TAIPEI FUBON COMMERCIAL BANK Co., Ltd. and Subsidiaries

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

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
TAIPEI FUBON COMMERCIAL BANK Co., Ltd.

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of TAIPEI FUBON COMMERCIAL BANK Co., Ltd. and its subsidiaries as of June 30, 2021, December 31, 2020 and June 30, 2020, and its consolidated financial performance for the three months and the six months ended June 30, 2021 and 2020, and its consolidated cash flows for the six months ended June 30, 2021 and 2020, in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, certain other guidelines issued by the local authorities and International Accounting Standards (IAS) 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

Key audit matters of the Bank and its subsidiaries' consolidated financial statements for the six months ended June 30, 2021 are stated as follows:

Impairment of Discounts and Loans

Refer to Note 4(8) to the consolidated financial statements for the accounting policies on the impairment of discounts and loans. Refer to Note 5.a to the consolidated financial statements for the critical estimations and judgments about the impairment of discounts and loans. Refer to Notes 14 and 53 to the consolidated financial statements for the details of the other related information about the impairment of discounts and loans.

Management assesses the impairment of discounts and loans based on the assumptions about the probability of default and the expected loss rate which are based on historical experience, existing market conditions, forward-looking estimates, etc. Assessing evidence of the probability of default and impairment on discounts and loans, and determining whether the credit risk on discounts and loans has increased significantly since initial recognition involved critical judgments and estimates; therefore, the impairment of discounts and loans was identified as a key audit matter.

The procedures performed in respect of the above key audit matter include the following:

1. We understood whether management's methodology, assumptions and inputs used in the impairment model in International Financial Reporting Standards 9 appropriately reflect the actual outcome of discounts and loans.

2. We assessed the rationality and consistency of the significant increase in credit of discounts and loans judged by management, the definition of default and impairment of discounts and loans, the exposure at default, the probability of default, the loss given default, the forward-looking estimates, etc. used in estimating expected credit loss. We also selected samples of discounts and loans cases, and verified their completeness and calculation accuracy.

3. We considered the related guidelines issued by the authorities and examined whether the allowance for loans and receivables complied with the regulations.

Impairment of Goodwill and Surplus of Investment Accounted for Using the Equity Method

Refer to Note 4(7) and (13) to the consolidated financial statements for the accounting policies on the impairment of goodwill and surplus of investment accounted for using the equity method. Refer to Note 5.b and c to the consolidated financial statements for the critical estimations and judgments about the impairment of goodwill and surplus of investment accounted for using the equity method. Refer to Note 22 to the consolidated financial statements for the details of the other related information about the impairment of goodwill and surplus of investment accounted for using the equity method.

The assumptions for the recoverable amount of goodwill and surplus of investment accounted for using the equity method are based on the future cash flows that are expected to arise from the future operating results which are based on professional judgment; therefore, the impairment of goodwill and surplus of investment accounted for using the equity method was identified as a key audit matter.

The procedures performed in respect of the above key audit matter include the following:

1. For cash flow forecasting, we assessed the suitability of the forecasting method and discount rate used by the management of the group and compared the discount rate with external information.

2. We considered whether there was a significant difference between the actual operations after the relevant business combination and the expected benefits at the time of acquisition to assess the accuracy of the estimates made by management in the past, and we determined that the disclosures in the consolidated financial statements were appropriate.

Other Matter

We have also audited the parent company only financial statements of TAIPEI FUBON COMMERCIAL BANK Co., Ltd. as of and for the six months ended June 30, 2021 and 2020 on which we have issued an unqualified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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, including the audit committee, are responsible for overseeing the Bank and its subsidiaries' financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the 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 going concern uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are

inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the 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.

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 Bank and its subsidiaries audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Yi-Chun Wu and Kwan-Chung Lai.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 13, 2021

Notice to Readers

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

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

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2021		December 31, 2020		June 30, 2020	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CASH AND CASH EQUIVALENTS (Notes 4, 6 and 46)	$ 70,808,569	2	$ 83,112,676	3	$ 80,338,231	3
DUE FROM THE CENTRAL BANK AND CALL LOANS TO OTHER BANKS (Notes 6, 7, 46 and 49)	260,911,167	8	283,229,316	9	293,133,880	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8, 16 and 46)	84,103,203	3	105,887,055	3	116,512,186	4
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (Notes 4, 9, 11, 16 and 26)	204,456,134	6	209,806,937	6	214,784,978	7
INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST (Notes 4, 10, 11, 16, 26 and 49)	812,422,010	24	758,578,044	23	704,526,565	22
FINANCIAL ASSETS FOR HEDGING (Notes 4 and 11)	1,764,904	-	2,104,144	-	2,521,900	-
SECURITIES PURCHASED UNDER RESELL AGREEMENTS (Notes 4, 6, 12 and 46)	5,494,914	-	14,042,571	-	9,443,800	-
RECEIVABLES, NET (Notes 4, 13 and 46)	94,557,624	3	111,500,940	3	106,676,928	3
CURRENT TAX ASSETS (Notes 4, 44 and 46)	519,228	-	483,661	-	236,027	-
DISCOUNTS AND LOANS, NET (Notes 4, 14 and 46)	1,778,090,585	52	1,635,408,234	50	1,599,549,711	50
INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Notes 4 and 17)	5,371,854	-	5,433,177	-	5,623,236	-
OTHER FINANCIAL ASSETS, NET (Notes 4, 18 and 49)	24,136,906	1	19,941,290	1	7,583,832	-
PROPERTY AND EQUIPMENT, NET (Notes 4 and 19)	17,362,530	1	18,177,134	1	18,577,904	1
RIGHT-OF-USE ASSETS, NET (Notes 4, 20 and 46)	4,645,783	-	4,075,234	-	3,851,452	-
INVESTMENT PROPERTIES (Notes 4 and 21)	3,212,700	-	3,212,700	-	2,509,700	-
INTANGIBLE ASSETS, NET (Notes 4 and 22)	14,520,503	-	14,150,149	-	13,519,905	-
DEFERRED TAX ASSETS (Notes 4 and 44)	1,434,631	-	1,653,901	-	1,325,431	-
OTHER ASSETS (Notes 23 and 46)	13,661,810	-	16,038,402	1	21,719,199	1
TOTAL ASSETS	$ 3,397,475,055	100	$ 3,286,835,565	100	$ 3,202,434,865	100
LIABILITIES AND EQUITY						
DEPOSITS FROM THE CENTRAL BANK AND BANKS (Notes 24 and 46)	$ 183,214,031	6	$ 142,489,522	4	$ 182,052,242	6
DUE TO THE CENTRAL BANK AND BANKS (Notes 25 and 48)	6,119,150	-	6,965,030	-	593,920	-
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS (Notes 4, 8 and 46)	28,143,723	1	46,978,045	2	21,886,311	1
FINANCIAL LIABILITIES FOR HEDGING (Notes 4 and 11)	7,221,318	-	8,994,438	-	11,152,063	-
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS (Notes 4, 26 and 46)	120,773,344	3	80,157,429	3	144,445,702	4
PAYABLES (Notes 27 and 46)	54,274,432	2	46,322,036	1	58,036,904	2
CURRENT TAX LIABILITIES (Notes 4, 44 and 46)	1,502,573	-	2,293,774	-	1,583,605	-
DEPOSITS AND REMITTANCES (Notes 28 and 46)	2,551,574,433	75	2,496,636,071	76	2,369,844,660	74
BANK DEBENTURES (Notes 11, 29, 46 and 48)	106,472,297	3	118,306,675	4	117,826,054	4
OTHER FINANCIAL LIABILITIES (Notes 30 and 46)	79,163,134	2	76,449,522	2	54,682,680	2
PROVISIONS (Notes 4, 31 and 32)	3,469,692	-	3,402,525	-	3,341,207	-
LEASE LIABILITIES (Notes 4, 20, 46 and 48)	4,692,755	-	4,093,537	-	3,881,757	-
DEFERRED TAX LIABILITIES (Notes 4 and 44)	1,405,255	-	1,508,104	-	1,402,517	-
OTHER LIABILITIES (Notes 33 and 46)	15,238,389	1	14,324,666	1	11,457,695	-
Total liabilities	3,163,264,526	93	3,048,921,374	93	2,982,187,317	93
EQUITY (Notes 4 and 34)						
Attributable to owners of the Bank						
Capital stock						
Common stock	122,562,088	4	122,562,088	4	112,347,556	4
Reserve for raising capital	-	-	-	-	6,776,136	-
Total capital stock	122,562,088	4	122,562,088	4	119,123,692	4
Capital surplus	18,241,384	-	17,363,236	1	14,801,152	-
Retained earnings						
Legal reserve	61,789,528	2	56,207,034	2	56,207,034	2
Special reserve	2,949,929	-	4,633,378	-	4,633,378	-
Unappropriated earnings	9,564,624	-	18,608,315	-	9,837,759	-
Total retained earnings	74,304,081	2	79,448,727	2	70,678,171	2
Other equity	938,965	-	(237,962)	-	(2,447,355)	-
Total equity attributable to owners of the Bank	216,046,518	6	219,136,089	7	202,155,660	6
Non-controlling interests	18,164,011	1	18,778,102	-	18,091,888	1
Total equity	234,210,529	7	237,914,191	7	220,247,548	7
TOTAL LIABILITIES AND EQUITY	$ 3,397,475,055	100	$ 3,286,835,565	100	$ 3,202,434,865	100

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

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INTEREST INCOME (Notes 4, 35 and 46)								
Interest income	$ 14,046,220	116	$ 14,661,906	106	$ 27,600,217	111	$ 30,411,707	117
Interest expense	(4,727,748)	(39)	(6,648,122)	(48)	(9,502,693)	(38)	(14,539,143)	(56)
Total net interest income	9,318,472	77	8,013,784	58	18,097,524	73	15,872,564	61
NET NON-INTEREST INCOME								
Service fee income, net (Notes 4, 36 and 46)	2,046,726	17	2,757,657	20	5,164,706	21	6,635,996	25
Gains on financial assets and liabilities at fair value through profit or loss (Notes 37 and 46)	150,252	1	2,288,938	17	(172,433)	(1)	1,752,084	7
Realized gains on financial assets at fair value through other comprehensive income (Notes 34 and 38)	317,185	3	447,097	3	532,028	2	1,069,899	4
Gains on derecognition of financial assets at amortized cost (Note 39)	7,863	-	5,006	-	320,394	1	17,629	-
Foreign exchange gains , net (Notes 4 and 40)	290,857	2	213,103	1	778,570	3	520,879	2
(Impairment loss on assets) reversal of impairment loss on assets (Notes 4, 9, 10 and 12)	(65,420)	(1)	(9,543)	-	(118,005)	-	(26,851)	-
Share of loss of associates accounted for using the equity method (Note 17)	(34,911)	-	(42,001)	-	(61,806)	-	(58,128)	-
Other non-interest income, net (Note 46)	106,905	1	109,261	1	253,431	1	193,890	1
Total net non-interest income	2,819,457	23	5,769,518	42	6,696,885	27	10,105,398	39
TOTAL NET REVENUES	12,137,929	100	13,783,302	100	24,794,409	100	25,977,962	100
ALLOWANCE FOR BAD DEBT EXPENSE, COMMITMENTS, AND GUARANTEE (Notes 4 and 46)	(1,064,449)	(9)	(855,613)	(6)	(1,654,026)	(7)	(2,016,359)	(8)
OPERATING EXPENSES (Notes 41, 42, 43 and 46)								
Employee benefits	(3,273,737)	(27)	(3,287,849)	(24)	(6,900,224)	(28)	(6,818,110)	(26)
Depreciation and amortization	(860,673)	(7)	(843,144)	(6)	(1,714,102)	(7)	(1,696,804)	(7)
Other general and administrative	(1,741,211)	(14)	(1,816,492)	(13)	(3,391,416)	(13)	(3,512,939)	(13)
Total operating expenses	(5,875,621)	(48)	(5,947,485)	(43)	(12,005,742)	(48)	(12,027,853)	(46)

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TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
INCOME BEFORE INCOME TAX	$ 5,197,859	43	$ 6,980,204	51	$ 11,134,641	45	$ 11,933,750	46
INCOME TAX EXPENSE (Notes 4 and 44)	(564,020)	(5)	(891,346)	(7)	(1,371,890)	(6)	(1,541,528)	(6)
NET INCOME FOR THE PERIOD	4,633,839	38	6,088,858	44	9,762,751	39	10,392,222	40
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Gains on investments in equity instruments at fair value through other comprehensive income (Note 34)	68,231	1	906,447	7	1,521,744	6	262,919	1
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 44)	5,575	-	12,483	-	29,697	-	12,518	-
	73,806	1	918,930	7	1,551,441	6	275,437	1
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations (Note 34)	(578,276)	(5)	(838,468)	(6)	(245,310)	(1)	(1,053,918)	(4)
Losses on investments in debt instruments at fair value through other comprehensive income	334,670	3	(410,446)	(3)	(304)	-	(775,385)	(3)
Income tax relating to items that may be reclassified subsequently to profit or loss (Note 44)	(76,649)	(1)	258,176	2	(63,453)	-	186,951	1
	(320,255)	(3)	(990,738)	(7)	(309,067)	(1)	(1,642,352)	(6)
Other comprehensive loss for the period, net of income tax	(246,449)	(2)	(71,808)	-	1,242,374	5	(1,366,915)	(5)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 4,387,390	36	$ 6,017,050	44	$ 11,005,125	44	$ 9,025,307	35
NET INCOME ATTRIBUTABLE TO								
Owners of the Bank	$ 4,428,830	36	$ 5,723,917	41	$ 9,387,340	38	$ 9,852,164	38
Non-controlling interests	205,009	2	364,941	3	375,411	1	540,058	2
	$ 4,633,839	38	$ 6,088,858	44	$ 9,762,751	39	$ 10,392,222	40
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO								
Owners of the Bank	$ 4,226,403	34	$ 6,385,809	47	$ 10,749,131	43	$ 9,300,707	36
Non-controlling interests	160,987	2	(368,759)	(3)	255,994	1	(275,400)	(1)
	$ 4,387,390	36	$ 6,017,050	44	$ 11,005,125	44	$ 9,025,307	35

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TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2021		2020		2021		2020	
	Amount	%	Amount	%	Amount	%	Amount	%
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 45)								
Basic	$ 0.36		$ 0.48		$ 0.77		$ 0.83	

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

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Bank (Note 34)												
	Capital Stock				Retained Earnings				Other Equity				
	Shares (Thousands)	Common Stock	Reserve for Raising Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income	Revaluation Surplus	Non-controlling Interests (Notes 4 and 34)	Total Equity
BALANCE AT JANUARY 1, 2020	11,234,756	$ 112,347,556	$ -	$ 14,800,975	$ 50,177,808	$ 4,117,454	$ 20,097,422	$ 74,392,684	$ (3,376,310)	$ 1,032,321	$ 433,686	$ 18,367,288	$ 217,998,200
Appropriation of the 2019 earnings													
Legal reserve	-	-	-	-	6,029,226	-	(6,029,226)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	515,924	(515,924)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(6,776,136)	(6,776,136)	-	-	-	-	(6,776,136)
Common stock dividends	-	-	6,776,136	-	-	-	(6,776,136)	(6,776,136)	-	-	-	-	-
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	177	-	-	-	-	-	-	-	-	177
Net income for the six months ended June 30, 2020	-	-	-	-	-	-	9,852,164	9,852,164	-	-	-	540,058	10,392,222
Other comprehensive income (loss) for the six months ended June 30, 2020, net of income tax	-	-	-	-	-	-	-	-	(498,669)	(52,788)	-	(815,458)	(1,366,915)
Total comprehensive income (loss) for the six months ended June 30, 2020	-	-	-	-	-	-	9,852,164	9,852,164	(498,669)	(52,788)	-	(275,400)	9,025,307
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	(14,405)	(14,405)	-	14,405	-	-	-
BALANCE AT JUNE 30, 2020	11,234,756	$ 112,347,556	$ 6,776,136	$ 14,801,152	$ 56,207,034	$ 4,633,378	$ 9,837,759	$ 70,678,171	$ (3,874,979)	$ 993,938	$ 433,686	$ 18,091,888	$ 220,247,548
BALANCE AT JANUARY 1, 2021	12,256,209	$ 122,562,088	$ -	$ 17,363,236	$ 56,207,034	$ 4,633,378	$ 18,608,315	$ 79,448,727	$ (3,753,467)	$ 2,838,906	$ 676,599	$ 18,778,102	$ 237,914,191
Appropriation of the 2020 earnings													
Legal reserve	-	-	-	-	5,582,494	-	(5,582,494)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	(1,683,449)	1,683,449	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(14,709,270)	(14,709,270)	-	-	-	-	(14,709,270)
Changes in equity of associates and joint ventures accounted for using equity method	-	-	-	483	-	-	-	-	-	-	-	-	483
Net income for the six months ended June 30, 2021	-	-	-	-	-	-	9,387,340	9,387,340	-	-	-	375,411	9,762,751
Other comprehensive income (loss) for the six months ended June 30, 2021, net of income tax	-	-	-	-	-	-	-	-	(35,369)	1,397,160	-	(119,417)	1,242,374
Total comprehensive income (loss) for the six months ended June 30, 2021	-	-	-	-	-	-	9,387,340	9,387,340	(35,369)	1,397,160	-	255,994	11,005,125
Changes in ownership interest in subsidiaries	-	-	-	877,665	-	-	-	-	29,173	(36,753)	-	(870,085)	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	177,284	177,284	-	(177,284)	-	-	-
BALANCE AT JUNE 30, 2021	12,256,209	$ 122,562,088	$ -	$ 18,241,384	$ 61,789,528	$ 2,949,929	$ 9,564,624	$ 74,304,081	$ (3,759,663)	$ 4,022,029	$ 676,599	$ 18,164,011	$ 234,210,529

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

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2021	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 11,134,641	$ 11,933,750
Adjustments for:		
Depreciation expense	1,280,060	1,286,234
Amortization expense	434,042	410,570
Provision for bad-debt expense	1,638,217	2,063,893
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	172,433	(1,752,084)
Interest expense	9,502,693	14,539,143
Net gain on derecognition of financial assets at amortized cost	(320,394)	(17,629)
Interest income	(27,600,217)	(30,411,707)
Dividend income	(338,080)	(152,221)
Net change in provision for guarantee liabilities	14,745	(42,455)
Net change in other provisions	(194)	7,862
Share of loss of associates accounted for using the equity method	61,806	58,128
Loss on disposal of property and equipment	2,582	265
Gains on disposals of investments	(193,948)	(917,678)
Impairment loss of financial assets	133,550	26,851
Loss on fair value adjustment of investment properties	-	898
Other adjustments	553	10,339
Changes in operating assets and liabilities		
Decrease (increase) in due from the Central Bank and call loans to other banks	10,850,384	(19,180,860)
Decrease in financial assets at fair value through profit or loss	31,751,679	35,433,630
Decrease (increase) in financial assets at fair value through other comprehensive income	6,548,836	(45,607,761)
Increase in investments in debt instruments at amortized cost	(55,080,157)	(70,437,553)
Increase in securities purchased under resell agreements	(1,061,869)	(93,747)
Decrease in receivables	14,374,243	7,031,659
Increase in discounts and loans	(143,733,971)	(109,724,618)
Increase in other financial assets	(4,197,964)	(2,395,462)
Decrease (increase) in other assets	2,352,705	(9,712,410)
Increase in deposits from the Central Bank and other banks	40,724,509	43,836,123
Decrease in financial liabilities at fair value through profit or loss	(29,239,148)	(26,329,333)
Increase in securities sold under repurchase agreements	40,615,915	21,142,287
Increase (decrease) increase in payables	7,995,067	(1,509,851)
Increase in deposits and remittances	54,938,362	65,628,133
Increase in other financial liabilities	2,713,612	34,491,809
Increase in provisions for employee benefits	61,243	88,538
Decrease in other liabilities	(659,441)	(487,010)
Cash used in operations	(25,123,506)	(80,782,267)
Interest received	31,636,559	33,423,477
Dividends received	211,550	114,949

(Continued)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2021	**2020**
Interest paid	$ (9,268,488)	$ (14,840,767)
Income tax paid	(2,115,993)	(2,284,561)
Net cash used in operating activities	(4,659,878)	(64,369,169)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using the equity method	-	(2,008,000)
Acquisition of property and equipment	(492,513)	(436,110)
Proceeds from disposal of property and equipment	-	341
Acquisition of intangible assets	(228,852)	(93,134)
Net cash used in investing activities	(721,365)	(2,536,903)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in due to the Central Bank and other banks	-	593,920
Decrease in due to the Central Bank and other banks	(845,880)	-
Proceeds from issuing bank debentures	1,000,000	18,650,146
Repayments of bank debentures	(12,071,688)	(15,856,794)
Principal repayment of lease obligation	(703,750)	(682,299)
Cash dividends paid	(14,709,270)	(6,776,136)
Net cash used in financing activities	(27,330,588)	(4,071,163)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(674,877)	(1,359,540)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(33,386,708)	(72,336,775)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	171,549,763	201,138,079
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 138,163,055	$ 128,801,304

(Continued)

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

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

	June 30	
	2021	**2020**
Cash and cash equivalents in the consolidated balance sheets	$ 70,808,569	$ 80,338,231
Due from the Central Bank and call loans to other banks qualifying for cash and cash equivalents under the definition of IAS 7	63,120,216	39,113,020
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	4,234,270	9,350,053
Cash and cash equivalents in the consolidated statements of cash flows	$ 138,163,055	$ 128,801,304

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

1. GENERAL INFORMATION

TAIPEI FUBON COMMERCIAL BANK Co., Ltd. (the "Bank" or "Taipei Fubon Bank") began operations as a financial institution under the Taipei City Government ("TCG") in 1969. On July 1, 1984, it was reorganized into a limited liability corporation and was renamed City Bank of Taipei Co., Ltd. On January 1, 1993, the Bank was renamed TAIPEIBANK Co., Ltd. ("TAIPEIBANK"). On November 30, 1999, the Bank was privatized through the sale of its shares to the public, with TCG's holdings reduced to less than 50% of the Bank's outstanding capital stock. In a special meeting on October 4, 2002, the shareholders approved a share swap, which resulted in the Bank becoming a wholly-owned subsidiary of the Fubon Financial Holdings Company ("FFH"). The board of directors designated December 23, 2002 as the effective date of the share swap and the delisting of the Bank's stock from the Taiwan Stock Exchange.

To fully benefit from the synergy of the two diversified businesses and reduce operating costs, the boards of directors of the Bank and Fubon Bank Co., Ltd. ("Fubon Bank", also a wholly-owned subsidiary of FFH) decided on January 1, 2005 to combine these two entities. On January 1, 2005, the Bank acquired the assets and liabilities of Fubon Bank through a share swap and changed its name to TAIPEI FUBON COMMERCIAL BANK Co., Ltd.

On September 20, 2006, the boards of directors of the Bank and Fubon Bills Finance Co., Ltd. ("FBFC") decided to merge the Bank and FBFC to strengthen their operating synergies and lower operating costs, with the Bank as the surviving entity. The Bank set December 25, 2006 as the effective date of the merger.

Later, under the terms and conditions of the "Sale and Assumption Agreement" signed by the Bank, Chinfon Commercial Bank Co., Ltd. ("Chinfon Bank"), the Central Deposit Insurance Corp. and the Executive Yuan's Financial Reconstruction Trust Corporation on October 30, 2009, the Bank assumed the assets, liabilities and businesses of the Hanoi branch and Ho Chi Minh City sub branch of Chinfon Bank, effective on March 6, 2010, with the relevant authorities' approval and then completed the settlement procedure.

On December 31, 2013, the Bank acquired 10% equity interest in First Sino Bank ("FSB", which was renamed Fubon Bank (China) in April 2014). Fubon Bank (China) is the joint venture bank founded by the Shanghai Pudong Development Bank and Lotus Worldwide Ltd. on March 20, 1997 in Shanghai Pudong in accordance with "Regulations Governing Foreign Financial Institutions in the People's Republic of China" and acquired an additional 41% equity interest on January 7, 2014. With the Bank's 51% interest in FSB, the Bank became FSB's parent company. On June 28, 2021, the Bank acquired additional equity interest again, with FFH and the Bank's 42.08% and 57.92% interest in FSB.

The boards of directors of the Bank and Taipei Fubon Bank Life Insurance Agency Co., Ltd. decided to merge the Bank and Taipei Fubon Bank Life Insurance Agency Co., Ltd. to strengthen their operating synergies, with the Bank as the surviving entity. The Bank has set April 29, 2016 as the effective date of the merger.

On December 9, 2020, the Bank established TFB Capital Co., Ltd., which is a subsidiary of the Bank with 100% equity interest.

Under its business license, the Bank engages in all commercial banking operations authorized under the Banking Act.

As of June 30, 2021, the Bank had a trust department, an offshore banking unit ("OBU"), 135 domestic branches (including a business department), 5 overseas branches and 1 preparatory office.

The operations of the Bank's Trust Department include: (1) planning, managing and operating a trust business; and (2) custodianship of nondiscretionary trust funds in local and foreign securities and mutual funds. These operations are regulated under the Banking Act and Trust Law.

Fubon Bank (China) mainly renders foreign currency and RMB services to customers. As of June 30, 2021, Fubon Bank (China) had its headquarters and 26 branches (including preparatory offices) within mainland China.

The Bank's ultimate parent is FFH, which holds all the ordinary shares of the Bank.

The functional currency of the Bank is the New Taiwan dollar, and the consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Bank's board of directors on August 13, 2021.

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

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

   Except for the following explanations, the application of the revised IFRSs approved and issued by the Financial Services Commission will not cause major changes in the accounting policies of the Bank and its subsidiaries:

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

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

   For the hedging relationships that are subject to the reform, the Group applies the following temporary exceptions:

   1) The changes to the hedging relationship that are needed to reflect the changes required by the reform are treated as a continuation of the existing hedging relationship.

   2) After a cash flow hedging relationship is amended, the amount accumulated in the gain/(loss) on hedging instruments of cash flow hedge is deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

   3) The Group allocates the hedged items of a group hedge that is subject to the reform to subgroups based on whether the hedged items have been changed to reference an alternative benchmark rate, and designates the hedged benchmark rate separately.

4) If an alternative benchmark rate that is reasonably expected to be separately identifiable within a period of 24 months, the Group designates the rate as a non-contractually specified risk component.

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

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

Note 1: The amendments to IFRS 9 are applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" are applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" are applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

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

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

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

Note 2: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

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

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

1) Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Bank and its subsidiaries should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Bank and its subsidiaries may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a) The Bank and its subsidiaries changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Bank and its subsidiaries chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Bank and its subsidiaries is required to make significant judgements or assumptions in applying an accounting policy, and the Bank and its subsidiaries discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

2) Amendments to IAS 8 "Definition of Accounting Estimates"

The amendments define that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Bank and its subsidiaries may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Bank and its subsidiaries uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

In addition to the above effects, as of the date the consolidated financial statements were authorized for issue, the Bank and its subsidiaries are continuously assessing the possible impact that the application of other standards and interpretations will have on financial position and financial performance that will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks, the guidelines issued by the authority, and IAS 34 "Interim Financial Reporting" as endorsed and issued by the FSC. This interim consolidated financial report does not contain all IFRSs disclosure information as required by the entire annual financial report.

Basis of Preparation

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

The fair value measurements are grouped into Levels 1 to 3, described below, on the basis of the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety.

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

b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

c. Level 3 inputs are unobservable inputs for the assets or liabilities.

Classification of Current and Non-current Assets and Liabilities

Since the Bank's accounts are a major part of the consolidated accounts and the operating cycle in the banking industry is harder to determine, accounts included in the consolidated financial statements of the Bank and its subsidiaries were not classified as current or non-current. Nevertheless, accounts were properly categorized in accordance with the nature of each account and sequenced by their liquidity. Refer to Note 54 for the maturity analysis of assets and liabilities.

Basis of Consolidation

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

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

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

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

When the Bank's changes in the ownership and equity of the subsidiary do not result in the loss of control, it is treated as an equity transaction. The carrying amount of the bank and non-controlling interests has been adjusted to reflect changes in its relative equity in subsidiaries. The difference between the adjustment amount of non-controlling interests and the fair value of the consideration paid or received is directly recognized as equity and attributable to the Bank.

See Note 15 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

Foreign Currencies

In the preparation of the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising from settlement are recognized in profit or loss in the period in which they arise. Exchange differences on monetary items arising from translation are recognized in profit or loss in the period in which they arise, but cash flow hedges or effective portions of the hedging of net investments in foreign operations are recognized in other comprehensive income.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss. When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income.

Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Bank's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Bank and non-controlling interests as appropriate).

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, time deposits that can be readily terminated without the reduction of principal, and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows, cash and cash equivalents include cash and cash equivalents in balance sheets, and those amounts due from the Central Bank and call loans to other banks and securities purchased under resell agreements that meet the definition of cash and cash equivalents under IAS 7 "Statement of Cash Flows", etc.

Investments in Associates

An associate is an entity over which the Bank and its subsidiaries have significant influence and that is neither a subsidiary nor an interest in a joint venture.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Bank and its subsidiaries' share of the associate's profit or loss and other comprehensive income. The Bank and its subsidiaries also recognize the changes in the Bank and its subsidiaries' share of equity of the associates.

Any acquisition cost in excess of the Bank and its subsidiaries' share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included in the carrying amount of the investment and is not amortized. The Bank and its subsidiaries' share of the net fair value of the identifiable assets and liabilities in excess of the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

Financial Instruments

Financial assets and financial liabilities are recognized when the Bank and its subsidiaries become parties to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

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

1) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, financial assets at amortized cost and investments in debt instruments and equity instruments at fair value through other comprehensive income.

a) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such a financial asset is mandatorily classified or designated as at fair value through profit or loss. Financial assets mandatorily classified as at fair value through profit or loss include investments in equity instruments which are not designated as at fair value through other comprehensive income and debt instruments that do not meet the amortized cost criteria or the fair value through other comprehensive income criteria.

A financial asset may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at fair value through profit or loss are subsequently measured at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 53.

b) Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

c) Investments in debt instruments at fair value through other comprehensive income

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income:

i. The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial asset; and

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

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

d) Investments in equity instruments at fair value through other comprehensive income

On initial recognition, the Bank and its subsidiaries may make an irrevocable election to designate investments in equity instruments as at fair value through other comprehensive income. Designation as at fair value through other comprehensive income is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Bank and its subsidiaries' right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Bank and its subsidiaries recognize a loss allowance for expected credit losses on financial assets at amortized cost, and impairment loss in debt instruments investments that are measured at fair value through other comprehensive income. For all other financial instruments, the Bank and its subsidiaries recognize lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Bank and its subsidiaries measure the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

A loss allowance for full lifetime expected credit losses is required for certain trade receivables that do not constitute a financing transaction.

The Bank and its subsidiaries recognize an impairment loss on all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

Under the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" (the "Regulations") issued by the authorities, the Bank assesses the recoverability of credit assets on the basis of a customer's financial position, delinquency in interest or principal payments, and the Bank's internal valuation of collaterals.

Under the Regulations, the Bank categorizes credit assets (other than loans to the ROC government) into normal, special mention, substandard, doubtful, and loss, for which minimum provisions are 1%, 2%, 10%, 50%, and 100%, respectively. In addition, under FSC guidelines No. 10010006830, there should be a provision of more than 1% of the sum of a minimum allowance for credit losses and the provision for losses on guarantees. Based on Rule No. 10300329440 issued by the FSC, for the banks to have enhanced risk coverage, the minimum provision for the loan loss reserve is 1.5% of the mortgage and construction loans that have been classified as normal assets. Based on Rule No. 10410001840 issued by the FSC, for the Bank to have an enhanced control of the exposure to risk in mainland China, the minimum provision for the loan loss reserve is 1.5% of the loans that were granted to companies based in mainland China and classified as normal assets.

Under the loan risk classification guidelines of the China Banking Insurance Regulatory Commission (CBIRC), Fubon Bank (China) classifies its credit assets into normal, concern, subprime, doubtful, and losses. Based on the notice of the CBIRC in 2021 and 2020, the minimum provision requirements for loan loss coverage are 1.5% and 1.8%, respectively, and the minimum allowances for bad debts are 120% and 130%, respectively. Thus, Fubon Bank (China) assesses its credit assets for both individual and collective impairment and complies with these ratio requirements for its minimum reserve.

Credits deemed uncollectible may be written off if the write-off is approved by the board of directors. Recoveries of amounts previously written off are credited to the allowance account.

3) Derecognition of financial assets

The Bank and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Bank and its subsidiaries neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Bank and its subsidiaries recognize their retained interest in the asset and an associated liability for amounts they may have to pay. If the Bank and its subsidiaries retain substantially all the risks and rewards of ownership of a transferred financial asset, the Bank and its

subsidiaries continue to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

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

On the partial derecognition of a financial asset (e.g., when the Bank and its subsidiaries retain an option to repurchase part of a transferred asset), the Bank and its subsidiaries allocate the previous carrying amount of the financial asset between the part they continue to recognize under continuing involvement and the part they no longer recognize on the basis of the respective fair value of these parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part that is no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of their respective fair value.

b. Equity instruments

Debt and equity instruments issued by the Bank and its subsidiaries are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and whether the instruments meet the definitions of a financial liability or an equity instrument.

Equity instruments issued by the Bank and its subsidiaries are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Bank's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of these repurchased instruments.

c. Financial liabilities

1) Subsequent measurement

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

a) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liabilities are either held for trading or are designated as at fair value through profit or loss.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability.

A financial liability may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

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

ii. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis, in accordance with Bank and its subsidiaries' documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

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

For a financial liability designated as at fair value through profit or loss, the amount of changes in fair value attributable to changes in the credit risk of the liability is presented in other comprehensive income and will not be subsequently reclassified to profit or loss. The remaining amount of changes in the fair value of that liability which incorporates any interest or dividend paid on the financial liability is presented in profit or loss. The gain or loss accumulated in other comprehensive income will be transferred to retained earnings when the financial liabilities are derecognized. If this accounting treatment related to credit risk would create or enlarge an accounting mismatch, all changes in fair value of the liability are presented in profit or loss. Fair value is determined in the manner described in Note 53.

b) Financial guarantee contracts

Financial guarantee contracts issued by the Bank and its subsidiaries, if not designated as at fair value through profit or loss, are subsequently measured at the higher of the amount of the loss allowance reflecting expected credit losses, and the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the revenue recognition policies, and assessed according to the minimum standard stipulated by "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans".

2) Derecognition of financial liabilities

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

d. Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset host that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at fair value through profit or loss.

Hedge Accounting

The Bank and its subsidiaries designate certain hedging instruments, which include derivatives, embedded derivatives and nonderivatives in respect of foreign currency risk, as fair value hedges.

At the start of a hedge relationship, the Bank and its subsidiaries document the relationship between the hedging instrument and the hedged item, along with their risk management objectives and their strategy for undertaking various hedge transactions. Further, at the start of the hedge and on an ongoing basis, the Bank and its subsidiaries document whether the hedging instrument is highly effective in offsetting the exposure to adverse changes in fair value or cash flows of the hedged item. Note 11 sets out the details of the fair value of the derivative instruments used for hedging purposes.

Fair value hedges

The change in the fair value of the hedging instrument (e.g., derivative) and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

The Bank and its subsidiaries discontinue hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated or exercised. The fair value adjustment to the carrying amount of the hedged instrument, for which the effective interest method is used is amortized to profit or loss from the date of the discontinuation of hedge accounting. The adjustment is based on the recalculated effective interest rate at the date amortization begins.

Repurchase and Resell Transactions

Securities under repurchase or resell agreements are accounted for as securities sold under repurchase agreements or securities purchased under resell agreements. Related interest expenses and interest income are accrued over the period from the date of sale to the date of repurchase or from the date of purchase to the date of resell.

Property and Equipment

Property and equipment (P&E) are stated at cost, less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method. Each part of a P&E item with a cost that is significant in relation to the total cost of the item is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for prospectively.

On derecognition of an item of property and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

Investment Properties

Investment properties are properties held for earning rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including transaction costs, and are subsequently measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which these changes arise.

The decision of the Bank and its subsidiaries to transfer items of property into or out of the classification as investment properties depends on the actual use of the assets. The value of a piece of property classified as investment properties should be based on its fair value assessment when transferring it to investment properties and it should be reclassified appropriately. For a transfer of classification from investment properties to property, plant and equipment, the deemed cost of an item of property for subsequent accounting is its fair value. When property and equipment is adjusted to be recognized as investment properties, the difference between the original carrying amount and the fair value is recognized in other comprehensive income.

On derecognition of an item of investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as of the date of acquisition less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the cash-generating units of the Bank and its subsidiaries that are expected to benefit from the synergies resulting from the business acquisition.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually-or more frequently when there is an indication that the unit may be impaired-by comparing its carrying amount, including the allocated goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit has been acquired in a business combination during the current annual period, this unit should be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is first used to reduce the carrying amount of any goodwill allocated to the unit and the rest of the impairment loss is then allocated to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss on goodwill is recognized directly in profit or loss, and is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the respective values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

a. Intangible assets acquired separately

   Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for prospectively. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

b. Intangible assets acquired in a business combination

   Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value (which is regarded as their cost) at the acquisition date. After initial recognition, these are measured on the same basis as intangible assets that are acquired separately.

c. Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

Impairment of Property and Equipment, Right of Use and Intangible Assets Other than Goodwill

At the end of each reporting period, the Bank and its subsidiaries review the carrying amounts of their property and equipment, right of use tangible and intangible assets, excluding goodwill, to determine if there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated. When it is not possible to estimate the recoverable amount of an individual asset, the Bank and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication of asset impairment.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit and loss.

When an impairment loss reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Employee Benefits

a. Short-term employee benefits

Liabilities recognized for short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related employee services.

b. Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

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

c. Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for the defined benefit plan, except that remeasurement is recognized in profit or loss.

d. Employee benefit - employees' preferential deposits

The Bank has granted a preferential interest rate to its current employees and retired employees for their deposits within a prescribed amount. The preferential interest rate in excess of market interest rate is considered employee benefits.

Under Article 30 of the "Regulations Governing the Preparation of Financial Reports by Public Banks", if the Bank's preferential deposit interest rate for an employee as stated in the employment contract exceeds the market interest rate, the excess would be subject to IAS 19 "Employee Benefits" upon the employees' retirement. The actuarial valuation assumptions and parameters are based on the guidelines announced by the authorities.

