Stock Code:5850

JIH SUN INTERNATIONAL BANK, LTD.

Financial Statements

With Independent Auditors' Report
For the Years Ended
December 31, 2020 and 2019

Address: 1F, No. 10, Section 1, Chung Ching South Road, Taipei, Taiwan, R.O.C.
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The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of JIH SUN INTERNATIONAL BANK, LTD.:

Opinion

We have audited the financial statements of JIH SUN INTERNATIONAL BANK, LTD.("the Company"), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Statements by Publicly Held Banks.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Jin-Kuan-Yin-Fa-Zi No.10802731571, and the 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 Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.We have determined the matters described below to be the key audit matters to be communicated in our report.

1. Fair value assessment of financial instruments

   Please refer to Note 4(f) "Financial instruments", Note 5(b) "Major sources of uncertainty for assumptions and estimation", and Note 6(aq) "Disclosure of financial instruments" to the financial statements.

   Description of key audit matter:

   Some of the financial instruments held by the Company were without a quoted price in an active market, and the fair value of such instruments were estimated based on other valuation techniques. Therefore, valuation of financial instruments was one of the key audit matters in our audit of the Company's financial statements.

Our principal audit procedures included:

Our main audit procedures included testing of the Company's classification of financial assets, and the Company's controls over the identification, measurement and management of valuation risk. For financial instruments which used quoted market price, sampling test was conducted to confirm the adequacy and correctness of the quoted price; for financial instruments without a quoted market price, sampling test was conducted to review valuation documents from the Company to confirm whether the adequacy and correctness of the valuation method. In addition, we also assessed whether the Company's presentation and disclosure of financial instruments meets relevant accounting standard.

2. Assessments on impairment loss on loans and receivables

Please refer to Note 4(i) "Financial asset impairment", Note 5(a) "Major sources of uncertainty for assumptions and estimation", Note 6(g) "Receivables－net" and Note 6(h) "Loans discounted－net" to the financial statements.

Description of key audit matter:

The management of the Company assessed and recognized expected credit losses ("ECL") for the loans and receivables. Loss allowances for financial assets are classified in three stages according to changes in credit risk on the financial assets since initial recognition, recognized 12-month ECL and lifetime ECL according to the stage which the financial assets belonged to and then demonstrated evidence of impairment will be then individually or collectively assessed. For the collectively assessed loans and receivables, the Company used a model established by the management basing on past loss experience and forecast of future economic conditions for loans and receivables with similar credit risk characteristics; for the individually assessed loans and receivables, the Company assessed the impairment loss based on the present value of estimated future cash flows. As the aforementioned measurement is subject to significant judgments and estimation by the management, impairment of loans and receivables was one of the key audit matters in our audit of the Company's financial statements.

Our principal audit procedures included:

Our main audit procedures included understanding the methodology used by the management to assess the impairment of loans and receivables, and performing the relevant control procedures. For the individually assessed loans and receivables, we evaluated the rationality of future recoverable cash flow and the value of collateral. For the collectively assessed loans and receivables, we evaluated the completeness of loans and receivables, and the model design adopted for the relevant impairment assessment and the rationality of the relevant parameters.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Statements by Publicly Held Banks and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 Company's internal control.

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 Company to cease to continue as a going concern.

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2020 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 Chun-Kuang Chen and Tan-Tan Chung.

KPMG

Taipei, Taiwan (Republic of China)
February 25, 2021

Notes to Readers

The accompanying financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the 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 financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK, LTD.

BALANCE SHEETS

AS OF DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

		December 31, 2020		December 31, 2019	
	ASSETS	**Amount**	**%**	**Amount**	**%**
11000	Cash and cash equivalents (Notes 4(d) and 6(a))	$ 2,737,358	1	4,217,468	2
11500	Due from the central bank and call loans to banks (Note 6(b))	29,752,455	11	19,885,850	8
12000	Financial assets at fair value through profit or loss (Notes 4(f) and 6(c))	513,283	-	704,283	-
12100	Financial assets at fair value through other comprehensive income (Notes 4(f) and 6(d))	31,978,248	12	29,093,915	11
12200	Investments in debt instruments at amortized cost (Notes 4(f) and 6(e))	34,630,112	13	33,956,687	13
12500	Securities purchased under resell agreements (Notes 4(e) and 6(f))	4,997	-	5,982	-
13000	Receivables－net (Notes 4(f) and 6(g) and 7(b))	2,007,214	1	2,209,358	1
13500	Loans discounted－net (Notes 4(f) and 6(h) and 7(b))	165,535,742	61	165,488,714	64
15000	Investment accounted for using equity method－net (Note 6(i))	45,596	-	57,008	-
15500	Other financial assets－net (Notes 4(f) and 6(j))	1,428,347	-	469,010	-
18500	Property and equipment－net (Notes 4(m) and 6(k))	3,351,263	1	3,387,842	1
18600	Right-of-use assets (Notes 4(k) and 6(l))	547,126	-	445,886	-
18700	Investment property－net (Notes 4(l) and 6(m))	394,426	-	400,177	-
19000	Intangible assets－net (Notes 4(n) and 6(n))	102,622	-	77,013	-
19500	Other assets－net (Notes 4(p) and 6(o))	347,081	-	363,790	-
	TOTAL ASSETS	**$ 273,375,870**	**100**	**260,762,983**	**100**

		December 31, 2020		December 31, 2019	
	LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
	LIABILITIES:				
21000	Deposits from the central bank and other banks (Note 6(p))	$ 8,407,309	3	10,114,504	4
21500	Due to the central bank and banks (Note 6(q))	130,800	-	-	-
22000	Financial liabilities at fair value through profit or loss (Notes 4(f) and 6(c))	269,816	-	238,460	-
22500	Securities sold under repurchase agreements (Notes 4(e) and 6(r))	-	-	500,000	-
23000	Payables (Notes 6(s) and 7(b))	1,619,821	1	1,347,677	1
23200	Current tax liabilities (Note 4(o))	40,711	-	26,592	-
23500	Deposits and remittances (Notes 6(t) and 7(b))	236,127,981	87	222,533,615	85
24000	Financial debentures (Note 6(u))	2,500,000	1	2,500,000	1
25500	Other financial liabilities (Note 6(v))	433,289	-	360,183	-
25600	Provisions (Notes 4(q) and 6(w))	160,894	-	165,355	-
26000	Lease liabilities (Notes 4(k) and 6(x))	553,891	-	449,893	-
29300	Deferred tax liabilities (Notes 4(o) and 6(ab))	43,612	-	45,399	-
29500	Other liabilities (Note 6(z))	100,483	-	99,157	-
	Total Liabilities	250,388,607	92	238,380,835	91
	EQUITY:				
31100	Capital (Notes 4(s) and 6(ac))	18,120,510	7	17,709,369	7
	Retained earnings:				
32001	Legal reserve (Note 6(ad))	3,421,723	1	3,069,316	1
32003	Special reserve (Note 6(ad))	7,998	-	9,126	-
32005	Unappropriated earnings	935,868	-	1,173,562	1
32500	Other equity	501,164	-	420,775	-
	Total Equity	22,987,263	8	22,382,148	9
	Significant contingent liabilities and unrecognized contract commitments (Note 9)				
	TOTAL LIABILITIES AND EQUITY	**$ 273,375,870**	**100**	**260,762,983**	**100**

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

(English Translation of Financial Statements Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK, LTD.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars , except for earnings per share)

		For the years ended December 31,				Change
		2020		2019		in
		Amount	%	Amount	%	%
41000	**Interest income (Notes 6(ag) and 7(b))**	$ 3,763,908	96	4,405,843	107	(15)
51000	**Less:Interest expenses (Notes 6(ag) and 7(b))**	1,146,312	29	1,602,682	39	(28)
	Net interest income (Note 6(ag))	2,617,596	67	2,803,161	68	(7)
	Net non-interest income					
49100	Net service fee (charge) and commissions (Note 6(ah))	1,139,706	29	1,112,753	27	2
49200	Losses on financial assets or liabilities measured at fair value through profit or loss (Note 6(ai))	(79,094)	(2)	(78,916)	(2)	-
49310	Realized gains on financial assets at fair value through other comprehensive income (Note 6(ak))	92,779	2	138,622	4	(33)
49600	Foreign exchange gains (losses) (Note 6(aj))	120,813	3	121,867	3	(1)
49700	(Impairment loss) reversal of impairment loss on assets (Note 6(al))	(4,556)	-	800	-	(670)
49800	Other non-interest incomes (Note 6(am))	23,691	1	(1,645)	-	1,540
49750	Share of profit of subsidiaries accounted for using equity method (Note 6(i))	7,012	-	18,084	-	(61)
	Net revenue	3,917,947	100	4,114,726	100	(5)
58200	**Provision for (reversal of provisions for) bad debt expenses, commitment, and guarantee liability (Notes 4(i)(r) and 6(g)(h)(j)(w))**	(148,483)	(4)	(55,169)	(1)	(169)
	Operating expenses:					
58500	Employee benefits expenses (Notes 4(p) and 6(an))	1,693,468	43	1,740,259	42	(3)
59000	Depreciation and amortization expenses (Note 6(ao))	302,437	8	294,472	7	3
59500	Other general and administrative expenses (Note 6(ap))	987,055	25	996,282	24	(1)
	Total operating expenses	2,982,960	76	3,031,013	73	(2)
	Income from continuing operations	1,083,470	28	1,138,882	28	(5)
61003	**Income tax (expenses) benefit**	(125,828)	(3)	59,664	1	(311)
	Profit	957,642	25	1,198,546	29	(20)
65000	**Other comprehensive income:**					
65200	**Components of other comprehensive income that will not be reclassified to profit or loss**					
65201	Losses on remeasurements of defined benefit plans	(14,011)	(1)	(6,367)	-	(120)
65204	Revaluation gains on investments in equity instruments measured at fair value through other comprehensive income	24,924	1	155	-	15,980
65207	Share of other comprehensive income of subsidiaries accounted for using equity method that will not be reclassified to profit or loss	11	-	453	-	(98)
65220	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	2,800	-	1,183	-	137
	Subtotal of other comprehensive income that will not be reclassified to profit or loss, net of tax	13,724	-	(4,576)	-	400
65300	**Components of other comprehensive income that will be reclassified to profit or loss**					
65301	Exchange differences on translation	(1,739)	-	(4,708)	-	63
65309	Revaluation gains (losses) on investments in debt instruments measured at fair value through other comprehensive income	43,267	1	102,864	2	(58)
65310	Impairment losses (reversal of impairment losses) from investments in debt instruments measured at fair value through other comprehensive income	3,363	-	(991)	-	439
65320	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-	-
	Subtotal of other comprehensive income that will be reclassified to profit or loss, net of tax	44,891	1	97,165	2	(54)
65000	**Other comprehensive income**	58,615	1	92,589	2	(37)
66000	**Comprehensive income**	**$ 1,016,257**	**26**	**1,291,135**	**31**	(21)
67500	**Basic earnings per share (Dollar) (Notes 4(t) and 6(ae))**	**$ 0.53**		**0.66**		

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

(English Translation of Financial Statements Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK, LTD.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

	Capital stock	Retained earnings				Other equity			
	Common stock	Legal reserve	Special reserve	Unappropriated earnings	Subtotal	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Subtotal	Total
Balance at January 1, 2019	$ 17,286,080	2,717,452	109,417	1,098,151	3,925,020	7,447	293,006	300,453	21,511,553
Effects of retrospective application	-	-	-	2,763	2,763	-	-	-	2,763
Balance—January 1, 2019 after adjustments	17,286,080	2,717,452	109,417	1,100,914	3,927,783	7,447	293,006	300,453	21,514,316
Profit	-	-	-	1,198,546	1,198,546	-	-	-	1,198,546
Other comprehensive income	-	-	-	(4,731)	(4,731)	(4,708)	102,028	97,320	92,589
Total comprehensive income	-	-	-	1,193,815	1,193,815	(4,708)	102,028	97,320	1,291,135
Appropriation and distribution of retained earnings:									
Legal reserve	-	351,864	-	(351,864)	-	-	-	-	-
Special reserve	-	-	5,864	(5,864)	-	-	-	-	-
Cash dividends of common stock	-	-	-	(423,289)	(423,289)	-	-	-	(423,289)
Stock dividends of common stock	423,289	-	-	(423,289)	(423,289)	-	-	-	-
Reversal of special reserve	-	-	(106,155)	106,155	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	(14)	(14)	-	-	-	(14)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(23,002)	(23,002)	-	23,002	23,002	-
Balance at December 31, 2019	17,709,369	3,069,316	9,126	1,173,562	4,252,004	2,739	418,036	420,775	22,382,148
Profit	-	-	-	957,642	957,642	-	-	-	957,642
Other comprehensive income	-	-	-	(11,200)	(11,200)	(1,739)	71,554	69,815	58,615
Total comprehensive income	-	-	-	946,442	946,442	(1,739)	71,554	69,815	1,016,257
Appropriation and distribution of retained earnings:									
Legal reserve	-	352,407	-	(352,407)	-	-	-	-	-
Cash dividends of common stock	-	-	-	(411,142)	(411,142)	-	-	-	(411,142)
Stock dividends of common stock	411,141	-	-	(411,141)	(411,141)	-	-	-	-
Reversal of special reserve	-	-	(1,128)	1,128	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	(10,574)	(10,574)	-	10,574	10,574	-
Balance at December 31, 2020	**$ 18,120,510**	**3,421,723**	**7,998**	**935,868**	**4,365,589**	**1,000**	**500,164**	**501,164**	**22,987,263**

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

(English Translation of Financial Statements Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK, LTD.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

(Expressed in thousands of New Taiwan dollars)

	For the years ended December 31,	
	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	$ 1,083,470	1,138,882
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expenses	285,309	278,563
Amortization expenses	17,128	15,909
Provisions for bad debt expense, commitment and guarantee liability	29,624	188,154
Net losses on financial assets or liabilities at fair value through profit or loss	40,335	127,190
Interest expenses	1,146,312	1,602,682
Interest income	(3,763,908)	(4,405,843)
Dividend income	(47,320)	(50,626)
Share of profit of subsidiaries accounted for using equity method	(7,012)	(18,084)
Losses on disposal and retirement of property and equipment	150	156
(Reversal of) impairment loss on financial assets	4,556	(800)
Other lease income	(10)	-
Subtotal of income and expense items with no effect on cash flows	(2,294,836)	(2,262,699)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Due from the central bank and call loans to banks	(535,084)	(308,389)
Financial assets at fair value through profit or loss	184,456	(256,031)
Financial assets at fair value through other comprehensive income	(2,816,339)	647,211
Investments in debt instruments at amortized cost	(77,166)	2,176,744
Receivables	53,999	(49,402)
Loans discounted	(674,421)	(8,276,411)
Other financial assets	40,783	55,376
Other assets	2,698	12,858
Net changes in operating assets	(3,821,074)	(5,998,044)
Net changes in operating liabilities:		
Deposits from the central bank and other banks	(1,707,195)	(6,137,096)
Financial liabilities at fair value through profit or loss	(2,435)	(67,370)
Securities sold under repurchase agreements	(500,000)	(2,923,970)
Payables	363,774	(283,519)
Deposits and remittances	13,594,366	25,940,470
Other financial liabilities	73,106	(219,601)
Provisions	(10,369)	22,624
Other liabilities	(1,450)	(65,051)
Net changes in operating liabilities	11,809,797	16,266,487
Net changes in operating assets and liabilities	7,988,723	10,268,443
Sum of adjustments	5,693,887	8,005,744
Cash flows from operating activities	6,777,357	9,144,626
Interest received	3,846,233	4,448,906
Dividends received	47,320	50,626
Interest paid	(1,237,675)	(1,635,885)
Income tax paid	(103,662)	(48,188)
Income taxes refund	91,296	55,574
Net Cash flows from operating activities	9,420,869	12,015,659
Cash flows from (used in) investing activities:		
Acquisition of investments accounted for using equity method	-	(24,797)
Acquisition of property and equipment	(75,722)	(88,482)
Acquisition of intangible assets	(15,976)	(12,843)
Dividends received	18,433	23,740
Net cash flows used in investing activities	(73,265)	(102,382)
Cash flows from (used in) financing activities:		
Due to the central bank and banks	130,800	-
Repayments of financial debentures	-	(2,500,000)
Payment of lease liabilities	(191,398)	(191,297)
Cash dividends paid	(411,142)	(423,289)
Net cash flows used in financing activities	(471,740)	(3,114,586)
Effect of exchange rate changes on cash and cash equivalents	(25,438)	(4,708)
Net increase in cash and cash equivalents	8,850,426	8,793,983
Cash and cash equivalents at beginning of period	18,541,971	9,747,988
Cash and cash equivalents at end of period	**$ 27,392,397**	**18,541,971**
Composition of cash and cash equivalents:		
Cash and cash equivalents reported in the statement of financial position	$ 2,737,358	4,217,468
Due from the central bank and call loans to banks qualifying for cash and cash equivalents under the definition of IAS 7	24,650,042	14,318,521
Securities purchased under resell agreements qualifying for cash and cash equivalents under the definition of IAS 7	4,997	5,982
Cash and cash equivalents at end of period	**$ 27,392,397**	**18,541,971**

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

(English Translation of Financial Statements Originally Issued in Chinese)

JIH SUN INTERNATIONAL BANK, LTD.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2020 and 2019

(All amounts expressed in thousands of New Taiwan dollars, unless otherwise indicated)

(1) Basis of presentation

JIH SUN INTERNATIONAL BANK, LTD. (the " Company") was founded and commenced its organization on June 25, 1990, originally as "Baodao Commercial Bank Ltd." On August 10, 1991, by the Ministry of Finance Tai-Cai-Rong No. 801625754, the Company was authorized to operate as a commercial bank. As of February 1, 1992, its paid-in capital amounted to $10,000,000 and its establishment of the Company was approved on March 26, 1992. The operation of the Company commenced on April 9, 1992. As of December 31, 2020, its outstanding capital stock amounted to $18,120,510.

The Company's registered address is 1F, No. 10, Section 1, Chung Ching South Road, Taipei, Taiwan, R.O.C.

The main operations of the Company include managing customers' deposits, extending loans, acting as collection agent, and investing in government bonds, stocks, short-term bills, financial debentures, and other businesses approved by the competent authority of the Central Government. The trust business includes domestic and overseas fund purchases and sales entrusted by customers, employee investments and trust, etc.

On May 16, 2001, the shareholders of the Company resolved during their meeting and changed its name to Jih Sun International Bank, Ltd., in order to expand business and promote the Company' s image. Furthermore, in order to fully utilize the economic scale and operating synergies, the shareholders also resolved during their special meeting on December 14, 2001, to establish JihSun Financial Holding Co., Ltd. via a stock swap plan with JihSun Securities Co., Ltd. The conversion date of record was February 5, 2002.

The Company's parent company and ultimate parent company is JihSun Financial Holding Co., Ltd.

(2) Approval date and procedures of the financial statements

The financial statements were approved by the board of directors on February 25, 2021.

(3) Application of new and revised standards, amendments and interpretations

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Company has initially adopted the new amendments, which do not have a significant impact on its financial statements, from January 1, 2020.

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JIH SUN INTERNATIONAL BANK, LTD.
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(b) The impact of IFRS issued by the FSC but not yet effective

The Company's adoption of the new amendments, effective for annual period beginning on January 1, 2021, are expected to have the following impacts:

(i) Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform －Phase 2

The amendments address issues that might affect financial reporting as a result of the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS7, IFRS 4 and IFRS 16 relating to:

1) Change in basis for determining cash flows

The amendments will require an entity to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

As of December 31, 2020, the debt and derivative instruments, with LIBOR as the interest rate indicator, held by the Company were the investments in debt instruments designated at fair value through other comprehensive income of $3,130,131, investments in debt instruments designated at amortized cost of $741,630, derivative instruments measured at financial assets at fair value through profit or loss of $5,167, and derivative instruments measured at financial liabilities at fair value through profit or loss of $144,421. The interest rate benchmark reform will have an impact on the aforementioned debt and derivative instruments.

The Company expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

2) Disclosure

The amendments will require the Company to disclose additional information about the entity's exposure to risks arising from interest rate benchmark reform and related risk management activities.

3) Transition

The Company plans to apply the amendments from January 1, 2021. Application will not impact amounts reported for 2020 or prior periods.

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements.

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(4) Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized below. The following accounting policies were applied co nsistently throughout the periods presented in the financial statements.

(a) Assertion of compliance

The Company's financial statements were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Public Banks (the "Regulation.")

(b) Basis of compilation

The financial statements were composed of the balance sheet, statements of comprehensive income, statements of changes in equity, statements of cash flows, and other notes.

Except for the significant balance sheet items listed as below, the financial statements are prepared on the basis of historical costs.

(i) Financial instrument measured at fair value through profit or loss (including derivative instruments);

(ii) Financial assets at fair value through other comprehensive income;

(iii) Defined benefit assets (liabilities) represent the deficit or surplus of the present value of defined benefit obligation deducted from the fair value of plan assets.

(c) Foreign currency transaction and translation of foreign currency financial statements

(i) Functional currency and presentation currency

The functional currency of the Company is the currency of the primary economic environment in which it operates. The Company's functional currency is New Taiwan Dollar, and the financial reports are presented in New Taiwan Dollar.

(ii) Transactions and balances

A transaction that is denominated or requires settlement in a foreign currency, is recognized in the foreign currency. The income generated and expenses incurred are recognized in functional currency, which is translated using the exchange rate at the date of the transaction.

Monetary foreign currency financial assets and liabilities are using the spot rate on the date of the balance sheet, and the exchange difference is recognized in the profit or loss of the current period. Non-monetary foreign currency financial assets and liabilities which are measured in fair value shall be translated using the spot rate on the date of the balance sheet, and the exchange difference is recognized in profit or loss in the current period. Non-monetary foreign currency financial assets and liabilities which are not measured by fair value shall be translated using the historical exchange rate at the date of transaction.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(iii) Foreign operations

The assets and liabilities of foreign operations are translated to functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to functional currency at average rate. Foreign currency differences are recognized in other comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, checks for clearing, petty cash and due from other banks. Time deposits with maturity within one year are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are classified as cash and cash equivalents due to they are readily convertible to fixed amount of cash and insignificant risk of changes in value. In terms of cash flow statement, cash and cash equivalents are comprised of cash and cash equivalents within balance sheet and due from central bank and call loans to bank and securities purchased under resell agreements in accordance with IAS7 "Statement of Cash Flows".

(e) Securities under repurchase / resell agreements

Securities purchased under resell agreements are treated as financing transactions. When the Company prepares the financial statements, the transactions are recognized as “securities purchased under resell agreements”. The difference between the purchase price and resell price is treated as interest income. Securities sold under repurchase agreements are treated as financing transactions. When the Company prepares the financial statements, the transactions are recognized as “securities sold under repurchase agreements”. The difference between the cost and the repurchase price shall be recognized as interest expenses.

(f) Financial instruments

All financial assets and liabilities (including derivative instruments) of the Company are based on IFRSs approved and issued by the FSC, and are recognized in the balance sheet, and are measured according to the category to which they belong.

In accordance with IFRS 9, financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). Financial liabilities are classified as financial liabilities at fair value through profit or loss and financial liabilities measured at amortized cost.

Conventional transactions in financial assets adopt transaction date accounting.

(i) Financial assets

1) Financial assets measured at amortized cost (including loans and receivables)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

- It is held within a business model in which the objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Loans and receivables are recognized initially at fair values which consist of attributable price acquired, significant transaction costs, payment or receipt of significant service fees and all other premiums or discounts. Subsequent evaluation uses the effective interest method. However, in conformity with the Regulations Governing the Preparation of Financial Reports by Public Banks, while the influences of discount are insignificant, the loans and receivables could be measured by initial recognized amount.

Provision for bad debt expenses please refers to Note 4 (i).

2) Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

- It is held within a business model in which the objective is achieved by both collecting contractual cash flows and selling financial assets; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Company’s right to receive payment are established.

In addition, the evaluation of the equity investments in unlisted (counter) companies' fair value shall be performed by the Company or a commissioned neutral external professional assessment agency. The assessment on fair value of the equity investments in unlisted (counter) companies shall be conducted half-yearly with an objective attitude to compare and analyze the benefits of the measurement subject. The fair value measurement method is mainly based on the income method and the market method, supplemented by the assets method, and refers to the IFRS 13 "Fair Value Measurement" and the valuation procedures follow Statements of Valuation Standards developed by Accounting Research and Development Foundation of the Republic of China, such as SVS 1 "Summary of Valuation Standards", SVS 2 "Code of Ethics", SVS 4 "Valuation Process", SVS 6 "Valuation for Financial Reporting", and SVS 11 "Business Valuation".

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

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

(ii) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management' s strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company' s management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

(iii) Financial liabilities

1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss held by the Company includes held-for-trading and designated as at fair value through profit or loss financial liabilities. A financial liability is held-for-trading if it is acquired or incurred principally for the purpose of selling or repurchasing in the near term; on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. A derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument, is classified as an instrument held-for-trading as well. Financial liabilities held-for-trading include obligations to deliver financial assets borrowed by a short seller.

Financial liabilities are classified as held-for-trading and designated as at fair value through profit or loss, both of which are classified as "Financial liabilities at fair value through profit or loss" in balance sheet. The changes of fair value are recognized in profit or loss, and are included in statement of comprehensive income account as "Gain or loss on financial assets or liabilities at fair value through profit or loss".

2) Financial liabilities carried at amortized cost

Financial liabilities carried at amortized cost include liabilities not classified as financial liabilities at fair value through profit or loss, financial guarantee contracts, loan commitment with a lower-than-market interest rate and the financial liabilities incurred due to continuing engagement or that the transferring of a financial asset does not meet the requirement of derecognition.

(iv) Derivative instruments

Derivatives instruments are initially recognized at fair value on contract date and subsequently measured at fair value. Fair value includes quoted price in an active market, occurring market transaction prices, discounted cash flow model or option pricing model techniques. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

The Company should account for an embedded derivative separately from the host contract when the host contract is not itself carried at fair value through profit or loss, the terms of the embedded derivative would meet the definition that the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract, or the entire hybrid contract is not designated as at fair value through profit or loss. In addition, the embedded derivative is recognized as financial asset or liability at fair value through profit or loss.

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(v) Derecognition of financial assets and liabilities

The Company shall derecognize a financial asset when the contractual rights of the cash flows from the financial asset expire or transfers substantially all the risks and rewards of ownership of the financial assets. While the financial liabilities are discharged or cancelled, or expired, the financial liability shall be derecognized.

When the Company has securities borrowing transactions or pledge securities or bonds as collaterals, such financial assets shall not be derecognized because the Company substantially still bears all the risks and rewards of the financial assets.

