,499,902
Others	4,925,000	2,425,000
Derivative financial instruments	4,820,572	4,832,333
Valuation adjustment	594,184	237,251
Subtotal	152,565,563	136,060,345
Financial assets designated as at fair value through profit or loss		
Bonds	3,707,639	2,887,434
Valuation adjustment	137,243	51,731
Subtotal	3,844,882	2,939,165
Total	$ 156,410,445	$ 138,999,510

A. Amounts recognised in profit or loss in relation to financial assets and financial liabilities at fair value through profit or loss are listed below:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Net gains and losses on financial assets mandatorily measured at fair value through profit or loss and financial liabilities held for trading	$ 10,532,324	$ 5,694,374
Net gains and losses on financial assets and financial liabilities designated as at fair value through profit or loss	(2,183,706)	(212,085)
Total	$ 8,348,618	$ 5,482,289

B. The financial instruments of the Bank and its subsidiaries designated at fair value through profit or loss upon initial recognition were designated to eliminate or reduce recognition inconsistency.

C. As of December 31, 2019 and 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount of debt investments was $151,320,086 and $133,937,370, respectively ; the maximum exposure to credit risk in respect of the amount of derivatives was $4,820,572 and $4,832,333, respectively.

D. As of December 31, 2019 and 2018, the fair value of the bonds designated as financial assets measured at fair value through profits or losses, which were under repurchase and resell agreement, was $299,900 and $0, respectively.

(4) Financial assets at fair value through other comprehensive income

	December 31, 2019	December 31, 2018
Debt instruments		
Bonds	$ 236,048,456	$ 192,035,010
Other marketable securities	3,896,510	3,300,327
	239,944,966	195,335,337
Valuation adjustment	4,648,512	901,154
Subtotal	244,593,478	196,236,491
Equity instruments		
Stocks - listed	12,513,294	9,452,372
Stocks - unlisted	3,718,673	3,718,589
Other marketable securities	420,057	500,540
	16,652,024	13,671,501
Valuation adjustment	16,851,274	12,274,268
Subtotal	33,503,298	25,945,769
Total	$ 278,096,776	$ 222,182,260

A. The Bank and its subsidiaries have selected to classify investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $33,503,298 and $25,945,769 as of December 31, 2019 and 2018, respectively.

B. For the year ended December 31, 2019, the bank sold listed stock and beneficiary certificate investments for adjusting its investment position for diversifying risk. The fair value of the listed stock and beneficiary certificate investments sold was $470,867, and the cumulative gain was $38,460. For the year ended December 31, 2018, the Bank sold listed stock investments due to stock investments becoming private due to merger and adjusting its investment position for diversifying risk. The fair value of the listed stock investments sold was $252,874, and the cumulative gain was $17,971.

C. Amounts recognised in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 4,615,466	$ 1,118,086
Cumulative gains or losses reclassified to retained earnings due to derecognition	($ 38,460)	($ 17,971)
Dividend income recognised in profit or loss		
Held at the end of the period	$ 975,976	$ 699,666
Derecognised during the period	20,377	7,838
	$ 996,353	$ 707,504

	For the year ended December 31, 2019	For the year ended December 31, 2018
Debt instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	$ 3,857,293	($ 558,451)
Cumulative other comprehensive income reclassified to profit or loss		
Reclassified due to provision of impairment loss	$ 8,317	$ 2,838
Reclassified due to derecognition	(161,907)	(513,191)
	($ 153,590)	($ 510,353)
Interest income recognised in profit or loss	$ 5,589,175	$ 4,527,696

D. Please refer to Note 8 for details of the above financial assets at fair value through other comprehensive income pledged as collateral as of December 31, 2019.

E. On December 28, 2018, the Bank invested in real estate investment trusts (REITs) for an amount of $250,540. In line with the ARDF's interpretations on accounting treatment released on December 21, 2018, REITs were reclassified from financial assets at fair value through profit or loss into financial assets at fair value through other comprehensive income. As at December 31, 2019 and 2018, the fair value of REITs amounted to $167,159 and $214,514, respectively. If REITs had not been reclassified, there would have been a gain and loss of $21,151 and ($36,026), respectively, for fair value change for the years ended December 31, 2019 and 2018.

F. As of December 31,2019 and 2018, the fair value of the bonds as financial assets measured at fair value through other comprehensive income, which were under repurchase and resell agreement, amounted to $13,580,822 and $14,100,906, respectively.

G. Information relating to credit risk is provided in Note 12(2)C.

(5) Investment in debt instruments at amortised cost

	December 31, 2019	December 31, 2018
Certificates of deposits purchased	$ 462,126,500	$ 407,734,350
Bonds	21,000,854	7,786,512
Short-term bills	119,960	122,940
Subtotal	483,247,314	415,643,802
Less: Accumulated impairment	(42,526)	(39,343)
Total	$ 483,204,788	$ 415,604,459

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest income	$ 2,900,322	$ 2,092,029
Impairment loss	(3,258)	(16,769)
	$ 2,897,064	$ 2,075,260

B. Please refer to Note 8 for details of the above financial assets at amortised cost pledged as collateral as of December 31, 2019.

C. As of December 31, 2019 and 2018, the fair value of the bonds as investment in debt investments at amortised cost, which were under repurchase and resell agreement, was $2,352,116 and $614,700, respectively.

D. Information relating to credit risk is provided in Note 12(2)C.

(6) Notes and bonds issued under resell agreements

	December 31, 2019	December 31, 2018
Government bonds	$ 500,000	$ -

The resell agreement amounts for the above bonds were $500,093 and $0 as of December 31, 2019 and 2018, respectively.

(7) Receivables, net

	December 31, 2019	December 31, 2018
Spot exchange receivable	$ 30,862,093	$ 42,964,683
Factoring receivable	3,225,624	8,257,100
Interest receivable	6,525,687	6,156,300
Acceptances receivable	4,495,562	5,823,243
Credit card accounts receivable	7,345,825	6,719,120
Other receivables	7,689,608	8,197,961
Subtotal	60,144,399	78,118,407
Less: Allowance for bad debts	(793,125)	(765,937)
Net amount	$ 59,351,274	$ 77,352,470

Information relating to credit risk is provided in Note 12(2)C.

(8) Loans discounted, net

	December 31, 2019	December 31, 2018
Bills and notes discounted	$ 2,923,379	$ 3,039,476
Overdrafts	1,166,717	1,168,863
Short-term loans	534,129,916	543,018,320
Medium-term loans	522,808,341	478,792,372
Long-term loans	720,859,469	683,904,403
Import-export bills negotiations	877,028	1,165,748
Loans transferred to non-accrual loans	4,504,052	6,108,910
Subtotal	1,787,268,902	1,717,198,092
Less: allowance for bad debts	(22,598,525)	(21,428,241)
Net amount	$ 1,764,670,377	$ 1,695,769,851

A. Information relating to credit risk is provided in Note 12(2)C.

B. As of December 31, 2019 and 2018, the recoveries of write-offs, which were accounted as deductions to bad debts expense was $2,897,508 and $3,016,550, respectively.

(9) Investments accounted for using equity method - net

A. Investments accounted for using equity method：

Affiliated Companies	December 31, 2019	(After restatement) December 31, 2018
East Asia Real Estate Management Co., Ltd.	$ 11,784	$ 15,489
FCBL Capital International (B.V.I.) Ltd.	1,872,980	1,858,600
First Financial Assets Management (B.V.I.) Ltd. (Note 1)	568,349	553,949
Turn Cloud Technology Service Inc. (Note 2)	-	-
	$ 2,453,113	$ 2,428,038

Note 1: The Bank's subsidiary, FCBL leasing, acquired the equity of First Financial Assets Management (B.V.I.) Ltd. in cash, and the settlement date was on April 1, 2019. In the preparation of comparative financial statements, it should be deemed as a reorganization from the beginning, and prior years' financial statements are restated.

(1)Reconciliation of the reconciling items in balance sheet as at December 31, 2018:

	(Before restatement) December 31, 2018	(After restatement) December 31, 2018
Investments accounted for using equity method-net	$ 1,874,089	$ 2,428,038
Predecessor interests under common control	-	553,949

(2) Reconciliation of comprehensive income reconciling items in 2018:

	(Before restatement) For the year ended December 31, 2018	(After restatement) For the year ended December 31, 2018
Share of profit or loss of joint ventures accounted for using equity method	$ 77,122	$ 108,371
Share of other comprehensive income profit or loss associates accounted for using equity method-items that may be reclassified to profit or loss	(68,067)	(77,998)

Note 2: It disqualified investments accounted for using equity method after the Bank disposed of 35% of ownership on December 21, 2018. Please refer to Note 7(2) for details.

B. The Bank's and its subsidiaries' share of the operating results in all individually immaterial associates are summarised below:

	For the year ended December 31, 2019	(After restatement) For the year ended December 31, 2018
Gain from countinuing operations	$ 121,056	$ 108,371
Other comprehensive loss	(18,517)	(77,998)
Total comprehensive income	$ 102,539	$ 30,373

C. The affiliated enterprises invested by the Bank and its subsidiaries have no quoted price. The affiliated enterprises' capacity to transfer capital through the distribution of cash dividends, loan repayment or advances is not significantly restricted.

D. The profit or loss of related parties for the years ended December 31, 2019 and 2018, accounted for by the Bank through the equity method are, aside from East Asia Real Estate Management Co., Ltd.'s concurrent financial statements which have not been audited by a certified public accountant (had the financial statements been audited, the Bank expects the effect to be immaterial), derived from concurrent financial statements of investees which have been audited and attested by a certified public accountant.

(10) Other financial assets - net

	December 31, 2019	December 31, 2018
Non-accrual loans transferred from other accounts (excluding loans)	$ 907,912	$ 891,100
Bills purchased	2,705	1,419
Subtotal	910,617	892,519
Less: Allowance for bad debts - overdue receivable	(761,152)	(740,135)
Total	$ 149,465	$ 152,384

Information relating to credit risk is provided in Note 12(2)C.

(11) Property and equipment - net

Changes in the property and equipment of the Bank and its subsidiaries for the years ended December 31, 2019 and 2018 are as follows:

	Lands and land improvements	Buildings and structures	Machinery and computer equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2019	$ 18,973,529	$ 12,210,044	$ 2,781,576	$ 801,119	$ 2,341,405	$ 947,070	$ 178,066	$ 38,232,769
Retrospective application and retrospective adjustment effects	-	-	-	-	(245,431)	-	-	(245,431)
Balance at 1 January, 2019 after restatement	18,973,529	12,210,044	2,781,576	801,119	2,095,974	947,070	178,066	37,987,338
Additions	-	93,469	312,905	51,792	78,155	67,423	414,387	1,018,131
Transfers	-	9,812	49	-	6,044	26,099	(42,004)	-
Transfers to investment property	(638,778)	(10,853)	-	-		-	-	(649,631)
Disposals	-	(210)	(224,997)	(93,813)	(82,641)	(31,177)	-	(432,838)
Foreign exchange	(1,365)	(12,237)	(3,229)	(1,143)	(2,229)	(6,218)	-	(26,421)
At December 31, 2019	18,333,386	12,289,985	2,866,304	757,955	2,095,303	1,003,197	550,449	37,896,579
Accumulated depreciation								
At January 1, 2019	-	(6,331,229)	(2,136,470)	(653,807)	(1,805,775)	(797,446)	-	(11,724,727)
Retrospective application and retrospective adjustment effects	-	-	-	-	68,737	-	-	68,737
Balance at 1 January, 2019 after restatement	-	(6,331,229)	(2,136,470)	(653,807)	(1,737,038)	(797,446)	-	(11,655,990)
Depreciation	-	(320,199)	(245,850)	(42,260)	(93,882)	(54,665)	-	(756,856)
Transfers to investment property	-	10,399	-	-	-	-	-	10,399
Disposals	-	210	224,443	93,669	82,389	28,985	-	429,696
Foreign exchange	-	2,534	3,195	854	2,136	4,977	-	13,696
At December 31, 2019	-	(6,638,285)	(2,154,682)	(601,544)	(1,746,395)	(818,149)	-	(11,959,055)
Net	$ 18,333,386	$ 5,651,700	$ 711,622	$ 156,411	$ 348,908	$ 185,048	$ 550,449	$ 25,937,524

	Lands and land improvements	Buildings and structures	Machinery and computer equipment	Transportation and communication equipment	Miscellaneous equipment	Leasehold improvements	Unfinished construction and prepayments for equipment	Total
Cost								
At January 1, 2018	$ 18,971,597	$ 12,070,136	$ 2,773,933	$ 804,918	$ 2,303,894	$ 924,265	$ 78,152	$ 37,926,895
Additions	-	67,501	215,630	50,338	59,705	40,937	194,093	628,204
Transfers	-	74,712	3,119	1,697	11,310	3,341	(94,179)	-
Disposals	-	-	(212,950)	(56,880)	(35,021)	(31,717)	-	(336,568)
Foreign exchange	1,932	(2,345)	1,844	1,046	1,517	10,244	-	14,238
At December 31, 2018	18,973,529	12,210,004	2,781,576	801,119	2,341,405	947,070	178,066	38,232,769
Accumulated depreciation								
At January 1, 2018	-	(6,017,987)	(2,096,706)	(669,828)	(1,715,419)	(766,724)	-	(11,266,664)
Depreciation	-	(313,826)	(250,282)	(39,711)	(123,579)	(52,534)	-	(779,932)
Disposals	-	-	211,451	56,494	34,294	31,133	-	333,372
Foreign exchange	-	584	(933)	(762)	(1,071)	(9,321)	-	(11,503)
At December 31, 2018	-	(6,331,229)	(2,136,470)	(653,807)	(1,805,775)	(797,446)	-	(11,724,727)
Net	$ 18,973,529	$ 5,878,775	$ 645,106	$ 147,312	$ 535,630	$ 149,624	$ 178,066	$ 26,508,042

There was no interest capitalized on property and equipment acquired for the years ended December 31, 2019 and 2018.

(12) Leasing arrangements-lessee

A. The Bank and its subsidiaries lease various assets including land, buildings and structures, machinery and computer equipment, business vehicles, etc. Rental contracts are typically made for periods of 1 to 46 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The carrying amount of right-of-use assets and depreciation charge are as follows:

	December 31, 2019 Carrying amount	2019 Depreciation expense
Land	$ 8,337	$ 2,432
Buildings and structures	2,719,483	571,728
Machinery and computer equipment	15,287	27,163
Transportation and communication equipment	92,360	32,416
Miscellaneous equipment	10,306	4,044
	$ 2,845,773	$ 637,783

For the year ended December 31,2019, the addition to right-of-use assets was $1,410,735.

C. The information on profit and loss accounts relating to lease contracts is as follows:

	2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 46,059
Expense on short-term lease contracts	108,061
Expense on leases of low-value assets	12,144
Expense on variable lease payments	1,651
Gain on sublease of right-of-use assets	308

D. For the year ended December 31, 2019, the Bank and its subsidiaries' total cash outflow for leases was $805,974.

(13) Leasing arrangements-lessor

A. The Bank and its subsidiaries lease various assets including land, buildings and structures, machinery and equipment, business vehicles. Rental contracts are typically made for periods of 1 to 13 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as security for borrowing purposes, or a residual value guarantee was required.

B. The Bank and its subsidiaries lease machinery and equipment under a finance lease. Based on the terms of the lease contract, the ownership of machinery and equipment will be transferred to lessees when the leases expire. Information on profit or loss in relation to lease contracts is as follows:

	2019
Finance income from the net investment in the finance lease	$ 1,539

C. The maturity analysis of the undiscounted lease payments in the finance lease is as follows:

	December 31, 2019
2020	$ 20,897
2021	54,630
Total	$ 75,527

D. Reconciliation of the undiscounted lease payments and the net investment in the finance lease is provided as follows:

	December 31, 2019
Undiscounted lease payments	$ 75,527
Unearned finance income	(1,872)
Net investment in the lease	$ 73,655

E. For the year ended December 31, 2019, the Bank and its subsidiaries recognised rent income in the amount of $746,948, based on the operating lease agreement, which does not include variable lease payments.

F. The maturity analysis of the lease payments under the operating leases is as follows:

2020	$ 646,248
2021	465,897
2022	297,592
2023	147,298
2024	76,454
2025	54,793
After 2026	133,645
Total	$ 1,821,927

(14) Investment property – net

Please see below table for the investment property of the Bank and its subsidiaries for the years ended December 31, 2019 and 2018:

	Lands and land improvements	Buildings and structures	Total
Cost			
At January 1, 2019	$ 6,682,206	$ 483,902	$ 7,166,108
Additions	-	726	726
Transfers from property and equipment	638,778	10,853	649,631
Disposals	(870)	(25)	(895)
At December 31, 2019	7,320,114	495,456	7,815,570
Accumulated depreciation			
At January 1, 2019	-	(244,491)	(244,491)
Depreciation	-	(8,719)	(8,719)
Transfers from property and equipment	-	(10,399)	(10,399)
Disposals	-	25	25
At December 31, 2019	-	(263,584)	(263,584)
Investment property – net	$ 7,320,114	$ 231,872	$ 7,551,986

	Lands and land improvements	Buildings and structures	Total
Cost			
At January 1, 2018	$ 6,695,622	$ 487,688	$ 7,183,310
Additions	-	1,885	1,885
Disposals	(13,416)	(5,671)	(19,087)
At December 31, 2018	6,682,206	483,902	7,166,108
Accumulated depreciation			
At January 1, 2018	-	(241,178)	(241,178)
Depreciation	-	(8,613)	(8,613)
Disposals	-	5,300	5,300
At December 31, 2018	-	(244,491)	(244,491)
Investment property – net	$ 6,682,206	$ 239,411	$ 6,921,617

A. As of December 31, 2019 and 2018, the investment property at fair value of the Bank and its subsidiaries were $18,785,896 and $16,800,487, respectively. All the investment properties of the Bank and its subsidiaries are assessed by the internal appraisal expert, and market approach was adopted for all assessments, which belongs to the fair value in level 2.

B. For the years ended December 31, 2019 and 2018, the rental income from investment property were $108,521 and $98,547, respectively, and the operating expenses from investment property were $63,064 and $62,645, respectively.

(15) Other assets – net

	December 31, 2019	December 31, 2018
Leased assets – vehicles	$ 1,523,785	$ 1,638,164
Less: Accumulated depreciation	(634,708)	(648,694)
Leased assets – net	889,077	989,470
Foreclosed assets		
Cost	61,731	61,731
Less: Accumulated impairment	(61,731)	(61,731)
Net foreclosed assets	-	-
Guarantee deposits paid	3,419,926	1,171,640
Prepayments	349,875	448,889
Others	60,628	54,588
Total	$ 4,719,506	$ 2,664,587

Please refer to Note 8 for details of other assets pledged as collateral.

(16) Deposits from the Central Bank and banks

	December 31, 2019	December 31, 2018
Call loans from other banks	$ 282,085,081	$ 237,651,676
Transfer deposits from Chunghwa Post Co. Ltd.	4,300	523,418
Overdrafts from other banks	1,507,203	1,703,127
Due to other banks	1,387,854	827,304
Due to the Central Bank	39,485	37,804
Total	$ 285,023,923	$ 240,743,329

(17) Financial liabilities at fair value through profit or loss

	December 31, 2019	December 31, 2018
Financial liabilities held for trading		
Derivative instruments	$ 9,497,193	$ 4,619,884
Financial liabilities designated at fair value through profit or loss		
Bonds	21,892,700	27,354,150
Valuation adjustments	3,056,218	1,179,111
Subtotal	24,948,918	28,533,261
Total	$ 34,446,111	$ 33,153,145

A. The Bank's and its subsidiaries' financial instruments that were designated as measured at fair value through profit or loss upon initial recognition were for the purpose of eliminating accounting inconsistency.

B. Fair value changes due to changes in the Bank's credit risk pertaining to bank debentures measured at fair value through profit or loss issued by the Bank for the years ended December 31, 2019 and 2018, were ($444,038) and $123,739, respectively.

C. The Bank sold the financial debentures at the face value. As of December 31, 2019 and 2018, the carrying amounts exclusive of valuation adjustment and the amounts payable to the creditors are identical.

(18) Notes and bonds issued under repurchase agreements

	December 31, 2019	December 31, 2018
Government bonds	$ 2,083,372	$ 1,851,421
Bank debentures	15,811,253	13,989,169
Total	$ 17,894,625	$ 15,840,590

The Bank and its subsidiaries are obliged to repurchase the above bonds at original sale price plus a mark-up pursuant to the repurchase agreement. The repurchase agreement amounts for such bonds and bills were $17,948,621 and $15,908,406 as of December 31, 2019 and 2018, respectively.

(19) Payables

	December 31, 2019	December 31, 2018
Accounts payable	$ 12,041,273	$ 24,395,707
Spot exchange payable	30,870,850	42,947,585
Bank acceptances	4,665,191	6,024,262
Accrued expenses	4,676,373	4,423,091
Interest payable	3,974,477	3,699,034
Other payables	5,357,271	4,031,663
Total	$ 61,585,435	$ 85,521,342

(20) Deposits and remittances

	December 31, 2019	December 31, 2018
Checking accounts deposits	$ 45,319,074	$ 49,213,633
Demand deposits	681,511,668	592,468,939
Time deposits	542,572,284	487,111,974
Negotiable certificates of deposits	15,697,110	25,146,422
Savings account deposits	1,116,362,720	1,023,188,657
Remittances outstanding	2,850,064	2,951,076
Others	11,058	11,084
Total	$ 2,404,323,978	$ 2,180,091,785

(21) Financial bonds payable

In order to strengthen the capital adequacy ratio and raise mid-to-long-term operating capital for FCB, the Bank resolved through its Board of Directors to raise the quota of authorized bank debenture shares for the issuance of senior and subordinate debentures. This proposition was approved by the Ministry of Finance, R.O.C. and the FSC. The gross approved issuance amount was: $10 billion on February 25, 2011, $15 billion on February 24, 2012, $15 billion on February 27, 2014, $30 billion and USD $1.5 billion on February 26, 2015, $10 billion, USD $1 billion and foreign currency equivalent to NT $ 10 billion on February 26, 2016, $10 billion and equivalent to NT$10 billion equivalent foreign currency on February 24, 2017, $10 billion and equivalent to NT$10 billion equivalent foreign currency on February 23, 2018, modified the amount of the previous application of NTD perpetual non-cumulative subordinate financial bonds to $10 billion on May 11, 2018. The priority of claims for the above mentioned subordinate bonds only takes precedence over the remaining claims distributable for shareholders and is inferior to all other creditors. The detailed terms of each issuance are as follows:

	First to Second issues, 2011
Issue date	March 30, June 24, 2011
Issue amount	NT$6.3 billion (NT$4.15 billion was redeemed at maturity)
Issue price	At par
Coupon rate	Fixed rate:1.72%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	10 years

	First issues, 2012
Issue date	September 25, 2012
Issue amount	NT$13 billion (NT$6.2 billion was redeemed at maturity)
Issue price	At par
Coupon rate	Fixed rate:1.59%
Interest and repayment terms	Interest is paid annually. The principal is to be paid pursuant to face value at maturity.
Maturity period	10 years

	First issues, 2015
Issue date	March 25, 2015
Issue amount	NT$7 billion
Issue price	At par
Coupon rate	A: Fixed rate:1.83% B: Fixed rate:2.05%
Interest and repayment terms	A: Interest is paid annually. The principal is to be paid pursuant to face value at maturity and interest is paid. B: Interest is paid annually. The principal is to be paid pursuant to face value at maturity and interest is paid.
Maturity period	A: 7 years B: 10 years

	Second issues, 2015
Issue date	May 28, 2015
Issue amount	US $230 million
Issue price	At par
Coupon rate	A:This is a zero-coupon debenture with the implicit interest rate is 4.06% B: This is a zero-coupon debenture with the implicit interest rate is 4.02%
Interest and repayment terms	A: The bond can be redeemed after two years from the issue date. The principal is to be paid pursuant to face value at maturity and interest is paid. B: The bond can be redeemed after three years from the issue date. The principal is to be paid pursuant to face value at maturity and interest is paid.
Maturity period	20 years

	First issue, 2017
Issue date	February 15, 2017
Issue amount	US $500 million
Issue price	At par
Coupon rate	A: This is a zero-coupon bond with the implicit interest rate at 4.05% B: This is a zero-coupon bond with the implicit interest rate at 4.00%
Interest and repayment terms	A: The bond can be redeemed after two years from the issue date. The principal is to be paid pursuant to face value at maturity and interest is paid. B: The bond can be redeemed after three years from the issue date. The principal is to be paid pursuant to face value at maturity and interest is paid.
Maturity period	30 years

	First issue, 2018
Issue date	May 28, 2018
Issue amount	NT$5 billion
Issue price	At par
Coupon rate	Fixed rate:2.57%
Interest and repayment terms	Interest is paid annually. After the expiration of five years and 2 months, early redemption would be possible if it has approval from authority.
Maturity period	Perpetual

	Second issue, 2018
Issue date	September 25, 2018
Issue amount	NT$7 billion
Issue price	At par
Coupon rate	Fixed rate:2.36%
Interest and repayment terms	Interest is paid annually. After the expiration of five years and one month, early redemption would be possible if it has approval from authority.
Maturity period	Perpetual

As of December 31, 2019 and 2018, the range of interest rates of the above mentioned corporate bonds were 1.59%~4.06% and 1.43%~4.07% respectively.

As of December 31, 2019 and 2018, the outstanding balances of the above-mentioned bank debentures amounted to $49.843 billion and $64.504 billion New Taiwan dollars, respectively. Among the preceding mentioned bank debentures, the senior bank debentures with face value of $21.893 billion and $27.354 billion New Taiwan dollars were designated as held for trading financial liabilities and hedged by interest rate swap contracts. As such interest rate swap contracts were valued at fair value with changes in fair value recognized as profit or loss, the bank debentures stated above were designated as financial liabilities at fair value through profit or loss in order to eliminate or significantly reduce recognition inconsistency.

(22) Other financial liabilities

	December 31, 2019	December 31, 2018
Received principal of structured notes	$ 39,271,473	$ 39,500,607
Commercial papers payable	3,199,035	2,999,235
Short-term borrowing	650,000	1,050,000
Others	-	31,981
Total	$ 43,120,508	$ 43,581,823

These short-term borrowings were credit borrowings as of December 31, 2019 and 2018, the interest rate range were 0.97%~1.30% and 1.10%~1.11%, respectively.

(23) Provisions

	December 31, 2019	December 31, 2018
Provisions for employee benefit	$ 4,612,664	$ 5,182,573
Reserve for guarantees	761,716	678,100
Reserve for loan commitments	444,319	603,784
Others	31,679	40,679
Total	$ 5,850,378	$ 6,505,136

Details for the Bank's elected provisions for employee benefit as reported by the actuarial report are as follows:

	December 31, 2019	December 31, 2018
Consolidated balance sheet:		
Defined benefit plans	$ 3,538,051	$ 4,115,830
Preferential saving plan for employees	873,764	847,587
Total	$ 4,411,815	$ 4,963,417

A. Defined contribution plans

Effective from July 1, 2005, the Bank and its subsidiaries established a funded defined contribution plan pursuant to the Labor Pension Act, which covers the employees with R.O.C. nationality and those who choose to or are required to follow the Labor Pension Act. The contributions are made monthly based on not less than 6% of the employees' monthly salaries and are deposited in the employee's individual pension fund account at the Bureau of Labor Insurance. The payment of pension benefits is based on the employee's individual pension fund accounts and the cumulative profit in such accounts, and the employees can choose to receive such pension benefits monthly or in lump sum. For the years ended December 31, 2019 and 2018, the pension costs of the Bank and its subsidiaries under the defined contribution plan were $210,546 and $183,957, respectively.

For employees working overseas, pension expenses under defined contribution plans are recognised according to the local regulations. For the years ended December 31, 2019 and 2018, pension expenses of current period were $16,514 and $15,969, respectively.

B. Defined benefit plans

The Bank and its subsidiaries have a defined benefit pension plan set up in accordance with the Labor Standards Law of the R.O.C., covering all regular employees for their services prior to the implementation of the Labor Pension Act on July 1, 2005 and those employees who choose continuously to be applicable to the Labor Standards Law for the services after the implementation of the Labor Pension Act. The payment of pension benefits is based on the length of the service period and average monthly compensation in the last six months prior to retirement. Under the defined benefit plan, employees are granted two points for each year of service for the first 15 years and are granted one point for each additional year of service from the 16th year, but are subject to a maximum of 45 points. Monthly contributions made by the Bank and its subsidiaries to the pension fund that are deposited in the designated pension account at the Bank of Taiwan were based on 10% of the total monthly salaries and wages. Also, the Bank would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement next year, the Company will make contributions to cover the deficit by next March.

The net pension costs under defined contribution pension plans of the Bank for the years ended December 31, 2019 and 2018 were $344,044 and $349,231, respectively. As of December 31, 2019 and 2018, the balances of the pension fund deposited in the Bank of Taiwan were $7,980,880 and $7,374,909, respectively.

(A) The amounts recognised in the balance sheet are as follows:

	December 31, 2019	December 31, 2018
Present value of funded obligations	$ 11,560,997	$ 11,529,970
Fair value of plan assets	(8,022,946)	(7,414,140)
Net defined benefit liability	$ 3,538,051	$ 4,115,830

(B) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2019			
Balance at January 1	$ 11,529,970	($ 7,414,140)	$ 4,115,830
Current service cost	304,072	-	304,072
Interest expense (income)	112,397	(73,573)	38,824
	11,946,439	(7,487,713)	4,458,726
Remeasurements (Note):			
Return on plan assets	-	(258,821)	(258,821)
Change in financial assumptions	357,946	-	357,946
Experience adjustments	18,037	-	18,037
	375,983	(258,821)	117,162
Pension fund contribution	-	(1,037,837)	(1,037,837)
Paid pension	(761,425)	761,425	-
Balance at December 31	$ 11,560,997	($ 8,022,946))	$ 3,538,051

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	$ 11,048,060	($ 6,953,338)	$ 4,094,722
Current service cost	300,507	-	300,507
Interest expense (income)	128,542	(82,461)	46,081
	11,477,109	(7,035,799)	4,441,310
Remeasurements (Note):			
Return on plan assets	-	(195,145)	(195,145)
Change in financial assumptions	237,586	-	237,586
Experience adjustments	649,829	-	649,829
	887,415	(195,145)	692,270
Pension fund contribution	-	(1,017,750)	(1,017,750)
Paid pension	(834,554)	834,554	-
Balance at December 31	$ 11,529,970	($ 7,414,140)	$ 4,115,830

Note: Return on plan assets excluding amounts included in interest income or expense.

(C) The Bank of Taiwan was commissioned to manage the Fund of the Bank's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earning is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2019 and 2018 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

For the years ended December 31, 2019 and 2018, actual return on plan assets were $332,394 and $277,606, respectively.

For the years ended December 31, 2019 and 2018, defined benefit plan recognized through other comprehensive income a remeasurement of ($117,162) and ($692,393), respectively, for net defined benefit liability.

(D) The principal actuarial assumptions used were as follows:

	2019	2018
Discount rate	0.70%	1.00%
Future salary increases	1.50%	1.50%

Assumption on future death rate is based on the 4th historical life chart by the Taiwan life insurance enterprises.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Impact on the present value of the defined benefit obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2019			
Discount rate	±0.25%	($ 299,444)	$ 311,417
Future salary increases	±0.25%	$ 308,141	($ 297,849)

	Impact on the present value of the defined benefit obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2018			
Discount rate	±0.25%	($ 295,814)	$ 307,848
Future salary increases	±0.25%	$ 305,533	($ 295,098)

The sensitivity analysis above is based on other conditions are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once.

The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(E) As of December 31, 2019, the weighted average duration of that retirement plan is 10.1 years.

(F) Expected contributions to the defined benefit pension plan of the Bank and its subsidiaries for the year ending December 31, 2020 amounts to $456,736.

C. Stock ownership trust

Since January 17, 2019, the Bank has established employee savings and employee shareholding rules, which stipulates that the Bank's regular employees who have served more than half a year, excluding employees hired locally by overseas branches may apply to the "Employee Savings and Employee Stock Ownership Committee of the First Commercial Bank" to monthly deposit in the bank trust account for regular investment and initiate the retirement, resignation or meet other withdrawal conditions, apply to the commission claim. The Bank's pension expense under the above rules was $83,924 in 2019.

D. Employee preferential savings plan

The Bank's payment of an allotment for preferential savings of retired and current employees after retirement is in accordance with "First Commercial Bank's preferential savings plan for retired employees". Under the employee preferential savings plan, the Bank recognized pension cost of $490,087 and $479,796 for the years ended December 31, 2019 and 2018, respectively. Please see Note 4(22)B for details.

(A) As of December 31, 2019 and 2018, net liability in the balance sheet were $873,764 and $847,587, respectively.

(B) Movement in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2019			
Balance at January 1	$ 847,587	$ -	$ 847,587
Interest expense	31,699	-	31,699
	879,286	-	879,286
Remeasurements:			
Change in financial assumptions			
Experience adjustments	236,715	-	236,715
	236,715	-	236,715
Pension fund contribution	-	(242,237)	(242,237)
Paid pension	(242,237)	242,237	-
Balance at December 31	$ 873,764	$ -	$ 873,764

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	$ 805,764	$ -	$ 805,764
Interest expense	30,110	-	30,110
	835,874	-	835,874
Remeasurements:			
Change in financial assumptions	-	-	-
Experience adjustments	244,951	-	244,951
	244,951	-	244,951
Pension fund contribution	-	(233,238)	(233,238)
Paid pension	(233,238)	233,238	-
Balance at December 31	$ 847,587	$ -	$ 847,587

(C) For the years ended December 31, 2019 and 2018, there were no actuarial loss recognized in other comprehensive income.

(D) The principal actuarial assumptions of employee preferential savings plan were as follows:

	2019	2018
Discount rate	4.00%	4.00%
Return on capital deposited	2.00%	2.00%
Annual decreasing ratio of account balance	1.00%	1.00%
Variable ratio of preferential savings program	50.00%	50.00%

Assumption on future death rate is based on the 4th historical life chart by the Taiwan life insurance enterprises.

