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# EXIMBANK

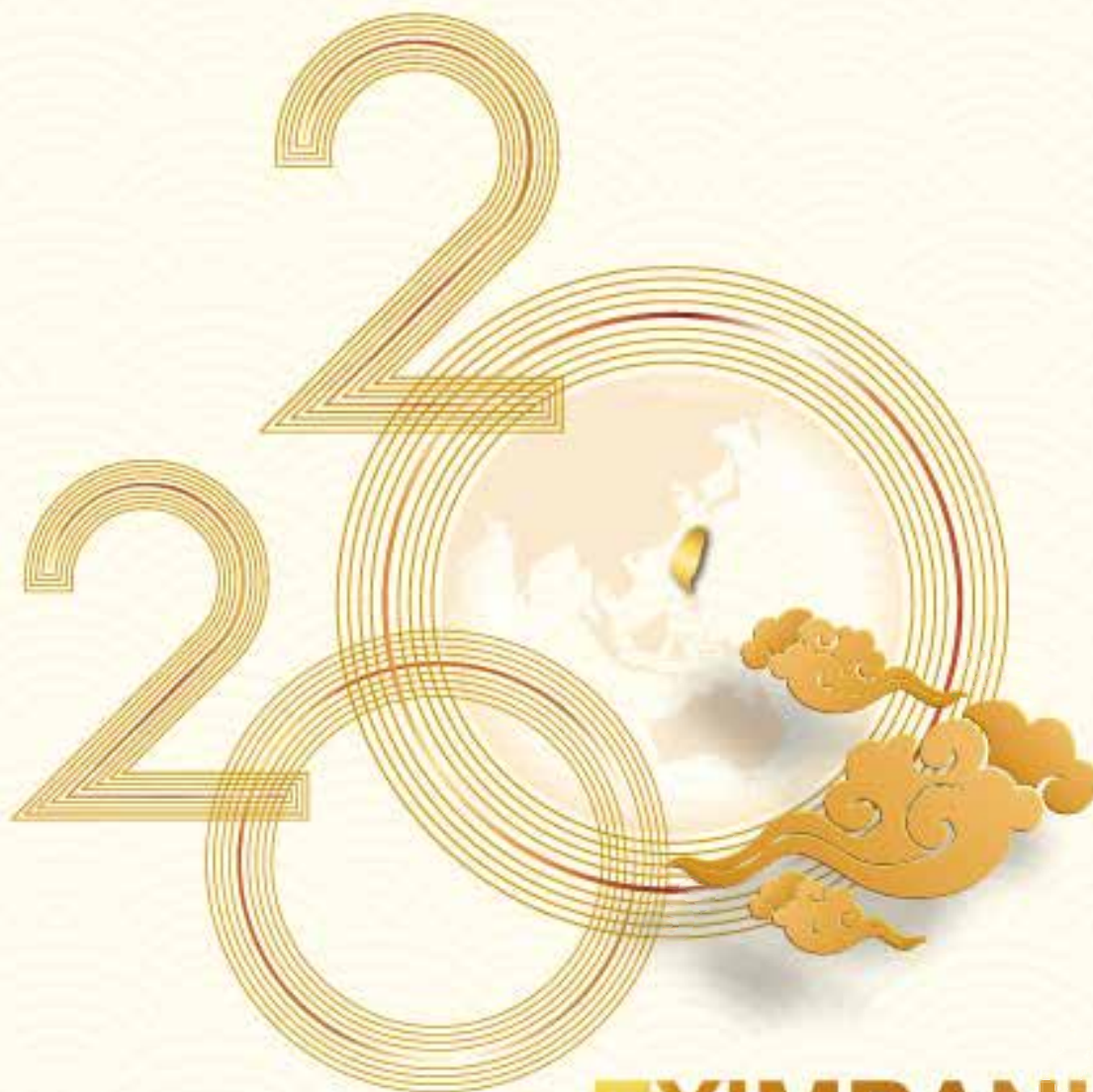
The Export-Import Bank of the Republic of China

## Annual Report 2020



[www.eximbank.com.tw](http://www.eximbank.com.tw)

Date Published : June 2021



**EXIMBANK**

The Export-Import Bank of the Republic of China

**Annual Report 2020**

## **Vision**

### **Strengthen Trade Finance and Assist External Trade**

Supporting government economic and trade policies by providing financial services to assist manufacturers in developing foreign trade.

Participating in international financial activities so as to enhance international economic cooperation.

Participating in major domestic economic construction programs in order to facilitate industrial development and increase employment.

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# I Summary of Operating Performance

NT\$ Million

Year	FY 2020	FY 2019
Total Operating Revenues	2,656	3,192
Total Operating Expenses	1,910	2,486
Net Income Before Tax	746	706
Profits per Employee Before Tax	3.23	3.03
Loans Outstanding (Average)	138,703	117,515
Guarantees Undertaken	26,501	24,431
Insured Amount of Export Credit Insurance	160,475	146,770
	(December 31, 2020)	(December 31, 2019)
Total Assets	150,750	142,295
Total Equity	34,789	34,194
Capital Adequacy Ratio (%)	29.55	31.72

\* The final accounts of FY 2020 are subject to audit.

\*\* Eximbank's fiscal year runs from January 1 to December 31.

# 2

## II Business Report

### 1. Mission

The Export-Import Bank of the Republic of China (Eximbank) is a specialized financial institution established in accordance with The Export-Import Bank of the Republic of China Act. Eximbank's vision is to "strengthen trade finance and assist foreign trade". In line with the government policies on economic, trade and finance, the primary task of Eximbank is to assist enterprises expanding foreign trade in order to enhance employment and maintain domestic economic growth. Eximbank offers various financing and guarantee facilities to enhance the export competitiveness of the enterprises and further promote industrial upgrading. It also provides various export credit insurance facilities to help enterprises against credit or political risks while engaging in export trade or overseas investment.

As the only state-owned specialized bank in our country, Eximbank has experienced severe export trade shocks over the past 40 years, such as the Asian Financial Crisis, the SARS crisis, the US-Iraq war, the financial tsunami, and the European debt crisis, and has been able to leverage its policy-oriented functions in a timely manner and to launch countermeasures which providing enterprises with full protection against trade risks and assisting them in increasing business opportunities.

In order to react effectually to the serious impact on the domestic society and economy caused by COVID-19 at the beginning of 2020, Eximbank not only continued to follow up the government's policy to promote the "New Southbound Policy", but also actively cooperated with the government instruction in providing the relevant bailout plans and financial assistance, which could relief the difficulties faced by the local companies from the recent pandemic. Through these programs, Eximbank hopes to alleviate enterprises' pressure from the repayment of loans, and reduce the trading risk by the provision of various export credit insurance.

Since 2016, Eximbank was approved by the Ministry of Finance to increase capital up to NT\$31.7 billion recently in order to enhance Eximbank's business capacity. Through the increase of capital, Eximbank could have the power to offer exporters special programs in reducing the funding cost and hedging trade risks in the foreign trade. Furthermore, Eximbank also has incorporated policy tools in a timely manner, including the National Development Fund of the Executive Yuan, the Small- and Medium-Sized Enterprise Development Fund, the Trade Promotion

Fund of the Ministry of Economic Affairs, to assist local companies in expanding the global market and driving the growth of economy.

## 2. Key Operation Strategies and Achievements

Eximbank's average loans outstanding in 2020 was TWD138,703 million, an increase of 18.03% from 2019, and guarantees totaled TWD26,501 million, an increase of 8.47% from 2019. The insured amount of export credit insurance by Eximbank was TWD160,474 million, a year-on-year growth rate of 9.34% from 2019. A summary of key operating strategies and achievements for 2020 is as follows:

### (1) Consolidating government resources to implement New Southbound Policy through various financial services to assist domestic enterprises in global layout

Eximbank has cooperated with the government to promote the New Southbound Policy, and incorporated the government's supportive policies, including the National Development Fund, the Small- and Medium-Sized Enterprise Development Fund of the Ministry of Economic Affairs, the trade promotion fund of the Bureau of Foreign Trade, to provide corporates high-quality financial and hedging services, such as various loans and guarantee business plans, to provide preferential measures on insurance premiums, buyer credit checking fees to offset insurance premiums, and other preferential measures, so as to enhance financial support, fully assist enterprises in expanding their sales in the ASEAN countries, South Asia, New Zealand, and Australia markets. In 2020, for Eximbank's services under the New Southbound Policy, the loans approved amounted to NT\$32.376 billion (including the relending business), the amount of guarantee

approved amounted to NT\$3.660 billion, and the amount of export credit insurance provided reached NT\$27.494 billion. The three services amounted to NT\$63.952 billion. In addition, in accordance with the key performance indicators set by the Executive Yuan's New Southbound Policy Work Plan, the achievement rate of the loan business was 103.14%, the guarantee business 100.74%, and 103.56% for export credit insurance. Therefore, Eximbank has actively achieved the policy targets.

### (2) Actively promoting bailout programs to help companies cope with the impact of the pandemic

In order to help enterprises affected by the pandemic get over the difficulties, Eximbank proactively provided information on bailout programs launched by various ministries and committees to assist them in applying for applicable programs. In addition, in order to continue to assist Taiwanese enterprises in obtaining export orders and in meeting the capital needs for purchase of raw materials and machinery and equipment after receiving orders, Eximbank launched special programs, which provided enterprises with preferential loans and interest rate cuts to relieve their pressure for loan repayment, while providing preferential measures on credit checking fees and insurance premiums for export credit insurance. Eximbank also assisted exporters in controlling the risk of unrecoverable accounts receivable and collecting debts.

With Eximbank's active efforts, as of the end of December 2020, the export loan amount approved under the special program mentioned previously reached NT\$34.902 billion, and the number of export loan cases approved reached 266. The insured amount of export credit insurance reached NT\$77.894 billion, and the number of insurance cases processed was 6,815. In the evaluation program of "Rewards for

Domestic Banks to Accelerate the Process of Bailout Loan Programs” organized by the Financial Supervisory Commission, Eximbank was awarded the first prize of “Bailout Credit Balance to Total Credit Balance Ratio in the Public Sector” in the first and second term by the Premier of the Executive Yuan.

### **(3) In response to the impact of the US-China trade conflict, launching projects to assist overseas Taiwanese companies in returning to Taiwan for investment and conducting industrial transformation**

In response to the impact of the US-China trade conflict and to call on overseas Taiwanese businesspeople to return to Taiwan to invest in real production activities or investments, Eximbank launched the “Preferential Loan, Guarantee, and Export Credit Insurance Project for Overseas Taiwanese Businesspeople to Return to Taiwan” to provide various loan, guarantee, and export credit insurance services for Taiwanese enterprises to help them reduce financing costs, expand domestic and overseas markets, and boost our country’s economic development.

This project was aimed at Taiwanese companies who had invested in subsidiaries overseas for at least two years. When their overseas subsidiaries returned to Taiwan for investment or when the parent companies planned to expand investment in Taiwan, in order to satisfy their needs for funds for investment or purchase of machinery and equipment, Eximbank provided relevant financial support and financial services required for subsequent operations. With regard to export credit insurance, insurance premium, and buyer credit checking fees are calculated at preferential term to reduce the burden on companies substantive and to assist them with the management and control of the risks arising from accounts receivable.



Chair of the Board of Directors

**Pei-Jean Liu**



#### **(4) Eximbank follows government "Forward-Looking Infrastructure Program" and provides enterprises with Domestic Major Public Construction and Infrastructure Projects related financial services**

In line with "Forward-Looking Infrastructure Program", Eximbank has actively assisted domestic enterprises involved with public construction projects with financing and guarantee services. In 2020, Eximbank undertook new domestic major public project construction projects, including MRT system signal engineering projects, water environment construction projects, urban and rural construction projects, rail engineering projects, and MRT civil engineering projects. In addition, Eximbank also actively elevated the loan and guarantee credits to construction clients with the aim of increasing capacity of undertaking major domestic public projects for those enterprises.

#### **(5) In line with "Five-plus-Two Innovative Key Industries Plan", carrying out various financial supports to assist the development of the innovative key industries**

1. Aiming at building "Digital Country, Innovative Economy", the Executive Yuan has been actively promoting the "Five-plus-Two Innovative Key Industries Plan". The "Five-plus-Two" Industries include the five major innovative industries of Asia Silicon Valley, Biotechnology, Green Energy, Intelligent Machinery and National Defense, plus two industries of New Agriculture and Circular Economy.
2. Eximbank has stepped up the Five-plus-Two Innovative key Industries Plan by providing enterprises with requisite financing and guarantees to enhance their international competitiveness and help them expand overseas markets.

Consequently, Eximbank has been committed to the "Encourage and Reward Program for Strengthening Domestic Banks' Loan Promotion for the Innovative Key Industries" promulgated by Financial Supervisory Commission, and the credit balance of industries was TWD91.377 billion as of December 31, 2020, with an increase of TWD10.996 billion from 2019, a growth of 13.68%.

#### **(6) Implementing government policy to boost export project, strengthen the promotion of export financing, relending and export credit insurance as well as other related attractive measures to help exporters dominate business opportunities**

1. In order to help companies strengthen their export momentum, Eximbank and the Bureau of Foreign Trade, Ministry of Economic Affairs ("Bureau of Foreign Trade") jointly launched various policy-based export loan services, relending facilities, and export credit insurance, and provided related measures in the hope of assisting Taiwanese exporters in opening up the international market with complete financial support.
  - (1) To assist enterprises further, Eximbank has applied TWD 6 billion fund from the Ministry of Economic Affairs under the "Strengthening Trade Finance Loan Program" to support various Eximbank export credit services. The implementation period of the Program is 10 years from January 1, 2016 to December 31, 2025. In 2020, 64 loans were approved, 62 enterprises serviced and total amount of loan approved was TWD6.106 billion, the export value estimated to grow by TWD18.318 billion.



(2) Since 2009, Eximbank has cooperated with BOFT for the promotion of the "New Cheng Ho Plan-San Pao Project" and assisted exportation and expanded overseas markets. Thereafter, BOFT has been continuously supporting Eximbank by providing NT\$1 billion in funding for "Promotion of Exportation by Relending Facility" to expand cooperation with global relending banks on attractive terms and encourage foreign importers to purchase Taiwanese commodities.

(3) In 2020, Eximbank continued to implement the "Strengthened Export Credit Insurance Preparation Program" launched by the Bureau of Foreign Trade. The Trade Promotion Fund approved to provide manufacturers with preferential measures on export credit insurance premium and credit checking fees, to effectively assist businesses with export and expansion of foreign trade. In 2020, the total insured amount under this program was NT\$66.507 billion, an increase of 3.49% compared with 2019. It not only alleviated the burden on exporters but also transferred the risk of accounts receivable arising from international trade to Eximbank so as to help businesses to expand their trade.

2. In order to effectively assist manufacturers to expand into emerging markets, Eximbank continued to actively implement the Executive Yuan's "Promotion of Exporting Insurance Programs to Global Export Projects" with a total of 4,697 insured cases and insured amount of NT\$12.065 billion in 2020.

**(7) Vigorously engage in the turnkey and machinery equipment export financing, and cooperate with the National Development Fund of the Executive Yuan to provide medium**

**and long-term financing to help manufacturers dominate overseas business**

1. In order to achieve industrial integration of traditional and high-tech industries and industrial upgrading, assist manufacturers to enhance international competitiveness and invest overseas, explore international resources and establish international production and marketing channels, the National Development Fund of the Executive Yuan (hereinafter referred to as National Development Fund) provides funds for Eximbank to finance domestic manufacturers.
2. Eximbank has been cooperating with the National Development Fund since May 10, 2006 to launch loan projects successively such as "Export Credit for Machinery and Equipment", "Export Credit for Green Energy and Industrial Equipment" and "Overseas Investment Project Loans". Eximbank is currently the manager bank of the aforementioned three loan projects, and other domestic banks are invited to participate in the financing program. Eximbank deals with the matters such as signing contracts with the lending banks, appropriation and repayment, applying to the National Development Fund for allocation of funds, etc.. Up to the end of December 2020, Eximbank has handled 1,244 cases, and the approved loan amount is approximately NT\$112.632 billion.
3. In order to promote the long and medium-term export of the turnkey project in Taiwan, Eximbank has set up a special task force for solving problems arising from the export financing demands of manufacturers. Eximbank customize and design loan terms and conditions under the current regulations to meet the requirements of the manufacturers and assist them exploring overseas markets.