On derecognition of a debt instrument in its entirety, the Company recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in " other equity – unrealized gains or losses on fair value through other comprehensive income", and it shall be recognized in profit or loss, and presented in－realized gain or loss on financial assets or liabilities at fair value through comprehensive income in the statement of comprehensive income.

On derecognition of a debt instrument other than in its entirety, the Company allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those 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 no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of realized gains or losses on financial assets at fair value through other comprehensive income. 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 the relative fair values of those parts.

(vi) Offsetting of financial instrument

The Company presents financial assets and liabilities on a net basis when the Company presently has the legally enforceable right to offset and intend to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(vii) Reclassification of financial assets

The Company can reclassify financial assets only when changing the operating model of the financial instruments for managing debt instruments. All the affected financial assets are accordance with IFRS 9. Such changes are expected to be extremely infrequent. In addition, the Company must not reclassify any equity instrument financial assets and financial liabilities.

Where the Company reclassifies financial assets in accordance with the foregoing circumstances, the reclassification shall be postponed from the reclassification date and should not restate all previously recognized profits, losses (including impairment losses or reverse of impairment loss) or interest. The reclassification date is the first day of the first reporting period after the change in the operating model of the reclassified financial assets of the Company.

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(g) Investments in subsidiaries

When preparing an individual financial statement, the Company uses equity method in evaluating the control of an investee. Under the equity method, the profit or loss for the period of individual financial statement and other comprehensive income of individual financial statement are the same as profit or loss for the period attributed to owners of parents of consolidated statement and other comprehensive income attributed to owners of parents of consolidated statement, respectively. The equity of the individual financial statement is the same as the equity attributable to the owners of parents of the consolidated statements.

Any change in ownership interest of the subsidiaries, not resulting in loss of control, is treated as equity transaction between the owners.

(h) Revenue recognition

The interest income of the Company are recognized on an accrual basis.

The interest income from loans is evaluated by the amortized cost under effective interest rate method and also refers to The Materiality Principle of Banking Industry Adjusting the Recognition of Interest Income from Agreed Interest Method to Effective Interest Rate Method ("the Materiality Principle") drafted by the Bankers Association of The Republic of China. According to the Materiality Principle, loans and receivables should be adjusted from agreed interest method to effective interest method when the credit periods are specific and over one year, and when one of the following criteria is met:

(i) The agreed interest rate of loans and receivables is zero.

(ii) Loans and receivables with stepped interest are still at the step-phase.

(iii) The non-service fees income of a single loan or receivable is over 1% of the loan facility.

Loans and receivables meeting aforesaid criteria should be calculated by the difference between interest under agreed interest method and interest under effective interest method by products. The difference is significant when the difference exceeds 5% of the sum of interest revenue and service fees income for the reporting period of the Company and these loans and receivables should be adjusted into effective interest method to calculate interest income on the reporting date.

Service fees income and commission income are recognized on an accrual basis when the service is provided. Loan commitment fees received in advance of highly probable loan agreement is considered to be the returns of such financial instruments. Such loan commitment fees and related transaction costs should be deferred and the effective interest rate should be adjusted. For the syndicated loan, in which the Company does not keep any loan proportion (or which the Company keeps some loan proportion has the same effective interest rate as other banks participating under similar risks), the fees received will be recognized as revenue when the loan process is completed. The services fee charged by the Company which acts as coordinator is recognized as revenue when the transaction is completed. The investment management service fees charged should be recognized as revenue when the service is provided. The same service fee recognition principle is applicable to wealth management, financial consultant services and custody services. If the service fees income is linked to the performance, revenue is recognized when the performance is achieved.

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(i) Impairment of financial assets

(i) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost, debt investments measured at FVOCI, loan commitments and finance guarantee contract not classified in financial assets at fair value through profit or loss. Equity investments measured at FVOCI need not recognize loss allowances for expected credit losses.

Loss allowances for financial assets are classified in three stages according to changes in credit risk of the financial assets after initial recognition. Three stage and loss allowances are defined as follows:

1) The first stage: measured as 12-month ECL

Financial assets in which credit risk has not increased significantly since initial recognition and do not belong to impaired financial assets when initial recognition shall recognize 12-month ECL.

2) The second stage: measured lifetime ECL－without impairment

Financial assets in which credit risk has increased significantly since initial recognition but do not belong to impaired financial assets when initial recognition shall recognize lifetime ECL.

3) The third stage: measured lifetime ECL－with impairment

When one or more items that have an adverse effect on the estimated future cash flows of the financial assets have occurred, the financial assets have been credit impaired. For credit impaired financial assets, lifetime ECL should be recognized, and interest income should be calculated by multiplying the effective interest rate by the amortized cost of the financial assets (net of allowance) instead of total financial assets (if the difference is not significant, then interest income could be calculated by multiplying the effective interest rate with the total book value).

a) Determination of impairment stages

The Company assesses whether the credit risk of the financial assets since the initial recognition has increased significantly on each reporting day. In making this assessment, the Company uses the changes in the risk of default in the expected duration of the financial assets. In order to make this assessment, the Company compares the risk of default of financial instruments on the reporting date with the risk of default of the financial instruments on the original date of recognition, and consider the information that shows reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company' s historical experience and informed credit assessment as well as forward-looking information.

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When the quality of assets deteriorates, financial assets will change to different stages of ECL. If, during the follow-up period, the cause of the improvement in asset quality and the original reason for the significant increase in credit risk no longer exists, the recognition amount of the allowance loss will be changed from lifetime ECL to the 12-month ECL.

If the Company determines that the credit risk of the financial assets at the reporting date is low, it is assumed that the financial assets have not increased significantly since the initial recognition, and the financial assets are measured 12-month ECL as allowance of the financial assets on the reporting day.

The Company determines the debts that cannot be recovered, which are reported to the board of directors for approval and then written-off. If the debts are recovered after resale, the balance of the allowance will be adjusted.

The Company measures whether the significant increase in credit risk is assessed on an individual or collective basis. To achieve a collective basis assessment, the important indicator information is a measure of the significant increase in credit risk of financial instruments (e.g., a group or a subgroup). In certain circumstances, the Company has not had reasonable and verifiable information that can be obtained without excessive cost or investment, and can measure the ECL during the existence period on an individual instrument basis. In this case, the Company will take into account the collective basis of the consolidated credit risk information to recognize the lifetime ECL. This consolidated credit risk information should not only include information on overdue status, but also include all relevant credit information (including forward-looking general economic information) in order to obtain a similar ECL of an individual instrument in which credit risk is significant increase after the original recognition and needs recognize lifetime ECL. In order to achieve the aforementioned collective assessment, the Company groups financial instruments according to their common credit risk characteristics. Common credit risk characteristics include, but are not limited to, instrument type, credit risk rating, collateral type and value, original date of recognition, remaining period, industry, borrower's geographic location and other relevant factors.

b) Measurement of ECL

The ECL of the Company's financial instruments must be measured in such a way as to reflect the following:

- The probability-weighted amount determined by evaluating each possible outcome;
- Time value of money;
- Reasonable and relevant information relating to past events, current conditions and forecast of future economic conditions (can be obtained without excessive cost or investment on the reporting day).

The expected credit losses of various financial instruments are measured as follows:

- Financial assets without impairment on the reporting day: ECL is the present value of short-term cash shortfalls. Short-term cash shortfall is the difference between the cash flow receivable by the Company based on the contract and the cash flow expected to be received by the Company;
- Financial assets with impaired credit on the reporting date: The difference between the total book value of the asset and the present value of the estimated future cash flow discounted at the original effective interest rate as a measure of expected credit losses;
- Undisbursed loan commitments: If the holder of a loan commitment pledges to use loans, the present value of the difference between the contractual cash flow receivable by the Company and the cash flow expected to be received by the Company is measured as ECL;
- Financial guarantee contract: It is calculated by deducting the anticipated payment of the credit losses incurred to the underlying holders from any amounts received by the Company from the holders, debtors or other parties.

Expected credit losses are recognized in current profit or loss by accounting items such as bad debt expenses, commitment and guarantee liability provision and impairment loss of assets.

For debt instrument investments measured at fair value through other comprehensive income, their expected credit losses are recognized in the profit or loss accounting item- “ Impairment loss on assets” , and are adjusted for other comprehensive income accounting item- “ Losses from investments in debt instruments measured at fair value through other comprehensive income” without reducing the carrying amount on the balance sheet.

c) Credit impaired financial assets

When one or more items that have an adverse effect on the estimated future cash flows of the financial assets have occurred, the financial assets have been credit impaired. Evidence that the financial assets have been credit impaired includes observable information on the following items:

i) Significant financial difficulty of the issuer or borrower;

ii) Breach of contract, such as default or overdue matters;

iii) The lender, for economic or contractual reasons relating to the borrower’ s financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

iv) It is probable that the borrower will enter bankruptcy or other financial reorganization; or

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v) The disappearance of an active market for a security because of financial difficulties.

vi) Purchase of financial assets or originated financial assets at a substantial discount that reflects the credit losses that have occurred.

It may not be possible to identify a single, independent matter, but the combined effects of certain matters may have caused financial assets to become credit derogations.

In addition to the allowance for doubtful debts, the Company should also refer to the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans announced by the Financial Supervisory Commission R.O.C., and the Rules Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/Nonaccrual Loans. The minimum loan loss provision and guarantee reserve shall be the sum of 1% of the outstanding balance of Category One credit asset's claim (excluding assets that represent claims against the central and local government in Taiwan), 2% of the balance of Category Two credit assets, 10% of the balance of Category Three credit assets, 50% of the balance of Category Four credit assets, and the full balance of Category Five credit assets. Compare with the loss provision calculated following IFRS 9, the higher amount is considered as the basis of loss provision.

(j) Non-financial asset impairment

In compliance with IAS 36 "Impairment of Assets", at each balance sheet date, the recoverable amount of non-financial asset is estimated and compared with the carrying amount whenever there is an indication that the non-financial asset may be impaired. An impairment loss is recognized in account "impairment loss on assets" when the recoverable amount, higher of fair market value or value in use, is less than the carrying amount. For assets other than goodwill, reversal of impairment loss is recognized when the recoverable amount of the asset has increased from its prior period estimation. The carrying amount after the reversal shall not exceed the recoverable amount or the depreciated or amortized balance of the assets assuming no impairment loss was recognized in prior periods. Goodwill shall be tested for impairment annually regardless whether there are signs of impairment or not. The impairment losses of goodwill cannot be reversed.

(k) Lease

(i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Company has the right to obtain substantially all of the economic benefits from use of this identified asset throughout the period of use; and

3) the Company has the right to direct the use of an identified asset if either:

- the Company has the right to operate about how and for what purpose the asset is used; or
- the relevant decisions regarding the use of the identified asset and the purpose of its use are predetermined, and:
  - the Company has the right to operate the assetand the supplier doesn't have the right to change the operation; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including substantial fixed payments

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

4) payments for purchase or termination options that is reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change of its assessment on whether it will exercise purchase option of underlying asset; or

4) there is a change of its assessment on whether it will exercise extension or termination option; or

5) there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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(l) Investment property

Properties held by the Company are all in compliance with Article 75 of "The Banking Act of the Republic of China". Properties are classified as investment property if it is held to earn rentals or for appreciation (or both), each floor's property right is separate and the entire floor is rented or the owner occupies less than 5% of the floor. Investment properties also include buildings and land held under an operating lease and are treated in accordance with IAS 40.

Cost model is used for the subsequent measurement of the Company's investment property. After initial recognition, the depreciated method by the Company is in accordance with IAS 16. Depreciation is based on the cost of the asset minus its residual value and is calculated by using the straight-line method during its estimated useful lives. If the useful life of a component of the assets is different from the other components of the asset, its depreciation is recognized separately. Depreciation is recognized in profit or loss.

Land is not affected by depreciation, but buildings are depreciated to their residual values using straight-line method during their useful life.

The estimated useful lives are as follows:

Main part of the buildings: 50 years

The fair value of investment property is evaluated by the Appraisal Department of the Company every year.

(m) Property and equipment

The Company's property and equipment are recognized after deducting any accumulated depreciation and accumulated impairment losses from historical cost. The historical cost includes any costs directly attributable to acquiring the assets.

Subsequently expenditure of property and equipment shall be recognized as an asset or be included in the carrying amount of assets, when, and only when it is probable that the future economic benefits that are associated with property and equipment will flow to the Company, and the cost of property and equipment can be measured reliably. The carrying amount of those parts that are replaced is derecognized. The maintenance expense shall be recognized as "Other general and administrative expenses" when incurred.

(i) Depreciation

Depreciation is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land is not affected by depreciation, and equipment are depreciated to their residual values using straight-line method during their useful life.

(Continued)

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The estimated useful lives are as follows:

Main part of the building:	50 years
Attachment of the building:	5 years
Computers:	3 years
Office and other equipment:	5 years
Leasehold improvement:	5 years

(ii) Gain or loss

The gain or loss arising from the disposition of an item of property and equipment is as the difference between the disposal proceeds and the carrying amount of the item, shall be recognized as " Other non-interest incomes (losses)" in the statements of comprehensive income.

(n) Intangible assets

The Company's intangible assets are including computer software and goodwill.

The straight-line method can be used to amortize the computer software over its useful life, and the expected maximum useful life is five years.

The goodwill shall be recognized as the amount of the consideration transferred excess of the acquisition-date amounts of the identifiable assets acquired. The amount of goodwill which derived from the business combination does not need to be amortized. Goodwill is tested for impairment periodically each year. An impairment loss is recognized when the recoverable amount is less than the carrying amount. Impairment losses of goodwill cannot be reversed.

(o) Income Taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the situations as follows:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;

(Continued)

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) The entity has the legal right to settle current tax assets and current tax liabilities on a net basis; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Furthermore, for the year ended December 31, 2003, the Company, the Company's parent company, "JihSun Financial Holding Co., Ltd.", JihSun Securities Co., Ltd. and JihSun International Property Insurance Agency Co., Ltd. adopted the jointly tax filing return principle to file the annual income tax return and make tax payment. The tax assets and liabilities between the companies are allocated reasonably and consistently to individual companies.

(p) Employee benefit

(i) Retirement Plan

The Company has a defined benefit and contributory retirement plan for its employees. Under this plan, contribution is made annually to an independent pension fund at rates ranging from 4% to 8.5% of the employees monthly salary. In addition, the pension fund is independently managed by Pension Fund Administration Committee.

After the company is covered by the Labor Standards Law, in addition to voluntary Pension Contribution of the original measures, all of them have returned to person. The Company contributes monthly no less than 2% of gross salary to the employee pension fund which is deposited into a designated depository account with the Bank of Taiwan (previously known as Central Trust of China). Pension funds will be offered to employees according to the number of the years served in the company with two units per year. Those who work for longer than 15 years will be offered one unit a year. The highest they could receive would be 45 units. The units of less than 6 months will be counted as half year, and those units which are longer than six months will be counted as one year.

Effective from May 1, 1997, the Company is covered by the Labor Standards Law and as such, its pension fund contribution conforms to the Labor Standards Law. The Labor Pension Act of R.O.C. ("the Act"), effective from July 1, 2005, adopts a defined contribution pension plan. In accordance with the Act, employees of the Company who were hired before July 1, 2005 may elect to be subject to either the Act and maintain their seniority before the enforcement of the Act, or the pension mechanism of the Labor Standards Law. Employees who were hired by the Company after July 1, 2005, are required to be covered by the pension plan as defined by the Act. For employees subject to this Act, the Company is required to make monthly cash contributions to the employees' individual pension accounts at the rate of not less than 6% of the employees' monthly wages and deposit the contribution in a personal retirement benefit account.

The Company recognizes prepaid pension fund in the balance sheet as the net amount of fair value of pension assets, less the actuarial present value of the defined benefit obligation. The calculation of defined benefit obligation is performed annually by an actuary using the projected unit credit method. The actuarial present value of defined benefit obligation is calculated by discounting future cash flow at the yield rate of high-quality corporate bond or government bond, that have maturity dates approximating the term of the obligation and that are denominated in the same currency in which the benefits are expected to be paid.

Remeasurements of the net defined benefit liability (asset), which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(ii) Short-term employee benefit

The Company charges the short-term and non-discounted benefit expectedly paid-in near future to current expenses over the periods services are rendered by employees.

(Continued)

(iii) Preferential savings rate for employee

The Company offers current staffs a fixed amount of preferential savings rate. The difference between the preferential savings rates and the market rates is the scope of employee benefits. According to the Regulations Governing the Preparation of Financial Reports by Publicly Held Banks, the interest paid for preferential savings rate plan is recorded monthly under accrual basis. The difference between the preferential savings rates and the market rates is recognized under "employee benefit expenses".

(q) Provisions

The Company recognizes the provision under the circumstances below:

(i) An entity has a present obligation, legal or constructive, as a result of a past event;

(ii) It is probable that an outflow of economic benefits resources will be required to settle the obligation; and

(iii) The amount of the obligation can be estimated reliably.

The amount recognized as a provision should be the estimate of the expenditure required to settle the present obligation at the end of the reporting period. The individual provisions of the Company are the best estimates of the individual results.

(r) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss, once a specified debtor fails to make payment in accordance with the original or modified terms of a debt instrument at maturity date.

The Company recognizes financial guarantee liabilities initially at their fair value at the date of providing guarantee. The Company receives commission income with arm's-length transaction at contract date; this is, the income could represent the fair value of financial guarantee contract. The advanced service fee is recognized as deferred item and amortized by straight-line method over the contract period of the financial guarantee.

After initial recognition, the Company measures a financial guarantee contract at the higher of the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", and the amount initially recognized less, when appropriate, cumulative service fee recognized in accordance with the revenue accounting policy.

The aforesaid estimations are based on the experiences of trading, the database of historical losses, and the management's judgments.

The amount of increased liability from the financial guarantee contracts shall be recognized as "Provisions for bad debt expenses, commitment, and guarantee liability".

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(s) Equity

The new issued capital shall be attributed as incremental cost, and the net amount of cost after deducting the related income tax expense being excluded from the equity. Stock dividends of common stock are recognized in the year which the Company's shareholders' meeting approved.

(t) Earnings per share

The Company discloses the basic EPS attributed to the common stock holders. EPS of the Company is calculated as dividing profit and loss attributed to common stock stockholders by the weight-average number of common shares outstanding of the period.

(u) Share-based payment

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

(v) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). The segment's operating results are reviewed regularly by the Company's chief operating decision maker to make decisions pertaining to the allocation of the resources to the segment and to assess its performance. The Company provides financial information to the board of directors each month for reviewing the operational performance and the plan on resource allocation. The resource allocation plan is executed by every operational segment after getting the approval from the board of directors, thus, the chief operating decision maker of the Company is the board of directors.

(5) Primary sources of significant accounting judgments, and uncertainty of estimates and assumptions

The financial statements are influenced by accounting policies, assumptions and estimates. When preparing the financial statements, the management needs to make appropriate professional judgments, estimates and assumptions, and will affect the adoption of accounting policies, reported amounts of assets, liabilities, revenues and expenses. Actual results could differ from these estimates.

Management continued to monitor the accounting assumptions, estimates and judgments. Management recognized the changes in the accounting estimates during the period and the impact of the changes in the accounting estimates in the next period.

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Major sources of uncertainty for assumptions and estimation

The Company has made proper assumptions and estimations toward book value of assets and liabilities which may have significant risk due to significant adjustments in the next fiscal year. The Company's assumption and estimation are made by following IFRS as accepted by FSC, and are considered as the best estimation. Estimation and assumption are made based on the past experience and other factors, encompassing the expectation for the future period, and are evaluated continuously.

(a) Provision for bad debt expenses, commitment, and guarantee liability

The Company's allowances for loan and receivables, guarantee liability provision and financial commitments provision are estimated based on the assumptions of default risk and expected loss rate. The Company considers historical experience, current market conditions and forward-looking estimates on each reporting date to determine the assumptions to be used in the calculation of impairments and the input values selected. For details of the relevant assumptions and input values, please refer to Note 6 (aq).

(b) Fair value of financial instruments

The fair value of non-active market or non-quoted financial instruments is determined by evaluation method. In this case, fair value is assessed from observable data or patterns of similar financial instruments. If there are no market observables, the fair value of financial instruments is assessed using appropriate assumptions. When using the evaluation model to determine fair value, all models must be calibrated to ensure that the output reflects actual data and market prices. The model uses only observable data as much as possible; however, for the part of credit risk (risk of itself and the counterparty), the Company must estimate the fluctuation and correlation for the fair value of financial assets. For sensitivity analysis of financial instruments, please refer to Note 6 (aq).

The Company uses market-observable inputs whenever possible in measuring their assets and liabilities. The level of fair value is based on the input value of the evaluation technology used and is classified as follows:

Level 1: Public quotations of the same assets or liabilities in the active market (unadjusted).

Level 2: In addition to the publicly quoted prices included in the first level, the input parameters of an asset or a liability are observable either directly (i.e., price) or indirectly (i.e., derived from price).

Level 3: Input parameters for assets or liabilities are not based on observable market data (non-observable parameters).

If there is any transfer or situation between the fair value classes, the transfer is recognized on the reporting day.

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(6) Summary of major accounts:

(a) Cash and cash equivalents

	December 31, 2020	December 31, 2019
Cash on hand and revolving funds	$ 1,400,822	2,317,036
Checks for clearing	169,397	130,427
Due from other banks	1,167,139	1,770,005
Total	**$ 2,737,358**	**4,217,468**

(b) Due from the central bank and call loans to banks

	December 31, 2020	December 31, 2019
Due from the central bank－general account	$ 3,375,988	3,744,092
Due from the central bank－deposit reserve	5,102,413	5,567,329
Financial center	805,731	504,950
Call loans to banks	20,468,323	10,069,479
Total	**$ 29,752,455**	**19,885,850**

The reserves for deposits are calculated at prescribed rates, using the average monthly balances of various deposit accounts and are appropriated and deposited in the reserve account of the Central Bank of the Republic of China (Taiwan). Deposits in "Due from the central bank－deposit reserve" are interest-bearing and cannot be withdrawn except for the monthly adjustment to the required reserve permitted by relevant regulations.

(c) Financial assets and liabilities at fair value through profit or loss

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss, mandatorily measured at fair value:		
Derivative instruments not for hedge		
Forward contracts	$ 13,879	14,222
Foreign currency swap	8,678	25,405
Interest rate instruments	75,730	71,787
FX options	4,502	25,276
Futures margin	67,800	66,919
Equity instruments	5,635	-
Non-derivative financial assets		
Government bonds	337,059	-
Corporate bonds	-	500,674
Total	**$ 513,283**	**704,283**

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	December 31, 2020	December 31, 2019
Financial liabilities held for trading:		
Derivative instruments not for hedge		
Forward contracts	$ 3,208	2,940
Foreign currency swap	28,126	7,683
Interest rate instruments	162,430	125,991
FX options	70,408	101,846
Equity instruments	5,644	-
Total	**$ 269,816**	**238,460**

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

	December 31, 2020	December 31, 2019
Investments in debt instruments designated at fair value through other comprehensive income:		
Government bonds	$ 504,899	501,347
Corporate bonds	5,589,382	6,178,899
Financial debentures	9,170,634	9,355,206
Commercial papers	15,905,473	12,235,850
Subtotal	31,170,388	28,271,302
Investments in equity instruments designated at fair value through other comprehensive income:		
Listed and TPEx securities	5,909	50,361
Non-listed and TPEx securities	801,951	772,252
Subtotal	807,860	822,613
Total	**$ 31,978,248**	**29,093,915**

(i) Investments in debt instruments designated at fair value through other comprehensive income

The Company evaluated that the above investments in debt instruments are held within a business model whose objective are achieved by both collecting contractual cash flows and selling financial assets; therefore, they have been classified as financial assets at fair value through other comprehensive income.

(ii) Investments in equity instruments designated at fair value through other comprehensive income

The Company evaluated above investments in equity instruments are held within strategy investment objective, not held for trading; therefore, they have been classified as investments in equity instruments designated at fair value through other comprehensive income.

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1) Dividend income from investments in equity instruments designated at fair value through other comprehensive income:

	For the years ended December 31	
	2020	2019
Investments held at the end of the reporting period	$ 44,774	48,171
Investments derecognized during the reporting period	$ 1,981	2,455

2) The Company dereconized some stocks designated at fair value through other comprehensive income due to investment strategy considerations. The related accumulated disposal gains (losses) were transferred from other equity to retained earnings and the fair value at derecognition date and accumulated disposal gains (losses) were as follows:

	For the years ended December 31	
	2020	2019
Fair value at derecognition date	$ 39,677	150,216
Accumulated disposal (losses) gains	$ (10,574)	(23,002)

(iii) Credit risk and market risk information please refer to Note 6 (aq).

(iv) Parts of the above financial assets at fair value through other comprehensive income are restricted, and please refer to Note 8 for further details.

(v) Impairment loss (reversal of impairment loss) on investments in financial assets at fair value through other comprehensive income is as follows:

	12-month ECL	Lifetime ECLs －without impairment	Lifetime ECLs －with Impairment	Total
Balance as of January 1, 2020	$ 9,086	-	-	9,086
Due to fluctuation in financial assets since initial recognition				
- Derecognition of financial assets	(3,485)	-	-	(3,485)
New financial assets through purchases or initial recognition	4,809	-	-	4,809
Other fluctuation and exchange rate fluctuation	2,039	-	-	2,039
Balance as of December 31, 2020	$ 12,449	-	-	12,449

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	12-month ECL	Lifetime ECLs －without impairment	Lifetime ECLs －with Impairment	Total
Balance as of January 1, 2019	$ 10,077	-	-	10,077
Due to fluctuation in financial assets since initial recognition				
- Derecognition of financial assets	(4,163)	-	-	(4,163)
New financial assets through purchases or initial recognition	3,472	-	-	3,472
Other fluctuation and exchange rate fluctuation	(300)	-	-	(300)
Balance as of December 31, 2019	**$ 9,086**	**-**	**-**	**9,086**

(e) Investments in debt instruments at amortized cost

	December 31, 2020	December 31, 2019
Government bonds	$ 12,832,043	13,520,175
Corporate bonds	725,454	739,272
Financial debentures	1,776,971	2,500,639
Negotiable certificates of deposit	19,300,000	17,200,000
Subtotal	34,634,468	33,960,086
Less: Allowance for impairment	(4,356)	(3,399)
Total	**$ 34,630,112**	**33,956,687**

(i) The Company evaluated above debt instruments measured at amortized cost are held to maturity to collect contractual cash flows, solely of payments of principal and interest on principal amount outstanding. Therefore, they were classified as financial assets at amortized cost.