Income Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

a. Current tax

The bank determines current year's tax provision in accordance with the laws and regulations established by each jurisdiction for income tax reporting, and calculates the tax liabilities accordingly.

Based on the Income Tax Law, an additional tax rate on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is calculated on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used.

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

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

c. Current and deferred taxes for the period

Current and deferred taxes are recognized in profit or loss, but taxes that relate to items recognized in other comprehensive income or directly in equity are also recognized in other comprehensive income or directly in equity respectively.

Recognition of Interest Income and Interest Expense

Except for financial assets and liabilities at fair value through profit or loss, all interest-earning financial assets and interest-bearing financial liabilities are accrued using the effective interest rate method and are accounted for as interest income and interest expense in the consolidated statement of comprehensive income.

Recognition of Service Fee Income and Service Fee Expense

Service fee income and expense are recognized when loans or other services are provided. Service fees on significant projects are recognized when the project has been completed, for instance, loan syndication fees are recognized as revenue when the syndication has been completed. If service fee income and expense are related to provide service on loans, service fee income and expense are either recognized over the period that service is performed or as an adjustment to the effective interest rate on the loans and receivables, mainly depending on the materiality of these loans.

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

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

Current non-controlling interests, which entitle their holders to a proportionate share of an acquiree's net assets in the event of liquidation, may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

Leases

The bank and its subsidiaries determines whether contracts are, or contain a lease at the inception of a contract.

For a contract that contains a lease component and non-lease components, The Bank and its subsidiaries allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

a. The Bank and its subsidiaries as lessor

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

Under operating leases, lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Bank and its subsidiaries assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Bank and its subsidiaries. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

b. The Bank and its subsidiaries as lessee

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

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

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

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

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

The Bank and its subsidiaries' considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

a. Estimated impairment loss on discounts and loans

Estimated impairment loss on discounts and loans was based on the assumptions about the probability of default and the expected loss rate made by the Bank and its subsidiaries. The Bank and its subsidiaries considered historical experience, existing market conditions, and forward-looking estimates in making the assumptions and in choosing the inputs to the impairment assessment. Refer to Note 54 for related information about material assumptions adopted. When the actual cash flows in the future are less than expected, a material impairment loss may arise.

b. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and to use a discount rate suited to the calculation of the present value of the cash flows. When the actual future cash flows are less than expected or changes in circumstances lead to downward revision of future cash flow or upward revision of discount rate, a material impairment loss may arise.

c. Impairment of investments in associates

The Bank and its subsidiaries immediately recognizes impairment losses on its net investment in an associate when there is an indication that the investment may be impaired and the carrying amount may not be recoverable. The Bank and its subsidiaries' management evaluates the impairment based on the estimated future cash flows expected to be generated by the associate. The Bank and its subsidiaries also takes into consideration market conditions and industry development when evaluating the appropriateness of the relevant assumptions.

6. CASH AND CASH EQUIVALENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Cash on hand	$ 5,924,083	$ 7,095,145	$ 6,303,461
Due from other banks, net	63,653,722	74,501,323	72,422,735
Notes and checks for clearing	1,230,764	1,516,208	1,612,035
	$ 70,808,569	$ 83,112,676	$ 80,338,231

Cash and cash equivalents are assessed for impairment using the approach similar to those used for investments in debt instruments. The Bank and its subsidiaries consider their cash and cash equivalents to have low credit risk, so their loss allowance evaluation is on a 12-month expected credit loss basis. As of June 30, 2021, December 31, 2020 and June 30, 2020, a loss allowance of $37,922 thousand, $33,203 thousand and $11,681 thousand was recognized.

Refer to the consolidated statements of cash flows for the reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of June 30, 2021 and 2020. The adjustments as of December 31, 2020 are as follows:

For the consolidated statements of cash flows, cash and cash equivalents include the accounts listed below:

	December 31, 2020
Cash and cash equivalents on the balance sheets	$ 83,112,676
Due from the Central Bank and call loans to other banks qualifying as cash and cash equivalents based on the definition of IAS 7 "Statement of Cash Flows"	74,593,292
Securities purchased under resell agreements qualifying as cash and cash equivalents based on the definition of IAS 7 "Statement of Cash Flows"	13,843,795
Cash and cash equivalents in the consolidated statements of cash flows	$ 171,549,763

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

	June 30, 2021	December 31, 2020	June 30, 2020
Call loans to banks, net	$ 146,681,354	$ 172,998,424	$ 166,928,621
Deposit reserves	101,123,694	98,101,432	113,686,274
Due from the Central Bank - others	13,106,119	12,129,460	12,518,985
	$ 260,911,167	$ 283,229,316	$ 293,133,880

Under a directive issued by the Central Bank of the Republic of China, the New Taiwan dollar (NTD) denominated deposit reserves are determined by applying a prescribed percentage to the average monthly balances of customers' deposits denominated in NTD. As of June 30, 2021, December 31, 2020 and June 30, 2020, deposit reserves for checking accounts amounted to $21,153,429 thousand, $20,231,066 thousand and $42,030,295 thousand, respectively, and the required deposit reserves amounted to $43,428,920 thousand, $40,703,283 thousand and $40,795,784 thousand, respectively. The deposit reserves for checking accounts are not interest bearing and may be withdrawn anytime. The required deposit reserves are subject to withdrawal restrictions. In addition, foreign-currency deposit reserves are determined at a prescribed percentage of the balances of foreign-currency deposits. These reserves may be withdrawn anytime but bear no interests.

Fubon Bank (China) uses the ending balance of deposits at the end of the month or certain balances reached the average of 10-day periods as basis for making provisions, as required under the regulations of the People's Bank of China.

The Bank and its subsidiaries assess the allowances for due from the Central Bank and call loans to other banks with the expected credit loss model. The assessment method is the same as for the debt instrument investment (refer to Note 54).

Due to the low credit risk of due from the Central Bank and call loans to other banks, the allowance is recognized as 12-month expected credit losses. As of June 30, 2021, December 31, 2020 and June 30, 2020, allowances of $0 thousand, $5,310 thousand and $0 thousand were recognized from the deposits in the Central Bank and call loans to other banks, respectively.

The deposits in the Central Bank and call loans to other banks pledged as collateral are disclosed in Note 49.

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets mandatorily measured as at fair value through profit or loss			
Convertible corporate bonds	$ 16,290,692	$ 8,939,975	$ 6,996,990
Commercial paper	13,468,172	26,088,827	43,976,864
Government bonds	12,678,304	6,042,431	13,836,464
Corporate bonds	4,180,399	7,137,390	13,662,255
Bank debentures	3,878,393	5,361,843	9,468,745
Others	6,400,199	10,491,949	9,867,866
	56,896,159	64,062,415	97,809,184
Derivatives			
Currency swap contracts	20,000,802	32,080,617	10,897,740
Others	7,206,242	9,744,023	7,805,262
	27,207,044	41,824,640	18,703,002
Financial assets at fair value through profit or loss	$ 84,103,203	$ 105,887,055	$ 116,512,186
Held-for-trading financial liabilities			
Bonds and securities lending	$ -	$ -	$ 348,441
Derivatives			
Currency swap contracts	19,548,164	38,158,664	13,860,601
Interest rate swap contracts	3,042,028	3,629,602	4,006,771
Cross-currency swap contracts	2,556,711	3,145,698	2,247,931
Option contracts	1,763,018	875,371	655,473
Others	1,233,802	1,168,710	767,094
	28,143,723	46,978,045	21,537,870
Financial liabilities at fair value through profit or loss	$ 28,143,723	$ 46,978,045	$ 21,886,311

The Bank and its subsidiaries engage in derivative transactions mainly to accommodate customers' needs, manage their exposure positions, and meet their funding needs in different currencies.

The contract (notional) amounts of the Bank and its subsidiaries' outstanding derivative financial instruments as of June 30, 2021, December 31, 2020 and June 30, 2020 are summarized as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Currency swap contracts	$ 2,749,778,921	$ 2,861,902,737	$ 3,005,617,443
Interest rate swap contracts	795,876,278	804,795,655	888,940,153
Forward contracts	176,762,270	95,449,344	121,324,878
Cross-currency swap contracts	117,781,278	182,424,190	173,166,192
Option contracts	81,666,051	61,511,983	60,555,192
Equity swap contracts	7,957,929	7,095,038	7,048,563
Commodity swap contracts	170,826	186,353	293,262
Futures contracts	490,462	6,885,445	62,811,835

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2021	December 31, 2020	June 30, 2020
Investments in equity instruments at fair value through comprehensive income	$ 26,075,431	$ 16,239,519	$ 13,760,165
Investments in debt instruments at fair value through comprehensive income	178,380,703	193,567,418	201,024,813
	$ 204,456,134	$ 209,806,937	$ 214,784,978

a. Investments in equity instruments at fair value through comprehensive income

	June 30, 2021	December 31, 2020	June 30, 2020
Listed shares and emerging market shares	$ 16,914,334	$ 9,532,570	$ 7,654,255
REITs	7,137,279	4,847,636	4,367,214
Unlisted shares	2,023,818	1,859,313	1,738,696
	$ 26,075,431	$ 16,239,519	$ 13,760,165

Since the Bank and its subsidiaries hold part of the equity instruments for the purpose of strategic investment instead of for trading, the management elected to designate these investments in equity instruments as at fair value through other comprehensive income.

For the six months ended 2021 and 2020, the Bank and its subsidiaries sold part of their shares designated as at fair value through other comprehensive income in order to manage and adjust the investment portfolio. The sold shares had fair values of $1,410,153 thousand and $281,268 thousand, respectively. The Bank and its subsidiaries transferred a gain of $194,114 thousand and a loss of $14,405 thousand from other equity to retained earnings.

Dividends income generated from investments the Bank and its subsidiaries held at the end of the reporting period or derecognized in the reporting period are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Dividend income				
Held at the end of the reporting period	$ 245,903	$ 121,844	$ 333,095	$ 152,005
Derecognized in the reporting period	4,985	216	4,985	216
	$ 250,888	$ 122,060	$ 338,080	$ 152,221

b. Investments in debt instruments at fair value through comprehensive income

	June 30, 2021	December 31, 2020	June 30, 2020
Bank debentures (Note 11)	$ 73,439,572	$ 86,871,992	$ 67,579,355
Corporate bonds (Note 11)	49,976,292	43,343,624	37,605,392
Government bonds (Note 11)	49,793,443	59,642,269	58,924,686
Negotiable certificates of deposits	1,192,970	1,261,035	36,472,716
Others	3,978,426	2,448,498	442,664
	$ 178,380,703	$ 193,567,418	$ 201,024,813

Refer to Note 54 for information relating to the credit risk management and impairment of debt instruments at fair value through other comprehensive income.

Investments in debt instruments at fair value through other comprehensive income sold under repurchase agreements are disclosed in Note 26.

10. INVESTMENTS IN DEBT INSTRUMENTS MEASURED AT AMORTIZED COST

	June 30, 2021	December 31, 2020	June 30, 2020
Negotiable certificates of deposits	$ 335,357,697	$ 335,324,206	$ 293,172,742
Corporate bonds (Note 11)	191,891,518	175,506,113	180,126,214
Bank debentures (Note 11)	163,526,003	146,740,162	135,564,820
Government bonds (Note 11)	89,903,996	81,745,461	83,203,597
Others	32,296,172	19,731,424	12,893,802
	812,975,386	759,047,366	704,961,175
Less: Allowance for impairment loss	553,376	469,322	434,610
	$ 812,422,010	$ 758,578,044	$ 704,526,565

Refer to Note 54 for information relating to the credit risk management and impairment of investments in debt instruments measured at amortized cost.

Investments in debt instruments measured at amortized cost sold under repurchase agreements are disclosed in Note 26, and those pledged as collateral are disclosed in Note 49.

11. FINANCIAL INSTRUMENTS FOR HEDGING

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets for hedging			
Fair value hedge - interest rate swap	$ 1,764,904	$ 2,104,144	$ 2,521,900
Financial liabilities for hedging			
Fair value hedge - interest rate swap	$ 7,221,318	$ 8,994,438	$ 11,152,063

Fair Value Hedges

The Bank and its subsidiaries are exposed to the risk of adverse fair value fluctuations due to changes in interest rates for the government bonds, corporate bonds, bank debentures included in available-for-sale financial assets and bank debentures issued. Since the risk is considered material, the Bank and its subsidiaries enter into interest rate swap contracts to hedge against this risk.

The following tables summarize the information relating to the hedges for interest rate risk.

June 30, 2021

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
				Asset	Liability	
Fair value hedge						
Interest rate swap contracts	$ 164,419,190	2021.07.14-2050.02.15	Financial assets and liabilities for hedging	$ 1,764,904	$ 7,221,318	$ 1,324,227

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		Change in Value Used for Calculating Hedge Ineffectiveness
	Asset	Liability	Asset	Liability	
Fair value hedge					
Bank debentures	$ -	$ 61,704,744	$ -	$ 1,552,579	$ 495,888
Financial assets at fair value through other comprehensive income - government bonds	293,408	-	12,040	-	(358,055)
Financial assets at fair value through other comprehensive income - corporate bonds	296,970	-	13,371	-	(56,399)
Financial assets at fair value through other comprehensive income - bank debentures	2,635,234	-	65,181	-	(57,838)
Financial assets at amortized cost - government bonds	13,012,892	-	1,683,021	-	1,024,801
Financial assets at amortized cost - corporate bonds	80,309,704	-	4,498,123	-	(2,039,526)
Financial assets at amortized cost - bank debentures	19,197,668	-	737,722	-	(333,677)

December 31, 2020

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
				Asset	Liability	
Fair value hedge						
Interest rate swap contracts	$ 169,465,515	2021.01.25-2050.02.15	Financial assets and liabilities for hedging	$ 2,104,144	$ 8,994,438	$ (6,080,282)

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		Change in Value Used for Calculating Hedge Ineffectiveness
	Asset	Liability	Asset	Liability	
Fair value hedge					
Bank debentures	$ -	$ 69,598,504	$ -	$ 2,058,565	$ (838,499)
Financial assets at fair value through other comprehensive income - government bonds	2,132,508	-	370,712	-	402,952
Financial assets at fair value through other comprehensive income - corporate bonds	1,387,985	-	70,131	-	75,066
Financial assets at fair value through other comprehensive income - bank debentures	3,429,000	-	124,194	-	127,070
Financial assets at amortized cost - government bonds	6,889,693	-	680,836	-	732,602
Financial assets at amortized cost - corporate bonds	81,951,431	-	6,621,026	-	4,704,957
Financial assets at amortized cost - bank debentures	18,399,350	-	1,082,948	-	867,286

June 30, 2020

Hedging Instrument	Notional Amount	Maturity	Line Item in Balance Sheet	Carrying Amount		Change in Value Used for Calculating Hedge Ineffectiveness
				Asset	Liability	
Fair value hedge						
Interest rate swap contracts	$ 173,591,794	2020.07.30-2049.11.15	Financial assets and liabilities for hedging	$ 2,521,900	$ 11,152,063	$ (7,465,207)

Hedged Items	Carrying Amount		Accumulated Amount of Fair Value Adjustments		Change in Value Used for Calculating Hedge Ineffectiveness
	Asset	Liability	Asset	Liability	
Fair value hedge					
Bank debentures	$ -	$ 73,164,905	$ -	$ 2,485,615	$ (1,210,441)
Financial assets at fair value through other comprehensive income - government bonds	2,703,902	-	693,234	-	703,285
Financial assets at fair value through other comprehensive income - corporate bonds	1,086,965	-	66,512	-	67,145
Financial assets at fair value through other comprehensive income - bank debentures	3,396,493	-	163,460	-	160,462
Financial assets at amortized cost - government bonds	4,016,019	-	515,007	-	541,594
Financial assets at amortized cost - corporate bonds	87,029,838	-	8,371,627	-	6,145,492
Financial assets at amortized cost - bank debentures	18,398,141	-	1,306,068	-	1,047,954

Comprehensive Income	Gains or Losses on Ineffective Hedge Recognized in Comprehensive Income				Comprehensive Income Statement Line Item of Hedge
	For the Three Months Ended June 30		For the Six Months Ended June 30		
	2021	2020	2021	2020	2021
Fair value hedge					
Bank debentures	$ (824)	$ (214)	$ (579)	$ (9,716)	Financial assets and liabilities at fair value through profit or loss

12. SECURITIES PURCHASED UNDER RESELL AGREEMENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Corporate bonds	$ 2,528,652	$ 1,667,487	$ 7,177,601
Bank debentures	2,239,477	7,712,502	2,266,199
Government bonds	728,784	19,039	-
Commercial paper	-	4,661,202	-
	5,496,913	14,060,230	9,443,800
Less: Allowance for impairment loss	1,999	17,659	-
	$ 5,494,914	$ 14,042,571	$ 9,443,800
Dates of resell agreements	2021.07.01-2021.09.28	2021.01.04-2021.03.29	2020.07.01-2020.09.08
Amounts of resell agreements	$ 5,501,217	$ 14,046,231	$ 9,445,364

13. RECEIVABLES, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Credit card receivables	$ 48,683,164	$ 54,247,374	$ 44,848,911
Accounts receivable - factoring	16,831,627	17,661,731	19,415,952
Acceptances	13,050,721	19,382,924	24,014,553
Interest receivables	10,382,437	12,590,333	11,834,296
Accounts receivable	3,533,390	6,217,568	4,316,711
Others	2,652,436	2,240,445	2,875,809
	95,133,775	112,340,375	107,306,232
Less: Allowance for impairment loss	576,151	839,435	629,304
	$ 94,557,624	$ 111,500,940	$ 106,676,928

The Bank and its subsidiaries have accrued an allowance for impairment loss on receivables. Refer to Note 54 for information relating to the credit risk management and impairment of receivables.

14. DISCOUNTS AND LOANS, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Discounts and overdrafts	$ 314,858	$ 358,590	$ 657,138
Accounts receivable - financing	2,915,807	3,197,847	3,065,183
Short-term loans	366,292,094	323,200,868	355,245,352
Short-term secured loans	147,806,797	125,723,268	108,350,233
Medium-term loans	305,470,644	288,915,899	289,852,063
Medium-term secured loans	205,124,246	191,093,409	182,298,597
Long-term loans	24,690,537	25,933,223	44,161,121
Long-term secured loans	743,150,976	694,729,883	631,642,737
Import and export bill negotiation	1,992,046	1,740,223	2,505,206
Nonperforming loans transferred from loans	3,405,919	3,011,333	4,100,352
	1,801,163,924	1,657,904,543	1,621,877,982
Less: Allowance for impairment loss	22,572,258	21,937,164	21,718,435
Less: Adjustments of premium and discount	501,081	559,145	609,836
	$ 1,778,090,585	$ 1,635,408,234	$ 1,599,549,711

The Bank and its subsidiaries have an allowance for impairment loss on discounts and loans. Refer to Note 54 for information relating to the credit risk management and impairment of discounts and loans.

15. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Percentage of Ownership June 30, 2021	December 31, 2020	June 30, 2020
TAIPEI FUBON Bank	Fubon Bank (China)	Bank	57.92%	51.00%	51.00%
TAIPEI FUBON Bank	TFB Capital Co., Ltd.	Venture Investment	100.00%	100.00%	-

On June 28, 2021, the Bank participated in issuance of ordinary shares of cash by RMB1,000,000 thousand by Fubon Bank (China), and its shareholding ratio increased from 51% to 57.92%. The Bank has invested $2,000,000 thousand and held 100% of the shares in TFB Capital Co., Ltd. The company was established on December 9, 2020.

b. Material non-controlling interests

Subsidiary	Principal Place of Business	Percentage of Ownership and Voting Rights Held by Non-controlling Interests June 30, 2021	December 31, 2020	June 30, 2020
Fubon Bank (China)	China	42.08%	49.00%	49.00%

Subsidiary	Profit Allocated to Non-controlling Interests: For the Three Months Ended June 30 2021	2020	For the Six Months Ended June 30 2021	2020	Accumulated Non-controlling Interests: June 30, 2021	December 31, 2020	June 30, 2020
Fubon Bank (China)	$ 205,009	$ 364,941	$ 375,411	$ 540,058	$ 18,164,011	$ 18,778,102	$ 18,091,888

The summarized financial information below represents amounts before intragroup eliminations, and reflects effects of acquisition using the acquisition method.

Fubon Bank (China)

	June 30, 2021	December 31, 2020	June 30, 2020
Total assets	$ 568,517,380	$ 552,782,747	$ 515,395,868
Total liabilities	(523,570,974)	(512,659,083)	(476,743,253)
Equity	$ 44,946,406	$ 40,123,664	$ 38,652,615
Equity attributable to:			
Owners of the Bank	$ 26,782,395	$ 21,345,562	$ 20,560,727
Non-controlling interests	18,164,011	18,778,102	18,091,888
	$ 44,946,406	$ 40,123,664	$ 38,652,615

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Total net revenue	$ 1,775,100	$ 2,136,368	$ 3,325,246	$ 3,916,503
Net income for the period	$ 418,388	$ 744,777	$ 766,146	$ 1,102,159
Other comprehensive income loss for the period	(105,011)	(1,525,457)	(264,684)	(1,718,522)
Total comprehensive income (loss) for the period	$ 313,377	$ (780,680)	$ 501,462	$ (616,363)
Net income attributable to:				
Owners of the Bank	$ 213,379	$ 379,836	$ 390,735	$ 562,101
Non-controlling interests	205,009	364,941	375,411	540,058
	$ 418,388	$ 744,777	$ 766,146	$ 1,102,159
Total comprehensive income (loss) attributable to:				
Owners of the Bank	$ 152,390	$ (411,921)	$ 245,468	$ (340,963)
Non-controlling interests	160,987	(368,759)	255,994	(275,400)
	$ 313,377	$ (780,680)	$ 501,462	$ (616,363)
Net cash inflow (outflow) from:				
Operating activities	$ 8,098,028	$ (1,716,816)	$ 1,069,218	$ (7,224,204)
Investing activities	(47,983)	(62,314)	(74,200)	(85,992)
Financing activities	4,277,943	(167,978)	4,217,296	8,359,076

16. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

a. The unconsolidated structured entities held by the Bank and its subsidiaries are shown below. The funds are from the Bank and its subsidiaries and external third parties:

Type of Structured Entity	Nature and Purpose	Equity Attributable to the Bank and Its Subsidiaries
Asset securitization	Investment in asset securitization for investment gain	Investment in the securities issued by unconsolidated structured entities
Trust plan - property right	Investment in trust plans for debt redemption	Investment in trust issued by unconsolidated structured entities

b. The carrying amounts of the Bank and its subsidiaries' involvement with the structured entities, which were recognized in the consolidated balance sheets as of June 30, 2021, December 31, 2020 and June 30, 2020, were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Asset securitization			
Financial assets at fair value through profit or loss	$ 1,222,803	$ 849,266	$ 17,238
Financial assets at fair value through other comprehensive income	10,197,815	6,785,744	4,451,054
Investments in debt instruments measured at amortized cost	28,152,247	16,083,314	9,700,207
Trust plan - property right			
Financial assets at fair value through profit or loss	128,016	129,896	124,803
	$ 39,700,881	$ 23,848,220	$ 14,293,302

The amount of the maximum exposure to loss is the carrying amount of the assets held by the Bank.

c. The Bank and its subsidiaries did not provide any financial support to the unconsolidated structured entities for the six months ended June 30, 2021 and 2020.

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2021	December 31, 2020	June 30, 2020
Associates that are not individually material	$ 5,371,854	$ 5,433,177	$ 5,623,236

Information of associates that are not individually material:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
The Bank and its subsidiaries' share of:				
Net loss	$ (34,911)	$ (42,001)	$ (61,806)	$ (58,128)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	$ (34,911)	$ (42,001)	$ (61,806)	$ (58,128)

The Bank has invested $2,510,000 thousand and held 25.1% of the shares in Line Bank Ltd. The company was established on March 9, 2020.

Except for Line Biz+ Taiwan Ltd. which was not audited by independent auditors for six months ended June 30, 2021 and 2020 and Line Bank Ltd.'s financial statements which was not audited by independent auditors for the six months ended June 30, 2020, the Bank and its subsidiaries' share of profit and other comprehensive income (loss) of the associates for the six months ended June 30, 2021 and 2020 was based on the associates' financial statements for the same reporting periods as those of the Bank, which had been audited by independent auditors. The management of the Bank considered that the above-mentioned issue that the invested companies had not been audited by independent auditors had no significant impact.

The abovementioned investments accounted for using the equity method are not pledged as security.

18. OTHER FINANCIAL ASSETS, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Other financial institution deposits not qualifying as cash equivalents	$ 24,117,738	$ 19,922,610	$ 7,552,833
Nonperforming loans transferred from other than loans	97,445	78,490	114,018
Others	-	-	89
	24,215,183	20,001,100	7,666,940
Less: Allowance for impairment loss	78,277	59,810	83,108
	$ 24,136,906	$ 19,941,290	$ 7,583,832

Refer to Note 54 for information relating to the credit risk management and impairment of other financial assets.

Refer to Note 49 for information relating to other financial assets pledged as security.

19. PROPERTY AND EQUIPMENT, NET

	For the Six Months Ended June 30, 2021							
	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Leasehold Impairments	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2021	$ 6,349,678	$ 11,111,598	$ 4,123,926	$ 271,736	$ 1,174,549	$ 2,763,158	$ 1,410,508	$ 27,205,153
Additions	-	5,618	105,598	6,653	29,838	22,964	321,842	492,513
Disposals	-	-	(25,193)	(3,316)	(13,810)	(8,282)	-	(50,601)
Reclassification	-	-	34,970	270	8,751	25,120	(757,145)	(688,034)
Effect of foreign currency exchange differences	-	(76,278)	(9,397)	(606)	(5,112)	(5,829)	(43)	(97,265)
Balance at June 30, 2021	6,349,678	11,040,938	4,229,904	274,737	1,194,216	2,797,131	975,162	26,861,766
Accumulated depreciation and impairment								
Balance at January 1, 2021	-	3,182,065	3,173,539	221,174	902,926	1,548,315	-	9,028,019
Depreciation	-	146,710	189,925	9,694	45,751	157,726	-	549,806
Disposals	-	-	(24,713)	(3,256)	(13,716)	(6,334)	-	(48,019)
Effect of foreign currency exchange differences	-	(14,983)	(6,604)	(396)	(4,423)	(4,164)	-	(30,570)
Balance at June 30, 2021	-	3,313,792	3,332,147	227,216	930,538	1,695,543	-	9,499,236
Carrying amount at December 31, 2020 and January 1, 2021	$ 6,349,678	$ 7,929,533	$ 950,387	$ 50,562	$ 271,623	$ 1,214,843	$ 1,410,508	$ 18,177,134
Carrying amount at June 30, 2021	$ 6,349,678	$ 7,727,146	$ 897,757	$ 47,521	$ 263,678	$ 1,101,588	$ 975,162	$ 17,362,530

	For the Six Months Ended June 30, 2020							
	Land	Buildings	Machinery and Computer Equipment	Transportation Equipment	Office and Other Equipment	Leasehold Impairments	Construction in Progress and Prepayments for Equipment	Total
Cost								
Balance at January 1, 2020	$ 6,438,049	$ 11,130,702	$ 3,890,958	$ 272,979	$ 1,172,060	$ 2,730,677	$ 1,247,858	$ 26,883,283
Additions	-	7,223	85,928	5,383	13,805	44,422	279,349	436,110
Disposals	-	-	(54,808)	(5,448)	(17,430)	(35,154)	-	(112,840)
Reclassification	269,579	34,023	32,302	-	5,481	88,158	(213,211)	216,332
Effect of foreign currency exchange differences	-	(206,926)	(20,255)	(717)	(11,855)	(11,155)	(8)	(250,916)
Balance at June 30, 2020	6,707,628	10,965,022	3,934,125	272,197	1,162,061	2,816,948	1,313,988	27,171,969
Accumulated depreciation and impairment								
Balance at January 1, 2020	-	2,951,779	2,853,138	213,333	840,627	1,339,598	-	8,198,475
Depreciation	-	143,272	198,781	9,857	51,298	171,105	-	574,313
Disposals	-	-	(54,773)	(5,261)	(17,113)	(35,097)	-	(112,244)
Effect of foreign currency exchange differences	-	(35,372)	(13,300)	(499)	(10,230)	(7,078)	-	(66,479)
Balance at June 30, 2020	-	3,059,679	2,983,846	217,430	864,582	1,468,528	-	8,594,065
Carrying amount at December 31, 2019 and January 1, 2020	$ 6,438,049	$ 8,178,923	$ 1,037,820	$ 59,646	$ 331,433	$ 1,391,079	$ 1,247,858	$ 18,684,808
Carrying amount at June 30, 2020	$ 6,707,628	$ 7,905,343	$ 950,279	$ 54,767	$ 297,479	$ 1,348,420	$ 1,313,988	$ 18,577,904

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

Buildings	3-61 years
Machinery and computer equipment	3-6 years
Transportation equipment	3-6 years
Office and other equipment	3-21 years
Leasehold improvements	3-8 years

20. LEASE ARRANGEMENTS

a. Right-of-use assets

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amounts			
Buildings	$ 4,361,341	$ 3,778,105	$ 3,751,082
Machinery and computer equipment	156,291	176,009	10,635
Transportation equipment	38,680	36,638	10,576
Office and other equipment	89,471	84,482	79,159
	$ 4,645,783	$ 4,075,234	$ 3,851,452

	For the Six Months Ended June 30	
	2021	2020
Additions to right-of-use assets	$ 1,316,938	$ 828,452

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Depreciation expense of right-of-use assets				
Buildings	$ 345,456	$ 342,036	$ 683,960	$ 684,015
Machinery and computer equipment	9,913	1,117	19,718	2,233
Transportation equipment	4,336	3,220	8,498	7,286
Office and other equipment	8,927	9,127	18,078	18,387
	$ 368,632	$ 355,500	$ 730,254	$ 711,921

b. Lease liabilities

	June 30, 2021	December 31, 2020	June 30, 2020
Carrying amounts	$ 4,692,755	$ 4,093,537	$ 3,881,757

Range of discount rate for lease liabilities was as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Buildings	0.62%-4.96%	2.19%-4.95%	2.20%-4.77%
Machinery and computer equipment	0.77%-0.82%	0.77%-0.82%	0.82%
Transportation equipment	0.72%-3.50%	0.72%-2.81%	0.72%-2.80%
Office and other equipment	0.55%-3.51%	0.75%-3.51%	0.75%-3.51%

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest expense on lease liabilities	$ 39,868	$ 32,726	$ 78,443	$ 62,917

c. Other lease information

Lease arrangements under operating leases for the leasing out investment properties are set out in Note 21.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Expenses on short term lease contract	$ 590	$ 265	$ 1,593	$ 462
Expenses relating to leases of low-value asset	$ 3,069	$ 2,675	$ 5,008	$ 5,486
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ 15,719	$ 13,438	$ 30,918	$ 26,008
Total cash outflow for leases			$ (810,490)	$ (773,219)

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

The maturity analysis for lease arrangements was based on the earliest date required to repay and the undiscounted cash flow (including principal and estimated interest).

The maturity analysis for lease liabilities is as follows:

June 30, 2021

	0-30 Days	31-90 Days	91 Days - 1 Year	1-5 Years	Over 5 Years	Total
Lease liabilities	$ 126,032	$ 246,761	$ 1,055,994	$ 2,941,701	$ 760,244	$ 5,130,732

December 31, 2020

	0-30 Days	31-90 Days	91 Days - 1 Year	1-5 Years	Over 5 Years	Total
Lease liabilities	$ 94,173	$ 227,936	$ 881,099	$ 2,416,214	$ 899,388	$ 4,518,810

June 30, 2020

	0-30 Days	31-90 Days	91 Days - 1 Year	1-5 Years	Over 5 Years	Total
Lease liabilities	$ 105,707	$ 238,436	$ 911,515	$ 2,175,611	$ 835,524	$ 4,266,793

21. INVESTMENT PROPERTIES

Item	June 30, 2021	December 31, 2020	June 30, 2020
Land	$ 2,803,236	$ 2,803,236	$ 2,234,232
Buildings	409,464	409,464	275,468
	$ 3,212,700	$ 3,212,700	$ 2,509,700

The movements of investment properties are shown below:

	For the Six Months Ended June 30	
	2021	2020
Balance, beginning of the period	$ 3,212,700	$ 2,814,200
Reclassification	-	(303,602)
Change in fair value of investment properties	-	(898)
Balance, end of the period	$ 3,212,700	$ 2,509,700

The investment properties were leased out as operating lease with terms of 3 to 10 years. Some of the lease contracts included clauses requiring the lessees to pay contingent rentals at a specified percentage every year.

The total amount of the lease payment that will be received in the future when the investment properties are leased out as operating leases is as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Year 1	$ 101,670	$ 102,666	$ 73,686
Year 2	80,518	87,161	62,008
Year 3	30,022	52,049	39,607
Year 4	10,389	14,532	22,480
Year 5	5,549	6,309	7,767
Year 6 onwards	5,700	7,164	8,628
	$ 233,848	$ 269,881	$ 214,176

The fair values of the investment properties as of December 31, 2020 and 2019 were based on the valuations carried out on these dates by independent qualified professional appraisers, Dai Guang-Ping, Chang Hung-Kai, Chang Yi-Chih and Yeh Yu-Fen, from the real estate appraisal office, Savills plc, a duly certified ROC real estate appraiser.

The Bank assigned appraisers to review the original appraisal report, and the fair values of the investment properties on December 31, 2020 and 2019 were still deemed to be valid as June 30, 2021 and 2020, respectively.

The fair value of investment properties, except undeveloped land, was measured using the income approach, which included a discounted cash flow analysis. Among the significant assumptions used was that an increase in estimated future net cash inflows or a decrease in discount rates would result in higher fair value.

	June 30, 2021	December 31, 2020	June 30, 2020
Expected future cash inflows	$ 4,529,563	$ 4,579,118	$ 3,609,449
Expected future cash outflows	(148,796)	(156,395)	(109,827)
Expected future cash inflows, net	$ 4,380,767	$ 4,422,723	$ 3,499,622
Discount rate	3.595%	3.595%	3.845%

The market rentals in the area where the investment properties are located were between $1 thousand and $20 thousand per ping.

The expected future cash inflows generated by investment properties included rental income, interest income on rental deposits and disposal value. Thus, rental income was extrapolated using the Bank's current lease agreements and market rentals, taking into account the annual rental growth rate and an income analysis covering 10 years, with the interest income on rental deposits extrapolated using the interest rate for 1 year; the disposal value was determined using the direct capitalization method under the income approach. The expected future cash outflows incurred by investment properties included expenditures such as land value taxes, house taxes, insurance premium, and maintenance costs. These expenditures were extrapolated on basis of the current level of expenditures, taking into account the future adjustment to the government-announced land value and the tax rate promulgated under the House Tax Act.

As of June 30, 2021, December 31, 2020 and June 30, 2020, the discount rate was based on the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75%, and an asset-specific risk premium of 2%.

For the three months ended June 30, 2021 and 2020 and six months ended June 30, 2021 and 2020, the rental income and direct operating expense from investment properties of the Bank and its subsidiaries were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Rental income	$ 25,973	$ 19,806	$ 51,907	$ 40,460
Direct operating expenses	2,813	2,112	5,634	4,297

22. INTANGIBLE ASSETS, NET

	June 30, 2021	December 31, 2020	June 30, 2020
Banking licenses and operating rights	$ 5,316,811	$ 5,373,859	$ 5,186,038
Core deposits	4,969,261	5,187,234	5,139,603
Computer software	2,177,760	1,507,502	1,180,827
Goodwill	2,015,037	2,035,062	1,964,450
Customer relationships	39,634	44,492	46,987
Others	2,000	2,000	2,000
	$ 14,520,503	$ 14,150,149	$ 13,519,905

The movements of intangible assets are listed below:

	For the Six Months Ended June 30					
	2021			2020		
	Goodwill	Others	Total	Goodwill	Others	Total
Balance, beginning of the period	$ 2,035,062	$ 12,115,087	$ 14,150,149	$ 2,018,772	$ 12,077,009	$ 14,095,781
Additions	-	228,852	228,852	-	93,134	93,134
Disposals	-	-	-	-	(10)	(10)
Amortizations	-	(410,738)	(410,738)	-	(383,421)	(383,421)
Reclassification	-	688,034	688,034	-	87,270	87,270
Effect of foreign currency exchange differences	(20,025)	(115,769)	(135,794)	(54,322)	(318,527)	(372,849)
Balance, end of the period	$ 2,015,037	$ 12,505,466	$ 14,520,503	$ 1,964,450	$ 11,555,455	$ 13,519,905

The above core deposits, customer relationships, banking licenses, operating rights, and goodwill from the Bank's acquisitions from the Hanoi branch and Ho Chi Minh City sub branch of Chinfon Bank, which were monitored by the Financial Restructuring Fund and Fubon Bank (China).

Except for intangible assets that have indefinite useful lives, the other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Core deposits	23 years
Operating rights	97 years
Computer software	3-10 years
Customer relationships	10-14 years

For the purpose of goodwill impairment testing, Fubon Bank (China) and branches in Vietnam were deemed as individual cash generating units, and the recoverable amounts of these branches were determined on the basis of their net fair value. The key assumptions used in the net fair value calculation included the business cycle stage, the overall state of the economy, and the profitability and estimated salvage value of Fubon Bank (China) and the Vietnam branches.

An assessment by the Bank and its subsidiaries as of June 30, 2021, December 31, 2020 and June 30, 2020, showed there was no material goodwill impairment.

23. OTHER ASSETS

	June 30, 2021	December 31, 2020	June 30, 2020
Refundable deposits	$ 11,581,575	$ 14,807,150	$ 20,459,372
Prepaid expense	1,152,807	864,573	877,571
Others	927,428	366,679	382,256
	$ 13,661,810	$ 16,038,402	$ 21,719,199

The subsidiaries of the Bank Fubon Bank (China) invested RMB125,000 thousand and held 25% of the shares in Sichuan Vip Fubon Consumer Finance Ltd. The company was in the preparation stage and was included in other assets.