### **(8) Cooperating with the Small and Medium Enterprise Development Fund of the Ministry of Economic Affairs and Small and Medium Enterprise Credit Guarantee Fund of Taiwan for small and medium enterprise (SME) financing programs, and implement government policy to strengthen financial services to SME**

1. Eximbank used the funds of the Small- and Medium-Sized Enterprise Development Fund of the Small and Medium Enterprise Administration, Ministry of Economic Affairs, and the credit guarantee services of the Small and Medium Enterprise Credit Guarantee Fund of Taiwan to actively finance small- and medium-sized enterprises (SMEs) in order to help them obtain orders and expand the export market. At the end of 2020, the average balance of loans provided to SMEs reached NT\$8.036 billion, and the number of loans in this regard accounted for 28.44% of the total.
2. Around 85% of the current insured customers of the Eximbank's export credit insurance business were SMEs. In 2020, the insured amount of export credit insurance for SMEs reached NT\$47.731 billion, an increase of 5.3% compared to 2019. In addition, in order to strengthen services for SMEs, Eximbank has set up a point of contact for SME export credit insurance service and worked with more than 20 international credit checking agencies for a long-term cooperation to conduct buyer credit checking, and professional underwriters will analyze the content of credit reports to help companies avoid the possibility of credit risk in the international trade.

### **(9) Assisting companies in strengthening the development of service trade and the export of service industries**

Eximbank has actively provided service trade loans and guarantee to strengthen enterprises' advantages and competitiveness in expanding service trade, thereby expanding the scale of the industry and the global market. From the launch to the end of 2020, Eximbank had approved a total of NT\$14.484 billion in service trade loans and a total of NT\$3.767 billion in the guarantee.

### **(10) Diversified assistance to enterprises for developing emerging markets with remarkable results**

Eximbank has continued to provide comprehensive loans, guarantee and export credit insurance mechanisms for the target countries of the New Southbound Policy to strengthen enterprises' competitiveness. The total amount of credit granted in 2020 (excluding relending) was NT\$29.798 billion, an increase of 7.54% from the previous (2019) year; the insured amount of export credit insurance was NT\$27.494 billion, an increase of 8.73% from the previous (2019) year.

Eximbank has actively implemented various work frameworks set by the Ministry of Economic Affairs, and assisted Taiwanese enterprises in exploring business opportunities in emerging markets through various policy-based export credit, relending facilities, and export credit insurance. In 2020, the credit amount approved in cooperation with the economic and trade policies and for exports to emerging markets was NT\$22.773 billion, accounting for 58.99% of Eximbank's total approved export credit amount. The insured amount in cooperation with economic and trade policies and for emerging markets was NT\$92.831 billion, accounting for

57.85% of Eximbank's insured amount of export credit insurance. The export markets have been expanded to Southeast Asia, Central and South America, Eastern Europe, Africa, and other emerging market regions, including Indonesia, Malaysia, Singapore, Thailand, the Philippines, Vietnam, India, and other countries, and Eximbank's services have been very effective in assisting enterprises in obtaining orders to expand business in emerging markets and diversifying risks.

**(11) Eximbank continues to promote various guarantee businesses to assist domestic enterprises to strive for both domestic and overseas business opportunities**

Eximbank follows government policies to launch various kinds of import and export guarantees services. In 2002, Domestic Major Public Construction and Infrastructure Projects Guarantee has been launched to provide enterprises in need with construction guarantee services to undertake construction projects. Nowadays, Domestic Major Public Construction and Infrastructure Projects Guarantee has become one of the most important guarantee services for Eximbank. In addition, in order to assist enterprises to expand overseas markets, Eximbank has not only continued to provide various import and export guarantees and Domestic Major Public Construction and Infrastructure Projects Guarantee, but also actively promoted overseas (especially the countries targeted by the New Southbound Policy) construction credit and guarantee businesses with the aim of increasing the competitiveness of those enterprises intending to undertake overseas construction projects. In 2020, Eximbank's guarantees provided to overseas construction project and major domestic public work projects NT\$14.4 billion, representing an increase of 2.86% over the same period in 2019.



Acting President

**Hsiu-Chuan Ko**

### **(12) Eximbank participates in domestic syndicated loans and helps companies improve productivity and promote industrial upgrading through financial support**

Eximbank has participated in domestic syndicated loan cases in a timely manner, such as assisting enterprises in importing precision machinery and important fuels through funding of loans, and which has helped Taiwanese enterprises achieve the goal of stable business operations. In line with the government's energy policy and to support the development of green energy industry in Taiwan, Eximbank participated in the domestic syndicated loans of power generation companies to assist them in importing important fuel of natural gas to maintain the stable operation of power plants and to enhance their operational competitiveness. Eximbank's export and import financing amount approved in 2020 was NT\$46.253 billion, an increase of 0.52% over the same period in 2019.

### **(13) Eximbank has established a global relending system to assist enterprises in expanding exports**

In line with the government's economic and trade policies and market demand, Eximbank has continued to establish relending relations with reputable banks around the world. By granting credit facilities to domestic and foreign financial institutions for them to refinance foreign importers to purchase products from Taiwan so as to strengthen the competitiveness of our country's export products in the international market. As of the end of 2020, Eximbank had established relending relations in 27 emerging market countries, including Brazil, Chile, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Paraguay, Armenia, Belarus, Bulgaria, the Czech Republic, Russia, Turkey, Nigeria, South

Africa, Marshall Islands, Cambodia, India, Indonesia, Mongolia, Philippines, Thailand, the Republic of Uzbekistan, and Vietnam, as well as the United States. The cooperative banks include a total of 78 financial institutions in the Americas, Europe, Oceania, Africa, and Asia, with a total granted credit line of US\$884 million.

### **(14) Eximbank actively participates in international syndicated loans with financial institutions as borrowers to expand business and enhance international financial collaboration**

Eximbank has continued to actively participate in the international syndicated loan seminars and participated in loans based on risk assessment in order to increase Eximbank's international reputation and leverage its policy-based business functions. As of the end of 2020, the balance of the international syndicated loans in which Eximbank had participated was approximately US\$339 million, equivalent to approximately NT\$9.526 billion. The borrowers include 26 financial institutions in 11 countries and international organizations in Asia, Central and South America, Africa, and other regions. In addition, Eximbank assisted 9 financial institutions in 5 countries, including Qatar, Indonesia, Vietnam, India, and Chile, as well as other international organizations in obtaining US\$118.5 million for working capital. Participating in the international syndicated loan business has not only helped to increase Eximbank's annual revenue but also increased opportunities for collaboration in other business projects through interaction with international financial institutions. For years, Eximbank has promoted the Relending Facilities by participating in international syndicated loans, and has successfully established relending partnerships with reputable banks in emerging markets in Southeast Asia, Eastern Europe, Central and South America, and Africa to assist enterprises in expanding into emerging markets.

### (15) Pressing ahead with export credit insurance service, assisting manufacturers to enhance order receiving ability and avoid trade risks

1. To assist businesses in developing business in emerging markets, whether exported in the term of D/P, D/A, O/A, or L/C, they can utilize all types of export credit insurance products from Eximbank to seize business opportunities and reduce possibility of bad debts. In 2020, the total amount of export credit insurance reached NT\$160.474 billion, an increase of 9.34% from 2019. In particular, Eximbank's main service is "GlobalSure Credit Insurance". With customized features, businesses are motivated to adopt a blanket insurance mechanism to enjoy preferential rates, and prevent manufacturers from Adverse Selection of export credit insurance and effectively

increase the export credit insurance business volume. The total insured amount of the insurance products in 2020 reached NT\$126.269 billion, an increase of 13.06% from 2019.

2. Eximbank continues to strengthen the single point of contact service. Each account administrator of Eximbank can provide customers with financing and export credit insurance services to facilitate export businesses to manage trade risks and coordinate capital needs flexibly, while enhancing the cross-marketing effect of financing and export credit insurance businesses. Meanwhile, it has strengthened the debt collection operations to assist export businesses and local negotiating banks in collecting debts from foreign letter of credit issuing banks or buyers to ensure Eximbank's rights and interests, and the outcome has been excellent.



Premier Su Tseng-chang of the Executive Yuan hosted the ceremony in honor of the banks highly rated for their contribution to the second phase of "Acceleration of Relief and Economic Stimulus Loans from Domestic Banks", and Chair Liu Pei-jean received the award for the great contribution by Eximbank. (Photo taken in January 2021)

### **(16) Make good use of reinsurance and international cooperation of insurance industry to strengthen underwriting energy**

1. In view of the requirement in scale-up of insurance performance and the sound operating basis of export credit insurance, Eximbank has renewed a reinsurance contract with the Central Reinsurance Corporation in 2020 to properly transfer risks to the reinsurance company in order to strengthen export credit insurance capability of Eximbank.
2. As of the end of 2020, Eximbank had signed cooperation agreements with export credit institutions in 20 countries around the world, including Poland, the Czech Republic, Hungary, Japan, Slovakia, Turkey, Thailand, Indonesia, Malaysia, Belarus, South Korea, Israel, Mainland China, Sweden, Sri Lanka, Hong Kong, India, Finland, Italy, and Denmark, etc., and signed reinsurance contracts with Japan and Sweden, with a view to assist Taiwanese business in expanding into the global market.

### **(17) Expand service level through the network of cooperating bank**

1. To simplify the loan procedures and strengthen the expansion of export financing business, Eximbank has continued to renew the cooperative promotion of foreign exchange business contract with designated domestic foreign exchange banks to entrusted them to review the export documents and handle the payment collection business for Eximbank's loans to accelerate the progress of loan appropriation and streamline the operating process. In 2020, Eximbank commissioned cooperating foreign exchange banks to review a total of 26 cases, which was extremely effective for the promotion of export loan business.
2. In addition, to strengthen collaboration with domestic commercial banks and foreign banks in Taiwan to promote export credit insurance, Eximbank has signed the cooperative promotion contract with 30 banks so that Eximbank can capitalize on the cooperating banks' marketing channels to promote its export credit insurance and to help its customers hedge the risk of



uncollectible accounts receivables while indirectly protecting the security of the financing credit of the lending banks or negotiating banks.

- In response to the upgrade of international trade, businesses' needs, and the enhancement of asset quality, Eximbank has developed new products for financial institutions as policyholders, called "GlobalSure Credit Insurance for Factoring Business" and "L/C Insurance for Forfaiting Business". Through the two products, Eximbank is able to strengthen the mutual cooperation relationship with commercial banks. In 2020, Eximbank collaborated with financial institutions to promote export credit insurance, which totaled NT\$10.471 billion, an increase of 19.69% from last year.

### (18) Gradually increasing capital to amplify business undertaking volume for assisting enterprises to improve their competitiveness

Eximbank was approved by the Ministry of Finance to increase its capital by NT\$19.711 billion from 2016 to 2020. After the increase of capital, the upper limit on the total credit balance for a single enterprise was raised to NT\$5.223 billion, and the upper limit on the unsecured credit was raised to NT\$1.741 billion, which could effectively increase Eximbank's financing provided to enterprises and improve its ability to undertake larger financing cases. Through the capital increase, Eximbank has not only succeeded in reducing export enterprises' cost of funds and assisting them to avoid trading risks, but also driven

## 109年對投保與轉介輸出保險績優金融機構頒獎典禮



Minister Su Jain-rong of the Ministry of Finance issued the award at the Seminar for Government-Owned Financial Institutions in March 2021 to banks' outstanding performance in export credit insurance during 2020. This award demonstrates the government's emphasis on export credit insurance as a policy function. (Photo taken in March 2021)



the growth of overall export value, so as to leverage Eximbank's financial support function to assist enterprises in expanding exports. In addition, in order to cope with the adjustment of Taiwan's industrial structure, Eximbank has strengthened the mid- and long-term loan and guarantee services to assist enterprises in improving their competitiveness in their industries, thereby facilitating the industrial upgrade.

### **(19) Enhancing the cooperation with domestic economic and trade organizations to promote export trade**

In order to assist Taiwanese enterprises in expanding their export and strengthen the collaboration with economic and trade organizations, Eximbank has continued to co-organize business promotion activities with the Taiwan External Trade Development Council (TAITRA). In 2020, Eximbank had co-organized seminars with TAITRA and assigned its staff to promote its relevant financial services at important

exhibitions held by TAITRA. This has strengthened business exchanges and collaboration between both parties, and both parties have set up corresponding channels to exchange business information so as to provide enterprises with information about their export expansion and trade and financial trends at any time to help them enhance their export competitiveness, expand their sales in overseas markets and gain business opportunities, and accelerate our country's economic development.

### **(20) Actively participated in international organizations to assist domestic manufacturers expanding global market**

As a member of the Berne Union, international not-for-profit trade association, from January 14, 2020 to January 16, 2020, Eximbank participated in the 11th Regional Cooperation Group ("RCG") CEO meeting held in Tokyo, Japan, at which members exchanged business experience, strengthened regional



Minister Su Jain-rong of the Ministry of Finance (left), Minister Kung Ming-hsin of National Development Council (right), and Chair Liu Pei-jean of Eximbank jointly hosted the opening ceremony for the National Credit Guarantee Administration on January 20, 2021. (Photo taken in January 2021)

cooperation, and shared experiences, while Eximbank increased its international visibility as a result. The Berne Union 2020 Spring Meeting held in Budapest, Hungary, from May 12, 2020 to May 14, 2020, as affected by the pandemic, was held online, and the staff of Eximbank also participated throughout the process, in order to strengthen the collaboration with other members and to keep abreast of the latest global economic trends. In addition, the Berne Union 2020 Annual General Meeting in Autumn held in Astana, Kazakhstan, from October 11, 2020 to October 15, 2020, was held online due to the pandemic, and the staff of Eximbank participated throughout the process so as to enhance the collaboration with other members and to stay updated with the latest global economic trends. From October 20 to 21, 2020 Eximbank hosted the "Cross-Strait and Hong Kong Export Credit Insurance Seminar" online for the first time, at which the official export credit agencies of Taiwan, China, and Hong Kong all sent staff to attend the conference online so as to strengthen mutual collaboration and

to stay up-to-date with the latest global economic development trends.

### **(21) Implement risk management mechanism, improve management system, and enhance risk control effectiveness**

In view of the ever-changing international economic and trade situation, Eximbank has reinforced its assessment and monitoring of country risks and financial risks of business dealings, and submits the monitoring reports to executives, in particular on the change of risks in the higher risk areas and countries. In terms of industry and enterprise risks, Eximbank continuously monitors the change in risks of enterprises and related industries, and carry out credit limit control on enterprises and various industries, in order to effectively master the dynamic development of enterprises and related industries and diversify the credit risk.



Chairperson Huang Tien-mu of the Financial Supervisory Commission issued the award to Eximbank for outstanding achievement of the Syndicated Loan Platform for System Integration, Turnkey Project and Engineering Industry Exports, and Chair Liu Pei-jean received the award as a recognition for our assistance to Taiwanese companies in the development of overseas markets. (Photo taken in June 2020)

In order to enhance the effectiveness of risk control, Eximbank has continuously reinforced functions of risk management information system, and established database as well as the "Instant Notification System of Significant Information on Listed, OTC and Public Offering Companies" to master the risk dynamics of loan, guarantee and export credit insurance customers.