(ii) Credit risk information please refers to Note 6 (aq).

(iii) The sum of financial assets measured at amortized cost shown above held under repurchase agreement please refers to Note 6 (r).

(iv) Parts of the above investments in debt instruments at amortized cost are restricted, and please refer to Note 8 for further details.

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(v) Impairment loss (reversal of impairment loss) on investments in debt instruments at amortized cost is as follows:

	12-month ECL	Lifetime ECLs －without impairment	Lifetime ECLs －with Impairment	Total
Balance as of January 1, 2020	$ 3,399	-	-	3,399
Due to fluctuation in financial assets since initial recognition				
- Derecognition of financial assets	(619)	-	-	(619)
New financial assets through purchases or initial recognition	452	-	-	452
Other fluctuation and exchange rate fluctuation	1,124	-	-	1,124
Balance as of December 31, 2020	**$ 4,356**	**-**	**-**	**4,356**

	12-month ECL	Lifetime ECLs －without impairment	Lifetime ECLs －with Impairment	Total
Balance as of January 1, 2019	$ 3,283	-	-	3,283
Due to fluctuation in financial assets since initial recognition				
- Derecognition of financial assets	(784)	-	-	(784)
New financial assets through purchases or initial recognition	910	-	-	910
Other fluctuation and exchange rate fluctuation	(10)	-	-	(10)
Balance as of December 31, 2019	**$ 3,399**	**-**	**-**	**3,399**

(f) Securities purchased under resell agreements

	December 31, 2020	December 31, 2019
Securities purchased under resell agreements	**$ 4,997**	**5,982**
Par value	**$ 5,000**	**6,000**
Due to resell term	**2021.1.12**	**2020.1.3~2020.3.25**
Due to interest rate interval	**0.27%**	**0.55%~0.60%**
Agreed amount of resell securities	**$ 4,998**	**5,985**

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(g) Receivables－net

	December 31, 2020	December 31, 2019
Accounts receivable for credit cards	$ 445,047	542,923
Accounts receivable	108,570	7,031
Interest receivable	372,992	452,541
Acceptances receivable	8,393	61,422
Accounts receivable factoring without recourse	297,458	299,928
Receivable from default settlement amount of derivative product	328,253	405,823
Other receivables－financial holdings	490,994	589,322
Other receivables	197,584	188,907
Receivable from marketable securities	21,383	-
Subtotal	2,270,674	2,547,897
Less: Allowance for bad debts	(263,460)	(338,539)
Total	**$ 2,007,214**	**2,209,358**

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Reconciliation for beginning and ending balance of allowance for bad debts is as follows:

	12-month ECL	Lifetime ECL－financial assets without impairment (collective assessment)	Lifetime ECL－financial assets without impairment (individual assessment)	Lifetime ECL－not new financial assets through purchases or initial recognition with impairment	Lifetime ECL－new financial assets through purchases or initial recognition with impairment	Total ECL according to IFRS 9	The additional provision resulted from the difference between ECL according to IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance as of January 1, 2020	$ 8,087	-	8,994	318,787	-	335,868	2,671	338,539
Due to fluctuation in financial assets since initial recognition								
- Transferred to 12-month ECLs	2,505	-	(2,503)	(2)	-	-		-
- Transferred to lifetime ECLs－financial assets without impairment	(610)	-	618	(8)	-	-		-
- Transferred to lifetime ECLs－financial assets with impairment	(75)	-	(161)	236	-	-		-
- Derecognition	(2,926)	-	(429)	(7,914)	-	(11,269)		(11,269)
New financial assets through purchases or initial recognition	924	-	329	1,092	-	2,345		2,345
The additional provision resulted from the difference between ECL according to IFRS 9 and the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	-	-	-	-	-	-	(1,485)	(1,485)
Write-off	-	-	-	(55,737)	-	(55,737)		(55,737)
Recovery of bad debts after write-off	-	-	-	10,390	-	10,390		10,390
Exchange rate fluctuation and other fluctuation	(285)	-	918	(19,956)	-	(19,323)		(19,323)
Balance as of December 31, 2020	**$ 7,620**	**-**	**7,766**	**246,888**	**-**	**262,274**	**1,186**	**263,460**

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	12-month ECL	Lifetime ECL－financial assets without impairment (collective assessment)	Lifetime ECL－financial assets without impairment (individual assessment)	Lifetime ECL－not new financial assets through purchases or initial recognition with impairment	Lifetime ECL－new financial assets through purchases or initial recognition with impairment	Total ECL according to IFRS 9	The additional provision resulted from the difference between ECL according to IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance as of January 1, 2019	$ 10,989	-	8,076	359,841	-	378,906	88	378,994
Due to fluctuation in financial assets since initial recognition								
- Transferred to 12-month ECLs	2,036	-	(2,036)	-	-	-		-
- Transferred to lifetime ECLs－financial assets without impairment	(642)	-	649	(7)	-	-		-
- Transferred to lifetime ECLs－financial assets with impairment	(89)	-	(189)	278	-	-		-
- Derecognition	(5,679)	-	(401)	(6,046)	-	(12,126)		(12,126)
New financial assets through purchases or initial recognition	1,834	-	593	1,690	-	4,117		4,117
The additional provision resulted from the difference between ECL according to IFRS 9 and the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	-	-	-	-	-	-	2,583	2,583
Write-off	-	-	-	(83,223)	-	(83,223)		(83,223)
Recovery of bad debts after write-off	-	-	-	12,228	-	12,228		12,228
Exchange rate fluctuation and other fluctuation	(362)	-	2,302	34,026	-	35,966		35,966
Balance as of December 31, 2019	**$ 8,087**	**-**	**8,994**	**318,787**	**-**	**335,868**	**2,671**	**338,539**

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JIH SUN INTERNATIONAL BANK, LTD.
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(h) Loans discounted—net

	December 31, 2020	December 31, 2019
Export bills negotiated	$ 34,430	94,764
Accounts receivable financing	-	3,055
Short-term loans	18,167,298	21,567,603
Secured overdrafts	38,330	18,780
Short-term secured loans	29,429,111	25,257,986
Medium term loans	24,826,421	31,209,411
Medium term secured loans	16,970,188	14,878,907
Long-term loans	284,508	340,419
Long-term secured loans	77,635,933	74,111,913
Non-accrual loans	326,034	165,859
Subtotal	167,712,253	167,648,697
Less: Allowance for bad debts	(2,146,486)	(2,119,313)
Less: Adjustment of discount and premium	(30,025)	(40,670)
Total	**$ 165,535,742**	**165,488,714**

Please refer to Note 6(aq) for the industry information.

For the years ended December 31, 2020 and 2019, suspended accrual of interest for all of non-accrual accounts amounted to $4,127 and $4,428, respectively.

For the years ended December 31, 2020 and 2019, there were no loans written off without prior recourse.

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

Reconciliation for beginning and ending balance of allowance for bad debts is as follows:

	12-month ECL	Lifetime ECL－financial assets without impairment (collective assessment)	Lifetime ECL－financial assets without impairment (individual assessment)	Lifetime ECL－not new financial assets through purchases or initial recognition with impairment	Lifetime ECL－new financial assets through purchases or initial recognition with impairment	Total ECL according to IFRS 9	The additional provision resulted from the difference between ECL according to IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance as of January 1, 2020	$ 400,406	-	36,962	176,418	-	613,786	1,505,527	2,119,313
Due to fluctuation in financial assets since initial recognition								
- Transferred to 12- month ECLs	9,978	-	(9,775)	(203)	-	-		-
- Transferred to lifetime ECLs－financial assets without impairment	(821)	-	4,214	(3,393)	-	-		-
- Transferred to lifetime ECLs－financial assets with impairment	(82)	-	(2,401)	2,483	-	-		-
- Derecognition	(245,774)	-	(10,792)	(127,492)	-	(384,058)		(384,058)
New financial assets through purchases or initial recognition	490,480	-	13,427	83,274	-	587,181		587,181
The additional provision resulted from the difference between ECL according to IFRS 9 and the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	-	-	-	-	-	-	(292,562)	(292,562)
Write-off	-	-	-	(32,273)	-	(32,273)		(32,273)
Recovery of bad debts after write-off	-	-	-	29,308	-	29,308		29,308
Exchange rate fluctuation and other fluctuation	22,068	-	3,433	94,076	-	119,577		119,577
Balance as of December 31, 2020	**$ 676,255**	**-**	**35,068**	**222,198**	**-**	**933,521**	**1,212,965**	**2,146,486**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

	12-month ECL	Lifetime ECL－financial assets without impairment (collective assessment)	Lifetime ECL－financial assets without impairment (individual assessment)	Lifetime ECL－not new financial assets through purchases or initial recognition with impairment	Lifetime ECL－new financial assets through purchases or initial recognition with impairment	Total ECL according to IFRS 9	The additional provision resulted from the difference between ECL according to IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance as of January 1, 2019	$ 345,912	-	36,564	296,191	-	678,667	1,378,910	2,057,577
Due to fluctuation in financial assets since initial recognition								
- Transferred to 12-month ECLs	5,084	-	(5,084)	-	-	-		-
- Transferred to lifetime ECLs－financial assets without impairment	(1,956)	-	3,508	(1,552)	-	-		-
- Transferred to lifetime ECLs－financial assets with impairment	(43)	-	(2,837)	2,880	-	-		-
- Derecognition	(228,718)	-	(14,796)	(132,287)	-	(375,801)		(375,801)
New financial assets through purchases or initial recognition	302,348	-	2,082	90,619	-	395,049		395,049
The additional provision resulted from the difference between ECL according to IFRS 9 and the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	-	-	-	-	-	-	126,617	126,617
Write-off	-	-	-	(123,042)	-	(123,042)		(123,042)
Recovery of bad debts after write-off	-	-	-	30,871	-	30,871		30,871
Exchange rate fluctuation and other fluctuation	(22,221)	-	17,525	12,738	-	8,042		8,042
Balance as of December 31, 2019	**$ 400,406**	**-**	**36,962**	**176,418**	**-**	**613,786**	**1,505,527**	**2,119,313**

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

The details of provision for (reversal of provision for) bad debts expenses, commitment and guarantee reserve are as follows:

	For the years ended December 31,	
	2020	2019
Provision for (reversal of provision for) bad debts expenses —Loans discounted	$ 39,154	158,459
Provision for (reversal of provision for) bad debts expenses —Receivables	(15,049)	36,992
Provision for (reversal of provision for) bad debts expenses —Short-term advances	(120)	(172)
Provision for (reversal of provision for) bad debts expenses —Guarantee reserve	3,410	3,930
Provision for (reversal of provision for) bad debts expenses —Loan commitment reserve	2,106	(11,035)
Provision for (reversal of provision for) bad debts expenses —Other provision	123	(20)
Recovery of bad debts	(178,107)	(243,323)
Total	**$ (148,483)**	**(55,169)**

(i) Investments accounted for using equity method—net

	December 31, 2020		December 31, 2019	
	Percentage of Ownership (%)	Book value	Percentage of Ownership (%)	Book value
Subsidiary—JihSun Life Insurance Agency Co., Ltd.	98.76	**$ 45,596**	98.76	**57,008**

Share of profit of subsidiaries accounted for using equity method are as follows:

	For the years ended December 31,	
	2020	2019
JihSun Life Insurance Agency Co., Ltd.	**$ 7,012**	**18,084**

Please refer to Note 13(b) for related information on investee companies.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(j) Other financial assets－net

	December 31, 2020	December 31, 2019
Short-term advances	$ 255,645	298,588
Pledged deposit	175,000	172,840
Restricted assets—due from the central bank	1,000,000	-
Subtotal	1,430,645	471,428
Less : Allowance for bad debts—short-term advance	(2,298)	(2,418)
Total	**$ 1,428,347**	**469,010**

Parts of the above financial assets are restricted, please refer to Note 8 for further details.

Reconciliation for beginning and ending balance of allowance for bad debts is as follows:

	12-month ECL	Lifetime ECL－financial assets without impairment (collective assessment)	Lifetime ECL－financial assets without impairment (individual assessment)	Lifetime ECL－not new financial assets through purchases or initial recognition with impairment	Lifetime ECL－new financial assets through purchases or initial recognition with impairment	Total ECL according to IFRS 9	The additional provision resulted from the difference between ECL according to IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance as of January 1, 2020	$ 1,709	-	564	145	-	2,418	-	2,418
Due to fluctuation in financial assets since initial recognition								
- Transferred to 12-month ECLs	190	-	(190)	-	-	-		-
- Transferred to lifetime ECLs－financial assets without impairment	(65)	-	65	-	-	-		-
- Transferred to lifetime ECLs－financial assets with impairment	(7)	-	(8)	15	-	-		-
- Derecognition	(482)	-	(152)	(138)	-	(772)		(772)
New financial assets through purchases or initial recognition	401	-	166	-	-	567		567
The additional provision resulted from the difference between ECL according to IFRS 9 and the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	-	-	-	-	-	-	-	-
Exchange rate fluctuation and other fluctuation	(130)	-	54	161	-	85		85
Balance as of December 31, 2020	**$ 1,616**	**-**	**499**	**183**	**-**	**2,298**	**-**	**2,298**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

	12-month ECL	Lifetime ECL－financial assets without impairment (collective assessment)	Lifetime ECL－financial assets without impairment (individual assessment)	Lifetime ECL－not new financial assets through purchases or initial recognition with impairment	Lifetime ECL－new financial assets through purchases or initial recognition with impairment	Total ECL according to IFRS 9	The additional provision resulted from the difference between ECL according to IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance as of January 1, 2019	$ 1,794	-	528	268	-	2,590	-	2,590
Due to fluctuation in financial assets since initial recognition								
- Transferred to 12-month ECLs	176	-	(176)	-	-	-		-
- Transferred to lifetime ECLs－financial assets without impairment	(104)	-	104	-	-	-		-
- Transferred to lifetime ECLs－financial assets with impairment	(14)	-	(6)	20	-	-		-
- Derecognition	(385)	-	(135)	(244)	-	(764)		(764)
New financial assets through purchases or initial recognition	332	-	152	37	-	521		521
The additional provision resulted from the difference between ECL according to IFRS 9 and the Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	-	-	-	-	-	-	-	-
Exchange rate fluctuation and other fluctuation	(90)	-	97	64	-	71		71
Balance as of December 31, 2019	**$ 1,709**	**-**	**564**	**145**	**-**	**2,418**	**-**	**2,418**

(k) Property and equipment－net

December 31, 2020	Cost	Accumulated depreciation	Net
Land	$ 2,371,662	-	2,371,662
Buildings	1,859,473	1,017,979	841,494
Transportation equipment	4,347	2,143	2,204
Other equipment	587,062	477,242	109,820
Leasehold improvements	270,921	259,868	11,053
Prepayment for equipment	15,030	-	15,030
Total	**$ 5,108,495**	**1,757,232**	**3,351,263**

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

December 31, 2019	Cost	Accumulated depreciation	Net
Land	$ 2,371,662	-	2,371,662
Buildings	1,868,224	984,684	883,540
Transportation equipment	4,385	1,673	2,712
Other equipment	598,825	491,849	106,976
Leasehold improvements	266,255	256,976	9,279
Prepayment for equipment	13,673	-	13,673
Total	**$ 5,123,024**	**1,735,182**	**3,387,842**

Changes in the cost are as follows:

	January 1, 2020	Current increase	Current decrease (Note 1)	Reclassification (Note 2)	Others (Note 3)	December 31, 2020
Land	$ 2,371,662	-	-	-	-	2,371,662
Buildings	1,868,224	2,243	(5,984)	(5,010)	-	1,859,473
Transportation equipment	4,385	-	(38)	-	-	4,347
Other equipment	598,825	42,450	(54,213)	-	-	587,062
Leasehold improvements	266,255	1,926	(3,255)	5,995	-	270,921
Prepayment for equipment	13,673	28,118	-	-	(26,761)	15,030
Construction in progress	-	985	-	(985)	-	-
Total	**$ 5,123,024**	**75,722**	**(63,490)**	**-**	**(26,761)**	**5,108,495**

Note 1: For the year ended December 31, 2020, the decrease in costs includes $63,490 from the abandonment of property and equipment.

Note 2: For the year ended December 31, 2020, the reclassification in costs includes buildings and construction in progress transferred out to leasehold improvements $5,995.

Note 3: For the year ended December 31, 2020, the other change in costs includes prepayment for equipment transferred out to intangible assets－computer software $26,761.

	January 1, 2019	Current increase	Current decrease (Note 1)	Reclassification (Note 2)	Others (Note 3)	December 31, 2019
Land	$ 2,369,723	-	-	-	1,939	2,371,662
Buildings	1,857,334	4,591	-	-	6,299	1,868,224
Transportation equipment	1,542	3,050	(207)	-	-	4,385
Other equipment	616,018	62,864	(85,695)	5,638	-	598,825
Leasehold improvements	263,580	2,675	-	-	-	266,255
Prepayment for equipment	6,830	15,302	-	(5,638)	(2,821)	13,673
Total	**$ 5,115,027**	**88,482**	**(85,902)**	**-**	**5,417**	**5,123,024**

Note 1: For the year ended December 31, 2019, the decrease in costs includes $85,902 from the abandonment of property and equipment.

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

Note 2: For the year ended December 31, 2019, the reclassification in costs includes prepayment for equipment transferred out to other equipment $5,638.

Note 3: For the year ended December 31, 2019, the other change in costs includes land $1,939 and buildings $6,299 transferred from investment property, and prepayment for equipment transferred out to intangible assets－computer software $2,821.

Changes in accumulated depreciation are as follows:

	January 1, 2020	Depreciation	Current decrease (Note 1)	Reclassification (Note 2)	Others	December 31, 2020
Buildings	$ 984,684	40,544	(5,984)	(1,265)	-	1,017,979
Transportation equipment	1,673	508	(38)	-	-	2,143
Other equipment	491,849	39,456	(54,063)	-	-	477,242
Leasehold improvements	256,976	4,882	(3,255)	1,265	-	259,868
Total	**$ 1,735,182**	**85,390**	**(63,340)**	**-**	**-**	**1,757,232**

Note 1: For the year ended December 31, 2020, the decrease in accumulated depreciation includes $63,340 from the abandonment of property and equipment.

Note 2: For the year ended December 31, 2020, the reclassification in accumulated depreciation includes buildings transferred out to leasehold improvements $1,265.

	January 1, 2019	Depreciation	Current decrease (Note 1)	Reclassification	Others (Note 2)	December 31, 2019
Buildings	$ 940,490	42,328	-	-	1,866	984,684
Transportation equipment	1,542	338	(207)	-	-	1,673
Other equipment	548,406	28,982	(85,539)	-	-	491,849
Leasehold improvements	250,373	6,603	-	-	-	256,976
Total	**$ 1,740,811**	**78,251**	**(85,746)**	**-**	**1,866**	**1,735,182**

Note1: For the year ended December 31, 2019, the decrease in accumulated depreciation includes $85,746 from the abandonment of property and equipment.

Note2: For the year ended December 31, 2019, the other change in accumulated depreciation includes buildings transferred from investment property $1,866.

(l) Right-of-use assets－net

December 31, 2020	Cost	Accumulated depreciation	Net
Buildings	$ 816,339	283,719	532,620
Transportation equipment	20,684	7,076	13,608
Other equipment	336	225	111
Parking space	1,630	843	787
Total	**$ 838,989**	**291,863**	**547,126**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

December 31, 2019	Cost	Accumulated depreciation	Net
Buildings	$ 622,790	190,871	431,919
Transportation equipment	18,035	5,527	12,508
Other equipment	336	109	227
Parking space	1,630	398	1,232
Total	**$ 642,791**	**196,905**	**445,886**

Changes in the cost are as follows:

	January 1, 2020	Current increase	Current decrease	Others	December 31, 2020
Buildings	$ 622,790	294,120	(100,571)	-	816,339
Transportation equipment	18,035	8,573	(5,924)	-	20,684
Other equipment	336	-	-	-	336
Parking space	1,630	-	-	-	1,630
Total	**$ 642,791**	**302,693**	**(106,495)**	**-**	**838,989**

	January 1, 2019	Current increase	Current decrease	Others	December 31, 2019
Buildings	$ 454,008	188,932	(20,150)	-	622,790
Transportation equipment	9,252	10,596	(1,813)	-	18,035
Other equipment	325	19	(8)	-	336
Parking space	1,440	190	-	-	1,630
Total	**$ 465,025**	**199,737**	**(21,971)**	**-**	**642,791**

Changes in accumulated depreciation are as follows:

	January 1, 2020	Depreciation	Current decrease	Others	December 31, 2020
Buildings	$ 190,871	186,188	(93,340)	-	283,719
Transportation equipment	5,527	7,419	(5,870)	-	7,076
Other equipment	109	116	-	-	225
Parking space	398	445	-	-	843
Total	**$ 196,905**	**194,168**	**(99,210)**	**-**	**291,863**

	January 1, 2019	Depreciation	Current decrease	Others	December 31, 2019
Buildings	$ 24,327	186,694	(20,150)	-	190,871
Transportation equipment	-	7,340	(1,813)	-	5,527
Other equipment	-	117	(8)	-	109
Parking space	-	398	-	-	398
Total	**$ 24,327**	**194,549**	**(21,971)**	**-**	**196,905**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(m) Investment property－net

December 31, 2020	Cost	Accumulated depreciation	Net
Land	$ 225,157	-	225,157
Buildings	300,213	130,944	169,269
Total	**$ 525,370**	**130,944**	**394,426**

December 31, 2019	Cost	Accumulated depreciation	Net
Land	$ 225,157	-	225,157
Buildings	300,213	125,193	175,020
Total	**$ 525,370**	**125,193**	**400,177**

Changes in the cost are as follows:

	January 1, 2020	Current increase	Current decrease	Others	December 31, 2020
Land	$ 225,157	-	-	-	225,157
Buildings	300,213	-	-	-	300,213
Total	**$ 525,370**	**-**	**-**	**-**	**525,370**

	January 1, 2019	Current increase	Current decrease	Others (Note)	December 31, 2019
Land	$ 227,096	-	-	(1,939)	225,157
Buildings	306,512	-	-	(6,299)	300,213
Total	**$ 533,608**	**-**	**-**	**(8,238)**	**525,370**

Note: For the year ended December 31, 2019, the decrease in costs of investment property includes $8,238 transferred to property and equipment.

Changes in accumulated depreciation are as follows:

	January 1, 2020	Depreciation	Current decrease	Others	December 31, 2020
Buildings	**$ 125,193**	**5,751**	**-**	**-**	**130,944**

	January 1, 2019	Depreciation	Current decrease	Others (Note)	December 31, 2019
Buildings	**$ 121,296**	**5,763**	**-**	**(1,866)**	**125,193**

Note: For the year ended December 31, 2019, the decrease in accumulated depreciation of investment property includes $1,866 transferred to property and equipment.

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The rental incomes and direct operating expenses arising from investment property under operating lease are as follows:

	For the years ended December 31,	
	2020	**2019**
Rental incomes arising from investment property	**$ 14,129**	**14,192**
Direct operating expenses arising from investment property that generated current rental incomes	**$ 1,178**	**1,167**
Direct operating expenses arising from investment property that did not generate current rental incomes	**$ -**	**-**

As of December 31, 2020 and 2019, the fair value of the investment property is $576,516 and $573,656, respectively. The fair value mentioned above was evaluated by the Appraisal Department of Credit Office (with related recognized professional qualifications and having related experience in field of locations and types of the investment property evaluated in the near term) semiannually. The appraisal of property relies mainly on the approach of comparison of market value, supplemented by income approach, cost approach and land development approach. The evaluation is based on objective comparison analysis of market researches in order to acquire the gross value and net value of the evaluated objects. The rental income with sustained stability or operating properties are evaluated mainly by income approach, supplemented by the approach of comparison of market value, expounding the estimation of gross value and net value of the evaluated objects.

(n) Intangible assets－net

	December 31, 2020	**December 31, 2019**
Goodwill	$ 32,914	32,914
Computer software	69,708	44,099
Total	**$ 102,622**	**77,013**

In the year 2002 the Company merged with XinYing credit co-operative in Tainan County for the purchase price over the fair value of its identifiable net asset amounted to $94,039. Following IAS 38 as accepted by the FSC, goodwill attributed to indefinite life intangible assets will not be amortized. The impairment tests are implemented regularly every year or when there is indication of impairment. Goodwill is no longer amortized, and is conducted impairment test annually.

The Company evaluated that there was no impairment loss of goodwill for the years ended December 31, 2020 and 2019.

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

The movement of intangible assets is as follows:

	January 1, 2020	Current increase	Current decrease	Exchange difference	Others (Note)	December 31, 2020
Goodwill	$ 32,914	-	-	-	-	32,914
Computer software	44,099	15,976	(17,128)	-	26,761	69,708
Total	**$ 77,013**	**15,976**	**(17,128)**	**-**	**26,761**	**102,622**

Note: For the year ended December 31, 2020, the increase in intangible assets includes $26,761 transferred from property and equipment.

	January 1, 2019	Current increase	Current decrease	Exchange difference	Others (Note)	December 31, 2019
Goodwill	$ 32,914	-	-	-	-	32,914
Computer software	44,344	12,843	(15,909)	-	2,821	44,099
Total	**$ 77,258**	**12,843**	**(15,909)**	**-**	**2,821**	**77,013**

Note: For the year ended December 31, 2019, the increase in intangible assets includes $2,821 transferred from property and equipment.