24. DEPOSITS FROM THE CENTRAL BANK AND BANKS

	June 30, 2021	December 31, 2020	June 30, 2020
Call loans	$ 175,339,002	$ 141,003,016	$ 174,764,822
Deposit from the Central Bank and banks	7,699,662	1,266,747	7,067,661
Others	175,367	219,759	219,759
	$ 183,214,031	$ 142,489,522	$ 182,052,242

25. DUE TO THE CENTRAL BANK AND BANKS

	June 30, 2021	December 31, 2020	June 30, 2020
Due to the Central Bank	$ 6,119,150	$ 6,965,030	$ 593,920

26. SECURITIES SOLD UNDER REPURCHASE AGREEMENTS

	June 30, 2021	December 31, 2020	June 30, 2020
Corporate bonds	$ 67,286,301	$ 42,948,951	$ 79,199,706
Bank debentures	41,079,933	31,693,528	54,845,602
Government bonds	12,407,110	5,514,950	9,472,243
Others	-	-	928,151
	$ 120,773,344	$ 80,157,429	$ 144,445,702
Dates of repurchase agreements	2021.07.01-2022.01.05	2021.01.04-2021.04.06	2020.07.01-2020.10.27
Amounts of repurchase agreements	$ 120,869,111	$ 80,226,653	$ 144,668,884

As of June 30, 2021, December 31, 2020 and June 30, 2020, the Bank and its subsidiaries' investments were as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Financial assets at fair value through other comprehensive income	$ 7,191,941	$ 10,993,597	$ 19,233,150
Investments in debt instruments measured at amortized cost	116,578,707	69,901,796	134,299,731

27. PAYABLES

	June 30, 2021	December 31, 2020	June 30, 2020
Payable collection	$ 14,133,573	$ 638,171	$ 7,087,726
Acceptances	13,052,195	19,382,925	24,014,553
Accrued interest	6,249,114	6,291,785	7,030,927
Accounts payable	5,353,070	3,514,853	4,756,647
Accounts payable - factoring	5,002,480	3,907,732	3,669,445
Accrued expenses	4,652,529	6,186,293	4,392,922
Accrued payroll and transfer of provisional funds	3,060,694	3,023,352	3,066,152
Others	2,770,777	3,376,925	4,018,532
	$ 54,274,432	$ 46,322,036	$ 58,036,904

28. DEPOSITS AND REMITTANCES

	June 30, 2021	December 31, 2020	June 30, 2020
Checking	$ 15,989,615	$ 16,267,942	$ 16,566,097
Public treasury	37,183,018	40,481,574	37,871,144
Demand	671,240,212	670,117,773	573,088,992
Savings	1,036,958,946	994,517,664	953,571,485
Time	671,761,140	668,721,487	676,008,360
Negotiable certificates of deposit	117,809,586	106,088,995	98,163,771
Outward remittances	631,916	440,636	14,574,811
	$ 2,551,574,433	$ 2,496,636,071	$ 2,369,844,660

29. BANK DEBENTURES

Taipei Fubon Bank

To maintain its capital adequacy ratio and the medium-term to long-term working capital, the Bank had applied and obtained approval from the FSC to issue bank debentures. The outstanding balances of bank debentures as of June 30, 2021, December 31, 2020 and June 30, 2020 are summarized as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Sixth issue of subordinated bank debentures in 2010; fixed 2.05%; maturity: August 2020	$ -	$ -	$ 1,900,000
Seventh issue of subordinated bank debentures in 2010; fixed 1.55%; maturity: October 2020	-	-	900,000
Second issue of subordinated bank debentures in 2012; fixed 1.68%; maturity: May 2022	4,700,000	4,700,000	4,700,000
First issue of subordinated bank debentures in 2013; fixed 1.52%; maturity: August 2020	-	-	3,750,000
First issue of subordinated bank debentures in 2013; fixed 1.7%; maturity: August 2023	500,000	500,000	500,000
First issue of subordinated bank debentures in 2014; fixed 1.7%; maturity: May 2021	-	5,500,000	5,500,000
First issue of subordinated bank debentures in 2014; fixed 1.85%; maturity: May 2024	4,500,000	4,500,000	4,500,000
Second issue of subordinated bank debentures in 2014; fixed 1.98%; maturity: September 2024	3,700,000	3,700,000	3,700,000
First issue of dominant bank debentures in 2017; 0%; maturity: January 2047 (US$200,000 thousand)	-	6,629,430	6,793,863
Second issue of subordinated bank debentures in 2017; fixed 1.33%; maturity: September 2024	3,000,000	3,000,000	3,000,000
Fourth issue of subordinated bank debentures in 2017; fixed 1.3%; maturity: October 2024	1,750,000	1,750,000	1,750,000
Fifth issue of dominant bank debentures in 2017; 0%; maturity: December 2047 (US$100,000 thousand)	3,217,280	3,210,654	3,289,175

(Continued)

	June 30, 2021	December 31, 2020	June 30, 2020
Second issue of dominant bank debentures in 2018; 0%; maturity: March 2048 (US$195,000 thousand)	$ 6,258,569	$ 6,238,284	$ 6,383,156
Third issue of subordinated bank debentures in 2018; fixed 1.15%; maturity: September 2025	1,200,000	1,200,000	1,200,000
Third issue of subordinated bank debentures in 2018; fixed 1.3%; maturity: September 2028	1,800,000	1,800,000	1,800,000
Fifth issue of dominant bank debentures in 2018; 0%; maturity: November 2048 (US$80,000 thousand)	2,526,316	2,511,571	2,563,096
Sixth issue of dominant bank debentures in 2018; fixed 1.1%; maturity: November 2028	3,700,000	3,700,000	3,700,000
Seventh issue of subordinated bank debentures in 2018; fixed 2.15%; perpetual	6,500,000	6,500,000	6,500,000
First issue of dominant bank debentures in 2019; fixed 0.98%; maturity: March 2029	1,500,000	1,500,000	1,500,000
Second issue of dominant bank debentures in 2019; fixed 0.95%; maturity: May 2029	1,300,000	1,300,000	1,300,000
Third issue of subordinated bank debentures in 2019; fixed 1.90%; perpetual	3,100,000	3,100,000	3,100,000
Fourth issue of subordinated bank debentures in 2019; fixed 1.63%; perpetual	4,400,000	4,400,000	4,400,000
Fifth issue of subordinated bank debentures in 2019; fixed 0.95%; maturity: September 2029	6,000,000	6,000,000	6,000,000
Sixth issue of dominant bank debentures in 2019; fixed 0.88%; maturity: October 2029	6,600,000	6,600,000	6,600,000
Seventh issue of subordinated bank debentures in 2019; fixed 0.88%; maturity: December 2029	3,100,000	3,100,000	3,100,000
First issue of dominant bank debentures in 2020; fixed 0.75%; maturity: March 2030	5,000,000	5,000,000	5,000,000
Second issue of subordinated bank debentures in 2020; fixed 1.60%; perpetual	3,150,000	3,150,000	3,150,000
Third issue of subordinated bank debentures in 2020; fixed 0.70%; maturity: June 2027	200,000	200,000	200,000
Third issue of subordinated bank debentures in 2020; fixed 0.80%; maturity: June 2030	1,800,000	1,800,000	1,800,000
Fourth issue of subordinated bank debentures in 2020; fixed 1.50%;perpetual	2,850,000	2,850,000	-
First issue of dominant bank debentures in 2021; fixed 0.4%; maturity: January 2026	1,000,000	-	-
Valuation adjustments of bank debentures	1,552,579	2,058,565	2,485,615
	$ 84,904,744	$ 96,498,504	$ 101,064,905

(Concluded)

Fubon Bank (China)

In order to increase the capital adequacy ratio, Fubon Bank (China) optimized the matching structure of medium and long-term assets and liabilities, increase stable sources of medium and long-term liabilities, and support the development of medium and long-term asset. The outstanding balances of bank debentures as of June 30, 2021, December 31, 2020 and June 30, 2020 are summarized as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Tier-2 capital bond (first period); fixed rate of 5.43%; maturity: December 2028 (RMB1,000,000 thousand)	$ 4,314,552	$ 4,363,063	$ 4,192,000
Tier-2 capital bond (first period); fixed rate of 5.20%; maturity: April 2029 (RMB1,000,000 thousand)	4,314,552	4,363,063	4,192,000
FBCN, fixed rate of 4.08%; maturity: January 2025 (RMB1,000,000 thousand)	4,309,345	4,355,919	4,185,149
Capital bond; fixed rate of 3.20%; maturity: March 2023 (RMB1,000,000 thousand)	4,314,552	4,363,063	4,192,000
Capital bond; fixed rate of 3.92%; maturity: December 2023 (RMB1,000,000 thousand)	4,314,552	4,363,063	-
	$ 21,567,553	$ 21,808,171	$ 16,761,149

30. OTHER FINANCIAL LIABILITIES

	June 30, 2021	December 31, 2020	June 30, 2020
Principal amount of structured products	$ 79,091,467	$ 76,377,855	$ 54,642,680
Others	71,667	71,667	40,000
	$ 79,163,134	$ 76,449,522	$ 54,682,680

31. PROVISIONS

	June 30, 2021	December 31, 2020	June 30, 2020
Provisions for employee benefits (Note 32)	$ 2,706,466	$ 2,645,223	$ 2,607,175
Reserve for financial commitments	259,442	260,736	191,520
Reserve for losses on guarantees	231,005	217,134	199,318
Others	272,779	279,432	343,194
	$ 3,469,692	$ 3,402,525	$ 3,341,207

Refer to Note 54 for information relating to the credit risk management and impairment of reserve for losses on guarantees, other reserves - letters of credit and financial commitments.

32. EMPLOYEE BENEFITS PLANS

	June 30, 2021	December 31, 2020	June 30, 2020
Provisions for employee benefits			
Defined benefit plans	$ 1,710,985	$ 1,728,140	$ 1,613,035
Preferential interest rate plan for employees' deposits	682,248	674,673	746,660
Other long-term employee benefits plan	313,119	242,294	247,358
Others	114	116	122
	$ 2,706,466	$ 2,645,223	$ 2,607,175

a. Defined contribution plans

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

The total expenses recognized in profit or loss for the six months ended June 30, 2021 and 2020 were $164,558 thousand and $161,094 thousand, and for the three months ended June 30, 2021 and 2020 were $81,713 thousand and $79,517 thousand, respectively, which represent contributions payable to these plans by the Bank at rates specified in the rules of the plan.

b. Defined benefit plans

The defined benefit plan adopted by the Bank in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the years before retirement. The Bank contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Before the end of each year, the Bank assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Bank is required to fund the difference in one appropriation that should be made before the end of March of next year. Pension contributions are deposited in the Bank of Taiwan in the committee's name and are managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Bank has no right to influence the investment policy and strategy for these contributions.

The total expenses recognized in profit or loss for the six months ended June 30, 2021 and 2020 were $18,091 thousand and $29,669 thousand, and for the three months ended June 30, 2021 and 2020 were $13,544 thousand and $14,835 thousand, respectively, which represents contributions payable to these plans by the Bank at rates specified in the rules of the plan.

c. Preferential interest rate plan for employees' deposits

The Bank was obligated to pay retired employees a fixed preferential interest rate for their deposits in conformity with "Rules of Deposits of Taipei Fubon Commercial Bank".

The total expenses recognized in profit or loss for the six months ended June 30, 2021 and 2020 were $36,151 thousand and $46,815 thousand, and for the three months ended June 30, 2021 and 2020 were $18,076 thousand and $23,407 thousand, respectively, which represents contributions payable to these plans by the Bank at rates specified in the rules of the plan.

d. Defined contribution plans of overseas subsidiaries

To enhance the employee's pension benefits and build a multilevel pension insurance system, Fubon Bank (China) implemented an enterprise annuity plan. The plan is based on the "Enterprise Annuity Trial Measures" and the "Enterprise Annuity Fund Management Trial Measures" and other guidelines. It is aimed at providing long-term incentives to employees and giving them security after retirement.

For the six months ended June 30, 2021 and 2020, Fubon Bank (China), the Bank's overseas subsidiary, recognized expenses of $40,417 thousand and $32,602 thousand, and for the three months ended June 30, 2021 and 2020 were $20,148 thousand and $14,895 thousand, respectively.

33. OTHER LIABILITIES

	June 30, 2021	December 31, 2020	June 30, 2020
Advance receipts	$ 7,326,776	$ 6,381,632	$ 5,155,603
Guarantee deposits received	6,857,190	5,972,993	3,950,536
Suspended accounts and payments for clearing	763,368	1,629,205	1,966,348
Others	291,055	340,836	385,208
	$ 15,238,389	$ 14,324,666	$ 11,457,695

34. EQUITY

a. Capital stock

Common stock

	June 30, 2021	December 31, 2020	June 30, 2020
Number of shares authorized (in thousands)	13,000,000	13,000,000	13,000,000
Amount of capital stock authorized	$ 130,000,000	$ 130,000,000	$ 130,000,000
Number of shares issued and received (in thousands)	12,256,209	12,256,209	11,234,756
Amount of outstanding and issued shares (par value of NT$10)	$ 122,562,088	$ 122,562,088	$ 112,347,556

b. Capital surplus

	June 30, 2021	December 31, 2020	June 30, 2020
Distributed to offset a deficit, provide cash, or transfer to capital			
Arising from consolidation	$ 7,490,431	$ 7,490,431	$ 7,490,431
Arising from issuance of common shares	9,872,100	9,872,100	7,310,496

(Continued)

	June 30, 2021	December 31, 2020	June 30, 2020
Distributed to offset a deficit			
Changes in the equity of investee accounted for using the equity method	$ 1,188	$ 705	$ 225
Changes in ownership interests in subsidiaries	877,665	-	-
	$ 18,241,384	$ 17,363,236	$ 14,801,152

(Concluded)

The capital surplus arising from shares issued in excess of par (from the issuance of common shares, issuance of shares in a business combination, and treasury stock transactions, etc.) and donations may be used to offset a deficit; in addition, when the Bank has no deficit, the capital surplus may be distributed as cash dividends or transferred to capital (limited to a prescribed certain percentage of the Bank's paid-in capital and once a year).

c. Special reserve

	June 30, 2021	December 31, 2020	June 30, 2020
Appropriations by TAIPEIBANK under its Articles of Incorporation	$ 1,285,676	$ 1,285,676	$ 1,285,676
Transferred from trading loss reserve	123,497	123,497	123,497
Deduction arising from the first-time adoption of IFRSs and the debits to other equity items	237,962	1,910,303	1,910,303
Application of the fair value model to investment properties	1,070,934	1,077,569	1,077,569
Expenditure of employees' financial technology development	231,860	236,333	236,333
	$ 2,949,929	$ 4,633,378	$ 4,633,378

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following the Adoption of IFRSs," on the first-time adoption of IFRSs, a company should appropriate to a special reserve an amount that is the same as the sum of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's use of exemptions under IFRS 1. However, at the date of transition to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not sufficient for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments would be appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficits in subsequent years. Earnings should be appropriated until any shortage of the aforementioned special reserve is appropriated in subsequent years if the company has earnings and the original need to appropriate a special reserve is not eliminated.

Additional special reserve should be appropriated for the amount equal to the difference between net debit balance reserves and the special reserve appropriated on the first-time adoption of IFRSs. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and, thereafter, distributed.

Under Rule No. 10310000140 issued by the FSC on February 19, 2014, if the Public Bank chose the fair value model to investment properties in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, the Public Bank should appropriate a special reserve at the amount that was the same as the net increase arising from the fair value measurement and transfer it to retained earnings. The amount appropriated may be reversed to the extent that the cumulative net increases in fair value decrease or on the disposal of investment properties.

Under Rule No. 10510001510 issued by the FSC on May 25, 2016, a public bank shall appropriate to special reserve 0.5% to 1% of net income from 2016 through 2018. From fiscal year 2017, the Bank can reverse the amount of expenditure of employees' transfer and settlement arising from financial technology development within the amount of the above special reserve. However, under Rule No. 10802714560, from fiscal year 2019, the Bank should not appropriate special reserve for financial technology development and protection of the Bank's employees' rights. Furthermore, the Bank should reverse the abovementioned appropriations for expenditure of employees' transfer and settlement and necessary expenditure on employees' educational courses for financial technology and the Bank's business development.

d. Appropriation of earnings and dividend policy

Under the Bank's Articles of Incorporation, the Bank should make appropriations from its net income (less any deficit) in the following order:

1) 30% as legal reserve and, under FSC rules, a special reserve (or special reserve reversal);

2) The remaining net income and unappropriated accumulated earnings can be distributed as dividends to shareholders, as proposed by the board of directors and approved in the shareholders' meeting. If the legal reserve equals the Bank's paid-in capital, or if the Bank meets the standards of sound finance and business practices prescribed by the regulatory authorities as stated in Article 50 of the Banking Act and has set aside legal reserve in compliance with the Company Act, the restrictions stipulated in the preceding paragraph shall not prevail.

On November 12, 2009, the FSC prescribed regulations, stated in Article 50 of the Banking Act, for sound finance and business practices. On April 30, 2012, these regulations were amended, specifying the criteria for sound finance and business.

According to the corporation law, the statutory surplus reserve is provided until its balance reaches the total paid-in capital of the company. The statutory surplus reserve can be used to make up for deficits. When the company has no deficits, the portion of the statutory surplus reserve exceeding 25% of the total paid-in capital can be allocated in cash, in addition to other appropriations. According to the Banking Act of the Republic of China, before the statutory surplus reserve reaches the total capital, the maximum cash surplus distribution shall not exceed 15% of the total capital.

The appropriation of earnings is approved at the shareholders' meeting held in, and reflected in the financial statements of, the year following the year of earnings generation. Under the Financial Holdings Company Law, the Bank's board of directors is designated to exercise the power of the shareholders' meeting, and the regulations on the shareholders' meeting, which are included in the Company Law, will not prevail.

On April 28, 2021 and April 21, 2020, the Bank's board of directors exercised the power and authority of the shareholders' meeting and approved the appropriations of the 2020 and 2019 earnings, respectively. The appropriations were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	2020	2019	2020	2019
Legal reserve	$ 5,582,494	$ 6,029,226		
Special reserve	(1,683,449)	515,924		
Stock dividends	-	6,776,136	$ -	$ 0.60
Cash dividends	14,709,270	6,776,136	1.20	0.60

e. Other equity items

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

	For the Six Months Ended June 30	
	2021	2020
Balance, beginning of the period	$ (3,753,467)	$ (3,376,310)
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	(35,369)	(498,669)
Other comprehensive income recognized during the period	(35,369)	(498,669)
Changes in ownership interests in subsidiaries	29,173	-
Balance, end of the period	$ (3,759,663)	$ (3,874,979)

2) Unrealized gains (losses) on financial assets at fair value through other comprehensive income

	For the Six Months Ended June 30	
	2021	2020
Balance, beginning of the period	$ 2,838,906	$ 1,032,321
Recognized during the period		
Unrealized gains		
Debt instruments	(59,594)	190,044
Equity instruments	1,552,206	275,437
Adjustment of allowance for debt instruments	14,551	3,115
Disposal of profit and loss		
Debt instruments	(110,003)	(521,384)
Other comprehensive income recognized during the period	1,397,160	(52,788)
Cumulative unrealized gains of equity instruments transferred to retained earnings due to disposal	(177,284)	14,405
Changes in ownership interests in subsidiaries	(36,753)	-
Balance, end of the period	$ 4,022,029	$ 993,938

3) Gains on property revaluation

	For the Six Months Ended June 30	
	2021	2020
Balance, beginning of the period	$ 676,599	$ 433,686
Other comprehensive income recognized during the period	-	-
Balance, end of the period	$ 676,599	$ 433,686

f. Non-controlling interests

	For the Six Months Ended June 30	
	2021	2020
Balance, beginning of the period	$ 18,778,102	$ 18,367,288
Attributable to non-controlling interests:		
Net income for the period	375,411	540,058
Other comprehensive income recognized during the period		
Exchange differences arising from the translation of financial statements of foreign operations	(209,941)	(555,249)
Unrealized losses on financial assets at fair value through other comprehensive income	90,524	(260,209)
Changes in ownership interests in subsidiaries	(870,085)	-
Balance, end of the period	$ 18,164,011	$ 18,091,888

35. NET INTEREST INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest income				
Discounts and loans	$ 9,319,023	$ 9,198,016	$ 18,234,322	$ 19,114,683
Investments in debt instruments measured at amortized cost	3,021,917	3,187,651	5,879,776	6,381,601
Investments in debt instruments measured at fair value through other comprehensive income	919,554	983,564	1,800,978	2,050,883
Due from banks and call loans to banks	515,393	1,020,495	1,098,455	2,267,871
Others	270,333	272,180	586,686	596,669
	14,046,220	14,661,906	27,600,217	30,411,707
Interest expense				
Deposits	3,103,585	5,026,500	6,283,190	10,829,192
Structured products	837,428	279,876	1,665,549	440,984
Bank debentures	424,097	450,521	862,548	931,562

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Call loans from and due to the Central Bank and other banks	$ 190,597	$ 466,487	$ 364,930	$ 1,317,898
Securities sold under repurchase agreements	110,905	358,173	221,940	862,615
Others	61,136	66,565	104,536	156,892
	4,727,748	6,648,122	9,502,693	14,539,143
Net interest	$ 9,318,472	$ 8,013,784	$ 18,097,524	$ 15,872,564

(Concluded)

Interest income and interest expense shown on the table above exclude those from financial assets and liabilities at fair value through profit or loss.

36. SERVICE FEE INCOME, NET

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Service fee income				
Trust and custody business	$ 1,217,270	$ 1,265,308	$ 2,960,370	$ 3,117,862
Insurance service fee income	812,607	1,061,690	1,991,198	2,439,207
Credit card service fee	318,418	508,260	734,200	1,305,818
Loan service fee	370,270	341,379	640,640	725,210
Others	396,545	369,909	777,786	718,787
	3,115,110	3,546,546	7,104,194	8,306,884
Service fee expense				
Loan service fee	440,423	204,116	787,869	387,443
Credit card service fee	272,122	218,959	424,660	558,437
Interbank service fee	72,385	89,485	190,866	180,934
Office space expense	94,464	67,348	175,214	131,136
Others	188,990	208,981	360,879	412,938
	1,068,384	788,889	1,939,488	1,670,888
Net service fee	$ 2,046,726	$ 2,757,657	$ 5,164,706	$ 6,635,996

The Bank and its subsidiaries provided custody, trust, investment management and consultation services to the third parties, which involve the Bank and its subsidiaries' planning, management, and trading rules of financial instruments. Trust funds or investment portfolios managed and administered on behalf of investors were not included in the Bank and its subsidiaries' financial statements, but separate accounts were established and separate financial statements were prepared for the purpose of internal management.

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Interest income	$ 122,407	$ 306,582	$ 261,776	$ 659,968
Dividend income	747	26,025	2,790	43,434
Realized gains (losses)				
Option contracts	265,594	(18,047)	563,247	50,741
Forward contracts	103,021	96,314	360,266	213,377
Corporate bonds	57,166	(83,431)	161,960	(97,221)
Government bonds	137,310	44,603	113,436	408,290
Interest rate swap contracts	59,691	(29,093)	104,576	5,231
Futures contracts	(2,320)	(110,721)	60,656	(24,399)
Stock	18,035	(18,847)	31,747	(334,220)
Negotiable certificate of deposit	8,735	114,491	18,433	118,685
Cross - currency swap contracts	(24,013)	(136,282)	(60,728)	(80,602)
Currency swap contracts	(183,368)	649,246	(673,856)	967,396
Others	28,123	(34,555)	43,365	14,716
	467,974	473,678	723,102	1,241,994
Gains on valuation				
Convertible corporate bonds	100,648	372,618	772,787	45,323
Interest rate swap contracts	(446,434)	123,807	144,635	(22,607)
Stock	(5,816)	516,723	(7,957)	(135,392)
Bank debentures	(1,670)	177,901	(65,152)	(24,593)
Currency swap contracts	(154,631)	669,518	(159,105)	640,612
Corporate bonds	4,129	254,546	(180,644)	(66,497)
Forward contracts	(76,784)	(206,060)	(434,689)	(287,080)
Option contracts	120,922	(301,336)	(1,283,042)	(170,303)
Others	18,760	(125,064)	53,066	(172,775)
	(440,876)	1,482,653	(1,160,101)	(193,312)
	$ 150,252	$ 2,288,938	$ (172,433)	$ 1,752,084

38. REALIZED GAINS OR LOSSES ON FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Dividend revenue	$ 250,888	$ 122,060	$ 338,080	$ 152,221
Bank debentures	28,846	109,940	183,625	479,707
Government bonds	28,619	178,324	8,247	367,119
Corporate bonds	8,832	36,782	2,076	70,016
Others	-	(9)	-	836
	$ 317,185	$ 447,097	$ 532,028	$ 1,069,899

39. GAIN ON DERECOGNITION OF FINANCIAL ASSETS AT AMORTIZED COST

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Corporate bonds	$ 28,700	$ -	$213,648	$ 2,213
Bank debentures	(400)	-	133,009	-
Government bonds	-	(32)	-	4,318
Beneficiary certificates	(20,437)	5,038	(26,263)	10,844
Others	-	-	-	254
	$ 7,863	$ 5,006	$320,394	$ 17,629

Based on the consideration of fund allocation, the Bank and its subsidiaries have successively disposed of these bond investments due to reasons such as the bonds nearing their maturity dates, forced redemption by the bond issuer and control the assets of significant increase in credit risk. and infrequent sales or the individual and aggregate amounts are not significant, etc.

40. FOREIGN EXCHANGE GAINS (LOSSES)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
General exchange gains	$ 321,291	$ 238,917	$ 793,583	$ 553,997
Exchange losses from private capital	(30,434)	(25,814)	(15,013)	(33,118)
	$ 290,857	$ 213,103	$ 778,570	$ 520,879

41. EMPLOYEE BENEFITS EXPENSE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Salaries and wages	$ 2,753,412	$ 2,826,264	$ 5,798,651	$ 5,810,283
Labor insurance, national health insurance, and group life insurance	260,029	190,526	559,899	455,225
Post-employment benefit expense	138,928	138,289	269,328	281,299
Other employee benefits expense	121,368	132,770	272,346	271,303
	$ 3,273,737	$ 3,287,849	$ 6,900,224	$ 6,818,110

For compliance with the Articles of Incorporation of the Bank, the Bank stipulates the distribution of employees' compensation at rates of 1% to 5% of net profit before income tax and employees' compensation, but the Bank should not make appropriations from earnings if it has a deficit. The employees' estimated compensation were $107,359 thousand and $114,196 thousand for the six months ended June 30, 2021 and 2020, and $50,484 thousand and $65,928 thousand for the three months ended June 30, 2021 and 2020, respectively.

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

On March 23, 2021 and March 19, 2020, the Bank's board of directors proposed amounts of employees' compensation that were the same as the accrued amounts reflected in the consolidated financial statements in 2020 and 2019.

Information on the appropriation of earnings is available at the Market Observation Post System website of the Taiwan Stock Exchange.

42. DEPRECIATION AND AMORTIZATION

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Depreciation	$ 641,649	$ 641,987	$ 1,280,060	$ 1,286,234
Amortization	219,024	201,157	434,042	410,570
	$ 860,673	$ 843,144	$ 1,714,102	$ 1,696,804

43. GENERAL AND ADMINISTRATIVE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Taxation and government fee	$ 412,756	$ 393,453	$ 834,843	$ 848,526
Rental	243,847	177,843	450,610	341,417
Marketing	170,675	291,313	424,647	500,140
Equipment repair	201,083	240,754	374,089	484,302
Insurance	167,502	155,596	329,661	307,218
Others	545,348	557,533	977,566	1,031,336
	$ 1,741,211	$ 1,816,492	$ 3,391,416	$ 3,512,939

44. INCOME TAX

Since 2003, Fubon Financial Holdings Co., Ltd. and its eligible subsidiaries, including the Bank, have been using the linked-tax system for filing regular corporate income tax and 10% income tax on undistributed earnings.

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Current tax				
Current period	$ 682,267	$ 637,196	$ 1,359,678	$ 1,424,766
Adjustments for prior years	(74,998)	11,696	(74,998)	11,733
	607,269	648,892	1,284,680	1,436,499
Deferred tax				
Current period	(43,249)	242,454	87,210	105,029
	(43,249)	242,454	87,210	105,029
Income tax expense recognized in profit or loss	$ 564,020	$ 891,346	$ 1,371,890	$ 1,541,528

b. Income tax recognized in equity

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Current tax				
Disposal of investments in equity instruments at fair value through other comprehensive income	$ -	$ -	$ 16,830	$ -
Deferred tax				
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	(16,830)	-
	$ -	$ -	$ -	$ -

c. Income tax recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Deferred tax				
Recognized during the period				
Unrealized gains on financial assets at fair value through other comprehensive income	$ 71,074	$ (270,659)	$ 33,756	$ (199,469)

d. The income tax returns of the Bank through 2015 were assessed by the Taipei National Tax Administration (TNTA). The Bank disagreed with the tax authorities' assessment of the Bank's 2012 to 2013 additional amount returns on its sports lottery program and applied for a re-examination.

e. Income tax returns of Fubon Bank (China) through 2020 had been assessed by the Shanghai Municipal Office, SAT and the Shanghai Municipal Bureau of Local Taxation.

45. EARNINGS PER SHARE

(In New Taiwan Dollars)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Basic earnings per share				
From continuing operations	$ 0.36	$ 0.48	$ 0.77	$ 0.83

The earnings and weighted average number of common stock outstanding used in the computation of earnings per share from continuing operations were as follows:

Net Income for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Income for the period attributable to owners of the Bank	$ 4,428,830	$ 5,723,917	$ 9,387,340	$ 9,852,164

Number of Shares

(In Thousands of Shares)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	**2020**	**2021**	**2020**
Weighted average number of common stock used in computing basic earnings per share	12,256,209	11,912,369	12,256,209	11,912,369

46. RELATED-PARTY TRANSACTIONS

Except for those disclosed in other notes to the financial statements, as of June 30, 2021, December 31, 2020 and June 30, the related party transactions between the Bank and its subsidiaries are as follows:

a. Related parties

Related Party	Relationship with the Bank and Its Subsidiaries
Fubon Financial Holdings Co., Ltd. ("FFH")	Parent company
Fubon Real Estate Management Co., Ltd.	Equity-method investee of the Bank
Line Biz+ Taiwan Ltd. ("Line Biz+")	Equity-method investee of the Bank
Line Bank Taiwan Limited ("Line Bank")	Equity-method investee of the Bank
Fubon Insurance Co., Ltd. ("Fubon Insurance")	Subsidiary of FFH
Fubon Life Insurance Co., Ltd. ("Fubon Life Insurance")	Subsidiary of FFH
Fubon Securities Co., Ltd. ("Fubon Securities")	Subsidiary of FFH
Fubon Bank (Hong Kong) Limited ("Fubon Bank (Hong Kong)")	Subsidiary of FFH
Fubon Asset Management Co., Ltd. ("Fubon Asset Management")	Subsidiary of FFH
Fubon Securities Investment Trust Co., Ltd. ("Fubon Securities Investment Trust")	Subsidiary of FFH
Fubon Future Co., Ltd. ("Fubon Future")	Equity-method investee of subsidiary of FFH
Jih Sun Securities Co., Ltd. (Jih Sun Securities)	Equity-method investee of the subsidiaries of the Bank's parent bank (the Bank and its subsidiaries were a related party after the first quarter of 2021)
Jih Sun International Bank Co., Ltd. (Jih Sun Bank)	Equity-method investee of the subsidiaries of the Bank's parent bank (the Bank and its subsidiaries were a related party after the first quarter of 2021)
Taipei City Government ("TCG") and its departments	Major shareholder of parent company
Chung Hsing Land Development Co., Ltd. ("CHLDC")	Major shareholder of parent company
Taiwan Mobile Co., Ltd. ("Taiwan Mobile")	Related party in substance
Taiwan High Speed Rail Corp. ("Taiwan High Speed Rail")	Related party in substance
Taiwan Fixed Network Co., Ltd. ("Taiwan Fixed Network")	Related party in substance
Fubon Charity Foundation (Fubon Charity)	Related party in substance
YONG HSIN SHING YE CO., LTD. (Yong Hsin)	Related party in substance
Beijing Global Media Technology Co., Ltd ("Beijing Global")	Related party in substance
Mediatek (Shenzhen) Inc. ("Mediatek (Shenzhen)")	Related party in substance (the Bank and its subsidiaries were a related party after the second quarter of 2020)
Mediatek (Chengdu) Inc. ("Mediatek (Chengdu)")	Related party in substance (the Bank and its subsidiaries were a related party after the second quarter of 2020)
Mstar Semiconductor (Shenzhen) Inc. ("Mstar Semiconductor")	Related party in substance (the Bank and its subsidiaries were a related party after the third quarter of 2020)

(Continued)

Related Party	Relationship with the Bank and Its Subsidiaries
CTBC Bank Co., Ltd. (CTBC Bank)	Related party in substance (the Bank and its subsidiaries were a related party after the first quarter of 2021)
Wuxi Huanyu Enterprise Management Services Limited. (Wuxi Huanyu)	Related party in substance (the Bank and its subsidiaries were a related party after the second quarter of 2021)
Alpha Networks Inc. (Alpha Networks)	Related party in substance (the Bank and its subsidiaries were a related party after the first quarter of 2021)
Others	Directors, supervisors, managers and their relatives within the second degree of consanguinity

(Concluded)

b. Significant transactions with related parties are summarized as follows:

	For the Six Months Ended June 30, 2021						
	Ending Balance	Highest Balance for the Period	% of the Account Balance	Allowance for Impairment Loss	Rate (%)	Interest Income	Reversal of Allowance Gain (Allowance for Impairment Loss)
1) Loans	$ 21,916,730	$ 30,152,132	1.23	$ 45,323	0-14.71	$ 45,078	$ 3,002

	June 30, 2021						
Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
Consumer loans for employees	90	$ 52,621	$ 41,263	✓	$ -	None	Yes
Housing mortgage loans	290	3,387,027	2,882,766	✓	-	Property	Yes
Others	Department of Rapid Transit Systems, TCG	15,462,761	8,000,000	✓	-	Public treasury guarantees	Yes
	Department of Finance, TCG	6,000,000	6,000,000	✓	-	Credit guarantees	Yes
	Department of Urban Development, TCG	4,346,133	4,304,095	✓	-	Public treasury guarantees	Yes
	Alpha Networks	572,213	557,399	✓	-	Credit guarantees (Approval date on February 21, 2012. FFH listed it as related party on January 29, 2021)	Yes
	Jih Sun Securities	200,000	-	✓	-	Credit guarantees (Approval date on December 17, 2019, FFH listed it as related party on March 30, 2021)	Yes
	Yong Hsinl	44,000	44,000	✓	-	Land (excluding buildings) (with construction plan)	Yes
	Beijing Global	86,894	86,894	✓	-	Bank deposit certificate	Yes
	Other	483	313	✓	-	Credit guarantee fund	Yes
		$ 30,152,132	$ 21,916,730				

		For the Year Ended December 31, 2020						
		Ending Balance	Highest Balance for the Year	% of the Account Balance	Allowance for Impairment Loss	Rate (%)	Interest Income	Reversal of Allowance Gain (Allowance for Impairment Loss)
1)	Loans	$ 20,819,223	$ 24,714,285	1.27	$ 38,409	0-14.97	$ 147,182	$ 11,344

December 31, 2020

Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
Consumer loans for employees	74	$ 75,332	$ 33,702	✓	$ -	None	Yes
Housing mortgage loans	277	4,556,968	2,890,785	✓	-	Property	Yes
Others	Department of Rapid Transit Systems, TCG	16,614,579	15,462,761	✓	-	Public treasury guarantees	Yes
	Department of Finance, TCG	1,000,000	-	✓	-	Credit guarantees	Yes
	Department of Urban Development, TCG	2,352,806	2,346,133	✓	-	Public treasury guarantees	Yes
	Taipei Municipal Secured Swan Loans Service	17	-	✓	-	Public treasury guarantees	Yes
	Fubon Securities	27,120	-	✓	-	Listed company shares	Yes
	Yong Shin	44,000	44,000	✓	-	Land (excluding buildings) (with construction plan)	Yes
	Beijing Global	41,449	41,449	✓	-	Bank deposit certificate	Yes
	Other	2,014	393	✓	-	Credit guarantee fund	Yes
		$ 24,714,285	$ 20,819,223				

		For the Six Months Ended June 30, 2020						
		Ending Balance	Highest Balance for the Period	% of the Account Balance	Allowance for Impairment Loss	Rate (%)	Interest Income	Reversal of Allowance Gain (Allowance for Impairment Loss)
1)	Loans	$ 13,327,349	$ 21,376,487	0.83	$ 44,137	0-14.97	$ 86,737	$ 5,616

June 30, 2020

Category	Number of Accounts or Name of Related Party	Highest Balance	Ending Balance	Normal	Overdue	Type of Collateral	Is the Transaction at Arm's Length?
Consumer loans for employees	108	$ 60,822	$ 46,956	✓	$ -	None	Yes
Housing mortgage loans	351	4,215,644	3,379,289	✓	-	Property	Yes
Others	Department of Rapid Transit Systems, TCG	16,614,579	9,462,761	✓	-	Public treasury guarantees	Yes
	Department of Urban Development, TCG	439,911	392,943	✓	-	Public treasury guarantees	Yes
	Taipei Municipal Secured Swan Loans Service	17	-	✓	-	Public treasury guarantees	Yes
	Yong Hsinl	44,000	44,000	✓	-	Land (excluding buildings) (with construction plan)	Yes
	Other	1,514	1,400	✓	-	Credit guarantee fund	Yes
		$ 21,376,487	$ 13,327,349				

	For the Six Months Ended June 30							
	2021				2020			
	Ending Balance	% of the Account Balance	Rate (%)	Interest Income (Expense)	Ending Balance	% of the Account Balance	Rate (%)	Interest Income (Expense)
2) Deposits	$ 133,260,976	5.22	0-5.87	$ (106,926)	$ 106,521,746	4.49	0-5.87	$ (213,721)
3) Due from other banks - call loans	$ -	-	0.09-0.11	$ 38	$ -	-	1.55-1.68	$ 743
4) Due from other banks - deposits	$ 560,050	0.88	0-5.40	$ 734	$ 395,936	0.55	0-5.40	$ 979
5) Due to other banks - call loans	$ -	-	0.27	$ (24)	$ 239,466	0.14	0.79	$ (263)

Under Banking Act No. 32 and No. 33, except for consumer and government loans, credits extended by the Bank to any related party should be fully secured, and the credit terms for related parties should be similar to those for unrelated parties.