## **(22) Eximbank plans and implements its compliance operations, and supervises and implements measures to prevent money laundering and combat financing of terrorism**

Eximbank has continued to observe the compliance status during business execution at each unit, reviewed the key points of the compliance assessment in a timely manner, promoted the effective implementation of various laws and regulations by each unit, and enhanced its business development. The audit unit has worked to strengthen the audit of the compliance,

and the compliance unit has striven to increase the awareness of compliance at the entire Bank and to coordinate education and training, as well as evaluation operations. Each unit shall conduct effective control in each case and pay attention to the compliance with laws and regulations at all times.

Eximbank's Anti-Money Laundering Center has established a compliance and enhanced management mechanism for Eximbank's anti-money laundering and counter terrorism financing (AML/CTF), and amended Eximbank's internal regulations related to AML/CTF in accordance with the latest amendments to the laws and regulations. Eximbank completed the ad-hoc audit of AML/CTF and Eximbank's "Comprehensive Money Laundering and Terrorism Financing Risk Assessment Report" (including Eximbank's AML/CTF plan) in accordance with the timeline set by competent authorities and submitted it to the Financial Supervisory Commission for future reference.



To assist companies in developing the Africa market, Eximbank and the Bureau of Foreign Trade hosted the seminar "Financing Support and Investment Taxation for the African Market". The purpose was to introduce Eximbank's policy-oriented services in financing and export insurance, assist companies in accessing capital and hedge risks with the government's financing support, and promote businesses' cooperation. (Photo taken in December 2020)

### **(23) Vigorously training finance professionals to enhance expertise**

Eximbank formulated an annual training plan for employees, offered education and training to employees peers, actively trained financial professionals to enhance their business knowledge and capabilities, sent personnel to participate in seminars held by financial professional research and training institutions, while organizing training courses on specific topics with experts and scholars hired as lecturers. In 2020, Eximbank held 13 keynote speeches on professional competence and laws and two seminars regarding feedback on overseas business visits with a total of 799 participants. Eximbank has actively improved the staff's professional knowledge and competence to meet the needs of business development.

## **3. Credit Rating**

1. In order to expand funding source and save funding cost, Eximbank commissioned Fitch Ratings for credit rating and received their

confirmed rating results as the highest IDR Rating among all banks in Taiwan. As the only state-owned specialized bank of export and import credit, Eximbank was given the IDR rating aligned with Taiwan's sovereign rating, which shows that the Bank has strong creditworthiness and high capability of honoring its debts.

2. Fitch Ratings has assigned Eximbank the following ratings on December 16, 2020:

- Long-Term Issuer Default Rating of 'AA-'; Outlook Stable
- Short-Term Issuer Default Rating of 'F1+'
- National Long-Term Rating of 'AAA(twn)'; Outlook Stable
- National Short-Term Rating of 'F1+(twn)'
- Support Rating of '1'
- Support Rating Floor of 'AA-'
- National Long-Term Rating on senior unsecured bonds of 'AAA(twn)'



# 3

## Bank Profile

### 1. Brief Introduction

Eximbank was established on January 11, 1979 under the Statute of “The Export-Import Bank of the Republic of China Act”. As a state-owned specialized export and import financial institution, which is administered by the Ministry of Finance and supervised by the Financial Supervisory Commission, Eximbank’s mission is “to promote export and import trade and develop the economy”, and its business vision is “to Strengthen trade finance and assist external trade”. The main objective of Eximbank is to support government economic and trade policies by providing

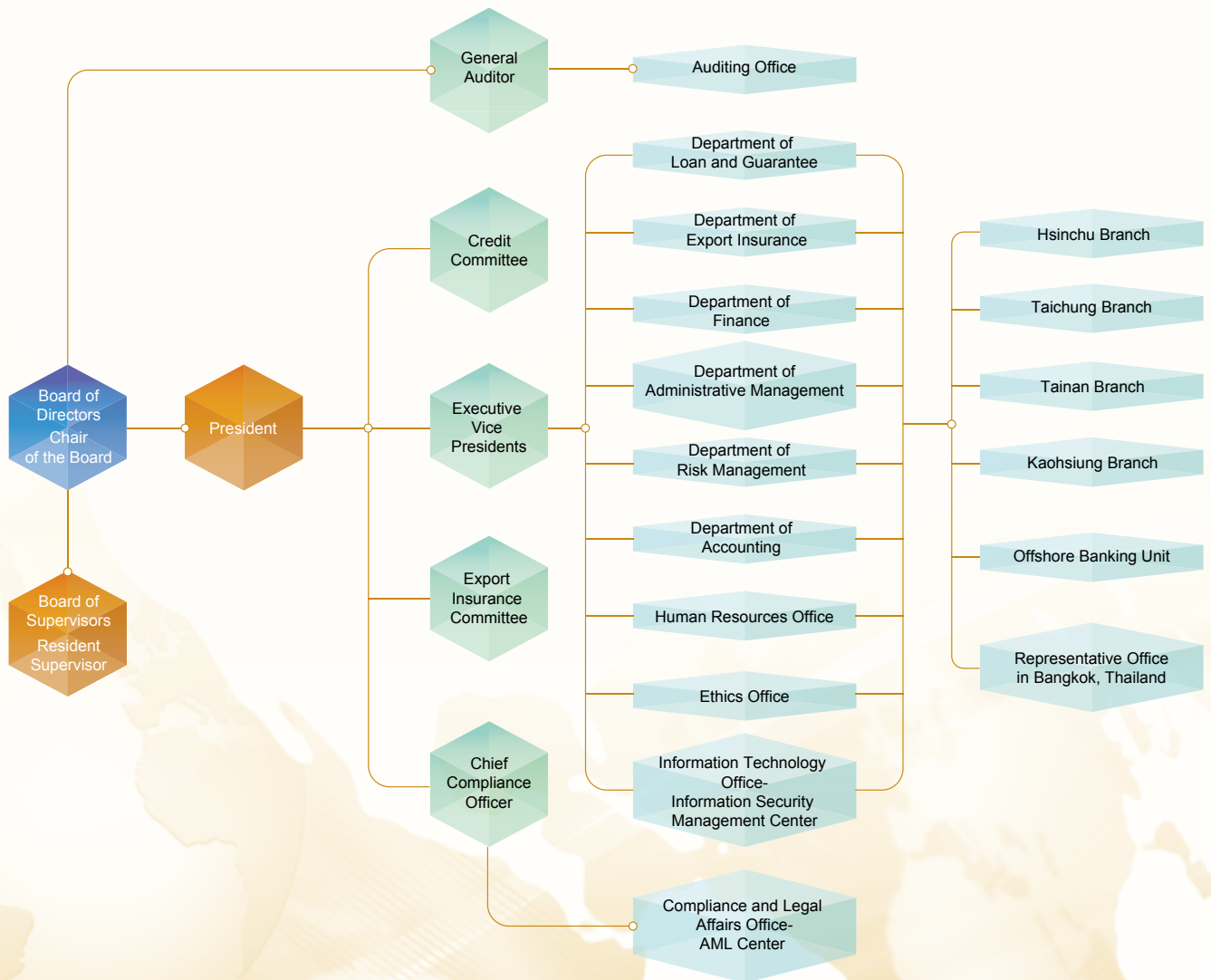
loans, guarantees, and export credit insurance to help enterprises expand external trade and overseas investments and increase international cooperation to maintain the steady and continuous development of Taiwan economy.

In order to assist enterprises to export, Eximbank provides export credit and export credit insurance services, and successively establishes branches in Kaohsiung, Taichung, Hsinchu and Tainan, as well as Offshore Banking Unit and Representative Offices in Bangkok, Thailand.



## 2. Bank Organization

### (1) Organization Chart



## (2) Board of Directors and Supervisors



✓ Pei-Jean Liu

Chair of the Board of Directors



✓ Ching-Hua Lee

Managing Director



✓ Chiung-Min Tsai

Director



✓ Wan-Jung Day

Director



✓ Yu-Chyng Wang

Director



✓ Shang-Hsi Liao

Director



✓ Jen-Hsiu Lu

Resident Supervisor



✓ I-Hui Lee

Supervisor



✓ Chang-Keng Chen

Supervisor



Board of Directors		Board of Supervisors	
Pei-Jean Liu	Chair of the Board of Directors	Jen-Hsiu Lu	Resident Supervisor
Ching-Hua Lee	Managing Director	Chang-Keng Chen	Supervisor
Chiung-Min Tsai	Director	I-Hui Lee	Supervisor
Wan-Jung Day	Director		
Yu-Chyng Wang	Director		
Shang-Hsi Liao	Director		

### (3) Principal Managers and General Auditor

Name	Title
Pei-Jean Liu	Chair and Acting President
Hsiu-Chuan Ko	Executive Vice President
Jin- Shong Yang	Chief Compliance Officer
Yu-Chyng Wang	(Senior Vice President and) General Manager, Department of Loan and Guarantee
Ting-Chieh Wang	(Senior Vice President and) General Manager, Department of Export Insurance
Chung-Yu Wang	(Senior Vice President and) General Manager, Department of Finance and Offshore Banking Branch
Meei-Ling Wu	(Senior Vice President and) General Manager, Department of Administrative Management
Fu-Hua Hsieh	(Senior Vice President and) General Manager, Department of Risk Management
Lih-Chin Hsieh	(Senior Vice President and) General Manager, Department of Accounting
Lan-Chun Luh	(Vice President and) Chief Human Resources Officer
De-Ruen Yang	(Vice President and) Chief Ethics Officer
Chih-Hsien Huang	(Vice President and) Chief Information Technology Officer
Ming-Ti Chang	(Vice President and) General Manager, Compliance and Legal Affairs Office

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## IV Operations Overview



### 1. Business Overview

Below is an overview of Eximbank loans, guarantees, and export credit insurance business in 2020:

#### (1) Loans

Eximbank's loans include "Medium and Long Term Export Credits", "General Export Credits", "Short Term Export Credits", "Medium and Long Term Import Credits", "Overseas Investment Credits", "Overseas Construction Credits", "Ship Building Credits", "International Syndicated Loans", "Relending Facilities", "Domestic Major Public Construction and Infrastructure Project Credits", etc.

Eximbank's loan portfolio mainly consists of medium and long-term loans. In 2020, the average balance of these loans totaled TWD109,842 million, accounting for 79.19% of total loans.

#### (2) Guarantees

Eximbank's guarantee includes "Overseas Construction Guarantees", "Medium and Long Term Import Guarantees", "Export Guarantees", "Overseas Investment Guarantees", "Domestic Major Public Construction and Infrastructure Project Guarantees", and "Ship Building Guarantees", etc.

In the structure of Eximbank's guarantee business in 2020 (based on the proportion of amounts provided), the "guarantees for domestic major public works" accounted for 51.36%, "import guarantees" 40.09%, "export guarantees" 5.44%, "guarantees for overseas construction projects" 3.06%, and other guarantees 0.05%.

### (3) Export Credit Insurance

Eximbank export credit insurance services include "Comprehensive Export Credit Insurance for D/P and D/A Transactions", "Comprehensive Export Credit Insurance for Open Account Transactions", "Export Credit Insurance for Small and Medium Enterprise", "Trade Credit Insurance for L/C Transactions", "Medium and Long-term Deferred Payment Insurance", "Overseas Investment Insurance", "GlobalSure Credit Insurance", "GlobalSure Credit Insurance for Factoring Business", and "L/C Insurance for Forfaiting Business".

The total insured amount of export credit insurance was TWD160,474 million in 2020, an increase of 9.34% from 2019.

## 2. Market Overview

### (1) Domestic and Global Financial Conditions

Since 2020, the coronavirus pandemic has reached almost every country in the world. Its spread has left national economies and businesses counting the costs, as governments struggle with new lockdown measures to tackle the spread of the virus from the second quarter. The global demand shrunk due to severe damage to the manufacturing industry supply chain. Economic activities in the service industry, such

as tourism, international competitions, conferences and exhibitions, were suspended and the international crude oil and raw material prices plummeted.

Starting from the third quarter of 2020, some countries, with the slowdown of the epidemic, had successively unblocked their economic activities and restarted economic activities. The global economy has gradually stepped out of the recession and international oil prices had also tended to stabilize. However, the resurgence of the pandemic in September greatly weakened the strength of recovery, and virus mutations in many economies prompted them to adopt stricter lockdown measures. In the fourth quarter of 2020, due to the successful vaccine development, the economy began to resume activities again.

In general term, the global economy in 2020 experienced public health disasters, external demand shocks, and fluctuations in commodity prices. The International Monetary Fund (IMF) estimated that the global economy would shrink by 3.3% in 2020.

At the beginning of 2021, the economic outlook has improved significantly, but the opinions of all parties continue to be divided. The economic recovery of various countries depends on the local economic structure, the deployment of COVID-19 vaccine and the response ability to adopt a stabilization policy to suppress the virus. Overall, the momentum of economic recovery will still be in an uneven state throughout 2021.

In the United States, due to the impact of COVID-19 on the global economy and financial markets in 2020, the Federal Reserve (FED) have introduced larger interest-reducing, quantitative easing policies and strong stimulus measures one after another to promote economic activity. FED lowered its benchmark interest rate by 0.5 percentage points on March 3, 2020. On March 15, 2020, the interest rate was cut by another 1 percentage point, and the target range of the basic interest rate had been reduced to 0% to 0.25%.

According to data released by the US Department of Commerce, the GDP growth rate in 2020 would shrink by 3.5%, the first recession in 11 years since 2009, and the worst performance since 1946. The introduction of a US\$1.9 trillion fiscal incentive program in early 2021 will increase demand and bring favorable spillover effects to other economies.

In mainland China, due to the outbreak of COVID-19 epidemic in the first quarter of 2020, large-scale business shutdowns caused heavy losses in manufacturing production. However, with the resumption of work in the second quarter, economic

activities gradually resumed. Mainland China was the first country to resume operations after the spread of COVID-19, with a strong economic performance and a V-shaped rebound.

EU's economic recovery was driven by the improved sanitation from Q3 of 2020, supported by relaxation of lockdown measures as well as remote work and online shopping enabled by technology solutions. However, the outlook is subject to considerable uncertainty. A more persistent pandemic, a resurgence of COVID-19 cases, a wave of corporate bankruptcies, or even social unrest could derail the recovery of the European countries that relied heavily on service industries.

At the end of December 2020, the United Kingdom and the European Union reached the EU-UK Trade and Cooperation Agreement, which has started a new page in the relationship between the United Kingdom and the European Union. As European countries continue to implement epidemic prevention restrictions in early 2021, we believe the European economy would still grow slowly in 2021.



To support the New Southbound Policy, Eximbank organized the workshop “New Growth Momentum by Going Southbound – Export Strategy After COVID-19” to analyze taxation regulations of investment and risk management strategies to assist Taiwanese companies in developing the southbound markets. (Photo taken in December 2020)

Major economies in Southeast Asian countries which industrial chain is closely linked with the U.S. and China are seriously affected by COVID-19. They are set to witness recessions in 2020 as IMF estimated that the GDP growth rate of ASEAN countries would shrink by 3.4%, while growth would likely rebound next year. However, the lack of mass vaccinations could dampen the growth momentum, and also their effectiveness and distribution still cast uncertainties over that outlook. Overall, the rollout of vaccines and the fiscal policy support would be the main factor to help the emerging market to resume growth in 2021.

Taiwan's major export products increased remarkably, benefitting from advancement in emerging technology applications, booming business to facilitate remote working, the leading advanced manufacturing processes in the semiconductor industries, and resumed demand for traditional manufacturing goods. Amid the transfer, competition, and cooperation among supply chains in different countries, Taiwan has kept the pandemic well under control, overseas Taiwanese businesses are continuing to make investments in

Taiwan. All of these activities have driven a stable production and export conditions for Taiwan. From the third quarter in 2020, the exports had grown month by month, and the volume for the whole year had reached US\$345.28 billion, hitting the record high in history. Taiwan was one of the few countries in the world with positive economic growth with the growth rate at 3.12% in 2020.