The analysis for the impact on the present value of the employee preferential savings plan obligation as a result of changes in the primary actuarial assumption is as follows:

	Impact on the present value of the employee preferential savings plan obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2019			
Discount rate of employee preferential savings	±0.25%	($ 13,441)	$ 13,847
Return rate of capital deposited	±0.25%	($ 119,494)	$ 119,494
Annual diminishing rate of account balance	±0.25%	($ 13,057)	$ 13,401
Potential future variable rate of preferential savings	±10.00%	$ 174,753	($ 174,753)

	Impact on the present value of the employee preferential savings plan obligation		
	Change in actuarial assumption (%)	Positive change in actuarial assumption	Negative change in actuarial assumption
December 31, 2018			
Discount rate of employee preferential savings	±0.25%	($ 13,028)	$ 13,422
Return rate of capital deposited	±0.25%	($ 112,768)	$ 112,768
Annual diminishing rate of account balance	±0.25%	($ 12,655)	$ 12,989
Potential future variable rate of preferential savings	±10.00%	$ 169,517	($ 169,517)

The sensitivity analysis above is based on other conditions are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(E) Expected contributions to the employee preferential savings plan of the Bank for the year ending December 31, 2020 amounts to $113,353.

E. Credit risk information relating to provisions for loan commitments, guarantee liability and others is provided in Note 12(2)C.

(24) Other liabilities

	December 31, 2019	December 31, 2018
Guarantee deposits received	$ 3,021,817	$ 3,055,563
Collections in advance	1,792,308	1,518,456
Temporary receipts and suspense accounts	53,413	207,173
Others	88,272	111,968
Total	$ 4,955,810	$ 4,893,160

(25) Equity

A. Common stock

As of December 31, 2019 and 2018, the Bank's authorized and paid-in capital was both $89,064,000, consisting of 8,906,400 thousand shares of common stock outstanding with a par value of $10 (in dollars) per share.

B. Capital surplus

As required by the Companies Act, additional paid-in capital resulting from the amount received in excess of par value of the issuance of capital stock and donated income may not only be used to offset the accumulated losses but also to issue new shares or distribute cash dividends in proportion to the number of shares being held by original shareholders. In addition, according to the Securities and Exchange Act, the additional paid-in capital used for capital increase shall not exceed 10% of total issued capital stock. A company should not use the capital surplus to cover its capital loss, unless the surplus reserve is insufficient.

As of December 31, 2019 and 2018, the details on the Bank's capital surplus are as follows:

	December 31, 2019	December 31, 2018
Share premium	$ 34,460,326	$ 34,460,326
Share-based payments (Note 1)	1,895	1,895
Reorganization (Note 2)	8,130	-
Total	$ 34,470,351	$ 34,462,221

Note 1 : The Bank and its subsidiaries' payment of $385,995 for the parent company, FFHC, on June 8, 2018, resulted from the participation in FFHC's capital increase in 2011 and 2015. The payment was previously recognised as employees' bonus and compensation.

Note 2 : A subsidiary of the company, FCBL leasing, acquired the equity of FCBL Financial

Asset Management British Virgin Islands Limited by cash on April 11, 2019, using equity method to recognise changes in net equity value of $8,130.

C. Legal reserve and special reserve

(A) Legal reserves

According to the Company Law of the R.O.C., legal reserve can be used only to recover accumulated deficits or to increase capital stock and shall not be used for any other purposes. However, it is permitted that the legal reserve be used to increase capital stock if the balance of the legal reserve has reached 25% of the issued capital stock, and only half of the legal reserve can be capitalized.

(B) Special reserve

Upon the first-time adoption of IFRSs, Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012 requires the Company to reverse special earnings reserve in the proportion of the original recognition when the Company subsequently uses, disposes or reclassifies related assets. If the above related assets belong to investment properties, reversal of land is made when being disposed or reclassified and others are reversed during the periods of being used. In addition, the "trading loss reserve" and "default loss reserve" have been abolished in "Regulations Governing Securities Firms". The "trading loss reserve" and "default loss reserve" set aside before the end of December 2010 should be transferred to "special earnings reserve" according to Jin-Guan-Zeng-Chung No. 0990073857 dated January 11, 2011. Moreover, the additional special reserve should be transferred to "special earnings reserve" by the net of tax after the annual closing. On the other hand, if the special reserve is insufficient to write-off or to recover the amount that could be written-off or recovered, the insufficiency may be recovered or written-off through the "special earnings reserve". The special earnings reserve can only be used in offsetting an entity's deficit or 50% of such reserve can be transferred to capital given that such reserve is equivalent to 50% of the paid-in capital or more. No other purpose is permitted.

In accordance with Jin-Guan-Yin-Fa-Zi Letter No. 10510001510, dated May 25, 2016, as a response to the development of financial technology, and to ensure the rights of personnel involved in securities investment trust businesses, the Bank shall, upon appropriating the earnings of 2016 to 2018, provision 0.5% to 1% of income after taxes as special reserve. Starting from the 2017 accounting year, public banks may reverse an amount of the aforementioned special reserve commensurate to employee transition education and training employee termination or arrangement expenditures resulting from the development of financial technology. In accordance with Jin-Guan-Yin-Fa-Zi letter No. 10802714560 of May 15, 2019, the issuing bank may discontinue setting aside the special surplus reserve for the fiscal year of 2019, and may, when the expenses are incurred, reverse the same amount from the special surplus reserve balance already set aside from the preceding year.

(26) Unappropriated earnings

A. In accordance with the Bank's Articles of Incorporation, if there are earnings upon formulating the year-end budget, other than paying all taxes and offsetting cumulative deficits, 30% shall be appropriated as legal reserve and, depending on business needs, a special reserve may be appropriated. The remainder, if any, plus prior year unappropriated earnings, is the amount distributable as bonus. After the Board of Directors' consideration for the Bank's capital adequacy and business development needs, the amount may be distributed upon a resolution by the stockholders' meeting.

Prior to legal reserve exceeding total capital or the proprietary capital to risk-weighted assets ratio exceeding banking regulations, the maximum cash dividends which may be distributed shall be distributed according to the Banking Act of the Republic of China and regulations prescribed by the central regulating authority.

B. Dividend policy for the next three years

The Bank is part of a mature industry and has stable profitability and sound financial structure. Distribution of dividends is mainly in cash; however, for the purpose of improving the Bank's proprietary capital to risk-weighted assets ratio in order to strengthen the Bank's competitiveness, distributions are supported with stock dividends.

C. The appropriation of 2018 and 2017 earnings were resolved by the stockholders at the stockholders' meeting dated June 14, 2019 and May 11, 2018, respectively. Relevant information was as follows:

	2018		2017	
	Earnings distribution	Dividend per share (NT dollar)	Earnings distribution	Dividend per share (NT dollar)
Legal reserve	$ 5,259,224	$ -	$ 4,542,565	$ -
Special reserve	87,654	-	75,709	-
Cash dividends on common stock	11,692,550	1.3128	10,088,000	1.1327
	$ 17,039,428	$ 1.3128	$ 14,706,274	$ 1.1327

(27) Other equity interest

	Exchange difference on translation of foreign financial statements	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2019	($ 1,070,015)	$ 13,240,727	$ 12,170,712
Financial assets at fair value through other comprehensive income			
- Valuation adjustment	-	8,524,731	8,524,731
- Change of accumulated impairment	-	7,679	7,679
- Realised	-	(200,367)	(200,367)
Exchange difference on the financial statements of foreign entities	(1,756,350)	-	(1,756,350)
Share of the profit or loss of associates accounted for using the equity method	(31,621)	-	(31,261)
Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	(51,334)	(51,334)
Reorganization	(6,906)	-	(6,906)
Balance, December 31, 2019	($ 2,864,892)	$ 21,521,436	$ 18,656,544

	Exchange difference on translation of foreign financial statements	Unrealised gain or loss on financial assets at fair value through other comprehensive income	Total
Balance, January 1, 2018	($ 2,046,445)	$ 13,209,416	$ 11,162,971
Financial assets at fair value through other comprehensive income			
- Valuation adjustment	-	542,833	542,833
- Change of accumulated impairment	-	2,749	2,749
- Realised	-	(531,162)	(531,162)
Exchange difference on the financial statements of foreign entities	1,044,497	-	1,044,497
Share of the profit or loss of associates accounted for using the equity method	(68,067)	-	(68,067)
Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	16,891	16,891
Balance, December 31, 2018	($ 1,070,015)	$ 13,240,727	$ 12,170,712

(28) Net interest income

	2019	2018
Interest income		
Interest income on loans discounted	$ 40,325,316	$ 38,030,792
Interest income on securities investment	8,489,694	6,619,725
Interest income due from bank	3,157,964	3,140,514
Interest income on credit cards recurrence	189,012	177,711
Other interest income	300,241	235,378
Subtotal	52,462,227	48,204,120
Interest expense		
Interest expense for deposits	(16,257,711)	(13,754,564)
Interest expense due to Central Banks and banks	(6,284,600)	(4,110,139)
Interest expense, bank debentures	(700,724)	(589,241)
Interest expense on structured notes	(113,741)	(110,976)
Interest expense of bonds payable under repurchase agreements	(302,848)	(113,771)
Other interest expense	(111,630)	(35,873)
Subtotal	(23,771,254)	(18,714,564)
Total	$ 28,690,973	$ 29,489,556

(29) Net service fee income

	2019	2018
Service fee income		
Trust business and affiliated business	$ 2,587,412	$ 2,425,352
Insurance agency	2,591,285	2,546,595
Foreign exchange	894,671	925,636
Credit extension	1,376,742	1,283,941
Credit card	916,419	846,473
Other service fee income on deposits and remittances (Note)	1,344,145	1,218,949
Subtotal	9,710,674	9,246,946
Service fee expense		
Trust business and affiliated business	(244,118)	(263,307)
Insurance agency	(406,232)	(362,997)
Credit card	(543,279)	(457,488)
Other service fee expense on deposits and remittances	(636,666)	(578,692)
Subtotal	(1,830,295)	(1,662,484)
Total	$ 7,880,379	$ 7,584,462

Note：

A. As of December 31, 2019 and 2018, the fee income generated by the Bank and its subsidiaries concurrently in electronic payment business amounted to $2,355 and $1,971, respectively.

B. Due to the Bank and its subsidiaries concurrently in electronic payment business, as of December 31, 2019 and 2018, the interest earned from utilizing funds received from users amounted to $6 and $9, respectively, based on the calculation required in Article 4 of "Regulations Governing the Organization and Administration of Sinking Fund Established by Electronic Payment Institutions".

(30) Gains on financial assets or liabilities measured at fair value through profit or loss

	2019	2018
Gain or loss from disposal of financial assets and financial liabilities at fair value through profit or loss		
Short-term bills	($ 84,348)	($ 76,189)
Bonds	(223,183)	(222,484)
Stocks	80,859	(226,813)
Interest rate	(316,084)	(92,988)
Exchange rate	5,840,307	5,277,456
Options	85,650	(13,091)
Futures	(24,521)	4,440
Other	-	51
Subtotal	5,358,680	4,650,382
Evaluation gain or loss on financial assets and financial liabilities at fair value through profit or loss		
Short-term bills	3,354	5,414
Bonds	(1,186,681)	802,119
Stocks	(5,497)	35,826
Interest rate	2,335,318	(1,117,372)
Exchange rate	466,530	258,035
Options	25	10,879
Futures	1,126	(1,244)
Other	(18,324)	(5,572)
Credit risk valuation adjustment	3,105	3,968
Subtotal	1,598,956	(7,947)
Coupon and dividend income on financial assets at fair value through profit or loss	13,626	29,473
Interest income on financial assets at fair value through profit or loss	2,492,378	2,052,683
Interest expense on financial liabilities at fair value through profit or loss	(1,115,022)	(1,242,302)
Total	$ 8,348,618	$ 5,482,289

Net income on exchange rate instruments are realized and unrealized gain and loss on spot and forward exchange contracts, FX options and FX futures.

Interest-linked instruments include interest rate swaps, money market instruments, interest-linked options and other interest related instruments.

(31) Realised gains on financial assets at fair value through other comprehensive income

	2019	2018
Gain on disposal		
Bonds	$ 161,907	$ 534,026
Loss on disposal		
Bonds	-	(20,835)
Dividends income	996,353	707,504
Total	$ 1,158,260	$ 1,220,695

(32) Impairment losses on assets

	2019	2018
Impairment losses on debt instruments at fair value through other comprehensive income	($ 8,317)	($ 2,838)
Impairment losses of debt instruments amortised at cost	(3,258)	(16,769)
Gains on reversal of impairment loss on other assets	-	3,996
Total	($ 11,575)	($ 15,611)

(33) Net other non-interest income

	2019	2018
Net income and losses from rent	$ 352,879	$ 346,079
Gain (loss) on disposal of property	2,906	(4,894)
Loss on retired assets	(3,099)	(2,629)
Other net income and losses	(97,593)	116,926
Total	$ 255,093	$ 455,482

(34) Employee benefit expenses

	2019	2018
Wages and salaries	$ 11,713,778	$ 11,247,632
Labor and health insurance fees	621,189	565,431
Pension costs	1,145,115	1,028,953
Board of Directors' compensation	21,300	16,227
Other employee benefit	310,952	295,820
Total	$ 13,812,334	$ 13,154,063

A. The calculation for the employee benefit expense is based on the number of employee of 8,179 and 7,869 for the years of 2019 and 2018, respectively. (Pension expenses include preferential interest deposit for retired employees amounted to $490,087 and $479,796 for the years of 2019 and 2018, respectively.)

B. According to the Bank's Articles of Incorporation, if the Bank has profits before tax, 1% to 6% of income before tax prior to deductions of employees' compensation shall be provisioned as employees' compensation. However, the Bank's accumulated losses should first be covered.

C. As of December 31, 2019 and 2018, the Bank's and its subsidiaries' estimated employees' compensation were $1,216,956 and $1,102,946, respectively. The aforementioned amounts are accounted for under employee benefit expenses.

After considering earnings, employees' compensation for 2019 and 2018 were estimated on a 1% to 6% basis. Employees' compensation for 2018 as resolved by the Board of Directors in 2019 was $1,086,769. This was a decrease of $11,931, compared to employees' compensation amounting to $1,098,700 in 2018. The difference in amounts was due to estimation difference. The changes in estimate in 2018 is treated as a change in accounting estimate, where the difference was recognized as profit or loss in 2019.

D. Information about employees' compensation of the Bank as resolved by the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange. In addition, the Bank has not distributed any directors' and supervisors' remuneration.

(35) Depreciation and amortization expenses

	2019	2018
Depreciation expense	$ 1,403,358	$ 788,545
Amortization expense	238,826	195,443
Total	$ 1,642,184	$ 983,988

(36) Other general and administrative expenses

	2019	2018
Taxes and fees	$ 2,168,939	$ 2,120,247
Insurance premium	576,167	578,948
Computer software service charge	403,663	373,083
Rental	120,205	823,326
Printing and binding-Advertising	514,903	336,722
Post and cable	283,129	273,428
Professional service charge	243,573	232,384
Others	1,487,471	1,356,862
Total	$ 5,798,050	$ 6,095,000

(37) Income tax expenses

A. Income tax expense

	2019	2018
Current tax		
Current tax on profits for the period	$ 3,716,320	$ 2,319,205
Adjustments for (under) over provisions of prior years' income tax expense and others	(36,047)	81,140
Total current tax	3,680,273	2,400,345
Deferred tax		
Origination and reversal of temporary differences	133,133	1,137,620
Impact of change in tax rate	(-)	(280,231)
Total deferred tax	133,133	857,389
Income tax expense	$ 3,813,406	$ 3,257,734

B. Details of reconciliation between income tax expense and accounting profit

	2019	2018
Income tax from pretax income calculated at regulated tax rate	$ 4,752,836	$ 4,265,940
Adjustments for over provisions of prior years' income tax expense and others	(36,047)	81,140
Adjusted effects on income tax exemption and other income tax	(903,383)	(809,115)
Impact of change in tax rate	-	(280,231)
Income tax expense	$ 3,813,406	$ 3,257,734

C. Amounts of deferred tax assets or liabilities as a result of temporary difference are as follows:

	2019				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Other	December 31
Deferred tax assets:					
Allowance for bad debt in excess of tax limits	$ 1,199,688	$ 84,644	$ -	$ -	$ 1,284,332
Impairment loss of foreclosed assets	12,346	-	-	-	12,346
Unappropriated employee benefit liabilities reserve	1,007,784	(142,831)	23,433	-	888,386
Overseas branches and overseas subsidiary	463,366	163,969	(1,418)	-	625,917
Others	41,715	5,896	(5,721)	-	41,890
Deferred tax assets-net	$ 2,724,899	$ 111,678	$ 16,294	$ -	$ 2,852,871
Deferred tax liabilities:					
Increment tax on land value	$ 5,703,133	$ -	$ -	($ 336)	$ 5,702,797
Unrealized gain or loss on financial asset	605,536	169,041	44,195	-	818,772
Others	413,756	75,770	-	-	489,526
Deferred tax liabilities-net	$ 6,722,425	$ 244,811	$ $44,195	($ 336)	$ 7,011,095

	2018			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets:				
Allowance for bad debt in excess of tax limits	$ 1,520,148	($ 320,460)	$ -	$ 1,199,688
Impairment loss of foreclosed assets	10,494	1,852	-	12,346
Unappropriated employee benefit liabilities reserve	853,110	(25,207)	179,881	1,007,784
Overseas branches and overseas subsidiary	564,337	(103,287)	2,316	463,366
Others	71,731	(44,591)	14,575	41,715
Deferred tax assets-net	$ 3,019,820	($ 491,693)	$ 196,772	$ 2,724,899
Deferred tax liabilities:				
Increment tax on land value	$ 5,703,133	$ -	$ -	$ 5,703,133
Unrealized gain or loss on financial asset	356,355	249,181	-	605,536
Others	297,241	116,515	-	413,756
Deferred tax liabilities-net	$ 6,356,729	$ 365,696	$ -	$ 6,722,425

D. The Bank's filed income tax returns through 2014 have been assessed and approved by the Tax Authority. As for 2003's "available loss deduction", where the assessed amount disagreed with the actual amount, after the Ministry of Finance, R.O.C. maintained its original position for the administrative appeal on January 6, 2016, the Bank decided to cease further litigation for its 2003 administrative appeal. However, because the result involved the use of loss deductions for subsequent years, which 2003's loss deduction was exhausted (i.e. year of 2012), the Bank has filed to rectify the loss deduction amount for the year. The Bank has taken administrative remedy to contest the assessment result for 2012 by applying for a review of the administrative action with Tax Authority. The case is currently still in the assessment phase. The Ministry of Finance, R.O.C. maintained its original position for the administrative appeal on November 13, 2019 and the Bank decided to cease further litigation for its 2012 administrative appeal.

Profit-seeking enterprise income tax returns of FCBL through 2016 have been assessed and approved by the Tax Authority.

E. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Bank and its subsidiaries' applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Bank and its subsidiaries have assessed the impact of the change in income tax rate.

(38) Earnings per share

Basic

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period.

	2019	2018
Profit or loss attributable to ordinary shareholders of the Bank (in thousand dollars)	$ 19,018,140	$ 17,530,747
Profit or loss attributable to the equity of attributable to former owner of business combination under common control (after tax)	16,631	31,249
Weighted average number of ordinary shares outstanding (in thousand shares)	8,906,400	8,906,400
Basic earnings per share attributable to ordinary shareholders of the Bank (in dollars)	2.14	1.97
Basic earnings per share attributable to the equity of attributable to former owner of business combination under common control (yuan) (after tax)	-	-

Note:For the years ended December 31, 2019 and 2018, basic earnings per share were equal to diluted earnings per share.

7. Related party transactions

(1) Parent and ultimate controlling company

The Bank is controlled by First Financial Holding Co., Ltd., which holds 100% of the Bank's shareholding, and the Bank's ultimate controlling company is First Financial Holding Co., Ltd.

(2) Details of the related parties

Names of related parties	Relationship with the Bank
Bank of Taiwan Co., Ltd.	Substantive related parties
East Asia Real Estate Management Co., Ltd. (EAREM)	Investee accounted for under the equity method
The First Education Foundation	Over one third of total fund is donated by the Bank
First Financial Holding Co., Ltd.	Parent company of the Bank
First Securities Inc. (FS)	Subsidiary of FFHC
First Securities Inc. (Asia)	Subsidiary of FFHC
First Capital Management Inc.	Subsidiary of FFHC
First Securities Investment Trust Co., Ltd. (FSIT)	Subsidiary of FFHC
First Financial Asset Management Co., Ltd. (FFAM)	Subsidiary of FFHC
First Venture Capital Co., Ltd. (FVC)	Subsidiary of FFHC
First Financial Management Consulting Co., Ltd. (FFMC)	Subsidiary of FFHC
First-Aviva Life Insurance Co., Ltd. (FALI)	Subsidiary of FFHC
Mutual funds managed by FSIT	Mutual funds managed by the subsidiary of FFHC
Others	Related parties, Spouses of representatives of the Bank's directors and supervisors, chairman and president, and relatives within second degree of kinship of the Bank's chairman and president

Note: The Bank's ownership to investments accounted for using equity method, Turn Cloud Co., Ltd., declined to 5% after disposing of the investments on December 21, 2018. Turn Cloud Co., Ltd. was no longer a related party of the Bank and its subsidiaries thereafter.

(3) Major balances and transactions with related parties:

A. Call loans to banks

	December 31, 2019		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 15,000,000	$ -	0.177~0.350

	December 31, 2018		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 15,000,000	$ -	0.174~0.300

For the years ended December 31, 2019 and 2018, the interest income on above related parties were $2,155 and $2,730, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

B. Call loans from banks

	December 31, 2019		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 10,000,000	$ -	0.174~0.183

	December 31, 2018		
	Highest balance	Ending balance	Annual interest rate (%)
Other related parties			
Bank of Taiwan	$ 15,000,000	$ -	0.173~0.190

For the years ended December 31, 2019 and 2018, the interest expense on above related parties were $107 and $930, respectively.

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

C. Due from other banks

	December 31, 2019	December 31, 2018
Other related parties		
Bank of Taiwan	$ 226,268	$ 247,605

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

D. Loans

December 31, 2019

Items	Category of related party (Note 1)	Number or name of related party (Note 2)	Maximum balance for current period	Ending balance	Status of performance: Performing loans	Status of performance: Non-performing loans	Collateral	Terms Differences Compared to Non-Related Parties
Consumer loans	Other related parties	51	$ 16,658	$ 16,080	$ 16,080	$ -	None	None
Residential mortgage loans	Other related parties	162	839,814	811,874	811,874	-	Real estate	None
Other loans	Other related parties	10	99,489	47,319	47,319	-	Certificates of deposits of the Bank、real estate、land	None
Other loans	Sister company	FFAM	332,000	200,000	200,000	-	Real estate	None
Other loans	Sister company	FS	298,000	-	-	-	Other collateral	None

December 31, 2018

Items	Category of related party (Note 1)	Number or name of related party (Note 2)	Maximum balance for current period	Ending balance	Status of performance: Performing loans	Status of performance: Non-performing loans	Collateral	Terms Differences Compared to Non-Related Parties
Consumer loans	Other related parties	44	$ 17,491	$ 15,278	$ 15,278	$ -	None	None
Residential mortgage loans	Other related parties	140	779,793	771,076	771,076	-	Real estate	None
Other loans	Other related parties	10	81,636	58,847	58,847	-	Certificates of deposits of the Bank、real estate、land	None
Other loans	Sister company	FFAM	130,000	-	-	-	Real estate	None
Other loans	Sister company	FS	166,630	-	-	-	Other collateral	None

For the years ended December 31, 2019 and 2018, the interest income received from the above related parties were $12,447 and $11,233, respectively.
Note 1: None of the ending balances of individual borrowers exceeded 1% of the total ending balance. Hence, the transactions are not listed individually in detail.
Note 2: Account numbers are calculated based on the statistics at the end of the year.

E. Deposits

	December 31, 2019		December 31, 2018	
	Ending balance	Percentage of Deposits(%)	Ending balance	Percentage of Deposits(%)
Parent company				
First Financial Holding Co., Ltd.	$ 3,068,868	0.13	$ 3,026,682	0.14
Sister company				
First-Aviva Life Insurance Co., Ltd.	1,067,860	0.04	481,230	0.02
First Securities Inc.	656,075	0.03	557,999	0.03
Others	389,971	0.02	290,959	0.01
Other related parties				
Others (Note)	1,611,758	0.07	1,638,135	0.08
Total	$ 6,794,532	0.29	$ 5,995,005	0.28

The interest expense paid to the above related parties for years ended December 31, 2019 and 2018 were $43,044 and $45,708, respectively.

Note: Staff savings accounts of FCB are provided to the above related parties with interest rate of 13% p.a. and limited to a balance of $480. Deposits exceeding $480 is calculated at demand savings deposit rate. Interest rates for others are the same as those offered to other customers.

F. Derivative instrument transactions

December 31, 2019

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (loss) on valuation for current period	Period-end balance Item	Period-end balance Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2019/11/27~ 2020/03/11	$ 2,322,726	$ 27,104	Valuation adjustment for financial assets mandatorily measured at fair value through profit or loss–currency exchange rate	$ 27,104
Other related parties	Bank of Taiwan	Foreign exchange contracts	2019/11/07~2020/01/07	599,800	6,959	Valuation adjustment for financial assets mandatorily measured at fair value through profit or loss–currency exchange rate	6,959

December 31, 2018

Category of related party	Name of related party	Title of derivative instrument contract	Contract period	Nominal principal	Gain (loss) on valuation for current period	Period-end balance Item	Period-end balance Balance
Other related parties	A mutual fund managed by FSIT	Foreign exchange contracts	2018/10/23~ 2019/02/13	$ 2,220,604	$ 2,703	Valuation adjustment for financial assets mandatorily measured at fair value through profit or loss–currency exchange rate	$ 2,703
Other related parties	Bank of Taiwan	Foreign exchange contracts	2018/10/02~2019/10/02	1,844,100	(8,815)	Valuation adjustment for trading liabilities – currency exchange rate	8,815

Note 1: Gain (loss) on valuation for the current period refers to gains or losses resulting from year-end fair value valuation on derivative instruments as of the balance sheet date.

Note 2: Period-end balance is the year-end balance of those accounted as financial asset or liabilities measured at fair value through profit or loss.

G. Current income tax assets

	December 31, 2019	December 31, 2018
Parent company		
First Financial Holding Co., Ltd.(Note)	$ 741,710	$ 637,650

Note: Receivable as a result of consolidated income tax return filing of parent company.

H. Current income tax liabilities

	December 31, 2019	December 31, 2018
Parent company		
First Financial Holding Co., Ltd.(Note)	$ 754,896	$ -

Note: Payable as a result of consolidated income tax return filing of parent company.

I. Financial liabilities at fair value through profit or loss

	December 31, 2019	December 31, 2018
Sister company		
First-Aviva Life Insurance Co., Ltd. (FALI)	$ -	$ 361,843

For the years ended December 31, 2019 and 2018, the interest expense on above related parties were $13,171 and $13,867, respectively.

J. The Bank and its subsidiaries leases houses and buildings from First Financial AMC for lease periods from September 1, 2015 to August 31, 2020. The rent expense will be paid at the beginning of each year. As of December 31, 2019, right-of-use assets and lease liabilities were $5,051 and $0, respectively. Depreciation and interest expense recognized in 2019 were $7,577 and $75, respectively. In addition, the Bank and its subsidiaries increased the right-of-use assets by $12,583 on January 1, 2019 due to the application of IFRS 16.

K. Handling charges income and other income

	For the years ended December 31,	
	2019	2018
Parent company		
First Financial Holding Co., Ltd.	$ 26,575	$ 25,826
Sister company		
First Securities Inc.	81,546	84,607
First Securities Investment Trust Co., Ltd.	64,844	64,553
First-Aviva Life Insurance Co., Ltd.	848,114	835,157
First Capital Management Inc.	1,847	7,772
First Financial Asset Management Co., Ltd.	4,612	4,557
Other related parties		
Others	5,324	5,898
Total	$ 1,032,862	$ 1,028,370

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

L. Other expenses

	For the years ended December 31,	
	2019	2018
Parent company		
First Financial Holding Co., Ltd.	$ 1,973	$ 941
Sister company		
First Financial Asset Management Co,, Ltd.	68,031	75,424
First Securities Inc.	87,716	81,335
Other related parties		
Others	12,463	9,763
Total	$ 170,183	$ 167,463

Terms and conditions of the related party transactions are not significantly different from those of transactions with third parties.

M. Information on salaries and remunerations to the Bank's directors, supervisors, president, vice-president and others:

	For the years ended December 31,	
	2019	2018
Salaries and other short-term employee benefits	$ 93,171	$ 84,037
Post-employment benefits	2,300	2,340
Other long-term employee benefits	223	214
Total	$ 95,694	$ 86,591

8. Pledged assets

Pledged assets provided by the Bank and its subsidiaries as of December 31, 2019 and 2018 were as follows:

Items	December 31, 2019	Purpose of Pledge
Financial assets at fair value through other comprehensive income	$ 4,668,294	Guarantees deposited with the court for the provisional seizure, guarantees for trust business reserves, foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank, operating guarantee deposit.
Investment in debt instruments at amortised cost	204,500	Foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank.
Refundable deposits	3,419,926	Guarantees deposited with the court for provisional seizure and deposits for the building lease.
	$ 8,292,720	

Items	December 31, 2018	Purpose of Pledge
Financial assets at fair value through other comprehensive income	$ 4,449,918	Guarantees deposited with the court for the provisional seizure, guarantees for trust business reserves, foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank, operating guarantee deposit.
Investment in debt instruments at amortised cost	204,372	Foreign branch's guarantee deposited with Federal Reserve Bank and Federal Credit Bank.
Refundable deposits	1,171,640	Guarantees deposited with the court for provisional seizure and deposits for the building lease.
	$ 5,825,930	

9. Significant contingent liabilities and unrecognized contractual commitments

The Bank has the following commitments as of December 31, 2019 and 2018:

	December 31, 2019	December 31, 2018
Unused loan commitments	$ 106,488,125	$ 136,677,071
Unused credit commitments for credit cards	93,094,415	89,253,643
Unused letters of credit issued	26,606,687	34,462,317
Guarantees	77,772,291	71,065,602
Collections receivable for customers	106,823,823	126,551,400
Collections payable for customers	287,953,697	272,362,595
Travelers' checks consignment-in	214,450	269,768
Guaranteed notes payable	47,405,858	47,605,897
Trust assets	827,452,891	656,959,077
Customers' securities under custody	614,846,057	568,383,234
Book-entry for government bonds under management	214,868,800	184,975,000
Depository for short-term marketable securities under management	116,679,662	76,766,335

10. Significant losses from disasters: None.

11. Significant subsequent events: None.

12. Others:

(1) Fair value and hierarchy information on financial instruments

A. Scope

Fair value is the amount for which an asset could be exchanged or a liability can be settled between knowledgeable, willing parties in an arm's length transaction. Financial instruments are initially recognised by fair value, which is transaction price in most cases. Subsequent recognitions are measured by fair value except that certain financial instruments are recognised by amortised cost. The best evidence of fair value is the quoted market price in an active market. If the market in which financial instruments traded is not active, the Bank then adopts valuation technique or takes reference to Bloomberg, Reuters or the fair value of financial instrument from counterparties.

B. Fair value information of financial instruments

The fair value information of financial instruments measured at fair value is provided in Note 12(1) C and E.

Except for those listed in the table below, the carrying amount of some of the Bank's financial instruments (e.g. cash and cash equivalents, due from Central Bank and call loans to other banks, bills and bonds purchased under resell agreements, receivables, loans discounted, refundable deposits, deposits from the Central Bank and banks, due to Central Bank and other banks, bills and bonds under repurchase agreements, payables, deposits and remittances, bonds payable, other financial liabilities and guarantee deposits) is approximate to their fair value (Please refer to Note 12 (1) D).

	December 31, 2019			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 483,204,788	$ 5,146,245	$ 478,358,360	$ -

	December 31, 2018			
		Fair value		
	Book value	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments at amortised cost	$ 415,604,459	$ 4,646,366	$ 410,873,510	$ -

C. Financial instruments measured at fair value

(A) Determination of the fair value

The quoted market price is used as the fair value when the financial instruments have an active market, such as market prices provided by the Stock Exchange Corporation, Bloomberg and Reuters are all foundation of fair value for listed equity securities and debt instruments with a quoted market price in an active market.

If the market quotation from Stock Exchange Corporation, commission merchants, underwriters or pricing service institutions can be frequently obtained on time, and the price represents the actual and frequent transactions at arm's length, then a financial instrument is deemed to have an active market. If the above condition is not met, the market is deemed inactive. In general, significant price variance between the purchase price and selling price or significantly increasing price variance are both indicators of an inactive market.

In addition to above financial instruments with an active market, other financial instruments at fair value are assessed by evaluation technique with reference to other financial instruments at fair value with similar conditions and characteristics in actual practice, cash flow discounting method and other evaluation technique, including market information obtained by exercising the model at balance sheet date (such as yield curve used in OTC and the Taipei Interbank Offered Rate (Taibor) price curve).

When a financial instrument has no standardized evaluation and with less complexity involved, such as interest rate swap, currency swap and options. The Bank and its subsidiaries usually adopt the valuation generally accepted by market users. The inputs used in these financial instruments valuation usually are observable information in the market.

For financial instruments with higher complexity, the fair value is assessed through the valuation model developed by general valuation methods and techniques generally accepted by competitors. These kinds of valuation models are usually applicable for derivative instruments, debt instruments with no quoted market price (including debt instrument of embedded derivatives) or other debt instruments with low market liquidity. Certain inputs used in these valuation models are not observable in the market, and the Bank and its subsidiaries need to make appropriate estimates based on the assumptions.

The output of the evaluation model is always an estimate, and the valuation technique may not reflect all the relevant factors of the financial instruments held by the Bank and its subsidiaries. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk, liquidity risk or credit risk of counterparties. According to the Bank and its subsidiaries valuation model management and other related controlling procedures, the adjustment made is adequate and necessary and the balance sheet is believed to present fairly, in all material aspects, the fair value of financial instruments. The pricing information and input are prudently evaluated in the valuation process, and shall be timely adjusted by market condition.