6) Guarantees

	June 30, 2021				
Related Party	Highest Balance in the Current Period	Ending Balance	Reserve for Losses on Guarantees	Rate	Type of Collateral
-	$ -	$ -	$ -	-	-

	December 31, 2020				
Related Party	Highest Balance in the Current Period	Ending Balance	Reserve for Losses on Guarantees	Rate	Type of Collateral
TCG - Department of Finance	$ 1,213	$ -	$ -	1%	Public treasury guarantees

	June 30, 2020				
Related Party	Highest Balance in the Current Period	Ending Balance	Reserve for Losses on Guarantees	Rate	Type of Collateral
TCG - Department of Finance	$ 1,213	$ 1,186	$ -	1%	Public treasury guarantees

7) Securities

Related Party	Type	For the Six Months Ended June 30 2021	2020
Fubon Life Insurance	Bonds purchased	$ -	$ 1,287,313
	Bonds sold	1,215,313	204,003
TCG	Bonds purchased	900,000	-
CTBC Bank	Bonds purchased	3,158,247	-
	Bonds sold	411,355	-

Related Party	Type	June 30, 2021	December 31, 2020	June 30, 2020
Taiwan High Speed Rail	Bonds sold under repurchase agreements	$ -	$ 2,103,000	$ 5,938,000
Directors, supervisors, managers and their relatives within the second degree of consanguinity	Bonds sold under repurchase agreements	2,230,205	2,276,503	2,455,342

Related Party	Type	June 30, 2021	December 31, 2020	June 30, 2020
Jih Sun Securities	Bank debentures	$ 200,000	$ -	$ -

8) Mutual fund and stock transactions

	June 30, 2021		December 31, 2020		June 30, 2020	
Fund	Units (In Thousands)	Amount	Units (In Thousands)	Amount	Units (In Thousands)	Amount
Fubon No. 1 REIT	57,680	$ 1,027,281	57,680	$ 1,059,582	57,680	$ 961,526
Fubon No. 2 REIT	8,648	139,146	1,848	31,619	1,848	27,018

Fubon No. 2 REIT Investment Trust Fund increased by 6,800 thousand units. The bank used the closing price on June 28, 2021 as the purchase price, and used a huge matching transaction method through securities brokers Fubon Securities by $109,480 thousand.

9) Derivative financial instruments

		June 30, 2021				
					Balance Sheet	
Related Party	Derivative Instrument	Contract Period	Contract (Notional) Amount	Gains (Losses) on Valuation	Account	Balance
Fubon Life Insurance	Currency swap contracts	2021.04.27-2021.09.30	$ 12,577,770	$ (37,554)	Revaluation of financial liabilities at fair value through profit or loss	$ 37,554
Fubon Life Insurance	Currency swap contracts	2021.05.26-2021.08.31	5,848,920	3,270	Revaluation of financial assets at fair value through profit or loss	3,270
Jih Sun Securities	Interest rate swap contract	2018.08.31-2023.09.4	1,300,000	1,699	Revaluation of financial liabilities at fair value through profit or loss	4,216
Jih Sun Securities	Interest rate swap contract	2018.03.05-2024.03.25	1,478,700	(6,375)	Revaluation of financial assets at fair value through profit or loss	21,306
CTBC Bank	Currency swap contracts	2020.08.25-2022.04.18	2,048,226	13,104	Revaluation of financial assets at fair value through profit or loss	16,160

		December 31, 2020				
					Balance Sheet	
Related Party	Derivative Instrument	Contract Period	Contract (Notional) Amount	Gains (Losses) on Valuation	Account	Balance
Fubon Life Insurance	Currency swap contracts	2020.10.28-2021.02.26	$ 10,376,535	$ (163,953)	Revaluation of financial liabilities at fair value through profit or loss	$ 163,953
Fubon Life Insurance	Currency swap contracts	2020.12.14-2021.01.29	5,938,219	19,435	Revaluation of financial assets at fair value through profit or loss	19,435
Fubon Securities Investment Trust	Currency swap contracts	2020.12.17-2021.03.22	67,680	393	Revaluation of financial assets at fair value through profit or loss	393

		June 30, 2020				
					Balance Sheet	
Related Party	Derivative Instrument	Contract Period	Contract (Notional) Amount	Gains (Losses) on Valuation	Account	Balance
Fubon Life Insurance	Currency swap contracts	2020.05.06-2020.08.31	$ 8,660,634	$ (61,378)	Revaluation of financial liabilities at fair value through profit or loss	$ 61,378
Fubon Life Insurance	Currency swap contracts	2020.06.24-2020.09.30	2,663,820	3,971	Revaluation of financial assets at fair value through profit or loss	3,971
Fubon Securities Investment Trust	Currency swap contracts	2020.06.23-2020.07.29	71,016	162	Revaluation of financial assets at fair value through profit or loss	162

10) Credit asset transaction

Related Party	Type	June 30, 2021	December 31, 2020	June 30, 2020
Fubon Bank (Hong Kong)	Bonds purchased	$ 361,460	$ 1,459,155	$ 888,150

11) Lease

Lease agreements between the Bank and its subsidiaries and related parties where the Bank and its subsidiaries are lessees were determined by reference to the similar properties in the vicinity of the Bank and its subsidiaries' investment property or the valuation analysis made by the real estate appraisal firm. Rent is calculated based on a certain amount charged per square foot of the leased space and is collected on a monthly or quarterly basis.

a) Guarantee deposits

Related Party	June 30, 2021	December 31, 2020	June 30, 2020
Fubon Asset Management	$ 13,385	$ 13,385	$ 13,341
Fubon Securities	9,128	9,128	4,845
Taiwan Mobile	765	444	444
Fubon Insurance	525	525	525
Others	938	985	1,012
	$ 24,741	$ 24,467	$ 20,167

b) Rental revenue

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Fubon Securities	$ 13,842	$ 7,701	$ 27,683	$ 15,692
Fubon Asset Management	2,092	2,012	4,169	4,024
Fubon Insurance	821	821	1,642	1,642
Taiwan Mobile	705	705	1,411	1,411
Fubon Life Insurance	-	-	-	659
Others	709	837	1,418	1,540
	$ 18,169	$ 12,076	$ 36,323	$ 24,968

c) Refundable deposits

Related Party	June 30, 2021	December 31, 2020	June 30, 2020
CHLDC	$ 35,342	$ 35,342	$ 31,382
Fubon No. 2 REIT	26,281	25,960	25,960
Fubon Insurance	26,011	26,011	26,011
Fubon Life Insurance	8,081	8,081	8,081
TCG	7,496	7,496	5,156
Fubon No. 1 REIT	6,582	6,748	6,748
Others	6,279	7,315	6,289
	$ 116,072	$ 116,953	$ 109,627

d) Rental expense

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
CHLDC	$ 3,812	$ 3,714	$ 7,681	$ 7,319
Taiwan Fixed Network	2,484	2,892	6,216	6,763
Fubon Chaity	1,618	-	3,232	-
Fubon No. 2 REIT	634	537	1,268	1,026
Fubon Insurance	520	470	1,015	966
Fubon No. 1 REIT	687	432	833	582
Fubon Life Insurance	30	30	60	60
Others	51	66	207	196
	$ 9,836	$ 8,141	$ 20,512	$ 16,912

e) Lease arrangements

Right-of-use assets

Related Party	June 30, 2021	December 31, 2020	June 30, 2020
CHLDC	$ 645,502	$ 118,365	$ 382,608
Fubon No. 2 REIT	298,633	268,297	268,297
Fubon Insurance	296,506	296,506	296,506
Fubon Life Insurance	219,661	219,661	219,661
TCG	97,174	43,910	80,564
Fubon No. 1 REIT	72,976	74,256	74,256
Others	131,994	147,897	109,060
	$ 1,762,446	$ 1,168,892	$ 1,430,952

Lease liabilities

Related Party	June 30, 2021	December 31, 2020	June 30, 2020
CHLDC	$ 533,053	$ 106,988	$ 98,137
Fubon No. 2 REIT	215,825	136,330	183,643
Fubon Life Insurance	133,753	152,014	169,659
Fubon Insurance	51,635	102,375	152,191
TCG	51,316	15,147	31,016
Fubon No. 1 REIT	26,577	39,335	51,969
Taiwan Fixed Network	12,994	16,169	10,622
Others	44,585	66,981	53,697
	$ 1,069,738	$ 635,339	$ 750,934

Depreciation expense on right-of-use assets

	For the Three Months Ended June 30		For the Six Months Ended June 30	
Related Party	2021	2020	2021	2020
CHLDC	$ 52,682	$ 47,629	$ 104,785	$ 95,259
Fubon No. 2 REIT	24,737	24,388	49,066	48,346
Fubon Insurance	24,619	24,618	48,967	49,237
Fubon Life Insurance	9,343	9,343	18,583	18,686
TCG	8,234	8,208	16,377	16,417
Fubon No. 1 REIT	6,234	6,155	12,504	13,189
Others	8,736	9,110	17,377	18,788
	$ 134,585	$ 129,451	$ 267,659	$ 259,922

Interest expense on lease liabilities

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
CHLDC	$ 4,932	$ 984	$ 10,257	$ 2,385
Fubon No. 2 REIT	1,621	1,322	2,676	2,105
Fubon Life Insurance	1,239	1,560	2,545	3,197
Fubon Insurance	532	1,419	1,281	3,056
TCG				
Fubon No. 1 REIT	469	281	964	590
Others	254	452	560	768
	460	490	982	992
	$ 9,507	$ 6,508	$ 19,265	$ 13,093

Value of contract

Related Party	June 30, 2021	December 31, 2020	June 30, 2020
CHLDC	$ 680,654	$ 125,417	$ 593,120
Fubon Life Insurance	321,588	357,298	357,298
Fubon Insurance	312,131	312,131	312,131
Fubon No. 2 REIT	303,886	294,291	294,291
TCG	101,780	45,830	102,559
Fubon No. 1 REIT	77,257	78,579	78,579
Others	176,292	150,893	131,934
	$ 1,973,588	$ 1,364,439	$ 1,869,912

12) Insurance expense

Related Party	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Fubon Insurance	$ 18,798	$ 15,903	$ 75,755	$ 71,358
Fubon Life Insurance	18,157	17,694	36,110	35,791
Others	76	80	154	162
	$ 37,031	$ 33,677	$ 112,019	$ 107,311

13) Marketing collaboration

The Bank entered into a collaboration arrangement with Fubon Securities for deal settlement of securities, cost sharing, and cross-selling. Under this contract, the expense allocation was based on the average balance that the customers of Fubon Securities deposited in the Bank. The allocation costs for office space that the Bank paid to Fubon Securities were $175,214 thousand and $131,136 thousand for the six months ended June 30, 2021 and 2020, and $94,464 thousand and $67,348 thousand for the three months ended June 30, 2021 and 2020, respectively.

14) Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Short-term employee benefits	$ 114,470	$ 94,826	$ 298,723	$ 238,617
Post-employment benefits	1,322	1,185	2,629	2,352
Others	192	237	466	486
	$ 115,984	$ 96,248	$ 301,818	$ 241,455

15) Linked-tax system

The Bank's parent company, FFH, uses the linked-tax system for filing the income tax returns of FFH and its eligible subsidiaries, which include the Bank.

	June 30, 2021	December 31, 2020	June 30, 2020
Linked-tax receivable (included in current tax assets)	$ 111,249	$ 111,249	$ 177,152
Linked-tax payable (included in current tax liabilities)	1,016,643	1,466,738	858,674

16) Others

	June 30, 2021	December 31, 2020	June 30, 2020
Receivables - Fubon Life Insurance	$ 165,241	$ 157,107	$ 463,513
Receivables - others	68,858	53,516	55,100
Payables - others	77,159	67,686	88,713
Principals of structured products - Mstar Semiconductor	437,366	401,402	-
Principals of structured products - Mediatek (Chengdu)	380,543	-	209,600
Principals of structured products - Mediatek (Shenzhen)	340,850	130,892	-
Principals of structured products- Wuxi Huanyu	21,141	-	-
Principals of structured products - others	58,679	64,079	37,525
Refundable deposits - Fubon Futures Co., Ltd.	163,426	111,769	128,424
Guarantee deposits - Jih Sun Bank	23,689	-	-

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2021	2020	2021	2020
Service fee income - Fubon Life Insurance	$ 1,076,560	$ 1,398,073	$ 2,441,781	$ 3,124,909
Service fee income - others	290,726	115,416	541,979	229,115
Other income - others	5,657	6,607	11,357	13,053
Service fee expenses - others	656,530	152,256	1,257,891	268,759
Operating expenses - others	82,175	126,244	195,201	192,362

Transactions between the Bank and its subsidiaries and related parties were made at terms similar to that for unrelated parties, except for the preferential interest rates offered to employees for their savings and loans of up to certain amounts.

47. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On June 28, 2021, the Bank subscribed for additional new shares of Fubon Bank (China) at a percentage different from its existing ownership percentage, and increased its continuing interest from 51% to 57.92%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	Fubon Bank (China) For the Six Months Ended June 30
Consideration paid	$ (4,321,280)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to owners interests	5,191,365
Reattribution of other equity to (from) non-controlling interests	
Exchange differences on translating the financial statements of foreign operations	(29,173)
Unrealized gain or loss on financial assets at fair value through other comprehensive income	36,753
Differences recognized from equity transactions	$ 877,665
Line items adjusted for equity transactions	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual acquisition	$ 877,665

48. CASH FLOW INFORMATION

Changes in Liabilities Arising from Financing Activities

For the six months ended June 30, 2021

			Non-cash Changes				
	Opening Balance	**Cash Flows From Financing Activities**	**Change in Exchange Rate**	**Change in Fair Value**	**Other Changes**	**Other**	**Closing Balance**
Due to the Central Bank and banks	$ 6,965,030	$ (845,880)	$ -	$ -	$ -	$ -	$ 6,119,150
Bank debentures	118,306,675	(11,071,688)	(530,959)	(505,986)	274,255	-	106,472,297
Lease liabilities	4,093,537	(703,750)	(11,156)	-	1,389,947	(75,823)	4,692,755
	$ 129,365,242	$ (12,621,318)	$ (542,115)	$ (505,986)	$ 1,664,202	$ (75,823)	$ 117,284,202

For the six months ended June 30, 2020

	Opening Balance	Cash Flows From Financing Activities	Non-cash Changes			Other	Closing Balance
			Change in Exchange Rate	Change in Fair Value	Other Changes		
Due to the Central Bank and banks	$ -	$ 593,920	$ -	$ -	$ -	$ -	$ 593,920
Bank debentures	114,111,801	2,793,352	(694,903)	1,185,392	430,412	-	117,826,054
Lease liabilities	3,776,863	(682,299)	(22,863)	-	874,968	(64,912)	3,881,757
	$ 117,888,664	$ 2,704,973	$ (717,766)	$ 1,185,392	$ 1,305,380	$ (64,912)	$ 122,301,731

49. PLEDGED ASSETS

The following assets had been provided as refundable deposits:

	June 30, 2021	December 31, 2020	June 30, 2020
Deposit reserves (due from the Central Bank and call loans to other banks)	$ 10,000,000	$ 10,000,000	$ 5,000,000
Negotiable certificates of deposit of the Central Bank (included in investments in debt instruments measured at amortized cost)	19,996,779	19,995,487	19,995,258
Government bonds (included in investments in debt instruments measured at amortized cost)	1,543,227	1,768,798	1,823,768
Due from other banks (included in other financial assets)	2,657,276	2,471,225	2,394,248
	$ 34,197,282	$ 34,235,510	$ 29,213,274

Of the above deposit reserves which is due from the Central Bank and call loans to other banks, a total of $10,000,000 thousand, $10,000,000 thousand and $5,000,000 thousand on June 30, 2021, December 31, 2020 and June 30, 2020 had been provided for as collateral for undertaking the loans and applies to the Central Bank for guarantee loan refinancing for small and medium enterprises impacted by severe special infections pneumonia epidemic. As of June 30, 2021, December 31, 2020 and June 30, 2020, a total of $10,000,000 thousand had been provided for as collateral for day-term overdraft to comply with the CB's clearing system requirement for real-time gross settlement (RTGS). The unused overdraft amount at the end of the day may be treated as liquidity reserve. As of June 30, 2021, December 31, 2020 and June 30, 2020, certificates of deposit (CD) of the Central Bank and negotiable certificates of deposit (NCD) of the Central Bank amounting to $10,000,000 thousand had been provided to the Central Bank as collateral for the Bank's foreign-currency call loans.

Other pledged assets had been placed with (a) courts for meeting requirements for judiciary provisional seizure of debtors' property, (b) the National Credit Card Center for the Bank's potential obligations on credit card activities, (c) the Central Bank for the Bank's potential obligations on its trust activities, (d) foreign governments for the Bank's potential obligations on its overseas operations, and (e) counterparties as collateral of derivatives transactions.

50. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Except for those disclosed in other notes of the accompanying consolidated financial statements, as of June 30, 2021, December 31, 2020 and June 30, 2020, the Bank and its subsidiaries had commitments as follows:

	June 30, 2021	December 31, 2020	June 30, 2020
Undrawn credit card commitments	$ 356,579,486	$ 336,600,474	321,561,748
Collections for customers	28,713,307	27,237,789	23,686,652
Agency loans payable	9,905,758	10,069,141	10,257,514
Trust deposits	1,644,635	2,122,776	2,297,688
Entrusted loans	1,644,635	2,122,776	2,297,688
Entrusted financial management	30,417,678	29,854,564	27,753,220
Travelers' checks consigned-in	-	-	267,450
Marketable securities under custody	455,665,449	428,683,040	412,310,461
Management for book-entry government bonds	165,406,500	142,270,300	79,336,300

b. As of June 30, 2021, December 31, 2020 and June 30, 2020, the capital expenditure commitment amount were $831,519 thousand, $1,050,408 thousand and $1,231,751 thousand, respectively.

51. TRUST BUSINESS UNDER THE TRUST LAW

The trust-related items shown below were managed by the Bank's Trust Department. However, these items were not included in the Bank and its subsidiaries' consolidated financial statements.

Balance Sheets of Trust Accounts
June 30, 2021 and 2020

	2021	2020		2021	2020
Bank deposits	$ 6,824,547	$ 4,982,906	Payables	$ 2,528	$ 1,223
Short-term investments			Capital		
Mutual funds	178,749,380	154,038,081	Money	302,028,256	272,032,987
Bonds	82,653,330	81,880,970	Marketable securities	16,636,566	14,021,432
Stock	40,808,023	31,773,578	Real estate	43,065,305	39,544,992
Structured products	12,349,224	14,133,642		361,730,127	325,599,411
Receivables	717	1,687			
	314,560,674	281,827,958	Securities investment trust fund under custody	220,536,894	185,311,593
Securities investment trust fund under custody	220,536,894	185,311,593	Reserves and cumulative earnings		
			Cumulative earnings	(8,120,143)	(4,845,984)
Real estate			Net income	7,100,135	3,299,402
Land	31,755,606	30,031,868		(1,020,008)	(1,546,582)
Buildings	1,174,862	39,694			
Construction in progress	6,396,958	7,171,626			
	39,327,426	37,243,188			
Total trust assets	$ 581,249,541	$ 509,365,645	Total trust liabilities	$ 581,249,541	$ 509,365,645

Trust Income Statements
For the Six Months Ended June 30, 2021 and 2020

	2021	2020
Trust income		
Interest income	$ 5,050,717	$ 4,604,408
Others	27,469	24,738
Cash dividends	59,544	17,829
Realized capital income - common stock	854,209	264,049
Unrealized capital income - common stock	65,107	-
Realized capital income - mutual funds	3,391,194	1,875,012
Realized capital income - bonds	221,085	1,099,399
Realized capital income - structured products	1,369	3,682
Distribution from beneficiary certificates	23,886	8,877
Total trust income	9,694,580	7,897,994
Trust expense		
Trust administrative expense	644,135	395,511
Supervision fee	232	122
Service fee	5,466	10,126
Income tax expense	4	221
Others	176,671	177,359
Realized capital loss - common stock	18,576	55,410
Unrealized capital loss - common stock	43	8,367
Realized capital loss - mutual fund	1,311,521	3,569,986
Realized capital loss - bonds	324,462	87,586
Realized capital loss - structured products	113,335	293,904
Total trust expense	2,594,445	4,598,592
Net income	$ 7,100,135	$ 3,299,402

Trust Property of Trust Accounts
June 30, 2021 and 2020

Investment Portfolio	2021	2020
Bank deposits	$ 6,824,547	$ 4,982,906
Short-term investments		
Mutual funds	178,749,380	154,038,081
Bonds	82,653,330	81,880,970
Stock	40,808,023	31,773,578
Structured products	12,349,224	14,133,642
Receivables	717	1,687
	314,560,674	281,827,958
Security investment trust fund under custody	220,536,894	185,311,593
Real estate		
Land	31,755,606	30,031,868
Buildings	1,174,862	39,694
Construction in progress	6,396,958	7,171,626
	39,327,426	37,243,188
	$ 581,249,541	$ 509,365,645

52. ALLOCATION OF REVENUE, COST AND EXPENSE RESULTING FROM INTERCOMPANY SHARING OF RESOURCES

The Bank entered into a marketing collaboration agreement with Fubon Financial Holdings Company ("FFH") and its subsidiaries for the cross-selling business. The collaboration arrangements include the sharing of office space, manpower, and business support. Cost allocation and payments are made in accordance with cross-selling rules and the contractual agreements with FFH and its subsidiaries.

Refer to Note 46 for the cross-selling revenues and expenses for the six months ended June 30, 2021 and 2020.

53. FINANCIAL INSTRUMENTS

a. Fair value

1) Overview

Fair value is the price that would be received to sell assets or paid to transfer liabilities in orderly transactions between market participants at the measurement date.

All financial instruments are initially measured at fair value, which is usually the transaction price in many cases. Financial assets are subsequently measured at fair value, except those measured at amortized cost. Quoted market prices in active markets provide the most reliable evidence of fair value. The fair value of financial instruments is measured by marking-to-model or, if the market is inactive, by referring to the quoted prices from Bloomberg or Reuters or from the counterparty.

2) The levels of the fair value hierarchy are described below:

a) Level 1

Level 1 financial instruments are traded in an active market and have quoted prices for identical assets or liabilities. An active market has the following conditions:

i. All financial instruments traded in the market are homogeneous.

ii. Willing buyers and sellers are found in the market all the time.

iii. The public can access the price information easily.

The products categorized in this level usually have high liquidity or are traded in the futures market or exchanges, such as the spot foreign exchange, listed stock and the Taiwan treasury benchmark index bond.

b) Level 2

The products categorized in this level have the prices that can be inferred from either direct or indirect observable inputs other than active market prices. Examples of these inputs are:

i. Quoted prices of similar products in the active market. This means the fair value can be derived from the current trading prices of similar products. The determination of product similarity is based on the financial instrument characteristics and the trading rules. The fair price valuation is subject to adjustments due to differences in prices over time and between market participants and in trading rules;

ii. Quoted prices of identical or similar financial instruments in inactive markets;

iii. When marking-to-model, observable inputs other than quoted prices (such as interest rates and yield curves observable at commonly quoted intervals, and implied volatilities), i.e., the inputs can be observed in the market and can reflect the expectation of market participants;

iv. Inputs are derived from or corroborated by observable market data through correlation or other means.

The fair value of the products categorized in this level are based on inputs used for a simple model or valuation model generally accepted by the market. Examples of these products are forward contracts, cross-currency swap, simple interest-earning bonds and simple foreign exchange options.

c) Level 3

The fair value of Level 3 products, which include financial instruments and investment properties, are based on inputs other than direct market data. For example, historical volatility used in valuing options is an unobservable input because it cannot represent the entire market participants' expectation of future volatility.

The products categorized in this level are complex derivative financial instruments, products with prices provided by brokers or unlisted shares, such as complex foreign exchange options, commodity options, and complex interest rate options.

b. Specific financial instruments measured at fair value

1) Fair value hierarchy

The fair value of the Bank and its subsidiaries' financial instruments and properties are measured on a recurring basis. The fair value hierarchy of these financial instruments and investment properties as of June 30, 2021, December 31, 2020 and June 30, 2020 was as follows:

	June 30, 2021			
Item	**Total**	**Level 1**	**Level 2**	**Level 3**
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured as at fair value through profit or loss				
Stock investments	$ 236,441	$ 157,914	$ -	$ 78,527
Bond investments	38,434,247	20,273,962	11,129,370	7,030,915
Others	18,225,471	33,575	14,690,974	3,500,922
Financial assets at fair value through other comprehensive income				
Stock investments	18,938,152	16,914,334	-	2,023,818
Bond investments	173,209,307	37,359,572	132,860,301	2,989,434
Others	12,308,675	7,689,402	3,847,661	771,612
Investment properties	3,212,700	-	-	3,212,700

(Continued)

Item	June 30, 2021 Total	Level 1	Level 2	Level 3
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	$ 27,207,044	$ 356,967	$ 25,986,380	$ 863,697
Financial assets for hedging	1,764,904	-	1,764,904	-
Liabilities				
Financial liabilities at fair value through profit or loss	28,143,723	2,146	27,005,149	1,136,428
Financial liabilities for hedging	7,221,318	-	7,221,318	-

(Concluded)

Item	December 31, 2020 Total	Level 1	Level 2	Level 3
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured as at fair value through profit or loss				
Stock investments	$ 197,294	$ 151,958	$ -	$ 45,336
Bond investments	30,496,931	15,992,292	5,907,413	8,597,226
Others	33,368,190	25,654	28,379,872	4,962,664
Financial assets at fair value through other comprehensive income				
Stock investments	11,391,883	9,532,570	-	1,859,313
Bond investments	189,857,885	42,338,197	144,156,311	3,363,377
Others	8,557,169	5,545,293	1,968,561	1,043,315
Investment properties	3,212,700	-	-	3,212,700
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	41,824,640	310,925	40,572,590	941,125
Financial assets for hedging	2,104,144	-	2,104,144	-
Liabilities				
Financial liabilities at fair value through profit or loss	46,978,045	2,580	45,702,135	1,273,330
Financial liabilities for hedging	8,994,438	-	8,994,438	-

Item	June 30, 2020 Total	Level 1	Level 2	Level 3
Measured on a recurring basis				
Non-derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured as at fair value through profit or loss				
Stock investments	$ 3,585,668	$ 3,542,109	$ -	$ 43,559
Bond investments	46,960,399	25,494,394	14,462,703	7,003,302
Others	47,263,117	67,940	43,976,864	3,218,313
Financial assets at fair value through other comprehensive income				
Stock investments	9,392,951	7,654,255	-	1,738,696
Bond investments	164,109,433	45,122,281	115,779,360	3,207,792
Others	41,282,594	5,895,332	34,705,369	681,893
Investment properties	2,509,700	-	-	2,509,700
Liabilities				
Financial liabilities at fair value through profit or loss	348,441	348,441	-	-
Derivative financial instruments				
Assets				
Financial assets at fair value through profit or loss	18,703,002	371,867	16,809,169	1,521,966
Financial assets for hedging	2,521,900	-	2,521,900	-
Liabilities				
Financial liabilities at fair value through profit or loss	21,537,870	4,213	19,855,808	1,677,849
Financial liabilities for hedging	11,152,063	-	11,152,063	-

2) Fair value measurement technique

a) Financial instruments

The financial assets should be measured by marking to market.

This method should be employed at the first place, unless it is infeasible. Following are the principles to be observed when using marking-to-market:

i. Ensure the consistency and integrity of market data.

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

iii. Listed securities with representative quoted prices should be valued at closing prices.

iv. Fair value of unlisted securities with no closing prices are evaluated based on prices quoted by independent brokers.

v. The guidelines provided by the regulatory authorities should be followed.

Marking to model is suggested if marking to market is infeasible. This valuation methodology uses model inputs to derive the value of trading positions. Senior managers should acknowledge the valuation model scope, uncertainties and effects. In addition to complying with the Bank's regulations regarding model valuation, the Bank should consider the following:

i. Model inputs should be consistent and complete.

ii. Valuation models should be made on the basis of proper assumptions. The Bank should also consider its internal control system, market risk management framework and mathematical expertise in making calculations. Moreover, model validation should be implemented by a quantitative trading team that is independent of the market risk-taking unit.

iii. There should be standard procedures for model alteration and the operation of a backup system, and valuation results should be tested periodically using historical backup data.

The Bank and its subsidiaries' fair value measurement models - such as the Black-Scholes option pricing model or Monte Carlo Simulation are widely used in the industry. If some valuation model parameters consist of unobservable information in markets, the Bank and its subsidiaries must make proper fair value estimates based on assumptions.

The fair value of unlisted equity securities was determined based on the nature of targets and the condition of collected data using the appropriate valuation approach, including the income approach and the asset approach.

For estimating the impact of parameters based on unobservable data, the Bank's "Quantitative Information on Significant Unobservable Inputs (Level 3)" is used as reference.

b) Non-financial instruments

Fair value of investment properties is measured using the income approach based on the valuations carried out by independent qualified professional appraisers. The related data and inputs are as follows:

i. Cash flows: The Bank and its subsidiaries evaluate market rentals of comparable properties on the basis of current lease agreements, local rental prices and market similarity, and rule out the values that are too high or too low. In addition, properties with terminal values should add the present value of terminal value to their market rentals.

ii. Analysis period: The income is measured by 10 years.

iii. Discount rate: The discount rate is based on the interest rate for two-year time deposits as posted by Chunghwa Post Co., Ltd., plus 0.75% and asset-specific risk premiums.

3) Fair value adjustment

Credit risk value adjustments included in the calculation of the fair value of financial instruments take into account the counterparties' credit risk and the Bank's credit quality.

Credit risk value adjustments represent the fair value of derivative contracts reflecting the credit risks of both parties to a transaction. It is mainly composed of credit value adjustments and debit value adjustments.

a) Credit valuation adjustment (CVA) is used for derivative contracts that are traded over the counter. It is the adjustment required for the value of a derivative asset to reflect the counterparty's credit risk, of the Bank.

b) Debit valuation adjustment (DVA) is used for derivative contracts that are traded over the counter. It is the adjustment required for the value of a derivative liability to reflect non-performance risk, including credit risk, of the Bank.

CVA and DVA are the tools for estimating losses, which are calculated using models with inputs of Probability of Default (PD) and Loss Given Default (LGD) multiplying the Exposure at Default (EAD).

The Bank calculates expected loss by multiplying the probability of default (PD) by the loss given default (LGD) by the exposure at default (EAD).

The Bank calculates EAD using the mark-to-market fair value of OTC derivative instruments.

The Bank uses 60% as the PD in accordance with "IFRS 13 CVA and DVA-related Disclosure Guidelines" issued by the Taiwan Stock Exchange.

4) Transfers between Level 1 and Level 2

The Bank and its subsidiaries regularly review and enhance the liquidity of quotes to improve the quality of evaluation information. The Bank and its subsidiaries transferred part of the NTD Bonds from Level 1 to Level 2 because the Bank and its subsidiaries determined these investments were not in an active market. Thus, the relevant amount was transferred from the first grade to the second grade, for the six months ended June 30, 2021. For the six months ended June 30, 2019, the Bank and its subsidiaries had no material transfer between Level 1 and Level 2.

5) Reconciliation of Level 3 items

a) Reconciliation of Level 3 assets

For the Six Months Ended June 30, 2021

Name	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issue	Transfer to Level 3	Disposal/ Sale	Transfer Out of Level 3	
Financial assets at fair value through profit or loss								
Financial assets mandatorily measured as at fair value through profit or loss	$ 14,546,351	($ 338,009)	$ -	$ 3,755,185	$ 2,753,404	$ 4,509,008	$ 4,733,862	$ 11,474,061
Financial assets at fair value through other comprehensive income	6,266,005	(61,313)	160,650	1,127,004	440,642	574,775	1,573,349	5,784,864
Investment properties	3,212,700	-	-	-	-	-	-	3,212,700

Note: Transfers to Level 3 were due to intensity variation of market information for certain financial assets mandatorily measured as at fair value through profit or loss and financial assets at fair value through other comprehensive income. Transfers out of Level 3 were due to intensity variation of market information for certain financial assets mandatorily measured as at fair value through profit or loss and financial assets at fair value through other comprehensive income.

For the Six Months Ended June 30, 2020

Name	Beginning Balance	Gains (Losses) on Valuation		Increase		Decrease		Ending Balance
		Profit and Loss	Other Comprehensive Income	Purchase/ Issue	Transfer to Level 3	Disposal/ Sale	Transfer Out of Level 3	
Financial assets at fair value through profit or loss								
Financial assets mandatorily measured as at fair value through profit or loss	$ 15,257,648	$ (483,335)	$ -	$ 7,370,042	$ 3,668,706	$ 10,378,624	$ 3,647,297	$ 11,787,140
Financial assets at fair value through other comprehensive income	5,425,650	(78,850)	122,425	1,610,909	1,774,012	1,568,185	1,657,580	5,628,381
Investment properties	2,814,200	(898)	-	-	-	-	303,602	2,509,700

Note: Transfers to Level 3 were due to intensity variation of market information for certain financial assets mandatorily measured as at fair value through profit or loss and financial assets at fair value through other comprehensive income. Transfers out of Level 3 were due to intensity variation of market information for certain financial assets mandatorily measured as at fair value through profit or loss and financial assets at fair value through other comprehensive income. The investment properties transferred out of Level 3 were then reclassified to the property, plant and equipment.

As of June 30, 2021 and 2020, valuation losses of $392,364 thousand and $293,529 thousand, respectively, were included in profit or loss, and valuation gains of $159,637 thousand and $174,352 thousand, respectively, were included in other comprehensive income of assets held.

b) Reconciliation of Level 3 liabilities

For the Six Months Ended June 30, 2021

Name	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Ending Balance
			Purchase/ Issue	Transfer to Level 3	Disposal	Transfer Out of Level 3	
Financial liabilities at fair value through profit or loss							
Held-for-trading financial liabilities	$ 1,273,330	$ (15,081)	$ 362	$ -	$ 122,183	$ -	$ 1,136,428

For the Six Months Ended June 30, 2020

Name	Beginning Balance	Valuation Gain/Loss Reflected on Profit or Loss	Increase		Decrease		Ending Balance
			Purchase/ Issue	Transfer to Level 3	Disposal	Transfer Out of Level 3	
Financial liabilities at fair value through profit or loss							
Held-for-trading financial liabilities	$ 2,168,661	$ (199,003)	$ 1,266	$ -	$ 293,075	$ -	$ 1,677,849

As of June 30, 2021 and 2020, valuation gain of $19,603 thousand and loss of $46,407 thousand, respectively, were included in profit and loss of liabilities held.

6) Quantitative information on the significant unobservable inputs (Level 3) used in fair value measurement

Fair value measurement classified under Level 3 were some overseas bonds, foreign asset securitization, credit-linked notes, complex derivatives, investments in equity instruments of unlisted shares and investment properties.

Financial instruments for which there are significant unobservable inputs are measured using a credit model, a complex interest rate option model and a complex foreign exchange option model. Parameters of the model can be accurately calibrated for the quantitative analysis of financial settings.

Quantitative information on significant unobservable inputs is set out below. However, the positions belonging to the data source of third-party and the valuation based on the market evidences assessed by the professional agency (including back-to-back transactions quotes from Bloomberg BVAL or Yield Book on bonds in foreign currency, investments in equity instruments of unlisted shares and investment properties, etc.) are not shown below and on the “Sensitivity Analysis of Fair Value If Reasonably Possible Alternative Assumptions Are Used” because the relationship between the significant unobservable inputs and fair value is difficult to be established fully.

June 30, 2021

Name	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationships between Inputs and Fair Value
Items measured at fair value based on repeatability:						
Financial assets at fair value through profit or loss	Credit-linked notes (CLN)	$ 1,406,460	Complex option model	Default recovery rate	30%-50%	The default recovery rate and the fair value do not have linear relationship. The changes of default recovery rate would first change the default recovery chances then affect the fair value.
Financial assets at fair value through other comprehensive income	Asset-backed security (ABS)	215,728	Discounted cash flow method	Real interest rate	3.75%-6.8%	The decrease in real interest rate would result in an increase in fair value.

December 31, 2020

Name	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationships between Inputs and Fair Value
Items measured at fair value based on repeatability:						
Financial assets at fair value through profit or loss	Credit-linked notes (CLN)	$ 3,015,292	Complex option model	Default recovery rate	30%-50%	The default recovery rate and the fair value do not have linear relationship. The changes of default recovery rate would first change the default recovery chances then affect the fair value.
Financial assets at fair value through profit or loss	Asset-backed security (ABS)	218,153	Discounted cash flow method	Real interest rate	4.8%	The decrease in real interest rate would result in an increase in fair value.
Financial assets at fair value through other comprehensive income	Asset-backed security (ABS)	479,937	Discounted cash flow method	Real interest rate	3.2%-6.2%	The decrease in real interest rate would result in an increase in fair value.
Derivative financial assets						
Financial assets at fair value through profit or loss	Foreign exchange option (FX Option)	8,495	Complex foreign exchange option model	Proportion parameter	50%-80%	The proportion parameter and the fair value do not have linear relationship. The increase in proportion parameter would approximate to stochastic volatility model, otherwise it would approximate to regional volatility model.
Derivative financial liabilities						
Financial liabilities at fair value through profit or loss	Foreign exchange option (FX Option)	(4,372)	Complex foreign exchange option model	Proportion parameter	50%-80%	The proportion parameter and the fair value do not have linear relationship. The increase in proportion parameter would approximate to stochastic volatility model, otherwise it would approximate to regional volatility model.

June 30, 2020

Name	Products	Fair Value	Valuation Techniques	Significant Unobservable Inputs	Interval (Weighted-average)	Relationships between Inputs and Fair Value
Items measured at fair value based on repeatability:						
Financial assets at fair value through profit or loss	Credit-linked notes (CLN)	$ 2,995,945	Complex option model	Default recovery rate	30%-50%	The default recovery rate and the fair value do not have linear relationship. The changes of default recovery rate would first change the default recovery chances then affect the fair value.
Financial assets at fair value through profit or loss	Asset-backed security (ABS)	83,840	Discounted cash flow method	Real interest rate	3.4%	The decrease in real interest rate would result in an increase in fair value
Derivative financial assets						
Financial assets at fair value through profit or loss	Foreign exchange option (FX Option)	5,200	Complex foreign exchange option model	Proportion parameter	50%-80%	The proportion parameter and the fair value do not have linear relationship. The increase in proportion parameter would approximate to stochastic volatility model, otherwise it would approximate to regional volatility model.
Derivative financial liabilities						
Financial liabilities at fair value through profit or loss	Foreign exchange op (FX Option)	(1,488)	Complex foreign exchange option model	Proportion parameter	50%-80%	The proportion parameter and the fair value do not have linear relationship. The increase in proportion parameter would approximate to stochastic volatility model, otherwise it would approximate to regional volatility model.