Taiwan is a small open economy that is vulnerable to external shock and susceptible to international economy. With the benefit of the low base period of the severe recession in 2020, global output and demand are expected to rebound strongly in 2021. However, we still need to pay attention to the economic recovery momentum of important consumer markets, the development of the global epidemic, and the effectiveness of vaccines. In addition, financial vulnerabilities, such as geopolitical conflicts, trade wars, and continuously rising global debt, as well as climate change risks, are all uncertain factors that affect the economic outlook.



In November 2020, Eximbank hosted the handover ceremony for the former chair and the new chair to take an oath for office. The ceremony was under the auspice of Political Deputy Minister Juan Ching-hwa of the Ministry of Finance. (Photo taken November 2020)



## (2) Overview of Credit Market

In 2020, due to the spread of COVID-19 around the world, countries adopted measures, including cancellation of gatherings, restrictions on going out, and border blockades, which greatly reduced real economic activities. In addition, with the continuation of the US-China trade war, the global economy plunged into recession. As far as developed countries are concerned, most areas in the U.S. have been under lockdown since March 2020. New York and California states, which are the hubs of finance and technology, have been ravaged with the pandemic. As a result, the economic growth rate has dropped to -3.4%, a decrease of 5.6 percentage points from 2.2% in 2019. In the European Union region, due to the lockdown in many countries, the economic growth rate in 2020 dropped to -7.6%. As for the emerging market countries, the growth rate of mainland China in 2020 stood at 2.1%, which was lower than 6.1% in 2019. Due to the impact of the pandemic, the scale of trade in Southeast Asian countries had shrunk, and economic performance had been hit hard; as such, the economic growth rate in 2020 was -5.2%. In terms of domestic economy, with the success of the pandemic prevention, production, manufacturing, and consumption activities have continued as usual. Taiwan's economic growth rate in 2020 reached around 3.12%, an increase of 0.16 percentage points from 2.96% in 2019, which was the best performance among the developed countries.

In order to help boost the domestic economy, Eximbank was committed to promoting the Key Innovative Industries in 2020 and strengthened the services of export financing, overseas construction project financing, major public work project financing, and mid- and long-term import financing, overseas investment financing, and international corporate loans in line with the government's domestic public construction program. The performance in financing

and guarantee services for 2020 increased by 18.03% and 8.47%, respectively, over the previous year.

## (3) Overview on Export Credit Insurance Market

According to our country's customs import and export statistics, the total annual export trade volume in 2020 reached more than US\$345.2 billion, an increase of 4.90% from 2019. In terms of exportation, Asia remained the main export market of Taiwan. It was also the largest area of Eximbank's Export Credit Insurance business, accounted for 50.26% of total insured amount. As for industries, electronic products were the primary export goods of Taiwan, thus computer communication and audio video electronic products were the largest target of Eximbank's export credit insurance business, accounted for 33.95% of total export value. It reveals that the Eximbank's export credit insurance business is in line with the government policy as well as the export trade development trend of Taiwan. By providing enterprises financial instruments to mitigate trade credit risks and enhance export capability, Eximbank has assisted manufacturers in expanding the emerging markets to achieve its strategic objectives of cultivating Taiwan, reaching out to the world, and diversifying export market risks.

## 3. Social Responsibilities

### (1) Eximbank Actively Implements the Strategy of Energy Conservation and Carbon Reduction to Strengthen Environmental Awareness

1. In line with the Government's initiatives to promote "energy saving and carbon reduction", "energy saving and paper reduction" and "green procurement", Eximbank has formulated the "2020-2023 Implementation Plan of Energy

Conservation” in accordance with the Energy Conservation Project for Governmental and Educational Institutions and the requirement from Ministry of Finance dated December 18, 2019.

2. Through awareness-raising activities and the improvement of relevant equipment by Eximbank, employees have successfully cooperated with various energy saving measures, such as water, electricity, oil, and paper. In 2020, the consumptions of electricity, water, and oil were reduced by 6.16%, 0.02%, and 10.78%, compared with the energy saving targets respectively. Paper consumption was the same as in 2015 (the base year). All energy consumptions reached the energy-saving targets.
3. Eximbank actively implemented the government's green procurement promotion program, with the actual achievement rate 99.30%, which was higher than the target value 95%. Eximbank has also conducted trash classification and resources recycle in the office, and purchased office supplies only with Environmental Protection Mark to build a society of resources sustainability.

## **(2) Eximbank Actively Conducted Public Welfare Activities to Enhance its Image and Fulfill its Social Responsibility**

In 2020, Eximbank not only fully cooperated with the government's policy launching special programs to help enterprises fight against COVID-19, but also supported various public welfare activities in line with Eximbank's original intention.

1. Continued to purchase self-made products and Taiwanese local agricultural products from public welfare organizations as gifts to customers to promote business, including:

(1) Taiwanese honey gift boxes from the “Yu-Cheng Social Welfare Foundation”; coffee gift boxes from the “Corporation Changhua County Joyce-Polio Care Association”; rolled wafer gift boxes from the “Syin-Lu Social Welfare Foundation”; wooden gift boxes from the “Taiwan Foundation for the Blind”; red bean and rice gift boxes from the “Children are Us Foundation”; coffee gift boxes from the “Man Fair Sheltered Workshop.” Through purchasing large quantity of products from these foundations for charity purpose, Eximbank hopes to help disadvantaged

- groups to enhance their ability to make a living and support themselves in the society.
- (2) Supported the development of Taiwan's agriculture and purchased "Taitung Sugar Apple" and "Peanut Oil from Dongshi Township, Chiayi County".
2. In response to the government's policy of promotion of sports, Eximbank worked with the "Chinese Taipei Football Association" to support the football league system and promote Taiwan's football. It is hoped that football, with the most sports population in the world, will be popular in Taiwan in the future.
3. Donated refurbished computers from recycled ones to promote the reuse of resources and continue the public welfare.
- (1) Responded to the Triple-E Institute and launched the "Your Old Computer, Their New Hopes" refurbished computer dream realization project.
- (2) To cooperate with the government's policy of bridging the digital gap between urban and rural areas, Eximbank donated refurbished computers to Jianshan Elementary School, Daxing Primary School, and Wunjheng Elementary School in Yunlin County, as well as Tong-Fu Junior High School and Kung-He Primary School in Nantou County. Educational activities of the school, to get the ball rolling so as to attract more enterprises to invest in school education activities.
4. Supported the Taipei Kuanyin-Line Psychological and Social Service Association's charity concert to cultivate young Taiwanese musicians as a model of the combination of art and social welfare, which attracted many entrepreneurs and officials to participate in the event.
5. In response to insufficient blood reserves, Eximbank and the Taiwan Blood Services Foundation jointly organized the event entitled "Irreplaceable Blood Donation with Love".



Eximbank, the Liaison Office of South Africa, and the Taiwan-Africa Business Association collaborated on the workshop "The Rising Africa – New Blue Ocean Opportunities: the Analysis for Financing Support and Investment Taxation". This event aimed to enhance the understanding of business development in Africa and Eximbank's services in risk hedging and capital access for overseas markets. (Photo taken in April 2021)



## 4. Prospects

In accordance with 2021 policy guidelines of the Executive Yuan, the government will help the industries to upgrade and overcome difficulties caused by the serious impact of COVID-19 through financial relief and economic stimulus measures in the future. Meanwhile, the government will also accelerate investment and rebuild the full supply chain in Taiwan on the basis of the domestic demand, and drive the industrial development while developing the "Taiwan Brand". Besides, on the existing foundation of "Five plus two" innovative industries plan, the government will develop the

"Six Core Strategic Industries" to make Taiwan a key force in the global economy in the future, while continuing to promote the New Southbound Policy, exploring potential markets, and increasing global business opportunities for domestic industries.

As the only state-owned specialized financial institution in Taiwan, Eximbank has shouldered with the policy-oriented mission to assist enterprises in expanding the overseas markets. Besides promoting the government's major policies continuously, Eximbank has not only offered complete trade and financial services strongly supporting domestic enterprises in the expansion of foreign markets, but



For praising Eximbank's contribution in the promotion of finance knowledge at campuses, the Financial Supervisory Commission issued a special award "Promotion of Finance Knowledge at Schools and in Communities" to recognize Eximbank's dedicated efforts in the development of finance talents in Taiwan. (Photo taken in June 2020)



also helped these companies overcome the challenge in transforming the structure of domestic economy and industry, in order to efficiently react the effect from order and supply chain transfers by the US-China trade conflict.

With the review of turmoil from COVID-19 and international politics and economics in 2020, the global economy looks set to sustain its weakness by the pandemic lately. While facing the obstacles from global wide pandemic, the inflation, the fiscal expenditures of U.S. , the trade and technology wars, the monetary policy of central bank , and other uncertain economic situations, Eximbank will

continuously adopt strategies, such as operating in a steady pace with tight risk control, cooperating with the government's various economic and trade policies, striving for the support from the government, and promoting enterprises preferential programs, to support Taiwanese companies in the global market exploration and enhance their export competitiveness as usual. Through the export supporting measures, Eximbank hopes to strengthen the domestic economic momentum, and finally achieve the goal of our vision" Strengthen Trade Finance and Assist External Trade".



The Ambassador of the Republic of Guatemala in Taipei met with Chair Liu Pei-jean, and both parties exchanged ideas on how to promote trading between the two countries. (Photo taken in September 2020)

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# V Financial Statements

## 1. Balance Sheets

NT\$ Thousand

Item	Notes	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Assets					
Cash and Cash Equivalents	Note 6(1)	289,218	0.19	208,046	0.15
Due from the Central Bank and Call Loans to Other Banks	Note 6(2)	79,343	0.05	227,083	0.16
Financial Assets at Fair Value through Profit or Loss	Note 6(3)	25,803	0.02	3,046	0.00
Financial Assets at Fair Value through other Comprehensive Income	Note 6(4)	382,997	0.25	359,454	0.25
Investments in Debt Instruments at Amortized Cost	Note 6(5)	7,600,000	5.04	7,600,000	5.34
Receivables-Net	Note 6(6)	322,916	0.22	592,173	0.42
Discounts and loans - Net	Note 6(7)	141,050,127	93.57	132,338,038	93.00
Other Financial Assets-Net	Note 6(8)	249,109	0.17	248,828	0.18
Property and Equipment-Net	Note 6(9)	510,235	0.34	512,455	0.36
Right-of-use Assets-Net	Note 6(10)	787	0.00	2,101	0.00
Intangible Assets-Net	Note 6(11)	79,798	0.05	60,675	0.04
Deferred Income Tax Assets-Net		111,331	0.07	100,328	0.07
Other Assets-Net	Note 6(12)	48,722	0.03	42,994	0.03
Total Assets		150,750,386	100.00	142,295,221	100.00

Item	Notes	December 31, 2020		December 31, 2019	
		Amount	%	Amount	%
Liabilities					
Due to the Central Bank and other Banks	Note 6(13)	26,464,900	17.55	28,143,550	19.78
Borrowed Funds from the Central Bank and Other Banks	Note 6(14)	29,952,450	19.87	29,309,986	20.60
Financial Liabilities at Fair Value through Profit or Loss	Note 6(15)	23,861,500	15.83	10,209,212	7.17
Payables	Note 6(16)	327,939	0.22	335,374	0.23
Current Tax Liabilities		42,069	0.03	60,626	0.04
Financial Debentures Payable	Note 6(17)	6,898,334	4.58	11,296,304	7.94
Other Financial Liabilities	Note 6(18)	25,635,327	17.00	26,190,869	18.41
Provisions	Note 6(19)	1,363,694	0.90	1,148,648	0.81
Lease Liability		807	0.00	2,127	0.00
Deferred Tax Liabilities		46,793	0.03	38,797	0.03
Other Liabilities	Note 6(20)	1,367,097	0.91	1,365,696	0.96
Total Liabilities		115,960,910	76.92	108,101,189	75.97
Equity					
Capital		31,711,187	21.04	30,600,000	21.50
Retained Earnings					
Legal Reserve		1,550,340	1.03	1,295,068	0.91
Special Reserve		2,044,169	1.35	2,154,465	1.52
Undistributed earnings		41,219	0.03	33,930	0.02
Other Equity		-557,439	-0.37	110,569	0.08
Total Equity		34,789,476	23.08	34,194,032	24.03
Total Liabilities and Equity		150,750,386	100.00	142,295,221	100.00

Note: The 2019 account has been recongnized by the Ministry of Audit , R.O.C ;The final accounts of 2020 are still subject to audit.



## 2. Statements of Comprehensive Income

NT\$ Thousand

Item	Notes	January 1, 2020- December 31, 2020		January 1, 2019 December 31, 2019		Percentage change (%)
		Amount	%	Amount	%	
Interest Revenue		2,020,257	127.55	2,588,306	157.28	-21.95
Minus: Interest Expenses		551,637	34.83	1,121,410	68.14	-50.81
Net Interest Income		1,468,620	92.72	1,466,896	89.14	0.12
Non-Interest Income						
Net Fees and Commissions	Note 6(21)	64,537	4.07	57,081	3.47	13.06
Gains (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss	Note 6(22)	-20,430	-1.29	-16,873	-1.03	-21.08
Gains From Sale of Financial Assets at Fair Value through Other Comprehensive Income		22,971	1.45	22,666	1.38	1.35
Foreign Exchange Gains (Losses)		-3,254	-0.21	-3,178	-0.19	-2.39
Net Export Credit Insurance Income	Note 6(23)	142,638	9.01	166,265	10.10	-14.21
Other Non-Interest Income	Note 6(24)	-91,161	-5.75	-47,201	-2.87	-93.13
Net Operating Income		1,583,921	100.00	1,645,656	100.00	-3.75
Bad Debts Expense, Commitment and Guarantee Liability Provision	Note 6(25)	250,920	15.84	369,717	22.47	-32.13
Operating Expenses						
Employee Benefits Expenses		372,950	23.55	368,953	22.42	1.08
Depreciation and Amortization		43,635	2.75	36,282	2.20	20.27
Other General and Administrative Expenses		170,553	10.77	164,706	10.01	3.55
Net Income (Loss) Before Tax		745,863	47.09	705,998	42.90	5.65
Income Tax (expense)		-69,419	-4.38	-61,672	-3.75	-12.56
Net Income (Loss)		676,444	42.71	644,326	39.15	4.98
Other Comprehensive Income						
Items not to be Reclassified into Profit or Loss:						
Re-measurements of the Defined Benefit Plans		-43,696	-2.76	-10,890	-0.66	-301.25
Gains (losses) Valuation of Equity Instrument at Fair Value through Other Comprehensive Income		19,268	1.22	-22,220	-1.35	186.71
Income Tax Related to Items not to be Reclassified		5,432	0.34	1,307	0.08	315.61
Items that May be Subsequently Reclassified into Profit or Loss:						
Exchange Differences Caused by Translation of Financial Statements of Offshore Branches		-687,276	-43.39	-278,735	-16.94	-146.57

Item	Notes	January 1, 2020- December 31, 2020		January 1, 2019 December 31, 2019		Percentage change (%)
		Amount	%	Amount	%	
Other Comprehensive Income (After Tax)		-706,272	-44.59	-310,538	-18.87	-127.43
Total Comprehensive Income		-29,828	-1.88	333,788	20.28	-108.94
Earnings per Share						
Basic and Diluted		0.22		0.21		

- Note: 1. In the year of 2019, capital increased by cash of NT\$1,800,000 thousand on June 3, and the amount of paid-in capital was changed to NT\$30,600,000 thousand.
2. In the year of 2020, capital increased by cash of NT\$626,411 thousand and the recapitalization of special reserves was amount of NT\$484,776 thousand. After the capital increase, the paid-in capital was changed to NT\$31,711,187 thousand. The amount of capital transferred from the recapitalization of the special reserves was adjusted retrospectively and accounted for under earnings per share for 2019.
3. Eximbank is a non-company entity. For ease of analysis, the number of shares is calculated based on a hypothetical value of NT\$10 per share.
4. Earnings per share are denominated in New Taiwan Dollars.