(B) Valuation methods by financial instruments of the Bank and its subsidiaries are shown by types and nature as follows:

a. NTD Central Government Bond: the latest transaction price announced by Electronic Bond Trading System of GTSM or SEC or the yield rates across different contract lengths bulletined by OTC are used.

b. NTD corporate bonds & bank debentures: fair value of different maturities announced by GTSM is adopted. If the fair value is not available, yield rate curve of the corresponding credit rating provided by GTSM is used to compute the theory price. Securitization instruments: future cash flows discounted by market interest rate or the quotations provided by the counterparties are adopted for valuation.

c. Securitization instruments: prices quoted from Bloomberg.

d. Convertible corporate bond: closing prices bulletined by the GTSM or the latest closing prices is adopted as valuation standard.

e. NTD short-term bills: valuation is based by TAIBOR curve rate from The Bankers Association of the Republic of China, discounted from future cash flows.

f. Foreign securities: prices quoted from Bloomberg, Reuters, or counterparties are adopted.

g. Listed stocks: the closing price listed in TSE or OTC is adopted.

h. Beneficiary certificates: closed-end funds use the closing price in an active market as the fair value and open-ended funds use the net asset value of the a fund as the fair value.

i. Bank debentures designated at fair value issued by the Bank: valuation is based by TAIBOR curve rate from The Bankers Association of the Republic of China, discounted from future cash flows.

j. Derivatives:

(a) Call (put) warrant, stock index futures, and stock index futures options: prices quoted from an active market are deemed the fair value.

(b) Forward FX, currency swap, interest swap and cross currency swap: discounted future cash flows is adopted.

(c) Options: Black-Scholes model is mainly adopted for valuation.

(d) Certain derivatives use the quoted price from counterparties.

k. Unlisted stock: Equity instruments that are not accounted for using the equity method are valued using the market approach, income approach, or net asset approach. The market approach uses the price-to-earnings ratio or the price-to-book ratio of investments with similar characteristics. The income approach includes the discounted cash flow method. The net asset approach includes the net value method.

(C) Adjustments for credit risks

Adjustments for credit risks are mainly credit valuation adjustments and debit valuation adjustments. Definition is as follows:

a. Credit valuation adjustment (CVA) is a measurement to derivatives which are not transacted through the Stock Exchange Market, or the over the counter (OTC) derivatives. CVA reflects fair value of counterparty default and the possibility of not collecting the full market value.

b. Debit valuation adjustment (DVA) is a measurement to derivatives which are not transacted through the Stock Exchange Market, or the over the counter (OTC) derivatives. DVA is the fair value of a derivative reflecting the default of the company and the possibility of the company unable to pay the full market value.

CVA is calculated by applying loss given default (LGD) to exposure at default (EAD), along with the consideration of counterparty's probability of default (PD) (under the condition of the Bank does not default). On the other hand, DVA is calculated by applying the Bank's estimated loss to the risk exposure amount, along with the consideration of the Bank's PD (under the condition of the counterparty does not default).

D. Financial instruments not measured at fair value

The methods and assumption used by financial instruments not measured at fair value of the Bank and its subsidiaries are as follows:

(A) The book value of cash and cash equivalents, due from Central Bank and call loans to banks, bills and bonds purchased under resell agreements, receivables, refundable deposits, due to Central Bank and banks, fund borrowed from Central Bank and banks, securities sold under repurchase agreements, commercial papers issued, payables, other borrowings, deposits, and other financial liabilities which have a short maturity period will be considered as their fair value.

(B) Loans discounted (including overdue receivables and assumed receivables from leasing subsidiary): Considering the nature of the financial industry, the fair value is determined by the market rate (market price). The effective interest rates of loans are generally based on the benchmark interest rate plus or minus certain adjustment (equivalent to floating rate) to reflect the market interest rate. As a result, it is reasonable to assume that the carrying amount, after adjustments of estimated recoverability, approximates the fair value. Fair values for medium-term or long-term loans with fixed interest rates shall be estimated using their discounted values of expected future cash flows. However, as such loans account for only a small portion of all loans, book value was used to estimate the fair value.

(C) Debt instruments at amortised: When there is a quoted market price available in an active market, the fair value is determined using the market price. If there is no quoted market price for reference, a valuation technique or quoted price offered by the counterparties will be adopted to measure the fair value.

a. NTD Central Government Bond: fair value of bonds of different maturities bulletined by Over-The-Counter (hereinafter OTC).

b. NTD corporate bonds, bank debentures, government bonds and beneficiary bond certificates: future cash flow discounted by the yield curve of OTC is used to measure present valuation.

c. NTD and US short-term bills and NTD beneficiary securities: valuation is based by TAIBOR curve rate from The Bankers Association of the Republic of China, discounted from future cash flows.

(D) Deposits: Considering the nature of the financial industry, the fair value is determined by the market rate (market price) while the deposit transactions usually mature within one year. As a result, the carrying amount is a reasonable basis to estimate the fair value. Fair values of the long-term fixed rate deposits shall be estimated using discounted expected future cash flows. Additionally, as the maturities are less than three years, it is reasonable to use the carrying amount to estimate the fair value.

(E) Financial Bonds Payable: Since the coupon rates of the bank debentures issued by the Bank approximate the market rates, the fair value based on the discounted value of expected future cash flow approximates the book value.

E. <u>Hierarchy of fair value estimation of financial instruments</u>

(A)Definition for the hierarchy classification of financial instruments measured at fair value

a. Level 1

Inputs that are quoted prices unadjusted in active markets for identical assets or liabilities. An active market refers to a market in which transactions for an asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Bank's and its subsidiaries' investment in listed stocks, beneficiary certificates, on-the-run Taiwan central government bonds and derivative instruments with quoted market prices is included in Level 1.

b. Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).The fair value of the Bank and its subsidiaries' investment in off-the-run government bonds, corporate bonds, bank debentures, convertible bonds and most derivative instruments bank debentures issued by the First Group is included in Level 2.

c. Level 3

Inputs for the asset or liability that are not based on observable market data. The fair value of the Bank and its subsidiaries' investment in the derivatives and certain overseas securities invested by the First Group is included in Level 3.

(Blank below)

(B)Hierarchy of fair value estimation of financial instrument

Assets and Liabilities	December 31, 2019			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Short-term notes	$ 71,024,500	$ -	$ 71,024,500	$ -
Stock investments	269,787	269,787	-	-
Bond investments	71,547,153	1,480,600	70,066,553	-
Others	4,903,551	-	4,700,780	202,771
Financial assets designated as at fair value through profit or loss	3,844,882	-	3,844,882	-
Financial assets at fair value through other comprehensive income				
Stock investments	33,079,852	24,908,310	-	8,171,542
Bond investments	240,680,490	3,925,054	236,755,436	-
Others	4,336,434	423,446	3,912,988	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss	24,948,918	-	24,948,918	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	4,820,572	84,350	4,736,222	-
Liabilities				
Financial liabilities at fair value through profit or loss	9,497,193	-	9,497,193	-
Total	$ 468,953,332	$ 31,091,547	$ 429,487,472	$ 8,374,313

Assets and Liabilities	December 31, 2018			
	Total	Level 1	Level 2	Level 3
Recurring fair value measurements				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss				
Short-term notes	$ 58,884,156	$ -	$ 58,884,156	$ -
Stock investments	229,808	229,808	-	-
Bond investments	69,688,631	283,527	69,405,104	-
Others	2,425,417	-	2,425,417	-
Financial assets designated as at fair value through profit or loss	2,939,165	-	2,939,165	-
Financial assets at fair value through other comprehensive income				
Stock investments	25,480,005	17,600,153	-	7,879,852
Bond investments	192,938,134	3,497,741	189,440,393	-
Others	3,764,121	465,764	3,298,357	-
Liabilities				
Financial liabilities at fair value through profit or loss				
Financial liabilities designated as at fair value through profit or loss	28,533,261	-	28,533,261	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	4,832,333	95,167	4,737,166	-
Liabilities				
Financial liabilities at fair value through profit or loss	4,619,884	-	4,619,884	-
Total	$ 394,334,915	$ 22,172,160	$ 364,282,903	$ 7,879,852

(C) Movement of financial assets and liabilities at fair value classified as Level 3

a. Movement of financial assets at fair value classified as Level 3

For the year ended December 31, 2019

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognised in gain and loss	Amount recognised in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Non-derivative financial instruments								
Financial assets mandatorily measured at fair value through profit or loss	$ -	$ -	$ -	$ -	$ 202,771	$ -	$ -	$ 202,771
Equity instruments measured at fair value through other comprehensive income	7,879,852	-	291,690	-	-	-	-	8,171,542

For the year ended December 31, 2018

Items	Beginning balance	Gain and loss on valuation		Addition		Reduction		Ending balance
		Amount recognised in gain and loss	Amount recognised in other comprehensive income	Purchased or issued	Transferred to Level 3	Sold, disposed or settled	Transferred from Level 3	
Non-derivative financial instruments								
Equity instruments measured at fair value through other comprehensive income	$ 8,230,251	$ -	($ 388,043)	$ 37,644	$ -	$ -	$ -	$ 7,879,852

b. Movement of financial liabilities at fair value classified as Level 3

For the years ended December 31, 2019 and 2018, the Bank and its subsidiaries did not hold any Level 3 financial liabilities.

(D) Material transfers between Level 1 and Level 2

There were no material transfers of the Bank's and its subsidiaries' held financial instruments between Level 1 and Level 2 for the years ended December 31, 2019 and 2018.

(E) Sensitivity analysis of fair value to reasonable possible alternative assumptions for Level 3 fair value measurements

The fair value measurement that the Bank and its subsidiaries made for the financial instruments is deemed reasonable; however, different valuation models or inputs could result in different valuation results. Specifically, if the valuation input of financial instruments classified in the valuation moves to 10%, the effects on gain and loss in the period or the effects on other comprehensive income are as follows:

December 31, 2019	Change in fair value recognised in profit and loss		Change in fair value recognised in other comprehensive income	
	favorable	unfavorable	favorable	unfavorable
Assets				
Financial assets mandatorily measured at fair value through profit or loss	$ 20,277	($ 20,277)	$ -	$ -
Equity instruments measured at fair value through other comprehensive income	-	-	817,154	(817,154)

December 31, 2018	Change in fair value recognised in profit and loss		Change in fair value recognised in other comprehensive income	
	favorable	unfavorable	favorable	unfavorable
Assets				
Equity instruments measured at fair value through other comprehensive income	$ -	$ -	$ 787,985	($ 787,985)

Favorable and unfavorable movements of the Bank and its subsidiaries refer to the fluctuation of fair value, and the fair value is calculated through the valuation technique according to the non-observable inputs to different extent.

If the fair value of a financial instrument is affected by more than one input, the above table only illustrates the effect as a result of one single input, and the correlation and variance among multiple inputs are not listed here.

(F) Quantitative information of fair value measurement for significant unobservable inputs (Level 3)

The Bank's and its subsidiaries' Level 3 fair value measurement are mainly financial assets at fair value through other comprehensive income – equity instrument without an active market.

The multiple significant unobservable inputs of equity instrument without an active market are independent from each other, thus, they are not correlative.

Table below summarises quantitative information of significant unobservable inputs:

	Fair value as of December 31, 2019	Valuation technique	Significant unobservable inputs	Range (weighted-average)	Relationship between inputs and fair value
Items measured at fair value on a repetitive basis					
Non-derivative financial assets					
Financial assets mandatorily measured at fair value through profit or loss					
Other	$ 202,771	Asset approach – Net asset value	Discount for marketability	15%	The higher discount for marketability is, the lower the fair value is.
Financial assets at fair value through other comprehensive income					
Equity investment	8,171,542	Market approach – Market comparable companies	Price-to-earnings ratio multiple	13.41-30.55	The higher the multiple is, the higher the fair value is.
			Price-to-book ratio multiple	0.59-3.61	The higher the multiple is, the higher the fair value is.
			Enterprise value to EBITA multiple	3.48-16.46	The higher the multiple is, the higher the fair value is.
			Discount for marketability	30%	The higher discount for marketability is, the lower the fair value is.
		Income approach – Discounted cash flow	Revenue growth rate	2.5%	The higher the revenue growth rate is, the higher the fair value is.
			Discount Rate	5.8%-6.3%	The higher discount rate is, the lower the fair value is.
			Discount for marketability	10%	The higher discount for marketability is, the lower the fair value is.
		Asset approach – Net asset value	Discount for marketability	15%、30%	The higher discount for marketability is, the lower the fair value is.

	Fair value as of December 31, 2018	Valuation technique	Significant unobservable inputs	Range (weighted-average)	Relationship between inputs and fair value
Items measured at fair value on a repetitive basis					
Non-derivative financial assets					
Financial assets at fair value through other comprehensive income					
Equity investment	$ 7,879,852	Market approach – Market comparable companies	Price-to-earnings ratio multiple	8.39-40.94	The higher the multiple is, the higher the fair value is.
			Price-to-book ratio multiple	0.58-2.96	The higher the multiple is, the higher the fair value is.
			Enterprise value to EBITA multiple	4.81-16.81	The higher the multiple is, the higher the fair value is.
			Discount for marketability	30%	The higher discount for marketability is, the lower the fair value is.
		Income approach – Discounted cash flow	Revenue growth rate	2.5%	The higher the revenue growth rate is, the higher the fair value is.
			Discount Rate	5.5%-6.1%	The higher discount rate is, the lower the fair value is.
			Discount for marketability	10%	The higher discount for marketability is, the lower the fair value is.
		Asset approach – Net asset value	Discount for marketability	15%、30%	The higher discount for marketability is, the lower the fair value is.

(G) Fair value measurement process for instruments classified in Level 3

The Bank and its subsidiaries’ financial instruments within Level 3 are primarily equity investments in unlisted stocks.

In accordance with “First Financial Holding’s Regulations for Equity Investment Valuation”, the Bank’s equity instruments without an active market are valued using the market approach, income approach, or asset approach. By using publicly available information, valuation results are close to market conditions, and sources for information are independent, reliable, in agreement with other sources and represent exercisable prices. Inputs, information and other necessary fair value adjustments for the valuation model are updated periodically to ensure that the valuation results are reasonable. Relevant valuation results are recorded after the Bank’s internal review and approval.

(2) Management objective and policy for financial risk

A. Scope

The Bank's and its subsidiaries' financial risk management objective incorporates the general operating strategy and financial targets. It considers risk appetite and external regulations along with other elements, through effective risk management policies, including but not limited to risk identification, evaluation, monitoring and reporting, and takes appropriate measures to control business risks and potential financial losses within an endurable range in order to ensure a sound business development for the Bank and its subsidiaries and accomplish the objective of maintaining a reasonable risk and return, to further increase shareholders' value.
The primary risks arising from operations of the Bank and its subsidiaries includes but are not limited to credit risks incident upon on-balance-sheet and off-balance-sheet transactions, market risks, operating risks and liquidity risks. In order to put into effect the risk management culture and strategy, the Bank and its subsidiaries has established a risk management policy, system, process and method. The bank and its subsidiaries abides by relevant regulations and evaluates and adjusts in a timely manner. Through managing risks, prescribing limits on each risk, monitoring and reporting periodically, as well as through the internal control and internal audit mechanisms and monitoring of high level committees, the primary risks are effectively identified, evaluated, monitored, and controlled, in order to abide regulations, accomplish strategic objectives and provide reliable financial reporting information.

B. Organization structure for risk management

Bank

The Bank's Board of Directors has the ultimate approval right in risk management. Major management risk items include overall risk management policy, risk tolerance limit, and authority which must be approved by the Board of Directors.
Under the Board of Directors, there is a Risk Management Committee (RMC), which is headed by the Bank's President and comprised of several committee members including Executive Vice President. Besides, Credit Review Division, Credit Analysis Division, Loan Asset Management Division, and Legal Affairs Division are required to participate in the committee. Risk Management Division is a business line under Risk Management Committee. It is responsible for handling of overall affairs for the committee. RMC is responsible for integration of review, supervision, reporting and coordinating interaction between each division for firm-wide risk management. Besides, the committee needs to resolve affairs related to risk management policies, system and procedures, risk tolerance limits and authorities, risk measurement methods, assessment procedures and monitoring system, implementation of risk management and status report on anti-money laundering and countering the financing of terrorism, and then deliver orders to each business segment in accordance with their responsibilities and approval procedures. RMC also submits regular reports about the risk evaluation of the Bank to the Board of Directors and supervisors.
The Auditing department regularly reviews the execution of risk management based on relevant internal control system to ensure the effective operation for risk management and assessment control, which should be reported to the Board of Directors regularly.

The Subsidiary, FCB Leasing

FCB Leasing's Board of Directors has the ultimate approval right in risk management. Major items of risk control include risk management policy, risk tolerance limit, and authority, which shall all be approved by the Board of Directors. FCB Leasing also set up Department of Management I and II to take charge of implementation and management of overall risk management strategies.

C. Credit risk

(A) Source and definition of credit risk

Financial instruments held by the Bank and its subsidiaries may incur losses if counterparties are not able to fulfill their obligations at the maturity date. Credit risk may happen due to items in or off the balance sheet. For items in the balance sheet, credit risk exposure of the Bank and its subsidiaries mainly comprises of bill discounted and loans and credit card business, leases, deposits and call loans from banks, debt instrument and derivatives, etc. Off balance sheet items include finance guarantee, bank acceptance, letter of credit, and loan commitment.

(B) Policy for credit risk management

Risk management program and procedures are as follows:

a. Establishing the qualification condition and credit limit of the counterparty and granting different credit limits by referring to information from domestic and foreign credit rating institutions or by establishing its own rating system before each transaction;

b. Avoiding the concentration risk, that is, through limiting the amount of financing to or investing in a single customer, single industry, single conglomerate, single stock, or related parties;

c. Monitoring credit risk by industry, counterparty (individual and group) and country through the limits;

d. Setting up loan approval and review procedure for credit extension business as well as specific review policy for complicated credit extension cases;

e. Establishing policy of loan percentage on collateral, collateral appraisal, management and disposal in relation to credit extension;

f. Reporting to the senior management with regard to the summary of credit risk information.

In addition, each foreign operating entity of the Bank and its subsidiaries sets aside the loss reserve and appraises the assets quality, unless otherwise indicated by competent authorities of the domestic countries in which the subsidiaries reside, in conformity with risk management policy of each operating entity.

The Bank and its subsidiaries classify debt instruments and credit assets into 5 categories by referring to internal ratings and external rating institutions. Comparisons between the internal rating and external long-term rating scales are as follows:

No direct correlation between the internal rating of credit assets and external rating of debt investments has been shown in the following table, but merely shows two different rating scales of the same category.

Credit quality category	Internal rating of credit assets	The Debt investments	
		External rating (Note)	Taiwan rating
Low risk	Level 1 to level 7	Above level BB	Above level twBBB+
Medium risk	Level 8 to level 9	Level BB- to level B+	twBBB～twBB+
Medium-high risk	Level 10	Level B (including the debt investments of non rating)	twBB～twBB-
High risk	Level 11 to level 12	Level B- to level C	twB+～twCC
Default	Level 13	Level D	

Procedures and methods used in credit risk management for the core businesses of the Bank and its subsidiaries are as follows:

a. Credit business (including accounts receivable of lease business, loan commitments and guarantees of the lease subsidiaries):

Classification for credit assets and internal risk ratings are as follows:

(a)Credit asset classification

Credit assets are classified into five types. Other than normal credit assets shall be classified as Category One, the remaining unsound assets are assessed based on the collateral provided and the time period of overdue payment as follows: Category Two for assets requiring special mention. Category three for assets deemed recoverable. Category Four for assets that are doubtful. Category Five for assets that are not recoverable. In order to manage credit extension, the Bank and its subsidiaries established Operation Guidelines for Credit Extension Assets Risks, Regulations Governing the Setting Aside of Asset Losses Valuation and Non-Performing Loans, Guidelines for Claims Receivables, Standard Procedures for Collection of Overdue receivables as the principles for managing non-performing and overdue payments.

(b)Internal risk rating

In response to the characteristics and scale of business, the Bank and its subsidiaries implement a credit risk internal evaluation module or set up a credit rating table in order to management risk.

The Bank and its subsidiaries, mainly by the statistic and professional judgement of expertise and consideration of client information, developed an objective indicator for evaluating client's credit risk. That is the "Borrower's risk rating" of the Bank and its subsidiaries, among which 13 thresholds are set up based on the default possibility, and then divided into 5 sub-categories as follows:

I. Low risk: Level 1 to level 7 have a default rate lower than 2%. Clients in this threshold usually have ability to sustain the payment of interest and principal even under the adverse impact of economic environment, and the default rate is low.

II. Medium risk: Level 8 to level 9 have a default rate ranging around 2-5%. Clients in this threshold usually have potential issues and adverse economic environment that could damage the borrower's willingness and capacity to make the payment of interest and principal.

III. Medium-high risk: Level 10 has a default rate ranging around 5-10%. Clients' ability to make the payment of interest and principal are relatively lower and easily affected by the economic fluctuation.

IV. High risk: Level 11 to level 12 have a default rate ranging from 10% and above to less than 100%. Clients' ability the make the payment of interest and principal are extremely weak with a high possibility of default.

V. Default: Level 13 has a default rate of 100%. Definition of default includes interest or principal payments that have been overdue for more than 60 days, overdue or non-performing loans transferred, suspended interest, C Chart, debt negotiation records and others.

The Bank should perform credit rating to the corporations at least once a year and to those who sign a mid-long-term credit contract at least once a year during the contract term. Same applies to the collective credit extension. Credit rating mainly processed by investigation division and regional center that are independent from operating units and only cases with certain amount and below may be processed by operating units.

Petty loans and mortgage loans are assessed through internal credit rating module, and the rest of retail banking are assessed by experts. Methods used in rating credit for petty loans and mortgage loans are as follows:

I. Credit rating for petty loans:

The credit rating results, Possibility of Default (PD), Loss Given Default (LGD) and Expected Loss (EL) are assessed by credit evaluation module of the borrowers, from which 3 categories were divided as follows: 'Low risk', 'Medium high risk' and 'High risk'.

II. Credit rating for mortgage loans:

Possibility of default (PD), loss given default (LGD) and exposure at default (EAD) of the borrowers assessed by credit evaluation module are used to calculate the expected loss (EL). The expected loss (EL) together with cost of capital, operation cost, and service fee are integrated into information on cost aspect. In addition, information on income aspect such as interest income and service fee income are assessed based on the credit line and interest rate at the time the borrowers applied for loans to produce 'expected profit' (revenue minus cost) and expected loss. Based on the expected default frequency within the next year, the credit rating results are classified into four levels, which are 'low risk', 'medium risk', 'medium-high risk' and 'high risk', respectively.

b. Deposits and call loans

The Bank regularly reviews the limit (including limit of call loan) set up for every counterparty in the financial industry. The credit approval unit, with reference to credit risk limit granted based on long-term credit rating of external rating institutions, is responsible for individual assessment and implementation.

c. Debt investment and derivatives

The risk management of the Bank's and its subsidiaries' debt instruments is based on credit rating of external institutions, credit quality of bonds, condition by geographical location and counterparty risk to identify the credit risk.

The counterparties of the derivative instruments are mostly financial institutions being rated at BB or above, and the credit extension (including the extension of call loan) granted to each financial institution counterparty is regularly reviewed and controlled by the credit granting segment. Those counterparties without credit rating or being rated below BB should apply risk limit to the credit granting segment by case which is then managed and controlled individually. If the counterparties are general clients, controlling is implemented through risk limits and conditions of derivatives as approved by general credit extension procedures to manage credit exposure of counterparties.

(C) Recognition and measurement of expected credit losses

In the assessment of impairment and calculation of expected credit losses, the Bank considers reasonable and supportable information (including forward-looking information) about past events, current conditions and reasonable and supportable forecasts of future economic conditions. The Bank determines at the balance sheet date whether there has been a significant increase in credit risk since initial recognition or whether credit impairment has occurred, and recognises expected credit loss according to which stage the asset belongs: no significant increase in credit risk or low credit risk at balance sheet date (Stage 1), significant increase in credit risk (Stage 2), and credit impaired (Stage 3). 12-month expected credit losses are recognised for assets in Stage 1, and lifetime expected credit loses are recognised for assets in Stage 2 and Stage 3.

The definition of and expected credit losses recognised for each stage are as follows:

	Stage 1	Stage 2	Stage 3
Definition	There has been no significant deterioration of the credit quality of the financial asset since initial recognition, or the financial asset is considered low-risk at the balance sheet date.	There has been significant deterioration of the credit quality of the financial asset since initial recognition, but the asset is not yet credit impaired.	The financial asset is credit impaired at the financial reporting date.
Expected credit losses recognition	12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

(a) Credit business

The Bank considers reasonable and supportable information (including forward-looking information) when determining whether there has been significant increase in credit risk. The main indicators that are taken into account are as follows:

I. The borrower is over 30 days past due.

II. Placed on the warning list of the Bank.

III. Both internal and external credit ratings have deteriorated:

   i. Internal rating: The rating on the rating date has dropped more than 3 scales compared to the rating on the initial recognition date.

   ii. External rating: The external rating agency has lowered the rating by more than 2 scales to a non-investment grade.

IV. Record of bad credit after assessment, including the following circumstances:

   i. Approved the delay of principal payments by borrower while continuing the collection of interest payments due to the deterioration of the financial condition of borrower or concern that loan is not recoverable.

   ii. Terms of the loan agreement have been modified, before being classified as non-performing, so that borrower can pay back principal and interest in installments due to the deterioration of the financial condition of the borrower or concern that loan is not recoverable.

   iii. Borrower makes partial interest payments with the unpaid amount recorded as owed.

   iv. The length of the loan is repeatedly extended.

   v. The debtor is on a "No business transaction" list.

   vi. The pledged collateral of the debtor is seized by another bank.

   vii. The debtor is no longer in business.

   viii. The auditor issues an opinion expressing material uncertainty over the company's ability to continue as a going concern.

   ix. The Bank reported a returned check issued by debtor.

   x. The credit of the borrower has deteriorated or subsidiaries, affiliates, or parents of the borrower have ceased operations.

   xi. The debtor has other records of bad credit.

If the internal and external credit ratings of a credits asset satisfies the following conditions, it is considered to be "low-risk at the balance sheet date" and assumed to have no significant increase in credit risk.

I. According to internal credit ratings of the Bank, the asset meets the requirements of a "low-risk level" asset, which is estimated to have a default probability less than 2%, and is considered to be "low-risk at the financial reporting date”.

II. External credit ratings: investment grade or above.

The Bank will periodically review and assess the appropriateness of the criteria used to determine where there has been a significant increase in credit risk.

(b) Bond investments

If there is a change in a credit risk indicator that crosses a threshold since initial recognition, it is considered to have significant increase in credit risk. The thresholds for changes in the stage of credit risk indicators are as follows:

I. Bonds are over 30 days past due.

II. The final external credit rating has lowered by 2 scales or more, and the bond is rated as non-investment grade at the reporting date.

III. The cost of the financial asset measured at amortised cost compared to its fair value: The market price of the instrument is not more than 50% of its original investment cost, and the decrease is not the result of changes in market interest rates.

IV. Bond is on the Bank’s warning list.

A bond investment of the Bank that is not considered to be in Stage 2 or Stage 3 of credit impairment is considered to have no significant increase in credit risk or an asset with low credit risk (Stage 1).

After the impairment assessment of bond investments the associated sales unit will review and confirm the results of the assessment and report to senior management. Data on impairment parameters should be reviewed periodically and updated if necessary; parameters should be updated at least once every year.

a. Definitions of financial assets in default and credit-impaired financial assets

According to the definition stated in Appendix A of IFRS 9, a financial asset is credit-impaired when one or more events that have occurred and have a significant impact on the expected future cash flows of the financial asset.

(a) Credit business

I. Principal or interest payments over 3 months (90 days) past due, or the bank has begun collection procedures or liquidation of collateral.

II. New payment schedule is negotiated so that loan is not classified as non-performing.

III. Non-performing loans in negotiation according to the rules of the Debt Negotiation Mechanism issued by the Bankers Association in 2006 (including pre-mediation).

IV. Loans that have gone through pre-mediation and have signed agreements in accordance with the Consumer Debt Clearance Act (excluding secured loans where the original terms of the loans are enforced).

V. Cases where the court has initiated reorganisation or liquidation proceedings.
VI. Declaration of bankruptcy in court.
VII. Reclassified as overdue receivables.
VIII. Special criterion for credit card products: credit card accounts closed by the issuer.
IX. Debtor's loans from other banking institutions have been recognised as non-performing, and reclassified as non-accrual or written off as uncollectible.
X. Debtor has filed for bankruptcy, reorganisation, or other debt clearance proceedings.
XI. Debtor renews, extends the length of, and negotiates new payment terms on the loan in accordance with applicable rules issued by the Bankers Association.
XII. Non-performing loans with negotiated payment installment plan.
XIII. Loans classified as "in default" according to the Bank's internal credit rating model.

(b) Bond or bill investments

A bond or bill investment by the Bank is considered credit impaired if any of the following conditions apply:

I. Principal or interest payments are over 3 months (90 days) past due.
II. The S&P credit rating of the bond is "in default" or the equivalent rating is assigned by another credit rating agency.
III. Court has initiated reorganisation or liquidation proceedings.
IV. Declaration of bankruptcy in court.
V. Bond or bill issuer has led for bankruptcy, reorganisation, or other debt clearance proceedings.

b. Write-off policy

If any of the following conditions apply, the Bank writes off its non-performing and non-accrual loans as uncollectible, less the estimated recoverable amount:

(a) The loan cannot be fully or partially recovered due to the dissolution of, disappearance of, settlement with, or declaration of bankruptcy by the debtor.
(b) The collateral and assets of the primary and secondary debtors cannot be used to recover the loan due to low appraisal value, liquidity preference, or high administrative costs associated with seizure and liquidation.
(c) The collateral and assets of the primary and secondary debtors could not be auctioned off after multiple attempts.
(d) The non-performing and non-accrual loans are two years past due, and could not be recovered from collection procedures.

c. Measurement of expected credit losses

Expected credit losses (ECL) are calculated from the following three parameters: probability of default (PD), loss given default (LGD), and exposure at default (EAD).

(a) Credit business

I. Probability of default (PD)

The estimation and grouping of the PD of domestic credit assets is based on the product type and internal credit ratings, with the one-year PD and multi-year PD estimated separately.

i. One-year PD: Calculate the actual one-year PD from historical data and use it to estimate the one-year PD parameter.

ii. Multi-year PD: The multi-year PD is estimated using a Markov Chain with a transition matrix constructed from historical one-year credit ratings, assuming the credit rating transition probability remains constant in each period. Applying the multi-year PD to each loan requires selecting the corresponding lifetime. The lifetime of the loan is estimated based on the length of the remaining contract.

II. Loss given default (LGD)

Loans are grouped according to type (corporate or consumer) and the presence of collateral, and the LGD of each group is calculated based on historical recovery experience.

III. Exposure at default (EAD)

i. On balance sheet-Loans and loan receivables: calculated from credit balance.

ii. Off balance sheet-Loan commitments and financial guarantees: off balance sheet figures multiplied by the credit conversion factor (CCF). The credit conversion factor is estimated according to the rules described in the "Calculation Method of Equity Capital and Risky Assets and Accompanying Forms-Credit Risk Standard Rules" and the Bank's and its subsidiaries' internal historical information on actual drawn down amount.

(b) Bond or bill investments

I. PD calculated based on external credit ratings, incorporating forward-looking information.

II. LGD: Average LGD published by external credit rating agencies.

III. EAD:

i. Stage 1 and stage 3: Total carrying amount (including interest receivable).

ii. Stage 2: The cash flows as determined by the bond issuance agreement in lifetime.

Total carrying amount is the amortised cost of the financial asset before any adjustment to the loss allowance.

d. Consideration of forward-looking information

(a) Credit business

The Bank incorporates forward-looking information when determining whether there has been a significant increase in credit risk since initial recognition and measuring expected credit loss.

I. Pertaining to significant increase in credit risk

i. The Bank's credit approval process includes evaluation of forward-looking information such as business potential, financial condition, industry outlook, loan collateral, and ability to repay.

ii. Identify customers with potential risk through the Bank' s early warning system.

II. Pertaining to measuring expected credit loss

Reflected in the adjustment of model parameters including PD and LGD. Historical data is used to identify the important economic factors that affect the credit risk and expected credit loss of each asset portfolio, including the economic growth rate, inflation, unemployment rate, and real estate prices.

Subsequent predictions of the important economic factors are made, including the best estimates for the economy in the coming year. In addition to the basic economic scenario, the Bank also evaluates other possible economic scenarios and relevant information that is weighted accordingly.

By nature, the predicted values and estimated probabilities are highly uncertain, and the actual results may be very different from the predictions. However, the Bank believes the predictions provide the best estimates of the most probable outcomes.

(b) Bond or bill investments

The forward-looking estimate of PD incorporates changes in the business cycle, which can be measured based on economic growth rates. The overall process of the point-in-time (PIT) framework begins with constructing country-specific models, then the PD derived from the country-specific models are linked to GDP growth factor of each nation through regression modeling. The regression models are then adjusted using correction factors in order to obtain the PD rate for each credit rating level and the term structure of conditional default rate.

(D) Credit risk hedging and mitigation policy

a. Collateral

The Bank and its subsidiaries adopt a series of policies and measures to mitigate credit risks in relation to credit business, and one of the most common methods is requesting the borrower for the collateral. The Bank sets up the scope of collateral that can be recovered and the appraisal, as well as the management and disposing procedures to ensure the credit right. On the other hand, the loan security, terms of collateral, conditions to writing-off are addressed in the credit extending contract. The reduced facility, shortened repayment period or whether or not a loan is deemed matured are all well defined to mitigate credit risk in case that the credit event does incur.

b. Credit risk limit and risk concentration control

The Bank complies with the Banking Act in relation to the provision of business credit to the same individual, the same related parties, or the same affiliated companies as well as residential architecture, corporate architecture. In order to effectively control credit risk concentration, the Bank sets up risk assumption limit by rating, industry types, groups, countries and listed securities based on risk management strategy, change in market environment, business complexity, and report to senior management regularly. Assessment and modification shall be performed to various credit risk assumption limit based on overall economic cycle, finance environment and business development strategy regularly (at least once a year) or irregularly.

c. Net settlement with gross agreement

The transactions of the Bank and its subsidiaries are usually carried out by gross settlement. Despite that, net settlement is signed in a form of agreement with some trading counterparties, and is executed when a default occurs and all transactions were to terminate in order to further mitigate credit risk.

d. Other credit enhancements

Primarily refers to guarantees by a third-person or credit providing institutions.