(o) Other assets－net

	December 31, 2020	December 31, 2019
Refundable deposits	$ 235,683	230,213
Prepayments	106,798	128,977
Others	4,600	4,600
Total	**$ 347,081**	**363,790**

(p) Deposits from the central bank and other banks

	December 31, 2020	December 31, 2019
Deposits from other banks	$ 4,890,591	4,763,707
Post office transfer deposits	3,503,130	3,324,252
Loan financing from other banks	13,588	26,545
Call loans from other banks	-	2,000,000
Total	**$ 8,407,309**	**10,114,504**

(q) Due to the central bank and banks

	December 31, 2020	December 31, 2019
Central bank project financing	**$ 130,800**	**-**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(r) Securities sold under repurchase agreements

	December 31, 2019			
Assets	Par value	Selling price	Designated repurchase amount	Designated repurchase date
Investments in debt instruments at amortized cost	$ 500,000	500,000	500,200	2020.01.30

(s) Payables

	December 31, 2020	December 31, 2019
Accounts payable	$ 88,529	7,036
Accrued expenses	521,033	528,828
Interest payable	183,765	275,395
Acceptances payable	8,393	61,422
Collection payable	376,599	38,668
Notes payable for clearing payable	169,397	130,427
Other payables	272,105	305,901
Total	$ 1,619,821	1,347,677

(t) Deposits and remittances

	December 31, 2020	December 31, 2019
Checking deposits	$ 726,532	683,315
Bank checks	267,286	360,253
Demand deposits	47,762,386	31,823,557
Time deposits	42,999,328	58,393,662
Negotiable certificates of deposit	175,500	3,695,300
Savings deposits	144,196,949	127,577,528
Total	$ 236,127,981	222,533,615

(u) Financial debentures

	Term of transaction				Amount	
Financial debentures	Issue date	Maturity date	Interest rate	Type	December 31, 2020	December 31, 2019
2015 JIH SUN unsecured subordinated financial debentures	2015.01.30	2022.01.30	Fixed rate of 2.20%	Unsecured subordinated financial debentures	$ 2,500,000	2,500,000

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(v) Other financial liabilities

	December 31, 2020	December 31, 2019
Principal received on structured notes	$ 433,289	360,183

(w) Provisions

	December 31, 2020	December 31, 2019
Employee benefits provision	$ 53,670	48,058
Guarantee reserve	18,715	15,305
Decommissioning costs of leasehold improvements	23,899	23,630
Provision of structured notes compensation	29,271	38,809
Provision of lawsuit compensation	13,636	20,079
Loan commitment reserve	21,546	19,440
Other provision	157	34
Total	$ 160,894	165,355

Provision of structured notes compensation occurs due to the controversial event related to the consignment of structured notes which were issued by international institutions. The provision is made considering the appraisal results of the Bankers Association of the Republic of China and individual cases' situation.

The movement of provision is as follows:

	January 1, 2020	Provision (reversal)	Current decrease	December 31, 2020
Employee benefits provision	$ 48,058	5,612	-	53,670
Guarantee reserve	15,305	5,825	(2,415)	18,715
Decommissioning costs of leasehold improvements	23,630	269	-	23,899
Provision of structured notes compensation	38,809	(9,538)	-	29,271
Provision of lawsuit compensation	20,079	13,636	(20,079)	13,636
Loan commitment reserve	19,440	3,934	(1,828)	21,546
Other provision	34	157	(34)	157
Total	$ 165,355	19,895	(24,356)	160,894

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

	January 1, 2019	Provision (reversal)	Current decrease	December 31, 2019
Employee benefits provision	$ 42,974	5,084	-	48,058
Guarantee reserve	11,375	4,122	(192)	15,305
Decommissioning costs of leasehold improvements	23,573	57	-	23,630
Provision of structured notes compensation	41,098	(2,289)	-	38,809
Provision of lawsuit compensation	-	20,079	-	20,079
Loan commitment reserve	30,475	5,301	(16,336)	19,440
Other provision	54	34	(54)	34
Total	**$ 149,549**	**32,388**	**(16,582)**	**165,355**

Reconciliation for beginning and ending balance of guarantee reserve, loan commitment reserve and other provision is as follows:

	12-month ECL	Lifetime ECL－financial assets without impairment (collective assessment)	Lifetime ECL－financial assets without impairment (individual assessment)	Lifetime ECL－not new financial assets through purchases or initial recognition with impairment	Lifetime ECL－new financial assets through purchases or initial recognition with impairment	Total ECL according to IFRS 9	The additional provision resulted from the difference between ECL according to IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance as of January 1, 2020	$ 16,502	-	3,403	2,783	-	22,688	12,091	34,779
Due to fluctuation in financial assets since initial recognition								
- Transferred to 12-month ECLs	1,493	-	(1,493)	-	-	-		-
- Transferred to lifetime ECLs－financial assets without impairment	(231)	-	231	-	-	-		-
- Derecognition	(1,339)	-	(167)	(2,771)	-	(4,277)		(4,277)
New financial assets through purchases or initial recognition	4,542	-	80	-	-	4,622		4,622
The additional provision resulted from the difference between ECL according to IFRS 9 and Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	-	-	-	-	-	-	4,254	4,254
Exchange rate fluctuation and other fluctuation	75	-	963	2	-	1,040		1,040
Balance as of December 31, 2020	**$ 21,042**	**-**	**3,017**	**14**	**-**	**24,073**	**16,345**	**40,418**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

	12-month ECL	Lifetime ECL－financial assets without impairment (collective assessment)	Lifetime ECL－financial assets without impairment (individual assessment)	Lifetime ECL－not new financial assets through purchases or initial recognition with impairment	Lifetime ECL－new financial assets through purchases or initial recognition with impairment	Total ECL according to IFRS 9	The additional provision resulted from the difference between ECL according to IFRS 9 and Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	Total
Balance as of January 1, 2019	$ 28,166	-	3,011	3,021	-	34,198	7,706	41,904
Due to fluctuation in financial assets since initial recognition								
- Transferred to 12-month ECLs	1,232	-	(1,232)	-	-	-		-
- Transferred to lifetime ECLs－financial assets without impairment	(292)	-	292	-	-	-		-
- Derecognition	(16,228)	-	(175)	(179)	-	(16,582)		(16,582)
New financial assets through purchases or initial recognition	3,886	-	26	-	-	3,912		3,912
The additional provision resulted from the difference between ECL according to IFRS 9 and Regulation Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Nonperforming/ Nonaccrual Loans	-	-	-	-	-	-	4,385	4,385
Exchange rate fluctuation and other fluctuation	(262)	-	1,481	(59)	-	1,160		1,160
Balance as of December 31, 2019	$ 16,502	-	3,403	2,783	-	22,688	12,091	34,779

(x) Lease liabilities

	December 31, 2020	December 31, 2019
Lease liabilities	$ 553,891	449,893

Analysis of cash outflow please refers to Note 6 (aq) disclosure of financial instruments.

The amounts recognized in profit or loss for the Company were as follows:

	For the years ended December 31,	
	2020	2019
Interest on lease liabilities	$ 5,391	5,670
Variable lease payments not included in the measurement of lease liabilities	$ 3,545	3,473
Expenses relating to short-term leases	$ 8,307	7,855
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 51	51

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

The amounts recognized in the statement of cash flows for the Company were as follows:

	For the years ended December 31,	
	2020	2019
Total cash outflow for leases (including payments of lease liabilities, interest and the amount recognized in profits or losses mentioned above)	$ 208,692	208,346

(i) Building leases

The Company leases buildings for its office space and branch space. The leases of office space typically run for a period of 5 years, and of branch space for 3 to 5 years.

(ii) Other leases

The Company leases transportation equipment and parking space with lease terms of 3 to 5 years. Leasing other equipment with lease terms of 1 to 5 years. Some leases are short-term or leases of low-value items that the Company has selected not to recognize right-of-use assets and lease liabilities for these leases.

(y) Operating lease

(i) Leases as lessor

The Company leases out its investment property that the Company has classified these leases as operating leases because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets. Please refer to Note 6 (m) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	December 31, 2020	December 31, 2019
Less than one year	$ 20,021	24,399
One to two years	11,725	23,272
Two to three years	10,734	13,897
Three to four years	6,304	10,143
Four to five years	1,519	6,305
Over five years	-	1,519
Total undiscounted lease payments	$ 50,303	79,535

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(z) Other liabilities

	December 31, 2020	December 31, 2019
Guarantee deposits received	$ 15,936	14,790
Amount received in advance	47,235	46,827
Deferred revenue	37,312	37,540
Total	**$ 100,483**	**99,157**

(aa) Employee benefits

(i) Defined benefits plan

The present value of defined benefit obligation and the fair value adjustments of the plan assets for the Company are as follows:

	December 31, 2020	December 31, 2019
Total present value of benefit obligations	$ (403,213)	(377,976)
Fair value of plan assets	449,059	432,754
Recognized assets (liabilities) for defined benefit plan	**$ 45,846**	**54,778**

The Company's defined benefits assets are as follows:

	December 31, 2020	December 31, 2019
Defined benefits plan	**$ 45,846**	**54,778**

The Company's employee benefits liabilities are as follows:

	December 31, 2020	December 31, 2019
Compensated absences liabilities	**$ 53,670**	**48,058**

The Company's defined benefits plan contributes to designated depository account with Bank of Taiwan. Payments of pension benefits to employees who are covered by the Labor Standards Act are calculated based on the employee's average monthly salary for the last 6 months prior to approved retirement and base point (b.p.) entitlement based on years of service.

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JIH SUN INTERNATIONAL BANK, LTD.
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1) Plan Assets Component

The pension fund contributed by the Company is in compliance with Labor Standards Act, R.O.C. and is under the overall management of the Bureau of Labor Funds, Ministry of Labor ("Bureau of Labor Funds"). According to Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, with regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statement shall be no less than the earnings attainable from the amounts accrued by two year time deposits' interest rates offered by local banks.

Components of plan assets are as follows:

	December 31, 2020	December 31, 2019
Bank of Taiwan labor pension reserve account	$ 275,975	261,153
Pension fund balance	173,084	171,601
Fair value of plan assets	**$ 449,059**	**432,754**

Please refer to the website of Bureau of Labor Funds for information on labor pension fund assets utilization including earnings rate and fund asset allocation provided by Bureau of Labor Funds.

2) Movements in present value of the defined benefit obligations

The movements in the present value of defined benefit obligations for the Company are as follows:

	For the years ended December 31,	
	2020	2019
Defined benefits obligation on January 1	$ (377,976)	(361,802)
Current service costs and interest costs	(4,410)	(5,213)
Gains or losses on remeasurements of defined benefit plans		
Losses on the change of the actuarial assumption of demographic statistics	(2,102)	(2,013)
Losses on the change of financial actuarial assumption	(19,650)	(11,279)
Experience gains (losses) on defined benefit obligation	(1,059)	(1,864)
Payment	1,984	4,195
Defined benefits obligation on December 31	**$ (403,213)**	**(377,976)**

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JIH SUN INTERNATIONAL BANK, LTD.
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3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company are as follows:

	For the years ended December 31,	
	2020	2019
Fair value of plan assets on January 1	$ 432,754	417,684
Contributions	6,250	6,296
Benefits paid by the plan	(1,984)	(4,195)
Interest revenue	3,239	4,180
Gains or losses on remeasurements of defined benefit plans		
Return on plan assets	8,800	8,789
Fair value of plan assets on December 31	**$ 449,059**	**432,754**

4) Expenses (benefits) recognized in profit or loss

	For the years ended December 31,	
	2020	2019
Current service costs	$ 1,607	1,630
Net interest revenue on plan assets	(436)	(597)
Pension expenses	**$ 1,171**	**1,033**

5) Gains (losses) on remeasurements of defined benefit plans in other comprehensive income

	For the years ended December 31,	
	2020	2019
Recognized gains (losses) during the period	**$ (14,011)**	**(6,367)**

6) Primary actuarial assumptions

The following are the Company's primary actuarial assumptions:

	For the years ended December 31,	
	2020	2019
Discount rate	0.320 %	0.750 %
Salary growth rate	2.000 %	2.000 %

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $6,464.

The weighted average lifetime of the defined benefits plans is 11 years.

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

7) Sensitivity analysis

The present value of post-employment benefits obligation is based on actuarial results of assumptions as of balance sheet date, and these assumptions such as discount rate and salary growth rate,etc. are needed judgements and estimation by the Company. Any assumption changes will materially affect the carrying amount of post-employment benefits obligation.

Sensitivity analysis of assumption changes is as follows:

	Effect on the carrying amount of post-employment benefit obligations	
	Increase 0.25%	**Decrease 0.25%**
As of December 31, 2020		
Discount rate	(11,665)	12,137
Salary growth rate	11,903	(11,505)
As of December 31, 2019		
Discount rate	(11,357)	11,833
Salary growth rate	11,656	(11,247)

The above sensitivity analysis is based on one assumption factor change under other factors remaining unchanged. In practice, many assumption factors must remain related. The method of sunsitivity analysis adopted is the same as the method of calculation of the present value of post-employment benefits obligation.

(ii) Defined contribution plan

The defined contribution plan of the Company is in accordance with the Labor Pension Act. The Company contributes 6% of the wages and salaries as labor pension to individual accounts of labor pension at the Bureau for employees applicable to the Act on a monthly basis. The Company has no extra legal obligation or constructive obligation when the Company attributes fixed amount of money regularly to the Bureau of Labor Insurance.

The Company recognized the amount attributed to the pension fund as the cost of pension for the period. Please refer to Note 6(an) retirement expenses－defined contribution plans.

(ab) Income tax

Pursuant to regulations stipulated by Tai-Cai-Shui No. 910458039 dated February 12, 2003, “Principles and regulations of profit seeking businesses filing joint tax returns in accordance with Article 49 of the Financial Holding Company Law and Article 40 of Enterprise Merger Law”, while a financial holding company holds more than 90% of issued shares of a domestic subsidiary and holds for 12 months during a tax year. The company has to behalf of financial holding company as the obligatory tax payer and jointly filed income tax returns.

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JIH SUN INTERNATIONAL BANK, LTD.
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By adopting the principal of amortization of consolidated income tax, the joint filing of the tax returns of the Company, JihSun Financial Holding Co., Ltd. and its affiliate JihSun Securities Co., Ltd., JihSun International Property Insurance Agency Co., Ltd. resulted in a lowered tax burden and brought tax saving efficiency. Moreover, the management efficiency was enhanced because of the individual company's tax burden was fairly distributed.

The statutory income tax rate for 2020 and 2019 were both 20% and the Company calculated the basic tax amount in accordance with the Income Basic Tax Act.

(i) Income tax expenses (benefit)

The components of income tax expenses (benefit) were as follows:

	For the years ended December 31,	
	2020	2019
Current tax expenses (benefit)	$ 144,373	74,780
Income tax benefit from jointly filing tax	-	(120,167)
(Over) under estimate of prior year's expenses	(2,244)	(53,293)
Difference of prior year's taxable income assessed by tax authority	(17,316)	(735)
Deferred tax expenses	1,015	39,751
Income tax expenses (benefit)	**$ 125,828**	**(59,664)**

The components of deferred income tax expenses (benefit) were as follows:

	For the years ended December 31,	
	2020	2019
Operating loss carryforwards	$ -	38,698
Employee benefits provision	1,015	1,053
Total	**$ 1,015**	**39,751**

(ii) The income tax benefit (expenses) recognized under other comprehensive income are as follows:

	For the years ended December 31,	
	2020	2019
Components of other comprehensive income that will not be reclassified to profit or loss:		
Remeasurements of defined benefit plans	$ 2,802	1,274
Share of other comprehensive income of subsidiaries accounted for using equity method	(2)	(91)
Total	**$ 2,800**	**1,183**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(iii) The reconciliations of income tax expenses (benefit) and net income before tax are as follows:

	For the years ended December 31,	
	2020	**2019**
Net income	$ 957,642	1,198,546
Income tax expenses (benefit)	125,828	(59,664)
Net income before tax from continuing operations	1,083,470	1,138,882
Income tax using the Company's domestic tax rate	216,694	227,776
Tax exempt income	(78,406)	(117,858)
Difference of prior year's taxable income assessed by tax authority	(17,316)	(735)
Under (over) estimate of prior year's income tax	(2,244)	(53,293)
Difference between income basic tax and income tax	-	74,780
Operating loss carryforwards	-	(114,722)
Income tax benefit from jointly filed tax return	-	(120,167)
Other	7,100	44,555
Total	**$ 125,828**	**(59,664)**

(iv) Recognized deferred tax assets and liabilities

The movement of deferred tax assets and liabilities is as follows:

Deferred tax assets:

	Defined benefit plans	Others	Total
Balance on January 1, 2019	$ -	38,698	38,698
Recognized in profit or loss	-	(38,698)	(38,698)
Balance on December 31, 2019	**$ -**	**-**	**-**

Deferred tax liabilities:

	Defined benefit plans	Others	Total
Balance on January 1, 2020	$ 10,956	34,443	45,399
Recognized in profit or loss	1,015	-	1,015
Recognized in other comprehensive income	(2,802)	-	(2,802)
Balance on December 31, 2020	**$ 9,169**	**34,443**	**43,612**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

	Defined benefit plans	Others	Total
Balance on January 1, 2019	$ 11,177	34,443	45,620
Recognized in profit or loss	1,053	-	1,053
Recognized in other comprehensive income	(1,274)	-	(1,274)
Balance on December 31, 2019	**$ 10,956**	**34,443**	**45,399**

(v) The Company's income tax returns had been assessed for the years up to 2016.

(vi) The Company's income tax return for the year ended December 31, 2015 had been decided by National Tax Administration in April, 2019. The tax amount increased $986 due to the identification difference resulted from investment losses and there is no supplementary payment.

(vii) The Company's income tax return for the year ended December 31, 2016 had been assessed by National Tax Administration in May 2020. The tax amount increased $1,204 due to the identification difference resulted from bad debt provision and there is no supplementary payment.

(ac) Equity

(i) Capital stocks

The Company' s original authorized and paid-in capital stock were both $10,000,000, and divided into 1,000,000 thousand shares at $10 dollars par value per share. As of December 31, 2020 and 2019, after subsequent new stocks issuance of capital increases over the years, the Company' s outstanding capital stock were $18,120,510 and $17,709,369; divided into 1,812,051 thousand shares and 1,770,937 thousand shares.

On April 16, 2020, the board of directors, on behalf of the shareholders, resolved to implement capital increases at NT$10 (dollars) per share by capitalization of retained earnings with 41,114 thousand new shares amounted to $411,141. The case of capital increase was approved by FSC, with May 28, 2020 as its baseline, and the Company had completed the amendment of registration on June 20, 2020.

On April 18, 2019, the board of directors, on behalf of the shareholders, resolved to implement capital increases at NT$10 (dollars) per share by capitalization of retained earnings with 42,329 thousand new shares amounted to $423,289. The case of capital increase was approved by FSC, with May 24, 2019 as its baseline, and the Company had completed the amendment of registration on June 12, 2019.

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JIH SUN INTERNATIONAL BANK, LTD.
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(ii) The movement of the Company's other equity is as follow:

	Exchange differences of translation of foreign financial statements	Unrealized (losses) gains on financial assets at fair value through other comprehensive income	Total
Beginning balance as of January 1, 2020	$ 2,739	418,036	420,775
Exchange differences of translation of foreign institutions' net assets	(1,739)	-	(1,739)
Unrealized (losses) gains on financial assets at fair value through other comprehensive income	-	117,578	117,578
Disposal (gains) losses from investments in debt instruments measured at fair value through other comprehensive income	-	(46,024)	(46,024)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	10,574	10,574
Ending balance as of December 31, 2020	**$ 1,000**	**500,164**	**501,164**

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JIH SUN INTERNATIONAL BANK, LTD.
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	Exchange differences of translation of foreign financial statements	Unrealized (losses) gains on financial assets at fair value through other comprehensive income	Total
Beginning balance as of January 1, 2019	$ 7,447	293,006	300,453
Exchange differences of translation of foreign institutions' net assets	(4,708)	-	(4,708)
Unrealized (losses) gains on financial assets at fair value through other comprehensive income	-	190,024	190,024
Disposal (gains) losses from investments in debt instruments measured at fair value through other comprehensive income	-	(87,996)	(87,996)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	23,002	23,002
Ending balance as of December 31, 2019	**$ 2,739**	**418,036**	**420,775**

(ad) Earnings distribution and dividend policy

In accordance with the Company's articles of incorporation, its profit after deduction of income tax and offset prior year cumulative losses shall be appropriated as legal reserve at 30% and provision for special reserve in compliance with related Acts. The remaining, if any, shall be distributed to dividends. Based on the proportion of stock holding, the remaining earning, if any, is appropriated as stockholders' bonuses. Before the legal reserve balance reaches to total paid-in capital, cash dividends are limited to 15% of total paid-in capital. In addition, the Company complied with the principle which is to distribute all of the remaining earning. When the Company's ratio of Equity Capital and Risk-Weighted Assets of Banks is less than the Company's legal standard, stock dividends will be distributed instead of cash dividends as stockholders' bonuses.

As if the Company incurs no loss, it may pursuant to a resolution to be adopted by a stockholders' meeting distribute its legal reserve by issuing new shares or by cash. Legal reserve is distributed by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed. In addition, it is necessary for the Company to comply with Article 50 of the Banking Act and "The Regulations Governing the Criteria of Capital Adequacy Ratio being Sound in Finance and Business Operations as stipulated in Paragraph 2, Article 50 of the Banking Act " amended by Jin-Kuan-Yin-Kong-Zi No.10160001340, dated April 30, 2012. After distribution, the accumulated legal reserve must reach seventy five percent of the Company's paid-in capital, to meet the principle of sound finance and business operations.

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In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, the Company shall account the special earnings reserve during earnings distribution, and when the relevant asset were used, disposed of, reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The carrying amount of special earnings reserve amounted to be both $0 on December 31, 2020 and 2019.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve to account for cumulative changes to other shareholders' equity pertaining to prior periods. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

Publicly held banks should allocate a special reserve of 0.5% to 1% of the profit in the period from 2016 to 2018 in accordance with Ruling No. 10510001510 issued by the FSC on 25 May, 2016. From 2017 onwards, reversal of special reserve could be the same amount of staff transfer or resettlement expenditure in financial technology development. However, in accordance with Ruling No. 10802714560 issued by the FSC on May 15, 2019, Publicly held banks are no longer required to allocate a special reserve starting from 2019. Previously established special reserves can continue to be used for the previously described expenditures. The balances left in the special reserve as of December 31, 2020 and 2019 were $7,998 and $9,126, respectively.

Resolutions on 2019 and 2018 earnings distribution of the Company were approved by the board of directors on behalf of stockholders on April 16, 2020 and April 18, 2019, respectively, (the related information could be found in the Market Observation Post System). The relevant dividend distributions to shareholders are as follows:

	For the year ended December 31, 2019		For the year ended December 31, 2018	
	Dividends per share (in NTD)	Amount	Dividends per share (in NTD)	Amount
Dividends to common shares				
Cash dividends	$ 0.23	411,142	0.24	423,289
Stock dividends	0.23	411,141	0.24	423,289
Total		**822,283**		**846,578**

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(ae) EPS

	For the years ended December 31,	
	2020	2019
Basic EPS：		
Net income attributed to the Company	$ 957,642	1,198,546
Weighted average outstanding shares of common stock (in thousands shares)	1,812,051	1,812,051
Basic EPS (in dollars)	$ 0.53	0.66

The Company is an investee owned 100% by JihSun Financial Holding Co., Ltd., the Company did not adopt the method of distributing stocks for employee bonus. There is no diluted common stock which will affect the weighted average outstanding shares of the Company's common stock so that the Company does not have to calculate diluted EPS.

(af) Employees' and directors' remuneration

According to the Company's article of incorporation, if the Company poses profits in the fiscal year, it shall set aside no less than 0.01% as the remuneration for employees and no higher than 1% as the remuneration for directors. However, if the Company still suffers accumulated losses, it shall retain a certain amount to cover the losses in advance. For the years 2020 and 2019, the remuneration for employees were estimated to be $10,703 and $9,066, respectively, the remuneration for directors were estimated to be both $5,500, and were recognized as current operating expenses based on the Company's pretax income before deducted employees' and directors' remuneration multiplied by the ratio set by the Company's articles of incorporation. Differences between the actual outcomes resolved by the shareholder's meeting next year and the estimation will be accounted for as changes in accounting estimates and recognized as next year's profit or loss.

For the year 2019, actual amount of employees' and directors' remuneration were $8,946 and $5,500, respectively, the estimated amount of employees' and directors' remuneration accrued in 2019 profits were $9,066 and $5,500, respectively. The employees' and directors' remuneration were overestimated by $120 and $0, and had been adjusted in 2020 profits. The related information could be accessed through the Market Observation Post System.

For the year 2018, actual amount of employees' and directors' remuneration were $8,874 and $5,500, respectively, the estimated amount of employees' and directors' remuneration accrued in 2018 profits were $9,096 and $5,500, respectively. The employees' and directors' remuneration were overestimated by $222 and $0, and had been adjusted in 2019 profits. The related information could be accessed through the Market Observation Post System.

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(ag) Net interest income

	For the years ended December 31,	
	2020	2019
Interest income		
Loans discounted	$ 2,906,888	3,368,410
Due from banks and call loans to banks	147,342	110,608
Factoring receivables	3,331	5,485
Securities purchased under resell agreements	173	147
Securities	617,790	810,833
Revolving credit	32,810	35,158
Others	55,574	75,202
Subtotal	3,763,908	4,405,843
Interest expense		
Deposit	1,042,626	1,353,350
Due to central bank and other banks	29,883	37,768
Borrowings from central bank and other banks	11,788	101,996
Securities sold under repurchase agreements	292	29,555
Financial debentures	55,000	73,167
Lease liabilities	5,391	5,670
Others	1,332	1,176
Subtotal	1,146,312	1,602,682
Net interest income	**$ 2,617,596**	**2,803,161**

Interest income and expense from financial assets and liabilities measured at fair value through profit and loss were excluded.

For the years ended December 31, 2020 and 2019, lease liabilities of company car for directors' remuneration shown in net interest income were $25 and $32.

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Notes to the Financial Statements

(ah) Net service fee and commission income

	For the years ended December 31,	
	2020	2019
Commission income		
Imports and exports service fee income	$ 1,132	1,433
Letter of credit service fee income	81	57
Remittances service fee income	9,322	9,209
Interbank service fee income	21,332	18,468
Loan service fee income	41,932	53,184
Trust service fee income	939,363	804,276
Trust affiliated service fee income	22,022	18,137
Credit card business	57,383	77,723
Promotion agency service fee income	123,552	206,350
Others	22,085	22,815
Total commission income	1,238,204	1,211,652
Service fee		
Custodian service fee	6,728	5,851
Agency service fee	5,463	7,831
Remittances service fee	3,210	2,979
Interbank service fee	13,135	12,639
Credit card business	33,668	36,440
Others	36,294	33,159
Total service fee	98,498	98,899
Net service fee and commission income	**$ 1,139,706**	**1,112,753**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

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

	For the years ended December 31,	
	2020	2019
Disposal gains (losses)		
Government bonds	$ 1,186	4,242
Corporate bonds	(709)	(949)
Financial debentures	(4,273)	1,280
Listed and TPEx securities	492	(2,107)
Beneficiary certificates	(8,842)	743
Derivative instruments	(33,389)	30,430
Subtotal	(45,535)	33,639
Valuation gains (losses)		
Government bonds	403	-
Corporate bonds	35	(35)
Financial debentures	(27)	45
Listed and TPEx securities	-	6,729
Derivative instruments	(40,746)	(133,929)
Subtotal	(40,335)	(127,190)
Dividend revenue	565	-
Interest revenue	6,211	14,635
Total	**$ (79,094)**	**(78,916)**

For the years ended December 31, 2020 and 2019, the profit and loss resulted from the foreign exchange derivatives undertaken by the Company were a profit of $6,629 and a profit of $8,740, respectively. The Company engaged in such business mainly to hedge the spot foreign exchange rate risk.