To assist companies overcoming the impact from COVID-19, Eximbank has been promoting relief and revival services. Eximbank actively spoke at meetings and conferences such as the luncheon “Economy in Vietnam post COVID-19 and Responses from Taiwan Businesses” organized by Ernst & Young Taiwan, in order to broadcast our promotional offerings to help companies through this difficult time. (Photo taken in June 2020)

### 3. Statements of Cash Flows

NT\$ Thousand

Item	January 1, 2020- December 31, 2020		January 1, 2019- December 31, 2019	
	Subtotal	Total	Subtotal	Total
<b>Cash Flows from Operating Activities:</b>				
Profit Before Tax		745,863		705,998
Adjustments:		-12,233,417		-22,105,412
Adjustments to reconcile profit		-913,767		-938,273
Bad Debts Expense, Commitment and Guarantee Liability Provision	284,826		421,734	
Depreciation Expense	19,550		18,347	
Amortization Expense	23,916		17,998	
Interest Income	-2,020,257		-2,588,306	
Interest Expense	656,789		1,172,143	
Loss (Gain) on Disposal of Assets	57		31	
Other Adjustments	121,352		19,780	
Changes in Operating Assets and Liability		-11,319,650		-21,167,139
(Increase) Decrease in Loans and Discounts	-9,647,119		-21,048,922	
(Increase) Decrease in Receivables	95,105		-114,529	
(Increase) Decrease in Financial Assets at Fair Value through Profit or Loss	-22,757		-1,951	
(Increase) Decrease in Other Assets	-1,525		3,639	
Increase (Decrease) in Due to the Central Bank and Other Banks	-1,678,650		-68,108	
Increase (Decrease) in Payables	-8,479		70,509	
Increase (Decrease) in Financial Liabilities at Fair Value through Profit or Loss	-47,712		1,534	
Increase (Decrease) in Other Liabilities	-8,513		-9,311	
Interest Paid		-649,355		-1,157,371
Interest Received		2,193,964		2,610,404
Income Tax Paid		-85,553		-70,732



Item	January 1, 2020- December 31, 2020		January 1, 2019- December 31, 2019	
	Subtotal	Total	Subtotal	Total
<b>Net Cash Inflows from (Used in) Operating Activities</b>		<b>-10,028,498</b>		<b>-20,017,113</b>
<b>Cash Flows from Investing Activities</b>				
Purchase of Property and Equipment	-16,368		-7,383	
Decrease (Increase) in Other Financial Assets	-4,275			
Decrease (Increase) in Other Assets	-47,241		-33,027	
Dividend Received	22,971		22,666	
<b>Net Cash Inflows from (Used in) Investing Activities</b>		<b>-44,913</b>		<b>-17,744</b>
<b>Cash Flows from Financing Activities</b>				
Capital Increase (Decrease)	626,411		1,800,000	
Increase (Decrease) in Borrowed Funds from the Central Bank and Other Banks	642,464		9,249,643	
Increase (Decrease) in Financial Debentures Payable	-4,400,000		-5,300,000	
Increase (Decrease) in Other Financial Liabilities	13,138,993		13,734,336	
Increase (Decrease) in Other Liabilities	5,614		36,456	
Principal Repayment of Lease Liability	-1,354		-1,235	
<b>Net Cash Flows from (Used in) Financing Activities</b>		<b>10,012,128</b>		<b>19,519,200</b>
<b>Effect of Exchange Rate Changes</b>		<b>-5,285</b>		<b>-1,377</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>		<b>-66,568</b>		<b>-517,034</b>
<b>Cash and Cash Equivalents at Beginning of Period</b>		<b>8,035,129</b>		<b>8,552,163</b>
<b>Cash and Cash Equivalents at End of Period</b>		<b>7,968,561</b>		<b>8,035,129</b>
<b>Composition of Cash and Cash Equivalents</b>				
Cash and Cash Equivalents Reported in the Balance Sheet		289,218		208,046
Due from the Central Bank and Call Loans to Banks Qualifying for Cash and Cash Equivalents Under the Definition of IAS 7		79,343		227,083
Securities Purchased Under Resell Agreements to Qualifying for Cash and Cash Equivalents Under the Definition of IAS 7		7,600,000		7,600,000
<b>Cash and Cash Equivalents at End of Period</b>		<b>7,968,561</b>		<b>8,035,129</b>



## 4. Statements of Changes in Equity

January 1, 2019-December 31, 2020

NT\$ Thousand

Item	Attributable to Owners of the Controlling Equity						Total
	Capital	Retained Earnings			Other Equity Items		
		Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statement	Gains (Losses) on Financial Assets at Fair Value through Other Comprehensive Income	
Balance, January 1, 2019	28,800,000	1,041,170	1,588,413	219,137	116,891	294,633	32,060,244
Capital Increase by cash, June 3, 2019	1,800,000						1,800,000
Provision for Legal Reserve		253,898		-253,898			
Provision for Special Reserve			566,052	-566,052			
Net Income for FY 2019				644,326			644,326
Other Comprehensive Income for FY 2019				-9,583	-278,735	-22,220	-310,538
Balance, December 31, 2019	30,600,000	1,295,068	2,154,465	33,930	-161,844	272,413	34,194,032
Capital Increase by Cash, June 1, 2020	626,411						626,411
Recapitalization of the special reserves on June 1, 2020	484,776		-484,776				
Provision for Legal Reserve		255,272		-255,272			
Provision for Special Reserve			374,480	-374,480			
Appropriation for official dividends				-1,139			-1,139
Net Income for FY 2020				676,444			676,444
Other Comprehensive Income for FY 2020				-38,264	-687,276	19,268	-706,272
Balance, December 31, 2020	31,711,187	1,550,340	2,044,169	41,219	-849,120	291,681	34,789,476



## 5. Financial Analysis

NT\$ Thousand ; %

Item (Note 2)		year	
		FY2020	FY2019
Operating Ability	Non-performing Loan Ratio	0.036%	0.002%
	Ratio of Interest Income to Annual Average Loans	1.40%	2.11%
	Total Asset Turnover (Times)	1.08	1.24
	Average Operating Income per Employee	6,857	7,063
	Average Profit per Employee	2,928	2,765
Profitability	Return on Tier 1 Capital	2.29%	2.27%
	Return on Assets	0.46%	0.49%
	Return on Equity	1.96%	1.95%
	Net Income to Net Operating Income	42.71%	39.15%
	Earnings per Share (NT\$)	0.22	0.21
Financial Structure	Ratio of Liabilities to Assets	76.77%	75.83%
	Ratio of Property and Equipment to Equity	1.47%	1.50%
Growth Rate	Asset Growth Rate	5.94%	16.28%
	Profit Growth Rate	5.65%	5.36%
Cash Flow	Cash Flow Ratio	-19.80%	-45.82%
	Cash Flow Adequacy Ratio	-9,190.15%	-5,720.42%
	Cash Flow Sufficiency Ratio	22,328.72%	112,804.24%
Liquid Reserve ratio		60.54%	100.66%
Total Secured Loans to Interested parties		-	-
Total Secured Loans to Interested Parties as a Percentage of Total Loans		-	-
Operating Scale	Market Share of Assets	0.27%	0.28%
	Market Share of Net Worth	0.84%	0.86%
	Market Share of Loans	0.46%	0.45%

### Analysis of Major Financial Ratio Changes Over the Past Two Fiscal Years:

1. The increase in non-performing loan ratio in 2020 was mainly because Eximbank non-performing loans increase.
2. The decrease in ratio of interest income to annual average loans balance in 2020 was mainly because of the substantial decrease in interest rates despite the growth of Eximbank's loan business.
3. The decrease in asset growth rate in 2020 was mainly because of the decrease in the growth of loan balance resulting in a decrease in the degree of asset growth.
4. The increase in cash flow ratio and cash flow sufficiency ratio in 2020 was mainly because of the smaller increase in loans and discounts this year, resulting in a decrease in net cash outflow from operating activities.
5. The decrease in the cash flow adequacy ratio in 2020 was mainly because of the increase in the average number of loans and discounts in the last five years, which resulted in an increase in net cash outflow from operating activities.
6. The decrease in liquid reserve ratio in 2020 was mainly caused by the increase in TWD interbank borrowing.

Note 1: The 2019 account has been recognized by the Ministry of Audit, R.O.C. The final accounts of 2020 are still subject to account.

Note 2: Financial Formulae

1. Operating Ability

- (1) Non-Performing Loan Ratio = Non-Performing Loans / Total Loans Outstanding
- (2) Ratio of Interest Income to Annual Average Loans = Total Interest Income for Extended Credit / Annual Average Loans
- (3) Total Assets Turnover = Net Operating Income / Average Total Assets
- (4) Average Operating Income per Employee (Note 3) = Net Operating Income / Number of Employees
- (5) Average Profit per Employee = Net Income / Number of Employees

2. Profitability

- (1) Return on Tier 1 Capital = Net Income before Tax / Average Total Tier 1 Capital
- (2) Return on Assets = Net Income / Average Total Assets
- (3) Return on Equity = Net Income / Average Net Equity
- (4) Net Income to Net Operating Income = Net Income / Net Operating Income
- (5) Earnings per Share = (Net Income Attributable to Owners of the Controlling Entity – Dividends from Preferred Stocks) / Weighted Average Outstanding Shares (Note 4)

3. Financial Structure

- (1) Ratio of Liabilities to Total Assets = Total Liabilities / Total Assets
- (2) Ratio of Property and Equipment to Equity = Net Property and Equipment / Net Equity

4. Growth Rates

- (1) Asset Growth Rate = (Total Assets for Current Year – Total Assets for Previous Year) / Total Assets for Previous Year
- (2) Profit Growth Rate = (Net Income before Tax for Current Year – Net Income before Tax for Previous Year) / Net Income before Tax for Previous Year

5. Cash Flows (Note 6)

- (1) Cash Flow Ratio = Net Cash Flows from Operating Activities / (Due to Banks + Commercial Papers Payable + Financial Liabilities at Fair Value through Profit or Loss + Securities Sold Under Agreements to Repurchase + Payables Within One Year)
- (2) Cash Flow Adequacy Ratio = Net Cash Flows from Operating Activities for the Past Five Years / (Capital Expenditures + Cash Dividends) for the Past Five Years
- (3) Cash Flow Sufficiency Ratio = Net Cash Flows from Operating Activities / Net Cash Flows from Investing Activities

6. Liquid Reserve Ratio = Central Bank Liquid Asset Requirements / Liabilities Requiring the Provision of Liquid Reserves

7. Operating Scale

- (1) Market Share of Assets = Total Assets / Total Assets of All Financial Institutions Available for Deposits and Loans (Note 7)
- (2) Market Share of Net Worth = Net Worth / Total Net Worth of All Financial Institutions Available for Deposits and Loans
- (3) Market Share of Loans = Total Loans / Total Loans of All Financial Institutions Available for Deposits and Loans

Note 3: Net operating income refers to the sum of interest income and non-interest income.

Note 4: In the year of 2020, capital increased by cash of NT\$626,411 thousand and the recapitalization of special reserves was amount of NT\$484,776 thousand. After the capital increase, the paid-in capital was changed to NT\$31,711,187 thousand. The amount of capital transferred from the recapitalization of the special reserves was adjusted retrospectively and accounted for under earnings per share for 2019.

2. Eximbank is a non-company entity. For ease of analysis, the number of shares is calculated based on a hypothetical value of NT\$10 per share.

Note 5: Liabilities exclude guarantee reserve and reserve for accident losses.

Note 6: Comments on Measuring Cash Flow Analysis:

1. Net cash flows from operating activities refer to the same item in the statements of cash flows.
2. Capital expenditures refer to cash outflows required for capital investments each year.
3. Cash dividends include cash dividends for common stock and preferred stock.

Note 7: Financial institutions handling deposits and loans include domestic banks, the local branches of Mainland China's banks and foreign banks, credit cooperatives, and credit departments of farmers' and fishermen's associations.

## 6. Capital Adequacy

NT\$ Thousand; %

Analyzed Item		year	FY2020	FY2019
Self-Owned Capital	Common Equity		32,999,979	32,149,787
	Additional Tier 1 Capital of Non Common Equity		-	-
	Tier 2 Capital		1,565,200	1,428,488
	Self-Owned Capital		34,565,179	33,578,275
Total Risk Weighted Assets	Credit Risk	Standardized Approach	113,956,445	103,019,512
		Internal Ratings-Based Approach	-	-
		Assets Securitization	-	-
	Operational Risk	The Basic Indicator Approach	2,982,923	2,840,078
		The Standardized Approach/The Alternative Standardized Approach	-	-
		Advanced Measurement Approach	-	-
	Market Risk	Standardized Approach	35,768	5,838
		Internal Models Approach	-	-
	Total Risk-Weighted Assets		116,975,136	105,865,428
	Capital Adequacy Ratio		29.55%	31.72%
Tier 1 Risk-Based Capital Ratio		28.21%	30.37%	
Common Equity to Risk-Based Capital Ratio		28.21%	30.37%	
Leverage Ratio		19.81%	20.64%	

Note: 1. Under the Ministry of Finance Circular Tai-Tsai-Rong (2) No. 89774873, Eximbank's balance sheets, income statements, statements of changes in equity, and statements of cash flows are exempt from verification by a certified public accountant.

2. Self-owned capital, total risk-weighted assets, and exposure measurement were calculated in accordance with the "Regulations Governing the Capital Adequacy and Capital Category of Banks" and related instructions for capital adequacy calculations

3: The following financial formulae are used in calculations on this table:

(1) Self-Owned Capital = Common Equity + Additional Tier 1 Capital + Tier 2 Capital

(2) Total Risk-Weighted Assets = Credit-Risk-Weighted Assets + Capital Charge of (Operational Risk + Market Risk) x 12.5

(3) Capital Adequacy Ratio = Self-Owned Capital / Total Risk-Weighted Assets

(4) Tier 1 Risk-Based Capital Ratio = (Common Equity + Additional Tier 1 Capital) / Total Risk-Weighted Assets

(5) Common Equity to Risk-Based Capital Ratio = Common Equity / Total Risk-Weighted Assets

(6) Leverage Ratio = Total Tier 1 Capital / Exposure Measurement

## 7. Notes to Financial Statements

### Note 1. Summary of Significant Accounting Policies and Measurement Bases:

#### I. Declaration of Compliance

Eximbank is a state-owned enterprise. Its financial statements are prepared based on Eximbank's accounting policies made in conformity with "Regulations Governing the Preparation of Financial Reports by Public Banks" announced by the competent authority, the International Financial Reporting Standards, International Accounting Standards, explanations/interpretations approved by the Financial Supervisory Commission (FSC), and in accordance with the provisions specified in the Budget Act, the Financial Statement Act, and the Accounting Act.

#### II. Preparation Bases

##### 1. Measurement Bases

Except for the gains and losses at fair values of financial instruments (including derivative financial instruments), Eximbank's financial statements are prepared based on historical costs.

##### 2. Functional Currency and Presentation Currency

The functional currency of each operational office of Eximbank is the primary currency of the economy where the office is located. The functional currency of Eximbank's domestic operational institutions is NT\$, and functional

currency for the offshore banking branch and the overseas representative office are USD. The presentation currency in the financial statements is NT\$.

#### III. Foreign Currency Transactions

##### 1. Foreign Currency Transactions

Foreign currency transactions are recorded in original currencies used. Income or expenses generated from foreign currency transactions are converted to the functional currencies at the closing exchange rates on the day or at the end of the month in which the transactions occur.