(E) Maximum credit risk exposure and concentration of the Bank and its subsidiaries

Maximum credit risk exposure

The maximum risk exposure of assets in the consolidated balance sheet, without consideration of the collateral or other credit enhancements, is equivalent to the carrying amount. The maximum credit risk exposure relating to accounts off the balance sheet (without consideration of collaterals or the maximum exposure of other credit enhancements) are the unused loan commitments, unused credit commitments for credit cards, unused letters of credit and other guaranteed commitments. As of December 31, 2019 and 2018, please see Note 9 for details.

The management of the Bank and its subsidiaries believes that through a series of stringent evaluation procedures and follow-up reviews afterwards, credit risk exposure off the balance sheet of the Bank and its subsidiaries can be minimized and continuously controlled.

The total carrying amount of loans discounted - The Bank's and First Commercial Bank (USA) largest credit risk exposure as follows:

December 31, 2019	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Total
Level of risk					
Low risk	$ 1,538,290,619	$ 22,319,445	$ -	$ -	$ 1,560,610,064
Medium risk	147,395,644	24,786,468	-	-	172,182,112
Medium-high risk	6,053,237	13,199,964	-	-	19,253,,201
High risk	244,835	22,221,957	500,461	-	22,967,253
Default	-	-	12,241,436	-	12,241,436
Gross carrying amount of financial assets	1,691,984,335	82,527,834	12,741,897	-	1,787,254,066
Allowance for doubtful account (total impairment recognised under IFRS 9)	(5,745,044)	(2,462,077)	(3,674,044)	-	(11,881,165)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(10,717,360)	(10,717,360)
Net	$ 1,686,239,291	$ 80,065,757	$ 9,067,853	($ 10,717,360)	$ 1,764,655,541

December 31, 2018	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Total
Level of risk					
Low risk	$ 1,364,434,185	$ 27,622,855	$ -	$ -	$ 1,392,057,040
Medium risk	243,133,182	26,494,080	-	-	269,627,262
Medium-high risk	10,040,935	13,975,337	-	-	24,016,272
High risk	217,386	18,005,323	294,059	-	18,516,768
Default	-	-	12,912,937	-	12,912,937
Gross carrying amount of financial assets	1,617,825,688	86,097,595	13,206,996	-	1,717,130,279
Allowance for doubtful account (total impairment recognised under IFRS 9)	(5,541,577)	(2,192,411)	(3,682,094)	-	(11,416,082)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	(10,012,159)	(10,012,159)
Net	$ 1,612,284,111	$ 83,905,184	$ 9,524,902	($ 10,012,159)	$ 1,695,702,038

<u>Credit risk concentration of the credit assets in the balance sheet</u>

The credit risks are deemed significantly concentrated when the financial instrument transactions significantly concentrate on a single person, or when there are multiple trading counterparties engaging in similar business activities with similar economic characteristics making the effects on their abilities of fulfilling the contractual obligation due to economy or other forces similar.

The credit risks of the Bank and its subsidiaries concentrate on accounts in and off balance sheet that occurs through obligation fulfilling or implementation of transactions (either products or services), or through trans-type exposure portfolio, including loans, placements and call loan from the banks, securities investment, receivables and derivatives. The nature that the debtor engages in could be a sign of credit risk concentration. The credit business of bank and its subsidiaries is one of the core businesses; however, the Bank does not significantly carry out transactions with single client or single counterparty, nor does any of total trading volume to a single client or a single counterparty account for more than 5% the balance of loans discounted and overdue receivable. The credit risk concentration of the bills discounted, overdue receivables and lease business of the Bank and its subsidiaries by industry, location and collateral are shown as follows:

Loans discounted, overdue receivable and receivable of the Bank and its subsidiaries by industry are shown as follows:

	December 31, 2019			December 31, 2018		
Industry		Amount	%		Amount	%
Private enterprises	$	881,439,028	49.31	$	867,811,108	50.54
Private individual		625,674,791	35.01		579,492,525	33.75
Overseas and others		268,401,237	15.02		263,883,405	15.37
State-owned enterprises		4,382,944	0.25		2,023,439	0.12
Government institutions		4,096,824	0.23		451,323	0.02
Non-profit organizations		3,274,078	0.18		3,536,292	0.20
Total	$	1,787,268,902	100.00	$	1,717,198,092	100.00

Loans discounted, overdue receivable and receivable of the Bank and its subsidiaries by location (Note) are shown as follows:

	December 31, 2019			December 31, 2018		
Geographical location		Amount	%		Amount	%
Asia	$	1,659,706,177	92.86	$	1,588,265,495	92.49
North America		67,999,437	3.81		79,541,218	4.63
Oceania		39,757,012	2.22		28,760,580	1.68
Europe		19,806,276	1.11		20,630,799	1.20
Total	$	1,787,268,902	100.00	$	1,717,198,092	100.00

Note: the above geographical location is made on the basis of the branch of debtor.

Loans discounted, overdue receivable and receivable of the Bank and its subsidiaries by collateral are shown as follows:

	December 31, 2019			December 31, 2018		
Collateral type		Amount	%		Amount	%
Unsecured loans	$	398,578,445	22.30	$	418,716,973	24.38
Secured loans						
-Real estate		975,761,251	54.60		900,114,178	52.42
-Guarantee		85,163,079	4.76		76,402,952	4.45
-Financial collateral		43,548,004	2.44		44,748,879	2.61
-Other collateral		25,460,340	1.42		23,088,408	1.34
Overseas and others		258,757,783	14.48		254,126,702	14.80
Total	$	1,787,268,902	100.00	$	1,717,198,092	100.00

The affected financials from collateral, net settled master netting arrangements and other credit enhancement for the Bank and its subsidiaries assets exposed to credit risk are as follows :

Expressed: In thousands of New Taiwan Dollars

December 31, 2019	Collateral	Net settled master netting arrangements	Other credit enhancement	Total
On balance sheet items				
Financial assets measured at fair value through profit or loss				
Debt instruments	$ -	$ -	$ 11,316,390	$ 11,316,390
Derivative instruments	1,909,384	1,854,418	-	3,763,802
Others	-	-	299,900	299,900
Receivables				
Credit card business	10,700	-	-	10,700
Others	4,396,140	-	184,092	4,580,232
Loans discounted	1,202,151,930	-	88,510,427	1,290,662,357
Financial assets at fair value through other comprehensive income				
Bond investment	-	-	17,660,305	17,660,305
Others	-	-	299,900	299,900
Investments in debt instruments at amortised cost				
Bond investment	-	-	2,363,737	2,363,737
Other financial assets				
Others	737	-	-	737
Off-balance sheet items				
Irrevocable loan commitments	4,126,302	-	297,001	4,423,303
Unused letters of credit issued	3,272,727	-	1,366,325	4,639,052
All types of guarantees	9,035,110	-	4,638,783	13,673,893
Total	$ 1,224,903,030	$ 1,854,418	$ 126,936,860	$ 1,353,694,308

Expressed: In thousands of New Taiwan Dollars

December 31, 2018	Collateral	Net settled master netting arrangements	Other credit enhancement	Total
On balance sheet items				
Financial assets measured at fair value through profit or loss				
Debt instruments	$ -	$ -	$ 8,227,283	$ 8,227,283
Derivative instruments	1,760,197	1,994,273	-	3,754,470
Others	-	-	307,350	307,350
Receivables				
Credit card business	5,983	-	-	5,983
Others	4,675,732	-	279,077	4,954,809
Loans discounted	1,122,225,716	-	81,057,254	1,203,282,970
Financial assets at fair value through other comprehensive income				
Bond investment	-	-	15,252,353	15,252,353
Others	-	-	307,350	307,350
Off-balance sheet items				
Irrevocable loan commitments	2,660,216	-	296,938	2,957,154
Unused letters of credit issued	4,785,231	-	1,502,582	6,287,813
All types of guarantees	8,894,580	-	4,352,723	13,247,303
Total	$ 1,145,007,655	$ 1,994,273	$ 111,582,910	$ 1,258,584,838

Note1:“Collateral” refers to fixed and non-fixed asset liens, as well as non-fixed asset or equity pledges and guarantees; Collateral for credit assets refer to the lower of appraisal value and maximum exposure.

Note 2: Details of improvement to net settlement master netting arrangements and other credits are provided in Note 12(2) C.(d).

The Bank and subsidiaries closely monitor the value of collateral of financial instruments, taking into account credit-impaired financial assets for which impairment should be recognised. Information on credit-impaired financial assets and the value of collateral that can offset potential losses was as follows:

December 31, 2019	Gross carrying amount	Total impairment recognised under IFRS 9	Total risk exposure (amortised cost)	Fair value of collateral
Impaired financial assets				
On balance sheet items				
Receivables				
Credit card business	$ 176,823	$ 93,356	$ 83,467	$ -
Others	4,281	4,281	-	-
Loans discounted	12,741,897	3,674,044	9,067,853	6,132,704
Off-balance sheet items				
Irrevocable loan commitments	1,068	430	638	-
Unused letters of credit issued	721	-	721	-
All types of guarantees	10,022	383	9,639	-
Total	$ 12,934,812	$ 3,772,494	$ 9,162,318	$ 6,132,704

December 31, 2018	Gross carrying amount	Total impairment recognised under IFRS 9	Total risk exposure (amortised cost)	Fair value of collateral
Impaired financial assets				
On balance sheet items				
Receivables				
Credit card business	$ 176,080	$ 84,932	$ 91,148	$ -
Others	2,847	2,561	286	-
Loans discounted	13,206,996	3,682,094	9,524,902	6,634,671
Off-balance sheet items				
Irrevocable loan commitments	799	323	476	-
Unused letters of credit issued	1,337,124	188,210	1,148,914	-
Total	$ 14,723,846	$ 3,958,120	$ 10,765,726	$ 6,634,671

As of December 31, 2019 and 2018, the Bank's written-off financial assets that are still under recourse procedures amounted to $4,936,528 and $9,131,143, respectively.

(F) The changes in the Bank’s and its subsidiaries’ allowance for bad debt, accumulative impairment and provision for financial assets are as follows:

a. Credit business

(a) For the year ended December 31, 2019 and 2018, the reconciliation of the balance of allowance for uncollectible accounts from expected credit losses was as follows:

I. Loans discounted

For the year ended December 31, 2019	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 5,541,577	$ 2,192,411	$ 3,682,094	$ 11,416,082	$ 10,012,159	$ 21,428,241
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	50,607	(50,181)	(426)	-	-	-
-Transferred to lifetime expected credit losses	(817,690)	824,728	(7,038)	-	-	-
-Transferred to credit-impaired financial asset	(825,384)	(563,387)	1,388,771	-	-	-
-Additional provision and reversal	1,368,339	22,213	(16,384)	1,374,168	-	1,374,168
Originated or purchased	3,121,726	653,993	471,879	4,247,598	-	4,247,598
Derecognised	(2,658,995)	(587,958)	(254,141)	(3,501,094)	-	(3,501,094)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	705,201	705,201
Write-off of uncollectible amount	(5,280)	(20,285)	(1,581,547)	(1,607,112)	-	(1,607,112)
Foreign exchange and other changes	(29,856)	(9,457)	(9,164)	(48,477)	-	(48,477)
Balance at the end of the period	$ 5,745,044	$ 2,462,077	$ 3,674,044	$ 11,881,165	$ 10,717,360	$ 22,598,525

For the year ended December 31, 2018	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 5,644,705	$ 1,723,942	$ 4,300,009	$ 11,668,656	$ 8,293,494	$ 19,962,150
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	23,299	(22,680)	(619)	-	-	-
-Transferred to lifetime expected credit losses	(913,154)	948,332	(35,178)	-	-	-
-Transferred to credit-impaired financial asset	(987,892)	(218,656)	1,206,548	-	-	-
-Additional provision and reversal	1,350,564	(48,052)	327,558	1,630,070	-	1,630,070
Originated or purchased	3,094,631	398,335	1,187,728	4,680,694	-	4,680,694
Derecognised	(2,702,370)	(546,384)	(357,312)	(3,606,066)	-	(3,606,066)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	1,718,665	1,718,665
Write-off of uncollectible amount	(11,728)	(35,216)	(2,957,884)	(3,004,828)	-	(3,004,828)
Foreign exchange and other changes	43,522	(7,210)	11,244	47,556	-	47,556
Balance at the end of the period	$ 5,541,577	$ 2,192,411	$ 3,682,094	$ 11,416,082	$ 10,012,159	$ 21,428,241

II. Receivables

For the year ended December 31, 2019	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 148,103	$ 304,682	$ 184,276	$ 637,061	$ 4,318	$ 641,379
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	734	(732)	(2)	-	-	-
-Transferred to lifetime expected credit losses	(4,290)	4,320	(30)	-	-	-
-Transferred to credit-impaired financial asset	(8,880)	(21,364)	30,244	-	-	-
-Additional provision and reversal	10,302	19,495	(1,794)	28,003	-	28,003
Originated or purchased	55,265	2,123	24,603	81,991	-	81,991
Derecognised	(137,047)	(42,002)	(9,546)	(188,595)	-	(188,595)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	72,973	72,973
Write-off of uncollectible amount	(108)	(550)	(16,330)	(16,988)	-	(16,988)
Foreign exchange and other changes	(84)	(8,279)	(18)	(8,381)	-	(8,381)
Balance at the end of the period	$ 63,995	$ 257,693	$ 211,403	$ 533,091	$ 77,291	$ 610,382

For the year ended December 31, 2018	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 79,519	$ 328,512	$ 178,419	$ 586,450	$ 67,093	$ 653,543
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	1,050	(1,035)	(15)	-	-	-
-Transferred to lifetime expected credit losses	(7,471)	7,516	(45)	-	-	-
-Transferred to credit-impaired financial asset	(12,888)	(14,765)	27,653	-	-	-
-Additional provision and reversal	14,380	12,595	(10,115)	16,860	-	16,860
Originated or purchased	138,774	12,400	41,325	192,499	-	192,499
Derecognised	(64,518)	(39,497)	(24,904)	(128,919)	-	(128,919)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	(62,775)	(62,775)
Write-off of uncollectible amount	(81)	(537)	(25,414)	(26,032)	-	(26,032)
Foreign exchange and other changes	(662)	(507)	(2,628)	(3,797)	-	(3,797)
Balance at the end of the period	$ 148,103	$ 304,682	$ 184,276	$ 637,061	$ 4,318	$ 641,379

III. Other financial assets

For the year ended December 31, 2019	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 7	$ -	$ 725,357	$ 725,364	$ 14,771	$ 740,135
Changes from financial instruments recognised at the beginning of the period:						
-Additional provision and reversal	-	-	4,801	4,801	-	4,801
Originated or purchased	18	-	12,261	12,279	-	12,279
Derecognised	(7)	-	-	(7)	-	(7)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	15,779	15,779
Write-off of uncollectible amount	-	-	(11,835)	(11,835)	-	(11,835)
Balance at the end of the period	$ 18	$ -	$ 730,584	$ 730,602	$ 30,550	$ 761,152

For the year ended December 31, 2018	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 13	$ -	$ 3,092,247	$ 3,092,260	$ 551	$ 3,092,811
Changes from financial instruments recognised at the beginning of the period:						
-Additional provision and reversal	-	-	209,417	209,417	-	209,417
Originated or purchased	7	-	160,001	160,008	-	160,008
Derecognised	(13)	-	(58)	(71)	-	(71)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	14,220	14,220
Write-off of uncollectible amount	-	-	(2,739,049)	(2,739,049)	-	(2,739,049)
Foreign exchange and other changes	-	-	2,799	2,799	-	2,799
Balance at the end of the period	$ 7	$ -	$ 725,357	$ 725,364	$ 14,771	$ 740,135

IV. Provision for loan commitments, provision for guarantee liabilities, and other provisions

For the year ended December 31, 2019	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 718,385	$ 69,443	$ 188,708	$ 976,536	$ 344,348	$ 1,320,884
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	1,916	(1,916)	-	-	-	-
-Transferred to lifetime expected credit losses	(14,450)	14,450	-	-	-	-
-Transferred to credit-impaired financial asset	(206)	(652)	858	-	-	-
-Additional provision and reversal	(113,350)	(25,634)	(239)	(139,223)	-	(139,223)
Originated or purchased	406,790	12,798	2,320	421,908	-	421,908
Derecognised	(452,866)	(12,910)	(188,409)	(654,185)	-	(654,185)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	287,967	287,967
Foreign exchange and other changes	(1,295)	(21)	-	(1,316)	-	(1,316)
Balance at the end of the period	$ 544,924	$ 55,558	$ 3,238	$ 603,720	$ 632,315	$ 1,236,035

For the year ended December 31, 2018	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	Allowance for bad debts
Balance at the beginning of the period	$ 1,230,833	$ 234,394	$ 273,533	$ 1,738,760	$ 131,879	$ 1,870,639
Changes from financial instruments recognised at the beginning of the period:						
-Transferred to 12-month expected credit losses	5,817	(5,816)	(1)	-	-	-
-Transferred to lifetime expected credit losses	(16,133)	16,134	(1)	-	-	-
-Transferred to credit-impaired financial asset	(307)	(109)	416	-	-	-
-Additional provision and reversal	(194,955)	(75,198)	(78,567)	(348,720)	-	(348,720)
Originated or purchased	477,337	16,302	11	493,650	-	493,650
Derecognised	(782,407)	(113,865)	(4,914)	(901,186)	-	(901,186)
Difference in impairment recognised under "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans"	-	-	-	-	212,469	212,469
Write-off of uncollectible amount	(28)	(18)	(854)	(900)	-	(900)
Foreign exchange and other changes	(1,772)	(2,381)	(915)	(5,068)	-	(5,068)
Balance at the end of the period	$ 718,385	$ 69,443	$ 188,708	$ 976,536	$ 344,348	$ 1,320,884

(b) Material changes to the total carrying amount for the years ended December 31, 2019 and 2018.

Material changes to the total carrying amount of allowance for uncollectible accounts for loans discounted are described as follows:

The Board of Directors approved the write-off of uncollectible accounts in the amounts of $5,289,071 and $6,507,797 for the years ended December 31, 2019 and 2018, respectively.

Changes to the gross amount of loans discounted is as follows:

For the year ended December 31, 2019	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total
Balance at the beginning of the period	$ 1,617,825,688	$ 86,097,595	$ 13,206,996	$ 1,717,130,279
Changes from financial instruments recognised at the beginning of the period:				
-Transferred to 12-month expected credit losses	14,550,886	(14,498,522)	(52,364)	-
-Transferred to lifetime expected credit losses	(23,100,147)	23,214,835	(114,688)	-
-Transferred to credit-impaired financial asset	(2,344,778)	(2,141,650)	4,486,428	-
-Additional provision and reversal	(66,072,357)	(4,924,147)	(539,128)	(71,535,632)
Originated or purchased	820,488,004	27,268,414	798,266	848,554,684
Derecognised loans discounted	(665,176,897)	(31,584,599)	(915,217)	(697,676,713)
Write-off of uncollectible amount	(560,866)	(629,287)	(4,098,918)	(5,289,071)
Foreign exchange and other changes	(3,625,198)	(274,805)	(29,478)	(3,929,481)
Balance at the end of the period	$ 1,691,984,335	$ 82,527,834	$ 12,741,897	$ 1,787,254,066

For the year ended December 31, 2018	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total
Balance at the beginning of the period	$ 1,520,266,644	$ 64,546,383	$ 17,296,793	$ 1,602,109,820
Changes from financial instruments recognised at the beginning of the period:				
-Transferred to 12-month expected credit losses	8,308,585	(8,138,758)	(169,827)	-
-Transferred to lifetime expected credit losses	(30,690,320)	31,985,474	(1,295,154)	-
-Transferred to credit-impaired financial asset	(3,341,882)	(1,234,134)	4,576,016	-
-Additional provision and reversal	(62,670,496)	(2,532,191)	(542,823)	(65,745,510)
Originated or purchased	800,740,218	26,155,643	1,271,266	828,167,127
Derecognised loans discounted	(614,081,117)	(24,330,311)	(2,939,820)	(641,351,248)
Write-off of uncollectible amount	(1,011,884)	(489,333)	(5,006,580)	(6,507,797)
Foreign exchange and other changes	305,940	134,822	17,125	457,887
Balance at the end of the period	$ 1,617,825,688	$ 86,097,595	$ 13,206,996	$ 1,717,130,279

(c) The simplification of expected credit losses of loans, accounts receivable, contract assets and lease receivables

The Bank and FCBL included loans and accounts receivable in the impairment assessment, and the results were as follows:

For the year ended December 31, 2019	Overdue day of Loans and receivables					
	Not overdue	Overdue for 1–90 days	Overdue for 91-180 days	Overdue for 181-360 days	Overdue for more than 361 days	
Percentage of expected credit losses	1%	3%	10%	50%	100%	Total
Gross amount	$ 4,828,831	$ 13,295	$ 72,112	$ 16,521	$ 110,256	$ 5,041,015
Amount of expected credit losses	(64,056)	(399)	(7,211)	(821)	(110,256)	(182,743)
Net value of loans and receivables	$ 4,764,775	$ 12,896	$ 64,901	$ 15,700	$ -	$ 4,858,272

For the year ended December 31, 2018	Overdue day of Loans and receivables					
	Not overdue	Overdue for 1–90 days	Overdue for 91-180 days	Overdue for 181-360 days	Overdue for more than 361 days	
Percentage of expected credit losses	1%	3%	10%	50%	100%	Total
Gross amount	$ 4,418,217	$ 58,750	$ 133,445	$ 62,424	$ 26,403	$ 4,699,239
Amount of expected credit losses	(51,837)	(1,762)	(13,344)	(31,212)	(26,403)	(124,558)
Net value of loans and receivables	$ 4,366,380	$ 56,988	$ 120,101	$ 31,212	$ -	$ 4,574,681

b. Debt instruments

(a) The reconciliation of the balance of the cumulative impairment for the years ended December 31, 2019 and 2018 were as follows:

I. Financial assets at fair value through other comprehensive Income

For the year ended December 31, 2019	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Other equity
Balance at the beginning of the period	$ 59,351	$ -	$ -	$ 59,351	$ 59,351
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	(3,328)	-	-	(3,328)	(3,328)
Originated or purchased	26,953	-	-	26,953	26,953
Derecognised	(13,582)	-	-	(13,582)	(13,582)
Foreign exchange and other changes	(2,364)	-	-	(2,364)	(2,364)
Balance at the end of the period	$ 67,030	$ -	$ -	$ 67,030	$ 67,030

For the year ended December 31, 2018	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Other equity
Balance at the beginning of the period	$ 56,602	$ -	$ -	$ 56,602	$ 56,602
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	(2,539)	-	-	(2,539)	(2,539)
Originated or purchased	27,070	-	-	27,070	27,070
Derecognised	(19,247)	-	-	(19,247)	(19,247)
Foreign exchange and other changes	(2,535)	-	-	(2,535)	(2,535)
Balance at the end of the period	$ 59,351	$ -	$ -	$ 59,351	$ 59,351

II. Investments in debt instruments carried at amortised cost

For the year ended December 31, 2019	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Accumulated impairment
Balance at the beginning of the period	$ 39,343	$ -	$ -	$ 39,343	$ 39,343
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	(6,826)	-	-	(6,826)	(6,826)
Originated or purchased	37,136	-	-	37,136	37,136
Derecognised	(26,950)	-	-	(26,950)	(26,950)
Foreign exchange and other changes	(177)	-	-	(177)	(177)
Balance at the end of the period	$ 42,526	$ -	$ -	$ 42,526	$ 42,526

For the year ended December 31, 2018	12-month expected credit losses	Lifetime expected credit losses (individual assessment)	Lifetime expected credit losses (credit-impaired financial assets that were neither purchased nor originated)	Total impairment recognised under IFRS 9	Accumulated impairment
Balance at the beginning of the period	$ 22,410	$ -	$ -	$ 22,410	$ 22,410
Changes from financial instruments recognised at the beginning of the period:					
-Additional provision and reversal	1	-	-	1	1
Originated or purchased	38,670	-	-	38,670	38,670
Derecognised	(21,898)	-	-	(21,898)	(21,898)
Foreign exchange and other changes	160	-	-	160	160
Balance at the end of the period	$ 39,343	$ -	$ -	$ 39,343	$ 39,343

(b) There have been no material changes to the cumulative impairment of debt instruments for the years ended December 31, 2019 and 2018.

(G) Policy for assumed collateral management

The collaterals assumed by the Bank and its subsidiaries as of December 31, 2019 and 2018 are of the nature of land and property and the carrying amounts were both $0.

The assumed collateral shall be disposed once it is disposable and the proceeds of disposal shall be used to offset the remaining unpaid loan. Collaterals are classified under other assets in the consolidated balance sheet.

(Blank below)

(H)Disclosures made in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Asset quality

Date & year			December 31, 2019				
Business / Items			Non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		$ 2,436,669	$ 607,748,424	0.40%	$ 7,181,070	294.71%
	Unsecured loans		830,536	648,157,793	0.13%	7,979,052	960.71%
Consumer Banking	Residential mortgage loans (Note 4)		882,876	475,095,307	0.19%	6,810,760	771.43%
	Cash cards		-	602	-	81	-
	Micro credit loans (Note 5)		4,389	4,409,311	0.10%	52,377	1193.37%
	Others (Note 6)	Secured	94,419	37,432,197	0.25%	390,376	413.45%
		Unsecured	-	9,683	-	182	-
Gross loans business			4,248,889	1,772,853,317	0.24%	22,413,898	527.52%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			9,156	7,345,825	0.12%	114,674	1252.45%
Without recourse factoring (Note 7)			-	3,225,624	-	34,987	-
Date & year			December 31, 2018				
Business / Items			Non-performing loans (Note 1)	Gross loans	Non-performing loan ratio (%) (Note 2)	Allowance for doubtful accounts	Coverage ratio (Note 3)
Corporate Banking	Secured loans		$ 3,457,354	$ 704,393,029	0.49%	$ 7,697,138	222.63%
	Unsecured loans		1,234,695	515,411,563	0.24%	6,222,651	503.98%
Consumer Banking	Residential mortgage loans (Note 4)		732,785	446,560,272	0.16%	6,919,199	944.23%
	Cash cards		-	970	-	117	-
	Micro credit loans (Note 5)		5,063	4,972,473	0.10%	57,564	1136.95%
	Others (Note 6)	Secured	18,623	31,768,097	0.06%	332,523	1785.55%
		Unsecured	-	11,054	-	216	-
Gross loans business			5,448,520	1,703,117,458	0.32%	21,229,408	389.64%
			Non-performing loans	Balance of receivables	Non-performing loan ratio (%)	Allowance for doubtful accounts	Coverage ratio
Credit card services			10,519	6,719,120	0.16%	106,103	1008.68%
Without recourse factoring (Note 7)			-	8,257,100	-	82,685	-

Note:

1. The amount recognized as non-performing loans is in compliance with the “Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans”. The amount included in overdue accounts for credit cards is in compliance with the Jin-Guan-Yin (4) Letter No. 0944000378 dated July 6, 2005.

2. Non-performing loan ratio=non-performing loans/gross loans. Non-performing loan ratio of credit cards ＝Non-performing loans of credit cards /balance of accounts receivable.

3. Coverage ratio for allowance for doubtful accounts of loans=allowance for doubtful accounts of loans/non-performing loans. Coverage ratio for allowance for doubtful accounts of accounts receivable of credit cards＝allowance for doubtful accounts for accounts receivable of credit cards/ Non-performing loan of credit cards.

4. For residential mortgage loans, the borrower provides his/her (or spouse’s or minor child’s) house as collateral in full and mortgages it to the financial institution for the purpose of obtaining funds to purchase or add improvements to own house.

5. Small amount of credit loans applies to the norms of the Jin-Guan-Yin (4) Letter No. 09440010950 dated December 19, 2005, excluding credit card and cash card services.

6. Other consumer banking is specified as secured or unsecured consumer loans other than residential mortgage loans, cash card services and small amount of credit loans, and excluding credit card services.

7. Pursuant to the Jin-Guan-Yin-Wai Letter No. 09850003180 dated August 24, 2009 amount of without recourse factoring will be recognized as overdue accounts within three months after the factor or insurance company resolves not to compensate the loss.

b. Non-performing loans and overdue receivables exempted from reporting to the competent authority

	December 31, 2019	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note 1)	$ 434	$ 10,917
Perform in accordance with debt liquidation program and restructuring program (Note 2)	25,759	137,293
Total	$ 26,193	$ 148,210

	December 31, 2018	
	Total amount of non-performing loans exempted from reporting to the competent authority	Total amount of overdue receivables exempted from reporting to the competent authority
Amounts exempted from reporting to the competent authority under debt negotiation and the contract (Note 1)	$ 693	$ 14,429
Perform in accordance with debt liquidation program and restructuring program (Note 2)	30,104	132,408
Total	$ 30,797	$ 146,837

Note:

1. The Bank disclosed the total amount of non-performing loans and overdue receivables exempted from reporting to the competent authority as debt negotiation in accordance with the Jin-Guan-Yin (1) Letter No. 09510001270 of the FSC dated April 25, 2006.

2. The supplementary disclosure about credit reporting and information disclosure is pursuant to provisions relating to cases such as preliminary negotiation, preliminary conciliation, restructuring and liquidation led by banks under the “Customer Debt Clearance Act”, as regulated in Jin-Guan-Yin-(I)-Zi Letter No. 09700318940 on September 15, 2008 and Jin-Guan-Yin-Fa Letter No. 10500134790 on September 20, 2016.

c.Profile of concentration of credit risk and credit extensions of the Bank

December 31, 2019			
Ranking (Note 1)	Type of industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount/FCB net worth of the current year (%)
1	Group A–Chemical Raw Material Manufacturing	$ 17,658,517	8.07%
2	Group B–Marine Freight Forwarder	17,272,374	7.89%
3	Group C–Real Estate Development	11,205,520	5.12%
4	Group D–Unclassified Electronic Components Manufacturing	10,814,445	4.94%
5	Group E–Iron and Steel Rolls over Extends and Crowding	10,540,010	4.81%
6	Group F–Hand-crafted Fiber Spinning	9,842,159	4.50%
7	Group G–Real Estate Development	8,916,122	4.07%
8	Group H–Cardboard Manufacturing	8,613,927	3.93%
9	Group I–Automobile Manufacturing	8,122,283	3.71%
10	Group J–Unclassified Financial Services	8,014,390	3.66%

(After restatement)

December 31, 2018			
Ranking (Note 1)	Type of industry (Note 2)	Total outstanding loan amount (Note 3)	Total outstanding loan amount/FCB net worth of the current year (%)
1	Group A–Marine Freight Forwarder	$ 18,976,418	9.22%
2	Group B–Plastic Sheets, Pipes and Tubes Manufacturing	16,252,218	7.90%
3	Group C–Hand-crafted Fiber Spinning	14,567,718	7.08%
4	Group D–Iron and Steel Rolls over Extends and Crowding	10,514,327	5.11%
5	Group E–Real Estate Development	10,397,878	5.05%
6	Group F–Unclassified Electronic Components Manufacturing	9,654,553	4.69%
7	Group G–Cardboard Manufacturing	9,088,143	4.42%
8	Group H–Electric Wires and Cables Manufacturing	8,354,042	4.06%
9	Group I–Computers, Electronic and Optical Products Manufacturing	7,657,312	3.72%
10	Group J–Manufacture of Integrated Circuits	7,642,254	3.71%

Note:

1. Ranking the top 10 enterprise groups other than government and government enterprise according to their total outstanding loan amount.

2. Definition of enterprise group is based on the Article 6 of Supplementary Provisions to the Taiwan Stock Exchange Corporation Rules for Review of Securities Listings.

3. Total outstanding loan amount is the sum of balances of all types of loans (including import negotiation, export negotiation, bills discounted, overdraft, short-term unsecured loan, short-term secured loan, margin loans receivable, medium-term unsecured loan, medium-term secured loan, long-term unsecured loan, long-term secured loan and overdue loan), purchases in remittances, without recourse factoring, acceptance receivable and guarantees.

D. Liquidity risk

(A) Definition and resource of liquidity risk

The liquidity risk of the Bank and its subsidiaries refer to a financial loss when assets are not convertible or not enough financing aid can be obtained to inject fund for the financial liabilities soon to be matured. For instance, the client terminates the deposit contract in advance, or financing channel of call loan becomes difficult due to market influence, or deterioration on the credit default rate giving rise to unusual fund collection, difficulty in converting the financial instrument and interest sensitive insurer exercise the right to terminate contract in advance. Above events may mitigate the cash inflows from loan origination, transactions and investing activities from the lease subsidiaries.

Liquidity risk exists in the Bank's operation, which may be given rise by specific event of various industries or overall market movement, such as liquidation protocol of deposit or call loan payment, source of loan or time required for asset liquidation are affected by various industries or certain overall market events, including but not limited to insufficient depth of market, market disorder, low liquidity on funds, credit event, merging or acquisition activities, systematic impact and natural disasters.

Working capital of FCBL is sufficient, therefore there is no liquidity risk regarding inability to raise fund for meeting contractual obligations.

(B) Procedures and evaluation method used for liquidity risk management

In order to prevent liquid risk that gives rise to operating risk, crisis reaction procedures have been set up in relation to liquidity risk and fund liquidity gap shall be monitored on a regular basis.

Management procedure and evaluation method for the liquidity risk of the Bank and its subsidiaries are as follows:

<u>Procedure</u>

In consideration of the operating demand, the sources of fund need to be diverse and stable. The use of fund should avoid high concentration, and the liquid assets held should take precedence of highly liquid earning assets of high quality.

In accordance with the "Management policy of assets and liabilities" and "Management principle of liquidity and interest risk", risk management division is the investigation unit for liquidity risk indicator. Finance division is the execution unit for fund transferring. Also, attention needs to be paid on the movement of market condition and day-to-day capital liquidity to ensure appropriate liquidity and long-term profitability. Unless otherwise indicated by offshore branches, sufficient liquidity shall be maintained in accordance with the local competent authorities.

Risk management division sets up liquid position or indicator limit by the duration and implements after obtaining the approval from assets and liabilities management committee and Board of Directors. Each liquidity risk monitoring indicator are assessed and appraised regularly in the meeting of assets and liabilities management committee.

Risk management division is responsible for reporting the liquidity risk and other monitoring result regulary to the assets and liabilities management committee, risk management committee and Board of Directors.

Evaluation method

The content of the liquidity risk report mainly used to estimate cash flow from various business line and the effects on fund transferring so that early warning area and target goal can be set up for cash gap and relevant indicator in order to control both under the tolerable risk limit.