(aj) Foreign exchange gains and losses

	For the years ended December 31,	
	2020	2019
Foreign exchange gains	$ 18,641,822	17,662,523
Foreign exchange losses	(18,521,009)	(17,540,656)
Total	**$ 120,813**	**121,867**

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(ak) Realized gains (losses) on financial assets at fair value through other comprehensive income

	For the years ended December 31,	
	2020	2019
Disposal gains (losses) on government bonds	$ 13,461	59,258
Disposal gains (losses) on corporate bonds	1,361	30,451
Disposal gains (losses) on financial debentures	31,202	-
Disposal gains (losses) on commercial papers	-	(1,713)
Dividend revenue on financial assets	46,755	50,626
Total	**$ 92,779**	**138,622**

(al) (Impairment loss) reversal gains of impairment loss on assets

	For the years ended December 31,	
	2020	2019
(Impairment loss) reversal gains of impairment loss on financial assets at fair value through other comprehensive income－debt instruments	$ (3,560)	931
(Impairment loss) reversal gains of impairment loss on investments in debt instruments at amortized cost	(996)	(131)
Total	**$ (4,556)**	**800**

(am) Other net non-interest income

	For the years ended December 31,	
	2020	2019
Rental income	$ 11,326	11,030
Rental income from investment property	14,129	14,192
Losses on retirement of property and equipment	(150)	(156)
Other lease net income	10	-
Others	(1,624)	(26,711)
Total	**$ 23,691**	**(1,645)**

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(an) Employee benefits expenses

	For the years ended December 31,	
	2020	2019
Salary expenses	$ 1,432,419	1,482,824
Insurance expenses	120,578	118,239
Retirement expenses		
Defined contribution plan	61,999	59,193
Defined benefits plan	1,171	1,033
Directors' remuneration	17,078	17,227
Other personnel expenses		
Termination benefits	735	1,142
Other employee benefits	59,488	60,601
Total	**$ 1,693,468**	**1,740,259**

(i) As of December 31, 2020 and 2019, the Company had 1,517 and 1,481 employees respectively, including 10 directors who did not serve as employees, in both years.

(ii) For the years ended December 31, 2020 and 2019, the average employee benefits expenses were $1,112 and $1,171, respectively.

(iii) For the years ended December 31, 2020 and 2019, the average salary expenses were $951 and $1,008, respectively.

(iv) The average change in salary expenses is (6)%.

(v) For the years ended December 31, 2020 and 2019 the supervisors' remunerations of the Company were both $0.

(vi) The salary and remuneration policy of the Company (including directors, managers and employees):

1) The directors' remuneration

a) Remuneration policy: The directors' remuneration policy has been stated in the Company's articles of incorporation and all proposed remunerations are subject to shareholders' approval.

b) Remuneration standards and packages: the remuneration package consists of returns, remuneration, and fees for services rendered.

c) Remuneration procedures: In addition to the directors' remuneration policy stated in the Company's articles of incorporation, the Company also set salary levels and policies in reference to similar industry.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

d) Correlation between remuneration and operating performance: The board of directors of the Company is authorized to determine the remuneration according to their position, contribution to the Company, the Company' s earnings, and peer levels in the similar industry.

2) The managers' and employee remuneration

a) Remuneration policy: The remuneration of the managers and employees are according to the responsibilities assumed. The Company engage an external professional agency to survey the peer' s salary levels to ensures that the remuneration is capable of attracting and retaining top talents.

b) Remuneration standards and composition

i) Salaries, allowances, and additional pay for supervisor: Determined according to the Company's "Employee and Manager Salary Principles."

ii) Performance bonus: The performance evaluation is determined according to the Company' s " Employee Performance Management and Development Principles" , and their appraisal results are based on the Company' s "Performance Bonus Principles".

iii) Employee remuneration: Determined according to the Company's articles of incorporation.

c) Remuneration determining procedures

The Company has established the "Employee and Manager Salary Principles" in reference to peer levels. The board of directors of the Company has approved and authorized their Chairmen to determine the salary range based on the above principles (in reference to MOEA Jing-Shang-Zi No. 0902415710).

(ao) Depreciation and amortization expenses

	For the years ended December 31,	
	2020	2019
Property and equipment	$ 85,390	78,251
Right-of-use assets	194,168	194,549
Investment property	5,751	5,763
Intangible assets	17,128	15,909
Total	**$ 302,437**	**294,472**

For the years ended December 31, 2020 and 2019, depreciation of company car lease for directors' remuneration shown in depreciation and amortization expenses were $1,854 and $1,716.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(ap) Other general and administrative expenses

	For the years ended December 31,	
	2020	2019
Rent	$ 12,192	11,596
Site usage expenses	241,973	210,756
Insurance expenses	74,302	66,549
Professional service fees	74,065	70,869
Software maintenance fees	83,313	78,498
Tax	197,276	208,350
Others	303,934	349,664
Total	**$ 987,055**	**996,282**

(aq) Disclosure of financial instruments

(i) Fair value of financial instruments

1) Fair value hierarchy information on assets and liabilities

	December 31, 2020				
		Fair value			
Assets and liabilities	Book value	Level 1	Level 2	Level 3	Total
Recurring fair value measurement					
Non-derivative instruments					
Assets:					
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss, mandatorily measured at fair value:					
Bonds	$ 337,059	337,059	-	-	337,059
Financial assets at fair value through other comprehensive income					
Equity instruments	807,860	5,909	-	801,951	807,860
Debt instruments	31,170,388	504,899	30,665,489	-	31,170,388
Derivative instruments					
Assets:					
Financial assets at fair value through profit or loss	$ 176,224	67,800	108,424	-	176,224
Liabilities:					
Financial liabilities at fair value through profit or loss	269,816	-	269,816	-	269,816
Assets that are not measured at fair value in the balance sheet					
Investments in debt instruments at amortized cost	34,630,112	13,394,755	21,835,076	-	35,229,831
Investment property	394,426	-	-	576,516	576,516

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
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	December 31, 2019				
		Fair value			
Assets and liabilities	Book value	Level 1	Level 2	Level 3	Total
Recurring fair value measurement					
Non-derivative instruments					
Assets:					
Financial assets at fair value through profit or loss					
Financial assets at fair value through profit or loss, mandatorily measured at fair value:					
Bonds	$ 500,674	-	500,674	-	500,674
Financial assets at fair value through other comprehensive income					
Equity instruments	822,613	50,361	-	772,252	822,613
Debt instruments	28,271,302	501,347	27,769,955	-	28,271,302
Derivative instruments					
Assets:					
Financial assets at fair value through profit or loss	$ 203,609	66,919	136,690	-	203,609
Liabilities:					
Financial liabilities at fair value through profit or loss	238,460	-	238,460	-	238,460
Assets that are not measured at fair value in the balance sheet					
Investments in debt instruments at amortized cost	33,956,687	13,772,914	20,471,534	-	34,244,448
Investment property	400,177	-	-	573,656	573,656

2) Definition of three-level fair value hierarchy

a) Fair value measurement for a financial instrument classified in Level 1 is determined as the quoted price for an identical financial instrument in an active market. The definition of active market has all of the following conditions: the products traded in the market are homogeneous, willing parties are available anytime in the market, and price information is available for the public. The Company' s investments in listed and TPEx securities, beneficiary certificates, Taiwan central government bonds, foreign government bonds and derivative financial instruments which have the quoted price in an active market are classified to Level 1.

b) Fair value measurement for a financial instrument classified in Level 2 is determined as the observable price other than quoted price in an active market including an observable input obtained in an active market, either directly (i.e., as prices) or indirectly (i.e., derived from prices). The Company' s investments in corporate bonds, financial debentures, convertible bonds and majority derivative instruments are classified to Level 2.

c) Input for a fair value measurement for a financial instrument classified in Level 3 is not based on obtainable data from the market (an unobservable input, such as volatility for a share option derived from the share's historical prices, as it does not generally represent current market expectations about future volatility).

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

3) Valuation techniques of financial assets and liabilities measured by fair value

If there is a quoted price in an active market for non-derivative financial assets and liabilities measured at fair value through profit or loss, the quoted price is regarded as its fair value. Financial instruments with public market prices (except for stocks and depositary receipt) such as government bonds use the latest trade price or reference theory price under OTC European Breakdown Tyre System as fair value. Foreign currency bonds use latest trade price as fair value. If there is no quoted price in an active market for the financial asset, its fair value is estimated on the basis of the result of a valuation technique that refers to quoted prices provided by financial institutions. The information is available for the Company. Financial derivative instruments with active market price use market value as fair value. When there is no active market price, valuation model is mainly adopted in evaluation. Derivative instruments－non-option use discounted cash flow method; derivative instruments－options mainly use Black-Scholes Model in evaluation.

4) Fair value adjustment

a) Valuation models' restriction and uncertainty inputs used to measure fair value

Although the outputs of the Company's valuation models are rough estimates, the inputs for a fair value measurement are based on daily obtainable data from the market during the valuation procedure. Thus the outputs of the Company' s valuation models can reflect current market situation and fairly present the financial instruments' fair value.

b) Credit risk valuation adjustments

Credit risk valuation adjustments can be classified into credit value adjustments and debit value adjustments. The definitions are as follows:

i) Credit value adjustments are the valuation adjustments of financial derivative instruments which were not traded in the listed market, but were traded over the counter. The adjustments will reflect in the fair value regarding the possibility that the counterparty may delay to pay the price and the Company may not collect all market value of the transactions.

ii) Debit value adjustments are the valuation adjustments of financial derivative instruments which were not traded in the listed market, but were traded over the counter. The adjustments will reflect in the fair value regarding the possibility that the Company may delay to pay the price and the Company may not pay all market value of the transactions.

The credit value adjustments are calculated based on the consideration of the counterparty's probability of default ("PD") (under the condition that the Company does not default), loss given default ("LGD") and exposure at default ("EAD"). On the other hand, the debit value adjustments are calculated based on the consideration of the Company's PD (under the condition that the counterparty does not default), LGD and EAD.

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

The Company use internal data or external collectable data to determine the counterparties' ratings and based on the latest rating to periodically update the corresponding probability of default. The counterparty's loss given default is set at 60% standard assumption, and its exposure at default of OTC derivative instruments is evaluated by mark to market.

5) Statements of changes in financial assets which were classified to Level 3 based on fair value measurement

	For the year ended December 31, 2020						
				Current increase	Current decrease		
	Beginning balance	Valuation adjustment recognized in current net profit	Valuation adjustment recognized in other comprehensive income	Purchase or issue	Sale, disposal, or settlement	Transfer out from level 3	Ending balance
Financial assets at fair value through other comprehensive income							
Equity instruments	$ 772,252	-	29,699	-	-	-	801,951

	For the year ended December 31, 2019						
				Current increase	Current decrease		
	Beginning balance	Valuation adjustment recognized in current net profit	Valuation adjustment recognized in other comprehensive income	Purchase or issue	Sale, disposal, or settlement	Transfer out from level 3	Ending balance
Financial assets at fair value through other comprehensive income							
Equity instruments	765,017	-	7,235	-	-	-	772,252

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

6) The quantitative information about the significant unobservable inputs (Level 3) used in fair value measurement

The investments classified into the Level 3 of the fair value hierarchy means that the measurement of the fair value of the investment parameters are not based on market availability of information, and must be based on assumptions to do the appropriate estimates and adjustments. The quantitative information on the significant unobservable inputs of the evaluation model used in the Level 3 fair value measurement project is as follows:

December 31, 2020			
Items	**Valuation techniques**	**The significant unobservable inputs**	**The relationship between the significant unobservable inputs and fair value**
Investments in equity instruments designated at fair value through other comprehensive income－non-listed and TPEx securities	Comparable company	· Evaluation multiplier is 0.79~7.41 · Lack of market liquidity discount is 23.15%~34.79%	· If the evaluation multiplier is higher, then the fair value will be higher · If the lack of market liquidity discount is higher, then the fair value will be lower
Investments in equity instruments designated at fair value through other comprehensive income－non-listed and TPEx securities	Discounted cash flow	· Long-term revenues growth rate is 0.00%~1.45% · WACC is 8.30%~11.51% · Lack of market liquidity discount is 19.78%~29.13%	· If the long-term revenues growth rate is higher, then the fair value will be higher · If the WACC is higher, then the fair value will be lower · If the lack of market liquidity discount is higher, then the fair value will be lower
Investments in equity instruments designated at fair value through other comprehensive income－non-listed and TPEx securities	Net assets value	· Net asset value · Lack of market liquidity discount is 20.93%	· Not applicable · If the lack of market liquidity discount is higher, then the fair value will be lower

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

December 31, 2019			
Items	**Valuation techniques**	**The significant unobservable inputs**	**The relationship between the significant unobservable inputs and fair value**
Investments in equity instruments designated at fair value through other comprehensive income－non-listed and TPEx securities	Comparable listed or TPEx company	· Evaluation multiplier is 0.77~7.67 · Lack of market liquidity discount is 20.09%~34.97%	· If the evaluation multiplier is higher, then the fair value will be higher · If the lack of market liquidity discount is higher, then the fair value will be lower
Investments in equity instruments designated at fair value through other comprehensive income－non-listed and TPEx securities	Discounted cash flow	· Long-term revenues growth rate is 0.00%~1.58% · WACC is 8.62%~11.89% · Lack of market liquidity discount is 19.96%~29.25%	· If the long-term revenues growth rate is higher, then the fair value will be higher · If the WACC is higher, then the fair value will be lower · If the lack of market liquidity discount is higher, then the fair value will be lower
Investments in equity instruments designated at fair value through other comprehensive income－non-listed and TPEx securities	Net assets value	· Net asset value · Lack of market liquidity discount is 23.27%	· Not applicable · If the lack of market liquidity discount is higher, then the fair value will be lower

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

7) Sensitivity analysis of reasonable substitute assumptions for fair value measurements categorized within Level 3 of the fair value hierarchy.

The Company's measurements of the financial instruments' fair value are reasonable. However, if the Company use different valuation models or inputs, the results will be different. For fair value measurements categorized within Level 3 of the fair value hierarchy, the effects of changes in inputs on profit and loss or other comprehensive income are as follows:

			Changes in fair value recognized in profit and loss		Changes in fair value recognized in other comprehensive income	
	Inputs	Upstream or downstream	Profitable changes	Unprofitable changes	Profitable changes	Unprofitable changes
December 31, 2020						
Financial assets at fair value through other comprehensive income						
Equity instruments－non-listed and TPEx securities	Evaluation multiplier	+1%	$ -	-	4,661	-
Equity instruments－non-listed and TPEx securities	Evaluation multiplier	-1%	-	-	-	(4,661)
Equity instruments－non-listed and TPEx securities	Lack of market liquidity discount	+1%	-	-	-	(10,294)
Equity instruments－non-listed and TPEx securities	Lack of market liquidity discount	-1%	-	-	10,294	-
Equity instruments－non-listed and TPEx securities	Long-term revenue growth rate	+0.1%	-	-	2,172	-
Equity instruments－non-listed and TPEx securities	Long-term revenue growth rate	-0.1%	-	-	-	(2,123)
Equity instruments－non-listed and TPEx securities	WACC	+1%	-	-	-	(22,662)
Equity instruments－non-listed and TPEx securities	WACC	-1%	-	-	30,791	-
December 31, 2019						
Financial assets at fair value through other comprehensive income						
Equity instruments－non-listed and TPEx securities	Evaluation multiplier	+1%	$ -	-	4,377	-
Equity instruments－non-listed and TPEx securities	Evaluation multiplier	-1%	-	-	-	(4,377)
Equity instruments－non-listed and TPEx securities	Lack of market liquidity discount	+1%	-	-	-	(9,941)
Equity instruments－non-listed and TPEx securities	Lack of market liquidity discount	-1%	-	-	9,941	-
Equity instruments－non-listed and TPEx securities	Long-term revenue growth rate	+0.1%	-	-	2,007	-
Equity instruments－non-listed and TPEx securities	Long-term revenue growth rate	-0.1%	-	-	-	(1,909)
Equity instruments－non-listed and TPEx securities	WACC	+1%	-	-	-	(21,055)
Equity instruments－non-listed and TPEx securities	WACC	-1%	-	-	28,413	-

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Above-mentioned favorable and unfavorable changes in sensitivity analysis of the Company means the fluctuation of fair value. The fair value is calculated based on the evaluation technology based on different levels of unobservable input parameters. The above table only reflects the impact of a single input value change and does not take into account the correlation and variability between the input values.

8) Valuation procedures of assets or liabilities categorized within Level 3 of the fair value hierarchy.

Subsequent valuation for investments in equity instruments – non-listed and TPEx securities please refer to Note 4(f) financial instruments.

(ii) Assets or liabilities that are not measured at fair value in the balance sheet

1) Since these instruments such as cash and cash equivalents, due from the central bank and call loans to banks, securities purchased under resell agreements, receivables, other financial assets, other assets, deposits from the central bank and other banks, due to the central bank and banks, securities sold under repurchase agreements and payables have short maturities or their book value are similar to the future receivable/payable amounts, the fair value of the financial instruments is estimated by their book value on the balance sheet date.

2) Deposits and remittance: Considering the nature of the banking industry, the decision maker of market interest rate (also referred to as market price), and most of the deposit transactions mature in one year, its book value is considered to be a reasonable basis in evaluating fair value. Among deposits, the fair value of long-term deposits with fixed interest rate should be evaluated by using discounted cash flow projections, and the longest maturity date is not more than 3 years. Therefore, it should be reasonable to evaluate its fair value with book value.

3) Loans discounted (including non-accrual loans): The interest rate that the Company uses in loans is basically based on floating rate, which can reflect the market rate. Therefore, it is reasonable to use its book value to evaluate the expected retrieve possibility.

4) Investments in debt instruments at amortized cost: The fair value is determined as the quoted price if an active market exists. If there was no quoted price, use counterparty's bid price or theory price calculated based on the financial assets' contract terms by using market risk management system – Risk Manager developed by MSCI as fair value.

5) Investment property: Please refer to Note 6(m).

6) Financial debentures: The financial debentures are all issued by the Company. Due to these bonds' coupon interest rate being almost equal to market interest rate, their fair value evaluated based on the present value of expected future cash flows are almost equal to book value.

7) Lease liabilities: Lease liability is measured at the present value of the lease payments that will be paid over the lease term in the future. The Company uses its incremental borrowing rate as the discount rate. Therefore, it should be reasonable to evaluate its fair value with present value.

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

8) Other financial liabilities, including principal of structured instruments. These kinds of liabilities' book value are pay out price so that book value should be the reasonable basis in evaluating these liabilities' fair value.

(iii) Transfer of financial assets

Transferred financial assets that are not derecognized in their entirety:

In daily transactions of the Company, most financial assets of the transferred financial assets that are not derecognized in their entirety are bonds sold under repurchase agreements. These transactions' collection right of contract cash flows had been transferred to the counter party, and these transactions reflect the related liabilities of the Company to buyback the transferred assets with fixed price in the future. Regarding these kinds of transactions, the Company cannot use, sell, or pledge these transferred assets during the effective contract periods, and the Company should bear interest risk and credit risk, thus they are recognized as transferred financial assets that are not derecognized in their entirety. The information of transferred financial assets that is not derecognized in their entirety is as follows:

	December 31, 2019				
Category of financial assets	Carrying amount of transferred financial assets	Carrying amount of related financial liabilities	Fair value of transferred financial assets (Note)	Fair value of related financial liabilities (Note)	Fair value net position (Note)
Investments in debt instruments at amortized cost					
Securities sold under repurchase agreements	$ 509,576	500,000	-	-	-

Note: The counter parties of securities sold under repurchase agreements with the Company have the rights of recourse not only on the transferred assets but also on the Company's assets. There is no need to disclose fair value of transferred assets, fair value of related financial liabilities and fair value of net position according to IFRS 7 p42 D (d).

(iv) Offsetting of financial assets and liabilities:

There are no financial instrument transactions of the Company that should adopt IAS 32 paragraph 42 accepted by FSC to offset related financial assets and liabilities and show net amount in the balance sheet.

The Company has financial assets subject to offsetting, enforceable master netting arrangements and similar agreements but do not meet the offsetting conditions of IFRS regulations, such as securities purchased under resell agreements, securities sold under repurchase agreements, and derivative financial instruments, etc. The transaction parties can choose to use net settlement or settle on a gross basis for above subject to offsetting, enforceable master netting arrangements and similar agreements. In the case of default when all the transactions with the counterparty are terminated, the other party who are not responsible for the default can choose net settlement.

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JIH SUN INTERNATIONAL BANK, LTD.
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Offsetting of financial assets and liabilities' information are as follows:

December 31, 2020

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the statement of financial position(b)	Net amounts of financial assets presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position		Net amount (e)= (c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 108,424	-	108,424	59,346	-	49,078
Securities purchased under resell agreements	4,997	-	4,997	4,997	-	-
Total	**$ 113,421**	**-**	**113,421**	**64,343**	**-**	**49,078**

December 31, 2020

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the statement of financial position(b)	Net amounts of financial liabilities presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position		Net amount (e)= (c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivative financial instruments	**$ 269,816**	**-**	**269,816**	**59,346**	**-**	**210,470**

December 31, 2019

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognized financial assets (a)	Gross amounts of recognized financial liabilities set off in the statement of financial position(b)	Net amounts of financial assets presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position		Net amount (e)= (c)-(d)
				Financial instruments (Note)	Cash collateral received	
Derivative financial instruments	$ 136,690	-	136,690	-	-	136,690
Securities purchased under resell agreements	5,982	-	5,982	5,982	-	-
Total	**$ 142,672**	**-**	**142,672**	**5,982**	**-**	**136,690**

December 31, 2019

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognized financial liabilities (a)	Gross amounts of recognized financial assets set off in the statement of financial position(b)	Net amounts of financial liabilities presented in the statement of financial position (c)=(a)-(b)	Related amounts not set off in the statement of financial position		Net amount (e)= (c)-(d)
				Financial instruments (Note)	Cash collateral pledged	
Derivative financial instruments	$ 238,460	-	238,460	-	-	238,460
Securities purchased under resell agreements	500,000	-	500,000	500,000	-	-
Total	**$ 738,460**	**-**	**738,460**	**500,000**	**-**	**238,460**

Note: Master netting arrangements and non-cash collaterals are included.

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JIH SUN INTERNATIONAL BANK, LTD.
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(v) Financial risk management

1) Overview

The purpose of the financial risk management of the Company gives consideration to the operation of financial business, the whole risk tolerance and law limitation, and maintains capital adequacy under affordable risks and assists in balancing risk and return.

The major risks the Company faced includes credit risk, market risk (including interest rate, foreign exchange, equity security and commodity risk) liquidity risk, and operational risk of on and off balance sheet items. To identify, measure, supervise, and control risk, the risk management policy or risk control regulations of the Company are approved through the board of directors.

2) Risk management organization structure

The board of directors is a risk management authority of the Company and its responsibility is to approve risk management regulations and risk limits. The risk management committee of financial holding company is a risk management supervision and decision making institution. Its responsibility is risk supervision and conducting with exceptional risk of financial holding company and the Company, and making some ways and strategies to hedge risk. The division of risk management is an independent department and is responsible for risk management of the Company under board of directors. The department of market risk, the department of credit risk, and the department of operation risk included in the division of risk management are responsible for planning and controlling of market risk, liquidity risk, credit risk, and operation risk and disperse regularly risk management to individual business departments.

3) Credit Risk

a) The definition of credit risk

Credit risk of the Company is the risk of financial loss if a client or counterparty fails to meet its contractual obligations. The scope of credit risk covers the credit risks on balance sheet, off-balance sheet, and its derivatives including credit check, credit, investment, loan overdue, credit risk mitigation instruments (including collateral, guarantees, and hedging) and derivatives trading.

b) The management policy of credit risk

i) To ensure that the credit risk is within a tolerable range. The credit risk management process of the Company includes identifying, assessing, measuring, supervising and reporting. In order to response to credit risks, if a client of consumer banking meets one of principles and conditions on the negative listing, the Company would not be willing to lend to avoid risk. As for corporate banking, the Company avoids choosing clients who have poor ratings, such as default, and warming clients. However, the Company still takes the extent of overall credit risk into account and assesses whether the collaterals or guarantees could reduce expected losses to a controllable level.

(Continued)

ii) The Company establishes a consistent method based on its business characteristics to evaluate asset quality and classification, calculates and controls its risk exposure and regularly reviews and verifies its allowance for bad debts. The credit assets of the Company are classified into 5 categories. Normal credit assets shall be classified as "Category One". According to the status of the loan collaterals and the length of overdue, the remaining unsound credit assets should be classified as category two to category five, and be named as attention, substandard, doubtful, and loss, respectively. To manage problematic credit, the Company will make regulations as the basis of management of problematic loans and remaining debt.

iii) Based on business characteristics and size, the Company builds up the grade of credit quality, supervises, collects credit information of all counterparties and credit clients, and sets up the management objectives through the regulations of credit risk management and credit policy to reduce default and concentration risks.

The systems of credit risk measurement are described as follows.

1. Corporate banking

To evaluate credit risk, the Company has to do credit investigation and financial analysis by using relevant information provided by the credit clients and conduct credit rating after understanding the profiles of companies and industry. To accurately quantify credit risks, the Company has to develop various probability of default models (PD models) and complete credit rating system of corporate banking. In addition to the probability of default model (PD), loss given default model (LGD) is also established by the Company. The properties of credit risk measurement system are:

a. Credit pricing: the risk premium is the expected loss which is measured by probability of default (PD), loss given default (LGD), and exposure at default (EAD), and it is treated as the basis of corporate credit pricing.

b. Risk concentration control: the credit rating generated by the corporate credit rating system is the basis of the Company' s corporate credit limits. The credit balance of each credit rating cannot exceed a certain percentage of the total corporate credit balance. Lower quality of credit is granted for high risk credit clients who have poor credit ratings.

c. Post-loan risk warning: credit rating is used in the post-loan management, and monitoring every warming situation.

d. Monitor the extent of credit risk: Monitors can evaluate the extent of credit risk based on the segregation method of credit rating, and corporate group.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

2. Consumer banking

   To measure credit risks of the credit clients, the Company must review the basic information such as age and occupation of the credit clients when doing consumer credit. To further quantify credit risks, the Company develops model to qualify risks of consumer banking. Currently the Company has established the scoring cards of credit loans, automobile loans, mortgage loans and credit cards, and has established the behavioral scoring card and the probability of default model (PD).