Foreign currency assets and liabilities held by Eximbank are monetary items, the values of which may be adjusted subject to the closing foreign exchange rates on the balance sheet date, and exchange differences will be recorded under current gains and losses.

##### 2. Translation of Foreign Currency Financial Statements

The functional currency of Eximbank's offshore banking branch and overseas representative office is USD. The assets and liabilities stated as part of the financial status and operational results are converted to the presentation currency at the closing foreign exchange rates on the balance sheet date, while the gains and losses are converted to the presentation currency at the average exchange rates in the current period. All exchange differences generated from the conversion are recorded as other comprehensive income and loss. Exchange differences generated from the conversion of the net investment in foreign operations are recorded as other comprehensive income and loss in the Eximbank's financial statement.



## IV. Financial Instruments

Financial assets and financial liabilities are recorded when Eximbank becomes one of the parties entering into a financial instrument contractual agreement. According to International Financial Reporting Standard 9 and the Competent Authority's "Regulations Governing the Preparation of Financial Reports by Public Banks", all financial assets and liabilities of Eximbank, including derivatives, are recognized on the balance sheet and measured according to their classification.

### 1. Financial Assets

Financial assets are initially recognized at fair value. Those that are not measured at fair value through profit or loss are measured at the transaction cost directly attributable to the obtaining of the financial asset. The subsequent value is measured based on fair value or amortized cost.

(1) Financial Assets at Fair Value through Profit or Loss:

- a. Shall mean financial assets that are not measured at amortized cost or measured at fair value through other comprehensive income.
- b. Financial assets measured at fair value through amortized cost or through other comprehensive income can be designated as financial assets measured at fair value through profit or loss in accordance with International Financial Reporting Standard 9. That is, only those who can provide more information through the designation that can

eliminate or significantly reduce accounting inconsistency can be designated as financial assets measured at fair value through profit or loss.

The initial recognition is measured at fair value, and the change in fair value shall be included in the current profit and loss.

(2) Financial Assets at Fair Value through Other Comprehensive Income:

- a. Debt instrument investments that meet the following conditions:
  - (a) The financial asset is held under a business model for the purpose of collecting contractual cash flows and selling.
  - (b) The contractual terms of the financial assets generate cash flows on a specific date, which are solely for the payment of principal and interest on the outstanding principal amount.
- b. An irrevocable option is made in initial recognition to present changes in fair value to other comprehensive income for equity instrument investment that are not held for trading. This option is made on an item by item basis.

Financial assets measured at fair value through other comprehensive income are measured at fair value and presented in other comprehensive income. When Eximbank derecognize the above equity instruments investment, the accumulated benefits or losses presented in other comprehensive income are transferred directly to retained earnings and are not reclassified to profit or loss.

## (3) Debt Instrument Investments Measured at Amortized Cost

- a. The financial assets are held in a business model for the purpose of collecting contractual cash flows.
- b. The contractual terms of the financial assets generate cash flows on a specific date, which are solely for the payment of principal and interest on the outstanding principal amount.

The initial recognition is measured at the transaction price plus the transaction cost, and the subsequent evaluation is measured at the amortized cost of the effective interest method, and the gain or loss is recognized when it is derecognized, impaired or amortized.

## (4) Loans and Receivables

Loans and receivables include bank-originated and non- bank-originated. Bank-originated loans and receivables refer to those that are generated when Eximbank provides money, goods or services to the debtors. Non-bank-originated loans and receivables refer to all the loans and receivables that are not originated by Eximbank. The initially recognized fair value, (generally the transaction price), major transaction costs, major paid or received fees, discounts and premium of loans and receivables are considered for accounting and subsequently measured based on the effective interest method in accordance with relevant regulations. However, according to Paragraphs 7 and 10 of Article 10 of the “Regulations Governing the Preparation of Financial Reports by Public Banks”, loans and receivables that have minimal effect on discounting can be measured at the original amount.

## (5) Securities Traded under Repurchase or Resale Agreements

Securities traded by Eximbank under repurchase

or resale agreements are managed as financing transaction according to its substance of transaction. For the securities traded under repurchase or resale agreements, the interest expenses or interest incomes are recognized as occurred at the date of sale and purchase as well as the agreed period of sale and purchase. The repo trade liabilities, bond liabilities, reverse repo trade bills and bond investments are recognized at the date of sale or purchase.

## (6) Impairment of Financial Assets

- a. The scope of application of Eximbank's impairment assessment.

All of the financial instruments measured at the post-amortization cost, the debt instruments measured at fair value through other comprehensive income, or the loan commitments and financial guarantee contracts applicable to the impairment requirements in accordance with IFRS 9 are included.

- b. Eximbank uses the expected credit loss model to assess the impairment of financial assets.

(a) If the credit risk of the financial asset has not increased significantly since the initial recognition, the allowance for the financial asset shall be measured by the 12-month expected credit loss amount on the reporting date.

(b) If the credit risk of the financial asset has increased significantly since the initial recognition, the allowance for the financial asset shall be measured against the expected credit loss during the duration of each reporting period.

(C) In determining whether the credit risk has increased significantly, the risk of default on the financial assets of the reporting date and the risk of default

on the financial assets on the initial recognition date should be compared, and the reasonable and provable information showing the significant increase in credit risk since the initial recognition should be considered.

- c. If the financial instrument measured at the amortized cost is recognized as impairment after the assessment method, the impairment loss is recognized. If the amount of the impairment loss decreases in the subsequent period, it will be reversed and recognized as the current profit and loss. The amount of the reversal shall not cause the book value to be greater than the amortized cost of the unrecognized impairment.
- d. When debt instrument investments that are measured at fair value through other comprehensive income are recognized as impairments in the assessment, the impairment loss shall be recognized in profit or loss and adjusted and

accumulated in other comprehensive income (not classified as allowance). If the amount of the impairment loss is reduced, it will be reversed and recognized as the current profit and loss, and reversed the adjustment in other comprehensive income. The amount of the reversal shall not make the book value greater than the amortized cost of the unrecognized impairment.

- e. To measure the financial assets other than loans and the expected credit losses of interest receivable, if the risk of credit losses assessed is extremely low according to Eximbank's credit risk management procedures, the nature of the transaction, the short period of commitment and historical experience, etc., it may not be accounted for temporarily because it is not significant; however, the qualitative assessment will be adopted periodically to check whether the assumptions have changed.



The Ambassador and the delegation of Eswatini visited Eximbank to promote exchange and cooperation in economy and trade between two countries. (Photo taken in December 2020)



### (7) Derecognizing Financial Assets

A financial asset shall be derecognized when Eximbank's contractual rights to the cash flows of the financial assets have expired or are transferred through transactions where nearly all the risks and rewards of the ownership (of the financial assets) are also transferred.

## 2. Financial Liabilities

Except for derivatives with negative fair value and certain financial bonds issued with matching derivatives for risk management, in order to reflect its economic hedging and reduce the improper accounting ratio, they are designated as "financial liabilities measured at fair value through profit or loss", in accordance with the International Financial Reporting Standards 9, Eximbank's other financial liabilities are recognized as financial liabilities measured at amortized cost.

### (1) Financial Liabilities at Fair Value through Profit or Loss

Including derivatives with a negative fair value and financial bond designated at fair value through profit or loss when initially recognized.

### (2) Financial Liabilities Measured at Amortized Cost

Financial liabilities that are not classified as "financial liabilities at fair value through profit or loss" are measured at amortized cost. Interbank deposits, accounts payables, due from the Central Bank and call loans to banks and debt securities issued that are not classified as financial liabilities at fair value through profit or loss are also included in this category.

### (3) Derecognizing Financial Liabilities

Financial liabilities are derecognized when Eximbank's contractual obligations are fulfilled, canceled, or expired.

## V. Property and Equipment

1. Eximbank's property and equipment are stated at historic cost less accumulated depreciation. Historic cost includes all expenses directly attributable to acquisition of the assets.
2. Land is not affected by depreciation. Depreciation of other assets is calculated using the straight-line method over service life to derive the residual value. Estimated service life, residual value, and depreciation methods are reviewed at the end of the reporting period. Any changes in estimates shall be applied prospectively.
3. Gains or losses incurred at sale or disposal of property and equipment are measured as the difference between disposal price and book value of assets and are recorded in gains or losses.

## VI. Lease (applicable from January 1, 2019)

Eximbank is the Lessee. For lease of short-term or low value asset, Eximbank elect to account for lease payments as expenses on a straight-line basis over the lease term. Other than the above mentioned, the lease will be recognized as "Right-of-use Asset and Lease Liability" upon lease commencement.

1. Right-of-use Asset: Upon lease commencement, the Right-of-use Asset is initially measured at cost model, and subsequently recognize depreciation on a straight-line basis to the end of asset durability or lease term, whichever earlier.
2. Lease Liability: Upon lease commencement, the unpaid lease payments are discounted to the present value as the initial measurement. If the implied interest rate of the lease is easy to determine, the lease payment is discounted

by the interest rate; if the interest rate is not easy to determine, the Eximbank incremental borrowing rate shall apply. Subsequently, interest on Lease Liabilities and variable lease payments that are not included in the measurement of the Lease Liability are recognized in profit or loss.

## VII. Intangible Assets

Eximbank's intangible assets are all computer software recognized at cost. Amortization of intangible assets is calculated using the straight-line method over the economic service life, with a maximum estimated service life of five years. Subsequent measurements are based on the cost model Eximbank applies. Residual value, amortization periods and amortization methods are reviewed at the end of the reporting period, and any changes in estimates will be applied prospectively.

## VIII. Non - Financial Asset Impairment

The asset applicable to "Impairment of Assets" in the IAS 36, when there is any indication that an asset may be impaired; Eximbank will evaluate the asset or its cash generating unit. An impairment loss is recognized when the recoverable amount (the higher of the fair value or of the value in use) is found to be less than the book value. On the end of reporting date, if the evaluation produces evidence indicating the recognized impairment loss of an asset in the prior year has no longer existed or has reduced, the recoverable amount should be re-measured. Reversal of impairment loss is recognized when the recoverable amount of the asset has increased. However, the book value after the reversal should not exceed the depreciated or amortized book value of the asset assuming no impairment loss was recognized.



Chair Liu Pei-jean visited the Liaison Office of South Africa to accelerate Eximbank's footprint expansion in Africa and support Taiwanese companies penetrating the African market. (Photo taken in January 2021)

## IX. Allowance for Bad Debt, Provision of Reserve for Loan Commitment and Guarantee Liability

### 1. Loans

In accordance with the definition of impairment loss of loans and accounts receivables specified in IAS 9, the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/ Non-accrual Loans" announced by the FSC, and Eximbank's "Guidelines for Asset Evaluation and Loss Reserve", Eximbank evaluates the debtors' collateral, length of time overdue and allocates an appropriate allowance for bad debt on the balance sheet date according to the higher one of the two at the time.

### 2. Guarantee Reserve

Eximbank's guarantee business focuses mainly on performance obligations, which are not classified as "Financial Guarantee Contracts". The reserve for guarantees is allocated in accordance with IAS 37 and the "Regulations Governing the Procedures for Banking Institutions to Evaluate Assets and Deal with Non-performing/Non-accrual Loans" released by the competent authority (FSC), whichever higher shall apply.

### 3. Loan Commitment Reserve

The reserve for loan commitment is allocated based on the provisions of International Financial Reporting Standard 9.

## X. Related Reserve and Liability for Export-Credit Insurance

### 1. Unearned Premium Reserve and Loss Reserve:

Eximbank allocates a reserve in accordance with the "Regulations Governing Insurance Reserves" released by the competent authority and other relevant regulations.

### 2. Liability Adequacy Reserve:

In accordance with IFRS 4, Eximbank carries out liability adequacy tests annually, and will allocate an additional reserve to make up for any insufficiencies found in the test.

### 3. Export Credit Insurance Reserve (or Funds appropriations for Export-Credit Insurance):

In order to promote Eximbank's export credit insurance business, the Ministry of Finance and the National Trade Bureau of the Ministry of Economic Affairs allocated reserve to Eximbank.

## XI. Employee Benefits

### 1. Short-Term Employee Benefits

Undiscounted payment for short-term employee benefits during their service period are expensed as incurred.

### 2. Retirement Benefits

(1) Pensions: For employees covered by the old labor pension scheme, Eximbank calculates the actuarial net pension costs annually in accordance with the provisions specified in the "Regulations for the Allocation and Management of Workers' Retirement Reserve Funds" and relevant specification specified in the IAS 19, and recognizes the costs under the item "pension and resignation pay". Meanwhile, Eximbank contributes (calculated as total payroll of the year times actuarial contribution ratio) to Eximbank's "Pension Fund Supervisory Commission" for the use of staff and the designated account in the Bank of Taiwan, "Pension Fund Supervisory Commission", for the use of workers and security personnel. For employees covered by the new labor pension scheme, Eximbank makes contributions (6% of the employees' salary) to the employees' individual pension accounts at the Bureau of Labor Insurance, and recognizes the contribution costs under the item "Employee and Worker Pension Fund and Resignation Pay".

(2) Eximbank recognizes pension liabilities on the balance sheet after calculating the actuarial present value of defined benefit obligations less the fair value of the pension fund and adjusts for unrecognized net gains and losses of pension and the net amount after recognizing service costs in the prior period. The defined benefit obligations are measured annually by actuaries applying the Projected Unit Credit Method. The actuarial present value of defined benefit obligations are the discounted amount of estimated future cash flows calculated by actuaries, taking into consideration the currency of the retirement benefit obligations and the yields of high quality corporate bonds with same maturity dates. According to the defined benefit plan actuarial report, the total defined benefit obligation of Eximbank as at the end of 2020 is NT\$ 732,789 thousand. The amount of the allocated plan asset is NT\$ 353,827 thousand. The amount of employee benefit reserve liability is NT\$ 379,689 thousand (including the amount payable to the Chairman and President amounting to NT\$ 727 thousand).

(3) Actuarial gains or losses are recognized as other comprehensive income as incurred. Service costs from the prior period are recognized as current gains and losses.

### 3. Employee Preferential Deposit

(1) Eximbank provides employee preferential deposits, including fixed amount preferential deposits for employees in-service and fixed amount preferential retirement deposits for retired and in-service employees. The excess interest of these preferential deposits is part of the employee benefits.

(2) The excess interest Eximbank pays to the preferential deposits for employees in-service is calculated on an accrual basis monthly and recognized as "Interest of Preferential Deposit" of "Non-operating Expenses". According to Article 30 of the "Regulations Governing the Preparation of Financial Reports by Public Banks", the excess interest paid to the preferential retirement deposits apply to the provisions on confirmed benefit programs specified in the IAS 19. The actuarial estimation regarding the mentioned benefit program is in accordance with the competent authority's regulations. However, the reported values of the program are estimated. Therefore, in future cases where the amounts Eximbank pays are different from the estimated value of retirement benefit obligations, the difference is viewed as changes in accounting estimates and will be recognized in gains and losses in the year when the changes occur.

## XII. Recognizing Income and Expenses

### 1. Interest Revenue and Expenses

Except for the financial instruments that are classified as financial instruments at fair value through profit or loss, all the interest revenue and expenses generated by the interest-bearing financial instruments are calculated using the effective interest method and recognized as "Interest Revenue" or "Interest Expenses" in the comprehensive income statement.

### 2. Fee Income

Fee income is recognized once upon completion of services. Eximbank's guarantee fee is on an accrual basis and is recognized during the period that the services are provided.

### 3. Dividend Income

Cash dividend income is recognized when Eximbank's right to collect the payment is established.

## XIII. Income Tax

### 1. Current Income Tax

The income tax payable (receivable) shall be calculated in accordance with provisions of tax laws and regulations announced by the government, except that the transactions or items directly recognized as other comprehensive profits and losses or as equity directly, and the relevant current income tax shall be recognized in other comprehensive profits or losses or as equity directly, the others shall be recognized as income or expense and included in the current profits and losses.