7) Valuation processes for Level 3 fair value measurements

The Bank and its subsidiaries' Risk Management Division (the "Division") is responsible for independently verifying fair value, confirming that the information needed is correct and consistent before evaluating the financial instruments with the use of models, calibrating measurement models in relation to market prices, and updating the inputs required for models so that the model results will approximate market status. In addition to maintaining the accuracy of measurement models, the Division also periodically examines the reasonableness of prices provided by third parties. Investment properties are regularly measured by independent qualified professional appraisers commissioned by Property Management Division in conformity with the Regulations Governing the Preparation of financial Reports by Public Banks. Unlisted shares are also regularly appraised by external institution commissioned by Investment Management Division.

Related Division of the Risk Management and the Property Management create the policies for the fair value valuation of financial instruments and investment properties and valuation procedures.

8) Sensitivity analysis of Level 3 fair value if reasonably possible alternative assumptions are used

Although the Bank and its subsidiaries believe that their estimates of fair value are appropriate, the use of different methodology or assumptions could lead to different measurements of fair value. For Level 3 fair value measurements, a 10% change in assumptions would have the following effects:

Name	June 30, 2021			
	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ 18	$ (22)	$ -	$ -
Financial assets at fair value through other comprehensive income	-	-	535	(919)

Name	December 31, 2020			
	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ 1,700	$ (2,700)	$ -	$ -
Financial assets at fair value through other comprehensive income	-	-	1,070	(1,855)

Name	June 30, 2020			
	Effect on Profit and Loss		Effect on Other Comprehensive Income	
	Favorable	Unfavorable	Favorable	Unfavorable
Assets				
Financial assets at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$ 109	$ (103)	$ -	$ -
Financial assets at fair value through other comprehensive income	-	-	3	(3)
Liabilities				
Financial liabilities at fair value through profit or loss				
Held-for-trading financial liabilities	13	(12)	-	-

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

1) Fair value information of financial instruments

Financial instruments measured at cost, excluding those in the table below, have carrying amounts that are reasonably close to their fair value; thus, their fair value is not disclosed. Examples of these instruments are (a) financial assets such as cash and cash equivalents, due from the Central Bank and other banks, securities purchased under resell agreements, receivables, discounts and loans, and parts of other financial assets (b) financial liabilities such as deposits to the Central Bank and other banks, securities sold under repurchased agreement, payables, deposits and remittances and other financial assets.

	June 30, 2021	
Items	**Carrying Amount**	**Fair Value**
Financial assets		
Investments in debt instruments measured at amortized cost	$ 812,422,010	$ 822,462,091
Financial liabilities		
Bank debentures	106,472,297	107,187,713

	December 31, 2020	
Items	**Carrying Amount**	**Fair Value**
Financial assets		
Investments in debt instruments measured at amortized cost	$ 758,578,044	$ 773,479,693
Financial liabilities		
Bank debentures	118,306,675	119,124,997

	June 30, 2020	
Items	**Carrying Amount**	**Fair Value**
Financial assets		
Investments in debt instruments measured at amortized cost	$ 704,526,565	$ 714,638,315
Financial liabilities		
Bank debentures	117,826,054	118,692,114

2) Fair value hierarchy of financial instruments

Assets and Liabilities	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments measured at amortized cost	$ 822,462,091	$ 212,412,230	$ 505,356,275	$ 104,693,586
Financial liabilities				
Bank debentures	107,187,713	72,977,056	34,210,657	-

Assets and Liabilities	December 31, 2020			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments measured at amortized cost	$ 773,479,693	$ 191,537,219	$ 507,944,757	$ 73,997,717
Financial liabilities				
Bank debentures	119,124,997	77,853,451	41,271,546	-

Assets and Liabilities	June 30, 2020			
	Total	Level 1	Level 2	Level 3
Financial assets				
Investments in debt instruments measured at amortized cost	$ 714,638,315	$ 176,975,168	$ 465,975,554	$ 71,687,593
Financial liabilities				
Bank debentures	118,692,114	81,436,805	37,255,309	-

3) Measurement technique

Methods and assumptions applied in estimating the fair value of financial instruments not carried at fair value are as follows:

a) The carrying amounts of financial instruments such as cash and cash equivalents, due from the Central Bank and call loans to other banks, securities purchased under resell agreements, receivables, part of other financial assets, due to the Central Bank and other banks, funds borrowed from the Central Bank and other banks, securities sold under repurchase agreements, payables, and remittances approximate their fair value because of the short maturities of these instruments.

b) Discounts and loans, deposits, and principals of structured products are interest-earning financial assets/interest-bearing financial liabilities; thus, their carrying amounts approximate their fair value. The carrying amounts of nonperforming loans are estimated at their recoverable amounts after considering the reserve for impairment loss; thus the carrying amounts are regarded as fair value.

c) Investments in debt instruments measured at amortized cost and bank debentures are based on their quoted prices in an active market. For those instruments with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

54. FINANCIAL RISK MANAGEMENT

a. Overview

The Bank and its subsidiaries have been fully devoted to establishing a robust risk management culture and environment, improving the comprehensive risk management system, pursuing the optimization of risks and rewards, formulating faultless risk management procedures and related business hedging strategies, complying with the risk management requirements of the Basel Accord framework, continually elevating professional level in risk management, assisting business sustainable growth, and optimizing shareholder's value.

The major risks faced by the Bank and its subsidiaries from on- and off- balance sheet activities include credit risk, market risk (including interest rate, foreign exchange, equity and commodity risks) and liquidity risk.

The Bank and its subsidiaries have duly established risk management policies approved by the board of directors, to ensure consistent compliance with the comprehensive risk management systems, and to identify, measure, monitor, transfer, and mitigate the Bank and its subsidiaries' credit, market, and liquidity risks.

b. Risk management framework

Taipei Fubon Bank

The Bank adopts three lines of defense in its risk management framework to ensure operating effectiveness of risk management system. The board of directors and senior management oversee the risk management framework to ensure operating effectiveness and take ultimate responsibility for its effectiveness.

Business, operation, and management units each undertake the first line of defense role to identify, evaluate, control, and mitigate operational risks by ensuring compliance with risk management requirements and implementation of the risk control procedures while performing their job functions and by conducting self-assessment and monitoring of risk limits and exposures. Risk management units assume an independent role in enacting the second line of defense, and are responsible for assisting and overseeing the first line of defense role by identifying and monitoring risk, designing a risk management system, monitoring risk exposures and submitting risk reports to the board of directors or senior management. The audit department conducts the third line of defense by independently assisting the board of directors and senior management in the audit and evaluation of the effectiveness of risk management, including the first and second lines of defense role to ensure effectiveness of risk management, and provide recommendations for improvement.

The board of directors oversees the establishment of the Bank's effective risk management system and mechanism, approves risk management policies, and reviews important risk management reports. The Bank has established an Asset and Liability Management Committee ("ALCO"), Risk Management Committee, and Credit Review Committee. The committee meetings are held regularly and at other times depending on business needs.

The ALCO is chaired by the Bank's chairman and supervisors appointed by the Bank's chairman, and its members include the Bank's president and senior managers of the relevant departments. The committee is in charge of the Bank's business strategy. It manages assets and liabilities and capital adequacy, sustains liquidity and enhances the management of the sources and use of capital to pursue the Bank's best interests under acceptable risks.

The Risk Management Committee is chaired by the Bank's chairman and supervisors appointed by the Bank's chairman, and its members include the senior managers of the relevant departments. The committee assists the board of directors in monitoring the Bank's risk management, including credit, market, operation, financial management, information security, anti-money laundering, and financial crimes. The committee also reviews the Bank and its subsidiaries overall risk strategy, evaluate and monitor the risk-taking ability, risk-taken situation and the strategy, and reviews the risk management and implementation of internal control regularly.

The Credit Review Committee is headed by the Bank's president who appointed members with considerable qualifications. The committee is responsible for reviewing the credit-related cases with certain authority and those that needed the review by the Credit Review Committee and to execute brainstorming and lower the credit risk.

Fubon Bank (China)

The board of directors, as the highest decision-making body of Fubon Bank (China), takes ultimate responsibility for its risk management and decides Fubon Bank (China)'s overall risk tolerance. The special committee under the board of directors monitors and evaluates the effectiveness of Fubon Bank (China)'s risk management practices.

The senior management and its subcommittees are responsible for implementing risk policies authorized by the board of directors. They define individual risk management levels using a certain coding system, enhance the effectiveness of risk management practices, and optimize workflow. The Risk Management Department identifies, quantifies and monitors risk factors and reports on Fubon Bank (China)'s overall risks to senior management and the board of directors. The Internal Audit Department independently evaluates the internal control codes for effectiveness, comprehensiveness, and accuracy.

c. Credit risk

1) Credit risk definitions and sources

Taipei Fubon Bank

Credit risk refers to the risk of losses caused by borrowers, debtors, or counterparties' failure to fulfill their contractual obligations because of deteriorating financial position or other factors. It arises principally from businesses such as discounts, loans, credit cards, due from or call loans to banks, debt investments, derivatives etc., but also from off-balance sheet products such as guarantees, acceptance, letters of credit and other commitments.

Fubon Bank (China)

Credit risk is the primary risk faced by Fubon Bank (China), and it mainly comes from commercial lending (discounts, negotiations, acceptance bills, issued letters of credit, standby letters of credit, bank guarantees, etc.), financial derivative contracts, and security investments.

2) Strategy/objectives/policies and procedures

Taipei Fubon Bank

The Bank has established solid credit risk policies and procedures. A robust credit risk strategy taking into account the economic environment, industry sector and financial sector as well as corporate business plan is in place. The Bank pursues the optimization of risks and rewards. Comprehensive credit risk management systems and tools have been deployed effectively to identify, evaluate, monitor and report credit risks including default, counterparty and concentration risks.

Fubon Bank (China)

The credit risk management of Fubon Bank (China) is based on its comprehensive risk management system, preferable risk-based guidelines by the board of directors. Under this system is the Risk & Related Party Transaction Committee, which the board of directors oversees. This Committee supervises the implementation of credit risk policies, evaluates risk tolerances and makes recommendations on the strengthening of credit risk management practices. The Credit Committee, which is supervised by senior management, reviews credit lines within a certain limit. The Supervisory Committee, which is also under the board of directors' oversight, approves Fubon Bank (China)'s lending policies as well as authorizes credit lines that exceed the Credit Committee's authorized approval limit to strengthen risk control over large credit lines. Fubon Bank (China) also has a Risk Management Department, which includes the Risk Control Division, Credit Policy & Planning Division, Post-Disbursement Risk Management Division and Credit Approval & Administration Division, which identify, quantify, monitor and control Fubon Bank (China)'s credit risk.

3) Credit risk management framework

Taipei Fubon Bank

a) To strengthen risk management function, under the supervision of the board of directors, the Bank has established the Risk Management Committee, which is composed of senior management and chaired by the Chairman, to examine credit risk policies and quotas and to monitor the information and changes in the Bank's significant credit risk and the qualification status of quotas.

b) To enhance the independence of credit risk management, the Bank has established the Risk Management Division, which is responsible for measuring the Bank's risk exposure; monitoring risk limits; reporting; and the Risk Control Development Division coordinating the development of the mechanism for managing credit risk and validating risk models.

c) Under the risk management controller, there are legal and personal credit risk management units which are responsible for performing credit review, post-loan management, collection and credit management.

d) The Bank has established the Credit Review Committee of corporate banking and the Credit Review Committee of personal finance to review credit above a certain limit to strengthen control over cases involving large credit amounts.

e) The audit department, which is under the supervision of the board of directors, conducts the third defense line of examining independently the effectiveness of internal control functions.

Fubon Bank (China)

Fubon Bank (China)'s current credit risk management is based on its comprehensive risk management system. The Risk Management Department and credit management department are responsible for identifying, quantifying, monitoring, controlling and reporting on Fubon Bank (China)'s credit risk.

4) Credit risk measurement, control and reporting

Taipei Fubon Bank

a) The Bank has established credit risk measurement and control procedures, including underwriting, risk rating, limit control, account maintenance, pre-settlement limit control and collection management systems, which enable the Bank to manage and limit the country risk, single legal entity and group exposure risk, and industry concentration risk effectively. The Bank has also established a vigorous review and early warning mechanism to ensure that there are proper actions taken for effective credit risk management.

b) The Bank regularly performs credit risk stress testing based on the guideline issued by the Financial Supervisory Commission. It continues to develop scenario analysis and stress testing to provide senior management with an assessment of risk tolerance, as well as to provide a sound basis for credit portfolio management.

c) The Bank has completed several Basel Accord credit risk management projects, including risk data warehousing system, internal risk rating system, and the risk-weighted asset calculation system. The development and revision of score card and rating models are validated independently by the Risk Control Development Division to monitor the model performance and stability.

Fubon Bank (China)

a) The credit risk control process includes credit policy development, credit approval, early warning and collection. Credit risk supervision includes the regular follow-up of high-risk cases, exposure limit control of country risk, and customer credit grading management; and real-estate loan monitoring and other monthly monitoring, which includes high risk exposure towards industry concentration and the concentration of single clients/group clients and its affiliated parties.

b) Fubon Bank (China) makes a regular credit portfolio stress test based on the actual status of the credit portfolio. The stress test results, including changes in results due to differences in risk triggers, will be reported at the board meeting and serve as reference for risk management and decision-making.

c) The credit management system of Fubon Bank (China) has modules for credit approval, loan ledger management, collateral information maintenance, customer grading management and - five-category asset classification for bank loans. The system can support credit risk management effectively.

5) Credit risk mitigation

Taipei Fubon Bank

The Bank has established sophisticated limits in controlling concentration risks on credit, securities investment and counterparty exposures. Risk rating is assessed for each borrower on the basis of the stringent evaluation of obligor risk and facility risk. Further, the Bank has set a centralized approval process with documented guidelines and dual authorizations. Appropriate collaterals are required on the basis of borrowers' financials and debt service capabilities to mitigate credit risk.

Fubon Bank (China)

Fubon Bank (China) sets credit and approval authorization limits based on a customer risk grading and loan risk grading, guarantee and sub-guarantee criteria, and investment portfolio management from the "Institutional Banking Risk Policy and SOP". Fubon Bank (China) also strengthens risk identification on the basis of some quantitative indicators like a customer's risk grading and business classification and the customer selection criteria and classification. Credit quality control is done through strict and highly thorough due diligence and approval procedures, which include having the credit officers from both the sales department and the risk department sign credit approval documents. Fubon Bank (China) also requires appropriate collaterals to enhance loan risk mitigation. In addition, there is post-loan management, which includes monitoring continual loan and taking note of any early risk-warning signals.

6) The determination of significant increase in credit risk after initial recognition

a) Credit assets

The Bank and its subsidiaries assess changes in default risk of discounts and loans, receivables, loan commitments and other credit assets for the expected subsequent period on each reporting date to determine whether there is a significant increase in credit risk since the initial recognition. For this assessment, the Bank and its subsidiaries, according to the internal credit risk management purposes and based on the internal rating, overdue status, collateral with risk characteristics, and debtor's risk segments, has considered the reasonableness and reliability of information showing significant increase in credit risk after initial recognition (including forward-looking information) of the financial asset. The main considerations for various types of financial assets are listed below:

i. Financial assets that are overdue more than 30 days;

ii. Significant fall in the debtor's internal or external credit rating;

iii. Significant increase in the credit risk of any product of the same debtor;

iv. Adverse changes in the current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the borrower to perform its debt obligations;

v. Significant changes in actual or expected operating results of the borrower.

b) Debt instruments

The Bank and its subsidiaries assess debt instruments measured at amortized cost and that are measured at fair value through other comprehensive income on each reporting date to determine whether there has been a significant increase in credit risk since the initial recognition. For this assessment, the Bank and its subsidiaries have individually considered the reasonableness and reliability of information showing significant increase in credit risk after initial recognition (including forward-looking information). The main considerations are listed below:

i. Significant changes in the internal and external ratings of financial assets or debtors;

ii. The fair value of financial assets is significantly lower than the amortized cost;

iii. Adverse changes in the current or projected operating, financial or economic conditions that are expected to result in significant changes in the ability of the borrower to perform its debt obligations;

iv. Significant changes in actual or expected operating results of the borrower;

v. Significant increase in the credit risk of other financial instruments of the same borrower.

If on the reporting date it is not possible to identify whether the credit risk of financial assets has increased significantly since the original recognition, except for the financial assets whose credit risk is low on the reporting date, the expected credit losses are recognized according to the existing condition.

If the financial instrument is of investment grade and the risk of default is low, the financial asset is considered to have low credit risk on the reporting date.

7) Definition of default and credit impaired financial assets

a) Credit assets

The Bank's definition of financial asset default is the same as financial asset credit impairment. If one or more of the following conditions are satisfied, the Bank determines that the financial asset has defaulted and is credit impaired.

i. Financial assets are overdue for more than 90 days;

ii. Financial assets are recognized as overdue loans or bad debts;

iii. The debtors or issuers are undergoing financial difficulties;

iv. Changes in the conditions of the debt contract due to the financial difficulties of the debtor;

v. The debtor has claimed bankruptcy or is likely to claim bankruptcy;

vi. The debtor has undergone a reorganization or is likely to request a reorganization;

vii. Credit losses have occurred at the time of the creation of the financial assets.

The above definition of default and credit impairment applies to all credit assets held by the Bank. It is consistent with the definition of relevant financial assets for internal credit risk management, and applicable to the relevant impairment assessment model as well.

If the financial assets no longer meet the definition of default and credit impairment at the reporting date, their status return to in compliance, and are no longer regarded as credit impaired or financial assets in default.

b) Debt instruments

If one or more of the following conditions are satisfied, the Bank determines that the financial asset has defaulted and is credit impaired.

i. The financial assets have failed to repay the principal and interest on time according to the conditions of issuance;

ii. The issuer is undergoing financial difficulties;

iii. The issuer has claimed bankruptcy or is likely to claim bankruptcy;

iv. The issuer has undergone a reorganization or is likely to request a reorganization;

v. Credit losses have occurred at the time of the creation of the financial assets.

The above definition of default and credit impairment applies to all credit assets held by the Bank. It is consistent with the definition of relevant financial assets for internal credit risk management, and applicable to the relevant impairment assessment model as well.

If the financial assets no longer meet the definition of default and credit impairment at the reporting date, their status return to in compliance, and are no longer regarded as financial assets in default or credit impairment.

8) Write-off policy

If one of the following situations occurred, overdue and nonperforming loans of the Bank, after deducting any estimated recoverable portion, would be written off as bad debts.

a) All or part of the creditor's right could not be enforced due to dissolution, escape, settlement, bankruptcy or other reasons of the debtors.

b) The values of collateral and properties of the main and subordinate debtors are very low, compensation are not available after deducting the first mortgage, or it is unbeneficial that execution fee is close to or may exceed the bank's reimbursable amount.

c) The collateral and the properties of the main and subordinate debtors are unsold after multiple discount auctions and not beneficial to the Bank.

d) Overdue and nonperforming loans have not been recovered after more than 2 years from the maturity date.

The financial assets that have been written off by the Bank and its subsidiaries may still have ongoing recourse activities and continue to conduct collection activities under the relevant policies.

9) Assessment of expected credit losses

a) Credit assets

The Bank and its subsidiaries, for the purpose of assessing expected credit losses, based on the borrower's industry, credit risk rating, overdue status, collateral type, and other risk characteristic classified credit assets into separate groups according to different risk parameters.

The Bank and its subsidiaries provide allowance for 12-month expected credit losses when financial instruments did not have a significant increase in credit risk since initial recognition. Financial instruments are provided with allowance for full-lifetime expected credit losses when there is significant increase in credit risk or credit impairment since initial recognition.

In order to assess the expected credit losses, the Bank and its subsidiaries take into account the borrower's probability of default ("PD") for the next 12 months and for the lifetime period, and includes loss given default ("LGD"), and exposure at default ("EAD") taking into account the impact of the time value of money. The Bank and its subsidiaries calculate the expected credit losses for 12 months and for lifetime periods.

Probability of default is the probability of default of the borrower, and the default loss rate is the rate of loss caused by default of the borrower. The default probability and default loss rate used in the impairment assessment and calculation of expected credit losses of the Bank loan business are based on internal historical information (such as credit loss experience, etc.) of each borrower group, with adjustment to the historical data based on the current observable data and forward-looking macroeconomics information.

In the process of reviewing financial credit businesses, the Bank takes into account the forward-looking information of the case, such as future industry prospects, estimated financial circumstances, and business potential, which are included in the internal credit rating assessment of the case. The judgment about the significant increase in the credit asset's credit risk takes into consideration changes in internal rating as one of the quantitative indicators; the assessment of expected credit losses takes into consideration the credit risk level and the calculation of the relevant parameters of the assessment.

Fubon Bank (China) evaluates the macroeconomic environment of domestic and international markets and the external economic environment relevant to the bank, and incorporates the weighted calculations into the PD calculation as forward-looking information.

The Bank and its subsidiaries assess the EAD based on the book value of financial assets and interest receivable. The estimations of loan commitments' expected credit losses for the 12 months and lifetime period are based on "IFRS 9 Impairment Assessment Methodology Guidelines" issued by the Association of Banks. For the off-balance sheet exposure project, the specification of the credit conversion factor in the "Description and Format of Calculation Methods for Bank-Owned Capital and Risky Assets - Credit Risk Standard Method" is adopted. Based on the Credit Conversion Factor calculation method, the loan commitment is expected to be utilized within the 12 months after the reporting date and within the lifetime period of the loan to determine the amount of EAD used to calculate the expected credit losses.

b) Debt instruments

The Bank and its subsidiaries provide allowance for 12-month expected credit losses when financial instruments did not have a significant increase in credit risk since initial recognition. Financial instruments are provided with allowance for full-lifetime expected credit losses when there is significant increase in credit risk or credit impairment since initial recognition.

To measure expected credit losses, the Bank and its subsidiaries take into account the borrower's probability of default ("PD") for the next 12 months and for the lifetime period, which is loss given default ("LGD") multiplied by the exposure at default ("EAD"). The Bank and its subsidiaries calculate the expected credit losses for 12 months and for lifetime periods, taking into account the impact of the time value of money.

The probability of default and the recovery rate are calculated by reference to the information on the default rate and default loss rate published by external credit rating agencies. In evaluating credit ratings, the international credit rating agencies have taken into account forward-looking information; therefore, the Bank considers the information to be appropriate for use and regularly observes and updates changes of parameters. EAD is assessed by the book value of the financial assets and the interest receivables, and the amortized cost of each period is calculated on a straight-line basis over the period.

10) The total carrying value and expected credit losses of the Bank and its subsidiaries

a) Financial assets at fair value through other comprehensive income - debt instruments

Total carrying value

	For the Six Months Ended June 30, 2021					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 193,872,848	$ -	$ -	$ -	$ -	$ 193,872,848
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	(59,474,046)	-	-	-	-	(59,474,046)
Originated or purchased financial assets	46,429,603	-	-	-	-	46,429,603
Effect of exchange rate changes and others	(2,072,680)	-	-	-	-	(2,072,680)
Balance, June 30	$ 178,755,725	$ -	$ -	$ -	$ -	$ 178,755,725

	For the Six Months Ended June 30, 2020					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 158,804,922	$ -	$ -	$ -	$ -	$ 158,804,922
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	(68,776,704)	-	-	-	-	(68,776,704)
Originated or purchased financial assets	114,884,429	-	-	-	-	114,884,429
Effect of exchange rate changes and others	(4,028,282)	-	-	-	-	(4,028,282)
Balance, June 30	$ 200,884,365	$ -	$ -	$ -	$ -	$ 200,884,365

Expected credit losses

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 101,443	$ -	$ -	$ -	$ -	$ 101,443	$ 3,833	$ 105,276
Changes due to financial instruments that have been recognized at the beginning of the period:								
Derecognized financial assets in the current period	(18,409)	-	-	-	-	(18,409)	-	(18,409)
Originated or purchased financial assets	72,814	-	-	-	-	72,814	-	72,814
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	4,125	4,125
Effect of exchange rate changes and others	(14,848)	-	-	-	-	(14,848)	52	(14,796)
Balance, June 30	$ 141,000	$ -	$ -	$ -	$ -	$ 141,000	$ 8,010	$ 149,010

	For the Six Months Ended June 30, 2020							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 46,073	$ -	$ -	$ -	$ -	$ 46,073	$ 8,937	$ 55,010
Changes due to financial instruments that have been recognized at the beginning of the period:								
Derecognized financial assets in the current period	(17,269)	-	-	-	-	(17,269)	-	(17,269)
Originated or purchased financial assets	24,178	-	-	-	-	24,178	-	24,178
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	(5,580)	(5,580)
Effect of exchange rate changes and others	(3,225)	-	-	-	-	(3,225)	(443)	(3,668)
Balance, June 30	$ 49,757	$ -	$ -	$ -	$ -	$ 49,757	$ 2,914	$ 52,671

b) Investments in debt instruments at amortized cost

Total carrying value

	For the Six Months Ended June 30, 2021					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 743,476,762	$ -	$ 7,185,793	$ -	$ -	$ 750,662,555
Changes of financial instruments that have been identified at the beginning of the period:						
Transfer to lifetime ECL	(884,787)	-	884,787	-	-	-
Derecognizing financial assets during the current period	(300,116,793)	-	(19,365)	-	-	(300,136,158)
Originated or purchased financial assets	361,083,761	-	-	-	-	361,083,761
Effect of exchange rate changes and others	(5,411,916)	-	(141,723)	-	-	(5,553,639)
Balance, June 30	$ 798,147,027	$ -	$ 7,909,492	$ -	$ -	$ 806,056,519

	For the Six Months Ended June 30, 2020					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 618,737,524	$ -	$ 5,580,648	$ -	$ -	$ 624,318,172
Changes of financial instruments that have been identified at the beginning of the period:						
Transfer to lifetime ECL	(299,484)	-	299,484	-	-	-
Derecognizing financial assets during the current period	(201,463,741)	-	(150,560)	-	-	(201,614,301)
Originated or purchased financial assets	282,551,196	-	116,186	-	-	282,667,382
Effect of exchange rate changes and others	(10,401,446)	-	(201,334)	-	-	(10,602,780)
Balance, June 30	$ 689,124,049	$ -	$ 5,644,424	$ -	$ -	$ 694,768,473

Expected credit losses

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 207,276	$ -	$ 262,017	$ -	$ -	$ 469,293	$ 29	$ 469,322
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(663)	-	663	-	-	-	-	-
Derecognized financial assets in the current period	(16,184)	-	(426)	-	-	(16,610)	-	(16,610)
Originated or purchased financial assets	98,356	-	40	-	-	98,396	-	98,396
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	102	102
Effect of exchange rate changes and others	(35,371)	-	37,538	-	-	2,167	(1)	2,166
Balance, June 30	$ 253,414	$ -	$ 299,832	$ -	$ -	$ 553,246	$ 130	$ 553,376

	For the Six Months Ended June 30, 2020							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 184,595	$ -	$ 227,161	$ -	$ -	$ 411,756	$ -	$ 411,756
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(439)	-	439	-	-	-	-	-
Derecognized financial assets in the current period	(13,230)	-	(86)	-	-	(13,316)	-	(13,316)
Originated or purchased financial assets	47,541	-	4,739	-	-	52,280	-	52,280
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	-	-
Effect of exchange rate changes and others	(12,487)	-	(3,623)	-	-	(16,110)	-	(16,110)
Balance, June 30	$ 205,980	$ -	$ 228,630	$ -	$ -	$ 434,610	$ -	$ 434,610

c) Receivables

Total carrying value

	For the Six Months Ended June 30, 2021					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 89,079,058	$ 1,727,879	$ -	$ 485,092	$ -	$ 91,292,029
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(445,440)	445,724	-	(284)	-	-
Transferred to credit impaired financial assets	(62,873)	(59,143)	-	122,016	-	-
Transferred to 12-month ECL	351,845	(351,662)	-	(183)	-	-
Derecognized financial assets in the current period	(60,751,726)	(1,154,951)	-	(156,819)	-	(62,063,496)
Originated or purchased financial assets	48,864,963	767,408	-	24,176	-	49,656,547
Written off as bad debt expense			-	(3,606)	-	(3,606)
Effect of exchange rate changes and others	301,170	(617,132)	-	-	-	(315,962)
Balance, June 30	$ 77,336,997	$ 758,123	$ -	$ 470,392	$ -	$ 78,565,512

Note: Only acceptances, accounts receivable - factoring, and credit card receivables are included.

	For the Six Months Ended June 30, 2020					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 91,900,576	$ 2,617,842	$ -	$ 492,063	$ -	$ 95,010,481
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(462,238)	462,390	-	(152)	-	-
Transferred to credit impaired financial assets	(68,649)	(53,509)	-	122,158	-	-
Transferred to 12-month ECL	235,203	(235,022)	-	(181)	-	-
Derecognized financial assets in the current period	(61,637,904)	(2,254,965)	-	(152,692)	-	(64,045,561)
Originated or purchased financial assets	56,996,648	1,692,008	-	28,000	-	58,716,656
Written off as bad debt expense	-	-	-	(5,668)	-	(5,668)
Effect of exchange rate changes and others	(1,335,729)	(60,763)	-	-	-	(1,396,492)
Balance, June 30	$ 85,627,907	$ 2,167,981	$ -	$ 483,528	$ -	$ 88,279,416

Note: Only acceptances, accounts receivable - factoring, and credit card receivables are included.

Expected credit losses

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 287,836	$ 70,245	$ 703	$ 328,918	$ -	$ 687,702	$ 151,733	$ 839,435
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(5,345)	5,613	12	(280)	-	-	-	-
Transferred to credit impaired financial assets	(1,027)	(8,908)	-	9,935	-	-	-	-
Transferred to 12-month ECL	13,634	(13,565)	-	(69)	-	-	-	-
Derecognized financial assets in the current period	(224,746)	(34,089)	-	(7,882)	-	(266,717)	-	(266,717)
Originated or purchased financial assets	190,258	17,358	-	518,340	-	725,956	-	725,956
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	26,254	26,254
Written off as bad debt expense	-	-	-	(754,905)	-	(754,905)	-	(754,905)
Recoveries of bad debts	-	-	-	1,125	-	1,125	-	1,125
Effect of exchange rate changes and others	(12,396)	13,594	(117)	3,923	-	5,004	(1)	5,003
Balance, June 30	$ 248,214	$ 50,248	$ 598	$ 99,105	$ -	$ 398,165	$ 177,986	$ 576,151

	For the Six Months Ended June 30, 2020							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 342,334	$ 94,417	$ 1,431	$ 140,007	$ -	$ 578,189	$ 137,733	$ 715,922
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(6,997)	7,146	6	(155)	-	-	-	-
Transferred to credit impaired financial assets	(1,639)	(12,674)	-	14,313	-	-	-	-
Transferred to 12-month ECL	16,619	(16,442)	-	(177)	-	-	-	-
Derecognized financial assets in the current period	(228,976)	(51,015)	(1)	(10,444)	-	(290,436)	-	(290,436)
Originated or purchased financial assets	142,506	39,953	-	13,007	-	195,466	-	195,466
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	37,064	37,064
Written off as bad debt expense	-	-	-	(9,879)	-	(9,879)	-	(9,879)
Effect of exchange rate changes and others	(23,846)	12,888	262	(8,137)	-	(18,833)	-	(18,833)
Balance, June 30	$ 240,001	$ 74,273	$ 1,698	$ 138,535	$ -	$ 454,507	$ 174,797	$ 629,304

d) Discounts and loans

Total carrying value

	For the Six Months Ended June 30, 2021					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 1,578,849,530	$ 69,625,192	$ -	$ 8,870,676	$ -	$ 1,657,345,398
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(22,374,274)	22,450,017	-	(75,743)	-	-
Transferred to credit impaired financial assets	(903,739)	(988,069)	-	1,891,808	-	-
Transfer to 12-month ECL	14,619,157	(14,561,489)	-	(57,668)	-	-
Derecognized financial assets in the current period	(552,305,517)	(25,207,560)	-	(752,328)	-	(578,265,405)
Originated or purchased financial assets	707,119,811	17,066,953	-	597,729	-	724,784,493
Written off as bad debt expense	-	-	-	(607,422)	-	(607,422)
Effect of exchange rate changes and others	(1,909,564)	(629,735)	-	(54,922)	-	(2,594,221)
Balance, June 30	$ 1,723,095,404	$ 67,755,309	$ -	$ 9,812,130	$ -	$ 1,800,662,843

	For the Six Months Ended June 30, 2020					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 1,472,980,738	$ 22,041,473	$ -	$ 17,282,473	$ -	$ 1,512,304,684
Changes due to financial instruments that have been recognized at the beginning of the period:						
Transferred to lifetime ECL	(18,953,357)	19,009,313	-	(55,956)	-	-
Transferred to credit impaired financial assets	(659,333)	(707,348)	-	1,366,681	-	-
Transfer to 12-month ECL	3,062,635	(3,049,299)	-	(13,336)	-	-
Derecognized financial assets in the current period	(522,940,654)	(6,632,189)	-	(7,144,309)	-	(536,717,152)
Originated or purchased financial assets	629,331,753	11,589,364	-	8,714,121	-	649,635,238
Written off as bad debt expense	-	-	-	(957,569)	-	(957,569)
Effect of exchange rate changes and others	4,116,321	2,872,033	-	(9,985,409)	-	(2,997,055)
Balance, June 30	$ 1,566,938,103	$ 45,123,347	$ -	$ 9,206,696	$ -	$ 1,621,268,146

Expected credit losses

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 5,273,695	$ 1,650,356	$ -	$ 2,157,191	$ -	$ 9,081,242	$ 12,855,922	$ 21,937,164
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(150,212)	170,092	-	(19,880)	-	-	-	-
Transferred to credit impaired financial assets	(10,170)	(84,717)	-	94,887	-	-	-	-
Transferred to 12-month ECL	213,117	(207,830)	-	(5,287)	-	-	-	-
Derecognized financial assets in the current period	(2,545,216)	(332,675)	-	(372,822)	-	(3,250,713)	-	(3,250,713)
Originated or purchased financial assets	2,139,004	144,271	-	214,557	-	2,497,832	-	2,497,832
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	1,509,779	1,509,779
Written off as bad debt expense	-	-	-	(607,422)	-	(607,422)	-	(607,422)
Recoverable bad debt expense	-	-	-	190,895	-	190,895	-	190,895
Effect of exchange rate changes and others	(1,052,579)	296,757	-	1,050,737	-	294,915	(192)	294,723
Balance, June 30	$ 3,867,639	$ 1,636,254	$ -	$ 2,702,856	$ -	$ 8,206,749	$ 14,365,509	$ 22,572,258

	For the Six Months Ended June 30, 2020							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 3,979,999	$ 603,770	$ -	$ 2,953,978	$ -	$ 7,537,747	$ 12,949,298	$ 20,487,045
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(52,938)	70,440	-	(17,502)	-	-	-	-
Transferred to credit impaired financial assets	(19,737)	(149,011)	-	168,748	-	-	-	-
Transferred to 12-month ECL	62,955	(55,255)	-	(7,700)	-	-	-	-
Derecognized financial assets in the current period	(1,933,710)	(99,866)	-	(975,182)	-	(3,008,758)	-	(3,008,758)
Originated or purchased financial assets	2,280,233	430,621	-	174,559	-	2,885,413	-	2,885,413
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	342,724	342,724
Written off as bad debt expense	-	-	-	(957,569)	-	(957,569)	-	(957,569)
Recoverable bad debt expense	-	-	-	196,413	-	196,413	-	196,413
Effect of exchange rate changes and others	(77,980)	813,097	-	1,038,050	-	1,773,167	-	1,773,167
Balance, June 30	$ 4,238,822	$ 1,613,796	$ -	$ 2,573,795	$ -	$ 8,426,413	$ 13,292,022	$ 21,718,435

e) Other financial assets

Total carrying value

	For the Six Months Ended June 30, 2021					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ -	$ -	$ -	$ 78,490	$ -	$ 78,490
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	-	-	-	(1,656)	-	(1,656)
Originated or purchased financial assets	-	-	-	144,997	-	144,997
Written off as bad debt expense	-	-	-	(124,246)	-	(124,246)
Effect of exchange rate changes and others	-	-	-	(140)	-	(140)
Balance, June 30	$ -	$ -	$ -	$ 97,445	$ -	$ 97,445

Note: Only nonperforming loans transferred from other than loans and bills purchased are included.

	For the Six Months Ended June 30, 2020					
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Total
Balance, January 1	$ 1,217	$ -	$ -	$ 116,871	$ -	$ 118,088
Changes due to financial instruments that have been recognized at the beginning of the period:						
Derecognized financial assets in the current period	-	-	-	(1,505)	-	(1,505)
Originated or purchased financial assets	1	-	-	130,110	-	130,111
Written off as bad debt expense	-	-	-	(130,846)	-	(130,846)
Effect of exchange rate changes and others	(1,129)	-	-	(612)	-	(1,741)
Balance, June 30	$ 89	$ -	$ -	$ 114,018	$ -	$ 114,107

Note: Only nonperforming loans transferred from other than loans and bills purchased are included.