3. Investment

   The Company manages the risk of debt instrument by external institutions or internal mechanism such as credit rating, credit quality of bond, country, and counterparty risk to identify credit risk.

   The counterparties of the Company' s derivative transactions and financial peers shall be deemed as mostly above investment grade and will be controlled according to their credit limit (including interbank credit limit); for counterparties that have no credit rating or are classified as non-investment grade, the transactions are prohibited. For general customers, credit exposure is controlled in accordance with the derivative instrument risk limit that is approved when applying for the credit by following a general procedure.

4. Credit risk is divided into 4 categories and described as follows:

Category	Definition
Low risk	High transparency of information and strong capacity to meet debt obligations. Low probability of default.
Medium risk	Average transparency of information and capacity to meet debt obligations. Moderate probability of default.
High risk	Low capacity to meet debt obligations and is vulnerable to external economic conditions. High probability of default.
Default	Indicates that the company or the subject has failed to perform its obligations in accordance with the contract or in line with the Bank' s internal management system listed in the defaulter or default level. ◦

(Continued)

c) Judgment for the credit risk have increased significantly since the initial recognition

i) The Company assesses the change of default risk of various credit assets/financial assets during the expected duration of each reporting date to determine if the credit risk has increased significantly since initial recognition. In order to make this assessment, the Company considers that the credit risk has increased significantly since the initial recognition of reasonable and corroborative information (including forward-looking information). The main considerations include: significant downgrades of internal credit ratings or external evaluations of various types of credit assets, significant downgrades of the internal credit ratings or external evaluations of various types of financial assets, when contract payments/financial assets are overdue for more than 30 days, being included in the alert accounts, having bad credit noted accounts according to the Company's internal management system, credit risk of other financial instruments of the same borrower having been in default or credit impaired, etc.

ii) Low credit risk: If it is determined that the credit risk of various loans/financial assets at the reporting date is low, it can be assumed that the credit risk of various loans/financial assets has not increased significantly since the date of initial recognition.

d) Assets write-off policy

The Company determines the debts that cannot be recovered, which are reported to separate board of directors of separate company for approval and then written-off. If the debts are recovered after written-off, the balance of the allowance losses will be adjusted.

e) Definition of various loans/financial assets being default or credit impaired

The Company's definition of various loans/financial assets being default is the same as judgment of various loans/financial assets being credit impaired. If one or more of the following conditions are satisfied, the financial asset is determined to be in default and credit impaired:

i) Quantitative indicators: The borrower's payment stipulated in the contract is overdue for more than 90 days.

ii) Qualitative indicators: If there is evidence that the borrower will be unable to pay the contract, or show the borrower has significant financial difficulties, such as:

1. Applied for reorganization or bankruptcy proceedings.

2. The Company has listed as an overdue receivable.

3. According to the internal management system, it is included in the defaulting account or negotiated account.

(Continued)

4. According to the internal management system, has bad credit alert account, related loan and financial assets were judged as financial assets impaired.

5. The external rating is the default level.

iii) The aforementioned financial assets that have been in default or with credit impaired, if no longer meet the definition of default of contract and credit impairment, are deemed to return to the state of normal contract status (have been cured), and are no longer considered as financial assets that have been in default or credit impaired.

f) Measurement of expected credit loss (ECL)

i) Adopted methods and assumptions

For various types of credit assets/financial assets with low credit risk and no significant increase in credit risk since the initial recognition, the 12-month expected credit loss amount is used to measure the allowance loss. For various loans/financial assets that have been significantly increased in credit risk or credit impaired since the initial recognition, the lifetime expected credit loss amount is used to measure the allowance loss.

To measure the expected credit loss, consider the borrower' s/debtor' s probability of default (PD) for the next 12 months and its lifetime, and then include the loss given default (LGD) multiplied by exposure at default (EAD), and consider the impact of the time value of money, calculate the expected credit losses for 12 months and lifetime, respectively.

PD is the default probability of the borrower/debtor, and LGD is the rate of loss caused by default by the borrower/debtor. PD and LGD used in the impairment assessment for various loans businesses or investment business of the Company is calculated after adjusting historical data based on internal historical information (such as credit loss experience) of each combination, and based on the current observable information and forward-looking general economic information (such as unemployment rate, GDP, etc.) The Company' s relevant impairment assessments of investment business which used external credit rating to determine PD, calculated based on the corresponding rating of external credit rating and internal credit rating. The LGD of the Company's investment business is calculated based on recovery rate on Moody's various bonds (distinguished into secured main order bonds, unsecured main order bonds and subordinated debentures).

ii) Consideration of forward-looking information

When the Company measures ECL in various types of credit assets or financial assets, it takes forward-looking information into consideration, performs forward-looking model estimations based on the nature of different lending, and establishes credit risk link models based on past default rates and overall economic information. The model estimates the relationship between default rate and overall economic information, and establishes a

(Continued)

model to predict the forecast value of the overall economic information to predict the default rate in the next year. Then, forward-looking adjustments are made to the ECL. In principle, the validity of the above-mentioned forward-looking model is examined every year.

g) Policy of mitigation of credit risk

i) Collateral

For risk events with low probability of default but large loss given, the Company takes actions such as call for additional collateral, guarantor and on balance sheet netting in order to mitigate or transfer risks. When the credit cases are evaluated to be low probability of default and small loss given, the Company would bear the risk.

ii) Credit extension limit and credit risk concentration control

To avoid excessive concentration of credit risk, the Company has built up limits of credit balance for a same person, same related parties, same affiliated enterprises, same enterprise group and the category of industry, collaterals and countries, respectively.

iii) General conventions of net settlement

The transactions of the Company is usually settled on a gross basis, net settlement is set with certain counterparties or in the case of default when all the transaction with the counterparty are terminated and settled on a net basis to reduce credit risk.

h) Maximum exposure to credit risk

i) Without taking collateral or other credit enhancement instruments into account, the maximum exposure to credit risk of on balance sheet financial assets is equal to their book values and the maximum exposure to credit risk of off-balance sheet financial instruments are as follows:

	December 31, 2020	December 31, 2019
Various guarantee proceeds	$ 1,871,490	1,495,319
Unused amount of irrevocable letter of credit	433,431	232,736
Unused amount of irrevocable credit card commitments	18,849,033	19,407,216
Unused amount of irrevocable loan commitments	16,817,125	16,190,111
Total	**$ 37,971,079**	**37,325,382**

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

The related information of maximum exposure to credit risk about the on-balance sheet and off-balance sheet items held for collateral, netting agreements and other credit enhancement obtained is as follows:

December 31, 2020	Collateral	Netting agreements that do not qualify for offset in accordance with IAS 32	Other credit enhancement obtained	Total
On-balance sheet items				
Receivable from default settlement amount of derivative products	$ 12,222	-	-	12,222
Loans discounted	124,190,462	-	4,569,479	128,759,941
Off-balance sheet items				
Unused amount of irrevocable letter of credit	22,080	-	22,262	44,342
Various guarantee proceeds	9,750	-	679,978	689,728
Total	**$ 124,234,514**	**-**	**5,271,719**	**129,506,233**

December 31, 2019	Collateral	Netting agreements that do not qualify for offset in accordance with IAS 32	Other credit enhancement obtained	Total
On-balance sheet items				
Receivable from default settlement amount of derivative products	$ 13,847	-	-	13,847
Loans discounted	114,327,869	-	4,109,101	118,436,970
Off-balance sheet items				
Unused amount of irrevocable letter of credit	9,485	-	14,950	24,435
Various guarantee proceeds	15,950	-	723,836	739,786
Total	**$ 114,367,151**	**-**	**4,847,887**	**119,215,038**

ii) The related quantity information of credit impaired financial assets held for collateral, netting agreements and other credit enhancement obtained is as follows:

December 31, 2020	Collateral	Netting agreement	Other credit enhancement obtained	Total
On-balance sheet items				
Loans discounted	**$ 1,257,055**	**-**	**159,636**	**1,416,691**

December 31, 2019	Collateral	Netting agreement	Other credit enhancement obtained	Total
On-balance sheet items				
Loans discounted	**$ 654,316**	**-**	**17,808**	**672,124**

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

iii) The relevant collaterals and other credit enhancement disclosures of financial instruments not applied the impairment rules in IFRS 9

In order to reduce credit risk, the Company requires the counterparty based on the ISDA contract to provide Credit Support Annex (CSA) for derivative commodity transactions. Similar to the margin of margin trading, although both parties bear debts each other, due to changes in market prices, one party may incur losses due to insolvency. Therefore, even if the market price changes, the two parties will provide credit support items. The two parties will still perform their obligations or they will use the credit support provided by the defaulting party to protect the rights of the non-defaulting parties.

i) Information on concentrations of credit risk

Concentrations of credit risk exist when counter parties to financial instrument transactions are individuals or groups engaged in similar activities with similar economic characteristics, which would impair their ability to meet contractual obligations under negative economic or other conditions.

The credit risk concentration of the Company originates from assets, liabilities or off-balance sheet items that are generated by the transaction (irrespective of the product or service), performance, execution or cross category exposure combination, including credit extension, deposits and call loans to banks, securities investment, receivables, and derivatives instruments. There is no significant concentration of credit risk within the Company in terms of a single client or counterparty to a transaction, and the transaction amount of a single client or counterparty does not account for a significant amount of the Company balance of loans discounted and non-accrual account. The following table illustrates the diversification of the loan portfolio among geographical regions, industry sectors and collateral types.

i) By Industry

	December 31, 2020		December 31, 2019	
Industry	**Amount**	**%**	**Amount**	**%**
Private business	$ 76,580,021	45.66	80,850,202	48.23
Individual	89,551,962	53.40	84,719,691	50.53
Financial institution	1,568,885	0.93	2,078,804	1.24
Others	11,385	0.01	-	-
Total	**$ 167,712,253**	**100.00**	**167,648,697**	**100.00**

ii) By Area

The Company primarily engage its business in Taiwan and there is no significant geographically concentrated credit risk.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

iii) By Collateral

Collateral	December 31, 2020 Amount	December 31, 2020 %	December 31, 2019 Amount	December 31, 2019 %
No Collateral:				
Credit	$ 38,952,312	23.23	49,211,727	29.36
Collateral by:				
Stocks	14,956,886	8.92	15,258,936	9.10
Bonds	545,582	0.32	693,594	0.41
Real estate	109,558,213	65.32	98,754,058	58.91
Movables	1,956,258	1.17	1,998,950	1.19
Note receivable	634,510	0.38	775,644	0.46
Guaranty	879,381	0.52	656,273	0.39
Others	229,111	0.14	299,515	0.18
subtotal	128,759,941	76.77	118,436,970	70.64
Total	**$ 167,712,253**	**100.00**	**167,648,697**	**100.00**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

j) Credit quality analysis of financial assets

Some financial assets held by the Company, such as cash and equivalent cash, due from the Central bank, call loans to banks, financial assets at fair value through profit or loss, securities purchased under resell agreements, refundable deposits, interest receivable－due from the Central bank and government bonds, receivable from pre-issuing trading bonds, and other receivables－from joint filing of tax, are excluded from this analysis since most of the counterparty is normally with good credit quality and can be considered as low credit risk. Below tables provide the credit quality analysis for other financial assets.

i) Credit quality analysis of loans discounted as well as receivables

	December 31, 2020										
	12-month ECLs				Lifetime ECLs－without impairment				Lifetime ECL－with impairment	Accumulated impairment	Net amount
Items	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
On-balance sheet items											
Receivables											
－Credit card business	$ 141,437	94,688	33,387	269,512	290	37,028	95,047	132,365	43,170	17,428	427,619
－Interest receivable－loans	102,848	23,823	5,477	132,148	154	97	923	1,174	1,513	883	133,952
－Acceptances receivable	8,393	-	-	8,393	-	-	-	-	-	84	8,309
－Accounts receivable factoring without recourse	297,458	-	-	297,458	-	-	-	-	-	2,975	294,483
－Derivatives default settlement receivable	-	-	-	-	-	-	-	-	328,253	239,362	88,891
－Other receivables from counterfeit fraud and legal	-	-	-	-	-	-	-	-	2,728	2,728	-
Loans discounted	126,448,475	30,719,180	8,197,923	165,365,578	207,076	91,944	419,917	718,937	1,627,738	2,146,486	165,565,767
Other financial assets											
－Temporary payments for others	201,759	41,753	1,322	244,834	403	6,120	4,068	10,591	220	2,298	253,347
Off-balance sheet items											
Guaranty	1,810,990	60,500	-	1,871,490	-	-	-	-	-	18,715	1,852,775
Letter of Credit	383,273	43,998	-	427,271	-	-	6,160	6,160	-	157	433,274
Loan commitment	61,602,946	21,163,922	2,171,549	84,938,417	21,133	161,834	247,836	430,803	16,658	21,546	85,364,332
Total	**$ 190,997,579**	**52,147,864**	**10,409,658**	**253,555,101**	**229,056**	**297,023**	**773,951**	**1,300,030**	**2,020,280**	**2,452,662**	**254,422,749**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

	December 31, 2019										
	12-month ECLs				Lifetime ECLs－without impairment				Lifetime ECL－with impairment	Accumulated impairment	Net amount
Items	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total			
On-balance sheet items											
Receivables											
－Credit card business	$ 175,498	119,666	42,485	337,649	381	51,069	103,807	155,257	50,017	21,614	521,309
－Interest receivable－loans	128,686	38,174	4,946	171,806	221	501	825	1,547	1,382	759	173,976
－Acceptances receivable	53,266	8,156	-	61,422	-	-	-	-	-	614	60,808
－Accounts receivable factoring without recourse	-	299,928	-	299,928	-	-	-	-	-	2,999	296,929
－Derivatives default settlement receivable	-	-	-	-	-	-	-	-	405,823	309,604	96,219
－Other receivable from counterfeit fraud and legal advances	-	-	-	-	-	-	-	-	2,949	2,949	-
Loans discounted	126,211,785	34,731,607	4,865,186	165,808,578	215,866	176,343	322,951	715,160	1,124,959	2,119,313	165,529,384
Other financial assets											
－Temporary payments for others	236,902	47,570	1,726	286,198	407	7,027	4,773	12,207	183	2,418	296,170
Off-balance sheet items											
Guaranty	1,418,843	70,060	-	1,488,903	-	-	-	-	6,416	15,305	1,480,014
Letter of Credit	207,293	25,443	-	232,736	-	-	-	-	-	34	232,702
Loan commitment	68,266,106	19,429,137	2,226,352	89,921,595	21,383	103,833	50,913	176,129	7,926	19,440	90,086,210
Total	**$ 196,698,379**	**54,769,741**	**7,140,695**	**258,608,815**	**238,258**	**338,773**	**483,269**	**1,060,300**	**1,599,655**	**2,495,049**	**258,773,721**

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

ii) Credit quality analysis of security investments

	December 31, 2020										
	12-month ECLs				Life time ECLs－without impairment				Life time ECLs－with impairment		
Items	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total		Total	Accumulated impairment
Financial assets at fair value through other comprehensive income											
－Debt instruments	$ 31,170,388	-	-	31,170,388	-	-	-	-	-	31,170,388	12,449
Investments in debt instruments at amortized cost											
－Debt instruments	34,634,468	-	-	34,634,468	-	-	-	-	-	34,634,468	4,356
Total	$ 65,804,856	-	-	65,804,856	-	-	-	-	-	65,804,856	16,805

	December 31, 2019										
	12-month ECLs				Life time ECLs－without impairment				Life time ECLs－with impairment		
Items	Low risk	Medium risk	High risk	Total	Low risk	Medium risk	High risk	Total		Total	Accumulated impairment
Financial assets at fair value through other comprehensive income											
－Debt instruments	$ 28,271,302	-	-	28,271,302	-	-	-	-	-	28,271,302	9,086
Investments in debt instruments at amortized cost											
－Debt instruments	33,960,086	-	-	33,960,086	-	-	-	-	-	33,960,086	3,399
Total	$ 62,231,388	-	-	62,231,388	-	-	-	-	-	62,231,388	12,485

k) Disclosures required by the Regulations Governing the Preparation of Financial Reports by Public Banks

i) Asset quality

Unit: in thousands of New Taiwan Dollars, %

Business／Items			December 31, 2020				
			Non-performing loans	Total loans	Non-performing loans ratio	Allowance for bad debts	Coverage ratio of allowance for bad debts
Corporate banking	Secured		243,019	46,760,764	0.52 %	633,909	260.85 %
	Unsecured		58,924	42,635,904	0.14 %	485,329	823.65 %
Consumer banking	Residential mortgages		50,807	44,123,488	0.12 %	663,084	1,305.10 %
	Cash cards		-	-	- %	-	- %
	Micro-credit loans		606	426,243	0.14 %	6,441	1,062.87 %
	Other	Secured	61,825	33,532,786	0.18 %	347,195	561.58 %
		Unsecured	2,416	233,068	1.04 %	10,528	435.76 %
Total loan business			417,597	167,712,253	0.25 %	2,146,486	514.01 %
			Overdue accounts	Receivables	Overdue accounts ratio	Allowance for bad debts	Coverage ratio of allowance for bad debts
Credit card business			2,088	700,692	0.30 %	19,726	944.73 %
Factoring receivables－without recourse			-	297,458	- %	2,975	- %

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

Business／Items			December 31, 2019				
			Non-performing loans	Total loans	Non-performing loans ratio	Allowance for bad debts	Coverage ratio of allowance for bad debts
Corporate banking	Secured		40,604	39,831,807	0.10 %	496,381	1,222.49 %
	Unsecured		91,449	52,490,050	0.17 %	619,684	677.63 %
Consumer banking	Residential mortgages		46,855	45,439,256	0.10 %	681,358	1,454.18 %
	Cash cards		-	-	- %	-	- %
	Micro-credit loans		1,069	446,981	0.24 %	8,226	769.50 %
	Other	Secured	69,366	29,154,226	0.24 %	299,673	432.02 %
		Unsecured	2,639	286,377	0.92 %	13,991	530.16 %
Total loan business			251,982	167,648,697	0.15 %	2,119,313	841.06 %
			Overdue accounts	Receivables	Overdue accounts ratio	Allowance for bad debts	Coverage ratio of allowance for bad debts
Credit card business			2,034	841,511	0.24 %	24,032	1,181.51 %
Factoring receivables－without recourse			-	299,928	- %	2,999	- %

Note 1: Non-performing loans represent the amount of overdue loans as reported in accordance with the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans." The credit card overdue loans represent the amount of overdue loans as reported in accordance with Jin-Kuan-Yin-(4)-Zi No. 0944000378, dated July 6, 2005.

Note 2: Non-performing loans ratio = Non-performing loans ÷ Total loans; Credit card delinquency ratio = Overdue receivables ÷ Balance of receivables.

Note 3: Coverage ratio of allowance for bad debts = Allowance for credit losses ÷ Non-performing loans; Coverage ratio for credit card = Allowance for credit losses ÷ Overdue receivables.

Note 4: For residential mortgage loans, a borrower provides his/her (or spouse' s or minor child' s) house as collateral in full and pledges it to the financial institution for the purpose of obtaining funds to purchase property and to construct or repair a house.

Note 5: Microcredit loans are defined by Jin-Kuan-Yin-(4)-Zi No. 09440010950, dated December 19, 2005, and they do not include credit cards or cash cards.

Note 6: Others in consumer banking are secured and unsecured consumer loans other than residential mortgage loans, cash cards, and microcredit loans, and do not include credit cards.

Note 7: In accordance with Jin-Kuan-Yin-(5)-Zi No. 094000494, dated July 19, 2005, the amounts of without-recourse factoring will be classified as overdue receivables within three months from the date that suppliers or insurance companies resolve not to compensate the loss.

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

ii) The information below show supplemental disclosures of the Company' s loans and receivables that may be exempted from reporting as non-performing loans and overdue receivables, respectively.

Unit: in thousands of New Taiwan Dollars

	December 31, 2020		December 31, 2019	
	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables	Loans may be exempted from reporting as a non-performing loan	Receivables may be exempted from reporting as overdue receivables
Pursuant to a contract under a debt negotiation plan (Note 1)	12,144	-	18,577	-
Pursuant to a contract under a debt liquidation plan and a debt relief plan (Note 2)	8,179	4,720	11,684	4,875
Total	20,323	4,720	30,261	4,875

Note 1: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09510001270, dated April 25, 2006, a bank is required to make supplemental disclosure reporting credit information which was approved under the " Debt Coordination Mechanism of Unsecured Consumer Debts by the Bankers Association of the R.O.C".

Note 2: In accordance with Jin-Kuan-Yin-(1)-Zi No. 09700318940, dated September 15, 2008, a bank is required to make supplemental disclosure reporting credit information once debtors apply for pre negotiation, relief and liquidation under the "Consumer Debt Clearance Act."

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Notes to the Financial Statements

iii) Concentration of credit extensions

Unit: in thousands of New Taiwan Dollars, %

December 31, 2020			
Rank	**Enterprise group**	**Credit amount**	**Credit amount to shareholders' equity ratio (%)**
1	A GROUP－Real Estate Development	3,470,909	15.10 %
2	B GROUP－Real Estate Development	2,664,276	11.59 %
3	C GROUP－Manufacture of Man-made Fibers	2,443,500	10.63 %
4	D GROUP－Other Amusement and Recreation Activities	2,306,830	10.04 %
5	E GROUP－Manufacture of Other Electronic Parts and Components Not Elsewhere Classified	2,189,840	9.53 %
6	F GROUP－Freight Truck Transport	1,986,989	8.64 %
7	G GROUP－Financial Leasing	1,848,700	8.04 %
8	H GROUP－Manufacture of Other Plastic Products	1,823,596	7.93 %
9	I GROUP－Ocean Freight Transportation Forwarding Services	1,711,625	7.45 %
10	J GROUP－Manufacture of Other Electronic Parts and Components Not Elsewhere Classified	1,676,565	7.29 %

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JIH SUN INTERNATIONAL BANK, LTD.
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December 31, 2019			
Rank	**Enterprise group**	**Credit amount**	**Credit amount to shareholders' equity ratio (%)**
1	A GROUP－Real Estate Development	3,485,444	15.57 %
2	B GROUP－Financial Leasing	2,672,101	11.94 %
3	C GROUP－Other Amusement and Recreation Activities	2,375,230	10.61 %
4	D GROUP－Manufacture of Man-made Fibers	2,368,695	10.58 %
5	E GROUP－Manufacture of Other Electronic Parts and Components Not Elsewhere Classified	1,934,140	8.64 %
6	F GROUP－Ocean Freight Transportation Forwarding Services	1,853,395	8.28 %
7	G GROUP－Ocean Transportation	1,767,373	7.89 %
8	H GROUP－Manufacture of Sheet Glass and Sheet Glass Products	1,643,530	7.34 %
9	I GROUP－Wholesale Electronic and Communication Equipment and Parts	1,621,688	7.24 %
10	J GROUP－Manufacture of Other Computer Peripheral Equipment	1,621,369	7.24 %

4) Liquidity Risk

a) Definition and sources of liquidity risk

Liquidity risk of the Company refers to the inability to liquidate assets or obtain financing to meet its due obligations, and thus impact the Company's earnings or shareholders' equity.

b) Management policy of liquidity risk

i) Strategy

In addition to meeting the relevant liquidity preparation requirements of the competent authorities and the minimum current ratio, a liquidity analysis, management indicators and quotas of indicators shall be established so as to formulate response strategies and prevent liquidity crisis occurring.

(Continued)

ii) Management process

1. Financial investment division uses the daily estimated funding gap as the basis for allocation of funds.

2. The Company conducts stress tests of liquidity to assess the level of risk it can bear when encountering crisis and the result will be reported to the risk management division and top management.

3. The Company convenes "Asset Liability Management Committee" every month to review the Company's liquidity risk.

4. Risk management division monitors external warning indicators to control the flexibility risk alert.

5. Risk management division produces liquidity risk management report to top management every month. The report includes internal indicators of the Company's liquidity risk management and tables of gap analysis. The risk management division monitors and analyzes the liquidity risk profiles then submits a report to the Assets and Liabilities Management Committee, and together with the monthly liquidity risk analysis report will be reported to the top management, audit committee and board of directors.

iii) Evaluation method

1. Prepare tables of structure analysis of maturity in accordance with the competent authority.

2. Prepare tables of funding gap that predicts the loan and deposit in NTD and foreign currency in three months in order to assess the fund liquidity analysis.

3. The internal indicators of liquidity risk management are "LTD ratio of NTD and foreign currency", "liquidity reserve ratio", "ratio of the amount of liquidity gap of new Taiwan dollar that will mature within 30 days to total assets", "liquidity coverage ratio" and "net stable funding ratio". Limit of indicators are set in accordance with risk tolerance level to develop coping strategies.

4. In addition to internal indicators, the Company also uses external indicators. For example when its credit ratings are downgraded or when it's significantly penalized by the competent authority, contingency measures will be initiated by the emergency response team.

5. Setting scenarios for stress test for liquidity is in order to assess the Company's duration under stress scenarios. Appropriate strategies for capital allocation and countermeasures are developed when it's necessary.

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JIH SUN INTERNATIONAL BANK, LTD.
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6. The Company sets " Business Crisis Contingency Measures" in accordance with the "Operational Measures when Handling Business Crisis for Financial Institutions" issued by FSC. When the Company faces abnormal deposits withdrawals, a serious shortage of funds or other huge loss of liquidity, relevant procedures will be carried out.

c) Maturity analysis of non-derivatives liabilities

Table below shows the analysis of cash outflows of non-derivatives liabilities based on time remaining until the contractual maturity date. The amount disclosed is based on the contractual cash flows and may be different from that included in the balance sheets.

	December 31, 2020					
	0-30 days	31-90 days	91-180 days	181 days-1year	Over 1 year	Total
Deposits from the central bank and other banks	$ 1,287,461	1,059,922	1,730,090	314,661	4,015,175	8,407,309
Due to the central bank and banks	-	-	130,800	-	-	130,800
Lease liabilities	16,530	31,945	47,499	77,430	393,935	567,339
Payables	1,027,197	93,831	389,042	70,496	39,255	1,619,821
Deposits and remittances	37,544,547	22,999,376	17,610,676	36,648,726	121,324,656	236,127,981
Financial debentures payable	-	-	-	-	2,500,000	2,500,000
Other financial liabilities	-	33,863	26,537	105,389	267,500	433,289

	December 31, 2019					
	0-30 days	31-90 days	91-180 days	181 days-1year	Over 1 year	Total
Deposits from the central bank and other banks	$ 3,341,291	690,982	1,694,022	984,064	3,404,145	10,114,504
Lease liabilities	16,446	32,764	48,582	79,807	283,212	460,811
Securities sold under repurchase agreements	-	500,000	-	-	-	500,000
Payables	605,090	127,680	306,774	260,703	47,430	1,347,677
Deposits and remittances	28,411,271	23,903,851	19,484,953	48,449,072	102,284,468	222,533,615
Financial debentures payable	-	-	-	-	2,500,000	2,500,000
Other financial liabilities	28,226	-	21,663	-	310,294	360,183

d) Maturity analysis of derivatives liabilities

Table below shows the analysis of cash outflows of derivatives liabilities based on the maturity date.