### 2. Deferred Income Tax

The deferred income tax assets and liabilities shall be measured based on the estimated tax rates at the expected future time when the assets are realized or the tax rates during the payment period of the liabilities. Calculation of tax rates shall be based on the tax rates which have been legalized or substantially legalized on the balance sheet date. Temporary differences between the carrying amounts and tax basis of assets and liabilities in the balance sheet are calculated using the balance sheet method and recognized as deferred income tax. The temporary differences of Eximbank are mainly due to the unrealized value of certain financial instruments (including derivatives), reserve and deferring of pensions and other retirement benefits. For the originally

recognized assets and liabilities, if not caused by the corporate mergers, and the transaction was not affecting the accounting profits or taxing for income (loss) at that time, then the deferred income tax caused by the assets or liabilities shall not be recognized. Deductible temporary differences that are likely to offset taxable income are recognized as deferred income tax assets. The items recognized by Eximbank under other comprehensive profits and losses, the impact of their income tax are also recognized under other comprehensive income.

## Note 2. Main Sources of Significant Accounting Judgments and Estimation Uncertainty

### I. Impairment Losses on Loans

Eximbank estimates possible impairment on loans and receivables every month and determines whether the items shall be recognized as loss mainly based on observable evidence of possible impairment. The evidence may include observable data indicating adverse

changes in the payment status of the borrower or the national/local economic conditions related to the default of payments. The analysis by the management level of expected cash flows is based on past experience of losses on assets with similar credit risk characteristics. Eximbank reviews the method and assumptions of expected cash flows and the timing every month in order to reduce the difference between the estimated and the actual amount of losses.

### II. Fair Value of Financial Instrument

The fair value of a financial instrument without an active market or if the quote is unavailable is determined using valuation techniques. In this case, the fair value is estimated based on observable data or models of similar financial instruments. When there is no observable market parameter, the fair value of the financial instrument is estimated based on appropriate assumptions. When determining the fair value using valuation models, all models shall be adjusted to ensure that the results reflect the actual data and market price.



Eximbank signed a Relending Facility Agreement with PT Bank Negara Indonesia (Persero) Tbk to assist companies in Taiwan and Indonesia and help Taiwanese companies in business development in Indonesia. (Photo taken in March 2021)

### III. Income Tax

The final amount of tax payments is determined through various transactions and calculations. Differences might emerge with some transactions and calculations due to differences between the definitions of the tax authorities and Eximbank, leading to differences between the final actual tax amount and the estimates. Eximbank recognizes the related income tax and deferred income tax items based on an estimation of whether an additional tax might be incurred due to the transaction or calculation. The differences between the final tax amount and the original amount recognized will affect the recognized income tax and deferred tax.

### IV. Post-Employment Benefits

1. The present value of retirement benefit obligations is based on actuarial calculations with several assumptions. Any changes in these assumptions will affect the carrying value of retirement benefit obligations.
2. Assumptions used for determining the net pension cost (income) include discount rates. Eximbank determines the appropriate discount rates at the end of each year, and the rates are used to estimate the present value of future cash flows of retirement benefit obligation payments. To determine the appropriate discount rates, Eximbank shall consider the yields of high-quality corporate bonds or government bonds and that is in the same currency used to pay the retirement benefits and with maturity in the same period of relevant pension liabilities.
3. In estimating the excess interest gained by retired employees via preferential deposits (of retirement benefit obligations), the actuarial assumptions are in accordance with Order

Letter Jin Guan Yin Fa No. 10110000850, i.e. discount rate shall be at least 4% or above, withdrawal rate of pension preferential deposit shall not be lower than 1%, and the probability of changes in preferential deposit programs is assumed is 50%. In future cases where the amount paid are different from the estimated value of retirement benefit obligations, the difference is viewed as changes in accounting estimates and will be recognized in gains and losses of the year when the changes occur.

### Note 3. Disclosure of Significant Commitments, Contingent Assets, and Contingent Liabilities

- (1) The following are not recognized on the balance sheet but are addressed in the footnotes: assets (liabilities) under trust, agency, and guarantee of NT\$23,219,815 thousand, including guarantee receivables of NT\$ 22,795,489 thousand, custodial collections receivables of NT\$ 364,136 thousand, joint loans receivables (memo account) of NT\$ 59,650 thousand, and collateral of NT\$ 540 thousand.
- (2) No bills receivable (or payable)
- (3) Undisbursed loan commitments of TWD41,204,883 thousand.

### Note 4. Major Transaction with Related Individual or Related Entity

- (1) In accordance with the definition of "Related (Interested) Party Disclosures" in International Accounting Standards 24, the related (interested) party refers to an individual or entity who has a relationship with Eximbank:
  - I. A person or a close member of that person's family is related to Eximbank if that person:

- (i.) has Control or joint control over Eximbank;
  - (ii.) has significant influence over Eximbank;
  - (iii.) is a member of the key management personnel of Eximbank.
- II. An entity is related to Eximbank if any of the following conditions applies:
- (i) The entity and Eximbank are members of the same group (which means each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is controlled or jointly controlled by a person identified in (1) I.
  - (vi) A person identified in (1) I. (i) has significant influence over the entity or is a member of the key management personnel of the entity.
- (2) Following entities are related to Eximbank:
1. Bank of Taiwan (related party in substance)
  2. Mega International Commercial Bank Co., Ltd. (related party in substance)
  3. First Commercial Bank (related party in substance)
  4. Chunghwa Post Co., Ltd. (substantive related party)
  5. Hua Nan Commercial Bank, Ltd. (substantive related party)
- (3) Types of transaction include due from banks, call loans to banks, call loans from banks and foreign exchange.

#### Note 5. Financial Information of the Operating Segments

Eximbank's results of operating segments are periodically reviewed by the management level in order to develop the policies regarding resource allocation and performance assessment. The information used is classified by the nature of the business activities in which it is engaged in accordance with the provisions specified in the IFRS 8 "Operating Segments". The reporting operating segments are the Credit Business Segment and the Export Credit Insurance Business Segment.





## Eximbank Financial Information of Operating Segments

### Fiscal Years 2020 and 2019

NT\$ Thousand

	FY 2020			FY 2019		
	Credit Business	Export Credit Insurance	Total	Credit Business	Export Credit Insurance	Total
Net Interest Income	1,455,282	13,338	1,468,620	1,448,796	18,100	1,466,896
Non-Interest Income	-17,442	132,743	115,301	18,874	159,886	178,760
Net Fees and Commissions	60,843	3,694	64,537	55,991	1,090	57,081
Gains (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss	-20,430		-20,430	-16,873		-16,873
Gain From Sale of Financial Assets at Fair Value through Other Comprehensive Income	22,971		22,971	22,666		22,666
Foreign Exchange Gains (Losses)	-3,254		-3,254	-3,178		-3,178
Net Export Credit Insurance Income		142,638	142,638		166,265	166,265
Other Non-Interest Income	-77,572	-13,589	-91,161	-39,732	-7,469	-47,201
Net Operating Income	1,437,840	146,081	1,583,921	1,467,670	177,986	1,645,656
Bad Debts Expense, Commitments and Guarantee Liability Provision	250,920		250,920	369,717		369,717
Operating Expenses	444,381	142,757	587,138	431,389	138,552	569,941
Net Income (Losses) Before Tax	742,539	3,324	745,863	666,564	39,434	705,998

Note: 1. As Eximbank provides only the amount of loans and the export credit insurance business for the evaluation of assets and liabilities, evaluation of the assets is zero as per the 2010 Ji-Mi-Zi No.151 Directive from the Accounting Research and Development Foundation.

2. The indirect operating expense allocation between the credit business and the export credit insurance business was based on the support service cost. From 2020 onwards the allocation is based on the contribution of the operating department's net income to Eximbank's net income, and thereby relevant figures for 2019 were adjusted.

## Note 6. Details of Significant Accounts

### 1. Cash and Cash Equivalents

Date \ Item	December 31, 2020	December 31, 2019
Cash on Hand	4	3
Petty Cash & Revolving Funds	271	271
Checks for Clearance	139	22
Due from Banks	288,804	207,750
Total	289,218	208,046

### 2. Due from the Central Bank and Call Loans to Other Banks

Date \ Item	December 31, 2020	December 31, 2019
Due from the Central Bank	5,843	8,513
Call Loans to Other Banks	73,500	218,570
Total	79,343	227,083

### 3. Financial Assets at Fair Value through Profit or Loss

Date \ Item	December 31, 2020	December 31, 2019
Valuation Adjustments of Financial Assets at Fair Value through Profit or Loss	25,803	3,046
Total	25,803	3,046



#### 4. Financial Assets at Fair Value through Other Comprehensive Income

Date \ Item	December 31, 2020	December 31, 2019
Financial Assets at Fair Value through Other Comprehensive Income	91,316	87,041
Valuation Adjustment of Financial Assets at Fair Value Through Other Comprehensive Income	291,681	272,413
Total	382,997	359,454

#### 5. Debt Instrument Investments Measured at Amortized Cost

Date \ Item	December 31, 2020	December 31, 2019
Financial Assets Measured at Amortized Cost	7,600,000	7,600,000
Total	7,600,000	7,600,000

#### 6. Receivables-Net

Date \ Item	December 31, 2020	December 31, 2019
Earned Revenue Receivable	543	491
Interest Receivable	178,137	353,487
Accounts Receivable for Factoring without Recourse	63,619	121,834
Premium Receivable	40	119
Other Receivable	84,818	121,680
Total	327,157	597,611
Allowance for losses	-4,241	-5,438
Net Amount	322,916	592,173



## 7. Loans and Discounts-Net

Date \ Item	December 31, 2020	December 31, 2019
Short-Term Loans	30,030,107	26,233,954
Short-Term Secured Loans	145,980	5,000
Medium-Term Loans	75,907,043	70,146,443
Medium-Term Secured Loans	1,474,196	1,441,791
Long-Term Loans	977,199	1,967,023
Long-Term Secured Loans	34,441,510	34,268,328
Overdue Loans	50,793	2,121
Total	143,026,828	134,064,660
Allowance for losses	-1,972,375	-1,720,654
Discount of Premium	-4,326	-5,968
Net Amount	141,050,127	132,338,038

## 8. Other Financial Assets-Net

Date \ Item	December 31, 2020	December 31, 2019
Reinsurance Reserve Assets	249,109	248,828
Net Amount	249,109	248,828



## 9. Property and Equipment-Net

Date	Item	December 31, 2020	December 31, 2019
	Land	103,279	103,279
	Revaluation Increments-Land	174,791	174,791
	Buildings	409,670	408,079
	Accumulated Depreciation- Building	-212,938	-205,536
	Machinery and Computer Equipment	67,209	61,504
	Accumulated Depreciation - Machinery and Computer Equipment	-44,859	-44,127
	Transportation Equipment	10,819	10,664
	Accumulated Depreciation - Transportation Equipment	-8,145	-7,615
	Miscellaneous Equipment	36,952	35,920
	Accumulated Depreciation - Miscellaneous Equipment	-26,543	-24,504
	Leasehold Improvements	988	1,056
	Accumulated Depreciation- Leasehold Improvements	-988	-1,056
	Net Amount	510,235	512,455



Eximbank participated in the seminar "Follow the Experts! This Is How It Is Done in the African Market" organized by the Taiwan External Trade Development Council and the Bureau of Foreign Trade, Ministry of Economic Affairs, to advocate how to access funding with the government's financing resources and hedge risks with export insurance. (Photo taken in March 2021)

### 10. Right-of-use Asset

Date \ Item	December 31, 2020	December 31, 2019
Right-of-use Asset	3,148	3,362
Accumulated Depreciation-Right-of-use Asset	-2,361	-1,261
Net Amount	787	2,101

### 11. Intangible Assets- Net

Date \ Item	December 31, 2020	December 31, 2019
Software	79,798	60,675
Total	79,798	60,675

### 12. Other Assets -Net

Date \ Item	December 31, 2020	December 31, 2019
Inventory of Supplies	274	335
Prepaid Expenses	41,006	39,544
Other Prepayments	258	134
Temporary Payments and Suspense Accounts	1,182	128
Refundable Deposits	6,002	2,853
Total	48,722	42,994



**13. Due to the Central Bank and Other Bank**

Date	Item	December 31, 2020	December 31, 2019
	Call Loans From Banks	26,464,900	28,143,550
	Total	26,464,900	28,143,550

**14. Borrowed Funds from the Central Bank and Other Banks**

Date	Item	December 31, 2020	December 31, 2019
	Borrowed Funds From the Central Bank	29,952,450	29,309,986
	Total	29,952,450	29,309,986

**15. Financial Liabilities at Fair Value through Profit or Loss**

Date	Item	December 31, 2020	December 31, 2019
	Valuation Adjustment of Financial Liabilities Held for Trading	45,355	4,495
	Designated as Financial Liabilities at Fair Value through Profit or Loss	23,900,000	10,200,000
	Designated as Valuation Adjustment of Financial Liabilities at Fair Value through Profit or Loss	-83,855	4,717
	Total	23,861,500	10,209,212

**16. Payables**

Date	Item	December 31, 2020	December 31, 2019
	Accrued Expenses	111,598	107,088
	Accrued Interest	92,139	92,234
	Other Tax payable	7,669	8,351
	Custodial Collections Payable	723	602
	Commissions Payable	252	0
	Stock (official) dividends payable	1,139	0
	Reinsurance Benefits Payable	9,816	6,813
	Other Payable	104,603	120,286
	Total	327,939	335,374

### 17. Financial Debentures Payable

Date \ Item	December 31, 2020	December 31, 2019
Financial Debentures Payable	6,900,000	11,300,000
Discount on Financial Debentures Payable	-1,666	-3,696
<b>Total</b>	<b>6,898,334</b>	<b>11,296,304</b>

### 18. Other Financial Liabilities

Date \ Item	December 31, 2020	December 31, 2019
Commercial Papers Payable	0	5,000,000
Discount on Commercial Papers payable	0	-5,465
Funds Appropriated for loans	25,635,327	21,196,334
<b>Total</b>	<b>25,635,327</b>	<b>26,190,869</b>

### 19. Provisions

Date \ Item	December 31, 2020	December 31, 2019
Guarantee Liability Reserve	227,955	193,653
Unearned Premium Reserve	102,944	99,016
Claim Reserve	653,107	543,217
Employee Benefits Liability Reserve	379,688	312,762
<b>Total</b>	<b>1,363,694</b>	<b>1,148,648</b>





## 20. Other Liabilities

Date \ Item	December 31, 2020	December 31, 2019
Unearned Premiums	1,253	2,603
Unearned revenues	47,315	54,479
Refundable Deposits	3,551	1,207
Custodial Deposits	2,232	2,286
Temporary Receipts and Suspense Accounts	83,245	60,730
Funds Appropriated for Export Credit Insurance	1,229,501	1,244,391
Total	1,367,097	1,365,696

## 21. Net Fees and Commissions

Date \ Item	January 1, 2020-December 31, 2020	January 1, 2019-December 31, 2019
Revenue from Fees and Commissions	99,191	81,020
Expenses from Fees and Commissions	34,654	23,939
Net Amount	64,537	57,081



## 22. Gains (Losses) on Financial Assets and Liabilities at Fair Value through Profit or Loss

Date	Item	January 1, 2020-December 31, 2020	January 1, 2019-December 31, 2019
	Gain on Disposal of Financial Assets (+)	15,180	56,860
	Gain (+) / Loss (-) on Valuation of Financial Assets	22,497	2,091
	Interest Expenses of Financial Liabilities (-)	-105,153	-50,733
	Loss on Disposal of Financial Liabilities (-)	-666	-757
	Gain (+)/ Loss (-) on Valuation of Financial Liabilities	47,712	-24,334
	Net Amount	-20,430	-16,873