Expected credit losses

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ -	$ -	$ -	$ 59,810	$ -	$ 59,810	$ -	$ 59,810
Changes due to financial instruments that have been recognized at the beginning of the period:								
Derecognized financial assets in the current period	-	-	-	(1,610)	-	(1,610)	-	(1,610)
Originated or purchased financial assets	-	-	-	54,510	-	54,510	-	54,510
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	-	-
Write-off to bad debt expense	-	-	-	(124,246)	-	(124,246)	-	(124,246)
Recoverable bad debt expense	-	-	-	140,365	-	140,365	-	140,365
Effect of exchange rate changes and others	-	-	-	(50,552)	-	(50,552)	-	(50,552)
Balance, June 30	$ -	$ -	$ -	$ 78,277	$ -	$ 78,277	$ -	$ 78,277

	For the Six Months Ended June 30, 2020							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ -	$ -	$ -	$ 85,298	$ -	$ 85,298	$ -	$ 85,298
Changes due to financial instruments that have been recognized at the beginning of the period:								
Derecognized financial assets in the current period	-	-	-	(1,813)	-	(1,813)	-	(1,813)
Originated or purchased financial assets	-	-	-	42,357	-	42,357	-	42,357
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	-	-
Write-off to bad debt expense	-	-	-	(130,846)	-	(130,846)	-	(130,846)
Recoverable bad debt expense	-	-	-	147,081	-	147,081	-	147,081
Effect of exchange rate changes and others	-	-	-	(58,969)	-	(58,969)	-	(58,969)
Balance, June 30	$ -	$ -	$ -	$ 83,108	$ -	$ 83,108	$ -	$ 83,108

f) Reserve for losses on guarantees, financial commitments and other reserves - letter of credit

Expected credit losses

	For the Six Months Ended June 30, 2021							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 273,289	$ 63,588	$ -	$ 2,830	$ -	$ 339,707	$ 147,500	$ 487,207
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(4,114)	4,232	-	(118)	-	-	-	-
Transferred to credit impaired financial assets	(111)	(469)	-	580	-	-	-	-
Transferred to 12-month ECL	11,685	(11,655)	-	(30)	-	-	-	-
Derecognized financial assets in the current period	(83,029)	(15,479)	-	(305)	-	(98,813)	-	(98,813)
Originated or purchased financial assets	77,036	21,621	-	810	-	99,467	-	99,467
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	36,271	36,271
Effect of exchange rate changes and others	(50,826)	21,504	-	922	-	(28,400)	-	(28,400)
Balance, June 30	$ 223,930	$ 83,342	$ -	$ 4,689	$ -	$ 311,961	$ 183,771	$ 495,732

	For the Six Months Ended June 30, 2020							
	12 Months ECL	Lifetime ECL (Collectively Assessed)	Lifetime ECL (Individually Assessed)	Lifetime ECL (Non-purchased or Originated Credit-impaired Financial Assets)	Lifetime ECL (Purchased or Originated Credit-impaired Financial Assets)	Impairment under IFRS 9	Differences in Impairments According to Law	Total
Balance, January 1	$ 154,433	$ 21,642	$ -	$ 80,193	$ -	$ 256,268	$ 200,746	$ 457,014
Changes due to financial instruments that have been recognized at the beginning of the period:								
Transferred to lifetime ECL	(2,456)	2,466	-	(10)	-	-	-	-
Transferred to credit impaired financial assets	(65)	(503)	-	568	-	-	-	-
Transferred to 12-month ECL	9,792	(9,718)	-	(74)	-	-	-	-
Derecognized financial assets in the current period	(48,457)	(5,446)	-	(79,498)	-	(133,401)	-	(133,401)
Originated or purchased financial assets	87,931	12,104	-	24,204	-	124,239	-	124,239
Impairment differences recognized in accordance with "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans"	-	-	-	-	-	-	(37,404)	(37,404)
Effect of exchange rate changes and others	1,872	5,625	-	2,041	-	9,538	-	9,538
Balance, June 30	$ 203,050	$ 26,170	$ -	$ 27,424	$ -	$ 256,644	$ 163,342	$ 419,986

11) Maximum exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset on the balance sheet without taking into consideration any collateral held or other credit enhancements. The maximum credit exposures of the off-balance sheet financial instruments (before taking into account any collateral held or other credit enhancements) are summarized as follows:

Taipei Fubon Bank

Off-Balance Sheet Item	Maximum Exposure Amount		
	June 30, 2021	December 31, 2020	June 30, 2020
Irrevocable credit commitments	$ 219,450,558	$ 205,630,105	$ 215,042,685
Standby letters of credit	9,941,078	7,186,731	7,192,212
Financial guarantees	20,955,375	19,154,887	18,578,789
Total	$ 250,347,011	$ 231,971,723	$ 240,813,686

Fubon Bank (China)

(In Thousands of RMB)

Off-Balance Sheet Item	Maximum Exposure Amount		
	June 30, 2021	December 31, 2020	June 30, 2020
Irrevocable credit commitments	$ 961,425	$ 1,085,711	$ 1,270,222
Standby letters of credit	28,161	148,583	292,390
Financial guarantees	464,801	690,938	683,908
Total	$ 1,454,387	$ 1,925,232	$ 2,246,520

The maximum exposures of the financial assets pledged as collateral or other credit enhancements on and off balance sheet are the assets' carrying amount and are summarized as follows:

Taipei Fubon Bank

June 30, 2021	Financial Instrument	Property	Guarantee	Others
Category of assets				
Loans	3.74%	59.19%	4.74%	1.98%
Guarantees receivable	10.21%	9.92%	0.81%	1.71%
Acceptances and other credits	1.32%	0.97%	-	-
Financial assets at fair value through profit or loss - debt instruments	-	-	6.99%	-
Financial assets at fair value through other comprehensive income - debt instruments	-	-	6.20%	-
Investments in debt instruments measured at amortized cost	-	-	8.48%	-

December 31, 2020	Financial Instrument	Property	Guarantee	Others
Category of assets				
Loans	3.68%	59.03%	5.20%	2.16%
Guarantees receivable	8.96%	10.40%	0.70%	1.47%
Acceptances and other credits	0.36%	1.09%	0.01%	-
Financial assets at fair value through profit or loss - debt instruments	-	-	8.16%	-
Financial assets at fair value through other comprehensive income - debt instruments	-	-	9.71%	-
Investments in debt instruments measured at amortized cost	-	-	8.52%	-

June 30, 2020	Financial Instrument	Property	Guarantee	Others
Category of assets				
Loans	3.53%	57.14%	4.54%	2.51%
Guarantees receivable	9.81%	14.51%	1.01%	1.71%
Acceptances and other credits	0.24%	0.88%	0.01%	-
Financial assets at fair value through profit or loss - debt instruments	-	-	5.80%	-
Financial assets at fair value through other comprehensive income - debt instruments	-	-	11.97%	-
Investments in debt instruments measured at amortized cost	-	-	9.65%	-

Fubon Bank (China)

June 30, 2021	Financial Instrument	Property	Guarantee	Others
Category of assets				
Loans	7.58%	20.99%	3.62%	-
Guarantees receivable	62.38%	26.55%	9.06%	-
Acceptances	35.33%	5.39%	40.15%	-

December 31, 2020	Financial Instrument	Property	Guarantee	Others
Category of assets				
Loans	9.18%	21.30%	2.14%	-
Guarantees receivable	74.70%	19.51%	4.54%	-
Acceptances	46.83%	2.86%	39.89%	-

June 30, 2020	Financial Instrument	Property	Guarantee	Others
Category of assets				
Loans	9.14%	19.71%	0.77%	-
Guarantees receivable	65.58%	26.07%	6.80%	-
Acceptances	54.93%	2.15%	28.85%	-

12) Concentration of credit risk exposure

Concentrations of credit risk results from the uneven distribution of credit relationship with debtors, depending on sectors or geographical regions in which debtors operate. If most of the debtors have similar business activities or operate in regions with similar economic conditions, the possibility of default on debt is also similar.

Credit risk concentration can arise in the Bank and its subsidiaries' assets, liabilities, or off-balance sheet items, through the execution or processing of transactions (either product or service), or through a combination of exposures across these broad categories. It includes credits, loans and deposits, call loans to banks, investments, receivables and derivatives. To manage credit risk, the Bank and its subsidiaries maintain a diversified portfolio; limit their exposure to any one geographic region, country or individual creditor; and monitor their exposure continually. The Bank and its subsidiaries' concentration of credit risk exposure are summarized by industry, geographical area and collateral as follows:

Taipei Fubon Bank

a) By industry

By Industry	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Private	$ 846,906,605	53.84	$ 790,527,801	53.93	$ 755,413,759	52.58
Private enterprise	580,439,710	36.90	544,866,454	37.17	561,497,435	39.09
Financial organization	67,662,660	4.30	68,301,762	4.66	76,345,486	5.31
Public enterprise	47,532,874	3.02	33,229,923	2.27	17,162,920	1.20
Government institution	30,265,063	1.92	27,124,815	1.85	24,466,908	1.70
Non-profit organization	351,147	0.02	1,703,206	0.12	1,746,566	0.12
Total	$ 1,573,158,059	100.00	$ 1,465,753,961	100.00	$ 1,436,633,074	100.00

b) By geographical area

Geographical Area	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Domestic	$ 1,368,292,025	86.98	$ 1,264,805,865	86.29	$ 1,212,975,004	84.43
Asia	97,316,412	6.19	98,300,567	6.71	113,497,525	7.90
America	75,369,921	4.79	71,710,088	4.89	80,450,547	5.60
Others	32,179,701	2.04	30,937,441	2.11	29,709,998	2.07
Total	$ 1,573,158,059	100.00	$ 1,465,753,961	100.00	$ 1,436,633,074	100.00

c) By collateral

By Collateral	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Unsecured	$ 499,558,518	31.76	$ 461,009,822	31.45	$ 484,680,286	33.74
Secured	1,073,599,541	68.24	1,004,744,139	68.55	951,952,788	66.26
Properties	910,208,437	57.86	845,049,686	57.65	801,744,679	55.81
Guarantees	72,893,129	4.63	74,319,149	5.07	63,667,939	4.43
Financial instruments	59,824,617	3.80	54,266,743	3.70	51,192,779	3.56
Others	30,673,358	1.95	31,108,561	2.13	35,347,391	2.46
Total	$ 1,573,158,059	100.00	$ 1,465,753,961	100.00	$ 1,436,633,074	100.00

d) Classification of credit ratings quality risk

Taipei Fubon Bank

i. Good: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.

ii. Moderate: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.

iii. Substandard: Exposures require varying degrees of special attention and default risk is of greater concern.

June 30, 2021	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 79,371,140	$ -	$ -	$ 79,371,140	$ -	$ -	$ -	$ -	$ -	$ -	$ 30,703	$ 79,340,437
Investments in debt instruments measured at amortized cost	704,108,099	1,307,532	-	705,415,631	6,645,237	1,264,255	-	7,909,492	-	-	499,996	712,825,127
Receivables												
Credit card receivables	33,938,078	13,326,047	19,704	47,283,829	-	183,672	566,893	750,565	470,392	-	133,742	48,371,044
Accounts receivable - factoring	15,423,135	1,393,638	-	16,816,773	-	-	-	-	-	-	203,372	16,613,401
Acceptances	475,434	805,082	-	1,280,516	-	7,558	-	7,558	-	-	13,231	1,274,843
Loans												
Personal finance	637,112,744	113,969,085	111,298	751,193,127	-	3,346,041	1,581,029	4,927,070	2,421,073	-	9,981,158	748,560,112
Corporate banking	393,288,519	332,033,087	3,302,738	728,624,344	-	38,811,249	2,074,809	40,886,058	5,561,272	-	9,080,471	765,991,203
Other financial assets (bills purchased and nonperforming loans transferred from other than loans)	-	-	-	-	-	-	-	-	97,445	-	78,277	19,168
Off-balance sheet assets												
Financial commitment	509,215,201	54,682,050	8,669	563,905,920	-	3,386,406	666,193	4,052,599	66,229	-	226,987	567,797,761
Guarantees receivable	12,719,393	7,992,660	-	20,712,053	-	242,324	998	243,322	-	-	211,984	20,743,391
Credit receivable	4,653,995	4,990,283	-	9,644,278	-	296,800	-	296,800	-	-	5,051	9,936,027

December 31, 2020	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 86,701,192	$ 218,679	$ -	$ 86,919,871	$ -	$ -	$ -	$ -	$ -	$ -	$ 34,246	$ 86,885,625
Investments in debt instruments measured at amortized cost	647,945,190	1,141,581	-	649,086,771	5,897,801	1,287,992	-	7,185,793	-	-	449,820	655,822,744
Receivables												
Credit card receivables	38,920,289	13,999,327	20,111	52,939,727	-	241,484	535,513	776,997	485,092	-	160,778	54,041,038
Accounts receivable - factoring	15,263,151	1,290,826	-	16,553,977	57,844	888,193	-	946,037	-	-	213,279	17,286,735
Acceptances	357,521	794,110	-	1,151,631	-	4,845	-	4,845	-	-	11,839	1,144,637
Loans												
Personal finance	595,736,350	100,149,627	105,004	695,990,981	-	10,677,250	1,614,390	12,291,640	2,520,220	-	9,345,268	701,457,573
Corporate banking	361,853,565	300,051,789	3,066,879	664,972,233	-	44,954,929	1,432,714	46,387,643	5,245,148	-	8,675,925	707,929,099
Other financial assets (bills purchased and nonperforming loans transferred from other than loans)	-	-	-	-	-	-	-	-	78,490	-	59,810	18,680
Off-balance sheet assets												
Financial commitment	474,892,309	56,408,694	9,729	531,310,732	-	2,355,026	647,534	3,002,560	55,581	-	243,965	534,124,908
Guarantees receivable	11,123,095	7,520,191	-	18,643,286	-	507,687	3,914	511,601	-	-	193,640	18,961,247
Credit receivable	4,242,942	2,595,608	-	6,838,550	-	348,181	-	348,181	-	-	6,018	7,180,713

June 30, 2020	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 86,789,657	$ 150,159	$ -	$ 86,939,816	$ -	$ -	$ -	$ -	$ -	$ -	$ 32,108	$ 86,907,708
Investments in debt instruments measured at amortized cost	602,791,051	667,026	-	603,458,077	1,114,671	4,529,753	-	5,644,424	-	-	425,464	608,677,037
Receivables												
Credit card receivables	31,995,369	11,653,406	19,422	43,668,197	-	207,152	481,506	688,658	483,528	-	167,428	44,672,955
Accounts receivable - factoring	16,020,304	1,332,842	-	17,353,146	1,989	1,436,084	-	1,438,073	-	-	228,005	18,563,214
Acceptances	485,350	646,173	-	1,131,523	-	41,250	-	41,250	-	-	11,969	1,160,804
Loans												
Personal finance	579,798,678	87,331,275	97,553	667,227,506	-	9,540,624	1,550,021	11,090,645	2,422,089	-	8,963,633	671,776,607
Corporate banking	381,319,274	297,402,526	1,529,532	680,251,332	2,707	28,887,540	2,526,649	31,416,896	5,039,216	-	8,983,021	707,724,423
Other financial assets (bills purchased and nonperforming loans transferred from other than loans)	89	-	-	89	-	-	-	-	114,018	-	83,108	30,999
Off-balance sheet assets												
Financial commitment	473,121,882	54,581,395	11,699	527,714,976	-	1,194,932	540,930	1,735,862	174,579	-	157,663	529,467,754
Guarantees receivable	13,299,014	4,800,114	-	18,099,128	-	479,661	-	479,661	-	-	188,500	18,390,289
Credit receivable	4,294,807	2,869,637	-	7,164,444	-	5,070	-	5,070	22,698	-	25,380	7,166,832

Fubon Bank (China)

a) By industry

(In Thousands of RMB)

By Industry	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Personal loans	$ 19,299,736	31.18	$ 11,913,221	22.61	$ 7,972,465	14.93
Finance and insurance	14,566,939	23.54	10,202,250	19.36	12,662,587	23.72
Wholesale and retail	7,637,454	12.34	7,710,129	14.63	8,575,924	16.06
Construction	4,599,125	7.43	4,760,100	9.03	4,424,475	8.29
Manufacturing	4,287,060	6.93	4,280,492	8.12	4,528,035	8.48
Real estate	3,677,350	5.94	3,815,850	7.24	3,913,029	7.33
Water conservation and environment	3,400,127	5.49	4,630,112	8.79	4,521,369	8.47
Others	4,427,372	7.15	5,388,789	10.22	6,794,402	12.72
Total (Note)	$ 61,895,163	100.00	$ 52,700,943	100.00	$ 53,392,286	100.00

Note: Includes only discounts and loans.

b) By geographical area

(In Thousands of RMB)

Geographical Area	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
East China	$ 19,313,434	31.20	$ 19,031,222	36.11	$ 19,901,501	37.27
Central China	5,323,266	8.60	4,683,371	8.89	5,272,398	9.88
North China	4,828,063	7.80	5,212,542	9.89	6,325,485	11.85
Southwest region	4,617,195	7.46	5,479,080	10.40	6,764,294	12.67
South China	4,471,894	7.23	2,692,015	5.11	3,127,176	5.86
Northwest China	2,711,473	4.38	2,662,664	5.05	2,869,504	5.37
Other regions	20,629,838	33.33	12,940,049	24.55	9,131,928	17.10
Total (Note)	$ 61,895,163	100.00	$ 52,700,943	100.00	$ 53,392,286	100.00

Note: Includes only discounts and loans.

c) By collateral

(In Thousands of RMB)

By Collateral	June 30, 2021		December 31, 2020		June 30, 2020	
	Amount	%	Amount	%	Amount	%
Clean loans	$ 41,966,194	67.81	$ 35,509,289	67.38	$ 37,578,744	70.38
Guarantee loans	2,242,474	3.62	1,129,808	2.14	409,399	0.77
Collateral loans	17,686,495	28.57	16,061,846	30.48	15,404,143	28.85
Pledge loans	12,993,382	20.99	11,223,112	21.30	10,524,051	19.71
Mortgage loans	4,693,113	7.58	4,838,734	9.18	4,880,092	9.14
Total (Note)	$ 61,895,163	100.00	$ 52,700,943	100.00	$ 53,392,286	100.00

Note: Includes only discounts and loans.

d) Classification of credit ratings quality risk

Fubon Bank (China)

i. Good: Exposures demonstrate a good capacity to meet financial commitments, with low default risk and/or low levels of expected loss.

ii. Moderate: Exposures require closer monitoring and demonstrate an average to fair capacity to meet financial commitments, with moderate default risk.

iii. Substandard: Exposures require varying degrees of special attention and default risk is of greater concern.

June 30, 2021	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 23,034,740	$ -	$ -	$ 23,034,740	$ -	$ -	$ -	$ -	$ -	$ -	$ 27,240	$ 23,007,500
Investments in debt instruments measured at amortized cost	21,492,706	-	-	21,492,706	-	-	-	-	-	-	12,372	21,480,334
Receivables												
Acceptances	2,726,273	-	-	2,726,273	-	-	-	-	-	-	32,226	2,694,047
Accounts receivable - factoring	3,443	-	-	3,443	-	-	-	-	-	-	52	3,391
Credit card receivables	41,343	-	-	41,343	-	-	-	-	-	-	484	40,859
Loans												
Personal finance	19,072,479	-	120,781	19,193,260	36,045	-	17,054	53,099	53,377	-	212,794	19,086,942
Corporate banking	29,994,779	4,324,928	2,872,478	37,192,185	-	5,032,523	-	5,032,523	370,719	-	600,878	41,994,549
Off-balance sheet assets												
Financial commitment	1,187,956	-	-	1,187,956	-	-	-	-	-	-	7,522	1,180,434
Guarantees receivable	464,801	-	-	464,801	-	-	-	-	-	-	4,409	460,392
Credit receivable	28,161	-	-	28,161	-	-	-	-	-	-	54	28,107

December 31, 2020	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 24,513,278	$ -	$ -	$ 24,513,278	$ -	$ -	$ -	$ -	$ -	$ -	$ 16,577	$ 24,496,701
Investments in debt instruments measured at amortized cost	21,633,882	-	-	21,633,882	-	-	-	-	-	-	4,470	21,629,412
Receivables												
Acceptances	4,177,443	-	-	4,177,443	-	-	-	-	-	-	31,926	4,145,517
Accounts receivables - factoring	37,065	-	-	37,065	-	-	-	-	-	-	491	36,574
Credit card receivable	10,441	-	-	10,441	-	-	-	-	-	-	104	10,337
Loans												
Personal finance	11,771,941	-	63,691	11,835,632	21,738	-	11,361	33,099	44,490	-	186,242	11,726,979
Corporate banking	32,004,162	4,699,686	1,399,362	38,103,210	-	2,306,519	169,149	2,475,668	208,843	-	711,285	40,076,436
Financial assets off-balance sheet												
Financial commitment	1,203,166	-	-	1,203,166	-	-	-	-	-	-	3,844	1,199,322
Guarantees receivable	690,938	-	-	690,938	-	-	-	-	-	-	5,385	685,553
Credit receivable	148,583	-	-	148,583	-	-	-	-	-	-	761	147,822

June 30, 2020	Financial Assets Measured at Amount of 12 Months ECL				Financial Assets with Significant Increase in Credit Risk After Initial Recognition				Credit-impaired Financial Assets	Purchased or Originated Credit-impaired Financial Assets	Allowance for Impairment	Total
	Good	Moderate	Substandard	Total	Good	Moderate	Substandard	Total				
Financial assets at fair value through other comprehensive income - debt instruments	$ 27,181,428	$ -	$ -	$ 27,181,428	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,833	$ 27,176,595
Investments in debt instruments measured at amortized cost	20,435,585	-	-	20,435,585	-	-	-	-	-	-	2,182	20,433,403
Receivables												
Acceptances	5,448,898	-	-	5,448,898	-	-	-	-	-	-	22,187	5,426,711
Accounts receivable - factoring	149,030	-	-	149,030	-	-	-	-	-	-	2,822	146,208
Credit card receivables	2,034	-	-	2,034	-	-	-	-	-	-	38	1,996
Loans												
Personal finance	7,901,598	-	21,004	7,922,602	7,366	-	10,979	18,345	31,518	-	113,683	7,858,782
Corporate banking	37,179,452	6,569,367	680,503	44,429,322	-	508,369	97,286	605,655	384,844	-	786,074	44,633,747
Off-balance sheet assets												
Financial commitment	1,337,008	-	-	1,337,008	-	1,220	-	1,220	-	-	8,077	1,330,151
Guarantees receivable	683,908	-	-	683,908	-	-	-	-	-	-	2,581	681,327
Credit receivable	292,390	-	-	292,390	-	-	-	-	-	-	899	291,491

13) Financial impact of credit risk mitigation policy

a) Collateral and other credit enhancements

To ensure that collateral is managed effectively, the Bank and its subsidiaries establish a rigorous collateral management system and control procedures and clearly define the acceptable types of guarantees, the appropriate amount of various collaterals, the corresponding amount of risk, collection/disposal criteria and valuation and reassessment methods, etc. The main types of collaterals for financial assets of the Bank and its subsidiaries are as follows:

i. Immovable properties
ii. Movable properties
iii. Deposits
iv. Marketable securities
v. Rights and guarantees

Before extending a loan or trading, the relevant collateral documents are obtained and the collateral information is documented in details in the loan contracts or transaction agreements.

Collaterals must be legally enforceable, and the collateral value must be realizable within a reasonable time frame. In regards to the collateral capacity and value, fair value assessment should be made, and benefit of offering collateral should be confirmed.

The nature of the collaterals and the impact of market/economic changes on the collaterals value should be considered, and the value of the collateral should be reviewed in a timely basis.

Regular or irregular inspections or on-site examinations of collaterals are conducted to understand the use, custody and maintenance of collaterals and to avoid unauthorized sale, rental, pledge, transfer or other disposal of collaterals.

b) The collateral amount of impaired financial assets

The Bank and its subsidiaries actively cleaned up the credit-impaired financial assets, and closely observed the value of their collaterals and recognized impairment. The impact of the collateral held for the credit-impaired financial assets on their carrying amount is as follows:

Taipei Fubon Bank

June 30, 2021	Financial Instrument	Property	Guarantee	Others
Asset category				
Receivables	0.05%	3.07%	0.53%	0.84%
Loans	1.37%	43.20%	16.43%	2.62%
Other financial assets	-	-	18.41%	-
Off-balance sheet assets	-	-	-	-

December 31, 2020	Financial Instrument	Property	Guarantee	Others
Asset category				
Receivables	0.01%	2.17%	0.27%	1.02%
Loans	1.37%	46.74%	15.30%	29.41%
Other financial assets	-	-	22.85%	29.35%
Off-balance sheet assets	-	-	-	-

June 30, 2020	Financial Instrument	Property	Guarantee	Others
Asset category				
Receivables	-	2.10%	0.18%	1.04%
Loans	-	46.04%	9.81%	4.50%
Other financial assets	-	7.27%	15.73%	-
Off-balance sheet assets	-	4.22%	-	18.86%

Fubon Bank (China)

June 30, 2021	Financial Instrument	Property	Guarantee	Others
Asset category				
Loans	4.14%	32.27%	2.11%	-

December 31, 2020	Financial Instrument	Property	Guarantee	Others
Asset category				
Loans	3.41%	34.50%	8.51%	-

June 30, 2020	Financial Instrument	Property	Guarantee	Others
Asset category				
Loans	0.16%	60.10%	4.26%	-

c) The outstanding contract amounts of financial assets that were written off and still have recourse actions

The outstanding contract amounts of the Bank's financial assets that were written off and still have recourse actions as of June 30, 2021, December 31, 2020 and June 30, 2020 were $724,221 thousand, $1,847,671 thousand and $1,080,578 thousand, respectively.

d) The nature, policy and carrying amount of the obtained collaterals (collateral assumed)

The collaterals assumed held by Fubon Bank (China) are currently evaluated mainly based on the "The Administration of Debt-expiated Assets in Banks".

As of June 30, 2021, December 31, 2020 and June 30, 2020, the carrying amounts of the properties were $51,775 thousand, $52,357 thousand and $50,304 thousand, respectively. The collateral assumed are classified as other assets in the consolidated balance sheets.

d. Liquidity risk

1) Source and definition of liquidity risk

Liquidity risk means that banks cannot provide sufficient funding for asset size growth and meeting obligations on matured liabilities and have to delay payments to counterparties or raise funds to cover funding gaps.

2) Liquidity risk management strategy and principles

Taipei Fubon Bank

a) The Bank's strategy is to lower liquidity risk by acquiring stable, low interest-rate, sufficient funding to cover asset size growth and meet obligations on matured liabilities and to narrow gaps between funding availability and demand.

b) The principle is to harmonize fund availability with the Bank's deposit, loan and financial transaction growth. The Bank adjusts its funding strategy depending on market fund change and the Central Bank's policies to increase fund use and lower liquidity risk. Thus, the Bank not only pays attention to maturities of long-term and short-term securities to match the timing of large-amount loan drawdowns and repayments, but also analyzes the stability and percentages of various types of deposits to manage funding liquidity.

c) The Bank has the liquidity risk limits to monitor and manage the Bank's liquidity risk. The liquidity risk limits are regulated by the Bank's president based on the regulations and the range of risk appetite, then regularly reported to the ALCO and the directors (permanent).

Fubon Bank (China)

a) The liquidity risk management strategy of Fubon Bank (China) aims not only to meet compliance and regulatory requirements but also to find a sound balance between business performance and adequate liquidity position. By adjusting its short-term and long-term asset allocation and dispersing fund sources on the basis of market conditions, the Bank manages its liquidity risk exposure at an acceptable level to ensure the sustainability of its business operations and maintain its fine reputation.

b) Fubon Bank (China) maintains a strategically defined risk appetite for its liquidity management. Daily liquidity management is centralized given the size and complexity of its current business scope, and Fubon Bank (China)'s organization structure is suitable for managing liquidity exposure. The board of directors takes the ultimate responsibility for Fubon Bank (China)'s liquidity risk. The senior management, which is in charge of implementing liquidity management policies and procedures, has authorized the Asset and Liability Management Committee to perform related management duties daily. Liquidity risk assessment reports are prepared by the risk management for submission to the Risk & Related Party Transaction Committee.

c) Fubon Bank (China)'s liquidity risk management involves the full participation of staff in the dynamic prevention, scientific quantification and prudent management of risk to ensure Fubon Bank (China) has sufficient funding for its capital growth and various obligations.

3) Maturity analysis

The Bank and its subsidiaries' management policy is to match maturities of and interest rates for assets and liabilities, i.e., because of uncertainties of terms and conditions or types, the maturities of and interest rates for assets and liabilities usually do not match perfectly, resulting in potential gain or loss. To maintain proper liquidity, the Bank and its subsidiaries uses appropriate ways to group assets and liabilities to evaluate liquidity and monitor the ratios of short-term negative funding gap to total assets denominated in major currencies.

The analysis of cash inflow and outflow on assets and liabilities held for liquidity risk was based on periods from the reporting date to contractual maturity dates. The maturity analysis of financial assets and liabilities, derivative assets and liabilities, and off-balance sheet items denominated in major currencies was as follows (except for non-deliverable derivatives, all were non-discounted contractual cash flows):

a) Maturity analysis of financial assets and liabilities - NTD

Taipei Fubon Bank

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 47,147,781	$ 4,736,935	$ 3,890,257	$ 5,739,328	$ 25,916,825	$ 87,431,126
Investments in marketable securities (Note 2)	221,070,503	14,507,758	35,945,147	56,175,584	147,545,018	475,244,010
Securities purchased under resell agreements	410,128	-	-	-	-	410,128
Loans (including overdue loans)	70,329,601	88,999,558	115,467,287	91,582,080	926,503,415	1,292,881,941
Deliverable derivative assets	111,458,702	154,438,260	121,222,390	116,172,327	27,116,297	530,407,976
Non-deliverable derivative assets	2,853,519	-	-	27,769	839,148	3,720,436
Other capital inflow on maturity	30,119,729	8,764,530	10,477,127	5,938,118	65,507,792	120,807,296
Subtotal	483,389,963	271,447,041	287,002,208	275,635,206	1,193,428,495	2,510,902,913
Liabilities						
Deposits from the Central Bank and banks	23,877,356	1,000	-	175,367	117,000	24,170,723
Deposits and remittances	105,256,191	156,925,813	128,904,166	190,173,365	857,763,263	1,439,022,798
Securities sold under repurchase agreements	2,920,205	201,669	10,601	58,112	-	3,190,587
Payables	293,850	518,988	359,793	334,321	64,090	1,571,042
Bank debentures	-	-	-	10,846,897	67,483,999	78,330,896
Deliverable derivative liabilities	177,591,196	176,073,287	179,312,304	119,846,025	39,453,769	692,276,581
Non-deliverable derivative liabilities	3,181,194	-	-	-	3,075	3,184,269
Other capital outflow on maturity	26,304,155	512,739	419,180	5,077,831	9,145,736	41,459,641
Subtotal	339,424,147	334,233,496	309,006,044	326,511,918	974,030,932	2,283,206,537

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 45,033,022	$ 4,955,087	$ 3,247,167	$ 5,532,064	$ 23,023,971	$ 81,791,311
Investments in marketable securities (Note 2)	214,094,925	34,025,168	55,851,830	61,802,333	105,710,374	471,484,630
Securities purchased under resell agreements	6,327,639	-	-	-	-	6,327,639
Loans (including overdue loans)	68,125,657	74,568,811	111,190,871	67,964,525	871,447,890	1,193,297,754
Deliverable derivative assets	151,328,391	161,823,911	104,476,027	144,319,747	24,237,528	586,185,604
Non-deliverable derivative assets	3,243,715	-	6,238	-	986,418	4,236,371
Other capital inflow on maturity	33,947,237	9,349,254	11,188,662	6,004,318	60,559,330	121,048,801
Subtotal	522,100,586	284,722,231	285,960,795	285,622,987	1,085,965,511	2,464,372,110
Liabilities						
Deposits from the Central Bank and banks	10,720,409	1,000	219,759	-	117,000	11,058,168
Deposits and remittances	138,531,760	172,610,537	113,137,941	192,748,415	801,156,993	1,418,185,646
Securities sold under repurchase agreements	3,109,123	1,680,526	508,000	-	-	5,297,649
Payables	256,836	265,377	247,325	303,250	381,940	1,454,728
Bank debentures and due to the Central Bank and banks	-	-	9,418,312	3,052,930	71,333,974	83,805,216
Deliverable derivative liabilities	172,422,271	188,705,386	162,856,619	115,442,125	43,651,027	683,077,428
Non-deliverable derivative liabilities	3,399,750	-	-	-	-	3,399,750
Other capital outflow on maturity	16,497,773	4,405,613	2,789,638	557,988	8,801,194	33,052,206
Subtotal	344,937,922	367,668,439	289,177,594	312,104,708	925,442,128	2,239,330,791

June 30, 2020	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 55,969,487	$ 5,086,477	$ 3,905,718	$ 5,887,021	$ 22,379,370	$ 93,228,073
Investments in marketable securities (Note 2)	207,203,636	16,164,256	27,527,678	91,796,105	113,651,230	456,342,905
Securities purchased under resell agreements	9,285,538	-	-	-	-	9,285,538
Loans (including overdue loans)	62,030,221	74,239,086	99,408,797	64,530,481	823,218,467	1,123,427,052
Deliverable derivative assets	163,656,214	204,602,670	146,315,823	129,388,576	21,161,176	665,124,459
Non-deliverable derivative assets	4,291,438	1,344	2,667	15,218	1,010,653	5,321,320
Other capital inflow on maturity	28,074,937	8,393,478	9,990,501	5,799,661	58,476,657	110,735,234
Subtotal	530,511,471	308,487,311	287,151,184	297,417,062	1,039,897,553	2,463,464,581
Liabilities						
Deposits from the Central Bank and banks	26,007	1,000	-	219,759	121,000	367,766
Deposits and remittances	117,146,317	166,959,574	128,227,288	193,274,767	733,744,579	1,339,352,525
Securities sold under repurchase agreements	8,908,546	662,660	10,951	-	-	9,582,157
Payables	380,312	765,480	553,898	539,139	89,766	2,328,595
Bank debentures	-	5,651,344	902,667	5,515,218	68,502,008	80,571,237
Deliverable derivative liabilities	221,518,859	239,280,739	163,889,496	122,868,050	31,122,427	778,679,571
Non-deliverable derivative liabilities	4,267,032	-	-	-	8,646	4,275,678
Other capital outflow on maturity	21,240,007	537,143	326,765	5,030,608	9,772,407	36,906,930
Subtotal	373,487,080	413,857,940	293,911,065	327,447,541	843,360,833	2,252,064,459

Note 1: The above amounts include only New Taiwan dollar amounts held by the Bank.

Note 2: Investments in marketable securities include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investments in debt instruments measured at amortized cost.

b) Maturity analysis of financial assets and liabilities - USD

Taipei Fubon Bank

(In Thousands of U.S. Dollars)

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 1,541,929	$ 396,000	$ 219,500	$ 826,000	$ -	$ 2,983,429
Investments in marketable securities (Note 2)	727,527	60,659	46,573	194,787	9,265,248	10,294,794
Securities purchased under resell agreements	71,159	31,013	-	-	-	102,172
Loans (including overdue loans)	1,008,827	870,673	519,328	411,282	1,450,125	4,260,235
Deliverable derivative assets	10,071,475	6,986,804	7,093,290	5,100,767	1,419,420	30,671,756
Non-deliverable derivative assets	25,006	-	-	-	31,682	56,688
Other capital inflow on maturity	1,073,868	272,202	64,881	9,507	53,939	1,474,397
Subtotal	14,519,791	8,617,351	7,943,572	6,542,343	12,220,414	49,843,471
Liabilities						
Deposits from the Central Bank and banks	1,695,742	1,799,000	330,000	35,000	-	3,859,742
Deposits and remittances	3,409,412	3,689,859	2,832,721	3,000,658	4,275,223	17,207,873
Securities sold under repurchase agreements	972,742	1,840,806	588,701	-	-	3,402,249
Payables	13,351	20,128	10,313	804	4	44,600
Bank debentures	-	-	-	-	455,436	455,436
Deliverable derivative liabilities	5,815,998	6,255,640	4,930,865	4,950,699	984,101	22,937,303
Non-deliverable derivative liabilities	76,796	50	181	1,687	248,019	326,733
Other capital outflow on maturity	483,194	87,976	20,360	4,413	442,188	1,038,131
Subtotal	12,467,235	13,693,459	8,713,141	7,993,261	6,404,971	49,272,067

(In Thousands of U.S. Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 1,829,036	$ 553,000	$ 855,000	$ 589,500	$ -	$ 3,826,536
Investments in marketable securities (Note 2)	619,141	55,087	88,197	121,155	8,500,828	9,384,408
Securities purchased under resell agreements	4,196	6,465	-	-	-	10,661
Loans (including overdue loans)	1,111,368	474,306	494,450	202,843	1,548,371	3,831,338
Deliverable derivative assets	10,262,816	7,521,854	5,723,782	4,598,074	1,520,234	29,626,760
Non-deliverable derivative assets	28,719	2	-	-	39,173	67,894
Other capital inflow on maturity	1,344,616	262,950	43,323	4,152	58,501	1,713,542
Subtotal	15,199,892	8,873,664	7,204,752	5,515,724	11,667,107	48,461,139
Liabilities						
Due to the Central Bank and other banks	2,863,474	495,000	30,000	-	-	3,388,474
Deposits and remittances	2,544,000	3,022,082	1,474,645	1,870,285	7,007,370	15,918,382
Securities sold under repurchase agreements	1,005,173	1,499,136	-	-	-	2,504,309
Payables	14,877	21,035	9,615	1,449	8	46,984
Bank debentures	-	-	-	-	692,879	692,879
Deliverable derivative liabilities	7,404,904	6,435,714	3,710,246	5,646,409	850,779	24,048,052
Non-deliverable derivative liabilities	64,504	-	320	826	304,228	369,878
Other capital outflow on maturity	462,426	67,516	11,411	2,091	375,313	918,757
Subtotal	14,359,358	11,540,483	5,236,237	7,521,060	9,230,577	47,887,715

(In Thousands of U.S. Dollars)

June 30, 2020	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 1,963,040	$ 1,115,000	$ 1,016,000	$ 726,000	$ -	$ 4,820,040
Investments in marketable securities (Note 2)	727,371	25,012	53,324	180,348	8,343,644	9,329,699
Securities purchased under resell agreements	657	4,215	-	-	-	4,872
Loans (including overdue loans)	1,544,837	479,784	456,226	242,153	1,459,477	4,182,477
Deliverable derivative assets	10,566,807	9,042,746	6,210,864	4,567,447	1,066,939	31,454,803
Non-deliverable derivative assets	34,106	-	-	11	50,292	84,409
Other capital inflow on maturity	802,081	254,373	71,685	11,475	722,377	1,861,991
Subtotal	15,638,899	10,921,130	7,808,099	5,727,434	11,642,729	51,738,291
Liabilities						
Deposits from the Central Bank and banks	3,124,198	867,000	-	-	-	3,991,198
Deposits and remittances	2,520,329	2,678,469	1,395,532	1,969,357	5,738,078	14,301,765
Securities sold under repurchase agreements	861,934	1,821,315	779,504	-	-	3,462,753
Payables	15,253	19,605	9,475	683	24	45,040
Bank debentures	-	-	-	-	690,948	690,948
Deliverable derivative liabilities	7,845,101	8,100,944	5,503,165	4,825,748	792,204	27,067,162
Non-deliverable derivative liabilities	48,107	-	216	997	361,230	410,550
Other capital outflow on maturity	957,377	70,073	37,658	5,906	335,117	1,406,131
Subtotal	15,372,299	13,557,406	7,725,550	6,802,691	7,917,601	51,375,547

Note 1: The above amounts include only USD amounts held by the headquarters, onshore branches and offshore banking unit.