	December 31, 2020					
	0-30 days	31-90 days	91-180 days	181 days-1year	Over 1 year	Total
Derivative financial liabilities at fair value through profit or loss						
—Forward contracts	$ 3,208	-	-	-	-	3,208
—Foreign currency swap	28,126	-	-	-	-	28,126
—FX options	649	289	3,382	110	65,978	70,408
—Interest rate instruments	162,430	-	-	-	-	162,430
—Equity instruments	5,644	-	-	-	-	5,644
Total	**$ 200,057**	**289**	**3,382**	**110**	**65,978**	**269,816**

(Continued)

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	December 31, 2019					
	0-30 days	31-90 days	91-180 days	181 days-1year	Over 1 year	Total
Derivative financial liabilities at fair value through profit or loss						
－Forward contracts	$ 2,940	-	-	-	-	2,940
－Foreign currency swap	7,683	-	-	-	-	7,683
－FX options	4,345	-	1,548	-	95,953	101,846
－Interest rate instruments	122,715	-	-	-	3,276	125,991
Total	$ 137,683	-	1,548	-	99,229	238,460

e) Maturity analysis of off-balance sheet items

Table below shows the maturity analysis of off-balance sheet items for the Company. The amount of the guarantee and committed credit lines will be allocated to the earliest period when such obligation can be exercised anytime by clients.

Unit: in thousands of New Taiwan Dollars

	December 31, 2020					
	0-30 days	31-90 days	91-180 days	181 days-1year	Over 1 year	Total
Amount of irrevocable credit commitments of credit card	$ 120	1,056,951	1,084,803	5,323,355	11,383,804	18,849,033
Unused amount of issued letter of credit	27,878	299,332	106,221	-	-	433,431
Various guarantee proceeds	751,300	390,696	70,000	120,000	539,494	1,871,490
Amount of issued and irrevocable loan commitments	2,371,821	2,802,339	3,832,836	5,449,688	2,360,441	16,817,125

	December 31, 2019					
	0-30 days	31-90 days	91-180 days	181 days-1year	Over 1 year	Total
Amount of irrevocable credit commitments of credit card	$ 400	33,060	158,521	389,913	18,825,322	19,407,216
Unused amount of issued letter of credit	29,079	200,634	3,023	-	-	232,736
Various guarantee proceeds	449,086	340,600	78,983	83,060	543,590	1,495,319
Amount of issued and irrevocable loan commitments	2,729,494	2,799,069	2,892,551	5,140,934	2,628,063	16,190,111

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f) Maturity analysis of capital expenditure commitment

The capital expenditure commitment of the Company is the contractual commitments signed for obtaining buildings and equipment.

Maturity analysis of capital expenditure commitment of the Company is as follows:

	December 31, 2020	December 31, 2019
Less than one year	$ 9,909	22,662
Between one and five years	22,421	5,110
	$ 32,330	**27,772**

5) Market Risk

a) Sources and definition of market risk

Market risk results from the changes in market prices, such as interest rates, foreign exchange rates, stocks prices and commodity prices, and will cause the risk of loss.

b) Market risk management policy

i) Strategy

1. The market risk positions of the Company are monitored in accordance with the limit of indicators approved by the board of directors.

2. To fulfill market risk management and the operational goals of the Company, the risk management division of the Company complies with the Company's Risk Management Rules and Market Risk Management Measures.

3. Establishing market risk management mechanism helps effectively monitor the financial instruments positions of the Company, including limitation management, profit and loss evaluation, stress test execution, and risk measurement. All of above will be reported to the top management as references for decision making.

ii) Policies and procedures

In order to establish the market risk management mechanism of the Company and its operating segments and to ensure that market risk is within the tolerable range, rules, approaches and operating articles are enacted by the Company and its operating segments. These regulations would help the Company and its operating segments effectively monitor all possible risks deriving from financial instruments.

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JIH SUN INTERNATIONAL BANK, LTD.
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c) Market risk management process

i) Recognition and evaluation

To effectively evaluate the degree of market risk exposure, the Company has set management indicators and its limit by establishing scientific methods and system of market risk management. The evaluation can serve as a basis to manage and monitor the Company's possible market risk. The Company's internal market risk estimation model includes interest rate, foreign exchange, equity, product and other risk factors. In addition to the traditional control methods such as authorize position limit, stop-loss limit, limit of risk indicators (e.g., Greeks, DVO1……), Value at Risk (VaR), stress test and limit on permission suspension are applied to measure market risk. Nevertheless, when data is applied for stress test, in the extreme scenario the monitor and management of limit is valued as the whole financial holding company.

ii) Monitoring and reporting

1. Risk management department of each business unit：

Daily supervision is conducted by each business unit by following related internal policies and executing hierarchical authorization control. Furthermore, reports should be submitted. When a divergence or exception occurs, an analysis should be accompanied with the report. When submitting a report, one should not only follow the Company's notification procedures, but also send notification to risk management division. If the risk indicator is within the limit, senior management of the Company should approve further measures. If the loss of a business unit exceeds its limit, it should ameliorate within a period of time unless the character of the business operation unit requires seeking approval from the senior management of the Company. When a period of time the within loss can't be dropped below the limit, the business operation unit needs to take specific handling procedures. If necessary, the financial holding company's risk management committee should be held to come up with a resolution.

If the business units of the Company have the conditions of exception management, they should get an approval from the supervisor of the competent authority according to the current regulations. In addition to that, the business units should establish clear rules and rereview the conditions of exception management at least semi-annually. The review report should to be resubmitted to the supervisor of the competent authority for approval. However, in the event of a major market emergency or anomaly, the conditions of exception management should be reviewed immediately and resubmitted to the supervisor of the competent authority for approval.

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2. Risk management division：

   In compliance with the financial holding company's risk management mechanism, risk management division would supervise the indicators of market risk of the Company and its managed business unit on the daily basis. If the Company's risk indicator exceeds the limit, risk management division should analyze the irregularity and report to the Company's senior management. If necessary, the financial holding company's risk management committee of the Company should be held and the case should be immediately reported to the Company's board meeting.

d) Trading book risk management policies

Trading book is established in compliance with the rule of "the Methods for calculating Bank's regulatory capital and Risk Weighted Assets". Trading book includes the position of financial instruments and physical products which are evaluated frequently and actively managed for trading or for hedging.

i) Strategies

1. Intend to make a profit through the spreads of actual or expected price of held position.
2. Intend to make a profit through the changes of other prices or interest rate of held position.
3. Position held for the brokerage and proprietary business.
4. Position held for offsetting all or most of the risks of another asset positions or portfolios on trading book.
5. Other all transactions under predetermined investment limit.

ii) Policies and procedures

Financial Investment Limit Authorization and Suspension Policies of the Division of Investments is established by the Company as a basis of governance of trading book.

iii) Evaluation policy

Position of trading book is evaluated daily according to its fair value or models. Market price data needed by the valuation models should be updated daily.

iv) Measurement approach

1. The assumptions and calculations of Value at Risk (VaR) refer to i. Technique of market risk valuation i. Value at Risk (VaR).

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2. Stress tests carried out by the Company include single-factor sensitivity test, historical scenario test and custom scenario test. These tests are conducted to understand the influence on the Company' s existing trading portfolio assuming a recurrence of significant international and domestic events or an occurrence of customized extreme condition and to verify extreme situation which may cause extraordinary loss.

e) Trading book interest rate risk management

i) The Definition of interest rate risk

Interest rate risk means the earnings and fair value of positions on the trading book suffer losses due to changes in interest rates. Primary interest rate related instruments include domestic and overseas bonds/notes, interest rate derivative instruments, domestic and overseas interest rate futures and the interest rate derivative instruments issued by the Company and its hedging position.

ii) Management procedure of trading book

In order to effectively supervise the interest rate risk and the possible effect on the Company's profitability, authorized trading limit, suspension limit and limit of related risk indicator are established for each business unit, traders and interest related product.

iii) Measurement approach

DVO1 limit is set for domestic and overseas bonds/notes, interest rate derivative instruments, domestic and overseas interest rate futures, and interest rate derivative instruments issued by the Company and related hedged positions.

f) Banking book interest rate risk management

Interest rate risk refers to the risk that the economic value of earnings and assets and liabilities will be impacted due to adverse changes in interest rates.

i) Strategies

In order to decrease the degree of interest risk exposure, the Company has built up interest-rate-sensitive balance sheet, analyzed interest sensitive gap table, indicators of banking book interest rate risk management and established limit of indicators for setting strategies and hedging programs.

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

ii) Management process

1. Identification and measurement

Interest-rate-sensitive balance sheet system is established by the Company to measure the Company's interest rate risk of banking book. The system includes the Company's on and off-balance sheet's asset and liability positions in New Taiwan Dollars and US Dollars. And the system is applied to observe the influence on the Company's economic value and the following year's net interest revenue, if a change in interest rate occurs.

2. Monitor and report

a. Monitoring the banking book interest rate risk exposure and reviewing indicators of banking book interest rate risk management on the monthly basis. During the Asset Liability Committee, a report should be put forward. Moreover, a report of interest rate risk management analysis should be submitted to senior management, audit committee and board of directors.

b. Holding the Asset Liability Committee on a monthly basis and the committee should examine interest rate risk.

c. When the Company's banking book interest rate risk exceeds the predetermined threshold (medium and high risk or up), the risk management division should analyze and report to Asset Liability Committee and the parent company's risk management committee. Furthermore, possible walk around is developed with the consideration of the Company's ability to sustain the interest risk regarding its eligible capital.

3. Measurement

Analyzing the possible economic effect as the parallel shift of interest rate at 200 bps divided by eligible capital is the main indicator used to measure interest rate risk.

g) Foreign exchange risk management

i) The definition of foreign exchange risk

The foreign exchange risk shall mean the potential loss of an exchange of two different currencies at different period of time. The main foreign exchange products operated by the Company are non-option foreign exchange products, foreign exchange options, and the foreign exchange derivative instruments issued by the Company and its hedged position.

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JIH SUN INTERNATIONAL BANK, LTD.
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ii) Foreign exchange risk management policies, procedures and evaluation methods.

1. In order to effectively manage the risk incurred due to foreign exchange market operation and gauge the influence on the Company' s profit, transaction limit, stop-loss limit and related risk indicator are established to each business unit, traders and foreign exchange related products.

2. Overall and individual position' s limit of every kinds of foreign currency position are set by the Company' s operation of non-option foreign exchange products, including spot exchange, forward exchange, foreign exchange swap and NDF and foreign exchange rate futures.

3. Overall and individual position's Greeks limit (e.g., Delta, Gamma and Vega) are set for the operation of foreign exchange option.

4. Gap exposure, overall and individual position's Greeks limit (i.e. Delta, Gamma and Vega) are set for foreign exchange derivative instruments issued by the Company and related hedged position.

h) Management of price risk of equity securities

i) The definition of equity security risk

Equity security market risk includes specific risk incurs due to the price change of a specific equity security and a general market risk incurs due to the price change of whole market. Primary equity instruments held in the Company's trading portfolios include listed and OTC stocks, ETF and stock equity funds, domestic and oversea equity index futures, domestic equity index options, stock futures, warrants, convertible bonds, securities lending of convertible bonds and the equity derivative instruments issued by the Company and its hedged position.

ii) Equity securities risk management policies, procedures and evaluation methods

1. In order to efficiently control the risks which arise from trading of equity securities and the impact on profits, the Company regulates the authorized transaction limit, stop limit and related risk indicator for each business unit, traders and other equity security instruments.

2. Alert for a decline of single share and stop-loss percentage are set for listed stock, convertible bond, securities lending of convertible bonds, ETF and stock mutual funds.

3. Greeks limit (e.g., Delta, Gamma and Vega) is set for equity instruments.

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JIH SUN INTERNATIONAL BANK, LTD.
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i) Technique of market risk valuation

i) Value at Risk (VaR)

Incompliance with Basel Internal Model Approach for Market Risk, the Company updates market data on a daily basis. Exponentially-weighted moving average (EWMA) is applied to compute volatility based on the market price range for the past year. Additionally, correlation of different market risk factor is considered and assumption of price changed of risk factor follow certain pattern is made. With an assistance of a computer, simulation of possible price path is identified. The Company uses the simulation as the basis of investment portfolio' s profit allocation. Monte Carlo simulations may be applied to compute Value at Risk of 99% confidence interval. Variance-covariance matrices or Historical simulations can also be applied. Furthermore, the Company would exercise back testing to evaluate the appropriateness of Value at Risk model on a daily basis.

Unit: in thousands of New Taiwan Dollars

99%C.L.1 day(VaR)	**For the year ended December 31, 2020**		
	Average	**The highest**	**The lowest**
Exchange instrument	797	889	225
Interest instrument	1,948	7,008	849
Equity instrument	1,463	334	453
VaR	2,530	6,953	973

99%C.L.1 day(VaR)	**For the year ended December 31, 2019**		
	Average	**The highest**	**The lowest**
Exchange instrument	2,282	3,161	451
Interest instrument	3,112	7,387	890
Equity instrument	2,635	-	-
VaR	4,365	9,740	757

Note: The risk value of exchange, interest rate and equity instrument showed on the highest and the lowest column in the table are disclosed on the dates with the highest and lowest VaR during the period.

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JIH SUN INTERNATIONAL BANK, LTD.
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ii) Stress Testing

Stress test is exercised to evaluate the greatest potential loss of risk-weighted assets under the worst hypothetical scenarios. The test is composed by three parts: (1) Single-Factor Sensitivity Test: The purpose of this test is to observe the change on a portfolio's value whenever a specific risk factor changes. Assuming that the risk factor is the stock price of common stocks, the single-factor sensitivity test is to evaluate the value change on a portfolio when the stock price changes. (2) Historical Scenario Test: The purpose of this test is to simulate the portfolio under a historical event, where the portfolio is applied to following the historical returns. (3) Custom Scenario Test: This test is similar to the single-factor sensitivity test and in addition, takes the correlation of risk factors into consideration.

iii) Sensitivity analysis

Summary of sensitivity analysis are as follows:

Unit: in thousands of New Taiwan Dollars

December 31, 2020			
		Amount	
Risk items	Movement	Profit and loss	Equity
Interest Rate Risk	Interest rate curve shift up 100bps	14,154	(365,687)
	Interest rate curve shift down 100bps	(13,250)	372,632
Foreign Exchange Rate Risk	Foreign currency appreciate 7% against NTD	789	590,211
	Foreign currency depreciate 7% against NTD	(698)	(590,211)
Equity Price Risk	Equity price appreciate 20%	-	1,182
	Equity price depreciate 20%	-	(1,182)

December 31, 2019			
		Amount	
Risk items	Movement	Profit and loss	Equity
Interest Rate Risk	Interest rate curve shift up 100bps	84,944	(400,356)
	Interest rate curve shift down 100bps	(82,351)	316,786
Foreign Exchange Rate Risk	Foreign currency appreciate 7% against NTD	(20,376)	629,910
	Foreign currency depreciate 7% against NTD	20,376	(629,910)
Equity Price Risk	Equity price appreciate 20%	-	10,072
	Equity price depreciate 20%	-	(10,072)

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j) Exchange rate risk concentration information

Unit: in Thousands of New Taiwan Dollars

	December 31, 2020		
	Foreign currency amount	Exchange rate	NTD amount
Financial assets			
Monetary items			
USD	$ 971,648	28.4650	27,657,948
JPY	1,863,722	0.2760	514,387
EUR	24,945	34.9950	872,963
AUD	87,125	21.9540	1,912,751
HKD	129,777	3.6720	476,539
CNY	1,200,597	4.3750	5,252,612
ZAR	622,249	1.9460	1,210,897
Others (Note)	-	-	129,476
Financial liabilities			
Monetary items			
USD	$ 984,363	28.4650	28,019,882
JPY	1,856,456	0.2760	512,382
EUR	16,288	34.9950	570,002
AUD	62,206	21.9540	1,365,678
HKD	212,728	3.6720	781,137
CNY	992,309	4.3750	4,341,350
ZAR	614,606	1.9460	1,196,023
Others (Note)	-	-	287,862

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	December 31, 2019		
	Foreign currency amount	Exchange rate	NTD amount
Financial assets			
Monetary items			
USD	$ 999,597	30.0970	30,084,872
JPY	2,471,469	0.2771	684,844
EUR	9,682	33.7300	326,575
AUD	74,352	21.0930	1,568,299
HKD	88,696	3.8650	342,809
CNY	1,188,888	4.3210	5,137,186
ZAR	354,832	2.1410	759,695
Others (Note)	-	-	159,445
Financial liabilities			
Monetary items			
USD	$ 941,138	30.0970	28,325,442
JPY	2,466,826	0.2771	683,558
EUR	13,638	33.7300	460,008
AUD	58,302	21.0930	1,229,754
HKD	188,753	3.8650	729,530
CNY	1,191,266	4.3210	5,147,460
NZD	9,542	20.2550	193,270
ZAR	551,197	2.1410	1,180,112
Others (Note)	-	-	203,217

Note: Other currencies that are less than NTD 100 million are disclosed aggregately.

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k) Interest rate sensitivity information

i) Interest-rate-sensitive assets and liabilities analysis sheet

December 31, 2020

Unit: in Thousands of Taiwan Dollars；%

ITEM	1-90 days (inclusive)	91-180 days (inclusive)	181 days – 1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	$ 202,966,476	684,344	1,689,977	20,348,039	225,688,836
Interest-rate-sensitive liabilities	66,766,771	117,453,616	20,648,213	5,217,562	210,086,162
Interest rate sensitivity gap	136,199,705	(116,769,272)	(18,958,236)	15,130,477	15,602,674
Net value					22,467,860
Interest-rate-sensitive assets to interest-rate-sensitive liabilities ratio					107.43
Interest rate sensitivity gap to net value ratio					69.44

December 31, 2019

Unit: in Thousands of Taiwan Dollars；%

ITEM	1-90 days (inclusive)	91-180 days (inclusive)	181 days – 1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	$ 185,472,290	578,677	2,833,959	21,924,727	210,809,653
Interest-rate-sensitive liabilities	65,235,157	100,625,087	27,117,070	4,605,743	197,583,057
Interest rate sensitivity gap	120,237,133	(100,046,410)	(24,283,111)	17,318,984	13,226,596
Net value					21,798,274
Interest-rate-sensitive assets to interest-rate-sensitive liabilities ratio					106.69
Interest rate sensitivity gap to net value ratio					60.68

Note 1: Listed amounts of the head office, domestic branches, offshore banking unit and overseas branches (excluding foreign currency amounts) are denominated in NTD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

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 (denominated in NTD).

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Notes to the Financial Statements

ii) Interest-rate-sensitive assets and liabilities analysis sheet (USD)

December 31, 2020

Unit: in Thousands of USD ；%

ITEM	1-90 days (inclusive)	91-180 days (inclusive)	181 days – 1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	$ 645,866	84,392	68,683	135,473	934,414
Interest-rate-sensitive liabilities	162,811	728,961	71,497	1,211	964,480
Interest rate sensitivity gap	483,055	(644,569)	(2,814)	134,262	(30,066)
Net value					17,694
Interest-rate-sensitive assets to interest-rate-sensitive liabilities ratio					96.88
Interest rate sensitivity gap to net value ratio					(169.92)

December 31, 2019

Unit: in Thousands of USD ；%

ITEM	1-90 days (inclusive)	91-180 days (inclusive)	181 days – 1 year (inclusive)	Over 1 year	Total
Interest-rate-sensitive assets	$ 543,216	59,866	65,650	292,144	960,876
Interest-rate-sensitive liabilities	203,657	430,779	283,726	1,134	919,296
Interest rate sensitivity gap	339,559	(370,913)	(218,076)	291,010	41,580
Net value					20,374
Interest-rate-sensitive assets to interest-rate-sensitive liabilities ratio					104.52
Interest rate sensitivity gap to net value ratio					204.08

Note 1: Listed amounts of the head office, domestic branches and offshore banking unit (excluding contingent assets and liabilities) are denominated in USD.

Note 2: Interest-rate-sensitive assets and liabilities are determined by the revenue or cost of various rates spreads between interest-earning assets and interest-bearing liabilities.

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 (denominated in USD).

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JIH SUN INTERNATIONAL BANK, LTD.
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(vi) Capital management

1) Overview

The Company's capital management objectives are as follows:

a) The capital management objective of the Company is that their eligible capital is sufficient to meet the capital requirements and the minimum legal capital adequacy rate. The eligible capital and the authorized capital are calculated in pursuant to the regulations set by the regulators.

b) To enable the Company to have an adequate capital to cover various risks, the required capital should be calculated based on the risk portfolios and the risk characteristics that the Company faced. Optimal allocation of resources can be achieved by regularly reviewing the objectives of capital management.

2) Capital management procedures

a) The Company reviews and completes the overall risk management report and submitted to the Board monthly, and maintains adequate capital to meet the requirements of the authority and to report to the authority on a quarterly basis.

b) When the indicator of capital adequacy ratio management shows the following signals, the related management mechanism would be as follows:

i) Indicator in red and yellow light: An analysis should be provided by the risk management division. Additionally, the event should be reported in the nearest Risk Management Committee.

ii) Indicator in red light: An analysis should be provided by the risk management division. Additionally, the event should not only be reported to the Risk Management Committee, but also be dealt with in accordance to the resolutions reached in the committee. If a decrease of risk-weighted asset is proposed, the related departments should take actions accordingly. If, however, an increase in authorized capital is proposed, the proposal should be submitted to and evaluated by Asset Liability Committee.

c) The Company' s capital management is responsible for the Risk Management Division. The Company's regulatory capital is divided into Tier 1 Capital and Tier 2 Capital following the "Regulations Governing the Capital Adequacy and Capital Category of Banks".

i) Tier 1 Capital: The aggregate amount of Common Equity Tier 1 and additional Tier 1 Capital.

Tier I capital includes Common Equity Tier 1 and additional Tier I capital. Common Equity Tier 1 includes common shares, capital surplus, capital collected in advance, paid-in capital other, legal reserve, special reserve, accumulated profit or loss, non-controlling interest and adjustment items of equity. The statutory deductible items include: a gain and loss resulting from an effective hedge instrument which belongs to cash flow hedge (deducting revenues and adding back losses), prepaid pension expense or the deficiency

(Continued)

of defined benefit liability which is placed under reserve of employee benefit liability, treasury stock, goodwill, other intangible assets, the deferred tax assets due to the future profitability of the Company, unrealized losses or gains due to the change of the credit risk of the Company' s liability (deducting revenues and adding back losses), unrealized gain of financial assets at fair value through other comprehensive income, operational reserve, the shortage of operational reserves and loan-loss provisions, an increase in retained earning that is due to the recognition of fair value or revaluation in the cost of fixed assets that are applicable to IFRS, the deductible amount of securitized transaction, the mutual investments, non-significant investments, and major investments in finance-related business, shortage of allocation of evaluation reserve (market risk), appreciation gains on changes in the fair value of investment properties subsequently measured using fair value model, income from sale and leaseback after January 1, 2012 and other adjustments requested by regulations or the supervising authorities, the excess amount of the deferred tax resulting from temporary difference and 10% of Tier 1 capital, the deductible amount incurred when deferred tax asset resulting from temporary difference is greater than 15% of deduction threshold, and other deductible amount resulting from the shortage of additional Tier 1 and 2 capital.

Additional Tier 1 capital: The total amount of non-cumulative perpetual preferred stock and its capital stock premium, non-cumulative perpetual subordinated debts and its capital stock which are issued by the Company's subsidiaries, and are not directly and indirectly held by the Company. The addition is accompanied by the deductible items that belong to additional Tier 1 capital. (i.e., the deduction of inadequacy of Tier 2 capital, the investments of finance-related business which are recognized by the Company, and other deductible items.)

ii) Tier 2 capital: Consists of the aggregate amount of cumulative perpetual preferred stock and its capital stock premium, cumulative perpetual subordinated debts, convertible subordinated debts, long-term subordinated debts, non-perpetual preferred stock and its capital stock premium, the increase in retained earnings when fair value or re-estimated value is adopted as deemed cost for the first time adoption of IFRSs on property, 45% of financial assets at fair value through other comprehensive income, the 45% of appreciation gains on changes in the fair value of investment properties subsequently measured using fair value model, operational reserves and loan loss provisions, and Tier 2 capital issued by the Company's subsidiary and not directly or indirectly held by the Company, minus statutory adjustment items belong to Tier 2 capital (the mutual investments, non-significant investments, and major investments in finance-related business, and other deductible items).

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

d) According to Regulations Governing the Capital Adequacy and Capital Category of Banks, the definition of risk-weighted assets is as follows:

i) Total risk-weighted assets: The term "Total Risk-Weighted Assets" shall mean the sum of risk-weighted assets for credit risk and the capital requirements for market risk and operational risk multiplied by 12.5. Those assets already deducted from regulatory capital, however, shall be deducted from the total risk-weighted assets.

ii) Risk-Weighted Assets for Credit Risk: The term shall mean measurement of the risk of loss caused by the counterparty's default. This risk measurement is expressed as the total of each of the Company's transaction items on and off-balance sheet multiply risk weight.

iii) The Capital Requirement for Market Risk: The term shall mean the capital required for assessed losses to the Company's transaction items on and off-balance sheet in arising from movements in market prices (interest rates, exchange rates, and stock prices, etc.)

iv) The Capital Requirement of Operational Risk: The term shall mean the capital required for the risk of loss resulting from inadequate or failed internal process, people and systems or external events.

3) Capital adequacy

Analysis item \ Period			December 31, 2020	December 31, 2019
Eligiblel capital	Common Equity Tier 1		22,678,983	21,585,200
	Additional Tier 1 capital		-	-
	Tier 2 capital		2,410,889	1,800,013
	Eligible capital		25,089,872	23,385,213
Risk-Weighted assets	Credit risk	Standardized approach	150,472,645	158,145,021
		Internal ratings-based approach	-	-
		Securitization	-	-
	Operational risk	Basic indicator approach	7,313,691	7,357,546
		Standardized approach/ Alternative standardized approach	-	-
		Advanced measurement approach	-	-
	Market risk	Standardized approach	930,580	1,518,797
		Internal model approach	-	-
	Total		158,716,916	167,021,364
Capital adequacy ratio			15.81 %	14.00 %
Common equity / Risk-weighted assets ratio			14.29 %	12.92 %
Tier 1 capital / Risk-weighted assets ratio			14.29 %	12.92 %
Leverage ratio			7.89 %	7.86 %

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

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

Note 2: Capital adequacy ratios for two years period are required for annual financial statements. However, second quarter financial statements are required to disclose for the current period in two years and also the year ended of last year.