Risk Management Division regularly makes "Analysis table for cash flow gap" and "Adjustment table for cash flow gap" to ensure that the cash flow gap is within the granted limit and reports to the management in relation to fund liquidity matters. Given that the limit has been reached or an obvious deteriorated indicator shown internally or externally, immediate escalation should be made to the assets and liabilities management committee for further response action and report to the Board of Directors. Given the liquidity risk, action shall be taken in accordance with "Contingent plan for liquidity risk".

(C) Duration analysis for the financial assets and liabilities held for liquidity risk management are as follows:

a. Financial assets held for the management of liquidity risk

The Bank and its subsidiaries hold cash and highly liquid, high quality interest generating assets to support payment obligations and potential emergency fund demands in the market. Assets hold for the management of liquidity risk include: cash and cash equivalents, due from the Central Bank and call loans to banks, financial assets measured at fair value through profit or loss, financial assets at fair value through other comprehensive income, investments in debt instruments at amortised cost, notes and bonds issued under resell agreements, receivables and loans discounted etc.

b. Duration analysis for the financial assets and liabilities held for liquidity risk management

The following table illustrates the cash inflow and outflow of financial assets and liabilities of the Bank and its subsidiaries held for liquidity risk management based on the remaining maturity from the balance sheet date to the contract expiration date. While the amounts disclosed in the table are not discounted by contract cash flow, certain accounts may differ from the responding accounts in the balance sheet.

December 31, 2019	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	Over 1 year	Total
1.Primary capital inflow upon maturity						
Non-derivative financial instruments						
Cash and due from other banks	$ 81,052,258	$ 7,427,447	$ 6,661,070	$ 11,615,571	$ 34,189,449	$ 140,945,795
Call loans and overdrafts	114,606,860	40,720,349	6,957,758	4,150,996	-	166,435,963
Securities investment	358,292,278	39,764,577	30,196,983	180,732,165	307,811,327	916,797,330
Loans discounted	176,279,442	188,923,142	195,423,315	187,145,986	1,039,750,626	1,787,522,511
Other capital inflow upon maturity	57,192,888	7,006,984	2,789,721	2,384,132	6,401,439	75,775,164
Derivative financial instruments	773,218	1,052,927	256,358	269,096	2,468,973	4,820,572
Total	788,196,944	284,895,426	242,285,205	386,297,946	1,390,621,814	3,092,297,335
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	178,697,923	96,784,945	7,965,227	585,459	-	284,033,554
Demand deposits	61,392,250	68,778,085	65,880,318	111,631,137	1,152,823,255	1,460,505,045
Time deposits	167,429,671	217,785,138	204,351,767	328,524,383	24,213,702	942,304,661
Financial liabilities at fair value through profit and loss – non-derivatives	-	15,023,029	6,748,306	-	3,177,583	24,948,918
Financial bonds payable	-	-	-	-	27,950,000	27,950,000
Lease liabilities	70,102	119,773	166,374	332,304	2,243,502	2,932,055
Other capital outflow upon maturity	72,577,001	11,735,785	6,475,009	2,654,468	46,253,071	139,659,334
Derivative financial instruments	2,134,067	3,245,986	1,972,785	1,110,588	1,033,767	9,497,193
Total	482,301,014	413,472,741	293,559,786	444,838,339	1,257,694,880	2,891,866,760
3.Gap upon maturity	$ 305,895,930	($ 128,577,315)	($ 51,274,581)	($ 58,540,393)	$ 132,926,934	$ 200,430,575

December 31, 2018	0 - 30 days	31 - 90 days	91 - 180 days	181 days – 1 year	Over 1 year	Total
1.Primary capital inflow upon maturity						
Non-derivative financial instruments						
Cash and due from other banks	$ 85,920,227	$ 5,754,074	$ 6,126,213	$ 8,640,747	$ 31,507,216	$ 137,948,477
Call loans and overdrafts	85,867,887	26,559,061	2,780,642	2,248,178	-	117,455,768
Securities investment	328,542,111	28,652,862	24,770,687	143,974,457	249,346,957	775,287,074
Loans discounted	196,994,326	181,244,471	174,965,854	200,527,102	963,680,316	1,717,412,069
Other capital inflow upon maturity	69,146,228	7,839,283	2,864,307	1,939,216	4,121,041	85,910,075
Derivative financial instruments	655,210	1,334,563	414,097	326,842	2,101,621	4,832,333
Total	767,125,989	251,384,314	211,921,800	357,656,542	1,250,757,151	2,838,845,796
2.Primary capital outflow upon maturity						
Non-derivative financial instruments						
Call loans, overdrafts and due to other banks	171,459,136	61,167,751	4,762,953	3,181,680	-	240,571,520
Demand deposits	56,396,916	57,950,835	59,042,265	86,678,445	1,080,532,786	1,340,601,247
Time deposits	148,188,106	217,652,837	178,178,101	272,355,895	21,042,704	837,417,643
Financial liabilities at fair value through profit and loss – non-derivatives	-	4,308,764	6,341,921	4,745,699	13,136,877	28,533,261
Financial bonds payable	-	-	-	8,200,000	28,950,000	37,150,000
Other capital outflow upon maturity	93,513,136	13,018,618	4,749,380	2,257,204	45,100,741	158,639,079
Derivative financial instruments	553,101	385,621	405,469	265,523	3,010,170	4,619,884
Total	470,110,395	354,484,426	253,480,089	377,684,446	1,191,773,278	2,647,532,634
3.Gap upon maturity	$ 297,015,594	($ 103,100,112)	($ 41,558,289)	($ 20,027,904)	$ 58,983,873	$ 191,313,162

Note: Derivative financial instruments and financial liabilities are disclosed at present value.

Maturity analysis for above demand deposits are amortized to each period based on historical experience of banking subsidiary. Given that all the demand deposits have to be paid in the shortest period, as of December 31, 2019 and 2018, the payment on period of 0-30 days will be increased by $1,399,112,795 and $1,284,204,331, respectively.

(D)Maturity analysis for items off the balance sheet

The loans, loan commitment and letters of credit include unused loan commitments and unused letters of credit issued. Financial guarantee contract refers that the Bank and its subsidiaries represent a guarantor or the issuer of the guaranteed letter of credit.

Please refer to the below table for maturity analysis for items off the balance sheet of the Bank and its subsidiaries:

Financial instruments contracts	December 31, 2019		
	Within one year	More than one year	Total
Unused loan commitments (Note)	$ 8,229,962	$ 98,258,163	$ 106,488,125
Unused credit commitments for credit cards	93,094,415	-	93,094,415
Unused letters of credit issued	25,625,054	981,633	26,606,687
Various guarantees	29,982,776	47,789,515	77,772,291
Total	$ 156,932,207	$ 147,029,311	$ 303,961,518

Financial instruments contracts	December 31, 2018		
	Within one year	More than one year	Total
Unused loan commitments (Note)	$ 11,399,837	$ 125,277,234	$ 136,677,071
Unused credit commitments for credit cards	89,253,643	-	89,253,643
Unused letters of credit issued	32,517,425	1,944,892	34,462,317
Various guarantees	27,971,836	43,093,766	71,065,602
Total	$ 161,142,741	$ 170,315,892	$ 331,458,633

Note: Above unused loan commitments include irrevocable loan commitment except for the significant adverse movement.

(E)Maturity analysis on lease contract and capital expense commitment

Lease commitment of the Bank and its subsidiaries includes operating lease and finance lease.

Operating lease commitment is the minimum rental that the Bank and its subsidiaries should make as a lessee or lessor under the lease term not revocable.

Capital expenditure commitment of the Bank and its subsidiaries refers to the capital expenses spent on the contract commitment in order to acquire the building and equipment.

Please refer to the below table for maturity analysis of lease contract commitment and capital expenditure commitment of the Bank and its subsidiaries:

December 31, 2018	Less than 1 year	1 to 5 years	More than 5 years	Total
Lease commitment				
Operating lease expense (Lessee)	$ 765,904	$1,243,426	$ 483,697	$ 2,493,027
Operating lease income (Lessor)	(370,543)	(1,072,008)	(494,603)	(1,937,154)
Total	$ 395,361	$ 171,418	($ 10,906)	$ 555,873

The present value of finance lease has been recognized under finance lease liabilities. As the amount is immaterial and the liquidity risk is low, no analysis on its maturity value will be taken.

(F)Disclosure required by the Regulations Governing the Preparation of Financial Reports by Public Banks

a. Structure analysis of NTD time to maturity of the Bank

Expressed In Thousands of New Taiwan Dollars

	December 31, 2019						
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 2,461,147,558	$ 384,962,434	$ 238,821,348	$ 255,605,470	$ 189,755,592	$ 341,999,925	$1,050,002,789
Primary capital outflow upon maturity	(3,168,555,477)	(149,942,424)	(175,739,661)	(466,035,805)	(503,091,483)	(555,316,896)	(1,318,429,208)
Gap	($ 707,407,919)	$ 235,020,010	$ 63,081,687	($ 210,430,335)	($313,335,891)	($ 213,316,971)	($ 268,426,419)

	December 31, 2018						
	Total	0~10 days	11~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 2,199,714,088	$ 308,936,491	$ 269,537,708	$ 185,600,151	$ 172,474,937	$ 321,132,756	$ 942,032,045
Primary capital outflow upon maturity	(2,897,888,815)	(146,373,669)	(194,061,411)	(403,256,477)	(422,399,374)	(490,120,064)	(1,241,677,820)
Gap	($ 698,174,727)	$ 162,562,822	$ 75,476,297	($ 217,656,326)	($249,924,437)	($ 168,987,308)	($ 299,645,775)

b. Structure analysis of USD time to maturity of the Bank

Expressed In Thousands of US Dollars

December 31, 2019						
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 33,619,315	$ 10,478,195	$ 8,590,151	$ 5,150,054	$ 2,314,009	$ 7,086,906
Primary capital outflow upon maturity	(39,330,235)	(11,739,691)	(10,802,476)	(5,367,661)	(5,938,954)	(5,481,453)
Gap	($ 5,710,920)	($ 1,261,496)	($ 2,212,325)	($ 217,607)	($ 3,624,945)	$ 1,605,453

December 31, 2018						
	Total	0~30 days	31~90 days	91~180 days	181 days ~ 1 year	Over 1 year
Primary capital inflow upon maturity	$ 28,322,525	$ 10,681,892	$ 6,800,806	$ 2,758,454	$ 1,642,506	$ 6,438,867
Primary capital outflow upon maturity	(33,703,517)	(10,589,325)	(7,415,269)	(4,350,907)	(5,927,087)	(5,420,929)
Gap	($ 5,380,992)	$ 92,567	($ 614,463)	($ 1,592,453)	($ 4,284,581)	$ 1,017,938

E. Market risk

(A) Market risk definition

Market risk occurs when the market price fluctuates leading to movement in fair value of financial instrument held by the Bank and its subsidiaries in or off the balance sheet or the future cash flow. The risk factors that could give rise to market price movement usually include interest rate, exchange rate, equity securities and instrument price. Any movement in above risk factors could result in risk of fluctuation on net profit or value of investment portfolio held by the Bank and its subsidiaries.

The market risks that the Bank and First Commercial Bank (USA) faces mainly are equity securities, interest rate and exchange rate risk. Market risk position of equity securities mainly include domestic listed stocks, domestic stock index options and stock index futures and call and put warrants, etc. Positions with interest rate risk mainly include: bonds and interest-derivative instruments, such as fixed and floating interest swap and bond option, etc. Positions with exchange rate risk mainly include: the consolidated positions invested by the subsidiaries, indirect subsidiaries of the Bank and its subsidiaries, such as various derivatives denominated in foreign currency, credit-linked bonds, US government bonds, and other foreign bonds, etc.

The subsidiaty, FCB Leasing, is engaged in interest rate swap contracts for the purpose of financial hedging Gains or losses arising from changes in interest rates and gains or losses on hedged items are offset substantially. As a result, market price risk is deemed insignificant.

(B) Goal of market risk management

The Bank and First Commercial Bank (USA) have various market risk management policies, standards, key points and the regulations from competent authorities and the Bank to comply.

The Bank sets up "Management policy for market risk", "Management standards for market risk", "Management standards for liquidity and interest rate risk" and "Management guidelines for market risk" and others in an attempt to effectively regulate market risk and ensure that the market risk is under the Bank and the First Commercial Bank (USA)'s bearable capacity.

The Bank divided market risk management into trading book and banking book. Interest rate risk management in relation to trading book and banking book is provided in Note 12(2)E(F), (G) and (H). 'Trading book' refers to :

a. positions held with an intention to earn profit from interest rate movement or price variance between the purchase price and selling price,

b. positions held for hedging purpose, and

c. interest rate related instruments positions and equity securities positions held for brokerage or proprietary trading on which regular market value assessment and capital provision against market risk shall be made. Financial instrument positions not classified as trading book are classified into the scope of 'banking book'.

(C) Policy and procedure for market risk management

In order to identify, evaluate, control and monitor market risks that the Bank and its subsidiaries faces and strengthen managing mechanism for market risks, management policies and procedures have been set up to effectively manage market risk and ensure that market risk is controlled under a bearable capacity.

Policy

The Board of the bank is the highest command and supervisory unit in charge of the granting of risk management policy, major risk bearing limit and relevant authorization. The Risk Management Committee under the Board of Directors executes various risk management implementations as resolved and granted by the Board and performs risk supervision. In addition, risk management division set up independent from the business unit is responsible for establishing market risk management structure for the market risk management.

Procedures

The risk management division of the Bank assesses various risk indicators regularly as required by the policies and monitors various risk indicators to be within the limits authorized by the Board of Directors. Any excess over the limits and the usage level of risk limits are summarized and reported to the Board of Directors, risk management committee, general manager, vice-general manager and other related segments.

Business unit, before the engagement in new transaction or developing new market, should identify and evaluate risk in compliance with related procedures. The evaluation module before adoption should be verified through module testing technicians in order to effectively identify various market risks. For financial instruments that cannot be assessed by market price or module evaluation, the risks should be transferred by back-to-back method to avoid that the Bank may assume uncertain market risk.

(D) Management procedure for market risk

The Bank's management procedure for market risk of interest rate risk, exchange risk and equity securities are as follows:

a. Identification and evaluation

Risk identification: When there is any new product, market or currency of a financial instrument, market risk factors and market risk source should first be identified before the underwriting is permitted.

Risk evaluation: Establish appropriate risk indicators and prescribe risk limits for management. The significant risk indicators of the subsidiaries include, but are not limited to positions, gains and losses, and sensitivity measures (PV01, Delta, Vega, and Gamma). The evaluation of investment portfolios are affected by interest risk, exchange rate risk and equity securities.

b. Monitoring and report

For financial instrument evaluated by the market price, the information of independent source should be assessed at least once a day. For those evaluated by modules, the assumption and input used in the evaluation module as provided by the market data of Reuters and Bloomberg, after the module experience is tested and granted, the calculation on evaluation and sensitivity may be carried on, which is used to control the risk incurred through investment portfolio.

The Bank establishes risk reporting programs and procedures. The risk management division should regularly present the daily report, monthly report and other risk management report to the Board of Directors and senior management based on the needs of segment heads, general manager, general president or the Board of Directors to report interest risk, exchange risk and equity securities exposure, including gain and loss, trading position, various risk indicators, risk limit usage, all limit excess or fault and so on, and regularly follow-up and send out warning reminder to ensure corrective action has been taken in a timely manner and in compliance with regulations.

(E) Risk evaluation method (market risk evaluation technique)

In order to effectively evaluate the market risks, the Bank establishes appropriate risk indicators and measurement instruments based on each investment portfolio and business characteristics of trading book and banking book. Meanwhile, by setting up risk limits and controlling mechanism, risk limit control is regularly reported to each responsible segment and reported to the Board of Directors. Above risk indicators include: positions, gains and losses, sensitivity indexes (PV01, Delta, Gamma, Vega), stress losses and others.

Definitions of various indicators:

PV01: It is the relative change in the value of interest rate instrument when the interest rate moves by 1 unit (1bp = 0.01%).

Delta: When the price of underlying asset moves by 1 unit that leads to related movement in Delta ratio of the derivative, by which is multiplied the nominal amount to measure to Delta position.

Vega: It is the relative change in the value of derivative instrument when the value of underlying asset moves by 100 basic units.

Gamma: It is the relative change in Delta when the underlying asset value moves by 1 unit.

Interest rate-sensitive instruments are the relative change in the amount of PV01 that incurred to the interest rate instrument when interest rate moves by 1 unit.

Exchange rate-sensitive instruments are the relative change in the amount of Delta that incurred to the exchange rate instrument when exchange rate moves by 1% of the unit.

Stress loss: Provided that all other conditions remain constant, it is the effects from ±100bp interest rate movement, ±15% overall market movement of equity securities, ±3% exchange rate fluctuation on New Taiwan Dollars versus major currencies or ±5% exchange rate fluctuation on New Taiwan Dollars versus other currencies.

(F) Policy and procedures of trading book risk management

Trading book includes financial instruments held for trading or financial instruments and physical commodity positions held for hedging purposes against trading book positions. Positions of financial instruments held for trading refers to positions held for a short-term period with the intention of selling or with the intention of profiting or fixing arbitrage profits from actual or expected short-term price fluctuations. For example, proprietary positions, agency positions (such as transaction match-making brokerage) or positions generated through market making transaction, or positions held to offset all or the majority of risks of asset or portfolio positions on the trading book. Positions not included in the above trading book positions are banking book position.

The Bank establishes specific policies and procedures for their trading strategy of trading book position in order to manage the potential market risk of trading positions and control the risk within limits.

a. Strategy

In order to effectively control market risk and ensure the mobility and adaptability of the trading strategy implemented by sale units, market risk limit of the trading book is set at the level of “investment portfolio” to carry out various assessments and controls. In addition, risk limits of each portfolio are set up according to the trading strategy, types of trading instruments and annual profit objective for better management.

b. Policy and procedure of risk management

In principle, management policy is carried out based on annually revised risk limits of each investment portfolio.

c. Evaluation policy and procedure

Generally, financial instruments are assessed through Mark-to-Market, however, Mark-to-Model may be adopted if there is no fair value in the market. Nonetheless, the model should be independently verified before adoption and relevant guideline model management needs to be set up and implemented accordingly.

Evaluation procedure: The risk management unit confirms that the risk evaluation is consistent with the position information posted on the evaluation system at day-end and the market data adopted. In addition, the risk management unit monitors daily evaluation and risk limit and regularly report risk quota usage and limit exceeding event.

d. Evaluation method

The Bank executes stress testing on ±100bp interest rate movement, ±15% equity securities movement, ±3% exchange rate fluctuation and ±5% circumstance movement on a monthly basis and reports to the risk management committee regularly.

(G) Interest risk management for trading book

Risk management on the interest rate of trading book for the Bank is as follows:

a. Interest risk definition

Interest risk occurs when there is an adverse movement of interest rate resulting in change in fair value of trading book position held.

b. Management objective

The management objective of interest risk lies in effective identification, evaluation, controlling and monitoring of interest rate to enhance managing mechanism of market risk.

c. Management policy and procedure

In principle, annual risk limits are controlled based on investment portfolio of trading book with interest rate revised annually.

d. Evaluation method

Evaluation is calculated based on the risk-sensitive index verified by system calculation. In addition, stress testing is performed based on +/-100bp annual interest rate movement and reported to the risk management committee regularly.

(H) Risk management for banking book interest

Interest risk is the risk that a bank suffers from an adverse movement of interest rate or financial condition of the Bank. Interest movement might change the Bank's net interest income and other interest-sensitive incomes which further affects the Bank's earnings. Meanwhile, interest movement could also affect positions in and off the Bank's balance sheet.

The banking book risk management of the Bank is as follows:

a. Strategy

The objective of interest rate management is to improve banks' adaptability so that the earnings and economic value in the balance sheet can be assessed and managed through avoiding the impact from interest rate movement.

b. Policy and procedure of risk management

According to "Management policy of asset and liability" and "Management guideline for liquidity and interest risk" of the Bank, risk management division is the monitoring unit that is responsible for interest risk index, analysis and monitoring interest-sensitive position, and regular reporting the monitoring result of interest risk to the asset and liability management committee, risk management committee and Board of Directors.

If various interest risk indexes and stress testing results fall in the warning threshold, risk management division should issue warning notice to the asset and liability management committee. However, if interest risk index exceed the planned threshold, it should be reported to the asset and liability management committee for discussing the responding measures, which is followed by relevant business unit and reported to the Board of Directors.

c. Evaluation method

The interest rate risk of the Bank is mainly the repricing gap risk resulting from the difference between maturities and repricing date of banking book assets and liabilities and off balance sheet accounts. In order to stabilize long-term profit and business development at the same time, Risk Management Division sets up various monitoring indicators for interest rate of most common period and executes stress testing, and tests the effects on net interest income and net fair economic value within one year when the market interest rate moves by +/-200 bps, that is Interest Rate Shock from the perspective of earnings and economic value. Every interest rate risk indicator and stress testing result should be reported to management for review.

(I) Risk management for foreign exchange

a. Definition of foreign exchange

Foreign exchange risk occurs when the net foreign position held fluctuates with the currency exchange rate giving rise to an exchange gain or loss. The foreigner exchange risks of financial instruments held by the Bank and its subsidiaries mainly include foreign investment position, spot exchange and forward contract, FX option and other derivative or non-derivative instruments. Major currencies involving foreign exchange risks include: USD, EUR, JPY, HKD, AUD, CAD, RMB, etc.

b. Objective

The objective of foreign exchange lies in effective identification, evaluation, controlling and monitoring foreign exchange risk of the Bank and enhancement of management mechanism for market risk.

c. Management policy and procedure

Management policy for market risk is adjusted based on the annual risk limit revised by foreign exchange trading investment portfolio annually.

d. Evaluation method

Through risk sensitive indicators calculated by the validated system as a benchmark, the Bank regularly carries out testing and reports the results to the risk management committee given that the currency movement is provided at +/-3% and other currency movement at +/-5%.

(J) Risk management for equity securities

a. Definition of equity securities risk

The market risk of the equity securities held by the Bank includes the individual risk resulting from market price movement of each equity securities and general market risk resulting from overall market price movement.

b. Risk management objective

The objective for equity risk management lies in effective identification, evaluation, risk controlling and monitoring for the equity securities of the Bank and its subsidiaries and enhancement of managing mechanism for market risk.

c. Management policy

Management policy for market risk is adjusted based on the annual risk limit revised by stock trading investment portfolio annually.

d. Evaluation method

The Bank executes stress testing on +/-15% weighted average index of Taiwan stock movement on a monthly basis and reports to the risk management committee regularly.

(K) Market risk assessment techniques

Vale at Risk (VaR)

The VaR model is utilised to measure the maximum potential loss, caused by changes in market risk factors, for investment portfolios under a specific time frame and confidence level. For transaction positions, the Bank utilise the VaR model as an instrument to control market risk. Currently, the Bank's standard of measuring market risk is electing the historical simulation method to estimate VaR and setting the maximum potential loss under a 99% confidence interval. The VaR of the Bank continually undertakes backtesting in order to assess the accuracy of the model.

Expressed in Thousands of New Taiwan Dollars

	December 31, 2019		
	Average	Maximum	Minimum
Foreign exchange VaR	29,261	44,514	6,401
Interest VaR	20,416	31,173	14,079
Equity securities VaR	11,549	38,474	2,000
Total VaR	61,226	114,161	22,480

Expressed in Thousands of New Taiwan Dollars

	December 31, 2018		
	Average	Maximum	Minimum
Foreign exchange VaR	40,546	77,847	15,371
Interest VaR	20,450	29,730	9,797
Equity securities VaR	19,724	36,885	4,631
Total VaR	80,720	144,462	29,799

(L) Foreign exchange risk gap

As of December 31, 2019 and 2018, the following table summarizes financial instruments of foreign denominated assets and liabilities by currency of which the foreign exchange exposure is presented by the carrying amount:

Expressed In Thousands of New Taiwan Dollars

	December 31, 2019	
	USD	RMB
Financial assets		
Cash and cash equivalents	$ 8,477,840	$ 4,517,246
Due from the Central Bank and call loans to other banks	87,198,807	33,440,001
Financial assets at fair value through profit or loss	39,716,524	918,570
Financial assets at fair value through other comprehensive income	82,706,044	12,641,508
Loans discounted	255,345,728	17,989,721
Receivables	23,031,149	2,013,112
Investments in debt instruments at amortised cost	11,398,481	2,563,944
Other financial assets	11,411	3,006,500
Subtotal-financial assets	$ 507,885,984	$ 77,090,602

	December 31, 2019	
	USD	RMB
Financial liabilities		
Due to Central Bank and others	$ 181,701,685	$ 15,095,433
Deposits and remittances	492,117,892	54,571,376
Financial liabilities at fair value through profit or loss	25,316,884	23
Other financial liabilities	27,475,835	289,732
Payables	23,155,687	1,788,373
Subtotal-financial liabilities	$ 749,767,983	$ 71,744,937

Expressed In Thousands of New Taiwan Dollars

	December 31, 2018	
	USD	RMB
Financial assets		
Cash and cash equivalents	$ 7,007,371	$ 3,970,609
Due from the Central Bank and call loans to other banks	50,008,565	31,315,681
Financial assets at fair value through profit or loss	38,593,013	946,713
Financial assets at fair value through other comprehensive income	67,378,992	19,356,836
Loans discounted	276,606,362	17,448,449
Receivables	30,550,807	1,885,659
Investments in debt instruments at amortised cost	3,462,482	290,419
Other financial assets	1,419	5,139,350
Subtotal-financial assets	$ 473,609,011	$ 80,353,716
Financial liabilities		
Due to Central Bank and others	$ 161,432,734	$ 4,052,980
Deposits and remittances	439,313,999	62,751,741
Financial liabilities at fair value through profit or loss	30,724,199	187
Other financial liabilities	13,166,409	325,611
Payables	34,342,048	1,094,380
Subtotal-financial liabilities	$ 678,979,389	$ 68,224,899

Note: As of December 31, 2019 and 2018, the exchange rate of USD to NTD was 29.990, and 30.735, respectively. In addition, as of December 31, 2019 and 2018, the exchange rate of RMB to NTD were 4.295, and 4.469, respectively.

(M) Sensitivity analysis

a. Interest rate risk

If the market yield curve shifts upwards or downwards by 20 bps, it could affect the assessed fair value and interest income. Items being assessed include all assets of the trading book position and banking book position, of which the interest income of banking book assets that could be affected is one year.

The Bank and its subsidiaries assume that yield curve is the only variable when all the other interest curves remain constant and sums up the gain and loss resulting from changes in each yield curve. According to the above estimated net interest income and assessed gain and loss on fair value, sensitivity analysis is as follows:

b. Foreign exchange risk

Assuming that all the other variables remain constant, for the year ended December 31, 2019, if NTD to USD depreciates/appreciates by 3%; AUD depreciates/appreciates by 3%;

RMB to other currencies depreciates/appreciates by 4%; and for the year ended December 31, 2018, if NTD to USD depreciates/appreciates by 3%; AUD depreciates/appreciates by 3%; RMB and other currencies depreciates/appreciates by 4%; then the gain or loss sensitivity analysis for the Bank holding the above foreign exchange net positions is as the table below.

c. Equity securities risk

Assuming that all the other variables remain constant, if equity prices rise/fall by 5% (the average rate of rises or falls in the Taiwan Stock Exchange Market Index in the most recent three years); then fair value valuation gains or losses of investment positions in listed and over-the-counter stocks in the trading book held by the Bank are as the table below.

d. Sensitivity analysis is summarized as follows:

December 31, 2019 (Expressed In Thousands of New Taiwan Dollars)

Main risk	Movements	Effect on gain or loss	Effect on equity
Foreign exchange risk	NTD to USD depreciate by 3%, NTD to AUD depreciate by 3%, NTD to RMB and other currencies depreciate by 4%.(Note 1)	79,372	-
Foreign exchange risk	NTD to USD appreciate by 3%, NTD to AUD appreciate by 3%, NTD to RMB and other currencies appreciate by 4%.(Note 2)	(79,372)	-
Interest rate risk	Main interest rate curve increases by 20 bps	(404,022)	(2,336,518)
Interest rate risk	Main interest rate curve decreases by 20 bps	322,299	2,393,563
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 5%.	12,716	342,584
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 5%.	(12,716)	(342,584)

December 31, 2018 (Expressed In Thousands of New Taiwan Dollars)

Main risk	Movements	Effect on gain or loss	Effect on equity
Foreign exchange risk	NTD to USD depreciate by 3%, NTD to AUD depreciate by 3%, NTD to RMB and other currencies depreciate by 4%.(Note 3)	9,534	-
Foreign exchange risk	NTD to USD appreciate by 3%, NTD to AUD appreciate by 3%, NTD to RMB and other currencies appreciate by 4%.(Note 4)	(9,534)	-
Interest rate risk	Main interest rate curve increases by 20 bps	(340,382)	(1,235,448)
Interest rate risk	Main interest rate curve decreases by 20 bps	337,885	1,216,122
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market rises by 5%.	12,024	294,036
Equity securities risk	Weighted average index of Taiwan Stock Exchange Market falls by 5%.	(12,024)	(294,036)

Note 1: NTD to USD depreciate by 3%, NTD to AUD depreciate by 3%, NTD to RMB and other currencies respectively depreciate by 4%, the effects on profit (loss) will be $83,834, $8,670, ($139,125) and $125,993, respectively.

Note 2: NTD to USD appreciate by 3%, NTD to AUD appreciate by 3%, NTD to RMB and other currencies respectively appreciate by 4%, the effects on profit (loss) will be ($83,834), ($8,670), $139,125 and ($125,993), respectively.

Note 3: NTD to USD depreciate by 3%, NTD to AUD depreciate by 3%, NTD to RMB and other currencies respectively depreciate by 4%, the effects on profit (loss) will be $146,206, $4,197, ($145,645)and $4,776, respectively.

Note 4: NTD to USD appreciate by 3%, NTD to AUD appreciate by 3%, NTD to RMB and other currencies respectively appreciate by 4%, the effects on profit (loss) will be ($146,206), ($4,197), $145,645 and($4,776), respectively.

(N) Disclosure made in accordance with Regulations Governing the Preparation of Financial Reports by Public Banks

Sensitivity analysis of interest rate for assets and liabilities (NTD)
December 31, 2019
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,741,688,801	35,801,437	184,331,301	202,385,964	2,164,207,503
Interest-rate-sensitive liabilities	377,571,006	1,214,204,182	165,506,261	37,436,561	1,794,718,010
Interest-rate-sensitive gap	1,364,117,795	(1,178,402,745)	18,825,040	164,949,403	369,489,493
Net					218,924,286
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					120.59%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					168.78%

Sensitivity analysis of interest rate for assets and liabilities (NTD)
(After restatement)
December 31, 2018
(Expressed In Thousands of New Taiwan Dollars, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	1,608,256,914	42,886,881	147,089,614	155,803,098	1,954,036,507
Interest-rate-sensitive liabilities	364,379,497	1,106,079,124	121,859,633	37,811,867	1,630,130,121
Interest-rate-sensitive gap	1,243,877,417	(1,063,192,243)	25,229,981	117,991,231	323,906,386
Net					205,713,952
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					119.87%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					157.45%

Note: The amounts listed above represent the items denominated in NTD for the Bank, excluding contingent assets and contingent liabilities.

Sensitivity analysis of interest rate for assets and liabilities (USD)
December 31, 2019
(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	24,356,180	5,379,076	1,688,113	1,070,974	32,494,343
Interest-rate-sensitive liabilities	20,543,734	8,472,206	2,256,106	32,851	31,304,897
Interest-rate-sensitive gap	3,812,446	(3,093,130)	(567,993)	1,038,123	1,189,446
Net					7,299,910
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					103.80%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					16.29%

Sensitivity analysis of interest rate for assets and liabilities (USD)
(After restatement)
December 31, 2018

(Expressed In Thousands of USD, %)

Item	1~90 days	91~180 days	181 days~1 year	Over 1 year	Total
Interest-rate-sensitive assets	22,484,848	3,002,834	1,003,741	873,314	27,364,737
Interest-rate-sensitive liabilities	16,701,563	6,973,566	1,945,409	9,325	25,629,863
Interest-rate-sensitive gap	5,783,285	(3,970,732)	(941,668)	863,989	1,734,874
Net					6,693,150
Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities (%)					106.77%
Ratio of interest-rate-sensitive gap to stockholders' equity (%)					25.92%

Explanation: The amounts listed above represent the items denominated in USD for the Bank, excluding contingent assets and contingent liabilities.

Note：

A. Interest-rate-sensitive assets and liabilities are those interest earned assets and interest bearing liabilities, revenues and costs which are sensitive to changes in interest rates.

B. Ratio of interest-rate-sensitive assets to interest-rate-sensitive liabilities =Interest-rate-sensitive assets / interest-rate-sensitive liabilities.

C. Interest-rate-sensitive gap = Interest-rate-sensitive assets － interest-rate-sensitive liabilities.

F. Transfer of financial assets

Transferred financial assets that are not derecognised in their entirety.

During the Bank's and its subsidiaries' activities, the transferred financial assets that do not meet derecognition conditions are mainly debt instruments with purchase agreements. The cash flow of the contract has been transferred and related liabilities of transferred financial assets that will be repurchased at a fixed price in the future have been reflected. The Bank and its subsidiaries may not use, sell or pledge the transferred financial assets during the valid period of the transaction. The financial assets were not derecognised as the Bank and its subsidiaries are still exposed to interest rate risk and credit risk.

December 31, 2019 Expressed in Thousands of New Taiwan Dollars

Category of financial asset	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through profit or loss		
Repurchase agreement	$ 299,900	$ 306,030
Financial assets at fair value through other comprehensive income		
Repurchase agreement	13,580,822	13,176,169
Debt instruments at amortised cost		
Repurchase agreement	2,352,116	2,329,054

December 31, 2018 Expressed in Thousands of New Taiwan Dollars

Category of financial asset	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities
Financial assets at fair value through other comprehensive income		
Repurchase agreement	$ 14,100,906	$ 13,408,357
Debt instruments at amortised cost		
Repurchase agreement	614,700	580,812

G. Offsetting financial assets and financial liabilities

The Bank and its subsidiaries have financial instruments that meet the offsetting criteria in paragraph 42 of IAS 32, the gross financial liability is set off against the gross financial asset, resulting in the presentation of a net amount presented in the balance sheet.