Note 2: Investments in marketable securities include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, investments in debt instruments measured at amortized cost.

c) Maturity analysis of derivative assets and liabilities - RMB

Fubon Bank (China)

(In Thousands of RMB)

June 30, 2021	0-30 Days	31-90 Days	91- 365 Days	Over 1 Year	No Maturity Date	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 5,840,818	$ -	$ -	$ -	$ 8,215,257	$ 14,056,075
Investments in marketable securities (Note)	387,340	726,323	2,730,142	46,678,859	15,911	50,538,575
Securities purchased under resell agreements	514,876	-	-	-	-	514,876
Loans (including overdue loans)	6,570,178	9,934,951	29,478,057	24,476,543	-	70,459,729
Deliverable derivative assets	63,371,101	40,308,244	88,283,552	297,644	-	192,260,541
Non-deliverable derivative assets	7,205	13,185	7,563	-	-	27,953
Other capital inflow on maturity	949,606	950,690	1,083,528	-	761,546	3,745,370
Subtotal	77,641,124	51,933,393	121,582,842	71,453,046	8,992,714	331,603,119
Liabilities						
Deposits from the Central Bank and banks	547,353	1,999,289	2,810,606	-	-	5,357,248
Deposits and remittances	40,167,942	8,979,676	18,453,811	18,300,737	-	85,902,166
Securities sold under repurchase agreements	4,936,502	-	-	-	-	4,936,502
Payables	969,284	947,221	1,083,528	539	-	3,000,572
Bank debentures	20,357	-	197,857	5,974,539	-	6,192,753
Deliverable derivative liabilities	63,400,877	40,359,974	88,247,422	297,726	-	192,305,999
Non-deliverable derivative liabilities	1,823	3,723	11,751	-	-	17,297
Other capital outflow on maturity	4,319,518	6,969,556	5,365,431	-	6,677	16,661,182
Subtotal	114,363,656	59,259,439	116,170,406	24,573,541	6,677	314,373,719

(In Thousands of RMB)

December 31, 2020	0-30 Days	31-90 Days	91- 365 Days	Over 1 Year	No Maturity Date	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 3,464,661	$ -	$ -	$ -	$ 8,259,706	$ 11,724,367
Investments in marketable securities (Note)	4,063,991	1,462,219	2,788,932	44,744,133	10,391	53,069,666
Securities purchased under resell agreements	1,699,977	-	-	-	-	1,699,977
Loans (including overdue loans)	6,108,623	11,560,949	20,135,930	21,360,815	-	59,166,317
Deliverable derivative assets	51,293,868	44,516,783	99,137,483	-	-	194,948,134
Non-deliverable derivative assets	24,903	40,198	69,887	-	-	134,988
Other capital inflow on maturity	1,197,546	1,284,292	2,584,932	-	916,157	5,982,927
Subtotal	67,853,569	58,864,441	124,717,164	66,104,948	9,186,254	326,726,376
Liabilities						
Deposits from the Central Bank and banks	791,924	1,587,412	658,304	-	-	3,037,640
Deposits and remittances	39,473,671	15,004,117	15,585,772	16,519,081	-	86,582,641
Securities sold under repurchase agreements	200,025	-	-	-	-	200,025
Payables	516,229	1,284,292	2,547,204	540	-	4,348,265
Bank debentures	20,342	32,000	165,842	6,078,077	-	6,296,261
Deliverable derivative liabilities	51,760,242	44,749,139	99,165,790	-	-	195,675,171
Non-deliverable derivative liabilities	1,105	1,240	2,372	-	-	4,717
Other capital outflow on maturity	4,397,271	5,553,850	5,957,648	-	6,677	15,915,446
Subtotal	97,160,809	68,212,050	124,082,932	22,597,698	6,677	312,060,166

(In Thousands of RMB)

June 30, 2020	0-30 Days	31-90 Days	91- 365 Days	Over 1 Year	No Maturity Date	Total
Assets						
Cash, call loans and deposits due from/to other banks	$ 3,362,884	$ -	$ -	$ -	$ 7,107,383	$ 10,470,267
Investments in marketable securities (Note)	9,494,085	2,324,308	2,376,731	39,088,403	-	53,283,527
Loans (including overdue loans)	4,525,363	8,479,634	25,446,112	20,646,190	-	59,097,299
Deliverable derivative assets	34,631,818	47,725,999	69,544,543	473,747	-	152,376,107
Non-deliverable derivative assets	43,304	16,036	33,020	1,901	-	94,261
Other capital inflow on maturity	2,198,342	1,189,441	3,018,475	-	19,849	6,426,107
Subtotal	54,255,796	59,735,418	100,418,881	60,210,241	7,127,232	281,747,568
Liabilities						
Deposits from the Central Bank and banks	2,970,294	3,592,631	2,191,761	-	-	8,754,686
Due to the Central Bank and banks	-	-	-	-	-	-
Deposits and remittances	34,853,091	16,165,091	21,346,531	8,394,875	-	80,759,588
Securities sold under repurchase agreements	4,249,201	-	-	-	-	4,249,201
Payables	1,857,932	1,171,099	2,882,824	544	-	5,912,399
Bank debentures	20,400	-	158,700	5,077,600	-	5,256,700
Deliverable derivative liabilities	34,621,529	47,687,410	69,494,086	473,830	-	152,276,855
Non-deliverable derivative liabilities	950	326	740	74	-	2,090
Other capital outflow on maturity	2,771,190	4,075,680	3,563,780	59,600	46,677	10,516,927
Subtotal	81,344,587	72,692,237	99,638,422	14,006,523	46,677	267,728,446

Note: Investments in marketable securities include financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and investments in debt instruments measured at amortized cost.

d) Maturity analysis of derivatives assets and liabilities - NTD

Taipei Fubon Bank

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 1,151,902	$ 1,491,057	$ 584,025	$ 1,547,806	$ -	$ 4,774,790
Currency swaps	108,179,673	142,025,949	103,796,320	100,622,257	3,446,007	458,070,206
Cross-currency swaps	2,127,127	10,921,254	16,842,045	14,002,264	23,670,290	67,562,980
Subtotal	111,458,702	154,438,260	121,222,390	116,172,327	27,116,297	530,407,976
Non-deliverable derivative assets						
Foreign exchange derivative instruments	289,644	-	-	-	-	289,644
Interest rate derivative instruments - hedging	-	-	-	27,769	839,148	866,917
Interest rate derivative instruments - non-hedging	2,166,273	-	-	-	-	2,166,273
Equity derivative instruments	397,602	-	-	-	-	397,602
Subtotal	2,853,519	-	-	27,769	839,148	3,720,436
Liabilities						
Deliverable derivative liabilities						
Forward contracts	2,244,129	1,911,669	178,724	27,798	-	4,362,320
Currency swaps	169,736,187	167,823,348	175,033,380	104,145,937	15,511,254	632,250,106
Cross-currency swaps	5,610,880	6,338,270	4,100,200	15,672,290	23,942,515	55,664,155
Subtotal	177,591,196	176,073,287	179,312,304	119,846,025	39,453,769	692,276,581
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	289,644	-	-	-	-	289,644
Interest rate derivative instruments - hedging	-	-	-	-	3,075	3,075
Interest rate derivative instruments - non-hedging	2,503,140	-	-	-	-	2,503,140
Equity derivative instruments	388,410	-	-	-	-	388,410
Subtotal	3,181,194	-	-	-	3,075	3,184,269

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 1,408,675	$ 2,968,011	$ 1,025,319	$ 1,549,481	$ 86,393	$ 7,037,879
Currency swaps	125,769,111	125,473,061	80,578,243	125,405,947	-	457,226,362
Cross-currency swaps	24,150,605	33,382,839	22,872,465	17,364,319	24,151,135	121,921,363
Subtotal	151,328,391	161,823,911	104,476,027	144,319,747	24,237,528	586,185,604
Non-deliverable derivative assets						
Foreign exchange derivative instruments	410,203	-	-	-	-	410,203
Interest rate derivative instruments - hedging	-	-	6,238	-	986,418	992,656
Interest rate derivative instruments - non-hedging	2,553,478	-	-	-	-	2,553,478
Equity derivative instruments	280,034	-	-	-	-	280,034
Subtotal	3,243,715	-	6,238	-	986,418	4,236,371
Liabilities						
Deliverable derivative liabilities						
Forward contracts	2,547,224	2,138,964	344,669	-	-	5,030,857
Currency swaps	164,046,997	175,739,617	155,341,130	96,495,385	16,091,952	607,715,081
Cross-currency swaps	5,828,050	10,826,805	7,170,820	18,946,740	27,559,075	70,331,490
Subtotal	172,422,271	188,705,386	162,856,619	115,442,125	43,651,027	683,077,428
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	410,203	-	-	-	-	410,203
Interest rate derivative instruments - non-hedging	2,705,884	-	-	-	-	2,705,884
Equity derivative instruments	283,663	-	-	-	-	283,663
Subtotal	3,399,750	-	-	-	-	3,399,750

June 30, 2020	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 353,864	$ 2,157,297	$ 2,280,644	$ 3,417,681	$ 849,772	$ 9,059,258
Currency swaps	152,020,172	187,426,286	134,954,727	85,146,704	165,879	559,713,768
Cross-currency swaps	11,282,178	15,019,087	9,080,452	40,824,191	20,145,525	96,351,433
Subtotal	163,656,214	204,602,670	146,315,823	129,388,576	21,161,176	665,124,459
Non-deliverable derivative assets						
Foreign exchange derivative instruments	756,667	-	-	-	-	756,667
Interest rate derivative instruments - hedging	-	1,344	2,667	15,218	1,010,653	1,029,882
Interest rate derivative instruments - non-hedging	3,303,878	-	-	-	-	3,303,878
Equity derivative instruments	230,893	-	-	-	-	230,893
Subtotal	4,291,438	1,344	2,667	15,218	1,010,653	5,321,320
Liabilities						
Deliverable derivative liabilities						
Forward contracts	2,131,216	1,444,347	122,523	-	-	3,698,086
Currency swaps	210,000,443	222,926,302	149,233,663	99,194,325	12,971,537	694,326,270
Cross-currency swaps	9,387,200	14,910,090	14,533,310	23,673,725	18,150,890	80,655,215
Subtotal	221,518,859	239,280,739	163,889,496	122,868,050	31,122,427	778,679,571
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	756,667	-	-	-	-	756,667
Interest rate derivative instruments - hedging	-	-	-	-	8,646	8,646
Interest rate derivative instruments - non-hedging	3,275,202	-	-	-	-	3,275,202
Equity derivative instruments	235,163	-	-	-	-	235,163
Subtotal	4,267,032	-	-	-	8,646	4,275,678

Note: The above amounts include only New Taiwan dollar amounts held by the headquarters and onshore branches.

e) Maturity analysis of derivative assets and liabilities - USD

Taipei Fubon Bank

(In Thousands of U.S. Dollars)

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 376,574	$ 253,489	$ 127,791	$ 120,527	$ -	$ 878,381
Currency swaps	9,504,901	6,523,315	6,825,499	4,455,240	580,420	27,889,375
Cross-currency swaps	190,000	210,000	140,000	525,000	839,000	1,904,000
Subtotal	10,071,475	6,986,804	7,093,290	5,100,767	1,419,420	30,671,756
Non-deliverable derivative assets						
Foreign exchange derivative instruments	14,221	-	-	-	-	14,221
Interest rate derivative instruments - hedging	-	-	-	-	31,682	31,682
Interest rate derivative instruments - non-hedging	10,519	-	-	-	-	10,519
Equity derivative instruments	173	-	-	-	-	173
Product derivative instruments	93	-	-	-	-	93
Subtotal	25,006	-	-	-	31,682	56,688
Liabilities						
Deliverable derivative liabilities						
Forward contracts	331,303	299,121	251,669	157,129	-	1,039,222
Currency swaps	5,408,573	5,571,245	4,104,411	4,315,051	167,239	19,566,519
Cross-currency swaps	76,122	385,274	574,785	478,519	816,862	2,331,562
Subtotal	5,815,998	6,255,640	4,930,865	4,950,699	984,101	22,937,303
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	16,275	-	-	-	-	16,275
Interest rate derivative instruments - hedging	19	50	181	1,687	248,019	249,956
Interest rate derivative instruments - non-hedging	60,233	-	-	-	-	60,233
Equity derivative instruments	176	-	-	-	-	176
Product derivative instruments	93	-	-	-	-	93
Subtotal	76,796	50	181	1,687	248,019	326,733

(In Thousands of U.S. Dollars)

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 721,318	$ 215,838	$ 36,764	$ 9,447	$ -	$ 983,367
Currency swaps	9,340,060	6,948,739	5,452,018	3,948,627	586,234	26,275,678
Cross-currency swaps	201,438	357,277	235,000	640,000	934,000	2,367,715
Subtotal	10,262,816	7,521,854	5,723,782	4,598,074	1,520,234	29,626,760
Non-deliverable derivative assets						
Foreign exchange derivative instruments	16,342	-	-	-	-	16,342
Interest rate derivative instruments - hedging	-	2	-	-	39,173	39,175
Interest rate derivative - non-hedging	12,067	-	-	-	-	12,067
Equity derivative instruments	161	-	-	-	-	161
Product derivative instruments	149	-	-	-	-	149
Subtotal	28,719	2	-	-	39,173	67,894
Liabilities						
Deliverable derivative liabilities						
Forward contracts	255,170	341,783	74,377	12,694	34,486	718,510
Currency swaps	6,310,398	4,945,259	2,954,293	5,040,690	2,993	19,253,633
Cross-currency swaps	839,336	1,148,672	681,576	593,025	813,300	4,075,909
Subtotal	7,404,904	6,435,714	3,710,246	5,646,409	850,779	24,048,052
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	17,465	-	-	-	-	17,465
Interest rate derivative instruments - hedging	25	-	320	826	304,228	305,399
Interest rate derivative instruments - non-hedging	46,686	-	-	-	-	46,686
Equity derivative instruments	179	-	-	-	-	179
Product derivative instruments	149	-	-	-	-	149
Subtotal	64,504	-	320	826	304,228	369,878

(In Thousands of U.S. Dollars)

June 30, 2020	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Assets						
Deliverable derivative assets						
Forward contracts	$ 564,945	$ 211,458	$ 132,127	$ 20,287	$ -	$ 928,817
Currency swaps	9,696,862	8,351,288	5,603,737	3,764,883	471,939	27,888,709
Cross-currency swaps	305,000	480,000	475,000	782,277	595,000	2,637,277
Subtotal	10,566,807	9,042,746	6,210,864	4,567,447	1,066,939	31,454,803
Non-deliverable derivative assets						
Foreign exchange derivative instruments	22,169	-	-	-	-	22,169
Interest rate derivative instruments - hedging	-	-	-	11	50,292	50,303
Interest rate derivative instruments - non-hedging	11,288	-	-	-	-	11,288
Equity derivative instruments	199	-	-	-	-	199
Product derivative instruments	450	-	-	-	-	450
Subtotal	34,106	-	-	11	50,292	84,409
Liabilities						
Deliverable derivative liabilities						
Forward contracts	151,666	168,948	165,698	106,747	34,886	627,945
Currency swaps	7,323,890	7,495,979	5,040,281	3,342,175	95,456	23,297,781
Cross-currency swaps	369,545	436,017	297,186	1,376,826	661,862	3,141,436
Subtotal	7,845,101	8,100,944	5,503,165	4,825,748	792,204	27,067,162
Non-deliverable derivative liabilities						
Foreign exchange derivative instruments	22,992	-	-	-	-	22,992
Interest rate derivative instruments - hedging	17	-	216	997	361,230	362,460
Interest rate derivative instruments - non-hedging	24,381	-	-	-	-	24,381
Equity derivative instruments	270	-	-	-	-	270
Product derivative instruments	447	-	-	-	-	447
Subtotal	48,107	-	216	997	361,230	410,550

Note: The above amounts include only USD amounts held by the headquarters, onshore branches and offshore banking unit.

f) Maturity analysis of derivative assets and liabilities - RMB

Fubon Bank (China)

(In Thousands of RMB)

June 30, 2021	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Assets					
Deliverable derivative assets					
Forward contracts	$ 488,853	$ 741,411	$ 1,421,021	$ -	$ 2,651,285
Currency swaps	62,882,248	39,566,833	86,862,531	297,644	189,609,256
Subtotal	63,371,101	40,308,244	88,283,552	297,644	192,260,541
Non-deliverable derivative assets					
Interest rate derivatives - non-hedging	1,956	3,771	7,563	-	13,290
Option Contracts	5,249	9,414	-	-	14,663
Subtotal	7,205	13,185	7,563	-	27,953
Liabilities					
Deliverable derivative liabilities					
Forward contracts	490,143	741,776	1,409,619	-	2,641,538
Currency swaps	62,910,734	39,618,198	86,837,803	297,726	189,664,461
Subtotal	63,400,877	40,359,974	88,247,422	297,726	192,305,999
Non-deliverable derivative liabilities					
Interest rate derivative - non-hedging	1,823	3,721	11,751	-	17,295
Option Contracts	-	2	-	-	2
Subtotal	1,823	3,723	11,751	-	17,297

(In Thousands of RMB)

December 31, 2020	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Assets					
Deliverable derivative assets					
Forward contracts	$ 78,827	$ 49,099	$ 466,391	$ -	$ 594,317
Currency swaps	51,215,041	44,467,684	98,671,092	-	194,353,817
Subtotal	51,293,868	44,516,783	99,137,483	-	194,948,134
Non-deliverable derivative assets					
Interest rate derivative - non-hedging	1,710	2,045	3,258	-	7,013
Option Contracts	23,193	38,153	66,629	-	127,975
Subtotal	24,903	40,198	69,887	-	134,988
Liabilities					
Deliverable derivative liabilities					
Forward contracts	80,408	50,558	450,470	-	581,436
Currency swaps	51,679,834	44,698,581	98,715,320	-	195,093,735
Subtotal	51,760,242	44,749,139	99,165,790	-	195,675,171
Non-deliverable derivative liabilities					
Interest rate derivative - non-hedging	1,105	1,139	1,234	-	3,478
Option Contracts	-	101	1,138	-	1,239
Subtotal	1,105	1,240	2,372	-	4,717

(In Thousands of RMB)

June 30, 2020	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Assets					
Deliverable derivative assets					
Forward contracts	$ 122,485	$ 91,356	$ 423,890	$ -	$ 637,731
Currency swaps	34,034,877	47,235,276	65,976,282	473,747	147,720,182
Options	474,456	399,367	3,143,239	-	4,017,062
Cross-currency swaps	-	-	1,132	-	1,132
Subtotal	34,631,818	47,725,999	69,544,543	473,747	152,376,107
Non-deliverable derivative assets					
Interest rate derivatives - non-hedging	43,304	16,036	33,020	1,901	94,261
Liabilities					
Deliverable derivative liabilities					
Forward contracts	121,128	91,281	441,012	-	653,421
Currency swaps	34,022,545	47,196,490	65,908,703	473,830	147,601,568
Options	477,856	399,639	3,143,239	-	4,020,734
Cross-currency swaps	-	-	1,132	-	1,132
Subtotal	34,621,529	47,687,410	69,494,086	473,830	152,276,855
Non-deliverable derivative liabilities					
Interest rate derivative - non-hedging	950	326	740	74	2,090

g) Maturity analysis of off-balance sheet items

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

Taipei Fubon Bank

June 30, 2021	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 219,450,558	$ -	$ -	$ -	$ -	$ 219,450,558
Standby letters of credit	9,941,078	-	-	-	-	9,941,078
Financial guarantees	15,402,645	2,706,000	-	-	2,846,730	20,955,375
Total	$ 244,794,281	$ 2,706,000	$ -	$ -	$ 2,846,730	$ 250,347,011

December 31, 2020	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 205,630,105	$ -	$ -	$ -	$ -	$ 205,630,105
Standby letters of credit	7,186,731	-	-	-	-	7,186,731
Financial guarantees	10,766,095	1,785,400	26,196	3,632,475	2,944,721	19,154,887
Total	$ 223,582,931	$ 1,785,400	$ 26,196	$ 3,632,475	$ 2,944,721	$ 231,971,723

June 30, 2020	0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 215,042,685	$ -	$ -	$ -	$ -	$ 215,042,685
Standby letters of credit	7,192,212	-	-	-	-	7,192,212
Financial guarantees	11,461,827	2,927,596	-	26,196	4,163,170	18,578,789
Total	$ 233,696,724	$ 2,927,596	$ -	$ 26,196	$ 4,163,170	$ 240,813,686

Fubon Bank (China)

(In Thousands of RMB)

June 30, 2021	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ -	$ 5,937	$ 253,022	$ 702,466	$ 961,425
Standby letters of credit	6,055	3,768	15,341	2,997	28,161
Financial guarantees	10,519	191,495	216,237	46,550	464,801
Total	$ 16,574	$ 201,200	$ 484,600	$ 752,013	$ 1,454,387

(In Thousands of RMB)

December 31, 2020	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 78,299	$ 5,600	$ 219,264	$ 782,548	$ 1,085,711
Standby letters of credit	49,683	35,518	63,382	-	148,583
Financial guarantees	84,483	96,507	348,673	161,275	690,938
Total	$ 212,465	$ 137,625	$ 631,319	$ 943,823	$ 1,925,232

(In Thousands of RMB)

June 30, 2020	0-30 Days	31-90 Days	91-365 Days	Over 1 Year	Total
Irrevocable credit commitments	$ 108,709	$ -	$ 189,155	$ 972,358	$ 1,270,222
Standby letters of credit	141,380	151,010	-	-	292,390
Financial guarantees	95,589	190,784	378,958	18,577	683,908
Total	$ 345,678	$ 341,794	$ 568,113	$ 990,935	$ 2,246,520

e. Market risk

1) Market risk definition and classifications

Market risk refers to unfavorable changes in the market (such as changes in interest rates, exchange rates, stock prices and commodity prices), which may cause a potential loss on or off the balance sheet. Based on the Bank's policies on risk measurement and management, financial instruments are recorded in either the trading book or the banking book, and the Bank performs risk measurement and management accordingly.

2) Market risk strategy and procedures

Taipei Fubon Bank

The Bank has comprehensive policies on market risk management and has a systematic mechanism for deal execution, clearing and settlement. The Bank's market risk policies and other market risk limits are made by market risk strategies according to different risk factors, which are as follows: Interest rate-related instruments, exchange rate-related instruments, securities and commodities. The risk management systems apply the Bank's management policies and market risk limits to identify, measure, monitor and control market risks.

Fubon Bank (China)

Based on relevant laws and regulations, various regulations and control procedures on market risk management policies have been established for the internal control of market risks as well as the strategic development of trading strategies and limits. IT systems have also been set up to identify, quantify, monitor and control market risks to ensure that the market risk exposures of Fubon Bank (China) are managed strongly and effectively.

3) Market risk management framework

Taipei Fubon Bank

Under the supervision of its board of directors, the Bank has established the Market Risk Management Committee, which is composed of senior management and chaired by the Bank's chairman, to review related significant market risk policies and limits, monitor the information and changes in significant market risk and qualification quotas.

The Risk Management Department under the Chief Risk Officer is responsible for formulating policies on and procedures for market risk management, enforcing market risk limits, reporting market risk events timely and validating valuation models independently. Furthermore, the independent audit department under the Bank's board of directors manages the independent assurance functions of the market risk management framework.

Fubon Bank (China)

The board of directors of Fubon Bank (China), which is at the highest level of supervising market risk management and approving institutes the market risk management policies and procedures. The Risk & Related Party Transaction Committee, under the board of directors, is responsible for approving market risk limits and supervising the implementation of market risk management policies. Market risk assessment reports are submitted quarterly by the Risk Management Department to senior management, the Risk & Related Party Transaction Committee and the board of directors.

The Risk Management Department, which is independent from the front trading desk and back settlement desk, is responsible for implementing market risk management policies authorized by Fubon Bank (China)'s board of directors and senior management. The Internal Audit Department is responsible for reviewing and evaluating the effectiveness and independence of the risk management system. The Compliance Department is in charge of monitoring compliance risks and submitting related reports to Fubon Bank (China)'s board of directors and senior management.

4) Market risk measurement, control and reporting

The Risk Management Department is responsible for monitoring compliance with the daily market risk limit (including the analysis of risk sensitivity factors such as Delta, Vega, DV01, and Value at Risk ("VaR")) and loss control. The valuation of financial instruments is evaluated independently by the Market Risk Management Department to ensure their stability and effectiveness. The Bank has established a market risk management system and related market risk management procedures to be able to observe the VaR limit. In addition, the Bank does back testing periodically to check the effectiveness of the VaR calculation module and establishes financial trading system.

5) Measurement of trading book market risk

Taipei Fubon Bank

The Bank's management of the market risk includes methods for determining degrees (known as the "Greeks") of sensitivity to risk through different trading desks or business desks and measures (such as VaR and stress testing) of the risk of loss on specific portfolios of financial assets. These measures provide consistent and comparable measurement of various types of risks across different trading desks.

a) Value at Risk ("VaR")

VaR is a tool that measures "the maximum expected loss over a given time horizon under normal market conditions at a given level of confidence". TFB has various risk models to evaluate the maximum loss on current net positions within one day, with a 99% confidence level. The Bank also calculates current VaR and stressed VaR using historical simulation to get possible circumstances of market risk under control. In order to ensure the quality of the risk value, the Bank conducts periodic review and statistical verification of actual profit and loss.

Trading book VaR information is shown below:

	For the Six Months Ended June 30, 2021			
Common VaR	**Highest**	**Lowest**	**Mean**	**End of Year**
Equity	$ 7,547	$ 2,951	$ 3,991	$ 7,547
Interest rate	46,091	20,344	32,159	39,158
Exchange rate	18,517	3,501	10,814	14,066
Volatility	2,229	964	1,525	964
Diversification effect	-	-	(14,218)	(24,827)
Common VaR of trading book			$ 34,271	$ 36,908

	For the Six Months Ended June 30, 2020			
Common VaR	**Highest**	**Lowest**	**Mean**	**End of Year**
Equity	$ 19,004	$ 10,895	$ 14,645	$ 13,393
Interest rate	418,303	44,274	163,639	104,498
Exchange rate	56,415	5,339	19,851	18,237
Volatility	5,520	947	2,671	5,520
Diversification effect	-	-	(45,457)	(40,453)
Common VaR of trading book			$ 155,349	$ 101,195

Note: The highest and lowest VaRs may occur on different dates; the related diversification effects were not disclosed in the above table because these effects were not significant.

The above VaRs are calculated on the basis of changes in risk factors. If one product includes several risk factors, it would be classified under different risk factors. For example, forward contracts are exposed to interest rate risk and exchange rate risk; foreign exchange option is exposed to exchange rate risk and volatility risk.

b) Stress testing

As described earlier, VaR refers to the maximum loss likely to occur over a holding period with a given confidence level during normal fluctuation. However, VaR cannot be used to predict the loss when an extreme event or systematic risk occurs. Thus, stress testing is introduced to capture the above risk by measuring the potential impact on trading book portfolio during the abnormal market period, compensating for the insufficiency of common VaR.

Fubon Bank (China)

To manage the trading book market risks, Fubon Bank (China) has set appropriate market risk measurements and risk limits based on its trading products and the features and complexity of its risk exposures, including position limits, stop-loss limits of various products, and risk sensitivities. In the trading book, the main currency business of Fubon Bank (China) is spot trade and currency forwards and options trade. The main interest rate business is bond trade, forward contract, currency swap and RMB interest swap trade. The market risk level is normal.

The Risk Management Department also performs stress tests recorded on a quarterly basis in the trading book to evaluate the ability of Fubon Bank (China)'s ability to sustain loss on the market value shown in its trading book when main market risk factors, mainly interest rates and exchange rates, move adversely.

6) Measurement of banking book market risk

Taipei Fubon Bank

a) Interest rate risk

Interest rate risk refers to the possible loss on investment portfolio value due to interest rate changes. The interest rate-sensitive assets/liabilities include banking book debt securities. The characteristics of banking book debt securities differ from those of trading book securities, which are for short-term trading. The valuation basis of banking book debt securities includes fair value and accrued interest.

Banking book interest rate risk refers to possible loss due to unfavorable changes in interest rates for the banking book portfolio. One of the methods used to determine exposure to interest rate risks is earnings analysis, which focuses on the effects interest rate changes on the earnings of the banking book portfolio, especially earnings in the short term. Had the interest rate increased/decreased 1bps (basis points) as of June 30, 2021, December 31, 2020 and June 30, 2020 and all other factors been held constant, the earnings would have decreased/increased by $4 million, $12 million and $4 million, respectively.

b) Exchange rate risk

Banking book exchange rate risk refers to the risk of loss due to unfavorable changes in exchange rates for the Bank's foreign currency operating funds to be used for the launch of a foreign exchange business, the establishment of overseas branches or overseas subsidiaries' branches' investments accounted for using the equity method. These exchange rate differences are reflected under either the statement of comprehensive income or under exchange differences on translating foreign operations in equity.

The Bank's overseas branches and these branches' long-term equity-method investments have foreign exchange businesses. The percentage of the foreign currency operating funds used for the foreign exchange business operations is low when compared with the Bank's entire foreign currency position. As of June 30, 2021, for the operating funds of overseas branches, the Bank considers the ratio of exchange differences on translating foreign operations to the equity of the Bank's owners to be immaterial.

c) Equity risk

The Bank's equity instruments as shown in the banking book have two groups. The first consists of investments in accordance with Article 74 of the Banking Act. The second group refers to investments in promising companies with a higher cash dividend payout ratio. For the second group, even though changes in equity prices may influence shareholders' equity, the Bank holds these investments for the long term and has strict regulations on buying or selling these investments.

The sensitivity analysis for the second equity positions group is listed below:

	June 30, 2021		December 31, 2020		June 30, 2020	
	Influence on Profit and Loss	**Influence on Other Equity**	**Influence on Profit and Loss**	**Influence on Other Equity**	**Influence on Profit and Loss**	**Influence on Other Equity**
Stock price increase by 10%	$ -	$ 2,402,779	$ -	$ 1,438,021	$ -	$ 1,202,147
Stock price decrease by 10%	-	(2,402,779)	-	(1,438,021)	-	(1,202,147)

Fubon Bank (China)

a) Interest rate risk

Fubon Bank (China)'s interest rate risk is mainly from interest repricing. Banking book interest rate risk is monitored by computing the repricing gap of risk-sensitive assets/liabilities and setting risk standards as the monitoring benchmark. Assuming the other conditions remain the same, an increase or decrease in interest rate by 50 basis points is used to evaluate risk.

(In Thousands of RMB)

	June 30, 2021		December 31, 2020		June 30, 2020	
	Impact on Profit and Loss	**Impact on Other Equity**	**Impact on Profit and Loss**	**Impact on Other Equity**	**Impact on Profit and Loss**	**Impact on Other Equity**
Interest rate increases 50 basis points	$ (124,395)	$ (231,640)	$ (104,373)	$ (325,314)	$ (115,379)	$ (257,716)
Interest rate decreases 50 basis points	124,382	233,466	104,372	272,645	115,554	263,615

b) Exchange rate risk

Fubon Bank (China) uses RMB for its loans/deposits and interbank borrowings, while foreign currency is primarily composed of USD. To control the exchange rate risk effectively, Fubon Bank (China) implements a policy of controlling foreign currency position and simultaneously carries out a foreign currency sensitivity analysis based on its own risk-taking ability and operating strategy. Assuming that the foreign currency appreciates or depreciates 5% against the RMB for all spot rates and forward rates, the outcome is as follows:

(In Thousands of RMB)

	June 30, 2021		December 31, 2020		June 30, 2020	
	Influence on Profit and Loss	**Influence on Other Equity**	**Influence on Profit and Loss**	**Influence on Other Equity**	**Influence on Profit and Loss**	**Influence on Other Equity**
USD and HKD appreciate by 5% against the RMB	$ (186,860)	$ 151,960	$ (104,925)	$ 23,821	$ 61,760	$ 18,115
USD and HKD depreciate by 5% against the RMB	186,860	(151,960)	104,925	(23,821)	(61,760)	(18,115)

7) Effect of interest rate benchmark reform

The Bank and its subsidiaries are exposed to USD LIBOR which is subject to interest rate benchmark reform. The exposures arise on derivatives and non-derivative financial assets and liabilities. SOFR (Secured Overnight Financing Rate) is expected to replace USD LIBOR. There are key differences between USD LIBOR and SOFR. USD LIBOR is “forward looking”, which implies market expectation over future interest rates, and includes a credit spread over the risk-free rate. SOFR is currently a “backward-looking” rate, based on interest rates from actual transactions, and excludes a credit spread. To transition existing contracts and agreements that reference USD LIBOR to SOFR, adjustments for these differences might need to be applied to SOFR to enable the two benchmark rates to be economically equivalent.

The Bank and its subsidiaries established a USD LIBOR transition project plan. This transition project is considering changes to risk management policies, internal processes, IT systems and valuation models, as well as managing any related tax and accounting implications. As at June 30, 2021, changes required to IT systems and internal processes have been identified and have been partially implemented. The Bank and its subsidiaries' communication with financial instrument counterparties about amending the existing contract has been underway with an aim to finalize the amendment before the termination of LIBOR quotation.

Risks arising from the transition relate principally to the potential impact of interest rate basis risk. If the bilateral negotiations with the Group’s counterparties are not successfully concluded before the cessation of USD LIBOR, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into. If a hedged financial instrument and the related hedging derivative instrument are transited to alternative benchmark rates at different times, it could result in hedge ineffectiveness.

The following table contains book values about total amount that yet deformed and amount that not yet had the contingency clause of the non-derivative financial instruments:

	June 30, 2021	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Discounts and loans	$ 62,675,157	$ 62,675,157
Debt investments	37,395,679	29,270,831
	100,070,836	91,945,988
Financial instrument linked to EUR LIBOR		
Discounts and loans	1,183,834	1,183,834
Financial instrument linked to GBP LIBOR		
Discounts and loans	1,765,536	1,765,536
Financial instrument linked to JPY LIBOR		
Discounts and loans	856,800	856,800
Financial instrument linked to CHF LIBOR		
Discounts and loans	5,860	5,860
Total of non-derivative financial instruments effected by interest rate benchmark reform	$ 103,882,866	$ 95,758,018

	January 1, 2021	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Discounts and loans	$ 47,547,072	$ 47,547,072
Debt investments	36,349,132	29,034,173
	83,896,204	76,581,245
Financial instrument linked to GBP LIBOR		
Discounts and loans	1,634,403	1,634,403
Financial instrument linked to EUR LIBOR		
Discounts and loans	196,238	196,238
Financial instrument linked to JPY LIBOR		
Discounts and loans	315,592	315,592
Total of non-derivative financial instruments effected by interest rate benchmark reform	$ 86,042,437	$ 78,727,478

The following table contains the contract amount about total amount that yet deformed and amount that not yet had the contingency clause of the derivative financial instruments:

	June 30, 2021	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	$ 120,029,958	$ -
Exchange rate swap contracts	5,113,024	-
Equity swap contracts	2,387,898	-
Cross-currency swap contracts	1,114,799	-
	128,645,679	-
Financial instrument linked to GBP LIBOR		
Interest rate swap contracts	192,796	-
Total of non-derivative financial instruments effected by interest rate benchmark reform	$ 128,838,475	$ -

	January 1, 2021	
	Total Amount That Yet Reformed	**Amount That Not Yet Had the Contingency Clause**
Financial instrument linked to USD LIBOR		
Interest rate swap contracts	$ 116,193,384	$ -
Exchange rate swap contracts	6,829,128	-
Equity swap contracts	1,336,319	-
Cross-currency swap contracts	280,950	-
	124,639,781	-
Financial instrument linked to GBP LIBOR		
Interest rate swap contracts	193,764	-
Total of non-derivative financial instruments effected by interest rate benchmark reform	$ 124,833,545	$ -

8) Foreign currency rate risk information

The table below shows the foreign currency risk information on the carrying amounts of all financial assets and liabilities denominated in foreign currencies and their respective functional currency as of June 30, 2021, December 31, 2020 and June 30, 2020.