Note 3: Formulas used are as follows:

1. Eligible capital = Common Equity Tier 1 + Additional Tier 1 capital + Tier 2 capital.
2. Risk-weighted assets = Risk-weighted asset for credit risk + appropriate proportion of (operation risk + market risk) x 12.5.
3. Capital adequacy ratio = Eligible capital ÷ Risk-weighted assets.
4. Ratio of common equity to risk-weighted assets = Common Equity Tier 1 ÷ Risk-weighted assets.
5. Ratio of Tier 1 capital to risk-weighted assets = (Common equity + Additional Tier 1 capital) ÷ Risk-weighted assets.
6. Leverage ratio = the average of past three months Tier 1 capital ÷ the average of past three months total exposure.

Note 4: Not applicable for the first and third quarter statements.

(7) Related-party transactions:

(a) Names of related parties and relationship with the Company

Name of related party	Relationship with the Company
JihSun Financial Holding Co., Ltd.	Parent company of the Company
JihSun Life Insurance Agency Co., Ltd.	An investee company carried under the equity method
JihSun Securities Co., Ltd.	An investee company carried under the equity method by Parent company of the Company
JihSun International Property Insurance Agency Co., Ltd.	〃
JihSun Futures Co., Ltd.	An investee company carried under the equity method by JihSun Securities Co., Ltd.
JihSun Securities Investment Consulting Co., Ltd.	〃
Jihsun International Investment Holding Co., Ltd.	〃
JihSun Venture Capital Co., Ltd.	〃
JS CRESVALE SECURITIES INTERNATIONAL LIMITED	〃
JihSun Financial Services (Cayman) Limited	〃

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

Name of related party	Relationship with the Company
JS Cresvale Capital Limited	An investee company carried under the equity method by JihSun Securities Co., Ltd.
Jih-Sun Securities Investment Trust Co., Ltd.	〃
Jih-Sun Securities (Agent) Co., Ltd.	Jih-Sun Securities (Agent) Co., Ltd.'s directors are the main management of the Company (Note)
Other related parties	The chairman, directors, general manager, vice general manager, division level executives, branch managers, and their spouses and children of the Company and parent company.

Note: Jih-Sun Securities (Agent) Co., Ltd. does not have any trading and business activities.

(b) Material transactions with related parties

(i) Deposits

	For the year ended December 31, 2020			
Name of related party	Ending balance	Maximum balance	Interest revenue	Interest interval %
JihSun Securities Co., Ltd.	$ 1,619,025	7,759,296	1,327	0.00-2.15%
JihSun Financial Holding Co., Ltd.	239,939	1,435,035	118	0.00-1.00%
JihSun Life Insurance Agency Co., Ltd.	40,756	76,486	23	0.00-0.08%
JihSun Securities Investment Consulting Co., Ltd.	46,155	50,612	328	0.00-1.00%
JihSun Futures Co., Ltd.	2,128,738	3,424,322	17,387	0.00-1.00%
JihSun Venture Capital Co., Ltd.	263,638	263,955	134	0.00-0.08%
Jih-Sun Securities Investment Trust Co., Ltd.	105,651	166,176	1,317	0.00-1.02%
JihSun International Property Insurance Agency Co., Ltd.	6,584	6,584	3	0.00-0.08%
JS CRESVALE SECURITIES INTERNATIONAL LIMITED	45,686	49,600	-	-
Jihsun International Investment Holding Co., Ltd.	87,004	360,314	6,687	0.00-2.60%
Others	348,408	594,613	2,743	0.00-4.80%
Total	**$ 4,931,584**		**30,067**	

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

	For the year ended December 31, 2019			
Name of related party	**Ending balance**	**Maximum balance**	**Interest revenue**	**Interest interval %**
JihSun Securities Co., Ltd.	$ 596,720	3,308,234	3,658	0.00-2.75%
JihSun Financial Holding Co., Ltd.	29,351	2,540,097	1,259	0.00-1.00%
JihSun Life Insurance Agency Co., Ltd.	68,366	97,395	53	0.00-0.08%
JihSun Securities Investment Consulting Co., Ltd.	48,612	55,573	339	0.00-1.00%
JihSun Futures Co., Ltd.	1,969,268	2,324,814	12,297	0.00-3.04%
JihSun Venture Capital Co., Ltd.	263,955	267,590	205	0.00-0.08%
Jih-Sun Securities Investment Trust Co., Ltd.	162,954	164,358	1,450	0.00-1.02%
JihSun International Property Insurance Agency Co., Ltd.	6,536	6,550	4	0.00-0.08%
JS CRESVALE SECURITIES INTERNATIONAL LIMITED	19,532	84,937	-	-
JihSun Financial Services (Cayman) Limited	-	291,632	929	0.00-0.50%
Jihsun International Investment Holding Co., Ltd.	356,010	365,275	2,729	0.33-2.60%
Others	252,718	507,496	2,944	0.00-4.80%
Total	**$ 3,774,022**		**25,867**	

The above interest rates on deposits are substantially the same as for comparable transactions with non-related parties except for the preferential interest rates for employee's savings in the Company within a certain amount.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(ii) Rental contract

1) Leased

The leased condition of the offices from the related parties are as follows:

	For the years ended December 31,			
	2020		2019	
	Rental expense	Deposit	Rental expense	Deposit
JihSun Securities Co., Ltd.	$ 7,860	1,255	7,730	1,253
JihSun Life Insurance Agency Co., Ltd.	38	-	-	-
JihSun International Property Insurance Agency Co., Ltd.	12	-	-	-
JihSun Futures Co., Ltd.	458	-	-	-
JihSun Securities Investment Consulting Co., Ltd.	20	-	-	-
JS CRESVALE SECURITIES INTERNATIONAL LIMITED	739	126	770	126
	$ 9,127	1,381	8,500	1,379

	December 31, 2020	December 31, 2019
	Lease liabilities	Lease liabilities
JihSun Securities Co., Ltd.	$ 21,661	12,299

2) Rental

The rental condition of the offices to the related parties are as follows:

	For the years ended December 31,			
	2020		2019	
	Rental income	Deposit	Rental income	Deposit
JihSun Securities Co., Ltd.	$ 12,251	2,077	11,742	2,077

Note: The rentals were determined by the reference to the rental rates of nearby office buildings. The rentals are based on market price; therefore, there are no notable difference between the related parties and non-related parties. The rentals are paid and collected by month.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(iii) Loan

December 31, 2020							
				Agreement			
Classification	Number or related party name	Maximum balance	Ending balance	Normal loans	Overdue loans	Collateral	Terms of trade different or not with non-related party
Employee consuming loan	4	1,675	475	475	-	None	None
Mortgage loan	65	515,337	460,065	460,065	-	Real estate	None
Others	Other loans	18,741	14,112	14,112	-	Real estate	None

December 31, 2019							
				Agreement			
Classification	Number or related party name	Maximum balance	Ending balance	Normal loans	Overdue loans	Collateral	Terms of trade different or not with non-related party
Employee consuming loan	5	3,696	1,675	1,675	-	None	None
Mortgage loan	60	469,178	415,057	415,057	-	Real estate	None
Others	Other loans	21,070	15,458	15,458	-	Real estate	None

As of December 31, 2020 and 2019, the Company's guaranteed line of credit to JihSun Securities Co., Ltd. were both amounted to $1,200,000, and the loan balances were both $0. As of December 31, 2020 and 2019, the Company's guaranteed line of credit to JihSun Futures Co., Ltd., were both amounted to $300,000, and the loan balances were both $0.

As of December 31, 2020 and 2019, there were no overdue loans from the related parties. Allowance for bad debts is estimated in accordance with the accounting policy of the Company. In relation to the related-party credit policy, the Company follows the requirements under Articles 32, 33, 33-1, 33-2, 33-4, 33-5 of the Banking Act, and does not provide credit loans without collaterals. For collateralized loans, the collaterals shall consists of full guarantees, and the terms (including interest rate, collateral and its related appraisal, guarantor requirement, loan term, repayment method of principal and interest, etc.) must not be superior to the other parties for similar types of loan. Financing provided to the same related party, which individually or cumulatively amounts to $100,000 or 1% of the Company's net worth, whichever is lower, must be presented to the board of directors for deliberation. Moreover, the meeting must be attended by more than two-thirds of the directors and approved by more than three-fourths of the directors in attendance. The terms and conditions of loans to related parties are not superior to those given to non-related parties.

(iv) Others

1) Tax refund receivable from joint filing of tax

	December 31, 2020	December 31, 2019
JihSun Financial Holding Co., Ltd.	$ 490,994	589,322

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

2) The other receivables and payables from the related parties:

Related party	December 31, 2020	December 31, 2019
Other receivables		
JihSun International Property Insurance Agency Co., Ltd.	$ 659	658
JihSun Life Insurance Agency Co., Ltd.	18,023	39,249

Related party	December 31, 2020	December 31, 2019
Other payables		
JihSun Securities Co., Ltd.	$ 16,028	18,641
JihSun Securities Investment Consulting Co., Ltd.	500	500
JihSun Financial Holding Co., Ltd.(Note 1)	5,500	5,500

Note 1: This amount is the accrued directors' remuneration.

3) Other transactions with JihSun Financial Holding Co., Ltd. are as follows:

	For the years ended December 31,	
	2020	2019
Salary expenses (employee share options bought from JihSun Financial Holding Co., Ltd.)	$ -	52,203

4) Other transactions with JihSun Securities Co., Ltd. are as follows:

	For the years ended December 31,	
	2020	2019
Brokerage fee	$ 2,066	208
Stock agent fee	720	800
Trust and other commissions service fee	1,473	1,062
Joint marketing fee	856	857
Site usage fee (Note 2)	234,861	204,048
Miscellaneous service fee	57	33
Compensation of delay settlement	-	6
Site usage income	84	-

Note 2: The Company acts as an agent of JihSun Securities Co., Ltd. to pay for the site usage fee to deal with trading securities for customers.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

5) Other transactions with JihSun Futures Co., Ltd are as follows:

	December 31, 2020	December 31, 2019
Futures margin	$ 17,685	18,119

	For the years ended December 31,	
	2020	2019
Brokerage fee	$ 55	4
Interest income of guarantee deposits	8	17
Custodian fees of operational deposit	10	10
Site usage income	518	-

6) Other transactions with Jih-Sun Securities Investment Trust Co., Ltd. are as follows:

	For the years ended December 31,	
	2020	2019
Fund bonus	$ 95	117

7) Other transactions with JihSun International Property Insurance Agency Co., Ltd. are as follows:

	For the years ended December 31,	
	2020	2019
Commission revenue	$ 3,422	3,410
Site usage income	12	-

8) Other transactions with JihSun Securities Investment Consulting Co., Ltd. are as follows:

	For the years ended December 31,	
	2020	2019
Consulting service fees	$ 3,000	3,000
Custodian fees of operational deposit	1	1
Site usage income	28	-

9) Other transactions with JS CRESVALE SECURITIES INTERNATIONAL LIMITED are as follows:

	For the years ended December 31,	
	2020	2019
Custodian service fees	$ 732	732

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

10) Other transactions with JihSun Life Insurance Agency Co., Ltd. are as follows:

	For the years ended December 31,	
	2020	2019
Commission fees	$ 114,599	198,107
Site usage income	32	-

(c) Joint filing of tax

The Company files its consolidated corporate income tax jointly with its parent company, JihSun Financial Holding Co., Ltd. On December 31,2020, the Company should pay the parent company, JihSun Financial Holding Co., Ltd., $40,711, which is recognized under current tax liabilities.

(d) Compensation information for main management

The Company's main management refers to the level above vice general managers.

	For the years ended December 31,	
	2020	2019
Salary and other short-term employee benefits	$ 57,617	59,012
Post-employment benefits	851	887
Total	**$ 58,468**	**59,899**

(8) Pledged assets:

Assets	Type of securities	December 31, 2020 Par value	Purpose of collateral
Investment in debt instruments at amortized cost	Government bonds	$ 10,600	Deposited court guarantee
	Government bonds	50,000	Guarantee of bills dealer
	Government bonds	50,000	Trust fund reserve for compensation
	Government bonds	2,000,000	Fund dispatching needs
Other financial assets	Certificate of time deposits	175,000	Guarantee of CNY dollar clear accounts
	Due from the central bank	1,000,000	Collateral of rescue package for SMEs
Total		$ 3,285,600	

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

Assets	Type of securities	December 31, 2019 Par value	Purpose of collateral
Investment in debt instruments at amortized cost	Government bonds	$ 27,200	Deposited court guarantee
	Government bonds	50,000	Guarantee of bills dealer
	Government bonds	50,000	Trust fund reserve for compensation
	Government bonds	2,000,000	Fund dispatching needs
Other financial assets	Certificate of time deposits	172,840	Guarantee of CNY dollar clear accounts
Total		$ 2,300,040	

(9) Significant contingent liabilities and unrecognized contract commitments:

(a) Major commitments and contingencies:

	December 31, 2020	December 31, 2019
Acted as an agent for various collections	$ 32,597	64,193
Consignment sale－traveler's checks	-	6,787
Handled several guarantees	1,871,490	1,495,319
Outstanding bank acceptance liabilities	8,393	61,422
Letters of credit	433,431	232,736
Acted as custodian of post dated checks for its clients (excluding next day's checks for clearing)	7,380,030	7,452,811
Loans commitments (including revocable loan commitments)	66,536,845	70,698,434
Credit card commitments	18,849,033	19,407,216
Total	**$ 95,111,819**	**99,418,918**

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(b) Customers of Xinyin Branch of the Company alleged that one former wealth management consultant was suspected of misappropriation of customers' funds, and believe their rights were infringed due to the Company and the wealth management consultant were both involved and did not fulfill debt obligations and requested the Company to be responsible for compensation liability. Civil actions are currently being reviewed by Taiwan Tainan District Court, the Company has reconciled with some customers and asked the customers to withdraw the lawsuits. As of December 31, 2020, the settlement amount was $35,935, and other customers who have not withdrawn their lawsuits, requested the Company to bear the damage liability compensation of $257,760. There were still eight unwithdrawn lawsuits against the Company, of which, the possible litigation losses of the three of them could not be assessed due to the complexity of the money transactions between the customers and the former consultant of Xinyin Branch, also, the first instance of the court ruling deemed that the customers did not suffer any losses. However, the preceding court ruling will increase the Company's possibility of assessing its litigation losses. Currently, the Company was able to assess and accrue the possible litigation losses amounting to $13,636 incurred from the other five unwithdrawn lawsuits.

(c) Pursuant to Article 17 of the Enforcement Rules of the Trust Enterprise Act, the balance sheets and income statements of trust accounts are as follows：

TRUST BALANCE SHEETS

	Amount			Amount	
Trust assets	**December 31, 2020**	**December 31, 2019**	**Trust liabilities**	**December 31, 2020**	**December 31, 2019**
Cash in bank	$ 1,666,985	1,421,765	Payables	$ -	1
Prepayments	-	270	Payable for securities in custody	11,022,354	6,009,410
Bonds	12,273,551	9,312,665	Trust capital	34,226,626	31,581,154
Stocks	913,633	812,943	Reserves and accumulated earnings (losses)		
Funds	16,329,253	16,271,820	Accumulated earnings (losses)	5,650	5,042
Securities borrowed by the other parties	-	168,000	Net income	12,519	17,914
Structured products	912,738	1,280,370	Deferred amount transferred from the previous period	(10,945)	(17,306)
Real estate					
Land	2,123,042	2,284,127			
Buildings	5,724	25,921			
Construction in progress	8,924	8,924			
Securities in custody	11,022,354	6,009,410			
Total trust assets	**$ 45,256,204**	**37,596,215**	Total trust liabilities	**$ 45,256,204**	**37,596,215**

Note: The above total trust assets included trust assets of OBU, the related amounts as of December 31, 2020 and 2019 are $486,085 and $345,108, respectively.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

TRUST PROPERTY LIST

Investment items	December 31, 2020	December 31, 2019
Cash in bank	$ 1,666,985	1,421,765
Short-term investments		
Bonds	12,273,551	9,312,665
Stocks	913,633	812,943
Funds	16,329,253	16,271,820
Securities borrowed by the other parties	-	168,000
Structured products	912,738	1,280,370
Real estate		
Land	2,123,042	2,284,127
Buildings	5,724	25,921
Construction in progress	8,924	8,924
Securities in custody	11,022,354	6,009,410
Total	**$ 45,256,204**	**37,595,945**

TRUST INCOME STATEMENTS

	For the years ended December 31,	
	2020	2019
Trust revenues		
Interest income	$ 1,424	1,834
Dividends	9,191	14,197
Revenue from securities borrowing	245	279
Other revenues	6,206	6,011
Subtotal	17,066	22,321
Trust expenses		
Administration expenses	476	470
Service fee expenses	7	7
Other expenses	3,985	3,804
Tax expenses	79	126
Subtotal	4,547	4,407
Net income	**$ 12,519**	**17,914**

(10) Significant catastrophic loss:None

(11) Significant subsequent events:None

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(12) Others:

(a) Average amount and current period average interest rate of interest-earning assets and interest-bearing liabilities are as follows:

	December 31, 2020		December 31, 2019	
	Average amount	Average rate (%)	Average amount	Average rate (%)
Interest-earning assets	$ 256,965,564	1.45	242,032,809	1.80
Interest-bearing liabilities	241,527,730	0.47	226,686,105	0.70

(b) The income and expenses arising from the joint marketing operation and information interoperability amongst the Financial Holding Company's subsidiaries were allocated as follows:

The allocation of marketing income and expenses between the Company and JihSun Securities Co., Ltd., except for the rental, which was paid at a fixed amount based on agreements, were mutually shared according to the proportion of the actual usage. The income and expenses above have been disclosed in (7) Related-party transactions.

(c) Supplementary disclosures of asset quality, concentration of credit extensions, interest rate sensitivity information, profitability, and the structure analysis of assets and liabilities time to maturity are as follows:

(i) Profitability

Unit：%

Item		2020	2019
Return on assets ratio	Before tax	0.41	0.45
	After tax	0.36	0.47
Return on equity ratio	Before tax	4.78	5.19
	After tax	4.22	5.46
Net income ratio		24.44	29.13

Note 1: Return on assets ratio = Net income (loss) before/after income tax ÷ average total assets.

Note 2: Return on equity ratio = Net income (loss) before/after income tax ÷ average total equity.

Note 3: Net income ratio = Net income after income tax ÷ net revenue.

Note 4: Net income (loss) before/after tax represents accumulated income (loss) of the current year.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

(ii) Maturity analysis of assets and liabilities:

1) Structure analysis of New Taiwan Dollars time to maturity

December 31, 2020

		Remaining amount to maturity					
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Major capital inflow at maturity	$ 237,693,533	23,925,863	35,171,731	27,544,731	14,354,056	20,126,985	116,570,167
Major capital outflow at maturity	298,150,381	7,810,419	11,967,915	31,929,170	33,828,144	61,650,224	150,964,509
Gap	(60,456,848)	16,115,444	23,203,816	(4,384,439)	(19,474,088)	(41,523,239)	(34,394,342)

December 31, 2019

		Remaining amount to maturity					
	Total	0-10 days	11-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Major capital inflow at maturity	$ 224,676,373	27,851,021	24,329,608	28,324,301	9,676,996	17,843,308	116,651,139
Major capital outflow at maturity	288,201,733	9,355,684	12,933,503	31,690,932	33,499,808	70,263,677	130,458,129
Gap	(63,525,360)	18,495,337	11,396,105	(3,366,631)	(23,822,812)	(52,420,369)	(13,806,990)

Note: Listed amounts of the head office and domestic branches (excluding foreign currency amounts) are denominated in NTD.

2) Structure analysis of US Dollars time to maturity

December 31, 2020

Unit: in Thousands of U.S. Dollars

		Remaining amount to maturity				
	Total	1-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Major capital inflow at maturity	$ 1,041,555	339,528	273,248	90,492	79,575	258,712
Major capital outflow at maturity	1,195,486	196,134	154,822	188,753	243,768	412,009
Gap	(153,931)	143,394	118,426	(98,261)	(164,193)	(153,297)

December 31, 2019

Unit: in Thousands of U.S. Dollars

		Remaining amount to maturity				
	Total	1-30 days	31-90 days	91-180 days	181 days-1 year	Over 1 year
Major capital inflow at maturity	$ 1,030,703	265,397	150,888	53,949	90,626	469,843
Major capital outflow at maturity	1,196,956	167,825	188,791	191,830	450,534	197,976
Gap	(166,253)	97,572	(37,903)	(137,881)	(359,908)	271,867

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JIH SUN INTERNATIONAL BANK, LTD.
Notes to the Financial Statements

Note 1: Listed amounts of the head office and domestic branches and offshore banking unit are denominated in U.S. dollars. The amounts were listed by book value except for additional statement. Non-recorded amount shall not be listed. (For example: planning to issue negotiable certificates of deposit, bonds or stocks.)

Note 2: The supplementary disclosure of information shall be provided, if the overseas assets accounts for more than 10% of the total assets.

(Continued)

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(13) Disclosures required:

(a) Related information on significant transactions:

(i) Loans to other businesses or individuals: Not applicable to bank.

(ii) Endorsements and guarantees for others: Not applicable to bank.

(iii) Marketable securities held as of December 31, 2020 (Excluding position in investing subsidiaries, associates and joint ventures): Not applicable to bank.

(iv) Cumulative purchase or sale of the same investee's capital stock up to $300,000 or 10% of paid-in capital: None.

(v) Cumulative purchase or sale of the same securities up to $300,000 or 10% of paid-in capital: Not applicable to bank.

(vi) Acquisition of real estate up to $300,000 or 10% of paid-in capital: None.

(vii) Disposal of real estate up to $300,000 or 10% of paid-in capital: None.

(viii) Discount on commission fees for transaction with related parties up to $5,000: None.

(ix) Receivables from related parties up to $300,000 or over 10% of paid-in capital: Please refer to Note 6(g) and 7(b).

(x) Financial derivative transactions: Not applicable to bank.

(xi) Information on NPL disposal transactions: None.

(xii) Types of securitization instruments approved to be issued pursuant to financial assets securitization rules or real estate securitization rules and other relevant information: None.

(xiii) Significant transactions that may affect the decision of financial report users: None.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investee company	Address	Main business scope	Shareholding ratio	Highest shareholding ratio	Carrying value	Investment gain recognized	Aggregate shareholding of the Company and its subsidiaries				Remark (Note)
							Number of shares	Number of proforma shares	Total		
									Number of shares	Shareholding ratio	
JihSun Life Insurance Agency Co.,.Ltd.	Taiwan	Life Insurance Agency	98.76%	98.76%	45,596	7,012	493,800	-	493,800	98.76%	

(c) Information on investment in Mainland China: None.

(Continued)

JIH SUN INTERNATIONAL BANK, LTD.
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(14) Segment information:

(a) Segment information:

(i) Factors determining reportable segment

The segment reporting relates to the Company as several types of services and products are provided by different divisions. Each division has its own characteristics, pricing strategy and marketing strategy, thus should be managed separately.

(ii) Source of revenue from each reportable segment

There are four major reportable segments within the Company, including: consumer banking division, corporate banking division, personal finance division, and financial investment division.

Consumer banking division provides general personal account dealing affairs, products include: mortgage loans, housing insurance, credit loans, car loans and credit cards.

Corporate banking division mainly focuses on corporate customers, the Company provides the following service and products, including: short-term, medium to long and long-term loans, accounts receivables, guarantee, project finance, syndication loans, imports and exports, foreign exchange, trust service, financial planning, electronic financial products and underwriting.

Personal finance division offers a variety of products and services to meet personal wealth management needs. Products and services provided include: savings, remittance services, insurance products, financial instruments, fund investment and personal trust.

Financial investment division is responsible for the short-term investment and fund dispatching of the Company and to provide relevant financial products for customers to avoid risks.

(iii) Gains/losses of business segments and valuation of assets

Accounting treatments applied to business segments are consistent with the significant accounting policies used with the external reports. The Company assesses the operating performance based on earnings before tax.

In order to improve capital efficiency and loan strategy, the Company has established an integrated funds transferring system, the interest rate given to the internal funds depends on the ratio between savings and loans which has direct impact on capital efficiency.

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JIH SUN INTERNATIONAL BANK, LTD.
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(iv) Financial information on reportable segments

For the year ended December 31, 2020	Consumer banking	Corporate banking	Personal finance	Financial investment	Others	Total
Net interest income	$ 1,098,653	1,201,793	56,264	317,578	(56,692)	2,617,596
Net service fee income	83,504	21,439	1,138,858	(20,020)	76,570	1,300,351
Net revenue	1,182,157	1,223,232	1,195,122	297,558	19,878	3,917,947
(Reversal of) provisions for bad debt expenses, commitments and guarantee reserve	(153,068)	11,257	-	(6,672)	-	(148,483)
Operating expenses	962,186	841,448	761,196	386,151	31,979	2,982,960
Profit before tax	**$ 373,039**	**370,527**	**433,926**	**(81,921)**	**(12,101)**	**1,083,470**
Assets (Note)	**$ -**	-	-	-	-	-

For the year ended December 31, 2019	Consumer banking	Corporate banking	Personal finance	Financial investment	Others	Total
Net interest income	$ 1,138,503	1,335,238	93,225	311,116	(74,921)	2,803,161
Net service fee income	108,507	34,843	1,074,430	22,446	71,339	1,311,565
Net revenue	1,247,010	1,370,081	1,167,655	333,562	(3,582)	4,114,726
(Reversal of) provisions for bad debt expenses, commitments and guarantee reserve	(189,454)	94,120	-	40,165	-	(55,169)
Operating expenses	994,934	852,557	767,376	335,668	80,478	3,031,013
Profit before tax	**$ 441,530**	**423,404**	**400,279**	**(42,271)**	**(84,060)**	**1,138,882**
Assets (Note)	**$ -**	-	-	-	-	-

Note: According to Interpretation (99) No. 151, the assets are disclosed at zero amount due to the volume of deposits/loans, financial assets and liabilities are measured at an average quantity.

(b) Geographic information: The Company primarily operates within the Republic of China, and therefore, has no other regional information for disclosure.

(c) Information on major customers: The Company does not have income from a single customer that made up to 10% of the Company's income.