The Bank and its subsidiaries have transactions that do not meet the offsetting criteria but follow the net settled master netting arrangements or other similar arrangements, i.e. global master repurchase agreement, global securities lending agreement or similar agreement with repurchase agreements or reverse repurchase agreement. The above transactions are settled on a net basis after offsetting financial assets with financial liabilities if both parties of the transaction choose to use net settlement; the above transactions are settled on a gross basis if both parties do not choose to use net settlement. However, if one party breaches the contract, the counterparty can choose to use net settlement.

The offsetting of financial assets and financial liabilities are set as below:

December 31, 2019

Expressed in Thousands of New Taiwan Dollars

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 4,736,222	$ -	$ 4,736,222	$ 1,854,418	$ 1,909,384	$ 972,420
Resell arrangements	500,000	-	500,000	-	500,000	-
Total	$ 5,236,222	$ -	$ 5,236,222	$ 1,854,418	$ 2,409,384	$ 972,420

(Note) Including net settled master netting arrangements and non-cash collaterals.

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 9,497,193	$ -	$ 9,497,193	$ 1,854,418	$ 1,853,843	$ 5,788,932
Repurchase arrangements	15,811,253	-	15,811,253	15,811,253	-	-
Total	$ 25,308,446	$ -	$ 25,308,446	$ 17,665,671	$ 1,853,843	$ 5,788,932

(Note) Including net settled master netting arrangements and non-cash collaterals.

December 31, 2018

Expressed in Thousands of New Taiwan Dollars

Financial assets that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 4,737,166	$ -	$ 4,737,166	$ 1,994,273	$ 1,760,197	$ 982,696
Total	$ 4,737,166	$ -	$ 4,737,166	$ 1,994,273	$ 1,760,197	$ 982,696

(Note) Including net settled master netting arrangements and non-cash collaterals.

Financial liabilities that are offset, or can be settled under agreements of net settled master netting arrangements or similar arrangements						
Description	Gross amounts of recognised financial assets (a)	Gross amounts of recognised financial liabilities set off in the balance sheet (b)	Net amounts of financial assets presented in the balance sheet (c)=(a)-(b)	Not set off in the balance sheet (d)		Net amount (e)=(c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 4,619,884	$ -	$ 4,619,884	$ 1,994,273	$ 620,627	$ 2,004,984
Repurchase arrangements	13,989,169	-	13,989,169	13,989,169	-	-
Total	$ 18,609,053	$ -	$ 18,609,053	$ 15,983,442	$ 620,627	$ 2,004,984

(Note) Including net settled master netting arrangements and non-cash collaterals.

(3)Capital management

In addition, in order to establish evaluation process for capital adequacy and maintain proper self-owned capital structure of each significant subsidiary within the Bank and its subsidiaries, also to develop business and control risk on both sides for better improvement of capital utilization, subsidiaries have established capital management policies to implement the strategies of senior management and the related information shall be disclosed or reported accordingly.

The management objectives and procedures for capital management of the significant subsidiaries within the Bank and its subsidiaries are as follows:

A. Objective of capital management

(A) To ensure that the Bank and its subsidiaries comply with regulations governing capital adequacy and minimum requirements set up by competent authorities of each industry. To comply with statutory minimum requirement of eligible capital, and statutory minimum self-owned capital and risk assets ratio as shown in "Regulations Governing the Capital Adequacy and Capital Category of Banks" of competent authority.

(B) In response to the capital required from each subsidiary's operation plan, and to make them have sufficient capital for various risks derived from capital demand, capital allocation is distributed under a goal of utilization of capital arrangement. To attain capital requirement for the business plan, to have sufficient capital for acceptance of various risks including credit risk, market risk, and operating risk, and to manage risk through capital allocation to realize risk-adjusted performance management and optimal capital allocation.

(C) To have sufficient capital and provisions in response to possible losses in stress scenario while performing regular stress testing in accordance with relevant regulations by competent authority.

B. Capital management procedures

The Board of Directors of the Bank is the highest authority of the Bank and its subsidiaries. The general manager supervises all units of the head office to ensure the implementation of the Board of Directors' capital strategy. The responsible segments of significant banking, securities and life insurance subsidiaries and others should effectively identify, evaluate, monitor and control related risks, and disclose relevant information according to the requirements of the competent authorities with an attempt to reflect evaluation and management situation on the capital required. The Bank also sets up separately a team for capital planning and holds a meeting to ensure the implementation of the Board's capital strategies on a regular basis in respect of capital adequacy managing objectives, fund gap, responding measures that could impose an effect on risk assets or qualifying self-owned capital and so on.

Major procedures of evaluation on capital included:

(A) Before the start of each fiscal year, the Bank follows the business plan to set up capital adequacy ratio target in compliance with relevant regulations. The target will be implemented upon approval of the Board of Directors.

(B) To assess capital requirements for various key risks according to the capital adequacy ratio target on a monthly basis.

(C) To perform regular stress testing in order to assess whether current capital and provisions that have been made are sufficient to cope with possible losses in stress scenario.

(D) Besides, to estimate impact on self-owned capital, risk-weighted assets, and capital adequacy ratio target based on significant capital utilization, changes in market and business, and plans such as capital increase/reduction or bonds issuance in order to take countermeasures timely.

C. Capital adequacy ratio

Combined capital adequacy ratio

Expressed in Thousands of New Taiwan Dollars

Items			December 31, 2019	December 31, 2018
Self-owned capital	Tier 1 Capital of common equity		$ 187,265,580	$ 181,861,970
	Other Tier 1 Capital		10,386,082	11,942,706
	Tier 2 Capital		37,247,742	36,384,728
	Self-owned capital		234,899,404	230,189,404
Total risk - weighted assets	Credit risk	Standardized Approach	1,652,426,389	1,566,517,847
		Internal Ratings Based Approach	-	-
		Asset securitization	1,700,591	685,759
	Operation risk	Basic Indicator Approach	-	-
		Standardized Approach/Alternative Standardized Approach	84,898,123	80,388,393
		Advanced Measurement Approaches	-	-
	Market risk	Standardized Approach	29,802,885	19,187,833
		Internal Models Approach	-	-
	Total risk-weighted assets		1,768,827,988	1,666,779,832
Capital adequacy ratio			13.28%	13.81%
Total risk assets based Tier 1 Capital of Common equity, net Ratio			10.59%	10.91%
Total risk assets based Tier 1 Capital, net Ratio			11.17%	11.63%
Leverage ratio			5.98%	6.39%

Note 1: The self-owned capital, risk-weighted assets and exposures amount in the table above should be filled in accordance with “Regulations Governing the Capital Adequacy and Capital Category of Banks” and “the method for calculating Bank’s regulatory capital and risk weighted assets”.

Note 2: The relevant formulas are as follows:

(1) Self-owned capital = Tier 1 Capital of Common equity + Other Tier 1 Capital + Tier 2 Capital。

(2) Total risk-weighted assets = credit risk-weighted assets + (operation risk + market risk) * 12.5

(3) Capital adequacy ratio = Self-owned capital / Total risk-weighted assets

(4) Total risk assets based Tier 1 Capital of Common equity Ratio＝ Tier 1 Capital of Common equity / Total risk-weighted assets

(5) Total risk assets based Tier 1 Capital Ratio＝(Tier 1 Capital of Common equity + Other Tier 1 Capital) / Total risk-weighted assets

(6) Gearing ratio = Tier 1 capital/ exposures amount

(4) Profitability

Units：%

(After restatement)

Items		For the years ended December 31,	
		2019	2018
Return on total assets (%)	Before tax	0.76	0.77
	After tax	0.64	0.65
Return on stockholders' equity (%)	Before tax	10.76	10.31
	After tax	8.97	8.70
Net profit margin ratio (%)		39.69	37.70

Note 1: Return on total assets = Income before (after) income tax/average total assets.
Note 2: Return on stockholders' equity = Income before (after) income tax / average stockholders' equity.
Note 3: Net profit margin ratio = Income after income tax / total operating revenues.
Note 4: The term "Income before (after) income tax" represents net income from January 1 to the balance sheet date of the reporting period.

(5) Content and amount of investment trust business in accordance with Trust Enterprise Act

Expressed in Thousands of New Taiwan Dollars

Balance Sheet of Trust Accounts

Trust assets	December 31, 2019	December 31, 2018
Bank deposits	$ 15,377,401	$ 9,338,719
Bonds	3,394,203	2,261,848
Stocks	92,238,796	89,790,144
Mutual funds	214,685,542	207,733,251
Accounts receivable	117	-
Structured notes	3,184,596	1,902,909
Real estate(Net)		
Land	17,633,633	16,836,021
Buildings and structures	15,291	15,291
Construction in progress	5,578,122	6,822,518
Net assets under collective management accounts	-	5,621
Customers' securities under custody	475,345,190	322,252,755
Total	$ 827,452,891	$ 656,959,077
Trust liabilities		
Payables-customers securities under custody	$ 475,345,190	$ 322,252,755
Payables	128	97
Trust capital	351,838,484	334,444,985
Various reserves and accumulated profit or loss		
Net income	6,280,173	6,682,673
Accumulated profit or loss	260,257	259,856
Deferred transferred amount	(6,271,341)	(6,681,289)
Total	$ 827,452,891	$ 656,959,077

As of December 31, 2019 and 2018, the Offshore Banking Unit had book balance of $3,249,705 and $3,617,773 for designated money trust funds investing in foreign securities ; the Offshore Banking Unit had book balance of $707,585 and $424,147 for designated money trust funds investing in local securities, respectively.

Expressed in Thousands of New Taiwan Dollars

Property List of Trust Accounts

Investment items	December 31, 2019	December 31, 2018
Bank deposits	$ 15,377,401	$ 9,338,719
Bonds	3,394,203	2,261,848
Stocks	92,238,796	89,790,144
Mutual funds	214,685,542	207,733,251
Accounts receivable	117	-
Structured notes	3,184,596	1,902,909
Real estate(Net)		
Land	17,633,633	16,836,021
Buildings and structures	15,291	15,291
Construction in progress	5,578,122	6,822,518
Net assets under collective management accounts	-	5,621
Customers' securities under custody	475,345,190	322,252,755
Total	$ 827,452,891	$ 656,959,077

Expressed in Thousands of New Taiwan Dollars

Income Statement of Trust Accounts

	For the years ended December 31,	
Trust revenues	2019	2018
Interest income	$ 6,992,046	$ 6,937,890
Dividend income	15,461	6,609
Realized gain on bonds	3,138	10,859
Realized gain on stocks	8,294	30
Realized gain on mutual funds	2,611,587	2,852,409
Gain on translation	-	283
Other income	27	174
Total trust revenues	9,630,553	9,808,254
Trust expenses		
Management fee	(1,215)	(1,004)
Other expense	(835)	(49)
Service fee	(998)	(960)
Realized loss on bonds	(4,695)	(3,597)
Realized loss on stocks	(1,179)	(323)
Realized loss on mutual funds	(3,341,355)	(3,117,859)
Loss on translation	(103)	(1,789)
Total trust expenses	(3,350,380)	(3,125,581)
Net gain	$ 6,280,173	$ 6,682,673

(6) Information with respect to the transferring of financial assets and extinguishing of liabilities:

Please refer to Note 12(2) F for the transfer of financial assets.

(7) Adjustment of key organization and significant change in regulatory system:

None.

(8) Significant impact arising from changes in government laws and regulations:

None.

(9) Information with respect to the subsidiary holding the capital stock of parent company:

None.

(10) Information for private placement securities:

None.

(11) Information for discontinued operations:

None.

(12) Major operating assets or liabilities transferred from (or to) other financial institutions:

None.

(13) Information of the Bank's and its subsidiaries' engagement in co-marketing:

The Bank has entered into co-marketing contracts with First-Aviva Life Insurance Co., Ltd., First Securities Inc., First Venture Capital Co., Ltd., First Financial Management Consulting Co., Ltd., First Financial Asset Management Co., Ltd., and FCB Leasing Co., Ltd. The contracts are effective from the respective contract dates but are not allowed to be terminated except with the written consent of FFHC. The contracts cover joint usage of operation sites and facilities as well as the arrangement of personnel for co-marketing affairs. Expenses arising from joint usage of operation sites or facilities are allocated in accordance with separate agreements of the contracting parties. Remuneration apportionment and expenses allocation for co-marketing personnel follow the provisions under the "First Financial Group Integrated Co-marketing Scope and Remuneration Rules".

The Bank has entered into cooperative contracts with First Financial Holding Co., Ltd., First-Aviva Life Insurance Co., Ltd., and First Financial Asset Management Co., Ltd. for the joint usage of information equipment and the planning, development, implementation, operation, maintenance and management of information systems. Calculation methodologies for remuneration apportionment and expenses allocation have also been established.

13. Supplementary disclosures

(1) Significant transaction information

A. Cumulative purchases or sales of the same investee's capital stock over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2019:

Name and type of securities (Note 1)	Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning	
				Shares (in thousands)	Amount
Stock FCBL	Investments accounted for using equity method	FCBL	Parent company and subsidiary	300,000	$ 3,704,244

Purchased (Note 3)		Others (Note 4)		End	
Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount
100,000	$ 1,000,000	-	($ 669,279)	400,000	$ 4,034,965

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

Note 2: Marketable securities are accounted for using equity method.

Note 3: Whether the amount of cumulative purchases and sales shall be calculated separately according to the market values to reach NT$300 million or 10% of paid-in capital.

Note 4: Others are including gain on investments accounted for using equity method, cash dividends paid, cumulative translation adjustment and others.

B. Acquisition of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2019:

None.

C. Disposal of real estate over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2019:

None.

D. Handling fee discounts for transactions with related parties over the amount of NT $5 million dollars as of December 31, 2019:

None.

E. Receivables from related parties over the amount of NT $300 million dollars or 10% of issued capital stock as of December 31, 2019:

The company listed current income tax assets	Counterparty	Relationship	Accounts receivable from related party as of December 31, 2019	Turnover rate	Amount overdue		Accounts receivable from related party	Amount of allowance
					Amount	Action taken		
First Commercial Bank	First Financial Holding Co., Ltd.	Parent company of the Bank	$ 741,710	-	$ -	-	$ -	$ -

F. Information regarding non-performing loans of subsidiaries:

Transaction date	Counterparty	Composition of creditor's rights	Book value (Note)	Sale price	Gain (loss) on disposal	Additional terms	Relationship between counterparty and bank
2019/06/13	SC Lowy Primary Investments, Ltd.	Unsecured	$ -	$ 96,994	$ 96,994	No	Not related parties

Note : Book value is the balance after deducting the amount of the original creditor's rights to the allowance for doubtful debts.

G. Information and categories of securitized assets which are approved by authority pursuant to Financial Asset Securitization Act or the Real Estate Securitization Act :

None.

H. Significant transactions between parent company and subsidiaries for the year ended December 31, 2019:

(Expressed In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	FCB	First Commercial Bank (USA)	1	Due to overseas bank	$ 235	No significant difference from general customers	0.00%
0	FCB	First Commercial Bank (USA)	1	Deposits of overseas bank	78,989	No significant difference from general customers	0.00%
0	FCB	First Commercial Bank (USA)	1	Interest income	28	No significant difference from general customers	0.00%
1	First Commercial Bank (USA)	FCB	2	Interest expense	28	No significant difference from general customers	0.00%
1	First Commercial Bank (USA)	FCB	2	Due to overseas bank	78,989	No significant difference from general customers	0.00%
1	First Commercial Bank (USA)	FCB	2	Deposits of overseas bank	235	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Deposits and remittances	224,684	No significant difference from general customers	0.01%
0	FCB	FCBL	1	Payables	8	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Other liabilities	1	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Interest income	387	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Net other non-interest income	4,040	No significant difference from general customers	0.01%
0	FCB	FCBL	1	Interest expense	259	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Business and administrative expense	1,482	No significant difference from general customers	0.00%

(Expressed In Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Relationship (Note 2)	Details of transactions			
				Account	Amount	Conditions	Percentage (%) of total consolidated net revenues or assets (Note 3)
0	FCB	FCBL	1	Net service fee income	$ 338	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Right-of-use asset-Net	3,718	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Lease liabilities	3,868	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Depreciation and amortisation	1,490	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Receivables	45	No significant difference from general customers	0.00%
0	FCB	FCBL	1	Other assets	200,000	No significant difference from general customers	0.01%
2	FCBL	FCB	2	Cash and cash equivalents	224,684	No significant difference from general customers	0.01%
2	FCBL	FCB	2	Payables	45	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Other liabilities	200,000	No significant difference from general customers	0.01%
2	FCBL	FCB	2	Receivables	8	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Other assets	1	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Business and administrative expense	4,375	No significant difference from general customers	0.01%
2	FCBL	FCB	2	Interest expense	387	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Interest income	213	No significant difference from general customers	0.00%
2	FCBL	FCB	2	Net other non-interest income	2,878	No significant difference from general customers	0.01%
2	FCBL	FCB	2	Net service fee income	13	No significant difference from general customers	0.00%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1)Parent company is ‘0’.

(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:

(1)Parent company to subsidiary.

(2)Subsidiary to parent company.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

I. Other significant transactions that may affect the decisions made by financial statement users as of December 31, 2019:

None.

(2) Information on investees

A. Loans to others:

The Bank's subsidiary, First Commercial Bank (USA), engages in banking operations that are banking businesses as regulated under the Banking Act of The Republic of China and is thus a financial institution. Thus, not applicable; in addition, aside from those of the following table, other subsidiaries of the Bank have not provided loan to others.

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest Rate (%)	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
1	FCB Leasing Co. Ltd.	HANKY Co., Ltd.	Other receivables-direct financing	N	$ 187,139	$ 170,317	$ 170,317	3.58~4.58	Short-term financing	$ -	Operation turnover	$ -	Real estate	$ 240,000	$ 1,206,610	$ 1,608,814
2	FCB Leasing Co. Ltd.	Emerald Bay Biotechnology Co., Ltd.	Other receivables-direct financing	N	38,595	33,200	33,200	3.86~4.86	Short-term financing	-	Operation turnover	-	Real estate	34,619	1,206,610	1,608,814
3	FCB Leasing Co. Ltd.	Xinyue Construction Co., Ltd.	Other receivables-direct financing	N	30,450	26,250	26,250	4.25~5.25	Short-term financing	-	Operation turnover	-	Real estate	50,406	1,206,610	1,608,814
4	FCB Leasing Co. Ltd.	Chong Yu International Co., Ltd.	Other receivables-direct financing	N	15,200	10,400	10,400	4.34~5.34	Short-term financing	-	Operation turnover	-	Real estate	24,000	1,206,610	1,608,814
5	FCB Leasing Co. Ltd.	Guang Cheng Co. Ltd.	Other receivables-direct financing	N	18,000	15,600	15,600	3.93~4.93	Short-term financing	-	Operation turnover	-	Real estate	34,306	1,206,610	1,608,814
6	FCB Leasing Co. Ltd.	Guang Zhan Cheng Ltd.	Other receivables-direct financing	N	3,580	526	526	5.49~6.49	Short-term financing	-	Operation turnover	-	Real estate	4,734	1,206,610	1,608,814
7	FCB Leasing Co. Ltd.	Billion Best Co. Ltd.	Other receivables-direct financing	N	41,120	35,720	35,720	4.16~5.16	Short-term financing	-	Operation turnover	-	Real estate	69,371	1,206,610	1,608,814
8	FCB Leasing Co. Ltd.	Chi an Development Co. Ltd.	Other receivables-direct financing	N	19,000	16,500	16,500	3.36~4.36	Short-term financing	-	Operation turnover	-	Real estate	34,273	1,206,610	1,608,814
9	FCB Leasing Co. Ltd.	Fengxin Development Co. Ltd.	Other receivables-direct financing	N	18,800	-	-	4.26~5.26	Short-term financing	-	Operation turnover	-	Stock	21,978	1,206,610	1,608,814
10	FCB Leasing Co. Ltd.	Yi Fang Co., Ltd.	Other receivables-direct financing	N	9,000	6,600	6,600	4.59~5.59	Short-term financing	-	Operation turnover	-	Real estate	12,184	1,206,610	1,608,814
11	FCB Leasing Co. Ltd.	An Chien Technologies Co., Ltd.	Other receivables-direct financing	N	2,685	1,714	1,714	4.42~5.42	Short-term financing	-	Operation turnover	-	Real estate	3,600	1,206,610	1,608,814

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest Rate	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted
12	FCB Leasing Co. Ltd.	Yuan Ge Pharmaceuticals Co., Ltd.	Other receivables-direct financing	N	$ 4,000	$ 2,489	$ 2,489	7.04~8.04	Short-term financing	$ -	Operation turnover	$ -	Deposit	$ 800	$ 1,206,610	$ 1,608,814
13	FCB Leasing Co. Ltd.	Ju shuo Co., Ltd.	Other receivables-direct financing	N	12,000	10,049	10,049	5.37~6.37	Short-term financing	-	Operation turnover	-	Real estate	-	1,206,610	1,608,814
14	FCB Leasing Co. Ltd.	Better Life Group Co., LTD.	Other receivables-direct financing	N	20,000	19,760	19,760	3.25~4.25	Short-term financing	-	Operation turnover	-	Real estate	117,926	1,206,610	1,608,814
15	FCB Leasing Co. Ltd.	Zhenyan Construction Co., Ltd.	Other receivables-direct financing	N	230,000	230,000	230,000	4.30~5.30	Short-term financing	-	Operation turnover	-	Real estate	287,676	1,206,610	1,608,814
16	FCB Leasing Co. Ltd.	Uni-Wagon Marine Co., Ltd	Other receivables-direct financing	N	290,000	290,000	290,000	4.65~5.65	Short-term financing	-	Operation turnover	-	Vessel	360,000	1,206,610	1,608,814
17	FCB Leasing Co. Ltd.	Ever Spring Marine Aquaculture Co., Ltd.	Other receivables-direct financing	N	9,445	1,424	1,424	6.56~7.56	Short-term financing		Operation turnover		Personal Property	6,900	1,206,610	1,608,814
18	FCB Leasing Co. Ltd.	Songyuan Co., Ltd.	Other receivables-direct financing	N	1,783	1,128	1,128	4.02~5.02	Short-term financing	-	Operation turnover	-	Real estate	5,347	1,206,610	1,608,814
19	FCB Leasing Co. Ltd.	Yu Chiun International Development Ltd.	Other receivables-direct financing	N	3,603	-	-	7.67~8.67	Short-term financing	-	Operation turnover	-	Real estate	5,729	1,206,610	1,608,814
20	FCB Leasing Co. Ltd.	Ba li Food Co. Ltd.	Other receivables-direct financing	N	14,014	14,014	14,014	8.05~9.05	Business contact	16,000	Operation turnover	1,401	Real estate	12,324	402,203	1,608,814
21	FCB Leasing Co. Ltd.	Hongshunshin Marine Transport Co. Ltd.	Other receivables-direct financing	N	51,311	37,042	37,042	6.57~7.57	Short-term financing	-	Operation turnover	-	Vessel	75,530	1,206,610	1,608,814
22	FCB Leasing Co. Ltd.	Xiang Hao Fishery Co., Ltd.	Other receivables-direct financing	N	110,000	70,000	70,000	3.48~4.48	Short-term financing	-	Operation turnover	-	Vessel	144,000	1,206,610	1,608,814
23	FCB Leasing Co. Ltd.	AI SHENG Medical Clinic	Other receivables-direct financing	N	8,000	7,375	7,375	5.24~6.24	Short-term financing	-	Operation turnover	-	Real estate	8,550	1,206,610	1,608,814
24	FCB Leasing Co. Ltd.	An Li Marine Transport Co., Ltd..	Other receivables-direct financing	N	10,000	8,154	8,154	3.75~4.75	Short-term financing	-	Operation turnover	-	Pledged stock	10,906	1,206,610	1,608,814
25	FCB Leasing Co. Ltd.	Thousands Trucking Ltd.	Other receivables-direct financing	N	20,000	15,196	15,196	5.28~6.28	Short-term financing	-	Operation turnover	-	Real estate and personal Property	5,863	1,206,610	1,608,814

(Expressed In Thousands Of New Taiwan Dollars)

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31,2019	Actual amount drawn down	Interest Rate	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
													Item	Value		
26	FCB Leasing Co. Ltd.	Zhen Hao fisheries Co., Ltd.	Other receivables-direct financing	N	$ 10,000	$ 7,225	$ 7,225	6.24~7.24	Short-term financing	$ -	Operation turnover	$ -	Deposit	$ 2,000	$ 1,206,610	$ 1,608,814
27	FCB Leasing Co. Ltd.	Zhaoyang Co., Ltd.	Other receivables-direct financing	N	12,000	11,027	11,027	5.54~6.54	Short-term financing	-	Operation turnover	-	Deposit	2,400	1,206,610	1,608,814
28	FCB Leasing Co. Ltd.	Fengda Co., Ltd.	Other receivables-direct financing	N	15,000	14,089	14,089	5.84~6.84	Short-term financing	-	Operation turnover	-	Real estate	18,000	1,206,610	1,608,814
29	FCB Leasing Co. Ltd.	Kuo Yang Environmental Technology Co., Ltd	Other receivables-direct financing	N	60,000	60,000	60,000	4.06~5.06	Short-term financing	-	Operation turnover	-	Deposit	9,000	1,206,610	1,608,814
30	FCB Leasing Co. Ltd.	Zongsheng Industrial Co., Ltd.	Other receivables-direct financing	N	17,090	14,435	14,435	5.47~6.47	Short-term financing	-	Operation turnover	-	Real estate	25,910	1,206,610	1,608,814
31	FCB Leasing Co. Ltd.	Yijia Security Co.Ltd.	Other receivables-direct financing	N	1,550	198	198	7.68~8.68	Short-term financing	-	Operation turnover	-	Real estate	1,387	1,206,610	1,608,814
32	FCB Leasing Co. Ltd.	Guarantee Changhua Beidou Farm	Other receivables-direct financing	N	6,835	2,763	2,763	7.52~8.52	Short-term financing	-	Operation turnover	-	Mortgage Personal Property	12,000	1,206,610	1,608,814
33	FCB Leasing Co. Ltd.	Chi Ren Dental Clinic	Other receivables-direct financing	N	2,283	784	784	5.99~6.99	Short-term financing	-	Operation turnover	-	Personal Property	3,060	1,206,610	1,608,814
34	FCB Leasing Co. Ltd.	OP-Future International Co., Ltd.	Other receivables-direct financing	N	7,000	4,436	4,436	3.74~4.74	Short-term financing	-	Operation turnover	-	Real estate	7,180	1,206,610	1,608,814
35	FCB Leasing Co. Ltd.	Power Home	Other receivables-direct financing	N	86,000	80,346	80,346	4.99~5.99	Short-term financing		Operation turnover		Real estate	67,000	1,206,610	1,608,814
36	FCB Leasing Co. Ltd.	Hae-wan International Co., Ltd.	Other receivables-direct financing	N	140,000	117,374	117,374	4.38~5.38	Short-term financing	-	Operation turnover	-	Real estate	90,056	1,206,610	1,608,814
37	FCB Leasing Co. Ltd.	Holmes Chez Internatinal Co., Ltd.	Other receivables-direct financing	N	20,000	11,785	11,785	6.26~7.26	Short-term financing	-	Operation turnover	-	Deposit	3,000	1,206,610	1,608,814
38	FCB Leasing Co. Ltd.	Cheng Yi Co., Ltd.	Other receivables-direct financing	N	25,000	19,989	19,989	4.73~5.73	Short-term financing	-	Operation turnover	-	Real estate	26,306	1,206,610	1,608,814

Number	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2019	Balance at December 31, 2019	Actual amount drawn down	Interest Rate	Nature of Loan (Note)	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral	Limit on loans granted to a single party	Ceiling on total loans granted	Number
39	FCB Leasing Co. Ltd.	Ji - Gi Shoe Co., Ltd.	Other receivables-direct financing	N	$ 50,000	$ 48,000	$ 48,000	4.99~5.99	Short-term financing	-	Operation turnover	-	Real estate	$ 77,190	$ 1,206,610	$ 1,608,814
40	FCB Leasing Co. Ltd.	Ginger Co., Ltd.	Other receivables-direct financing	N	20,000	-	-	5.03~6.03	Short-term financing	-	Operation turnover	-	Real estate	30,908	1,206,610	1,608,814
41	FCB Leasing Co. Ltd.	Jutang Co., Ltd.	Other receivables-direct financing	N	23,700	16,684	16,684	4.04~5.04	Short-term financing	-	Operation turnover	-	Real estate	31,111	1,206,610	1,608,814

Note: 1. The amount of loans granted to individual companies or firms due to business transactions shall not exceed 10% of the Bank's subsidiaries' net asset value of its latest financial statements. The total amount of loans granted due to business transactions shall not exceed 40% of the Bank's subsidiaries' net value of its latest financial statements.

2. The amount of necessary short-term facilitations to individual companies or firms which do not have business transactions with the Bank's subsidiaries shall not exceed 30% of the Bank's subsidiaries' net asset value of its latest financial statements. The amount of necessary short-term facilitations to individual companies or firms with business transactions with the Bank's subsidiaries shall not exceed 40% of the Bank's subsidiaries' net asset value of its latest financial statements. If the borrower of the loan is a subsidiary, the amount of loans shall not exceed 40% of the Bank's subsidiaries' net asset value of its latest financial statements.

3. The total amount of loans of the above two shall not exceed 40% of the Bank's subsidiaries' net asset value of its latest financial statements.

B. Endorsements and guarantees provided for others:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

No.	Endorsing and guarantee company	Endorsed and guaranteed company		Limit for endorsement and guarantee for single enterprise	Maximum balance accumulated as of the month	Ending balance of endorsement and guarantee	Actually used amount	Property-backed endorsement and guarantee	The ratio of accumulated endorsement and guarantee amount and the net value of the latest financial statements	Maximum limit	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China
		Name of company	Relationship										
1	FCB Leasing Co., Ltd.	FCBL Capital International (B.V.I) Ltd.	Subsidiary	$ 12,066,102	$ 4,331,710	$ 4,258,580	$ 1,442,519	None	105.88%	$ 40,220,340	N	N	N
2	FCB Leasing Co., Ltd.	FCB International Leasing Ltd.	Sub-Subsidiary	12,066,102	2,323,940	1,329,950	389,947	None	33.07%	40,220,340	N	N	Y
3	FCB Leasing Co., Ltd.	FCB Leasing (Xiamen) Ltd.	Sub-Subsidiary	12,066,102	1,047,420	299,900	128,850	None	7.46%	40,220,340	N	N	Y
4	FCB Leasing Co., Ltd.	FCB Leasing (Chengdu) Ltd.	Sub-Subsidiary	12,066,102	313,750	299,900	214,750	None	7.46%	40,220,340	N	N	Y

Note: Subsidiaries of the Bank, for business needs, may resolve through its Board of Directors to provided guarantees for external parties.

C. Securities held at the end of period:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

(Expressed In Thousands of New Taiwan Dollars, Unless Otherwise Indicated)

Investor	Name Of Investee And Type Of Securities		Relationship	Account	Shares / Units (in thousands)	Book value	Ownership Percentage (%)	Market Value (Note 1)	Note
FCBL	FCBL Capital International (B.V.I) Ltd.	Stocks	An investee of FCBL under the equity method	Equity investments accounted for under the equity method	60,050	$ 1,872,980	100%	$ 1,872,980	Note 2
FCBL	First Financial Assets Management (B.V.I) Ltd.	Stocks	An investee of FCBL under the equity method	Equity investments accounted for under the equity method	30,000	568,349	100%	568,349	Note 2
FCBL Capital International (B.V.I) Ltd	FCB International Leasing Ltd.	Stocks	An investee of FCBL Capital International (B.V.I) Ltd under the equity method	Equity investments accounted for under the equity method	USD 30,000 thousands	649,932	100%	649,932	Note 2
FCBL Capital International (B.V.I) Ltd	FCB Leasing (Xiamen) Ltd.	Stocks	An investee of FCBL Capital International (B.V.I) Ltd under the equity method	Equity investments accounted for under the equity method	USD 30,000 thousands	905,676	100%	905,676	Note 2
First Financial Assets Management (B.V.I.) Ltd	FCB Leasing (Chengdu) Ltd.	Stocks	An investee of FCBL Capital International (B.V.I.) Ltd under the equity method	Equity investments accounted for under the equity method	USD 30,000 thousands	568,316	100%	568,316	Note 2

Note 1：No transactions in active market, no clear market price.

Note 2：Long-term investments in the above table remain free of pledge or guarantee.

D. Cumulative purchases or sales of the marketable securities up to NT$300 million or over 10% of the issued capital stock:

Indirect investees belong to financial industry and securities industry and no disclosure is required except for First Commercial Bank (USA).

Name and type of securities (Note 1)	Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning	
				Shares (in thousands)	Amount
Stock FFAM (B.V.I.)	Equity investments accounted for under the equity method	FFAM	Subsidiary company and fellow subsidiary	300,000	$ 553,949

Purchased (Note 3)		Others (Note 4)		End	
Shares (in thousands)	Amount	Shares (in thousands)	Amount	Shares (in thousands)	Amount
30,000	$ 582,461	(30,000)	($ 568,061)	30,000	$ 568,349

Note 1：Marketable securities in the table refer to stocks, bonds, beneficiary certificates and securities derived from the above items.

Note 2：Marketable securities are accounted for using equity method.

Note 3：Whether the amount of cumulative purchases and sales shall be calculated separately according to the market values to reach NT$300 million or 10% of paid-in capital or more.

Note 4：Others are including gain on investments accounted for using equity method, cash dividends paid, cumulative translation adjustment reorganization and others.

E. Information of derivative instrument transactions:

None.