Eximbank worked with Dun & Bradstreet to jointly organize the 7th Top 1000 Elite SME Award to pay tribute to the SMEs (small-and-medium enterprises). They have made significant contributions to exporting and trading under the New Southbound Policy. (Photo taken in October 2020)



### 23. Net Export Credit Insurance Income

Date	Item	January 1, 2020-December 31, 2020	January 1, 2019-December 31, 2019
	Export Credit Insurance Income	473,314	438,162
	Premium Income	360,314	348,783
	Reinsurance Commissions Income	64,331	47,028
	Claims Recovered from Reinsurers	48,669	38,504
	Unearned Premium Reserve Collected	0	3,847
	Export Credit Insurance Costs	330,676	271,897
	Reinsurance Premium	148,336	148,095
	Commission Expenses	2,860	2,502
	Insurance Claims Payments	65,944	63,945
	Provision for Unearned Premium Reserve	3,262	0
	Provision for Claim Reserve	110,274	57,355
	Net Amount	142,638	166,265

### 24. Other Non-Interest Income

Date	Item	January 1, 2020-December 31, 2020	January 1, 2019-December 31, 2019
	Other Non-Interest Income	2,612	2,623
	Miscellaneous Income	2,612	2,623
	Other Non-Interest Losses	93,773	49,824
	Loss on Disposal of Fixed Assets	56	32
	Preferential Deposit Interest in Excess	93,717	49,792
	Net Amount	-91,161	-47,201

## 25. Bad Debts Expense, Commitment and Guarantee Liability Provision

Date	Item	January 1, 2020-December 31, 2020	January 1, 2019-December 31, 2019
	Bad Debt Expenses for Loans	217,623	383,132
	Bad debt Expenses for Account Receivables Factoring	-529	522
	Guarantee Liability Provisions	34,364	-13,656
	Bad debt Expenses for Other Account Receivables	-538	-281
	Total	250,920	369,717



Eximbank participated in the forum “Taiwanese Companies Rise to the Magnificence of ASEAN” and met with representatives from investment trusts, banks, and financial holding companies to discuss Southeast Asia's economic, cultural and industrial developments and the current status of Taiwanese financial institutions in the local markets. The discussions were in-depth and opinions were shared on the occasion. (Photo taken in August 2020)

# 6

## VI Risk Management

### 1. Credit Risk Management System and Capital Requirement

#### (1) Credit Risk Management System

FY 2020

Item	Contents
Credit Risk Strategy, Objective, Policy and Procedure	<p>Eximbank is a specialized, state-owned bank established to support export and import trade. Its main assets are used to provide loans. As a result, its major risks are credit risks of loans. Primary risk management goals are to strengthen credit risk management and to avoid risk from becoming too concentrated. Strategies include conducting risk analyses and assessments on countries, banks, groups, and enterprises while determining their internal credit ratings. To ensure that risk is properly diversified, Eximbank sets limits on country risk, bank risk, industry risk, group/enterprise risk and the risk associated with each client.</p> <p>The credit risk management process includes identifying, evaluating, monitoring and reporting risk. Its range extends to credit risk both inside and outside the balance sheet items (including the existing and the potential ones)</p> <p>Whenever Eximbank undertakes daily business or starts new Financial products, it must first determine the related credit risks. Also, when conducting business with associated credit risks, it needs to assess the potential losses for each loan, investment or trade thoroughly. Appropriate countermeasures, including risk avoidance, transfer, offset, control and acceptance, are required.</p>
Organization Structure of Credit Risk Management	<p>The Board of Directors is the supreme decision-making level of Eximbank's credit risk management. The Credit Committee is responsible for reviewing the credit risk of cases at and above the level of executive vice presidents' authorization. The Non-Performing/ Non-Accrual Loans Committee is responsible for supervising and evaluating disposal of non-performing/non-accrual loans. The Department of Risk Management is in charge of Eximbank's overall credit risk management. Each business unit supervises and monitors the credit risk implementation of its subordinate units, which shall all follow the relevant regulations and provisions of credit risk management.</p>



Item	Contents
<p>Scope and Characteristics of the Credit Risk Reporting and Evaluation System</p>	<p>Eximbank has established a customer data integration system, a risk assessment system, a credit registry system and a risk management system in order to manage risks associated with its credit extension business and to monitor loans to all borrowers' credit portfolios. The customer data integration system wherein is used to compile basic data for individual clients, the credit system is used for approving and granting loans, and an objective analysis must be executed using the risk assessment system before credit is granted. The risk management system runs up daily exposure for analysis and for executives to use for decision-making purposes.</p> <p>Risk management includes monthly reporting on domestic and international economic conditions, exposure changes in countries where loans are granted, and Financial and industrial risks. Eximbank compiles data on relevant country risks, exposure associated with key credit risks, and risk limit management. This information is reviewed by the Board of Directors and is used for risk management and credit policymaking.</p> <p>Based on the regulations prescribed by the competent authority, Eximbank discloses qualitative and quantitative data associated with its credit risks on the website.</p>
<p>Credit Risk Hedging and Risk Mitigation Policies / Strategies and Procedures of Monitoring Instruments for Hedging and Risk Mitigation</p>	<p>Eximbank has also established "Country Risk", "Financial Risk" and "Corporate Credit Risk" early warning indicators. For each debtor, it established a rating system and sought assistance from international credit agencies. For countries with a relatively high risk level (Level C and below), financial institutions or credit customers at Level C- or below, or when there were recent negative reports about a particular country or a bank, Eximbank analyzed warning indicators to interpret risks and to strengthen risk management as a reference when considering to extend its business.</p> <p>To lower credit risk, export financing cases such as medium or long-term export loans for turn-key factory equipment or full line equipment exceeding USD 1 million shall be taken under technical evaluations and should produce reports along with credit evaluation reports for reference. In addition, for relatively high-risk financial cases, clients are requested to arrange export credit insurance through Eximbank to mitigate risk.</p> <p>In order to monitor the risk concentration, Eximbank's risk management system sends email to the Executives and staff of departments related to sales and risk management, disclosing the countries, banks, or industries that reached 85% of their risk limit for early response.</p> <p>In addition to strengthening the prior review and approval process, Eximbank conducts follow-up measures after crediting to well grasp the information about clients' financial status and to ensure the creditor's rights when handling the lending operations.</p>
<p>Method Applied for Legal Capital Requirement</p>	<p>Eximbank has applied the capital requirement for credit risk based on the "Standardized Approach" of the Basel III Capital Accord.</p>



## (2) Credit Risk Exposures and Capital Requirement Regulated by Standardized Approach after Mitigation

December 31, 2020

NT\$ Thousand

Type of Exposure	Credit Risk Exposures after Mitigation	Capital Requirement
Sovereign	30,748,807	491,981
Public Sector Entities/ Non-Central Government	-	-
Banks (including Multilateral Development Banks)	13,353,828	726,660
Corporate (including Securities and Insurance Corp.)	108,049,629	7,493,453
Regulatory Retail Portfolios	1,575,596	106,085
Real estate exposure	1,448,902	173,868
Rights of Securities Investment	382,997	30,640
Other Assets	1,005,998	93,829
Total	156,812,415	9,116,516



Eximbank worked with the Taiwan Blood Services Foundation for the campaign "Blood Donation with Love". Our Vice President Ko Hsiu-chuan and Lin Ming-chang, Director from the Taipei Blood Center, jointly hosted this heart-warming event. (Photo taken in November 2020)



## 2. Operational Risk Management System and Capital Requirement

### (1) Operational Risk Management System

FY 2020

Item	Contents
Operational Risk Strategy and Procedure	<p>Eximbank's operational risk strategy includes strengthening internal controls, ensuring that employees abide by regulations, conducting training and displaying standard operating procedures on an internal website for staff to refer to and comply with. In addition, Eximbank has also established "Guidelines for Decentralization of Responsibility and Detailed List" expressing division of authority and responsibility as well as facilitating daily operations.</p> <p>Operational risk management includes determining and evaluating risk along with monitoring and reporting. It establishes operational risk management mechanisms of major products, business activities, operating procedures and other relevant systems. Before launching new products, business activities, procedural changes or system promotions, it is necessary to ensure that operational risk evaluations have been completed.</p> <p>Operational risk management is objective, consistent, transparent, complete and comprehensive.</p>
Organizational Structure of Operating Risk Management	<p>Operational risk management involves the entire organization. The Board of Directors serves as the highest policy making body that determines operational risk management standards and important policies. The Department of Risk Management is responsible for evaluating the entire bank's operational risk management strategies and procedures to build management mechanisms. When all units of the head office determine operational management rules, each unit should adhere to these rules and actively control the operational risks for which they are responsible.</p>
Scope and Characteristics of Operational Risk Reporting and Evaluation System	<p>Eximbank complies with the systems in charge, operates a risk self-assessment approach and internal auditing systems to manage and mitigate operational risk pursuant to the decrees.</p> <p>Data shall be gathered and reported to related units and supervisors who then should formulate response measures when major losses occur to any unit.</p> <p>Eximbank discloses qualitative and quantitative data associated with its operational risks on the website based on the regulations provided by the competent authority.</p>
Operational Risk Hedging and Risk Mitigation Policies / Strategies and Procedures of Monitoring Instruments for Hedging and Risk Mitigation	<p>Eximbank's "operational risk management standards" expressed the processing method of risk identification, assessment, monitoring and control / offset. By means of measures of insurance, outsourcing and other risk transfer, it achieved the effect of risk mitigation and fully implemented operational risk management.</p> <p>Eximbank expressly prescribed the authorization scope of the business, division of responsibilities and reporting lines in order to clarify the responsibilities incumbent upon all sectors in accordance with "Guidelines for Decentralization of Responsibility".</p> <p>To avoid litigation, all units of Eximbank shall handle the legal compliance pursuant to the "Directions for Implementation of Legal Compliance Control System for The Export-Import Bank of the Republic of China".</p> <p>Eximbank has established Information Security Protection Mechanism and provided an emergency response plan to ensure that the business is enabled and the losses are controlled to the minimum in event of an emergency.</p> <p>It is required to strengthen the risk management education and training in order to enhance operational risk awareness and to improve operational risk management environment.</p>
Method Applied for Legal Capital Requirement	<p>Eximbank has applied the capital requirement for operational risk based on the "Basic Indicator Approach" of the Basel III Capital Accord.</p>



**(2) Operational Risk-Based Capital Requirement**

December 31, 2020

NT\$ Thousand

FY	Gross Profit	Capital Requirement
2018	1,613,786	
2019	1,692,857	
2020	1,675,083	
Total	4,981,726	249,086



Senior clerk Huang Wei-hua of Eximbank received the 2020 Model of Integrity Award from the Ministry of Finance. Minister Su Jain-rong of the Ministry of Finance presented her with the award personally.(Photo taken in April 2021)



### 3. Market Risk Management System and Capital Requirement

#### (1) Market Risk Management System

FY 2020

Item	Contents
Market Risk Strategy and Procedure	<p>Eximbank is an official export credit institution and policy bank. Since most of its financial operations focus on hedging risk, it must keep its exposure to market risks small while adopting prudent market risk management policies. It carefully evaluates trade content while managing risks.</p> <p>Procedure of market risk management includes risk identification, assessment, measuring, monitoring, control and reporting.</p> <p>For all types of financial products, Eximbank must identify the portfolio of potential market risks on which to be based for measuring. Eximbank also builds effective evaluation mechanisms for risk monitoring as part of its day- to-day operations. Its monitoring contents include transaction units as well as overall and individual transaction process of commodities undertaken to ensure that the transaction's objectives, model, position, and flexible loss and profit are underway subject to authorized limitations.</p> <p>Market risk management should be independent, objective, consistent, transparent, comprehensive and timely in principle.</p>
Organizational Structure of Market Risk Management	<p>The Board of Directors is the supreme decision-making level of Eximbank's market risk management and it takes the ultimate liability for market risk. The Department of Risk Management plays the role of mediator for managing market risk and passing its findings on to the Board of Directors. Meanwhile, the Department of Finance, which also oversees the Offshore Banking Unit, controls operational risks, emphasizes further monitoring on limits and conducts position management.</p>
Scope and Characteristics of the Market Risk Reporting and Evaluation System	<p>Eximbank's market risk system is part of its funding system. It provides real-time control over transaction position amounts. Eximbank also established a daily control mechanism to observe changes in exchange market transaction positions and foreign exchange gains or losses.</p> <p>When a unit undertakes a transaction, it shall report to the supervising authority and ensure that the information is accurate and valid. If limits are surpassed, major market changes occur, or irregular situations arise, relevant units must provide prompt reports.</p> <p>To effectively manage market risks, Eximbank regularly reports on how it controls market exposures, positions and amounts to the Board of Directors. The information serves as a reference for policy-making.</p> <p>Eximbank discloses on its website qualitative and quantitative data associated with its market risks based on the regulations prescribed by the financial supervisors.</p>
Market Risk Hedging or Risk Mitigation / Strategies and Procedures of Monitoring Instruments for Hedging and Risk Mitigation	<p>To lower market risks, Eximbank has established various transaction limits and stop-loss mechanisms. Additionally, during working hours, when major events that could affect Eximbank's profits or losses occur in domestic or global financial markets, the Head of related Department should immediately report to the President for immediate responses.</p> <p>Related units should be consulted and evaluations should be conducted as a due diligence before establishing a transaction position.</p>
Method Applied for Legal Capital Requirement	<p>Eximbank has applied the capital requirement for market risks based on the "Standardized Approach" of the Basel III Capital Accord.</p>

## (2) Market Risk-Based Capital Requirement

December 31, 2020

NT\$ Thousand

Risk	Capital Requirement
Interest Risk	-
Equity Position Risk	-
Foreign Exchange Risk	2,861
Commodity Risk	-
Total	2,861

## 4. Liquidity Risk

### (1) Duration Analysis of Prime Assets and Liabilities

Term Structure Analysis of TWD-Denominated Assets and Liabilities

December 31, 2020

NT\$ Thousand

	Total	Amount by Time Remaining Before Maturity					
		0-10 days	11-30 days	31-90 days	91-180 days	181 days-1 year	over 1 year
Major Inflows of Matured Funds	96,335,587	1,380,548	13,851,756	8,012,333	13,245,566	19,075,683	40,769,701
Major Outflows of Matured Funds	120,941,534	7,805,381	12,668,571	2,699,378	4,395,416	21,728,358	71,644,430
Gap	-24,605,947	-6,424,833	1,183,185	5,312,955	8,850,150	-2,652,675	-30,874,729

Note: The table refers to New Taiwan Dollar amounts held in head office and domestic branches excluding foreign currencies.



## Term Structure Analysis of USD-Denominated Assets and Liabilities

December 31, 2020

USD Thousand

	Total	Amount by Time Remaining Before Maturity				
		0-30 Days	31-90 Days	91-180 Days	181 Days-1 Year	Over 1 Year
Major Inflows of Matured Funds	1,983,350	26,636	60,364	68,380	149,858	1,678,112
Major Outflows of Matured Funds	2,481,894	549,753	18,180	40,712	109,261	1,763,988
Gap	-498,544	-523,117	42,184	27,668	40,597	-85,876

Note:1. The table includes assets and liabilities denominated in United States Dollars held in head office, domestic branches, and Offshore Banking Branch.

Note:2. If overseas assets comprise at least 10 percent of total assets (held in head office, domestic branches, and Offshore Banking Branch), supplementary disclosure is required.

## (2) Management of Asset Liquidity and the Funding Gap

Eximbank seeks to diversify funding sources and to maintain funding stability. It refrains from over-concentrated use of remaining funds and embraces earning assets with liquidity. As for management of liquidity risks, Eximbank not only complies with related requirements of the competent authority, but also stipulates liquidity risk management indicators in “Guidelines for Eximbank’s Management of Liquidity Risks and Interests Risks”. These include limits to liquidity gaps for various periods, strategies to obtain funds in an emergency, and early warning mechanisms so as to ensure adequate liquidity.





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