Taipei Fubon Bank

	June 30, 2021		
	Foreign Currencies	**Exchange Rate**	**New Taiwan Dollars**
Financial assets			
Monetary item			
USD	$ 22,513,155	27.8700	$ 627,440,806
HKD	10,926,434	3.5893	39,217,781
AUD	2,912,810	20.8979	60,871,679
RMB	12,368,600	4.3146	53,364,966
EUR	761,947	33.1278	25,241,623
Nonmonetary item			
USD	146,814	27.8700	4,091,709
AUD	89,433	20.8979	1,868,966
RMB	402,156	4.3146	1,735,125
EUR	1,427	33.1278	47,281
HKD	107,337	3.5893	385,260
Investments accounted for using the equity method			
RMB	6,206,560	4.3146	26,778,525
Financial liabilities			
Monetary item			
USD	30,863,393	27.8700	860,161,657
HKD	11,158,078	3.5893	40,049,211
RMB	13,936,423	4.3146	60,129,422
AUD	640,216	20.8979	13,379,185
EUR	258,730	33.1278	8,571,165
Nonmonetary item			
USD	369,279	27.8700	10,291,791
EUR	2,688	33.1278	89,064
RMB	374,168	4.3146	1,614,367
HKD	10,109	3.5893	36,282
AUD	2,813	20.8979	58,794

	December 31, 2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 21,032,120	28.3720	$ 596,722,267
AUD	2,683,661	21.8691	58,689,267
RMB	10,090,398	4.3631	44,025,043
HKD	11,582,880	3.6599	42,391,881
JPY	104,540,630	0.2750	28,750,764
Nonmonetary item			
USD	205,431	28.3720	5,828,479
RMB	725,419	4.3631	3,165,049
AUD	76,123	21.8691	1,664,750
JPY	5,796,576	0.2750	1,594,174
HKD	39,642	3.6599	145,085
Investments accounted for using the equity method			
RMB	4,891,139	4.3631	21,340,401
Financial liabilities			
Monetary item			
USD	27,954,676	28.3720	793,128,664
RMB	13,985,754	4.3631	61,020,728
HKD	8,120,740	3.6599	29,720,884
AUD	752,612	21.8691	16,458,957
JPY	26,308,572	0.2750	7,235,384
Nonmonetary item			
USD	545,844	28.3720	15,486,654
RMB	617,166	4.3631	2,692,733
JPY	6,085,401	0.2750	1,673,607
HKD	41,171	3.6599	150,680
AUD	1,592	21.8691	34,811

	June 30, 2020		
	Foreign Currencies	Exchange Rate	New Taiwan Dollars
Financial assets			
Monetary item			
USD	$ 23,336,862	29.6602	$ 692,177,009
HKD	14,216,973	3.8271	54,409,678
AUD	2,264,702	20.3077	45,991,112
RMB	7,254,672	4.1920	30,411,654
JPY	83,242,344	0.2754	22,925,302
Nonmonetary item			
USD	212,193	29.6602	6,293,686
AUD	65,337	20.3077	1,326,845
RMB	213,434	4.1920	894,719
JPY	3,125,407	0.2754	860,776
HKD	89,967	3.8271	344,314
Investments accounted for using the equity method			
RMB	4,903,558	4.1920	20,555,566
Financial liabilities			
Monetary item			
USD	28,079,729	29.6602	832,851,777
HKD	13,767,080	3.8271	52,687,981
RMB	11,961,716	4.1920	50,143,752
AUD	1,317,078	20.3077	26,746,875
JPY	25,539,990	0.2754	7,033,774
Nonmonetary item			
USD	512,662	29.6602	15,205,677
JPY	3,960,351	0.2754	1,090,734
RMB	185,353	4.1920	777,005
HKD	90,638	3.8271	346,879
AUD	1,623	20.3077	32,954

Fubon Bank (China)

	June 30, 2021		
	Foreign Currencies	Exchange Rate	RMB
Financial assets			
Monetary item			
USD	$ 1,980,411	6.4601	$ 12,793,655
EUR	1,906	7.6862	14,650
HKD	183,211	0.8321	152,446
JPY	232,240	0.0584	13,569
Nonmonetary item			
USD	31,278	6.4601	202,057
Financial liabilities			
Monetary item			
USD	5,441,575	6.4601	35,153,119
JPY	836,751	0.0584	48,890
AUD	6,812	4.8528	33,056
EUR	9,089	7.6862	69,856
Nonmonetary item			
USD	321,499	6.4601	2,076,916

	December 31, 2020		
	Foreign Currencies	Exchange Rate	RMB
Financial assets			
Monetary item			
USD	$ 772,954	6.5249	$ 5,043,445
HKD	143,166	0.8416	120,494
EUR	460	8.0250	3,689
JPY	842,662	0.0632	53,287
Nonmonetary item			
USD	603	6.5249	3,935
Financial liabilities			
Monetary item			
USD	5,069,925	6.5249	33,080,753
HKD	16,201	0.8416	13,636
EUR	25,273	8.0250	202,813
JPY	1,267,357	0.0632	80,143
Nonmonetary item			
USD	605,824	6.5249	3,952,943

	June 30, 2020		
	Foreign Currencies	Exchange Rate	RMB
Financial assets			
Monetary item			
USD	$ 504,258	7.0795	$ 3,569,897
EUR	17,553	7.9610	139,739
HKD	57,731	0.9134	52,734
JPY	786,222	0.0658	51,740
Nonmonetary item			
USD	41,792	7.0795	295,863
Financial liabilities			
Monetary item			
USD	3,924,564	7.0795	27,783,950
JPY	1,272,932	0.0658	83,769
AUD	11,084	4.8657	53,930
EUR	5,183	7.9610	41,264
Nonmonetary item			
USD	14,350	7.0795	101,592

f. Transfers of financial assets

Transfers of financial assets not qualifying for derecognition

The transferred financial assets of the Bank and its subsidiaries that do not qualify for derecognition in the daily operation are mainly securities sold under repurchase agreements and equity security lending agreements.

The transaction transfers the contractual rights to receive the cash flows of the financial assets but the Bank and its subsidiaries retain the liabilities to repurchase the transferred financial assets at fixed prices in the future.

The Bank and its subsidiaries cannot use, sell, or pledge these transferred financial assets within the validity period of the transaction. However, the Bank and its subsidiaries still bear the interest rate risk and credit risk; thus, the Bank and its subsidiaries do not derecognize these assets.

The analysis of financial assets and related liabilities that do not qualify for derecognition is shown in following table:

Category of Financial Assets	June 30, 2021	
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Transactions under repurchase agreements		
Financial assets at fair value through other comprehensive income	$ 7,191,941	$ 6,664,943
Investments in debt instruments measured at amortized cost	116,578,707	114,108,401

Category of Financial Assets	December 31, 2020	
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Transactions under repurchase agreements		
Financial assets at fair value through other comprehensive income	$ 10,993,597	$ 10,327,127
Investments in debt instruments measured at amortized cost	69,901,796	69,830,302

Category of Financial Assets	June 30, 2020	
	Transferred Financial Assets - Book Value	Related Financial Liabilities - Book Value
Transactions under repurchase agreements		
Financial assets at fair value through other comprehensive income	$ 19,233,150	$ 18,055,858
Investments in debt instruments measured at amortized cost	134,299,731	126,389,844

g. Offsetting of financial assets and financial liabilities

The Bank and its subsidiaries had no financial instruments that were covered by the offsetting requirements under Section 42 of IAS 32 "Financial Instruments: Presentation" endorsed by the Financial Supervisory Commission.

The Bank and its subsidiaries are not engaged in transactions that met offsetting criteria in IFRSs, but they sign net settlement contracts or similar agreements with counterparties, e.g., global master repurchase agreements, global securities lending agreements and similar repurchasing agreements or reverse-repurchasing agreements. These executable net settlement contracts or similar agreements allow repurchase transactions to be settled with amount after netting financial assets and liabilities as agreed upon by the transacting parties. If one party defaults on a contract, the other one may choose net settlement.

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

June 30, 2021

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Received as Collaterals	
Derivative instruments (Note 2)	$ 28,971,948	$ -	$ 28,971,948	$ 21,840,326	$ 4,376,066	$ 2,755,556
Securities purchased under resell agreements	5,496,913	-	5,496,913	5,496,913	-	-
	$ 34,468,861	$ -	$ 34,468,861	$ 27,337,239	$ 4,376,066	$ 2,755,556

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Collaterals Pledged	
Derivative instruments (Note 2)	$ 35,365,041	$ -	$ 35,365,041	$ 20,945,299	$ 9,905,414	$ 4,514,328
Securities sold under repurchased agreements	120,773,344	-	120,773,344	120,754,110	19,234	-
	$ 156,138,385	$ -	$ 156,138,385	$ 141,699,409	$ 9,924,648	$ 4,514,328

December 31, 2020

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Received as Collaterals	
Derivative instruments (Note 2)	$ 43,928,784	$ -	$ 43,928,784	$ 33,827,993	$ 4,400,522	$ 5,700,269
Securities purchased under resell agreements	14,042,571	-	14,042,571	13,931,249	-	111,322
	$ 57,971,355	$ -	$ 57,971,355	$ 47,759,242	$ 4,400,522	$ 5,811,591

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Collaterals Pledged	
Derivative instruments (Note 2)	$ 55,972,483	$ -	$ 55,972,483	$ 32,858,922	$ 13,361,156	$ 9,752,405
Securities sold under repurchased agreements	80,157,429	-	80,157,429	80,155,921	-	1,508
	$ 136,129,912	$ -	$ 136,129,912	$ 113,014,843	$ 13,361,156	$ 9,753,913

June 30, 2020

Financial Assets	Recognized Financial Assets - Gross Amount	Netted Financial Liabilities Recognized on the Balance Sheet - Gross Amount	Recognized Financial Assets - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Received as Collaterals	
Derivative instruments (Note 2)	$ 21,224,902	$ -	$ 21,224,902	$ 14,528,824	$ 2,809,307	$ 3,886,771
Securities purchased under resell agreements	9,443,800	-	9,443,800	9,154,573	-	289,227
	$ 30,668,702	$ -	$ 30,668,702	$ 23,683,397	$ 2,809,307	$ 4,175,998

Financial Liabilities	Recognized Financial Liabilities - Gross Amount	Netted Financial Assets Recognized on the Balance Sheet - Gross Amount	Recognized Financial Liabilities - Net Amount	Related Amount Not Netted on the Balance Sheet		Net Amount
				Financial Instruments (Note 1)	Cash Collaterals Pledged	
Derivative instruments (Note 2)	$ 32,689,933	$ -	$ 32,689,933	$ 12,980,221	$ 16,409,239	$ 3,300,473
Securities sold under repurchased agreements	144,445,702	-	144,445,702	144,437,859	-	7,843
	$ 177,135,635	$ -	$ 177,135,635	$ 157,418,080	$ 16,409,239	$ 3,308,316

Note 1: Includes netting settlement agreement and non-cash financial collaterals.

Note 2: Includes derivative financial assets for hedging.

55. CAPITAL MANAGEMENT

a. Overview

In accordance with the minimum requirements on the regulatory capital to risk (weighted) assets ratio (i.e. the capital adequacy ratio) from the "Regulation Governing the Capital Adequacy and Capital Category of Banks" under Article 44 of the Banking Act, the Bank's regulatory capital and consolidated eligible capital should be higher than the statutory requirement. This is the fundamental principle of capital management.

For sound operations, the Bank has established internal control policies to ensure its capital adequacy ratio meets the minimum regulatory requirement.

b. Capital management procedures

The Bank's capital is managed by the Bank's Capital Adequacy Management Policy, which was approved by the board of directors. Regulatory capital is calculated in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks," and reported to the authority quarterly. Regulatory capital is classified into net Tier 1 capital (the aggregate amount of net common equity Tier 1 and net additional Tier 1 capital) and net Tier 2 capital. In addition, adjusted items include the change in credit risk of financial liabilities recognize as unrealized gains and losses (where gains should be deducted, and losses should be added back).

1) Net Tier 1 capital

a) Net common equity Tier 1 capital: Mainly includes common stock, capital surplus, retained earnings, other equity, and non-controlling interests, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.

b) Net additional Tier 1 capital: Mainly includes non-cumulative perpetual preferred stock, non-cumulative perpetual subordinated debts, and the capital issued by the Bank's subsidiaries but not held by the Bank, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.

2) Net Tier 2 capital

Mainly includes long-term subordinated debts, the capital issued by the Bank's subsidiaries but not held by the Bank, operational reserves and loan-loss provisions, and so on, deducted by regulatory adjustment items in accordance with the rules for calculation methods issued by the authorities.

The Bank evaluates capital adequacy regularly as well as the future demand for capital and raises the capital if needed to maintain capital adequacy.

c. Statement of capital adequacy

As of June 30, 2021, the Bank and its subsidiaries had met the authorities' minimum requirements for capital adequacy ratio. Refer to Note 57 for more details.

56. ASSET QUALITY, CONCENTRATION OF CREDIT EXTENSIONS, INTEREST RATE SENSITIVITY, PROFITABILITY AND MATURITY ANALYSIS OF ASSETS AND LIABILITIES

Except for profitability described in item (d) below, the following information only refers to the Bank.

a. Asset quality

See Table 1.

b. Concentration of credit extensions

June 30, 2021

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% to Net Asset Value
1	A Group (petrochemical raw material manufacturing industry)	$ 11,662,615	5.40
2	B Group (other electronic component manufacturing industry)	11,184,543	5.18
3	C Group (LCD and its component manufacturing industry)	9,501,233	4.40
4	D Group (other electronic component manufacturing industry)	8,200,000	3.80
5	E Group (computer peripheral equipment and software industry)	7,136,781	3.30
6	F Group (laptop, tablet, server. camera, industrial computer, mobile phone foundry and cloud software and hardware integration manufacture)	7,123,093	3.30
7	G Group (passive electronic components manufacturing industry)	6,151,048	2.85
8	H Group (semiconductor assembly and testing industry)	6,147,032	2.85
9	I Group (Footwear and Manufacture of Wearing)	5,815,518	2.69
10	J Group (real estate industry, retail, and service)	5,713,343	2.64

June 30, 2020

Rank (Note 1)	Group Name (Note 2)	Credit Extensions Balance (Note 3)	% to Net Asset Value
1	A Group (other electronic component manufacturing industry)	$ 12,832,241	6.35
2	B Group (semiconductor assembly and testing industry)	9,656,550	4.78
3	C Group (LCD and its component manufacturing industry)	9,597,890	4.75
4	D Group (petrochemical raw material manufacturing industry)	8,403,410	4.16
5	E Group (other electronic component manufacturing industry)	8,200,000	4.06
6	F Group (laptop, tablet, server. camera, industrial computer, mobile phone foundry and cloud software and hardware integration manufacture)	6,792,518	3.36
7	G Group (computer peripheral equipment and software industry)	6,210,514	3.07
8	H Group (real estate)	6,193,161	3.06
9	I Group (laptop, tablet, server. camera, industrial computer, mobile phone foundry and cloud software and hardware integration manufacture)	5,804,806	2.87
10	J Group (passive electronic components manufacturing industry)	5,656,621	2.80

Note 1: The list shows ranking by total amounts of credit, endorsement or other transactions (excluding those of government-owned or state-run enterprises). If the borrower is a member of any of the above groups, the total amount of credit, endorsement or other transactions of the entire group must be listed and disclosed by code and line of industry. The industry of the Bank and its subsidiaries should be represented by the industry of the entity with the highest risk exposure. The lines of industry should be described in accordance with the Standard Industrial Classification System of the Republic of China published by the Directorate-General of Budget, Accounting and Statistics under the Executive Yuan.

Note 2: A group refers to a combination of corporate entities as defined by Article 6 of the Supplementary Provisions to the Taiwan Stock Exchange Corporation Criteria for Review of Securities Listings.

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

c. Interest rate sensitivity information

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 1,456,381,521	$ 110,208,197	$ 68,353,744	$ 166,451,694	$ 1,801,395,156
Interest rate-sensitive liabilities	400,668,238	966,550,729	72,382,777	90,202,967	1,529,804,711
Interest rate sensitivity gap	1,055,713,283	(856,342,532)	(4,029,033)	76,248,727	271,590,445
Net worth					211,635,726
Ratio of interest rate-sensitive assets to liabilities					117.75%
Ratio of the interest rate sensitivity gap to net worth					128.33%

Interest Rate Sensitivity (New Taiwan Dollars)
June 30, 2020

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 1,264,283,333	$ 108,461,074	$ 106,267,285	$ 144,694,514	$ 1,623,706,206
Interest rate-sensitive liabilities	420,745,435	831,305,064	79,801,973	86,556,844	1,418,409,316
Interest rate sensitivity gap	843,537,898	(722,843,990)	26,465,312	58,137,670	205,296,890
Net worth					197,376,596
Ratio of interest rate-sensitive assets to liabilities					114.47%
Ratio of the interest rate sensitivity gap to net worth					104.01%

Note 1: The above amounts included only New Taiwan dollar amounts held by the onshore branches of the Bank (i.e., excluding foreign currency). In compliance with the Central Bank's supervision policies, the above data is prepared for off-site monitoring on the 15th of the next month.

Note 2: Interest rate-sensitive assets and liabilities represent interest-earning assets and interest-bearing liabilities whose revenue or costs are affected by interest rate changes.

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

Note 4: Ratio of interest-rate sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (New Taiwan dollars).

Interest Rate Sensitivity (U.S. Dollars)
June 30, 2021

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 12,569,558	$ 796,557	$ 1,386,555	$ 9,255,598	$ 24,008,268
Interest rate-sensitive liabilities	26,704,815	3,672,408	1,524,729	637,032	32,538,984
Interest rate sensitivity gap	(14,135,257)	(2,875,851)	(138,174)	8,618,566	(8,530,716)
Net worth					155,364
Ratio of interest rate-sensitive assets to liabilities					73.78%
Ratio of the interest rate sensitivity gap to net worth					(5,490.79%)

Interest Rate Sensitivity (U.S. Dollars)
June 30, 2020

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

Items	1 to 90 Days	91 to 180 Days	181 Days to One Year	Over One Year	Total
Interest rate-sensitive assets	$ 14,849,085	$ 2,020,130	$ 1,044,532	$ 7,749,315	$ 25,663,062
Interest rate-sensitive liabilities	25,436,527	2,301,924	1,633,274	905,157	30,276,882
Interest rate sensitivity gap	(10,587,442)	(281,794)	(588,742)	6,844,158	(4,613,820)
Net worth					131,904
Ratio of interest rate-sensitive assets to liabilities					84.76%
Ratio of the interest rate sensitivity gap to net worth					(3,497.86%)

Note 1: The above amounts include only USD amounts held by the Bank, and exclude contingent assets and contingent liabilities.

Note 2: Interest rate-sensitive assets and liabilities represent interest-earnings assets and interest-bearing liabilities whose revenue or costs are affected by interest rate changes.

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

Note 4: Ratio of interest rate-sensitive assets to liabilities = Interest rate-sensitive assets/Interest rate-sensitive liabilities (U.S. dollars).

d. Profitability

(%)

Item		For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
Return on total assets	Before income tax	0.33	0.38
	After income tax	0.29	0.33
Return on equity	Before income tax	4.72	5.45
	After income tax	4.14	4.74
Profit margin		39.37	40.00

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

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

Note 3: Profit margin = Income after income tax/Total operating revenues.

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

e. Maturity analysis of assets and liabilities

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

	Total	The Amount for the Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	$ 2,510,902,913	$ 216,236,862	$ 267,153,101	$ 271,447,041	$ 287,002,208	$ 275,635,206	$ 1,193,428,495
Main capital outflow on maturity	3,081,530,050	151,500,560	234,154,585	426,695,491	447,699,037	603,897,903	1,217,582,474
Gap	(570,627,137)	64,736,302	32,998,516	(155,248,450)	(160,696,829)	(328,262,697)	(24,153,979)

Maturity Analysis of Assets and Liabilities (New Taiwan Dollars)
June 30, 2020

	Total	The Amount for the Remaining Period to Maturity					
		0-10 Days	11-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Main capital inflow on maturity	$ 2,463,464,581	$ 299,464,141	$ 231,047,330	$ 308,487,311	$ 287,151,184	$ 297,417,062	$ 1,039,897,553
Main capital outflow on maturity	2,971,705,944	155,927,905	258,713,649	496,166,886	417,374,485	574,374,380	1,069,148,639
Gap	(508,241,363)	143,536,236	(27,666,319)	(187,679,575)	(130,223,301)	(276,957,318)	(29,251,086)

Note: The above amounts are book value of assets and liabilities held by the Bank and denominated in New Taiwan dollars.

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

(In Thousands of U.S. Dollars)

	Total	The Amount for the Remaining Period to Maturity				
		0-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Capital inflow on maturity	$ 70,903,652	$ 24,547,493	$ 13,282,839	$ 9,924,123	$ 8,790,970	$ 14,358,227
Capital outflow on maturity	77,474,589	23,584,281	20,100,165	12,703,264	11,691,118	9,395,761
Gap	(6,570,937)	963,212	(6,817,326)	(2,779,141)	(2,900,148)	4,962,466

Maturity Analysis of Assets and Liabilities (U.S. Dollars)
June 30, 2020

(In Thousands of U.S. Dollars)

	Total	The Amount for the Remaining Period to Maturity				
		1-30 Days	31-90 Days	91-180 Days	181-365 Days	Over 1 Year
Capital inflow on maturity	$ 77,513,905	$ 25,527,313	$ 18,908,564	$ 11,237,633	$ 8,551,066	$ 13,289,329
Capital outflow on maturity	82,628,698	29,265,509	22,758,285	11,420,958	10,190,350	8,993,596
Gap	(5,114,793)	(3,738,196)	(3,849,721)	(183,325)	(1,639,284)	4,295,733

Note: The above amounts are book value of assets and liabilities held by the Bank and denominated in U.S. dollars.

57. STATEMENT OF CAPITAL ADEQUACY

Analysis \ Year (Note 2)			June 30, 2021		December 31, 2020		June 30, 2020	
			Consolidated	Standalone	Consolidated	Standalone	Consolidated	Standalone
Regulatory capital	Net common equity Tier 1 capital		$ 211,924,300	$ 198,439,066	$ 217,355,971	$ 204,298,710	$ 200,746,998	$ 188,727,661
	Net additional Tier 1 capital		20,623,198	11,997,021	20,661,156	13,341,282	17,609,305	10,638,312
	Net Tier 2 capital		42,549,118	23,576,572	43,068,578	26,017,108	43,596,997	28,180,880
	Regulatory capital		275,096,616	234,012,659	281,085,705	243,657,100	261,953,300	227,546,853
Risk-weighted assets	Credit risk	Standardized approach	1,837,909,538	1,440,137,229	1,701,291,850	1,342,090,151	1,869,342,081	1,517,233,312
		Internal rating - based approach	-	-	-	-	-	-
		Securitization	50,413,514	11,284,839	30,828,486	6,445,398	4,938,342	3,889,667
	Operational risk	Basic indicator approach	-	-	-	-	-	-
		Standardized approach/ alternative standardized approach	88,091,225	76,651,650	88,091,225	76,651,650	83,446,625	73,315,188
		Advanced measurement approach	-	-	-	-	-	-
	Market risk	Standardized approach	67,784,938	58,205,375	60,268,425	53,918,663	69,455,563	62,642,750
		Internal models approach	-	-	-	-	-	-
	Total risk-weighted assets		2,044,199,215	1,586,279,093	1,880,479,986	1,479,105,862	2,027,182,611	1,657,080,917
Total capital adequacy ratio			13.46%	14.75%	14.95%	16.47%	12.92%	13.73%
Common equity Tier 1 ratio			10.37%	12.51%	11.56%	13.81%	9.90%	11.39%
Tier 1 capital ratio			11.38%	13.27%	12.66%	14.71%	10.77%	12.03%
Leverage ratio			6.42%	6.86%	6.83%	7.36%	6.38%	6.81%

Note 1: The above table was prepared in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and related calculation tables.

Note 2: The formula:

1) Regulatory capital = Net common equity Tier 1 capital + Net additional Tier 1 capital + Net Tier 2 capital.

2) Total risk-weighted assets = Risk-weighted assets for credit risk + (Capital requirements for operational risk + Capital requirement for market risk) × 12.5.

3) Total capital adequacy ratio = Regulatory capital/Total risk-weighted assets.

4) Common equity Tier 1 ratio = Net common equity Tier 1 capital/Total risk-weighted assets.

5) Tier 1 capital ratio = (Net common equity Tier 1 capital + Net additional Tier 1 capital)/Total risk-weighted assets.

6) Leverage ratio = Net Tier 1 capital/Exposure measurement.

58. SEGMENT INFORMATION

The segment information reported to the chief operating decision maker for assessment of segment performance focuses on the nature of business operations and pretax profit or loss.

The accounting standards and policies mentioned in Note 4 apply to all the business segments. Under IFRS 8 "Operating Segments," the Bank and its subsidiaries report the following:

a. Personal finance group: Responsible for wealth management, trust and consumer finance business, etc.

b. Corporate banking group: Responsible for corporate and investment banking and public treasury, etc.

c. Financial market group: Responsible for financial markets, etc.

d. Overseas subsidiary: On the business operations of the Bank's subsidiary, Fubon Bank (China).

e. Others: Business segments other than the above groups.

The Bank and its subsidiaries' segmental and geographical information of revenue and operating results were as follows:

For the six months ended June 30, 2021

	Personal Finance	Corporate Banking	Financial Market	Overseas Subsidiaries	Others	Total
Net interest income	$ 4,876,639	$ 4,478,200	$ 4,195,410	$ 4,758,584	$ (211,309)	$ 18,097,524
Net interest income (external)	4,502,438	4,042,995	4,795,433	4,760,230	(3,572)	18,097,524
Inter-segment revenues (expenses)	374,201	435,205	(600,023)	(1,646)	(207,737)	-
Net non-interest income	5,605,725	1,726,987	2,141,925	(1,433,338)	(1,344,414)	6,696,885
Net revenue	$ 10,482,364	$ 6,205,187	$ 6,337,335	$ 3,325,246	$ (1,555,723)	$ 24,794,409
Net profit (loss) before income tax	$ 4,831,014	$ 4,174,924	$ 5,995,907	$ 1,083,644	$ (4,950,848)	$ 11,134,641

For the six months ended June 30, 2020

	Personal Finance	Corporate Banking	Financial Market	Overseas Subsidiaries	Others	Total
Net interest income	$ 5,318,210	$ 4,936,559	$ 2,548,940	$ 3,277,855	$ (209,000)	$ 15,872,564
Net interest income (external)	3,399,003	4,095,582	4,908,715	3,375,305	93,959	15,872,564
Inter-segment revenues (expenses)	1,919,207	840,977	(2,359,775)	(97,450)	(302,959)	-
Net non-interest income	6,385,476	1,613,632	2,370,745	638,648	(903,103)	10,105,398
Net revenue	$ 11,703,686	$ 6,550,191	$ 4,919,685	$ 3,916,503	$ (1,112,103)	$ 25,977,962
Net profit (loss) before income tax	$ 6,206,681	$ 4,374,903	$ 4,487,975	$ 1,373,412	$ (4,509,221)	$ 11,933,750

59. ADDITIONAL DISCLOSURES

a. Significant transaction information and b. investees:

1) Financing provided: Not applicable.

2) Endorsements/guarantees provided: Not applicable.

3) Marketable securities held: Table 2.

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 10% of the paid-in capital (investments acquired or disposed of by the Bank): Table 3.

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

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

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

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

9) Sale of nonperforming loans: None.

10) Financial asset securitization: None.

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

12) The related information and proportionate share in investees: Table 5.

13) Derivative transactions: Note 8.

c. Information on investments in mainland China: Table 6.

d. Intercompany relationships and significant intercompany transactions: Table 4.

TABLE 1

TAIPEI FUBON COMMERCIAL BANK CO., LTD.

OVERDUE LOANS AND RECEIVABLES
JUNE 30, 2021 AND 2020
(In Thousands of New Taiwan Dollars, %)

Item			June 30, 2021					June 30, 2020				
			Nonperforming Loans (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)	Nonperforming Loans (NPL) (Note 1)	Total Loans	NPL Ratio (Note 2)	Loan Loss Reserves (LLR)	Coverage Ratio (Note 3)
Corporate loans	Secured		$ 1,083,163	$ 225,334,070	0.48%	$ 2,530,851	233.65%	$ 1,139,542	$ 187,162,248	0.61%	$ 2,125,944	186.56%
	Unsecured		743,440	465,336,913	0.16%	5,550,142	746.55%	757,907	457,910,356	0.17%	5,999,914	791.64%
Consumer finance	Mortgage (Note 4)		287,626	469,222,668	0.06%	7,024,181	2,442.12%	332,167	422,431,509	0.08%	6,319,029	1,902.37%
	Cash card		-	972	-	19	-	-	1,310	-	26	-
	Microcredit (Note 5)		83,193	43,465,410	0.19%	505,049	607.08%	79,589	35,862,950	0.22%	420,038	527.76%
	Other (Note 6)	Secured	771,251	293,465,455	0.26%	3,065,915	397.52%	244,762	254,835,327	0.10%	2,667,537	1,089.85%
		Unsecured	36,550	37,236,302	0.10%	385,472	1,054.64%	37,064	39,853,820	0.09%	414,166	1,117.43%
Total			3,005,223	1,534,061,790	0.20%	19,061,629	634.28%	2,591,031	1,398,057,520	0.19%	17,946,654	692.65%
			Overdue Receivables	Receivables	Delinquency Ratio	Allowance for Credit Loss	Coverage Ratio	Overdue Receivables	Receivables	Delinquency Ratio	Allowance for Credit Loss	Coverage Ratio
Credit card			52,714	49,745,402	0.11%	318,945	605.05%	43,757	47,769,021	0.09%	315,641	721.35%
Accounts receivable - factoring with no recourse (Note 7)			-	14,719,251	-	180,594	-	-	17,070,413	-	204,798	-
Excluded NPL as a result of debt negotiations and loan agreements (Note 8)			16,438					24,991				
Excluded overdue receivables as a result of debt negotiations and loan agreements (Note 8)			39,693					56,303				
Excluded NPL as a result of consumer debt clearance (Note 9)			364,655					359,085				
Excluded overdue receivables as a result of consumer debt clearance (Note 9)			374,617					378,085				

Note 1: These are the reported overdue loans as defined in the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans" issued by the Ministry of Finance.
For credit cards, overdue receivables are subject to the Banking Bureau's regulations dated July 6, 2005 (Ref. No. 0944000378).

Note 2: For loans, NPL ratio = NPL/Total loans.
For credit cards, delinquency ratio = Overdue receivables/Accounts receivable.

Note 3: For loans, coverage ratio = LLR/NPL.
For credit cards, coverage ratio = Allowance for credit losses/Overdue receivables.

Note 4: Household mortgage refers to loans granted for the purchase, construction or repair of the residence owned by the borrower or the borrower's spouse or children, and the residence is used to secure the loan fully.

Note 5: Microcredits are subject to the Banking Bureau's regulations dated December 19, 2005 (Ref. No. 09440010950).

Note 6: Other consumer loans refer to secured or unsecured loans excluding mortgages, cash cards, microcredits, and credit cards.

Note 7: Under the Banking Bureau's requirements in its letter dated July 19, 2005 (Ref. No. 094000494), an allowance for bad debts should be recognized within three months once no compensation is obtained from a factoring or insurance company for accounts receivable-factoring with no recourse.

Note 8: The disclosure of excluded NPLs and excluded overdue receivables resulting from debt negotiations and loan agreements are based on the Banking Bureau's requirement dated April 25, 2006 (Ref. No. 09510001270).

Note 9: The disclosure of excluded NPLs and excluded overdue receivables resulting from consumer debt clearance is based on the Banking Bureau's requirement dated September 15, 2008 (Ref. No. 09700318940) and September 20, 2016 (Ref. No. 10500134790).

TABLE 2

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	June 30, 2021				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TFB Capital Co., Ltd.	Stock Hyena Inc.	-	Financial assets at fair value through profit or loss	500	$ 33,695	2.63	$ 33,695	Unlisted stocks

TABLE 3

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COST OR PRICES OF AT LEAST NT$300 MILLION OR 10% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

Company Name	Type and Name of Marketable Securities	Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Units	Amount	Units (In Thousands)	Amount	Units (In Thousands)	Amount	Carrying Value	Gain (Loss) on Disposal	Units (In Thousands)	Amount
TAIPEI FUBON COMMERCIAL BANK Co., Ltd.	Fubon Bank (China)	Investments accounted for using equity method	Fubon Bank (China)	-	-	$ 21,340,401	-	$ 5,438,124 (Note)	-	$ -	$ -	$ -	-	$ 26,778,525

Note: Include cost of acquisition, capital surplus, gains recognized under the equity method, unrealized losses on financial asset at fair value through other comprehensive income and exchange difference on translating foreign operations.

TABLE 4

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

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

No. (Note 1)	Transaction Company	Counter-party	Flow of Transactions (Note 2)	Description of Transactions			
				Financial Statement Account	Transaction Amount	Transaction Item	Percentage to Consolidated Revenue/Assets (Note 3)
0	TAIPEI FUBON COMMERCIAL BANK Co., Ltd. (the "Bank")	Fubon Bank (China)	a	Cash and cash equivalents	$ 102,725	Note 4	-
		Fubon Bank (China)	a	Due from the Central Bank and call loans to other banks	65	Note 4	-
		Fubon Bank (China)	a	Interest income	1,646	Note 4	0.01
		Fubon Bank (China)	a	Service fee income	1,290	Note 4	0.01
		TFB Capital Co., Ltd.	a	Receivables, net	1,534	Note 4	-
		TFB Capital Co., Ltd.	a	Payables	457	Note 4	-
		TFB Capital Co., Ltd.	a	Deposit and remittances	1,958,069	Note 4	0.06
		TFB Capital Co., Ltd.	a	Other liabilities	108	Note 4	-
		TFB Capital Co., Ltd.	a	Interest income	29	Note 4	-
		TFB Capital Co., Ltd.	a	Interest expense	1,156	Note 4	-

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

a. Parent: 0.
b. Subsidiaries are numbered sequentially from 1.

Note 2: The flow of transactions among related parties is as follows:

a. Parent company to subsidiary.
b. Subsidiary to parent company.
c. Between subsidiaries.

Note 3: For calculating the percentages, the asset or liability account is divided by total consolidated assets, and the revenue or expense account is divided by the total consolidated net revenue of the period.

Note 4: For the transactions between the Bank and related parties, the terms are similar to those transacted with unrelated parties.

Note 5: The transactions and balances above had been eliminated in the preparation of consolidated financial statement.

TABLE 5

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
JUNE 30, 2021
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Held at Period-ended			Investment Gain (Loss)	The Bank and Related Enterprises Consolidated Investment				Note
				Number of Shares (In Thousands)	Percentage of Ownership (%)	Carrying Amount		Number of Shares (In Thousands)	Imitated Shares	Total		
										Number of Shares (In Thousands)	Percentage of Ownership (%)	
TAIPEI FUBON COMMERCIAL BANK Co., Ltd.	Financial-related											
	Taipei Foreign Exchange Inc.	Taipei	Foreign exchange market maker	780	3.94	$ 49,655	$ -	780	-	780	3.94	-
	Taiwan Futures Exchange Corporation	Taipei	Futures exchange and settlement	4,650	1.26	484,227	-	4,650	-	4,650	1.26	-
	Taiwan Asset Management Corporation	Taipei	Purchasing for financial institutions' loan assets	18,000	1.70	321,120	11,700	18,000	-	18,000	1.70	Note 2
	Taiwan Financial Asset Service Co., Ltd.	Taipei	Auction	10,000	5.88	75,900	-	10,000	-	10,000	5.88	-
	Financial Information Service Co., Ltd.	Taipei	Planning and developing the information systems of banking institutions and managing the information web system	12,201	2.34	460,597	-	12,201	-	12,201	2.34	-
	Sunny Asset Management Corporation	Taipei	Purchasing for financial institutions' loan assets	503	8.39	10,711	928	503	-	503	8.39	Note 2
	Fubon Bank (China)	China	Banking	-	57.92	26,778,525	390,734	-	-	-	100.00	Note 1
	Taiwan Mobile Payment Co., Ltd.	Taipei	Mobile payment and business	1,800	3.00	7,074	-	1,800	-	1,800	3.00	-
	Nutmeg Saving and Investment Limited	England	Financial technology	1,470	7.39	543,940	-	1,470	-	1,470	7.39	-
	Ascentek Venture Capital Corp.	Kaohsiung	Venture capital investment	-	-	-	3,574	-	-	-	-	Note 2
	P.K. Venture Capital Investment Corp.	Taipei	Venture capital investment	241	5.00	-	-	241	-	241	5.00	-
	Line Biz+ Taiwan Limited	Taipei	Third-party payment service industry	10,936	19.99	2,995,203	(9,978)	10,936	-	10,936	19.99	-
	Line Bank Taiwan Limited	Taipei	Banking	251,000	25.10	2,238,187	(51,586)	251,000	-	251,000	25.10	Note 1
	TFB Capital Co., Ltd.	Taipei	Venture capital investment	200,000	100.00	1,990,356	(8,674)	200,000	-	200,000	100.00	Note 1
	Non-financial related											
	Taipei Rapid Transit Corporation	Taipei	Public transportation	14	-	116	-	14	-	14	-	-
	Taiwan Power Company	Taipei	Management of power facilities	374	-	2,637	-	374	-	374	-	-
	Fubon Real Estate Management Co., Ltd.	Taipei	Investigation, consultation, management and real estate evaluation of construction plans	6,964	30.00	138,464	(242)	6,964	-	6,964	30.00	Note 1
	Easy Card Investment Holding Co., Ltd.	Taipei	Issue and research of IC card	5,108	4.91	51,079	-	5,108	-	5,108	4.91	-
	Taiwan High Speed Rail Corporation	Taipei	Management of high speed rail	20,278	0.36	606,300	-	20,278	-	20,278	0.36	-
	Taiwan Aerospace Corp.	Taipei	Aerospace industry	1,700	1.25	16,762	-	1,700	-	1,700	1.25	-

Note 1: The investment gain (loss) was based on the investee's audited financial statements for the six months ended June 30, 2021.

Note 2: The investment gain (loss) was the cash dividends recognized for the six months ended June 30, 2021.

TABLE 6

TAIPEI FUBON COMMERCIAL BANK CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Paid-in Capital (Note 1)	Method of Investment	Accumulated Outward Remittance for Investments from Taiwan as of January 1, 2021	Remittance of Funds		Accumulated Outward Remittance for Investments from Taiwan as of June 30, 2021	Net Income (Loss) of the Investee (Note 1)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of June 30, 2021	Accumulated Repatriation of Investment Income as of June 30, 2021 (Note 3)	Note
					Outward	Inward							
Fubon Bank (China)	Banking	$ 10,550,726 (RMB 2,445,382)	Direct investment in mainland China	$ 20,258,298	$ 4,321,280	$ -	$ 24,579,578	$ 952,944 (RMB 219,413)	57.92	$ 390,734	$ 26,778,525	$ 107,737	

Accumulated Outward Remittance for Investments in Mainland China as of June 30, 2021 (Note 1)	Investment Amounts Authorized by the Investment Commission, MOEA (Notes 1 and 2)	Upper Limit on the Amount of Investments, as Stipulated by the Investment Commission, MOEA
$ 24,579,578 (RMB 5,093,113)	$ 24,579,578 (RMB 5,093,113)	$ 129,627,911

Note 1: The foreign currency of paid-in capital and net income was converted into New Taiwan dollars at the exchange rate on June 30, 2021 and the average exchange rate for the six month ended June 30, 2021, respectively.

Note 2: Based on Rule No. 10300002750 approved by the Investment Commission under the Ministry of Economic Affair, the authorized investment amount is RMB4,093,113 thousand; and based on Rule No. 10900196820 approved by the Investment Commission under the Ministry of Economic Affairs, the authorized investment amount is RMB1,000,000 thousand.

Note 3: The amounts were accumulated from the start date of the investment to the end of the period.