F. Information regarding reinvested business and consolidated stock holdings:

Name of investee company (Note1)	Address	Major operating activities	Percentage of ownership (%) at the end of current period	Carrying value of investment	Investment income (loss) recognized by the Company for current period	The combined ownership of the investee company's common shares held by the Bank and its related parties (Note 1): Number of owned shares (in thousands)	Number of pro forma shares (Note 2)	Total: Number of shares (in thousands)	Total: Percentage of ownership (%)
FIRST COMMERCIAL BANK(USA)	200 East Main Street, Alhambra, CA91801, USA	Note 3	100	$ 4,009,775	$ 239,003	7,000	-	7,000	100
FCBL(Note 6)	6F, 94, ChungHsiaoE.Road., Sec. 2, Taipei, Taiwan	Note 4	100	4,034,965	117,013	400,000	-	400,000	100
EAREM	9F, 94, ChungHsiaoE.Road., Sec.2, Taipei, Taiwan	Note 5	30	11,784	(3,705)	1,500	-	1,500	30
FCBL Capital International (B.V.I) Ltd.	Citco Building, Wickhams Cay, P. O. Box 662, Road Town, Tortola, British Virgin Islands	Note 4	100	1,872,980	-	60,050	-	60,050	100
FFAM (B.V.I) Ltd.	Portcullis TrustNET(BVI) Limited, Portcullis TrustNet Chambers, P.O. Box 3444, Road Town, Tortola British Virgin Islands	Note 4	100	568,349	-	30,000	-	30,000	100
FCB International Leasing Ltd.	Rm. 1008, Jianwu Building, No. 188, Wangdun Rd., Suzhou, China	Note 4	100	649,932	-	USD 30,000 thousands	-	USD 30,000 thousands	100
FCB Leasing (Xiamen) Ltd.	20-21F., Huli Building, Wuyuanwan Business Operations Center, Huli District, Xiamen City, China	Note 4	100	905,676	-	USD 30,000 thousands	-	USD 30,000 thousands	100
FCB Leasing (Chengdu) Ltd.	04~05F., 18F., No.7, Guang Hua St., Jin Jiang Dist., Chengdu City, Sihchuan, China	Note 4	100	568,316	-	USD 30,000 thousands	-	USD 30,000 thousands	100

Note 1:All the owned shares and pro forma shares of investee company held by the Bank, directors, supervisors, president, executive vice presidents, and its related parties defined under the R.O.C. Company Law shall be included.

Note 2:

(1) Pro forma shares are those shares obtained through a transfer, on the assumption of share transfer, from equity securities purchased or derivative instrument contracts signed linked to Investee Company's equity based on agreed transaction terms and undertaking intention, and for the purpose of investing in company under the provisions of Article 74 of the R.O.C. Company Law.

(2) The equity securities mentioned above are referred to as those securities under the provision of Article 11, Item 1 of the bylaws to the R.O.C. Securities and Exchange Law, for example, convertible bond and warrant.

(3) The derivative instrument contracts mentioned above are specified as those derivative instruments defined by the IAS39, for example, stock option.

Note 3: Banking industry.

Note 4: Leasing, investment consulting, and business consulting.

Note 5: Examination and advisory on construction plans and certification of contracts.

Note 6: FCBL had retrospectively prepared financial statements for the comparative period when preparing the financial statements for the comparative period due to organization restructuring

(3) Information on investments in Mainland China

A. The Bank's investments in Shanghai branch for the year ended December 31, 2019 were as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
First Commercial Bank Shanghai Branch	Banking businesses approved by local government	$ 4,676,508 (CNY 1,000,000)	(1)	$ 4,676,508 (USD 157,440)	$ -	$ -	$ 4,676,508 (USD 157,440)	$ 262,605	N/A	$ 262,605 (2)A

Carrying Value as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019	Accumulated Investments in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 5,636,336	$ -	$ 4,676,508 (USD 157,440)	$ 4,676,508 (USD 157,440)	$ 131,354,572

B. The Bank's investments in Chengdu branch for the year ended December 31, 2019 were as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
First Commercial Bank Chengdu Branch	Banking businesses approved by local government	$ 4,896,697 (CNY1,000,000)	(1)	$ 4,896,697 (USD 162,269)	$ -	$ -	$ 4,896,697 (USD 162,269)	$ 146,804	N/A	$ 146,804 (2)A

Carrying Value as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019	Accumulated Investments in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 5,139,663	$ -	$ 4,896,697 (USD 162,269)	$ 4,896,697 (USD 162,269)	$ 131,354,572

C. The Bank's investments in Xiamen branch for the year ended December 31, 2019 were as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars/ Thousands Of CNY)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
First Commercial Bank Xiamen branch	Banking businesses approved by local government	$ 5,132,801 (CNY 1,000,000)	(1)	$ 5,132,801 (USD 162,946)	$ -	$ -	$ 5,132,801 (USD 162,946)	$ 151,270	N/A	$ 151,270 (2)A

Carrying Value as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019	Accumulated Investments in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 5,055,768	$ -	$ 5,132,801 (USD 162,946)	$ 5,132,801 (USD 162,946)	$ 131,354,572

D. Information on FCB’s investment in FCB International Leasing Ltd. through the indirect subsidiary-FCBL Capital International (B.V.I.) Ltd., are as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
FCB International Leasing Ltd.	Financial Leasing	$ 886,103 (USD 30,000)	(2)	$ 886,103 (USD 30,000)	$ -	$ -	$ 886,103 (USD 30,000)	$ 27,626	100%	$ 27,626 (2)A

Carrying Value as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019	Accumulated Investments in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 649,932	$ -	$ 886,103 (USD 30,000)	$ 886,103 (USD 30,000)	$ 2,413,220

E. Information on FCB’s investment in FCB Leasing (Xiamen) Ltd. through the indirect subsidiary-FCBL Capital International (B.V.I) Ltd. as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
FCB Leasing (Xiamen) Ltd	Financial Leasing	$ 903,495 (USD 30,000)	(2)	$ 903,495 (USD30,000)	$ -	$ -	$ 903,495 (USD30,000)	$ 13,917	100%	$13,917 (2)A

Carrying Value as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019	Accumulated Investments in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 905,676	$ -	$ 903,495 (USD30,000)	$ 903,495 (USD30,000)	$ 2,413,220

F. Information on FCB's investment in FCB Leasing (Chengdu) Ltd through the indirect subsidiary-FFAM (B.V.I.) Ltd., are as follows:

(Expressed In Thousands Of New Taiwan Dollars/ Thousands Of US Dollars)

Investee Company	Major Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net income of investee	Percentage of Ownership	Equity in the Earnings (Losses) (Note 2)
					Outflow	Inflow				
FCB Leasing (Chengdu) Ltd	Financial Leasing	$ 908,634 (USD 30,000)	(2)	$ 908,634 (USD30,000)	$ -	$ -	$ 908,634 (USD30,000)	$ 37,837	100%	$21,206 (2)A

Carrying Value as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019	Accumulated Investments in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$ 568,316	$ -	$ 908,634 (USD30,000)	$ 908,634 (USD30,000)	$ 2,413,220

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

(1) Directly invest in a company in Mainland China.

(2) Through investing in an existing company in the third area (FCBL Capital International (B.V.I.) Ltd.), which then invested in the investee in Mainland China.

(3) Others

Note 2: In the 'Investment income (loss) recognised by the Bank for the year ended December 31, 2019' column:

(1)It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.

(2)Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements that are audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.(For interim and annual financial reports. For quarterly financial reports, they are financial statements that are reviewed by international accounting firm which has cooperative relationship with accounting firm in R.O.C..)

B.The financial statements that are audited and attested by R.O.C. parent company's CPA.(For interim and annual financial reports. For quarterly financial reports, they are financial statements that are reviewed by R.O.C. parent company's CPA.)

C.Others.

Note 3: The numbers in this table are expressed in New Taiwan Dollars.

14. Disclosure of financial information by segments

(1) General information

The Bank's and its subsidiaries' operation segment reports are consistent with the internal reports provided to the chief operating decision-maker ("CODM"). The CODM is a team that allocates resources to operating segments and evaluates their performance.

Inter-segmental transactions are arm's length transactions, and gains or losses arising from such transactions are eliminated by the parent company upon the preparation of the consolidated financial statements. Profit or loss directly attributable to various segments have been considered when segment performance is being evaluated.

The operating segments of the Bank comprise of loan businesses, deposit businesses, wealth management businesses, treasury businesses, overseas business (excluding OBU), and other businesses. The operating results are reviewed by the Bank's Board of Directors (CODM) regularly and are referenced when allocating resources and evaluating operational performances.

The Bank and its subsidiaries have a global market, comprising six major business segments; there was no change in the reporting segments during the period.

The operating results of the Bank's operating segments are from interest income and the Bank's Board of Directors evaluates segment performance based on the net interest income. The operating results have different income items due to different nature of the operating segments, and the Bank and its subsidiaries evaluates segment performance based on the net profit before tax of various segments. Therefore, performance of all reporting segments is presented by the net value of operating net profit less various operating expenses. Income from external clients provided for the CODM to review is measured on the same basis of the statement of comprehensive income.

Adjustments of internal pricing and transfer pricing are reflected in segment performance evaluation. Income from external clients has been allocated based on the regulated allocation standard between segments.

The internal management's operating reports are prepared based on net operating profit, including net interest income, net service fee income, recovered bad debts (provision), and loan impairment loss, net gain (loss) on financial instruments and other operating gain (loss). Measurement basis does not include non-recurring items, e.g. litigation expenses.

Segment information is mainly based on the internal management reports provided by various operating segments to the CODM, including segmental gain (loss), segmental assets, segmental liabilities and other related information.

(2)Information about segment gain (loss), assets and liabilities:

Financial information of the Bank and its subsidiaries by business for the years ended December 31, 2019 and 2018 were as follows:

	For the year ended December 31, 2019						
	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest income	$ 17,441,449	$ 4,123,270	$ -	$ (2,964,219)	$ 7,237,237	$ 2,853,236	$ 28,690,973
Net service fee income	1,768,515	3,243	4,528,543	(35,933)	742,179	873,832	7,880,379
Net gain and loss on financial instruments	32,250	462,636	39,786	9,594,556	148,897	856,772	11,134,897
Other net income	381	9,689	2,211	17,333	3,561	221,918	255,093
Bad debt expense, commitment and guarantee liability provisions	(3,563,341)	-	-	-	(471,592)	174,336	(3,860,597)
Operating gross margin after provision	$ 15,679,254	$ 4,598,838	$ 4,570,540	$ 6,611,737	$ 7,660,282	$ 4,980,094	44,100,745
Operating expenses							(21,252,568)
Net profit before tax after provision							$ 22,848,177

(After restatement)
For the year ended December 31, 2018

	Loan business	Deposit business	Wealth management business	Treasury business	Overseas business (excluding OBU)	Other businesses	Consolidated
Net interest income	$ 17,421,051	$ 4,268,363	$ -	($ 1,378,151)	$ 6,639,557	$ 2,538,736	$ 29,489,556
Net service fee income	1,707,358	2,342	4,346,081	(39,496)	680,646	887,531	7,584,462
Net gain and loss on financial instruments	32,410	472,498	41,249	7,457,682	308,187	737,522	9,049,548
Other net income	(661)	6,856	2,741	5,238	21,625	423,679	459,478
Bad debt expense, commitment and guarantee liability provisions	(4,346,952)	-	-	(611)	(606,795)	(575,905)	(5,530,263)
Operating gross margin after provision	$ 14,813,206	$ 4,750,059	$ 4,390,071	$ 6,044,662	$ 7,043,220	$ 4,011,563	41,052,781
Operating expenses							(20,233,051)
Net profit before tax after provision							$ 20,819,730

December 31, 2019

	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 1,533,202,912	$ -	$ 1,207,233,880	$ 378,552,845	$ 188,255,687	($ 190,283,611)	$ 3,116,961,713
Segment liabilities	2,877,560	2,268,254,950	362,556,020	327,048,161	119,539,756	(182,239,020)	2,898,037,427

(After restatement)
December 31, 2018

	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Segment assets	$ 1,472,703,506	$ -	$ 1,033,697,083	$ 350,613,159	$ 181,907,535	($ 176,831,194)	$ 2,862,090,089
Segment liabilities	7,590,643	2,054,406,553	335,818,278	302,259,444	126,114,069	(169,812,850)	2,656,376,137

The adoption of IFRS 16, ‘Leases’, had the following impact on the segment information in 2019.

	December 31, 2019						
	Loan business	Deposit business	Treasury business	Overseas business (excluding OBU)	Other businesses	Reconciliation and elimination	Consolidated
Depreciation expense increased	$ -	$ -	$ -	$ -	$ 637,783	$ -	$ 637,783
Right of use assets increased	-	-	-	-	2,845,773	-	2,845,773
Lease liabilities increased	-	-	-	-	2,633,825	-	2,633,825

(3) Geographical information

The Bank and its subsidiaries’ geographical information for the years ended December 31, 2019 and 2018 are as follows:

	For the year ended 2019	(After restatement) For the year ended 2018
Taiwan	$ 39,321,116	$ 38,628,120
Asia	5,544,377	5,238,977
North America	2,263,129	1,991,061
Others	832,720	724,886
Total	$ 47,961,342	$ 46,583,044

(4) Information on products

The Bank and its subsidiaries’ information on products is consistent with their segment, please refer to Note 14(2).

(5) Major customer information

No single external customer is deemed significant by its transactions with the Bank generating revenues which accounted for more than 10% of the net profit of the Bank and its subsidiaries.

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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of First Commercial Bank

Opinion

We have audited the accompanying balance sheets of First Commercial Bank, Ltd. (the "Bank") as at December 31, 2019 and 2018, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks" and "Regulations Governing the Preparation of Financial Reports by Securities Firms".

Basis for opinion

We conducted our audit for the year ended December 31, 2019 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants", Jin-Guan-Yin-Fa-Zi Letter No.10802731571 and generally accepted auditing standards in the Republic of China (ROC GAAS); and our audit for the year ended December 31, 2018 in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements of Financial Institutions by Certified Public Accountants" and ROC GAAS. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The Bank's key audit matters for the year ended December 31, 2019 are stated as follows:

Recognition and measurement of expected credit losses on loans discounted

Description

The recognition and measurement of expected credit losses on loans discounted complies with the regulations under IFRS 9 "Financial Instruments" and relevant regulations issued by the competent authority. For the accounting policy of recognition and measurement of expected credit losses on loans discounted, please refer to Note 4(8); for critical accounting judgements, estimates, and assumption uncertainty of the recognition and measurement of expected credit losses on loans discounted, please refer to Note 5(3). For information on loans discounted allowance for doubtful debts, which amounted to $22,413,898 thousand, as at December 31, 2019, please refer to Note 6(8); for disclosures of related credit risks, please refer to Note 12(2)C(C).

As stated in Note 5(3), impairment assessment of loans discounted is based on the expected credit loss model. At each financial reporting date, financial instruments are categorised into three stages based on the degree of change in its credit risk since initial recognition. Provision for impairment loss is measured either using 12-month expected credit losses (stage 1, there has been no significant increase in credit risk since initial recognition) or lifetime expected credit losses (stage 2, there has been a significant increase in credit risk since initial recognition; or stage 3, the credit has been impaired). The measurement of expected credit losses is based on a complex model, which includes various parameters and assumptions and reflects reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. For example, the probability of default and loss given default are estimated using grouping and historical data and subsequently calibrated according to forward-looking information. Major exposure at default of on-balance sheet items is the outstanding loan balance.

The aforementioned recognition and measurement of expected credit losses on loans discounted use a complex model, which involves various assumptions, estimates, and judgements, as well as predictions and assessments of future economic conditions and credit behavior of debtors. The amounts, recognised in a manner consistent with regulations and interpretations, are directly subject to the measurement results. Thus, we have included recognition and measurement of expected credit losses on loans discounted as one of the key audit matters in our audit.

How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, the expected credit loss impairment model and methodology (including various parameters and assumptions, reasonableness of the measurement criteria for the three stages of credit risk, and the relevancy of future economic condition criteria in forward-looking information), and the assessment and approval process.
2. Sampled and tested the implementation effectiveness of internal controls related to the recognition and measurement of expected credit losses, including management of collateral and its value assessment, controls for changes in parameters, and approval for provisioning of expected credit losses.
3. Sampled and tested the consistency of measurement criteria for the samples in the three stages of expected credit loss with the judgement results of the system.

4. Sampled and tested assumptions for the parameters of the expected credit loss model, including the reasonableness of historical data on probability of default, loss given default, and exposure at default.
5. Sampled and tested forward-looking information.
   (1) Sampled and tested the reliability of data on historical economic conditions (economic growth rate, annual inflation rate, etc.) adopted by management to determine whether there is significant increase in credit risk when measuring expected credit losses under IFRS 9 "Financial Instruments".
   (2) Assessed the reasonableness of the forward-looking scenarios and their respective weights adopted by the management.
6. Assessed cases in stage 3 (credit impaired) with material amounts that were previously assessed individually.
   Assessed the reasonableness and calculation accuracy of the various assumed parameter values (including debtor due period, financial and operational conditions, guarantees by external parties and historical data) adopted in the estimation of future cash flows.

Fair value measurement of unlisted stocks without an active market

Description

For the accounting policy for unlisted stocks without an active market (included financial assets at fair value through other comprehensive income), please refer to Note 4(6); for critical accounting judgements, estimates, and assumption uncertainty of unlisted stocks without an active market, please refer to Note 5(2). For information on unlisted stocks of financial assets at fair value through other comprehensive income (Level 3), which amounted to $8,171,542 thousand, as at December 31, 2019, please refer to Notes 6(4) and 12(1)E.

The fair value of unlisted stocks is determined by valuation methods since these financial instruments have no quoted prices from active market. Management primarily relies on valuation reports prepared by management's expert for the fair value measurement of these financial instruments. These measurements are largely based on comparable listed companies in similar industries or recently published market multiples and subsequently discounted according to market liquidity or specified risk.

The aforementioned fair value measurement of unlisted stocks includes the determination of assumptions and parameters adopted in valuation models and methods. Because this involves subjective judgement and various assumptions and estimates, the measurement result of using these assumptions and estimates will directly affect the related recognised amounts. Thus, we have included the fair value measurement of stocks of unlisted companies with no active market as one of the key audit matters in our audit.

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How our audit addressed the matter

The procedures that we have conducted in response to specific aspects of the above-mentioned key audit matter are summarised as follows:

1. Understood and assessed the related written policies, internal control system, fair value measurement models and methodologies, and approval process of the fair value measurement of unlisted stocks.
2. Understood and assessed the independence, professionalism, and competency of management's expert.
3. Assessed whether the valuation models and methodologies used by management's expert are widely adopted in the applicable industries.
4. Inspected whether the management's report had been assessed and approved by management and assessed the reasonableness of the results of valuation.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparation of Financial Reports by Public Banks", "Regulations Governing the Preparation of Financial Reports by Securities Firms", and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

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

Chou, Chien-Hung Chi, Shu-Mei

Chou, Chien-Hung | Chi, Shu-Mei

For and on behalf of PricewaterhouseCoopers, Taiwan
March 20, 2020

The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
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FIRST COMMERCIAL BANK
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	December 31, 2019 AMOUNT	%	(After restatement) December 31, 2018 AMOUNT	%
11000	Cash and cash equivalents	6(1) and 7	$ 46,248,256	1	$ 50,292,876	2
11500	Due from the Central Bank and call loans to banks	6(2) and 7	275,070,684	9	215,367,621	8
12000	Financial assets at fair value through profit or loss	6(3) and 7	156,410,445	5	138,999,510	5
12100	Financial assets at fair value through other comprehensive income	6(4) and 8	277,242,627	9	221,868,874	8
12200	Investment in debt instruments at amortised cost	6(5)	482,997,678	16	415,396,816	15
12500	Notes and bonds issued under resell agreements	6(6)	500,000	-	-	-
13000	Receivables, net	6(7)	54,420,691	2	72,794,883	2
13200	Current tax assets	7	1,303,857	-	1,296,515	-
13500	Loans discounted, net	6(8) and 7	1,750,439,419	57	1,681,888,050	59
15000	Investments accounted for using equity method, net	6(9)	8,056,524	-	7,587,727	-
15500	Other financial assets, net	6(10)	149,465	-	152,384	-
18500	Property and equipment, net	6(11)	25,772,659	1	26,361,611	1
18600	Right-of-use assets, net	6(12) and 7	2,717,866	-	-	-
18700	Investment property, net	6(14)	7,551,986	-	6,921,617	-
19000	Intangible assets, net		613,751	-	454,830	-
19300	Deferred tax assets, net	6(37)	2,653,502	-	2,519,986	-
19500	Other assets, net	6(15) and 8	3,610,169	-	1,525,639	-
	Total Assets		$ 3,095,759,579	100	$ 2,843,428,939	100

(Continued)

FIRST COMMERCIAL BANK
BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND EQUITY	Notes	December 31, 2019 AMOUNT	%	(After restatement) December 31, 2018 AMOUNT	%
21000	Deposits from the Central Bank and banks	6(16) and 7	$ 283,524,659	9	$ 240,743,582	9
21500	Due to the Central Bank and banks		263,595	-	333,951	-
22000	Financial liabilities at fair value through profit or loss	6(17) and 7	34,446,111	1	33,153,145	1
22500	Notes and bonds issued under repurchase agreements	6(18)	17,894,625	1	15,840,590	1
23000	Payables	6(19)	61,453,919	2	85,438,615	3
23200	Current tax liabilities	7	2,967,366	-	1,831,126	-
23500	Deposits and remittances	6(20) and 7	2,389,450,067	77	2,166,264,926	76
24000	Financial bonds payable	6(21)	27,950,000	1	37,150,000	1
25500	Other financial liabilities	6(22)	39,271,473	2	39,532,588	2
25600	Provisions	6(23)	5,828,640	-	6,498,616	-
26000	Lease liabilities	7	2,506,068	-	-	-
29300	Deferred tax liabilities	6(37)	6,944,481	-	6,679,557	-
29500	Other liabilities	6(24)	4,334,289	-	4,248,291	-
	Total Liabilities		2,876,835,293	93	2,637,714,987	93
	Equity					
31101	Common stock	6(25)	89,064,000	3	89,064,000	3
31500	Capital surplus	6(25)	34,470,351	1	34,462,221	1
32000	**Retained earnings**					
32001	Legal reserve	6(25)	50,995,215	2	45,735,991	2
32003	Special reserve	6(25)	4,317,308	-	4,229,939	-
32011	Unappropriated earnings	6(26)	21,420,868	1	19,497,140	1
32500	**Other equity interest**	6(27)	18,656,544	-	12,170,712	-
36000	Predecessor interests under common control		-	-	553,949	-
	Total Equity		218,924,286	7	205,713,952	7
	Total liabilities and equity		$ 3,095,759,579	100	$ 2,843,428,939	100

FIRST COMMERCIAL BANK
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	For the years ended December 31, 2019 AMOUNT	2019 %	(After restatement) 2018 AMOUNT	2018 %	Changes Percentage (%)
41000	Interest income		$ 51,341,760	109	$ 47,251,910	103	9
51000	Less: Interest expense		(23,509,806)	(50)	(18,582,602)	(41)	27
	Net interest income	6(28) and 7	27,831,954	59	28,669,308	62	(3)
	Net non-interest income						
49100	Net service fee income	6(29) and 7	7,858,467	17	7,563,317	16	4
49200	Gains on financial assets or liabilities measured at fair value through profit or loss	6(3)(30)	8,348,618	18	5,482,289	12	52
43100	Realised gains on financial assets at fair value through other comprehensive income	6(4)(31)	1,158,260	2	1,220,695	3	(5)
45000	Impairment loss on assets	6(32)	(11,575)	-	(15,611)	-	(26)
49750	Share of profit or loss of associates accounted for using equity method	6(9)	352,311	1	417,443	1	(16)
49600	Foreign exchange gains		1,518,611	3	2,257,828	5	(33)
49800	Net other non-interest income	6(33) and 7	256,786	-	426,688	1	(40)
	Net profit		47,313,432	100	46,021,957	100	3
58200	Bad debt expense, commitment and guarantee liability provisions	6(8)(21)	(3,757,486)	(8)	(5,462,966)	(12)	(31)
	Operating expenses						
58500	Employee benefits expenses	6(34) and 7	(13,513,330)	(29)	(12,896,404)	(28)	5
59000	Depreciation and amortization expenses	6(35) and 7	(1,614,121)	(3)	(976,421)	(2)	65
59500	Other general and administrative expenses	6(36) and 7	(5,706,185)	(12)	(5,989,941)	(13)	(5)
61001	**Income from continuing operations before income tax**		22,722,310	48	20,696,225	45	10
61003	Income tax expense	6(37)	(3,687,539)	(8)	(3,134,229)	(7)	18
64000	**Net income**		19,034,771	40	17,561,996	38	8

(Continued)

FIRST COMMERCIAL BANK
STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	2019 AMOUNT	2019 %	2018 (After restatement) AMOUNT	2018 (After restatement) %	Changes Percentage (%)
	Other comprehensive income						
	Items that will not be reclassified to profit or loss						
65201	Remeasurement of defined benefit plan	6(23)	($ 117,162)	-	($ 692,393)	(1)	(83)
65204	Gains on valuation of investments in equity instruments measured at fair value through other comprehensive income	6(4)(27)	4,615,466	10	1,118,086	2	313
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(37)	23,433	-	179,881	-	(87)
	Items that may be reclassified subsequently to profit or loss						
65301	Exchange differences on translation of foreign financial statements	6(27)	(1,678,886)	(4)	992,022	2	(269)
65307	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss	6(9)(27)	(92,698)	-	(28,803)	-	222
65309	Gains (losses) on valuation of debt instruments at fair value through other comprehensive income	6(27)	3,742,657	8	(1,082,848)	(2)	(446)
65310	Reversal of impairment loss in debt instruments at fair value through other comprehensive income	6(27)	7,679	-	2,749	-	179
65320	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	6(27)(37)	(49,916)	-	14,575	-	(442)
	Other comprehensive income, net of tax		6,450,573	14	503,269	1	1182
	Total comprehensive income		$ 25,485,344	54	$ 18,065,265	39	41
	Net income, attributable to：	6(38)					
67101	Owners of the parent		$ 19,018,140	40	$ 17,530,747	38	8
67105	Predecessor interests under common control		16,631	-	31,249	-	(47)
			$ 19,034,771	40	$ 17,561,996	38	8
	Comprehensive income, attributable to ：						
67301	Owners of the parent		$ 25,455,609	54	$ 18,043,947	39	41
67305	Predecessor interests under common control		29,735	-	21,318	-	39
			$ 25,485,344	54	$ 18,065,265	39	41
	Basic and diluted earnings per share (In New Taiwan dollars)	6(38)					
	Owners of parent		$ 2.14		$ 1.97		
	Predecessor interests under common control		$ -		$ -		
	Basic and diluted earnings per share		$ 2.14		$ 1.97		

FIRST COMMERCIAL BANK
STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent									
			Retained earnings			Other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange difference on translation of foreign financial statements	Unrealized gain or loss on valuation of available-for-sale financial assets	Gain or loss on financial assets at fair value through other comprehensive income	Predecessor interests under common control	Total
For the year ended December 31, 2018(After restatement)										
Balance at January 1, 2018	$ 89,064,000	$ 34,848,216	$ 41,193,426	$ 4,157,452	$ 17,236,130	($ 2,046,445)	$ 7,806,387	$ -	$ 532,631	$ 192,791,797
Retrospective application and retrospective adjustment effects	-	-	-	-	(72,144)	-	(7,806,387)	13,209,416	-	5,330,885
Balance at 1 January after adjustments	89,064,000	34,848,216	41,193,426	4,157,452	17,163,986	(2,046,445)	-	13,209,416	532,631	198,122,682
Net income for the year	-	-	-	-	17,530,747	-	-	-	31,249	17,561,996
Other comprehensive income (loss) for the year	-	-	-	-	(512,512)	976,430	-	49,282	(9,931)	503,269
Total comprehensive income	-	-	-	-	17,018,235	976,430	-	49,282	21,318	18,065,265
Appropriation and distribution of prior year's earnings										
Legal reserve	-	-	4,542,565	-	(4,542,565)	-	-	-	-	-
Special reserve	-	-	-	75,709	(75,709)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(10,088,000)	-	-	-	-	(10,088,000)
Other capital reserves										
Share-based payment transaction	-	(385,995)	-	-	-	-	-	-	-	(385,995)
Gain or loss on disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	17,971	-	-	(17,971)	-	-
Reversal of special reserve	-	-	-	(3,222)	3,222	-	-	-	-	-
Balance at December 31, 2018(After restatement)	$ 89,064,000	$ 34,462,221	$ 45,735,991	$ 4,229,939	$ 19,497,140	($ 1,070,015)	$ -	$ 13,240,727	$ 553,949	$ 205,713,952
For the year ended December 31, 2019										
Balance at January 1, 2019	$ 89,064,000	$ 34,462,221	$ 45,735,991	$ 4,229,939	$ 19,497,140	($ 1,070,015)	$ -	$ 13,240,727	$ 553,949	$ 205,713,952
Net income for the year	-	-	-	-	19,018,140	-	-	-	16,631	19,034,771
Other comprehensive income (loss) for the year	-	-	-	-	(93,729)	(1,787,971)	-	8,319,169	13,104	6,450,573
Total comprehensive income	-	-	-	-	18,924,411	(1,787,971)	-	8,319,169	29,735	25,485,344
Appropriation and distribution of prior year's earnings										
Legal reserve	-	-	5,259,224	-	(5,259,224)	-	-	-	-	-
Special reserve	-	-	-	87,654	(87,654)	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(11,692,550)	-	-	-	-	(11,692,550)
Gain or loss on disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	38,460	-	-	(38,460)	-	-
Effect of reorganization	-	8,130	-	-	-	(6,906)	-	-	(583,684)	(582,460)
Reversal of special reserve	-	-	-	(285)	285	-	-	-	-	-
Balance at December 31, 2019	$ 89,064,000	$ 34,470,351	$ 50,995,215	$ 4,317,308	$ 21,420,868	($ 2,864,892)	$ -	$ 21,521,436	$ -	$ 218,924,286

FIRST COMMERCIAL BANK
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

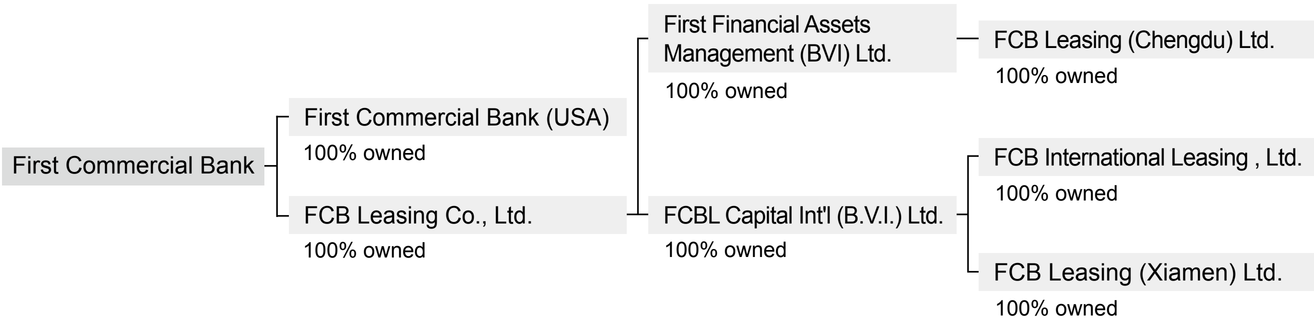
	For the years ended December 31, 2019	(After restatement) 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from continuing operations before income tax	$ 22,722,310	$ 20,696,225
Adjustments to reconcile profit before tax to net cash used in operating activities		
Income and expense having no effect on cash flow		
Provision for bad debt expense, commitment and guarantee liability	6,654,994	8,479,516
Depreciation of property and equipment	747,806	773,330
Depreciation of investment property	8,719	8,613
Depreciation of right-of-use assets	619,784	-
Amortization expense	237,812	194,478
Interest income	(51,341,760)	(47,251,910)
Interest expense	23,509,806	18,582,602
Dividend income	(1,009,979)	(736,977)
Share of profit of associates accounted for using equity method	(352,311)	(417,443)
Losses on retired property and equipment	3,099	2,629
(Gains) losses on disposal of investment property	(1,624)	7,053
Impairment losses on assets	11,575	15,611
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in due from the Central Bank	(6,855,323)	(5,722,332)
Increase in financial assets at fair value through profit or loss	(17,410,935)	(43,135,640)
Increase in financial assets at fair value through other comprehensive income	(47,015,630)	(18,172,575)
Increase in investments in debt instruments at amortised cost	(67,604,045)	(67,038,131)
Decrease (increase) in receivables	18,707,865	(11,615,654)
Increase in loans discounted	(75,074,136)	(120,104,565)
Increase in other financial assets	(100,724)	(305,318)
Changes in operating liabilities		
Increase in deposits from the Central Bank and banks	42,781,077	86,852,533
Increase (decrease) in financial liabilities at fair value through profit or loss	1,292,966	(1,245,163)
(Decrease) increase in payables	(24,210,395)	8,273,725
Increase in deposits and remittances	223,185,141	158,454,748
(Decrease) increase in other financial liabilities	(229,134)	9,599,084
Decrease in liability provisions	(687,083)	(629,901)
Increase in other liabilities	85,998	378,221
Cash inflow (outflow) generated from operations	48,675,873	(4,057,241)
Interest received	50,973,847	45,852,645
Interest paid	(23,283,843)	(17,716,691)
Dividend received	1,113,911	845,394
Income tax paid	(2,453,716)	(3,831,455)
Net cash flows generated from operating activities	75,026,072	21,092,652

(Continued)

FIRST COMMERCIAL BANK
STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31, 2019	For the years ended December 31, (After restatement) 2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investments using the equity method	($ 1,000,000)	$ -
Acquisition of property and equipment	(987,333)	(607,131)
Acquisition of investment property	(726)	(1,885)
Increase in intangible assets	(398,828)	(257,736)
Proceeds from disposal of investment property	2,494	6,734
Proceeds from disposal of investments using the equity method	-	14,167
(Increase) decrease in other assets	(2,146,962)	353,805
Net cash flows used in investing activities	(4,531,355)	(492,046)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Decrease) increase in due to the Central Bank and banks	(70,356)	251,587
Increase in notes and bonds issued under repurchase agreements	2,054,035	4,252,340
(Decrease) increase in financial bonds payable	(9,200,000)	7,850,000
Repayment of principal portion of lease liabilities	(623,887)	-
Payment of cash dividends	(11,692,550)	(10,088,000)
Share-based payment transactions	-	(382,792)
Net cash flows (used in) generated from financing activities	(19,532,758)	1,883,135
Effect of exchange rate changes on cash and cash equivalents	(1,655,357)	807,496
Net increase in cash and cash equivalents	49,306,602	23,291,237
Cash and cash equivalents at beginning of year	207,885,913	184,594,676
Cash and cash equivalents at end of year	$ 257,192,515	$ 207,885,913
The components of cash and cash equivalents		
Cash and cash equivalents reported in the balance sheet	$ 46,248,256	$ 50,292,876
Due from Central Bank and call loans to other banks qualified as cash and cash equivalents as defined by IAS 7	210,444,259	157,593,037
Notes and bonds issued under resale agreements qualified as cash and cash equivalents as defined by IAS 7	500,000	-
Cash and cash equivalents at end of year	$ 257,192,515	$ 207,885,913

FCB Subsidiaries & Affiliates



December 31, 2019

Key Figures

As of and for the year ended December 31, 2019

(in NT$,000)

	Paid-in capital	Total assets	Total liabilities	Stockholder's equity	Operating Revenue	Operating profit	Net income	EPS (in dollars)
First Commercial Bank (USA)	2,101,600	20,759,449	16,749,674	4,009,775	902,424	340,099	239,003	34.14
FCB Leasing Co., Ltd.	3,000,000	8,798,681	4,776,647	4,022,034	627,776	5,821	117,071	0.29
FCBL Capital Int'l (B.V.I.) Ltd.	1,791,218	3,336,440	1,475,893	1,860,547	103,731	45,236	87,425	0.05
FCB International Leasing, Ltd.	886,103	1,083,575	433,643	649,932	95,565	28,577	27,626	-
FCB Leasing (Xiamen) Ltd.	903,495	1,127,832	222,156	905,676	98,711	15,411	13,917	-
First Financial Assets Management (BVI) Ltd.	908,634	568,349	0	568,349	0	0	37,880	0.04
FCB Leasing (Chengdu) Ltd.	908,634	862,531	294,215	568,316	88,799	53,151	37,414	-

Domestic Offices Appointed to Conduct Foreign Exchange Business

Branch	Address	Tel
International Banking Division Swift: FCBKTWTP	3 & 4 FL. 30, Chung King S. Rd., Sec.1, Taipei 100, Taiwan	886-2-23481111
Business Division	1 & 2 FL. 30, Chung King S. Rd., Sec.1, Taipei 100, Taiwan	886-2-23481111
An-Ho Branch	184, Hsin Yi Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-23256000
Nan-Kang Branch	2FL-8, 3, Park St., Nan Kang Dist., Taipei 115, Taiwan	886-2-26558777
Xi-Men Branch	52, Xining S. Rd., Wan Hua Dist., Taipei 108, Taiwan	886-2-23119111
Chung-Hsiao-Road Branch	94, Chung Hsiao E. Rd., Sec.2, Chung Cheng Dist., Taipei 100, Taiwan	886-2-23416111
Tung-Hu Branch	483 & 489, Min Chuan E. Rd., Sec.6, Nei Hu Dist., Taipei 114, Taiwan	886-2-26348811
Ching-Mei Branch	28,Ching Chung St., Wen Shan Dist., Taipei 116, Taiwan	886-2-29303011
Ta-Chih Branch	588, Ming Shui Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-85095611
Ta-Tao-Cheng Branch	63, Ti Hua St., Sec.1, Ta Tung Dist., Taipei 103, Taiwan	886-2-25553711
Hsin-Wei Branch	368 & 370, Fu Hsin S. Rd., Sec.1, Ta An Dist., Taipei 106, Taiwan	886-2-27557241
Chien-Cheng Branch	40, Cheng Teh Rd., Sec.1, Ta Tung Dist., Taipei 103, Taiwan	886-2-25556231
Hua-Shan Branch	22, Chang An E. Rd., Sec.1, Chung Shan Dist., Taipei 104, Taiwan	886-2-25368111
Ta-Tung Branch	178, Chung King N. Rd., Sec.3, Ta Tung Dist., Taipei 103, Taiwan	886-2-25913251
Hsin-Sheng Branch	8, Nanking E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25620256
Chien-Tan Branch	152, Cheng Teh Rd., Sec.4, Shih Lin Dist., Taipei 111, Taiwan	886-2-28802468
Yuan-Shan Branch	53, Min Chuan W. Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25979234
Chung -Shan Branch	61, Chung Shan N. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25211111
Chung-Lun Branch	188, Nanking E. Rd., Sec.5, Sung Shan Dist., Taipei 105, Taiwan	886-2-27606969
Nanking-East-Road Branch	125, Nanking E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25062111
Cheng-Tung Branch	103, Nanking E. Rd., Sec.3, Chung Shan Dist., Taipei 104, Taiwan	886-2-25062881
Min-Sheng Branch	131, Min Sheng E. Rd., Sec.3, Sung Shan Dist., Taipei 105, Taiwan	886-2-27138512
Sung-Chiang Branch	309, Sung Chiang Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25017171
Min-Chuan Branch	365, Fu Hsing N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-27192009
Pa-Teh Branch	111, Tun Hua S. Rd., Sec.1, Ta An Dist., Taipei 106, Taiwan	886-2-27318878
Chang-Chun Branch	169, Fu Hsin N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-27192132
Nei-Hu Branch	143 & 145, Cheng Kung Rd., Sec.3, Nei Hu Dist., Taipei 114, Taiwan	886-2-27932311
Sung-Shan Branch	1 &2FL. 760, Pa Teh Rd., Sec.4, Sung Shan Dist., Taipei 105, Taiwan	886-2-27674111
Yen-Chi Branch	289, Chung Hsiao E. Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27315741
Kwang-Fu Branch	16, Kwang Fu N. Rd., Sung Shan Dist., Taipei 105, Taiwan	886-2-25773323
Hsin-Ya Branch	167, Yon Gji Rd., Hsin Yi Dist., Taipei 110, Taiwan	886-2-27655935
Yung-Chun Branch	451, Chung Hsiao E. Rd., Sec.5, Hsin Yi Dist., Taipei 110, Taiwan	886-2-27682111
Neihu-Science-Park Branch	388, Nei Hu Rd., Sec.1, Nei Hu Dist., Taipei 114, Taiwan	886-2-87978711
Chi-Lin Branch	136, Chi Lin Rd., Chung Shan Dist., Taipei 104, Taiwan	886-2-25311677
Jen-Ai Branch	50, Jen Ai Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27023111
Ta-An Branch	382, Hsin Yi Rd., Sec.4, Ta An Dist., Taipei 110, Taiwan	886-2-27556811
Hsin-Yi Branch	7, Hsin Yi Rd., Sec.3, Ta An Dist., Taipei 106, Taiwan	886-2-23256811
Fu-Hsing Branch	36-10, Fu Hsing S. Rd., Sec.1, Chung Shan Dist., Taipei 104, Taiwan	886-2-27722345
Tun-Hua Branch	267, Tun Hua S. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27362711
Jen-Ho Branch	376, Jen Ai Rd., Sec.4, Ta An Dist., Taipei 106, Taiwan	886-2-27556556
Shih-Mao Branch	65, Tun Hua S. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27849811
Mu-Cha Branch	11, Bao Yi Rd., Wen Shan Dist., Taipei 116, Taiwan	886-2-22345101
Sung-Mao Branch	21, Sec. 2, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan	886-2-27236111
Hsin-Hu Branch	159, Xing Ai Rd., Nei Hu Dist., Taipei 114, Taiwan	886-2-27931811
Ku-Ting Branch	95, Roosevelt Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-23695222

Branch	Address	Tel
Nan-Men Branch	94, Nan Chang Rd., Sec. 1, Chung Cheng Dist., Taipei 100, Taiwan	886-2-23947162
Kung-Kuan Branch	293, Roosevelt Rd., Sec.3, Ta An Dist., Taipei 106, Taiwan	886-2-23623111
Ho-Ping Branch	151, Ho Ping E. Rd., Sec.2, Ta An Dist., Taipei 106, Taiwan	886-2-27035111
Wan-Hua Branch	87, Kang Ding Rd., Wan Hua Dist., Taipei 108, Taiwan	886-2-23719221
Shuang-Yuan Branch	42, Chung Hua Rd., Sec. 2, Wan Hua Dist., Taipei 108, Taiwan	886-2-23068620
Tien-Mu Branch	60 & 62, Chung Chen Rd., Sec. 1, Shih Lin Dist., Taipei 111, Taiwan	886-2-28369898
Pei-Tou Branch	133, Guang Ming Rd., Pei Tou Dist., Taipei 112, Taiwan	886-2-28913921
Shih-Lin Branch	456 & 458, Chung Cheng Rd., Shih Lin Dist., Taipei 111, Taiwan	886-2-28370011
Chien-Kuo Branch	161 & 163, Min Sheng E. Rd., Sec.2, Chung Shan Dist., Taipei 104, Taiwan	886-2-25060110
Wan-Lung Branch	347, Xing Long Rd., Sec. 2, Wen Shan Dist., Taipei 116, Taiwan	886-2-29326478
Shih-Pai Branch	100, Ming Teh Rd., Pei Tou Dist., Taipei 112, Taiwan	886-2-28209111
Pan-Chiao Branch	107, Szu Chuan Rd., Sec.1, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-29615171
Hua-Chiang Branch	329, Wen Hua Rd., Sec.1, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-22578091
Shu-Lin Branch	27-7 & 27- 8, Chung Shan Rd., Sec.1, Shu Lin Dist., New Taipei City 238, Taiwan	886-2-26833191
Tu-Cheng Branch	208, Chung Yang Rd., Sec. 3, Tu Cheng Dist., New Taipei City 236, Taiwan	886-2-22679611
Jiangzicui Branch	388, Wen Hua Rd., Sec. 2, Pan Chiao Dist., New Taipei City 220, Taiwan	886-2-82570111
Pei-Tu-Cheng Branch	37, Jin Cheng Rd., Sec. 3, Tu Cheng Dist., New Taipei City 236, Taiwan	886-2-22607811
Linkuo-Gong'er Branch	498, Chung Shan Rd., Lin Kou Dist., New Taipei City 244, Taiwan	886-2-26021101
San-Chung-Pu Branch	70, San Ho Rd., Sec.3, San Chung Dist., New Taipei City 241, Taiwan	886-2-29822111
Chang-Tai Branch	99, Chung Hsin Rd., Sec.2, San Chung Dist., New Taipei City 241, Taiwan	886-2-29884433
Lu-Chou Branch	12, Chung Shan 1st Rd., Lu Chou Dist., New Taipei City 247, Taiwan	886-2-82826788
Tou-Chien Branch	320, Hua Cheng Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-22762311
Wu-Ku Branch	90, Si Wei Rd., Wu Ku Dist., New Taipei City 248, Taiwan	886-2-29845577
Chung-Yang Branch	89, Chung Yang Rd., Sec.1, San Chung Dist., New Taipei City 241, Taiwan	886-2-29868822
Wu-Ku Ind. Zone Branch	117, Wu Gong Rd., Wu Ku Dist., New Taipei City 248, Taiwan	886-2-22997811
Tamsui Branch	183, Chung Cheng Rd., Tamsui Dist., New Taipei City 251, Taiwan	886-2-26202611
Hsin-Tien Branch	134, Chung Hsing Rd., Sec.3, Hsin Tien Dist., New Taipei City 231, Taiwan	886-2-29181835
Dapinglin Branch	82, Min Chuan Rd., Hsin Tien Dist., New Taipei City 231, Taiwan	886-2-22184651
Tai-Shan Branch	135 & 137, Ming Zhi Rd., Sec. 1, Tai Shan Dist., New Taipei City 243, Taiwan	886-2-29097111
Hsin-Chuang Branch	316, Chung Cheng Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-29929001
Ying-Ko Branch	1, Jen Ai Rd., Ying Ko Dist., New Taipei City 239, Taiwan	886-2-26791921
Chung-Ho Branch	152, Chung Shan Rd.,Sec.2, Chung Ho Dist., New Taipei City 235, Taiwan	886-2-22495011
Yung-Ho Branch	296, Fu Ho Rd., Yung Ho Dist., New Taipei City 234, Taiwan	886-2-29221711
Shuang-Ho Branch	91, An Le Rd., Chung Ho Dist., New Taipei City 235, Taiwan	886-2-29408000
Lien-Cheng Branch	258, Lien Cheng Rd., Chung Ho Dist., New Taipei City 235, Taiwan	886-2-82272111
Jui-Fang Branch	76, Ming Deng Rd., Sec. 3, Jui Fang Dist., New Taipei City 224, Taiwan	886-2-24967711
Pu-Chien Branch	1FL., 3, Min Sheng Rd., Sec.1, Pan Chiao Dist., Taipei 220, Taiwan	886-2-29599211
Dan-Feng Branch	669-1, Chung Cheng Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-29021111
Hsi-Chih Branch	280, Ta Tung Rd., Sec.1, Hsi Chih Dist., New Taipei City 221, Taiwan	886-2-26471688
Hsi-Ko Branch	133, Ta Tung Rd., Sec.2, Hsi Chih Dist., New Taipei City 221, Taiwan	886-2-86926000
Hsing-Fu Branch	1 & 2FL., 688, Hsing Fu Rd., Hsin Chuang Dist., New Taipei City 242, Taiwan	886-2-29989111
Keelung Branch	103, Hsiao 3rd Rd., Jen Ai Dist., Keelung City 200, Taiwan	886-2-24279121
Shao-Chuan-Tou Branch	1 & 2FL., 57, Yi 1st Rd., Chung Cheng Dist., Keelung City 202, Taiwan	886-2-24266141
I-Lan Branch	152, Chung Shan Rd., Sec.3, I Lan City, I Lan County 260, Taiwan	886-3-9324111
Lo-Tung Branch	165, Chung Cheng Rd., Lo Tung Township, I Lan County 265, Taiwan	886-3-9545611-8
Su-Ao Branch	12, Chung Shan Rd., Sec.1, Su Ao Township, I Lan County 270, Taiwan	886-3-9962711-6
Tao-Yuan Branch	55, Min Tsu Rd., Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3326111
Pei-Tao Branch	258 & 260, San Min Rd., Sec. 2, Taoyuan Dist., Taoyuan City 330, Taiwan	886-3-3353131
Ta-Nan Branch	919, Jie Shou Rd., Sec. 1, Pa Teh Dist., Taoyuan City 334, Taiwan	886-3-3661966
Nei-Li Branch	117, Hsin Yi Rd., Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4552410

Branch	Address	Tel
Chung-Li Branch	14 Fu Hsing Rd., Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4225111
Hsi-Li Branch	30, Chung Yang W. Rd., Sec. 2, Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4918111
Ping-Cheng Branch	68, Huan Xi Rd., Chung Li Dist., Taoyuan City 320, Taiwan	886-3-4939211
Ta-Yuan Branch	63, Xin Sheng Rd., Ta Yuan Dist., Taoyuan City 337, Taiwan	886-3-3857111
Nan-Kan Branch	112 & 114, Chung Cheng Rd., Lu Chu Dist., Taoyuan City 338, Taiwan	886-3-3216882
Hui-Lung Branch	161, Wan Shou Rd., Sec. 1, Gui Shan Dist., Taoyuan City 333, Taiwan	886-3-82006111
Lin-Kou Branch	76 & 78, Wen Hua 2nd Rd., Gui Shan Dist., Taoyuan City 333, Taiwan	886-3-3186611
Ta-Hsi Branch	111, Kang Chuang Rd., Ta Hsi Dist., Taoyuan City 335, Taiwan	886-3-3882101
Lung-Tan Branch	80, Chung Cheng Rd., Lung Tan Dist., Taoyuan City 325, Taiwan	886-3-4991111
Hsin-Chu Branch Swift: FCBKTWTP301	3, Ing Ming St., North Dist., Hsinchu 300, P.O.Box 30, Hsinchu, Taiwan	886-3-5226111
Tung-Men Branch	216, Tung Men St., North Dist., Hsinchu 300, Taiwan	886-3-5249211
Hsinchu-Science-Park Branch	611, Kwang Fu Rd., Sec.1, East Dist., Hsinchu 300, Taiwan	886-3-5637111
Chu-Tung Branch	30, Tung Lin Rd., Chu Tung Township, Hsinchu County 310, Taiwan	886-3-5963251
Kuan-Hsi Branch	18, Cheng Yi Rd., Kuan Hsi Township, Hsinchu County 306, Taiwan	886-3-5872411
Chu-Pei Branch	210, Guang Ming 5th St., Chu Pei City, Hsinchu County 302, Taiwan	886-3-5559111
Miao-Li Branch	601, Chung Cheng Rd., Miao Li City, Miaoli County 360, Taiwan	886-37-322411
Chu-Nan Branch	53, Min Zu St., Chu Nan Township, Miaoli County 350, Taiwan	886-37-477111
Tou-Fen Branch	67, Chung Cheng Rd., Tou Fen Township, Miaoli County 351, Taiwan	886-37-672611
Taichung Branch Swift: FCBKTWTP401	144, Tzu Yu Rd., Sec.1, West Dist., Taichung 403, P.O.Box 7, Taichung, Taiwan	886-4-22233611
Nan-Taichung Branch	33 & 35, Fu Hsing Rd., Sec.4, East Dist., Taichung 401, Taiwan	886-4-22231111
Pei-Taichung Branch	501, Taiwan Blvd., Sec. 1, Central Dist., Taichung 400, Taiwan	886-4-22238111
Chung-Kang Branch	912, Taiwan Blvd., Sec. 2, Hsi Tun Dist., Taichung 407, Taiwan	886-4-23136111
Pei-Tun Branch	696, Wen Hsin Rd., Sec.4, Pei Tun Dist., Taichung 406, Taiwan	886-4-22366111
Chin-Hua Branch	236, Chin Hua N. Rd., North Dist., Taichung 404, Taiwan	886-4-22300311
Nan-Tun Branch	668, Wu Chuan W. Rd., Sec. 2, Nan Tun Dist., Taichung 408, Taiwan	886-4-23801515
Feng-Yuan Branch	423, Chung Shan Rd., Feng Yuan Dist., Taichung 420, Taiwan	886-4-25225111
Ta-Li Branch	43, 45 & 47, Tung Lung Rd., Ta Li Dist., Taichung 412, Taiwan	886-4-24838111
Taichung-Science-Park Branch	6-3, Chung Ko Rd., Ta Ya Dist., Taichung 428, Taiwan	886-4-25659111
Tung-Shih Branch	449, Feng Shih Rd., Tung Shih Dist., Taichung 423, Taiwan	886-4-25874121
Sha-Lu Branch	355, Chung Shan Rd., Sha Lu Dist., Taichung 433, Taiwan	886-4-26621331
Ta-Chia Branch	361 & 363, Shun Tien Rd., Ta Chia Dist., Taichung 437, Taiwan	886-4-26882981
Tai-Ping Branch	1 & 2FL., 50, Chung Hsing E. Rd., Tai Ping Dist., Taichung 411, Taiwan	886-4-22799011
Ching-Shui Branch	35-10, Guang Ming Rd., Ching Shui Dist., Taichung 436, Taiwan	886-4-26238111
Ta-Ya Branch	96, Chung Ching E. Rd., Ta Ya Dist., Taichung 428, Taiwan	886-4-25686111
Nan-Tou Branch	2, Chung Shan 1st St., Nan Tou City, Nantou County 540, Taiwan	886-49-2223111
Tsao-Tun Branch	256, Tai Ping Rd., Sec. 2, Tsao Tun Township, Nantou County 542, Taiwan	886-49-2338181
Pu-Li Branch	97, Xi An Rd., Sec. 1, Pu Li Township, Nantou County 545, Taiwan	886-49-2982711
Chang-Hua Branch	48, Ho Ping Rd., Chang Hua City, Changhua County 500, Taiwan	886-4-7232161
Yuan-Lin Branch	26, Yu-Ying Rd., Yuan Lin Township, Changhua County 510, Taiwan	886-4-8328811
Lu-Kang Branch	301, Chung Shan Rd., Lu Kang Township, Changhua County 505, Taiwan	886-4-7772111
Hsi-Hu Branch	166, Chang Shui Rd., Sec. 3, Hsi Hu Township, Changhua County 514, Taiwan	886-4-8824111
Pei-Dou Branch	35, Chung Shan Rd., Sec.2, Pei Dou Township, Changhua County 521, Taiwan	886-4-8782111
Ho-Mei Branch	84, 86 & 88, Ho Xian Rd., Ho Mei Township, Changhua County 508, Taiwan	886-4-7551111
Chia-Yi Branch	307, Chung Shan Rd., East Dist., Chiayi City 600, Taiwan	886-5-2272111
Hsing-Chia Branch	425 & 427, Hsing Ye W. Rd., West Dist., Chiayi City 600, Taiwan	886-5-2859833
Pu-Tzu Branch	135, Chung Cheng Rd., Pu Tzu City, Chiayi County 613, Taiwan	886-5-3795111
Dou-Liu Branch	16, Tai Ping Rd., Dou Liu City, Yunlin County 640, Taiwan	886-5-5324311
Pei-Kang Branch	96, Chung Cheng Rd., Pei Kang Township, Yunlin County 651, Taiwan	886-5-7833211

Branch	Address	Tel
Hsi-Lo Branch	189, Yan Ping Rd., Hsi Lo Township, Yunlin County 648, Taiwan	886-5-5862131
Hu-Wei Branch	83, Chung Cheng Rd., Hu Wei Township, Yunlin County 632, Taiwan	886-5-6322330
Tainan Branch Swift: FCBKTWTP601	82, Chung Yi Rd., Sec.2, West Central Dist., Tainan 700, P.O.Box 10, Tainan, Taiwan	886-6-2224131
Fu-Chiang Branch	31, Tung Men Rd., Sec. 3, East Dist., Tainan 701, Taiwan	886-6-2904453
Chih-Kan Branch	217, Cheng Kung Rd., West Central Dist., Tainan 700, Taiwan	886-6-2268111
Chu-Hsi Branch	98, Ta Tong Rd., Sec. 1, West Central Dist., Tainan 700, Taiwan	886-6-2160111
Chin-Cheng Branch	105, Xia Lin Rd., South Dist., Tainan 702, Taiwan	886-6-2248833
An-Nan Branch	500, Hai Dian Rd., Sec. 2, An Nan Dist., Tainan 709, Taiwan	886-6-2465111
Hsin-Ying Branch	150, Chung Shan Rd., Hsin Ying Dist., Tainan 730, Taiwan	886-6-6324211
Yen-Shui Branch	57, San Fu Rd., Yen Shui Dist., Tainan 737, Taiwan	886-6-6521611
Ma-Tou Branch	12, Hsing Chung Rd., Ma Tou Dist., Tainan 721, Taiwan	886-6-5729901
Shan-Hua Branch	366, Chung Shan Rd., Shan Hua Dist., Tainan 741, Taiwan	886-6-5817350
Chia-Li Branch	225, Wen Hua Rd., Chia Li Dist., Tainan 722, Taiwan	886-6-7226111
Hsin-Hua Branch	374, Chung Cheng Rd., Hsin Hua Dist., Tainan 712, Taiwan	886-6-5901111
Ta-Wan Branch	5, Yong Ta Rd., Sec. 2, Yung Kang Dist., Tainan 710, Taiwan	886-6-2713251
Tainan-Science-Park Branch	2FL., 15, Nan Ko 3rd Rd., Hsin Shi Dist., Tainan 744, Taiwan	886-6-5051111
Kuei-Jen Branch	55 & 57, Chung Shan Rd., Sec. 2, Kuei Jen Dist., Tainan 711, Taiwan	886-6-3300111
Yung-Kang Branch	109, Chung Cheng S. Rd., Yung Kang Dist., Tainan 710, Taiwan	886-6-2513211
Kaohsiung Branch Swift: FCBKTWTP701	28, Min Chuan 1st Rd., Ling Ya Dist., Kaohsiung 802, P.O.Box16, Kaohsiung, Taiwan	886-7-3350811
Yen-Cheng Branch	115, Ta Jen Rd., Yen Cheng Dist., Kaohsiung 803, Taiwan	886-7-5519201
Hsin-Hsing Branch	17, Chung Cheng 4th Rd., Hsin Hsing Dist., Kaohsiung 800, Taiwan	886-7-2719111
San-Min Branch	291, Chung Hua 3rd Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-2718111
Ling-Ya Branch	61, Wu Fu 3rd Rd., Qian Jin Dist., Kaohsiung 801, Taiwan	886-7-2822111
Tso-Ying Branch	411 & 413, Tso Ying Avenue, Tso Ying Dist., Kaohsiung 813, Taiwan	886-7-5815511
Nan-Tzu Branch	3, Nan Tzu Rd., Nan Tzu Dist., Kaohsiung 811, Taiwan	886-7-3511211
Wu-Fu Branch	161, Chung Cheng 2nd Rd., Ling Ya Dist., Kaohsiung 802, Taiwan	886-7-2225111
Shih-Chuan Branch	57, Zi You 1st Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-3112131
Chien-Cheng Branch	191, San Duo 3rd Rd., Chien Cheng Dist., Kaohsiung 806, Taiwan	886-7-3344191
Wan-Nei Branch	147, Ta Shun 2nd Rd., San Min Dist., Kaohsiung 807, Taiwan	886-7-3821526
Po-Ai Branch	426, Po Ai 2nd Rd., Tso Ying Dist., Kaohsiung 813, Taiwan	886-7-5588311
Hsiao-Kang Branch	182, Yan Hai 1st Rd., Hsiao Kang Dist., Kaohsiung 812, Taiwan	886-7-8066601
Wu-Chia Branch	1 & 2FL., 322, Bao Tai Rd., Feng Shan Dist., Kaohsiung 830, Taiwan	886-7-7260211
Feng-Shan Branch	1, Cheng Kung Rd., Feng Shan Dist., Kaohsiung 830, Taiwan	886-7-7463611
Lu-Chu Branch	1187, Chung Shan Rd., Lu Chu Dist., Kaohsiung 821, Taiwan	886-7-6963211
Kang-Shan Branch	275, Kang Shan Rd., Kang Shan Dist., Kaohsiung 820, Taiwan	886-7-6212111
Chi-Shan Branch	120, Chung Shan Rd., Chi Shan Dist., Kaohsiung 842, Taiwan	886-7-6621811
Lin-Yuan Branch	459, Lin Yuan N. Rd., Lin Yuan Dist., Kaohsiung 832, Taiwan	886-7-6436111
Tzu-Beng Branch	306, Chung Cheng Rd., Tzu Guan Dist., Kaohsiung 826, Taiwan	886-7-6172111
Ping-Tung Branch	308, Min Sheng Rd., Ping Tung City, Pingtung County 900, Taiwan	886-8-7325111
Chao-Chou Branch	117, Chung Shan Rd., Chao Chou Township, Pingtung County 920, Taiwan	886-8-7883771
Tung-Kang Branch	23, Chao Yang St., Tung Kang Township, Pingtung County 928, Taiwan	886-8-8350111
Heng-Chun Branch	17, Chung Cheng Rd., Heng Chun Township, Pingtung County 946, Taiwan	886-8-8893231
Wan-Luan Branch	29, Chung Cheng Rd., Wan Luan Township, Pingtung County 923, Taiwan	886-8-7811211
Hua-Lien Branch	22, Gong Yuan Rd., Hualien City, Hualien County 970, Taiwan	886-3-8324611
Tai-Tung Branch	397, Chung Hua Rd., Sec. 1, Taitung City, Taitung County 950, Taiwan	886-89-324211
Peng-Hu Branch	88, Guang Fu Rd., Ma Gong City, Penghu County 880, Taiwan	886-6-9273211

Overseas Network

Overseas Branches

- **Brisbane Branch**
  Mezzanine Fl., 199 George Street
  Brisbane QLD 4000, Australia
  Tel: 61-7-3211-1001
- **Chengdu Branch**
  Unit No.1,9,10, 16F, Chengdu IFS Tower 1, No.1 Hongxing Road Section 3, Jinjiang District, Chengdu, Sichuan Province, 610021 China
  Tel: 86-28-86586311
- **Guam Branch**
  862 South Marine Corps Drive, Tamuning, Guam 96913, U.S.A.
  Tel: 1-671-472-6864
- **Hanoi City Branch**
  8th Floor, Charmvit Tower
  117 Tran Duy Hung Road
  Trung Hoa Ward, Cau Giay District
  Hanoi City, Vietnam
  Tel: 84-24-3936-2311
- **Ho Chi Minh City Branch**
  21 Fl., A&B Tower
  76A Le Lai Street, District 1
  Ho Chi Minh City, Vietnam
  Tel: 84-28-3823-8111
- **Hong Kong Branch**
  1702, 17F, Prudential Tower, The Gateway, Harbour City, 21 Canton Road, Tsimshatsui, Kowloon, Hong Kong
  Tel: 852-2868-9008
- **London Branch**
  Bowman House, 29, Wilson Street
  London EC2M 2SJ, U.K.
  Tel: 44-20-7417-0000
- **Los Angeles Branch**
  600, Wilshire Blvd., Suite 800
  Los Angeles, CA 90017, U.S.A.
  Tel: 1-213-362-0200
- **Macau Branch**
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  Avenida Comercial de Macau
  Tel: 853-2857-5088
- **Manila Branch**
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  Tel: 63-2-79601111
- **New York Branch**
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  New York, NY 10017, U.S.A.
  Tel: 1-212-599-6868
- **Phnom Penh Branch**
  1F&2F, No.66, Norodom Blvd, Sangkat Chey Chomnas, Khan Daun Penh, Phnom Penh, Cambodia
  Tel: 855-23-210026-8
- **Chamkar Mon Sub-Branch**
  1F, No.216B, Norodom Blvd (41), Sangkat Tonel Bassac, Khan Chamkarmorn, Phnom Penh, Cambodia
  Tel: 855-23-726806~8
- **Chorm Chaov Sub-Branch**
  No.3,5,7&9, Prey Chisak Village, Chorm Chaov Commune, Dangkor District, Phnom Penh, Cambodia
  Tel: 855-23-865171~3
- **Chraoy Chongvar Sub-Branch**
  No.F08-F09, Street National Road No6, Phum3, Sangkat Chroy Changva, Khan Russey Keo, Phnom Penh, Cambodia
  Tel: 855-23-432156~8
- **Mean Chey Sub-Branch**
  No 14A & 15A, Street Chaom Chau, Phum Damnak Thum, Sangkat Stueng Meanchey, Khan Meanchey, Phnom Penh, Cambodia
  Tel: 855-92-888602~3
- **Olympic Sub-Branch**
  No. 30 ABC (Ground Floor, First Floor and Second Floor), St. 215, Sangkat Mittapheab, Khan 7 Makara, Phnom Penh, Cambodia
  Tel: 855-23-880392~4
- **Phsar Derm Thkov Sub-Branch**
  No.231,Street 271,Phum 4,Sangkat Tuol Tumpung Ti Pir,Khan Chamkar Mon,Phnom Penh,Cambodia
  Tel: 855-23-23-2126~8
- **Sen Sok Sub-Branch**
  No.111&113,Street 1003,Bayab Village,Sangkat Phnom Penh Thmei,Khan SaenSokh,Phnom Penh,Cambodia
  Tel: 855-23-89-0371~3
- **Siem Reap Sub-Branch**
  No.602&604, Preah Sangreach Tep Vong Street, Phum Mondol 2, Sangkat Svay Dongkum, Siem Reap Province, Cambodia
  Tel: 855-63-963187~9
- **Tuol Kouk Sub-Branch**
  No.89, Street. 289, Phum 14, Sangkat Boeung Kak II, Khan Tuol Kork, Phnom Penh, Cambodia
  Tel: 855-23-885891~3
- **Shanghai Branch**
  86-90, Ronghua East Road (JH Gubei 88 Building), Changning District, Shanghai 201103, China
  Tel: 86-21-2227-0611
- **Shanghai Pilot Free Trade Zone Sub-Branch**
  Room 2305 Shanghai Shimao Tower,No.55 West Weifang Road, Pudong New Dist., Shanghai 200122, China
  Tel: 86-21-2069-0611
- **Singapore Branch**
  No. 77, Robinson Road, #01-01 and #10-01, Singapore 068896
  Tel: 65-6593-0888
- **Tokyo Branch**
  23F, Otemachi NOMURA building 2-1-1, Otemachi Chiyoda-Ku, Tokyo, Japan 100-0004
  Tel: 81-3-3279-0888
- **Toronto Branch**
  5000 Yonge Street, Suite 1803
  Toronto, ON M2N 7E9, Canada
  Tel: 1-416-250-8788
- **Vancouver Branch**
  #100-5611 Cooney Road
  Richmond, BC V6X 3J6, Canada
  Tel: 1-604-207-9600
- **Vientiane Branch**
  No.61, 23 Singha Road, Phonxay Village, Saysettha District
  Vientiane Capital, Lao PDR
  Tel: 856-21-415318
- **Xiamen Branch**
  Unit EFGH, 30F, International Plaza, No.8 Lujiang Road, Siming District, Xiamen, Fujian Province, 361001 China
  Tel: 86-592-8169111

Overseas Representative Office

- **Bangkok Representative Office**
  9th Fl., Sathorn City Tower,
  No. 175, South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120, Thailand
  Tel: 662-679-5291
- **Yangon Representative Office**
  No.7 Nichol's Avenue, Parami Road, Mayangone Township, Yangon, Myanmar
  Tel: 95-1-9669568
- **Jakarta Representative Office**
  World Trade Centre - WTC3 27th Floor, Jl. Jend. Sudirman Kav. 29 - 31, Jakarta 12920, Indonesia
  Tel: 62-21-3048-8787

Subsidiary

First Commercial Bank (USA)

- **Head Office & Alhambra Branch**
  200 E. Main Street
  Alhambra, CA 91801, U.S.A.
  Tel: 1-626-300-6000
- **Arcadia Branch**
  1309 S. Baldwin Ave.
  Arcadia, CA 91007, U.S.A.
  Tel: 1-626-254-1828
- **Chino Hills Branch**
  2911 Chino Avenue, Unit F2, Chino Hills, CA 91709, U.S.A.
  Tel: 1-909-993-5888
- **City of Industry Branch**
  18725 E. Gale Ave. Suite 150
  City of Industry, CA 91748, U.S.A.
  Tel: 1-626-964-1888
- **Fremont Branch**
  47000 Warm Springs Boulevard, Suite 3, Fremont, CA 94539 U.S.A.
  Tel: 1-510-933-0270
- **Irvine Branch**
  4250 Barranca Parkway, Suite E
  Irvine, CA 92604, U.S.A.
  Tel: 1-949-654-2888
- **Silicon Valley Branch**
  1141 S. De Anza Blvd.
  San Jose, CA 95129, U.S.A.
  Tel: 1-408-253-4666

May 2020

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